

August 28, 2009

Mr. David Cole
Commissioner
Maine Department of Transportation
16 State House Station
Augusta, ME 04333-0016

Dear Commissioner Cole;

My name is Alan Dorr and I am the General Manager of Procurement and Transportation for Dead River Company. I am writing to you to express my deep concern with the prospect of losing rail service to Aroostook County. Dead River Company is a major supplier of petroleum products into this region, the majority of which is transported by Montreal, Maine, and Atlantic rail service. We ship approximately 17 million gallons over the impacted rail lines.

Propane – Dead River Company is the sole provider of propane gas into Aroostook County. 100% of this product arrives from Canadian origins via rail car into our Caribou rail terminal. Should rail service be discontinued, these gallons would have to be transported via truck out of the Bangor Area.

Not only those gallons destined for Aroostook County are affected. Point Tupper, Nova Scotia is a major source of propane for the Bangor and Central Maine markets, not only for Dead River Company, but for other propane distributors as well. All of these gallons arrive via rail and pass through the impacted area. If rail service were discontinued, routing on these gallons would necessarily change, arriving via western Maine. This adds significant costs and shipping time. In the winter months, shipping time on propane is critical as evidenced by serious supply disruptions that have occurred in two of the last three winters.

Last winter, these rail routes not only supplied propane gas to the local area, but were a crucial asset that assisted in keeping other regions of the state supplied during a critical supply disruption.

Heating Oil – Dead River Company currently ships a substantial portion of its Aroostook heating oil requirements via rail to plants in Presque Isle, Houlton, and Fort Kent. These gallons originate from the Irving Oil Terminal in Searsport. Dead River not only has an interest in maintaining this delivery system, but also desires to expand it as it significantly reduces our landed cost of product.

Gasoline – Dead River Company operates a chain of Shell Branded convenience stores and gasoline stations in Aroostook County. We currently ship all gasoline to this region via truck;

however we have intentions in the future to develop the means to transport gasoline via rail thereby reducing our transportation costs.

As you can see, Dead River Company is greatly and adversely impacted by the loss of rail service to Aroostook County – as are our customers. The impact is twofold: an economic loss and an increase in truck traffic on Maine highways.

- Current economic impact to Dead River Company is a loss of approximately \$750,000 per year due to increased transportation costs. This loss would ultimately be borne by the consumer.
- This figure does not take into consideration the loss of savings due to undeveloped future gasoline projects and increased distillate rail shipments.
- This \$750k figure also does not include the lost capital investment that Dead River would incur from the obsolescence of several rail facilities and the capital investment that would be required to add additional trucking assets.
- Our current level of business removes approximately 1,150 truck trips per year from Penobscot Bay to Aroostook County. With future development, we have the potential of removing an additional 800 truck trips per year of hazardous materials on Maine highways.

From Dead River's perspective, rail service to *and through* Aroostook County is vital to the economic well being of this region of Maine. It is also vitally important to maintain a secure and reliable supply of energy into a region that experiences severe winter conditions.

We support and encourage efforts to secure federal financial assistance to take over ownership of the property, provide capital funding for rehabilitation, and to continue the essential freight rail services that are provided by the Maine, Montreal, and Atlantic Railroad into this region of Maine.

If you need any further information, I can be contacted at our Portland Office (773-5841) or via email (alan.dorr@deadriver.com)

Thank you for your time and consideration.

Sincerely,

Alan Dorr
General Manager
Procurement and Transportation

cc: Deanna Sherman
Robert Moore