

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE**

In re:)
)
 MONTREAL MAINE &) Chapter 11
 ATLANTIC RAILWAY, LTD.,) Case No.: 13-10670
)
 Debtor.)

**ORDER SUSTAINING IN PART AND OVERRULING IN PART TRUSTEE'S
OBJECTION TO PROOFS OF CLAIM FILED BY NEW BRUNSWICK SOUTHERN
RAILWAY COMPANY LIMITED AND MAINE NORTHERN RAILWAY COMPANY
LIMITED ON THE BASIS THAT CERTAIN OF SUCH CLAIMS ARE DUPLICATIVE
OF OTHERS, AND SUCH OTHERS ARE IMPROPERLY ASSERTED AS
ADMINISTRATIVE AND/OR PRIORITY CLAIMS**

This matter came before the Court on the *Trustee's Objection to Proofs of Claim Filed by New Brunswick Southern Railway Company Limited and Maine Northern Railway Company Limited on the Basis that Certain of Such Claims Are Duplicative of Others, and Such Others Are Improperly Asserted as Secured and/or Priority Claims* (the "Objection") (Docket Entry "DE" 1826) filed by Robert J. Keach, the chapter 11 trustee (the "Trustee") of Montreal Maine & Atlantic Railway, Ltd. (the "Debtor" or "MMA"), in relation to (a) Proofs of Claim No. No. 242-1 (the "MN Duplicate Claim") and 257-1 ("Claim 257") filed by Maine Northern Railway Company Limited ("MN Railway") and (b) Proofs of Claim No. 243-1 ("NB Duplicate Claim," and together with the MN Duplicate Claim, the "Duplicate Claims") and 259-1 ("Claim 259," and together with Claim 257, the "Asserted 1171(b) Claims") filed by New Brunswick Southern Railway Company Limited ("NB Railway", and together with MN Railway, the "Claimant Railways"). After such notice and opportunity for hearing as was required by the United States Bankruptcy Code (the "Code"), the Federal Rules of Bankruptcy Procedure, and the Local

Bankruptcy Rules for the District of Maine, and after due consideration of, among other things, the Objection, the Response of the Claimant Railways to the Objection (DE 1855), the Trustee's Reply (DE 1878), the Stipulations of the parties (the "Stipulations") (DE 1877), the admissions and other filings of the parties, and the testimony and documentary evidence presented at the November 20, 2015 evidentiary hearing held in this matter (the "Hearing"); and for the reasons set forth on the record by the Court on February 5, 2016¹, the Court made certain findings of fact and conclusions of law in accordance with Fed. R. Bankr. P. 7002. Several of those factual findings and conclusions of law are as follows²:

A. Pursuant to 28 U.S.C. §§ 157(a) and 1334(b), and Rule 83.6 of the Local Rules of the United States District Court for the District of Maine, this Court has jurisdiction over the Objection, including but not limited to, the Asserted 1171(b) Claims and the Duplicate Claims.

B. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and the Court has constitutional authority to enter judgment in this matter.

C. Pursuant to the Stipulations, the only issue addressed at the Hearing was whether the Asserted 1171(b) Claims claims qualify as "six-month" claims entitled to priority under 11 U.S.C. §1171(b) of the Code. If so, the amount of such claims would be determined at a subsequent hearing, if required.

D. Based upon the unique facts of this matter and the Court's analysis of the equities asserted by MMA, on the one hand, and the Claimant Railways, on the other, the Claimant Railways met their burden of establishing that the Asserted 1171(b) Claims qualify as claims that are entitled to priority under §1171(b) of the Code because:

¹ A transcript of the hearing is set forth at DE 1955.

² This Order does not enumerate all of the factual findings and conclusions of law set forth at the Hearing and no special significance is intended by that fact.

(1) the Asserted 1171(b) Claims represent current operating expenses that were necessarily incurred by MMA in connection with its on-going operations;

(2) the Asserted 1171(b) Claims were incurred within six months prior to the commencement of this case; and

(3) the services that are the subject of the Asserted 1171(b) Claims were provided to MMA with the expectation that they would be paid for out of the current operating revenues of MMA, and not in reliance on its general creditworthiness.

For these reasons, as well as those set forth on the record at the Hearing, it is hereby

ORDERED, ADJUDGED, and DECREED that:

1. The Objection is sustained in part and overruled in part, as set forth herein.

2. The Duplicate Claims shall be disallowed in their entireties and expunged from the Debtor's claims register.

3. The Asserted 1171(b) Claims, to the extent allowed, are afforded priority status under § 1171(b). The amount of the Asserted 1171(b) Claims is not determined by this Order, and thus those Asserted 1171(b) Claims are not allowed in any amount at this time. The Trustee's rights to object to the amount of the Asserted 1171(b) Claims are fully reserved.

4. Notwithstanding the minute entry at DE 1947, this Order constitutes the Court's ruling and judgment on the matters read into the record on February 5, 2016. The time period within which parties must appeal this Order in accordance with the Bankruptcy Rules thus runs from the date hereof.

Dated: February 26, 2016

/s/Peter G. Cary
Peter G. Cary
Chief Judge, United States Bankruptcy Court
District of Maine

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 United States Bankruptcy Court
 District of Maine

In re:
 Montreal Maine & Atlantic Railway Ltd.
 Debtor

Case No. 13-10670-PGC
 Chapter 11

CERTIFICATE OF NOTICE

District/off: 0100-1

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 Total Noticed: 96

Date Rcvd: Feb 26, 2016

Notice by first class mail was sent to the following persons/entities by the Bankruptcy Noticing Center on Feb 28, 2016.

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cr Trinity Rail Leasing 2012 LLC, c/o One City Center, Portland, ME 04101
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cr Dakota Petroleum Transport Solutions, LLC
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aty* +Shaw Fishman Glantz & Towbin LLC, 321 N, Clark Street, Suite 800, Chicago, IL 60654-4766
TOTALS: 4, * 1, ## 0

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Addresses marked '#' were identified by the USPS National Change of Address system as requiring an update.
While the notice was still deliverable, the notice recipient was advised to update its address with the court immediately.

I, Joseph Speetjens, declare under the penalty of perjury that I have sent the attached document to the above listed entities in the manner shown, and prepared the Certificate of Notice and that it is true and correct to the best of my information and belief.

Meeting of Creditor Notices only (Official Form 9): Pursuant to Fed. R. Bank. P. 2002(a)(1), a notice containing the complete Social Security Number (SSN) of the debtor(s) was furnished to all parties listed. This official court copy contains the redacted SSN as required by the bankruptcy rules and the Judiciary's privacy policies.

Date: Feb 28, 2016

Signature: /s/Joseph Speetjens

CM/ECF NOTICE OF ELECTRONIC FILING

The following persons/entities were sent notice through the court's CM/ECF electronic mail (Email) system on February 26, 2016 at the address(es) listed below:
NONE.

TOTAL: 0