

SERVICE DATE - FEBRUARY 14, 1997

SURFACE TRANSPORTATION BOARD

DECISION AND NOTICE OF INTERIM TRAIL USE OR ABANDONMENT

STB Docket No. AB-441 (Sub-No. 2X)

SWKR OPERATING CO.--ABANDONMENT EXEMPTION--
IN COCHISE COUNTY, AZ

Decided: February 7, 1997

By petition filed October 18, 1996, SWKR Operating Co. (SWKR) seeks an exemption under 49 U.S.C. 10502 from the prior approval requirements of 49 U.S.C. 10903 to abandon 41.5 miles of railroad between milepost 1055.8 near Charleston and the end of the line at milepost 1097.3 near Paul Spur, in Cochise County, AZ.¹ Chemical Lime Company (CLC) filed a letter-protest, a protest and petition for oral hearing, and a motion to compel responses to interrogatories and production of documents. Replies were filed by SWKR.² A request for issuance of a notice of interim trail use/rail banking (NITU) and a request for imposition of a public use condition were filed by the Bureau of Land Management (Bureau).³ We grant the petition, subject to public use, trail use/rail banking, historic preservation, and standard labor protective conditions. We deny CLC's request for oral hearing and its motion to compel.

PRELIMINARY MATTERS

Motion to compel and request for oral hearing. CLC states that on November 25, 1996, SWKR's counsel was served with discovery materials consisting of 21 interrogatories and 11 document requests. On December 23, 1996, SWKR responded, generally objecting to all discovery, and specifically objecting to all interrogatories but numbers 16, 17, 18, and 21, and

¹ SWKR acquired 84.9 miles of rail line consisting of the Douglas and Bisbee Branches from the Southern Pacific Transportation Co. in SWKR Operating Co., Inc.--Acquisition and Operation Exemption--Southern Pacific Transportation Co., Finance Docket No. 32620 (ICC served Dec. 23, 1994). Subsequently, SWKR was authorized to abandon the Bisbee Branch and the segment of its Douglas Branch from Paul Spur to the end of the line near Douglas, including a one-mile line from Douglas to the international border with Mexico at Aqua Prieta. See SWKR Operating Co., Inc.--Abandonment Exemption--In Cochise County, AZ, Docket No. AB-441 (Sub-No. 1X) (ICC served Oct. 12, 1995).

² SWKR's replies filed November 18, 1996, and December 23, 1996, are in essence replies to replies, which are prohibited under 49 CFR 1104.13(c). However, we will construe our rules liberally here in the interest of making an informed decision on a complete record, and we will accept SWKR's filings. Our acceptance of these pleadings will not unduly broaden the issues in any significant respect.

³ On January 14, 1997, the Bureau corrected its previous pleading to show the milepost near Charleston, AZ as "1055.8" rather than "055.8".

document request 1.⁴ CLC now requests that the Board issue a decision directing SWKR to respond to the objected-to interrogatories and document request or, in the alternative, requests that the Board issue a decision permitting the parties to resolve the discovery dispute informally within 10 days of the Board's decision. In the event that an impasse persists after the 10-day negotiation period, CLC asks the Board to assign an Administrative Law Judge to the proceeding to address the unresolved discovery-related matters. CLC also requests that the Board clarify whether parties are permitted to undertake discovery in abandonment petitions for exemption initiated under 49 U.S.C. 10502(a).

On January 29, SWKR replied in opposition to the motion to compel. Also on that date, SWKR filed a motion to compel CLC to respond to interrogatories that the railroad served at the same time it filed its motion to compel.

SWKR states that CLC should not be permitted to obtain discovery in informal proceedings, such as this one, citing 49 CFR 1114.21(a) and 1121.4(b). The railroad also argues that the shipper has not presented sufficient evidence to warrant an oral hearing.

CLC's motion to compel will be denied. Congress has directed the Board to expedite its decisionmaking process in general, and its decisions in abandonment cases in particular. Discovery, which can hold up the Board's processes, may be necessary in some cases, even in some cases--such as rate cases--involving statutory decisional deadlines. In abandonment cases, however, it is not typically productive, and hence not typically pursued. Contested discovery may be granted under appropriate circumstances in particular abandonment proceedings, but only when the party seeking discovery shows that the information sought is relevant and might affect the result of the case, and that it ought to be obtained through discovery rather than some other means.

Here, the information that CLC seeks clearly would not change the result of the case. CLC, for example, wants to learn how aggressively SWKR has marketed its services to potential new shippers. But we do not deny abandonments on the ground that the railroad has not aggressively sought new business; in any event, CLC has always been free to contact other potential shippers, if there are any, on the 41-mile line, and ask them whether they were ever approached by SWKR. CLC also wants to learn how much SWKR has spent in recent years on maintenance. Our abandonment decision, however, look at future maintenance expenses, not past expenditures; indeed, if anything, our experience has been that railroads defer maintenance on lightly used branch lines, so that future maintenance (and rehabilitation) expenses are higher than

⁴ On December 30, 1996, CLC filed a request for an extension of time, until January 9, 1997, to file its motion to compel discovery. By decision served January 7, 1997, CLC's extension request was granted. This was a routine, ministerial extension which was consented to by counsel for SWKR and which did not address the limited circumstances under which we might consider granting discovery in abandonment exemption proceedings.

normal for these lines.

In short, even if CLC were to obtain the information it seeks in its discovery requests, that information could not, and would not, alter our decision on the merits here. Accordingly, we will deny CLC's motion to compel. We will dismiss SWKR's late-filed motion as moot.

Similarly, CLC's oral hearing request will be denied. An oral hearing does not appear necessary for the development of a complete and accurate record. It has not been shown that cross-examination is needed to resolve the disputed issues; nor has witness demeanor been shown to be a matter requiring oral hearing in this proceeding.

POSITIONS OF THE PARTIES

SWKR seeks an abandonment exemption because revenues generated from the line segment barely cover operating expenses and leave nothing for track maintenance or rehabilitation. SWKR handles only inbound coal and coke traffic for CLC, the only active shipper on this portion of the line. SWKR does not operate scheduled service to CLC's plant; rather, a train is dispatched to handle traffic upon request. For the past four years,⁵ SWKR states that it transported between 389 and 648 carloads of freight per year over the line, yielding revenues of between \$126,200 and \$213,840 per year. SWKR claims that it needs to transport some 1,600 carloads a year over the line to make continued operations feasible.

SWKR states that it has tried without success to secure additional traffic and that it has received no guarantees of increased future traffic. SWKR further states that it is unaware of any changes in future traffic patterns that would enable the line to operate at a profit on a regular basis. SWKR claims that continued operation of the line is not economically feasible and that there is no alternative to the abandonment. SWKR states that railroad service remains available at stations in the vicinity of Benson or Wilcox, AZ, which are served by the former SP, and that a large number of motor carriers serve the area.

In its protests,⁶ CLC states that it receives about 475 carloads of coal and coke yearly at its on-line plant, a quarry and limestone processing facility. CLC indicates that it would like to use rail service for its outbound traffic, but that its customers specify delivery by motor carrier. CLC claims that it

⁵ Prior to its 1994 acquisition of the line, SWKR operated over the line pursuant to a contract with San Pedro & Southwestern Railway Company, which was in the process of acquiring the line from Southern Pacific Railroad Company (SP). See San Pedro & Southwestern Railway Co.--Acquisition and Operation Exemption--Southern Pacific Transportation Co., Finance Docket No. 32084 (ICC served June 30, 1992).

⁶ CLC filed both an initial letter protesting the abandonment, as well as a protest to the abandonment. The latter pleading includes the verified statements of three CLC employees: Jerry Young, plant manager, John McMullan, distribution manager, and Robert Plains, vice-president and general manager.

previously used rail service for outbound traffic but that this created problems due to poor service by SP. The shipper indicates that it expects that those problems will be rectified by the merger of the Union Pacific Railroad Company (UP) and SP, and claims that it is ready to work with UP to see if past service problems can be resolved. If so, it will be in a position to develop significant additional amounts of outbound traffic for the line.

CLC and its supporting witnesses claim that: (1) SWKR offered to sell the line for approximately \$1.5 million, but provided no documents to support the estimated net liquidation value (NLV); (2) CLC would assist with the preservation of the line by providing about \$750,000 in rehabilitation funding or by participating as an investor in an unspecified manner in purchasing the line; (3) the line has significant potential for adding another 700 to 2,100 carloads of outbound traffic, thereby restoring the line to profitability; (4) CLC has received a request for a quote for 70,000 tons (700) carloads of freight per year of outbound traffic moving to points in Tucson and Phoenix, AZ, effective July 1997; and (5) a major copper company near Phoenix is contemplating the reopening of a facility that could be served by rail more economically than by truck. If this development occurs, CLC claims, another 400 carloads of traffic could be added to the line.

CLC further contends that the proposed abandonment will sever a connection with the Mexican rail system at Naco, AZ. CLC alleges that the management of SWKR's corporate parent, Kyle Railways, Inc. (Kyle), deliberately discouraged SWKR's local managers from developing through-Mexican traffic specifically so that it could abandon the line segment at issue and reuse the heavy rail elsewhere. The protestant indicates that the line has significant potential for rail business to and from Mexico, and states that CLC informed SWKR's representatives that it would work with the railroad in the construction of a transload facility to assist the development of trans-border traffic.

CLC claims that SWKR has failed to provide any detailed traffic, revenue, or financial data to justify abandoning the described line and requests denial of the petition for exemption. CLC states that SWKR should be required to file an application seeking abandonment. In the alternative, CLC requests that an evidentiary proceeding be initiated for the purpose of hearing evidence and argument to supplement the limited record. The shipper states that SWKR's petition for exemption does not specify the expenses incurred in handling the involved traffic, the losses allegedly incurred by operating the line, the condition of the track, or any estimate of the costs needed to maintain or rehabilitate the line.

In reply,⁷ SWKR contends that the evidence of record shows that traffic on the line has declined steadily; that CLC admits that it receives only inbound traffic over the line and that its customers dictate the routing of its outbound shipments, which

⁷ The reply includes the verified statements of Lynn T. Cecil, President of SWKR and its corporate parent Kyle, and John B. Holbrook, a consultant to SWKR.

are transported by motor carrier; and that the shipper has not presented any concrete evidence in its allegations of prospective future traffic.

In his verified statement, Mr. Cecil contends that SWKR's revenues are well below its avoidable costs⁸ for continuing to operate the line; that SWKR's revenues from handling CLC's coal and coke shipments are insufficient to cover even normalized maintenance of the line; that by taking a conservative figure of \$5,000 per mile for normalized maintenance, SWKR would require income of over \$200,000 on the line just to conduct basic maintenance-of-way (MOW); that SWKR's share of the revenue for handling 475 carloads is approximately \$330 per carload, for an estimated total earnings in 1996 of about \$156,750; and that it ordinarily takes about 40 revenue carloads of freight per mile/per year to run a railroad, while the involved line carries less than one-third of that amount. Mr. Cecil points out that the shipper never asserts that the line is profitable.

With respect to the sale of the line, Mr. Cecil states that in past meetings with CLC's representatives, conversations were held during which the railroad indicated that it would be willing to continue to operate the line if it could be assured of about 1,600 carloads of revenue freight annually. That proposition appeared to be beyond CLC's ability to commit, however. Also, Mr. Cecil says that the shipper's representatives were informed that the railroad would be willing to sell CLC the line and enter into an operating agreement to maintain service on the line. Mr. Cecil concluded by saying that, although CLC maintains that it is considering buying the line, it has not come forward with an offer.

DISCUSSION AND CONCLUSIONS

Under 49 U.S.C. 10903, a rail line may not be abandoned without prior approval. Under 49 U.S.C. 10502, however, we must exempt a transaction or service from regulation when we find that: (1) continued regulation is not necessary to carry out the rail transportation policy of 49 U.S.C. 10101; and (2) either (a) the transaction or service is of limited scope, or (b) regulation is not necessary to protect shippers from the abuse of market power.

The record supports granting the abandonment. The railroad says in its December 23 filing that it will have carried some 475 revenue carloads over the Douglas Branch in 1996, which will earn it about \$156,750 for the year. In 1995, the line carried 537 carloads and earned \$177,210. In 1993, the carload and revenue figures were almost the same as for 1995. In 1994, the traffic was a little better than in other recent years: that year, the line carried 648 carloads and earned \$213,840 in revenue. The cost merely to maintain the line is given by SWKR as \$250,162, a

⁸ Exhibit 2 to Mr. Cecil's verified statement lists total avoidable costs of \$550,203, which incorrectly includes \$105,000 as the cost of capital. The exhibit also lists maintenance of track and track structure of \$250,162, based on maintenance costs of just over \$6,000 per mile. Exhibit 3 to Mr. Cecil's verified statement lists total rehabilitation costs of \$765,350.

cost that significantly exceeds the revenue earned by the line in any recent year. That figure is based on an average cost of maintenance of \$6,028.78 per mile. We know from extensive experience that \$6,000 per mile/per year is a reasonable figure for maintenance by a Class III railroad. Indeed, as SWKR's president Cecil pointed out, at an annual maintenance figure of \$5,000 per mile/per year, which he accurately describes as a very conservative figure, the railroad would have to spend more on maintenance alone than it earned in three of the past four years.

Of course, providing service to CLC requires the railroad to incur costs in addition to maintenance. SWKR states that the avoidable cost of operations over the line--the costs that would be saved if abandonment were authorized--is \$195,041 per year. Although the railroad has not supported that specific cost figure, plainly it costs SWKR something to haul 475 cars on a round trip of 83 miles to and from CLC's plant. Inasmuch as the railroad has shown that the revenue it earns from that traffic is not sufficient to cover the cost of maintenance on the line, adding the avoidable cost of operations to that figure strengthens SWKR's claims that operations of the subject portion of the Douglas Branch is a burden on interstate commerce and that its abandonment is justified.

In addition to maintenance and operations, SWKR claims that it would cost \$765,350 to rehabilitate the line. Rehabilitation expense is allowed only to the extent necessary to bring a line up to Federal Railroad Administration (FRA) class 1 standards, i.e., the standard that a railroad must meet in order to operate a train at 10 miles per hour. SWKR does not recite that the Douglas Branch is below FRA class 1 standards. Nor does the railroad provide any support for its rehabilitation figure. Under these circumstances, we cannot take any rehabilitation expense into account in rendering our decision.

SWKR also claims annual opportunity costs of \$105,000, based on a net liquidation value of the line of \$1.5 million. Opportunity costs are the economic benefits that the railroad must forgo because it cannot invest the capital tied up in the line in other endeavors that would make rather than lose money. But SWKR has offered no support for its \$1.5 million figure. We will therefore disallow the railroad's claimed opportunity costs, even though we are certain that continued operations over the line produce opportunity costs of an undetermined amount.

The shipper argues that the rail line could be profitable, but its position is based primarily upon projected traffic increases in the area, which are speculative. A railroad cannot be required to continue operating a losing line based on mere hope of economic growth. See CSX Transp., Inc. v. Surface Transp. Bd., 96 F.3d 1528 (D.C. Cir. 1996). Interested local parties continue to have the option under the OFA procedures to subsidize or purchase the line for continued operation.

Based on the foregoing, we conclude that detailed scrutiny of this transaction under 49 U.S.C. 10903 is not necessary to carry out the rail transportation policy. By minimizing the administrative time and expense of abandonment, an exemption will reduce regulatory barriers to exit [49 U.S.C. 10101 (7)]. By allowing SWKR to avoid the expense of maintaining this line and

to apply its assets more productively elsewhere on its system, an exemption will promote safe and efficient rail transportation, foster sound economic conditions, and encourage efficient management [49 U.S.C. 10101(3), (5), and (9)]. Other aspects of the rail transportation policy are not affected adversely.

Although the transaction appears to be of limited scope, we need not reach that determination here. Rather, we find that regulation is not necessary to protect shippers from the abuse of market power. The only shipper on the line will continue to have alternative rail service (via transloading) and motor carrier service available to it. Nonetheless, to ensure that CLC is informed of our action, we will require SWKR to serve a copy of this decision on that shipper within 5 days of its service date, and to certify to the Board that service has been effected.

Under 49 U.S.C. 10502(g), we may not use our exemption authority to relieve a carrier of its obligation to protect the interests of its employees. Accordingly, as a condition to granting this exemption, we will impose the labor protective conditions in Oregon Short Line R. Co.--Abandonment--Goshen, 360 I.C.C. 91 (1979).

SWKR has submitted an environmental report with its petition and has notified the appropriate Federal, state, and local agencies of the opportunity to file comments concerning the energy and environmental impact of the proposed abandonment. See 49 CFR 1105.11. Our Section of Environmental Analysis (SEA) has examined the environmental report, verified its data, and analyzed the probable effects of the proposed abandonment on environmental and historic resources.

SEA issued an environmental assessment (EA), served December 20, 1996. In the EA, SEA indicates that the Arizona State Historic Preservation Office noted that, because the Douglas Branch was crucial to the past mining-related development of Cochise County, the line proposed for abandonment may be eligible for listing in the National Register of Historic Places. SEA has recommended that a condition be imposed requiring SWKR to retain its interest in and take no steps to alter the sites and structures on the line until completion of the section 106 process of the National Historic Preservation Act, 16 U.S.C. 470f. This condition will be imposed. No comments were received to the EA by the January 17, 1997, due date.

The Bureau requests imposition of an interim trail use/rail banking condition under the National Trails System Act, 16 U.S.C. 1247(d) (Trails Act). It has submitted a statement of willingness to assume financial responsibility for the right-of-way, and it acknowledges that use of the right-of-way is subject to future reactivation for rail service in compliance with 49 CFR 1152.29. By letter dated January 14, 1997, SWKR has indicated its willingness to negotiate with the Bureau for the acquisition of the right-of-way.

The criteria for imposing trail use/rail banking have been met. Accordingly, we will accept the trail use request and SWKR's response and issue a NITU for the described line. The parties may negotiate an agreement during the 180-day period prescribed below. If the parties reach a mutually acceptable

final agreement, further Board approval is not necessary. If no agreement is reached within 180 days, SWKR may fully abandon the line, provided the conditions imposed in this proceeding are met. 49 CFR 1152.29(d)(1). Use of the right-of-way for trail purposes is subject to restoration for railroad purposes.

Our issuance of the NITU does not preclude other parties from filing interim trail use requests within 10 days after publication of the notice of exemption in the Federal Register. Nor does it preclude SWKR from negotiating with other parties in addition to the Bureau during the NITU period. If, within the 10-day period following publication of the notice of exemption, additional trail use requests are filed, SWKR is directed to respond to them.

As an alternative to trail use, the Bureau also requests imposition of a 180-day public use condition precluding SWKR from: (1) disposing of the corridor (except the tracks, ties, and signal equipment); and (2) removing or destroying potential trail-related structures such as bridges, trestles, culverts, and tunnels. The Bureau states that the corridor would make an excellent recreational trail and that conversion of the property to trail use is in accord with local plans. The Bureau requests the full 180 days so that it may have time to assemble and review title information, complete a trail plan, and commence negotiations with SWKR.

Persons who file under the Trails Act may also file for public use under 49 U.S.C. 10905. When the need for both conditions is established, it is our policy to impose them concurrently, subject to the execution of a trail use agreement. The Bureau has met the public use criteria by specifying: (1) the condition sought; (2) the public importance of the condition; (3) the desired duration of the condition; and (4) justification for the time sought. 49 CFR 1152.28(a)(2). A 180-day public use condition will be imposed, commencing with the effective date of this decision and notice. The public use negotiating period cannot be extended. A public use condition is not imposed for the benefit of any one potential user, but rather to provide an opportunity for any interested person to acquire a right-of-way that has been found suitable for public purposes, including trail use.

The parties should note that operation of the trail use procedures could be delayed, or even foreclosed, by the financial assistance process under 49 U.S.C. 10904. As stated in Rail Abandonments--Use of Rights-of-Ways as Trails, 2 I.C.C.2d 591 (1986), offers of financial assistance (OFAs) to acquire rail lines for continued rail service or to subsidize rail operations take priority over interim trail use/rail banking and public use. Accordingly, if a formal expression of intent to file an OFA is timely filed under 49 CFR 1152.27(c)(2), the effective date of this decision and notice will be postponed 10 days beyond the effective date indicated here. In addition, the effective date may be further postponed at later stages in the OFA process. See 49 CFR 1152.27(e)(2) and (f). Finally, if the line is sold under the OFA procedures, the petition for abandonment exemption will be dismissed and trail use and public use precluded. Alternatively, if a sale under the OFA procedures does not occur, trail use and public use may proceed.

As conditioned, the proposed abandonment, if implemented, will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. CLC's request for an oral hearing is denied.
2. CLC's motion to compel responses to interrogatories and production of documents is denied.
3. SWKR's late-filed motion to compel is dismissed.
4. The request for the opportunity to negotiate for interim trail use/rail banking under 16 U.S.C. 1247(d) and for a public use condition under 49 U.S.C. 10905 is accepted.
5. Under 49 U.S.C. 10502, we exempt from the prior approval requirements of 49 U.S.C. 10903 the abandonment by SWKR of the above-described 41.5-mile line, subject to: (1) the employee protective conditions in Oregon Short Line R. Co.--Abandonment--Goshen, 360 I.C.C. 91 (1979); (2) the condition that SWKR retain its interest in and take no steps to alter the sites and structures on the line until completion of the 106 process of the National Historic Preservation Act, 16 U.S.C. 470f; (3) that SWKR comply with the terms and conditions for implementing interim trail use/rail banking, as set forth below; and (4) SWKR shall keep intact the corridor (except the track, ties, and signal equipment) and all of the right-of-way trail-related structures such as the bridges, trestles, culverts and tunnels for 180 days from the effective date of this decision and notice to enable any state or local government agency or other interested person to negotiate the acquisition of the right-of-way for public use. If an interim trail use/rail banking agreement is executed before the 180-day public use period expires, the public use process will be terminated as follows: if the trail use agreement covers the entire line, the public use process is terminated; if, however, a trail use agreement is executed only for a segment of the line, the public use process is terminated only for that segment.
6. Subject to the conditions set forth above, SWKR may discontinue service and salvage track and related materials consistent with interim trail use/rail banking.
7. If an interim trail use/rail banking agreement is reached, it must require the trail user to assume, for the term of the agreement, full responsibility for management of, any liability arising out of the transfer or use of (unless the user is immune from liability, in which case it need only indemnify SWKR against any potential liability), and the payment of any taxes that may be levied or assessed against the right-of-way.
8. Interim trail use/rail banking is subject to the future restoration of rail service and to the user's continuing to meet the financial obligations of the right-of-way.
9. If interim trail use is implemented and subsequently the user intends to terminate it, the user must send the Board a copy of this decision and notice and request that trail use be vacated

on a specified date.

10. If an agreement for interim trail use/rail banking is reached by the 180th day after service of this decision and notice, interim trail use may be implemented. If no agreement is reached by the 180th day, SWKR may fully abandon the line segment, providing the conditions imposed in this proceeding are met.

11. Notice will be published in the Federal Register on February 14, 1997.

12. SWKR is directed to serve a copy of this decision on Chemical Lime Company within 5 days after the service date of this decision and to certify to the Board that it has done so.

13. Provided no formal expression of intent to file an OFA has been received, this exemption will be effective on March 16, 1997.

14. Formal expressions of intent to file an OFA under 49 CFR 1152.27(c)(2)⁹ and additional requests for interim trail use/rail banking under 49 CFR 1152.29 must be filed by February 24, 1997. Petitions to stay must be filed by March 3, 1997. Additional requests for a public use condition in conformity with 49 CFR 1152.28(a)(2) must be filed by March 6, 1997. Petitions to reopen must be filed by March 11, 1997.

15. If a formal expression of intent to file an OFA has been timely submitted, an OFA to allow rail service to continue must be received by the railroad and the Board within 30 days after publication, subject to time extensions authorized under 49 CFR 1152.27(c)(2)(ii)(C) and (D). The offeror must comply with 49 U.S.C. 10904 and 49 CFR 1152.27(c)(2).

⁹ See Exempt. of Rail Abandonment--Offers of Finan. Assist., 4 I.C.C.2d 164 (1987), for regulations in effect at the time of filing of the exemption petition. We note that the ICC Termination Act of 1995 has made changes and additions to the previous law regarding the processing of abandonments and OFAs. To implement these changes, we have issued final rules in Abandonment and Discontinuance of Rail Lines and Rail Transportation under 49 U.S.C. 10903, STB Ex Parte No. 537 (STB served Dec. 24, 1996), effective January 23, 1997. Because we have processed the exemption petition under the former regulations, we will continue to use the former regulations in this proceeding to process an OFA, if one is filed.

16. OFAs and related correspondence to the Board must refer to this proceeding. The following notation must be typed in **bold** face on the lower left-hand corner of the envelope: **"Office of Proceedings, AB-OFA."**

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams
Secretary