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SERVICE DATE - LATE RELEASE DECEMBER 24, 1997

SURFACE TRANSPORTATION BOARD

DECISION

STB Docket No. AB-491X

R.J. CORMAN RAILROAD COMPANY/PENNSYLVANIA LINES—
ABANDONMENT EXEMPTION—IN CAMBRIA COUNTY, PA

OFFER OF FINANCIAL ASSISTANCE

Decided: December 23, 1997

By decision served December 12, 1997, the Board granted R. J. Corman Railroad Company/Pennsylvania Lines (RJCP) an exemption under 49 U.S.C. 10502 from the prior approval requirements of 49 U.S.C. 10903 to abandon a 9.6-mile line of railroad, known as the Blacklick Secondary, from milepost 6.4 at Ebensburg Junction to the end of the track at milepost 16, east of Nanty Glo, in Cambria County, PA. The exemption was scheduled to become effective on January 11, 1998, unless an offer of financial assistance (OFA) was filed with RJCP and the Board by December 22, 1997. On December 22, 1997, the Cambria and Indiana Railroad Company (C&I), a rail carrier, filed an OFA to purchase a 4.05-mile segment of the line, from milepost 6.4 to a connection with C&I's track at milepost 10.45189, for \$294,452.

In a letter filed December 9, 1997, RJCP estimated the net liquidation value (NLV) of the entire Blacklick Secondary at \$1,930,947.47. According to C&I, based on RJCP's estimate, the apportioned NLV estimate for the 4.05-mile segment would be \$810,794.¹ Allegedly RJCP estimated land value at \$3,000 per acre for 60 and 100 foot wide rights-of-way and \$10,000 per acre for seven "extra width" parcels. C&I estimates the land value of the right-of-way at \$14,734.16, at \$500 per acre, based on a recent appraisal of similar rail property. C&I estimates the net salvage value of track and material at \$279,717.84, based on lower prices obtained from bids received when C&I salvaged a rail line in the vicinity.

An OFA need not be detailed, but an offeror must show that is financially responsible and must explain any disparity between its offer and the rail carrier's estimated value of the assets sought to be acquired under 49 U.S.C. 10904.

C&I has submitted copies of its most recent balance sheet showing that it has adequate cash available to acquire and operate the line. C&I states further that it is a subsidiary of Bethlehem Steel Corporation and can obtain additional financial support from its parent. The financial information submitted shows that C&I is a financially responsible entity. Consistent with 49 U.S.C.

¹Because C&I used an erroneous figure to represent the NLV stated in RJCP's December 9, 1997 letter--\$1,930,462.47 instead of the correct figure of \$1,930,947.47, C&I's pro rata NLV is also slightly in error.

10904(c) and 49 CFR 1152.27(c)(1)(ii)(C), C&I has also explained the basis for the disparity between its offer and RJCP's estimated valuation.

Because C&I, a financially responsible entity, has offered financial assistance, the effective date of the exemption authorizing abandonment of the segment from milepost 6.4 to milepost 10.45189 will be postponed, pending completion of the OFA process. Unless otherwise ordered, the exemption authorizing abandonment of the remainder of the Blacklick Secondary will become effective as scheduled on January 11, 1998.

Any person filing a request to set terms and conditions must pay the requisite filing fee, as set forth at 49 CFR 1002.2(f)(26), which is currently \$13,500. An original and 10 copies of the request should be submitted along with the filing fee, in an envelope bearing the docket number of the proceeding along with the words: "Attention: Application Unit, Request to Set Terms and Conditions" in the lower left hand corner.

Appeals to this decision are governed by 49 CFR 1011.2(a)(7). Any appeal must be filed within 10 days of the service date of this decision and will be heard by the entire Board.

This action will not significantly affect either the quality of the human environment or conservation of energy resources.

It is ordered:

1. The effective date of the exemption authorizing abandonment of the segment from milepost 6.4 to milepost 10.45189 is postponed in order to permit the OFA process under 49 U.S.C. 10904 and 49 CFR 1152.27 to proceed.
2. If the railroad and the offeror cannot agree on the purchase price for the line, either party may request, on or before January 21, 1998, that the Board establish the terms and conditions of the purchase. If no agreement is reached and no request is made by that date, the Board will serve a decision vacating this decision and allowing the abandonment authorization to become effective.
3. This decision is effective on its service date.

By the Board, Beryl Gordon, Acting Director, Office of Proceedings.

Vernon A. Williams
Secretary