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SERVICE DATE – APRIL 1, 2008

SURFACE TRANSPORTATION BOARD

DECISION AND CERTIFICATE OF INTERIM TRAIL USE OR ABANDONMENT

STB Docket No. AB-33 (Sub-No. 255)

UNION PACIFIC RAILROAD COMPANY — ABANDONMENT — IN CARVER AND SCOTT COUNTIES, MN

Decided: March 31, 2008

On December 13, 2007, Union Pacific Railroad Company (UP) filed an application under 49 U.S.C. 10903 to abandon its Chaska Industrial Lead, extending from milepost 38.6, at Merriam, to milepost 33.0, on the east side of Chaska, a distance of 5.6 miles, in Carver and Scott Counties, MN (the line or the Chaska Industrial Lead). Notice of the filing was served and published in the Federal Register (73 FR 224) on January 2, 2008. Protests were timely filed on January 25, 2008, by United Sugar Corporation (United Sugar) and United Transportation Union (UTU). On February 20, 2008, UP filed a rebuttal to the protests. On January 25, 2008, the Office of Carver County Regional Railroad Authority (CCRRA) filed a request for imposition of a public use condition and for issuance of a certificate of interim trail use (CITU). We will grant the request for abandonment authority, subject to environmental, historic preservation, trail use, public use, and standard employee protective conditions.

BACKGROUND

The Chaska Industrial Lead, constructed in 1870, was in operation until March 23, 2007, when a bridge over a tributary of the Minnesota River, located at milepost 37.14 (the Destroyed Bridge), was destroyed as the result of a flooding-caused derailment. As will be explained in detail below, the Destroyed Bridge needs to be replaced and another bridge, located at milepost 36.17 (the Minnesota River Bridge), is in an advanced state of deterioration and needs to be either rehabilitated at an approximate cost of $3.5 million or replaced at an approximate cost of $8 million. The line has been formally embargoed since March 26, 2007.

TRAFFIC, OPERATIONS, AND REVENUES

UP states that, before the embargo, there was no overhead traffic on the Chaska Industrial Lead, that freight revenues from local traffic were insufficient to justify the costs of the required bridge rehabilitation and reconstruction, and that there is no reasonable prospect that traffic and revenues on the line will increase sufficiently in the foreseeable future to justify these costs. The Chaska Industrial Lead had served two shippers recently before the embargo: United Sugar and Chaska Building Center (CBC). CBC did not file a protest opposing the abandonment, and, according to UP, received only limited amounts of construction materials, until early 2006 (well before the embargo of the line), when it began moving all shipments by truck. United Sugar operates a sugar liquefying (melting) plant in Chaska, MN, and receives bulk sugar from facilities in Minnesota and North Dakota, and accepts returned partial shipments of sugar left over from other operations and activities at other facilities. Neither shipper used the line for outbound shipping. United Sugar has been using truck service to meet its shipping needs since the line was embargoed.

UP transported 630 carloads of traffic in 2005, and 816 carloads in 2006. UP provides revenue and cost data for a base year (March 1, 2006–February 28, 2007) and a forecast year (December 1, 2007–November 30, 2008).[1] In the base year, UP shipped 764 carloads of traffic, which generated revenues of $774,152, and earned a profit of $23,823 (revenues minus avoidable costs, as discussed below). In the forecast year, UP again calculates that it will ship 764 carloads, generating revenues of $901,214 and earning $136,413 in profit. UP also provides data for a subsidy year, as defined in 49 CFR 1152.2(m) (any 12-month period for which a subsidy agreement for continued rail service has been negotiated and is in operation; here, December 1, 2007–November 30, 2008). UP estimates that, in the subsidy year, it will earn revenues of $901,214, which will result in a loss of $66,068. When subsidization costs are factored in, the result is an estimated subsidy payment of $6,014,080.

None of the protestants have challenged UP's estimates or calculations, which appear to be reasonable. Therefore, the Board will accept the applicant's figures, which are more fully explained below.

AVOIDABLE COSTS

Avoidable costs are costs that the applicant will cease to incur if it abandons and discontinues service over the Chaska Industrial Lead. As already indicated, UP has submitted data showing avoidable on-branch costs for the base, forecast, and subsidy years. These include: maintenance-of-way and structures (MOW&S); maintenance of equipment–locomotives; transportation; joint facilities; deadheading–taxi and hotel; overhead movement; freight car costs (other than return); return on value–locomotives; return on value–freight cars; revenue taxes; and property taxes. UP reports total avoidable on-branch costs of $315,110 for the base year, $319,598 for the forecast year, and $319,598 for the subsidy year.[2] In addition, it reports total avoidable off-branch costs of $435,219 for the base year, $445,202 for the forecast year, and $445,202 for the subsidy year. Total avoidable costs are $750,329 for the base year, $764,800 for the forecast year, and $764,800 for the subsidy year.

LINE CONDITION AND REHABILITATION

According to UP, the line requires substantial rehabilitation in the amount of $5,939,000, which includes bridge rehabilitation and track upgrades. Although revenues exceeded the avoidable costs of service on the line in the base year by $23,823, UP argues that those revenues do not justify the cost of rehabilitation.

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[1] See attached appendix for details.

[2] UP's forecast year and subsidy year are the same.

As previously stated, the Chaska Industrial Lead contains one bridge that was destroyed by a flooding-related derailment and another bridge in extremely poor condition. Without replacement of the Destroyed Bridge and rehabilitation or replacement of the Minnesota River Bridge, UP asserts, it will not be able to operate on the line.

Neither protestant has contested UP's estimates of the cost of rehabilitating the line. Because protestants do not address rehabilitation costs, UP's evidence is the only evidence of record. Because UP has fulfilled the requirements set fourth in 49 CFR 1152.22 by describing the condition of the properties and its estimate of required rehabilitation costs, the Board therefore acknowledges that UP faces substantial rehabilitation costs.

OPPORTUNITY COSTS

Opportunity costs (or total return on value of road property) reflect the economic loss experienced by a carrier from forgoing a more profitable alternative use of its assets. Under Abandonment Regulations–Costing, 3 I.C.C.2d 340 (1987), the opportunity cost of road property is computed on an investment base equal to the sum of: (1) allowable working capital; (2) the net liquidation value (NLV) of the line; and (3) current income tax benefits (if any) resulting from abandonment. The investment base (or valuation of the road properties) is multiplied by the current nominal rate of return, to yield the nominal return on value. Under 49 CFR 1152.34(d), the rate of return used to calculate return on value represents the individual railroad's current pre-tax nominal cost of capital. Our most recent after-tax cost of capital finding for the railroad industry is used as a basis for developing the appropriate nominal rate of return. The nominal return is then adjusted by applying a holding gain (or loss) to reflect the increase (or decrease) in value a carrier will expect to realize by holding assets for one additional year.

UP estimates that, for the subsidy/forecast year, the NLV for track assets will be $1,078,915, and the land value will be $1,750,063, making the NLV for the entire line $2,828,978. None of the protestants have addressed this issue. Therefore, the Board accepts UP's estimates of track assets and land as they do not appear unreasonable and are the only evidence of record. UP's estimates of the working capital and tax benefits also are unchallenged by the protestants and appear reasonable. These figures will therefore also be accepted.

Based on the estimates for these items, UP projects that the line will have a subsidy/forecast year total opportunity cost of $186,183.

SUMMARY OF COST AND REVENUE EVIDENCE

UP's forecast year and subsidy year revenue and cost estimates, including return on value and subsidization costs, are not contested. Based on UP's evidence, the Board finds that the Chaska Industrial Lead would realize a profit from operations of $136,413 for the forecast year. The Board also finds an avoidable profit of $136,413 in the subsidy year and a loss from operations in the subsidy year of $66,068, when the return on value is factored in. When rehabilitation costs are included, UP would require an estimated subsidy year payment of $6,014,080.

ALTERNATIVE TRANSPORTATION

As noted, both shippers on the line have been shipping by motor carrier since the Destroyed Bridge was destroyed in March 2007, or before. Chaska is situated approximately 3.5 miles south of a line operated by Twin Cities and Western Railroad (TCW) and approximately 2 miles via roadway north of UP's main line. UP states that Chaska is served by a number of state and local highways, including a major highway, US 212, which intersects with Interstate 494 approximately 10 miles northeast of Chaska. Hence, UP asserts, motor carrier service is readily accessible in the Chaska area and can be and has been used to meet United Sugar's and CBC's transportation needs.

SHIPPER AND COMMUNITY INTERESTS

Protestants argue that the abandonment should be denied based on shipper and community interests. Protestants claim that the harm to UP that would result from repairing the bridges and resuming rail operations does not outweigh the harm to United Sugar and the community if UP abandons the Chaska Industrial Lead.

According to United Sugar, it would take 3,001 truck shipments, traveling 2,073,092 miles and consuming 345,515 gallons of fuel to move the same volume of sugar by truck to the Chaska plant as it moved by rail in 2006. United Sugar maintains that truck transportation costs $1.6 million more than rail transportation on the line, and that this increased cost has had the ancillary effect of limiting the origin production facilities that United Sugar can source from. United Sugar also contends that transloading costs using the transload facilities listed above (either UP or TCW) are even higher than the cost of using trucks. Due to the increased costs, United Sugar states, it will have to either raise prices to offset the expense or absorb the loss in its Chaska plant's operating budget, both of which would negatively affect its ability to compete with other sugar producers. Finally, United Sugar notes that truck transportation leads to increased noise, emissions, and damage to roads and bridges in the primarily residential community surrounding the Chaska plant.

UTU argues that the Destroyed Bridge would have survived the derailment, and the Minnesota River Bridge would be in better condition, had UP not deferred maintenance on these structures. UTU also contends that UP has not made any attempts to market new business on the Chaska Industrial Lead, despite its market potential for a multi-modal freight transportation terminal at Chaska. Additionally, UTU claims that UP has regularly used the line for manifest and unit-train meets and the holding of trains, and suggests that this constitutes overhead traffic.[3] Finally, UTU asserts that the line is an integral part of the UP system and is being considered a part of a seven-county metropolitan area commuter rail system by the pertinent commuter authority. Abandoning the line, therefore, would close a commuter and freight gateway to Hennepin County and the City of Minneapolis.

[3] A unit-train meet is a location where one unit train can pass another.

In its rebuttal, UP notes that protestants have not provided any economic data concerning the harm that would be caused by granting UP authority to abandon the Chaska Industrial Lead, and have not presented any evidence challenging UP's argument that the costs of rehabilitating the line would greatly exceed the revenue it receives from traffic. UP also states that it properly maintained the bridges, and not only is it unlikely that it would ever recover the cost of rehabilitating the bridges, but it may lose even more revenue if it continued to operate there, because neither United Sugar nor any other shipper has made a long-term commitment to continue shipping over the line. Finally, UP asserts that the Chaska Industrial Lead cannot be used for overhead traffic because it is stub-ended.

DISCUSSION AND CONCLUSIONS

The statutory standard governing an abandonment or discontinuance of service is whether the present or future public convenience and necessity permit the proposed abandonment or discontinuance. 49 U.S.C. 10903(d). In implementing this standard, the Board must balance the potential harm to affected shippers and communities against the present and future burden that continued operations could impose on the railroad and on interstate commerce. Colorado v. United States, 271 U.S. 153 (1926). Essentially, the Board must determine whether the burden on the railroad and on interstate commerce from continued operations is outweighed by the burden on the shippers and the community from the loss of rail service.

UP has established that continued operation of the line would be burdensome. Its projection of 764 carloads annually is consistent with recent traffic and has not been refuted by protestants' evidence. As stated above, the Chaska Industrial Lead would realize a subsidy year profit from operations of $136,413, but rehabilitation costs for the line and return on value calculations result in a subsidy requirement of $6,014,080.

In contrast to the demonstrated burden that continued operation of the line will impose on UP and on interstate commerce, the burden that abandonment will impose on shippers and the community appears to be less of a burden. Although the cost of motor carrier service to United Sugar may be greater than the cost of rail service provided by UP, UP has demonstrated that rail service cannot be provided except at a substantial loss. There is no reason that this cost should be borne by UP rather than United Sugar, which is the user of this transportation service. See Boston and Maine Corp.—Abandonment—In Hartford and New Haven Counties, CT, STB Docket No. AB-32 (Sub-No. 83), et al. (STB served Apr. 22, 1998). Moreover, although UTU alleges that UP has failed to capitalize on the area's market potential for a multi-modal freight transportation terminal, no specifics are provided. The Board concludes that any harm to the shippers and the community from the proposed abandonment is outweighed by the demonstrated harm to UP and the burden on interstate commerce through continued operation of the Chaska Industrial Lead. The abandonment application will therefore be granted.

LABOR PROTECTION

In approving this abandonment application, the Board must ensure that affected rail employees will be adequately protected. 49 U.S.C. 10903(b)(2). The conditions imposed in

Oregon Short Line R. Co. – Abandonment – Goshen, 360 I.C.C. 91 (1979) (Oregon), satisfy the statutory requirements, and those conditions will be imposed here.

ENVIRONMENTAL ISSUES

The Board is also required to consider the environmental and energy impacts of the proposed abandonment. UP has submitted an environmental report with its application and has notified the appropriate Federal, state, and local agencies of the opportunity to submit information concerning the energy and environmental impacts of the proposed abandonment. See 49 CFR 1105.11. The Board's Section of Environmental Analysis (SEA) has examined the environmental report, verified its data, and analyzed the probable effects of the proposed action on the quality of the human environment. SEA served an environmental assessment (EA) on January 15, 2008, and requested comments by February 14, 2008.

In the EA, SEA notes that the National Geodetic Survey (NGS) has identified nine geodetic station markers that may be affected by the proposed abandonment. Therefore, SEA recommends that UP provide NGS with at least 90 days' notice prior to initiation of any salvage operations that may disturb or destroy any geodetic station markers so that plans can be made for their relocation.

SEA also notes that the Minnesota Historical Society, State Historic Preservation Officer (SHPO) states that the information submitted by UP was insufficient and notes that its inventory of the Chaska Industrial Lead includes a building known as the Merriam Junction Depot, which was missing from UP's historic report, and that the line passes through or is adjacent to the Carver Historic District, which is listed on the National Register of Historic Places (National Register). In response, counsel for UP states that the Merriam Junction Depot is not part of the proposed abandonment. SEA further notes that the Carver Historic District is outside the right-of-way of the line and will not be adversely affected; however, because of the issues raised by the SHPO, SEA requires further consultation. Therefore, SEA recommends that a condition be imposed requiring that UP: (1) retain its interest in and take no steps to alter the historic integrity of all historic properties including sites, buildings, structures, and objects within the right-of-way that are eligible for listing or listed with in the National Register until the section 106 process of the National Historic Preservation Act, 16 U.S.C. 470f (NHPA), has been completed; (2) report back to SEA regarding any consultations with the SHPO and the public; and (3) not file its consummation notice or initiate any salvage activities until the section 106 process has been completed.

In response to the EA, SEA received numerous comments. The Minnesota Department of Natural Resources (MN-DNR) states that abandonment requires approval from its office because the Minnesota River Bridge crosses the Minnesota River. Moreover, it further states that the bridge is in a state of deterioration and has historically been the site of logjams for which UP maintains responsibility. Therefore, SEA recommends that UP contact Mr. Dale Homuth, Regional Hydrologist, MN-DNR, and, if applicable, comply with the reasonable requirements of MN-DNR.

Mr. Roger Gustafson, on behalf of the Carver County Regional Railroad Authority, Scott County Regional Railroad Authority, Metropolitan Council, City of Chaska, and City of Carver (collectively known as the Minnesota River Valley Rail Joint Powers Agreement) also filed comments in response to the EA, noting that salvage operations on or near the Minnesota River Bridge would harm Carver County by weakening the levee systems or by causing flooding created by logjams. Mr. Gustafson recommends that UP consult with the Army Corps of Engineers, U.S. Fish and Wildlife Service, and MN-DNR. Accordingly, SEA recommends that, prior to commencement of salvage activities, UP contact: (1) the Minnesota River Valley Rail Joint Powers Agreement in order to discuss local potential safety concerns regarding the Minnesota River Bridge; and (2) the United States Army Corps of Engineers, St. Paul District (Corps), regarding Carver County's levee system, and, if applicable, comply with the reasonable requirements of the Corps.

No other comments to the EA were filed. Accordingly, the conditions recommended by SEA in the EA and in response to the comments filed after the EA was served will be imposed. The Board concludes that the proposed abandonment, if implemented as conditioned, will not significantly affect either the quality of the human environment or the conservation of energy resources.

As we previously noted, CCRRA has filed a request for the issuance of a CITU under the National Trails System Act, 16 U.S.C. 1247(d) (Trails Act). CCRRA has submitted a statement of willingness to assume financial responsibility for the right-of-way and has acknowledged that use of the right-of-way is subject to possible future reconstruction and reactivation of the right-of-way for rail service as required under 49 CFR 1152.29. By letter dated February 20, 2008, UP states that it is willing to negotiate with CCRRA for interim trail use. Because CCRRA's request complies with the requirements of 49 CFR 1152.29, and UP is willing to enter into negotiations, we will issue a CITU for the Chaska Industrial Lead. The parties may negotiate an agreement during the 180-day period prescribed below. If an agreement is executed, no further Board action is necessary. If no agreement is reached within 180 days, UP may fully abandon the line, subject to the conditions imposed below. See 49 CFR 1152.29(d)(l). Use of the right-of-way for trail purposes is subject to restoration for railroad purposes.

SEA has indicated in its EA that the right-of-way may be suitable for other public use following abandonment. CCRRA also requests imposition of a 180-day public use condition, precluding UP from: (1) disposing of the corridor, other than the tracks, ties and signal equipment, except for public use on reasonable terms; and (2) removing or destroying potential trail-related structures such as bridges, trestles, culverts and tunnels. CCRRA states that the corridor would make an excellent recreational trail, and that conversion of the property to trail use is in accordance with local plans.

We have determined that persons who file under the Trails Act may also file for public use under 49 U.S.C. 10905. See Rail Abandonments–Use of Rights-of-Way as Trails, 2 I.C.C.2d 591, 609 (1986) (Trails). 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. CCRRA has met the public use criteria prescribed at 49 CFR 1152.28(a)(2) by specifying: (1) the condition sought; (2) the public importance of the condition; (3) the period of time for which the condition would be effective; and (4) justification of the period of time requested. Accordingly, a 180-day public use condition also will be imposed, commencing from the effective date of this decision, to enable any state or local government agency or other interested person to negotiate the acquisition of the line for public use. If a trail use agreement is reached on a portion of the right-of-way, CCRRA must keep the remaining right-of-way intact for the remainder of the 180-day period to permit public use negotiations. Also, we note that a public use condition is not imposed for the benefit of any one potential purchaser. Rather, it provides an opportunity for any interested person to acquire a right-of-way that has been found suitable for public purposes, including trail use. Therefore, with respect to the public use condition, UP is not required to deal exclusively with CCRRA, but may engage in negotiations with other interested persons.

The parties should note that operation of the trail use and public use procedures could be delayed, or even foreclosed, by the financial assistance process under 49 U.S.C. 10904. As stated in Trails, 2 I.C.C.2d at 608, offers of financial assistance (OFA) 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 an OFA is timely filed under 49 CFR 1152.27(c)(1), the effective date of this decision will be postponed beyond the effective date indicated here. See 49 CFR 1152.27(e)(2). In addition, the effective date may be further postponed at later stages in the OFA process. See 49 CFR 1152.27(f). Finally, if the Chaska Industrial Lead 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.

The Board finds:

1. The present or future public convenience and necessity permit the abandonment of the above-described line, subject to the employee protective conditions in Oregon, and the conditions that UP shall: (1) provide NGS with at least 90 days' notice prior to initiation of any salvage operations that may disturb or destroy any geodetic station markers so that plans can be made for their relocation; (2) retain its interest in and take no steps to alter the historic integrity of all historic properties including sites, buildings, structures, and objects within the right-of-way that are eligible for listing or listed with in the National Register until the section 106 process of NHPA has been completed, report back to SEA regarding any consultations with the SHPO and the public, and not file its consummation notice or initiate any salvage activities until the section 106 process has been completed; (3) contact Mr. Dale Homuth, Regional Hydrologist, MN-DNR, and, if applicable, comply with the reasonable requirements of MN-DNR; (4) prior to commencement of salvage activities, contact: (a) the Minnesota River Valley Rail Joint Powers Agreement in order to discuss local potential safety concerns regarding the Minnesota River Bridge; and (b) the Corps, regarding Carver County's levee system, and, if applicable, comply with the reasonable requirements of the Corps; (5) leave intact all of the right-of-way, including bridges, trestles, culverts and tunnels (but not track, ties or signal equipment), for a period of 180 days from the effective date of this decision, to enable any state or local government agency or any other interested person to negotiate the acquisition of the line for public use; and (6) comply with the interim trail use/rail banking procedures set forth below.

2. Abandonment of the line will not have a serious, adverse impact on rural and community development.

3. The line may be suitable for other public purposes.

4. As conditioned, this action will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. This application is granted subject to the conditions specified above.

2. 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 legal liability arising out of the transfer or use of (unless the user is immune from liability, in which case it need only indemnify the railroad against any potential liability), and for the payment of any and all taxes that may be levied or assessed against, the right-of-way.

3. 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 for the right-of-way.

4. If interim trail use is implemented and subsequently the user intends to terminate trail use, it must send the Board a copy of this decision and request that it be vacated on a specified date.

5. If an agreement for interim trail use/rail banking is reached by September 28, 2008, interim trail use may be implemented. If no agreement is reached by that time, UP may fully abandon the Line, provided the conditions imposed above are met.

6. UP is directed to serve a copy of this decision on United Sugar and CBC within 5 days after the service date of this decision and to certify to the Board that it has done so.

7. An offer of financial assistance (OFA) under 49 CFR 1152.27(c)(1) to allow rail service to continue must be received by the railroad and the Board by April 11, 2008, subject to time extensions authorized under 49 CFR 1152.27(c)(1)(i)(C). The offeror must comply with 49 U.S.C. 10904 and 49 CFR 1152.27(c)(1). Each OFA must be accompanied by a $1,300 filing fee. See 49 CFR 1002.2(f)(25).

8. 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.**"

9. Provided no OFA has been received, this decision will be effective on May 1, 2008. Any petition to stay or petition to reopen must be filed as provided at 49 CFR 1152.25(e).

10. Pursuant to the provisions of 49 CFR 1152.29(e)(2), UP shall file a notice of consummation with the Board to signify that it has exercised the authority granted and fully

abandoned the line. If consummation has not been effected by UP's filing of a notice of consummation by April 1, 2009, and there are no legal or regulatory barriers to consummation, the authority to abandon will automatically expire. If a legal or regulatory barrier to consummation exists at the end of the 1-year period, the notice of consummation must be filed no later than 60 days after satisfaction, expiration, or removal of the legal or regulatory barrier.

By the Board, Chairman Nottingham, Vice Chairman Mulvey, and Commissioner Buttrey.

Anne K. Quinlan
Acting Secretary

APPENDIX

	Base Year operations 3/1/06-2/28/07	Forecast year operations 12/1/07-11/30/08	Subsidy year operations 12/1/07-11/30/08
Revenues attributable for:			
1. Freight originated and/or terminated on branch	774,152	901,214	901,214
2. Bridge Traffic	0	0	0
3. All other revenue and income	0	0	0
4. Total revenues attributable (lines 1 through 3)	774,152	901,214	901,214
Avoidable costs for:			
5. On-Branch costs (lines 5a through 5k)	315,110	319,598	319,598
a. Maintenance of way and structures	44,413	44,734	44,734
b. Maintenance of equipment	3,269	3,339	3,339
c. Transportation	145,377	148,875	148,875
d. General administrative	0	0	0
e. Deadheading, taxi, and hotel	0	0	0
f. Overhead Movement	0	0	0
g. Freight car costs (other than return on freight cars)	47,801	49,480	49,480
h. Return on value-locomotives	4,419	3,338	3,338
i. Return on value-freight cars	69,832	69,832	69,832
j. Revenue taxes	0	0	0
k. Property taxes	0	0	0
6. Off-Branch costs	435,219	445,202	445,202
a. Off-Branch costs (other than return on freight cars	209,140	217,970	217,970
b. Off-Branch Freight Car ROI Costs	180,745	180,745	180,745
c. Off Branch URCS Multiple Car Adjustment	0	0	0
d. Make whole adjustment Off -Branch	45,334	46,488	46,488
7. Total avoidable costs(line 5 plus line 6)	750,329	764,800	764,800
Subsidization costs for:			
8. Rehabilitation *			5,939,000
9. Administration costs (subsidy year only) **			9,012
10. Casualty reserve account			0
11. Total subsidization costs (lines 8 through 10)	0	0	5,948,012
Return on value:			
12. Valuation of property (lines 12a through 12c)	0	0	1,792,308
a. Working capital			10,052
b. Income tax consequences			(1,046,722)
c. Net liquidation value			2,828,978
13. Nominal rate of return			0.184
14. Nominal return on value (line 12 time line 13) ***	0	0	329,785
15. Holding gain (loss)			127,304
16. Total return on value (line 14 minus line 15)	0	0	202,481
17. Avoidable gain or (loss) from operations (line 4 minus line 7)	23,823	136,413	136,413
18. Estimated forecast year gain or (loss)from operations (line 4	23,823	136,413	(66,068)
minus lines 7 and 16)			
19. Estimated subsidy (line 4 minus 7,11, and 16)	23,823	136,413	(6,014,080)

* This projection shall be computed in accordance with § 1152.32(m).
** Omit in applications pursuant to § 1152.22.
*** If a negative for the "forecast year operations" insert "0" in this line.