32939 SERVICE DATE - OCTOBER 28, 2002
EB

SURFACE TRANSPORTATION BOARD

DECISION

STB Docket No. AB-55 (Sub-No. 618)

CSX TRANSPORTATION, INC.–DISCONTINUANCE–
AT MEMPHIS, IN SHELBY COUNTY, TN

Decided: October 23, 2002

On July 10, 2002, CSX Transportation, Inc. (CSXT), filed an application under 49 U.S.C. 10903 seeking authority to discontinue service over a 1.1-mile portion of its Midwest Region, Nashville Division, Memphis Terminal line between milepost ONI 224.0, at Memphis, TN, and milepost ONI 222.9 east of Memphis, in Shelby County, TN (the line).[1] Notice of the filing was served and published in the Federal Register (67 FR 49387) on July 30, 2002. On August 26, 2002, Bolen-Brunson-Bell Lumber Company, Inc. (BBB), filed a protest. On September 10, 2002, CSXT filed a rebuttal to the protest.

PRELIMINARY MATTER

On September 23, 2002, BBB filed a motion to strike specific portions of CSXT's rebuttal and on October 3, 2002, CSXT responded. BBB argues that those portions of the rebuttal constitute "new evidence" which is not responsive to any issue raised in its reply as stipulated in 49 CFR 1112.6. The contested material consists of cost evidence resulting from operations that CSXT maintains it performs

[1] CSXT previously filed a petition for exemption under 49 U.S.C. 10502 from the prior approval requirements of 49 U.S.C. 10903 to abandon the line, plus an additional 12.24 miles of rail line, extending from milepost ONI 224.00 near Memphis, to milepost ONI 210.66 near Cordova, TN. The petition was denied in CSX Transportation, Inc.–Abandonment Exemption–(Between Memphis and Cordova) in Shelby County, TN, STB Docket No. AB-55 (Sub-No. 590X) (STB served Dec. 12, 2001), based on CSXT's failure to support the data it had presented and opposition in the case. Denial of the petition was without prejudice to CXST's refiling an appropriate application or a petition for exemption. On March 29, 2002, CSXT filed a petition for exemption under 49 U.S.C. 10502 from the prior approval requirements of 49 U.S.C. 10903 to discontinue service over the 12.24-mile uncontested segment, excluding the 1.1-mile segment at issue here. The petition was granted in CSX Transportation, Inc.–Discontinuance Exemption–(Between East of Memphis and Cordova) in Shelby County, TN, STB Docket No. AB-55 (Sub-No. 615X) (STB served July 17, 2002) (July 17, 2002 decision).

in order to serve BBB's facility. These operations are in addition to the operations CSXT already has described in its application.

Our abandonment regulations specifically require applicant to include its entire case for abandonment in its application. See 49 CFR 1152.21. In order to protect the integrity of the process and abide by the strict statutory deadlines imposed by Congress, we will grant BBB's motion to strike. Upon review of the remaining record, which, of course, includes cost information of lesser amounts than claimed by CSXT in rebuttal, we will grant the application, subject to standard employee protective conditions.[2]

BACKGROUND

BBB, the only active customer on the line, is a wholesale distributor of lumber and wood products. Its distribution facility is located at milepost ONI 223.1, where it reloads lumber from rail cars to trucks for delivery to retail lumber dealers in the Memphis area. To serve BBB, CSXT must cross over the Cypress Creek bridge, located at milepost ONI 223.3. According to CSXT, the bridge requires substantial repair and rebuilding. Due to the condition of the bridge, CSXT embargoed the line on March 1, 2001, to avoid unsafe operations. The line remains embargoed.[3] The condition of the bridge and its rehabilitation costs will be discussed in detail under line condition and rehabilitation below.

---

[2] We admonish CSXT for attempting to introduce important cost evidence at the eleventh hour of this proceeding. As mentioned, the deadlines imposed upon the Board are strict and we do not take them lightly. CSXT should be aware of its own operations and we do not understand why they were not properly described from the outset of this proceeding.

[3] Prior to the embargo, three customers, Jimmy Whittington Lumber Company, Edmonds Material, Inc., and Memphis Light Gas and Water required transportation service over the line in order to reach their facilities east of milepost ONI 222.9. The July 17, 2002 decision authorized CSXT to discontinue service to these customers. On July 19, 2002, in Bolen-Brunson-Bell Lumber Company, Inc. v. CSX Transportation, Inc., STB Finance Docket No. 34236, BBB filed a formal complaint alleging that CSXT has failed to provide transportation and service to BBB on reasonable request in violation of 49 U.S.C. 11101(a). BBB simultaneously filed a petition under 49 U.S.C. 10502(d) for the partial revocation of the exemption for rail shipments of lumber or wood products in Rail Exemption–Lumber or Wood Products, 7 I.C.C.2d 673 (1991).

TRAFFIC, OPERATIONS, AND REVENUES

CSXT contends that providing service to BBB is both difficult and costly due to the location of BBB's facility. CSXT states that operations on the line are complicated because, after leaving its Leewood Yard, the train must enter a portion of the jointly owned CSXT-Canadian National Illinois Central double-track main line, which handles about 40 trains per day.
The train serving the line must wait until the track is clear. A reverse move back over the double main line is also necessary, resulting in an additional delay. Consequently, CSXT states that service to BBB generally takes at least 2 hours for a three-person crew, twice a week.

CSXT provides base year carload and revenue data for the period January 1, 2000, through December 31, 2000,[4] and forecast year carload and revenue data for the period June 1, 2002, through May 31, 2003. The forecast year carloads are considered to have traffic characteristics similar to the carloads in the base year. All traffic transported on the line during the forecast year consists of carload shipments of lumber and plywood that terminate at BBB's facility. CSXT's forecast year carloads and revenues are as follows: revenues of $95,290 for the 54 carloads received by BBB; and revenues of $34,705 for the 144 carloads switched for other
carriers. For subsidy year[5] purposes, CSXT indexed the revenues for the 54 carloads, resulting in an approximately 1.90% increase in revenues and total revenue level of $131,793 for the subsidy year.

BBB does not take issue with the carloads and revenues presented by CSXT. Therefore, we will accept CSXT's figures.

AVOIDABLE COSTS

Avoidable costs are costs that applicant will cease to incur if it discontinues service over the line. CSXT has submitted data showing avoidable on-branch costs for the base and forecast years. These include: maintenance-of-way and structures (MOW&S); maintenance of equipment, including depreciation (MOE-depreciation); transportation; overhead movement; freight car costs (other than return); and return on value-locomotives. CSXT reports total avoidable on-branch costs of $24,563 for the base year, and projects $238,727 for the forecast year, and $238,843 for the subsidy year. In addition, it reports total avoidable off-branch costs of $64,850 for the base year, and projects $66,931

---

[4] CSXT states that in order to reasonably present revenue and cost data for a line that has had no traffic since it was embargoed on March 1, 2001, it chose as its base year period the most recent calendar year for which operations were considered to be normal.

[5] The subsidy year is any 12-month period for which a subsidy agreement for continued rail service has been negotiated and is in operation. See 49 CFR 1152.2(m).

for the forecast year, and $67,567 for the subsidy year. Total avoidable costs are $89,413 for the base year, $305,658 for the forecast year, and $306,410 for the subsidy year.

On-Branch Avoidable Costs. With the exception of on-branch return on value-freight cars and MOW&S,[6] CSXT's on-branch forecast and subsidy year avoidable costs are well supported[7] and appear reasonable.

BBB argues that none of the freight cars used for the issue services are CSXT cars and, therefore, CSXT does not incur those costs and the return on value-freight cars should be set at $0.[8] On rebuttal, CSXT agrees that costs for return on value of freight cars are not properly assessed as avoidable costs in this proceeding and removes them from that category. However, in lieu of the return on value-freight car costs, CSXT now proposes to include $7,213 in freight car costs (other than return) for 54 of the 198 carloads, in order to account for foreign car per diem and mileage costs associated with use of foreign-owned freight cars on the line.[9] It calculates these costs using the Universal Machine Language Equipment Register (UMLER) rates for the specific foreign cars. In addition to this being new evidence, which is not appropriate on rebuttal, UMLER costs do not reflect actual CSXT freight car costs (other than return) as required by 49 CFR 1152.32(g). Furthermore, even if UMLER car costs were appropriate for use in this proceeding, CSXT has not provided any probative evidence reflecting the UMLER car rates. Finally, based on CSXT's workpapers, it appears that CSXT has used the total car days for both on- and off-branch operations to develop its on-branch costs for the 54 carloads. This would appear to overstate CSXT's car costs for the 54 carloads by a significant margin.

For MOW&S, CSXT forecasts average expenditures of $5,000 per mile ($5,500 for the 1.1 miles of the line). BBB claims that there should be no maintenance costs for the tenth of a mile of the

---

[6] BBB challenges CSXT's inclusion of bridge rehabilitation costs in avoidable on-branch MOW&S costs. On rebuttal, CSXT correctly shows bridge rehabilitation costs in its subsidy year as subsidization costs, which is the appropriate place to reflect repair costs that are not part of the normalized maintenance program.

[7] CSXT has provided 240 pages of workpapers supporting its revenue and cost data. These workpapers are extremely detailed and provide adequate support for the data provided.

[8] BBB claims, and we agree, that CSXT's workpapers show that none of the cars listed are owned by CSXT.

[9] CSXT does not include any freight car costs (other than return) in either its on- or off-branch costs for the 144 cars switched at Memphis. CSXT provides no explanation.

line beyond BBB's facility. We disagree. The train operations at BBB's facility require the additional tenth of a mile to switch cars into and out of the plant.[10] Therefore, we accept CSXT's $5,500 normalized maintenance estimate for the forecast and subsidy years. Although CSXT's per-mile cost is unsupported on the record, it has not been challenged by BBB and does fall within the range we would expect to see for a line maintained at Federal Railroad Administration Class 1 safety standards.

Off-Branch Avoidable Costs. In its rebuttal, CSXT states that it revised the off-branch avoidable costs to include UMLER rates for foreign cars[11] and to include the actual switching costs incurred by CSXT for operations not previously described.[12]

The revised off-branch costs reflect newly described operations that have not been sufficiently documented and represent new evidence not allowable on rebuttal. Accordingly, we have excluded CSXT's new cost evidence from our restatement.

LINE CONDITION AND REHABILITATION

The Cypress Creek bridge was built in 1921 and measures approximately 120 linear feet. It is a 6-pile, creosote pine timber trestle bridge. The bridge has sustained major fire damage as a result of arson, and, according to CSXT's expert,[13] is in need of immediate repair or rebuilding.

---

[10] On rebuttal, CSXT argues that the track east of BBB's facility has been included in the discontinuance in order to avoid blocking the main line. However, we doubt that trains serving BBB's facility would be sufficiently long to require more than 1 mile of track. But, we believe that CSXT's explanation of the operations at BBB's facility does justify including the additional tenth of a mile. Specifically, a loaded train goes down to the BBB's facility where it picks up empty cars. The train is pulled back onto the line and it is shoved east past BBB's switch. The empty cars are left on the line and the loaded cars are then pulled up and delivered to BBB. The engine then goes back to pick up the empty cars after the loaded cars have been delivered to BBB.

[11] We cannot determine from CSXT's workpapers that it has included car costs based on UMLER data for the off-branch operations. To the extent that CSXT has included car costs based on UMLER data, the same concerns raised above for on-branch costs would be relevant here as well.

[12] CSXT claims that the majority of traffic picked up in the Memphis area is actually taken to Nashville first before ultimate delivery to BBB, thereby incurring significant additional costs.

[13] Mr. LeeRoy Davidson, Regional Engineer of Structures for CSXT.

CSXT's expert claims that the minimum cost, short-term solution requires $214,500 to repair the bridge, based on a June 2002 inspection. CSXT states that this repair work, augmented by periodic repairs, would allow the railroad to use the bridge through 2012. However, CSXT alleges that this expenditure would not alleviate the need to eventually replace the bridge. CSXT asserts that a better long-term solution would be to rebuild the bridge now at a cost of $360,000.

BBB submits that CSXT has significantly overstated the cost of repairing the bridge. BBB maintains that CSXT's expert erred by including costs for the replacement of 120 stringers,[14] and the entire flooring of the bridge. BBB engaged its own expert,[15] who conducted an inspection on August 11, 2002, and concluded that the stringers did not exhibit any danger of immediate failure, and the flooring remains structurally sound.[16] His appraisal estimates bridge repair costs at $77,186.[17]

In its rebuttal, CSXT defends the number of stringers contained in its estimate as necessary to repair or rebuild the bridge to a more stringent set of construction standards than existed when the bridge was originally built.[18] CSXT also argues that BBB's repair estimate is incomplete because it has not accounted for removing the flooring to replace bridge components, that BBB's unit costs are flawed because the quote is not supported by records showing the final cost to repair the bridge, and that BBB's cost and repair standards (50-mile line on a Class III railroad) to estimate repair costs for the

---

[14] A stringer is a longitudinal member extending from bent to bent of a railroad bridge and carrying the track. A bent is part of a bridge structure. It is a rigid frame commonly made of reinforced concrete or steel which supports a vertical load and is placed transverse to the length of a structure. Bents are commonly used to support beams and girders. BBB explains that the bridge consists of 10 spans, 8 of which have 8 stringers per span and 2 of which have 9 stringers per span. There can only be 82 stringers on this bridge, according to BBB (8 spans x 8 stringers + 9 spans x 2 stringers).

[15] BBB's expert is Mr. Harvey H. Stone, President of Stone Consulting & Design, Inc.

[16] He found very few failed stringers and only some deterioration with some of the stringers. As far as the flooring of the bridge is concerned, he found that the ends of the floorboards appeared deteriorated and the bottoms charred.

[17] Unit costs were based on an actual quote for similar repairs to timber bridges prepared in 2001. Costs were adjusted using R.S. Means Building Construction Cost Data for the City Cost Indexes from Meridian, MS, to Memphis.

[18] The bridge has eight stringers per panel. However, current CSXT design standards use 11 stringers per panel. Therefore, CSXT adds three additional stringers per panel to its estimate. CSXT's estimate also reflects an additional 10 stringers to be used for rebuilding the timber backwalls.

bridge are inaccurate because CSXT is a Class I railroad that operates heavier locomotives requiring a higher load bearing capability.

Of the two inspections,[19] we find the one conducted by CSXT's expert to be superior to the inspection conducted by BBB's expert. CSXT's inspection of the bridge components included drilling into support members to determine the internal condition. We believe this method produces the best estimate of costs needed to repair the bridge. The limited inspection performed by BBB's expert may not have accurately determined the condition of the charred timbers. Without the ability to drill into the timbers, there is no accurate way to determine their structural integrity. Accordingly, we accept and use CSXT's bridge repair estimate, including a small amount of administration costs, in our Appendix.

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.[20] 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 1 additional year.

CSXT uses a 14.5% figure representing the pre-tax cost of capital for the railroad industry for the year 2001. CSXT's actual calculation for determining the total return on value relies on three items: (1) working capital; (2) the income tax consequences; and (3) the NLV of its land and track assets.[21]

---

[19] CSXT attempts to introduce a more recent inspection of the bridge in its rebuttal, which will not be considered because it constitutes new evidence.

[20] 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.

[21] CSXT reflects an NLV for track assets of $28,400 and a land value of $107,600. Neither estimate is supported with underlying data but BBB has not addressed this issue in its protest. Therefore, we accept CSXT's estimates of track assets and land as they do not appear unreasonable

(continued...)

We have reviewed CSXT's total return on value calculation of $9,487 [($95,444 times .145) minus $4,352] and find the calculation to be incorrect. That is, CSXT's calculation of working capital was predicated on inclusion of its $214,500 bridge rehabilitation in the on-branch avoidable costs. However, because the bridge rehabilitation costs are properly considered a subsidization cost, that $214,500 cannot be used in the calculation of working capital (15 days of the adjusted on-branch costs). Based on our adjusted working capital amount,[22] we have restated CSXT's total return on value to be $8,209 [($86,629 times .145) minus $4,352].

SUMMARY OF COST AND REVENUE

Based on our restatement of the return on value-freight car costs and the proper treatment of the bridge repairs and other adjustments discussed above, we find that the line would realize a profit from operations of $40,371 for the forecast year. We find that the profit from operations in the subsidy year would be $41,417 and when the return on value is factored in, the line would show an avoidable profit of $33,208 for the subsidy year. However, when rehabilitation costs are included, the line would require a subsidy year payment of $182,610.

ALTERNATIVE TRANSPORTATION

CSXT states that, although discontinuance of service may result in increased costs to BBB, there are alternative service options available. BBB currently uses another transload facility elsewhere in the Memphis area, which it could use for the traffic on the line. Also, CSXT has made available to BBB a transload facility at Leewood Yard, which it submits is less expensive for CSXT to operate and should also result in more efficient service to BBB. Finally, CSXT notes that BBB's facility is located near Interstate Highways 40 and 240 and that during the embargo BBB made extensive use of truck service,[23] as well as transloading service.

---

[21](...continued)
and are the only evidence of record.

[22] Following CSXT's procedure for calculating working capital, we find the correct amount to be $949. The calculation of this amount is as follows: [($24,117 (revised on-branch costs) minus $306 (MOE-depreciation) minus $715 (return on value-locomotives)) divided by 365 days times 15 days].

[23] Even before the embargo, CSXT claims that BBB was receiving lumber from Savannah, GA, exclusively by truck.

SHIPPER AND COMMUNITY INTERESTS

BBB argues that, as a result of discontinuance of rail service, it would lose its reload business, whereby it transloads lumber from railcars to trucks at its place of business for delivery to companies in the Memphis area that are unable to receive lumber directly by rail. BBB avers that it would also suffer increased costs on traffic formerly received by rail in non-reload business. BBB contends that it would suffer a reduction of nearly $100,000 per year in net income as a result of discontinuance of rail service.

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, we 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 from continued operations is outweighed by the burden on shippers and the community from the loss of rail service.

As stated above, the line would realize a profit from operations of $40,371 in the forecast year and $41,417 in the subsidy year. When the return on value is considered, the line shows an avoidable profit of $33,208 for the subsidy year. However, when rehabilitation costs are included, the line would require a subsidy year payment of $182,610.[24]

In contrast to the demonstrated burden that continued operation of the line will impose on CSXT and on interstate commerce, the burden that the discontinuance will impose on BBB and the community is less clear given BBB's transportation alternatives. Rehabilitation and replacement of the Cypress Creek bridge would require an expenditure that cannot be justified by limited and speculative future profitability. We conclude that any harm to BBB and the community from the proposed discontinuance is outweighed by the demonstrated harm to CSXT and the burden on interstate

[24] BBB argues that CSXT would not be burdened by a rehabilitation cost when it can amortize that cost from operating profit for each of the 10 years of the expected life of the rehabilitated bridge. Although subsidy arrangements can extend beyond 1 year if mutually agreed by the parties, any amortization of these costs over 10 years assumes that BBB will remain in business and continue to ship the same amount of carloads for the full 10 years. Should that not be the case, CSXT would be left to pick up the remaining bridge repair costs with no revenue to offset those payments. This is an unfair burden to place upon CSXT. Accordingly, we reject any such amortization plans without specific guarantees protecting the railroad from shipper default.

commerce through continued operation of the line. We will therefore grant the discontinuance application.

LABOR PROTECTION

In approving this discontinuance application, we must ensure that affected rail employees will be adequately protected. 49 U.S.C. 10903(b)(2). We have found that the conditions imposed in Oregon Short Line R. Co.–Abandonment–Goshen, 360 I.C.C. 91 (1979) (Oregon), satisfy the statutory requirements, and we will impose those conditions here.

ENVIRONMENTAL ISSUES

The Board is also required to consider the environmental and energy impacts of the proposed discontinuance. CSXT 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 discontinuance. 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 action on the quality of the human environment. SEA served an environmental assessment (EA) on August 12, 2002, and requested comments by September 10, 2002.

In its EA, SEA initially recommended that a condition be imposed requiring CSXT to retain its interest in and take no steps to alter the historic integrity of the line until completion of the section 106 process of the National Historic Preservation Act, 16 U.S.C. 470f. Subsequently, the Board received correspondence from the Tennessee Historical Commission indicating that the compliance requirements of the section 106 process have been fulfilled. Accordingly, the section 106 condition need not be imposed.

Because this is a discontinuance proceeding, and not an abandonment, interim trail use/rail banking, and public use requests are not appropriate.[25]

We find:

1. The present or future public convenience and necessity permit the discontinuance of service over the above-described line, subject to the employee protective conditions in Oregon.

[25] The offer of financial assistance (OFA) provisions for a subsidy to provide continued rail service do apply to discontinuances.

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

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

It is ordered:

1. BBB's motion to strike is granted.

2. This application is granted subject to the condition specified above.

3. CSXT must promptly provide any interested persons the information they require to formulate an OFA to subsidize rail service over the line.

4. An OFA under 49 CFR 1152.27(b)(1) to subsidize continued rail service must be received by the railroad and the Board by November 7, 2002, 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 $1,100 filing fee. See 49 CFR 1002.2(f)(25).

5. 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.**"

6. Provided no OFA to subsidize continued rail service has been received, this decision will be effective on November 27, 2002. Any petition to stay or petition to reopen must be filed as provided at 49 CFR 1152.25(e).

By the Board, Chairman Morgan and Vice Chairman Burkes.

Vernon A. Williams
Secretary

APPENDIX

(With 198 Carloads)

	CSXT Forecast Year Starting 6-1-02	CSXT Subsidy Year Ending 9-30-03	STB Forecast Year Restated	STB Subsidy Year Restated
1. Freight Orig. and/or Term. on Branch	$95,290	$97,088	$95,290	$97,088
2. Bridge Traffic	0	0	0	0
3. All Other Revenue and Income	34,705	34,705	34,705	34,705
4. Total Attributable Revenue (Ls. 1 thru 3)	**$129,995**	**$131,793**	**$129,995**	**$131,793**
5. On-branch Costs:				
a. Maintenance-of-Way and Structures	$5,500	$5,500	$5,500	$5,500
b. Maintenance-of-Equipment (Including Depreciation)	1,044	1,052	1,044	1,052
c. Transportation	7,246	7,293	7,246	7,293
d. Joint Facilities	0	0	0	0
e. Deadheading, Taxi and Hotel	0	0	0	0
f. Overhead Movement	8,924	8,979	8,924	8,979
g. Freight Car Costs (Other Than Return)	7,213	7,213	709	715
h. Return on Value - Locomotives	578	578	578	578
I. Return on Value - Freight Cars	0	0	0	0
j. Revenue Taxes	0	0	0	0
k. Property Taxes	0	0	0	0
l. Total On-Branch Costs (Ls. 5a thru 5k)	**$30,505**	**$30,615**	**$24,001**	**$24,117**
6. Off-branch Costs:				
a. Off-Branch Costs (Other Than Return)	$136,773	$138,032	$65,623	$66,259
b. Return on Value - Freight Cars (Less Holding Gain)	0	0	0	0
c. Net Off-br Costs (Ls. 6a+6b)	**$136,773**	**$138,032**	**$65,623**	**$66,259**
7. Total Avoidable Costs (Ls 5l + 6c)	**$167,278**	**$168,647**	**$89,624**	**$90,376**
Subsidization Costs for:				
8. Rehabilitation		$214,500	$0	$214,500
9. Administrative Costs (Subsidy Year Only)		1,318	0	1,318
10. Casualty Reserve Account		0	0	0
11. Total Subsidization Cost (Ls. 8 thru 10)		**$215,818**	**$0**	**$215,818**
12. Valuation of Road Properties				
a. Working Capital		$9,764	$0	$949
b. Income Tax Consequences		(50,320)	0	(50,320)
c. Net Liquidation Value		136,000	0	136,000
d. Total (Ls. 12a thru 12c)		**$95,444**	**$0**	**$86,629**
13. Nominal Rate of Return		14.50%	0.00%	14.50%
14. Nominal Return on Value (L. 12d x L. 13)		$13,839	$0	$12,561
15. Holding Gain (Loss)		$4,352	$0	$4,352
16. Total Return on Value (L. 14 - L. 15)		**$9,487**	**$0**	**$8,209**
17. Avoidable (Loss) or Profit from Operations (L. 4 -	**($37,283)**	**($36,854)**	**$40,371**	**$41,417**
18. Avoidable (Loss) or Profit Including Return on Value (L.4 - Ls. 7&16)	**($37,283)**	**($46,341)**	**$40,371**	**$33,208**

19. Estimated Subsidy Payment (L.4 - Ls. 7, 11, & 16)		**($262,159)**		**($182,610)**