

SURFACE TRANSPORTATION BOARD

DECISION

STB Docket No. AB-1022 (Sub-No. 1X)

ARIZONA & CALIFORNIA RAILROAD COMPANY—ABANDONMENT EXEMPTION—  
IN SAN BERNARDINO AND RIVERSIDE COUNTIES, CA

Decided: June 26, 2009

By petition filed on March 12, 2009, Arizona & California Railroad Company (ARZC) seeks an exemption under 49 U.S.C. 10502 from the prior approval requirements of 49 U.S.C. 10903 to abandon a 49.40-mile rail line (the line) between milepost 0.0 at Rice and milepost 49.4 at Ripley, in San Bernardino and Riverside Counties, CA. Notice of the exemption filing was served and published in the Federal Register on April 1, 2009 (74 FR 14862). On April 21, 2008, the Committee for Preservation of the Rice-Blythe-Ripley Rail Line (the Committee)<sup>1</sup> filed a reply in opposition to ARZC's petition. ARZC filed a motion for leave to file a tendered rebuttal on May 11, 2009, to which the Committee replied in opposition.

We will grant the exemption subject to an environmental condition and labor protective conditions.

PRELIMINARY MATTERS

ARZC's Rebuttal. The Board's rules do not permit a reply to a reply. 49 CFR 1104.13. ARZC's rebuttal "addresses the arguments made by the Committee" in the Committee's reply; therefore, it is a reply to a reply. The record in this case is complete without ARZC's rebuttal. Accordingly, we will deny ARZC's motion for leave to file a rebuttal and reject the pleading.

Full Abandonment Petition under 49 U.S.C. 10903. The Committee asserts that the Board should deny the petition because the issues raised in this case warrant a full abandonment application. But the procedural arguments the Committee raises do not justify rejecting the petition for an exemption and requiring ARZC to file a full abandonment proceeding.

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<sup>1</sup> The Committee is comprised of the following: the City of Blythe, CA (the City); the Palo Verde Valley Community Improvement Fund; and former and potential shippers Arizona Grain, Inc.; Collective Asset Partners, LLC; Compton Ag. Services, LLC; Desert Security Farms; Fisher Farms; Hayday Farms; Helena Chemical Company; Industrial Solution Service, Inc.; Noble Mine Company; Standard Mine Company; Western Area Power Administration; and Wilbur Ellis Company.

First, the Committee states that ARZC was aware that the request for abandonment authority would face opposition. In support of its assertion that the mere existence of opposition to a proposed abandonment requires the filing of a formal application, the Committee cites Central Railroad Company of Indiana—Abandonment Exemption—in Dearborn, Decatur, Franklin, Ripley, and Shelby Counties, IN, STB Docket No. AB-459 (Sub-No. 2X) (STB served May 4, 1998). But opposition to an abandonment proposal will not alone defeat a petition for exemption. Central Railroad involved opposition that raised serious issues about omissions and inconsistencies in the carrier’s petition for exemption. There, the Board was unable to rely on the existing record to make the necessary findings to address the railroad’s petition. Here, as subsequently discussed, the record before us is sufficient to enable us to evaluate ARZC’s petition.<sup>2</sup>

Next, the Committee argues that the Board must closely scrutinize ARZC’s forecast year figures. We find no merit to the Committee’s argument that a full abandonment under 49 U.S.C. 10903 is necessary for this examination. The record before the Board, although imperfect in some respects, as noted below, provides a sufficient basis for our decision.

Lastly, the Committee alleges that ARZC deliberately downgraded the line. This is a serious allegation. As discussed further below, the Board looks with disfavor on a situation where a rail carrier embargoes a line and takes no steps to repair it for a prolonged period of time. Here, the Committee suggests that if the Board were to deny ARZC’s petition and require ARZC to file a full application, the Committee would engage in discovery on this point. However, the Committee could have pursued discovery in this exemption proceeding but did not do so. See 49 CFR 1121.2. As such, there is no reason to reject this petition on that basis.

Defective Notice of Intent to Seek Abandonment. Pursuant to 49 CFR 1152.12, a carrier seeking abandonment authority must provide notice of its intent by publishing a notice in a newspaper of general circulation in each county in which the line runs. The Committee argues that the Board should reject ARZC’s petition because ARZC’s notice was published in the San Bernardino County Sun, a paper of general circulation in San Bernardino County, where only a small segment of the line is located. The Committee argues that the notice is insufficient to give notice of ARZC’s intent.

The Committee has failed to adequately support its assertion that the San Bernardino County Sun is not a publication of sufficient “general circulation” for the area served by the line. Counsel for ARZC has certified that the San Bernardino County Sun is a newspaper of general circulation in Riverside County, CA, as well. The Committee offered no evidence that the paper

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<sup>2</sup> Accompanying the petition are a series of exhibits, including verified statements in support of petitioner’s financial data from Charles Rex III, a licensed real estate appraiser; Marc Bader, Chief Engineer, West Region of RailAmerica, Inc. (a short line holding company that controls petitioner); and Robert Frelich, Jr., Director of Finance of RailAmerica, Inc., as well as a NLV estimate prepared by RMI Midwest for Todd Cecil, Vice President—Real Estate, RailAmerica, Inc.

does not circulate in that county. Accordingly, we will not reject ARZC's petition for improper publication of its notice of intent to abandon.

### BACKGROUND

The line was constructed in 1920. In 1991, ARZC acquired it from the Atchinson, Topeka and Santa Fe Railway Company and began operations. ARZC states that traffic and revenues on the line have declined since 2004 and that, in an ultimately unsuccessful effort to preserve service, it reduced service frequency and subsequently imposed a surcharge.

ARZC states that in 2004 it provided rail service, on average, two to three times per week. In 2005, rail service was decreased to approximately twice per week. Then, beginning in 2006, rail service was further reduced to approximately two to three times per month, or on an as-needed basis, and service became even more sporadic in 2007. ARZC imposed a surcharge on all shippers on the line in December 2006. On December 18, 2007, the line was embargoed<sup>3</sup> due to what ARZC asserts were deteriorated track conditions. The embargo has remained in effect except for a brief period between December 18 and 21, 2008.

Upon abandonment, ARZC plans to reclassify the northern 4 miles of the line as spur track to use for part of its yard operations in Rice and for car storage.

### DISCUSSION AND CONCLUSIONS

ARZC reports a forecast year operating profit of \$65,934, based on revenues of \$419,250 and costs of \$353,316. The Committee, however, asserts that ARZC has understated its forecast-year traffic and revenues and has inadequately supported its avoidable costs. Therefore, the Committee claims, ARZC's forecast-year operating profit should be considerably greater. We disagree.

ARZC's forecast year show 450 carloads of traffic on the line. ARZC bases the forecast-year traffic on the traffic from 2006, which is the last year of general regular operations on the line. In its opposition, the Committee provides letters from three mining interests that indicate plans for future mining that could generate several hundred thousand tons of freight cargo.

The Committee's profit forecasts for ARZC are based on potential traffic that is too speculative to be given weight. In Union Pacific Railroad Company—Discontinuance—in Utah

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<sup>3</sup> An embargo is a notification to the railroad industry and affected shippers that, in the carrier's opinion, a disability exists that temporarily prevents it from providing service. An embargo, which is issued through the Association of American Railroads pursuant to Circular TD-1, does not require prior Board approval. See, e.g., Bar Ale, Inc. v. California Northern Railroad Co. and Southern Pacific Transportation Company, STB Finance Docket No. 32821, slip op. at 5 (STB served July 20, 2001). If justified, the embargo will temporarily relieve the carrier of its common carrier obligation. ICC v. Chi., Rock Island, & Pac. R.R. Co., 501 F.2d 908, 911 (8th Cir. 1974).

County, Utah, STB Docket No. AB-33 (Sub-No. 209) (Utah County), slip op. at 2-3 (STB served Jan. 2, 2008), the Board declined to consider a potential shipper's traffic projections because that party had not taken the basic step of contacting the carrier about rates and terms of service, nor had it provided contracts or otherwise demonstrated that the traffic would be likely in the coming year. Here, the Committee's showing is even weaker: no verified shippers' statements are in the record, and the Committee's only evidence of potential traffic consists of three letters addressed to it claiming that rail service will be necessary for potential mining ventures. As was the case in Utah County, there is no evidence before the Board in this case of any commitment or affirmative acts by shippers to secure new rail service over the line. As a result, the Board considers the potential future traffic cited by the Committee as too speculative to be considered in the forecast-year data. We find ARZC's forecast year estimate of 450 carloads to be reasonable.

The Committee challenges ARZC's forecast-year avoidable costs on grounds that they are inadequately supported. It asserts that ARZC has not provided any support for the unit costs and service units used. Specifically, the Committee challenges ARZC's estimate that a one-way train trip between Parker, AZ and Ripley, CA, including switching, takes 11 hours.

We have determined that ARZC's forecast year avoidable cost figure of \$354,316 is reasonable.<sup>4</sup> There is no requirement for unit costs in an abandonment exemption, and the Committee only articulates particular objections to the 11-hour estimate. Eleven hours for a one-way trip from Parker to Ripley is not, on its face, an unreasonable estimate. A conservative estimate of the distance between Parker to Ripley, based on the maps submitted, is 85 miles. At 10 miles per hour, the maximum speed permitted on track maintained at Federal Railroad Administration (FRA) Class I standards (the level of maintenance that ARZC uses in its forecast year), travel time alone would consume 8½ to 9 hours. At 30 to 45 minutes a switch, it is reasonable that switching time could easily consume 2 hours. Because 11 hours seems prima facie reasonable, the Committee's challenge to that figure should offer some sort of specific criticism. It does not.

Opportunity Cost. In abandonments, the Board may consider opportunity cost to the carrier resulting from continued rail service. Abandonment of Railroad Lines—Use of Opportunity Costs, 360 I.C.C. 571 (1979); 49 CFR 1152.32(p). The Committee asserts that opportunity cost is only one of many factors involved in balancing shipper and community interests against the burden of continued rail service, and that opportunity cost alone does not

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<sup>4</sup> The verified statement of Robert Frelich, Jr. submitted by ARZC, incorrectly states the avoidable costs as \$353,316. This appears to result from a mistake in transcribing the maintenance-of-way costs (\$143,500) provided by Marc Bader for this analysis. Frelich's calculations rely on Bader's estimate, but Frelich uses the maintenance-of-way figure of \$142,500 to arrive at the total avoidable costs in the forecast year. We have made the \$1,000 correction. Because this also impacts Frelich's working capital calculation and the carrier's net revenues, we adjust the working capital submitted by ARZC (from \$14,520 to \$14,561).

dictate the outcome of an abandonment.<sup>5</sup> But ARZC does not argue that opportunity cost alone should be the determining factor in this case. Consistent with precedent, we will consider opportunity costs when balancing community and shipper interests against the burden on ARZC to continue rail service.

ARZC states that its annual opportunity cost for continued ownership and operation of the line is \$666,326.<sup>6</sup> The Committee asserts that ARZC has overstated its opportunity cost because ARZC's calculation includes a NLV for milepost 0.0 to milepost 49.4, even though ARZC has stated it intends to use 4 miles of that track (from milepost 0.0 to milepost 4.0) for storage. The Committee argues that the Board should reduce the NLV used to calculate opportunity cost by 10% to take into account the 4 miles of track that ARZC does not intend to remove. Also, the Committee challenges ARZC's real estate appraisal used to calculate the NLV.

Opportunity cost reflects the economic loss experienced by a carrier from forgoing a more profitable alternative use of its assets. East Penn Railroad, LLC—Abandonment Exemption—in Berks and Montgomery Counties, PA, STB Docket No. AB-1020X, slip op. at 8 (STB served Nov. 18, 2008). The Committee argues that ARZC will not benefit financially by using 4 miles of the line for storage. The Committee's argument, however, ignores the financial gain that ARZC would be foregoing if it did not store cars on that 4-mile segment.

If ARZC were to continue to provide rail service on the line, it would forgo alternative revenue it could receive if the line were abandoned. As to 4 miles of the line, those alternative revenues would come from storage rather than from selling the track for scrap. But the 4-mile segment nevertheless incurs opportunity costs. Although, ARZC does not specifically indicate what dollar amount the opportunity cost is for the 4 miles it wishes to use for storage, ARZC's overall calculation follows a reasonable and commonly used method for determining the opportunity cost for the entire line, including the 4 mile segment in question. Therefore, the Board will not exclude those 4 miles from the NLV used to calculate opportunity cost here.

NLV. The NLV used to calculate opportunity cost also includes a valuation of the line's real estate. The Committee argues that the Board should value the line's real estate at zero because ARZC has not provided original deeds to prove marketable fee title to the land. We agree. The expert real estate appraisal submitted by ARZC did not rely on a review of a legal description or proof of fee title; rather, the appraiser relied solely on ARZC's description of what types of title it had on the line. Because ARZC did not provide sufficient support for its land valuation (such as deeds or a verified statement from a real estate attorney) to its land appraiser

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<sup>5</sup> The Committee cites a number of cases, including: Southern Pac. Transp. Co. v. I.C.C., 871 F.2d 838, 843 (9th Cir. 1989); Cartersville Elevator, Inc. v. ICC, 724 F.2d 668, 675 (8th Cir. 1984).

<sup>6</sup> Opportunity costs are comprised of the net liquidation value (NLV) of the line, allowable working capital, and current income tax benefits, multiplied by the nominal rate of return (17.24%).

or the Board, we will value the line's real estate at zero.<sup>7</sup> San Pedro Railroad Operating Company, LLC—Abandonment Exemption—in Cochise County, AZ, STB Docket No. AB-1081X, slip op. at 5 (STB served Apr. 13, 2006) (valuing a line's real estate at zero for a sale under Offer of Financial Assistance provisions if the carrier would not indemnify the purchaser for the land because no evidence of marketable title was provided).

The Board will recalculate ARZC's figure of \$666,326 for opportunity cost to account for the adjustment in real estate appraisal. ARZC's NLV of \$3,850,480 will be reduced by \$1,701,000 to account for the real estate adjustment, resulting in an NLV of \$2,149,480. Combining this adjusted new NLV (\$2,149,480) with working capital (\$14,561) yields \$2,164,041, which is multiplied by the nominal rate of return (17.24%) to produce the opportunity cost: \$373,081.

Rehabilitation. ARZC maintains that it will cost \$4,716,480 to rehabilitate the line to Federal Railroad Administration Class I standards. The Committee argues that ARZC based its estimates on rehabilitation that would exceed FRA Class I requirements. Specifically, the Committee challenges the number of crosstie replacements per mile that ARZC claims are required. We find ARZC's rehabilitation costs to be unreasonably high.

According to ARZC, prior to December 2007 the line was at FRA Class I standards except for 5.4 miles of FRA excepted track. Yet, despite 15 months in which no rail traffic moved over the line, ARZC claims that the line has now deteriorated to the point where it will require approximately \$4.7 million for rehabilitation. ARZC provides no first-hand evidence, such as a track inspection, to verify that the track has deteriorated to such a state. Further, the Committee's challenge to the number of crosstie replacements is valid. ARZC claims that it would need to install 1000 ties per mile over 11 miles. However, FRA Class I standards only require 677 non-defective ties per mile, and ARZC does not explain why it would need an additional 243 ties per mile. Because ARZC's rehabilitation costs appear to be unreasonably high, and because the record lacks enough information to provide an accurate rehabilitation figure, we will value track rehabilitation costs at zero. See Grand Trunk Western Railroad Incorporated—Abandonment—in Macomb and Oakland Counties, MI, STB Docket No. AB-31 (Sub-No. 33), slip op. at 7 (STB served Dec. 24, 1998) (assigning zero value to the real estate for the purposes of determining the NLV for an abandonment application).

Maintenance of way. Based on the description of train operations and maintenance work projected for the line, ARZC's estimated annualized maintenance cost of \$143,500 appears reasonable. The verified statement of ARZC's witness Bader offers detailed unit cost figures for track inspections and maintenance. Although it complains that ARZC offered no support for the unit costs that it used to determine maintenance costs, the Committee does not assert that the costs are excessive or are in any way defective. We have no basis on this record for challenging the railroad's maintenance costs or replacing them with another figure.

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<sup>7</sup> While we recognize that the land here most likely has some value, there is not enough information on this record to value the line's real estate.

Deliberate Downgrading. The Committee alleges that ARZC intentionally downgraded the line to perfect its case for abandonment. Specifically, the Committee alleges that ARZC chased traffic off the line with poor service. In support of this allegation, the Committee cites: (1) a decline in traffic since 2004; (2) the absence of evidence that ARZC used the \$800 surcharge it imposed on actual maintenance of this line; (3) ARZC's alleged refusal to give information to a local government entity necessary for applications for government track rehabilitation funding; (4) ARZC's alleged refusal to provide a shipper with railcars during a brief period in 2008 when the embargo was not in effect; (5) an alleged incident in July and August 2007 when Compton AG Service was forced to offload 16 cars of fertilizer because ARZC refused to transport them over the line, and (6) another alleged incident at a time when the embargo was not in effect when Helena Chemical Company's vendors refused to accept purchase orders because they were told by ARZC that service over the line was not available.

Whether a carrier has engaged in deliberate downgrading depends on the carrier's intent. Central Oregon & Pacific Railroad, Inc.—Abandonment and Discontinuance of Service—in Coos, Douglas, and Land Counties, OR, STB Docket No. AB-515 (Sub-No. 2), slip op. at 11 (STB served Oct. 31, 2008). The Committee fails to provide support for its allegations of downgrading. The Committee asserts that a decline in traffic is evidence of ARZC's intentional downgrading; however, the Committee does not address other possible explanations for a reduction in customer shipping. Indeed, prior to the embargo, shipper traffic was already declining and ARZC's service reductions appear consistent with that prior traffic decline. Finally, the Committee provides no support for its assertion that ARZC did not properly use the \$800 per car surcharge it imposed prior to the embargo.

The rest of the Committee's evidence relates to three specific service problems and the railroad's failure to support an application by a local government entity for government track rehabilitation funding. But the Committee does not show a pattern of systematic downgrading in service. The Committee offers no verified statement from any witnesses to support a finding that the railroad attempted to drive business away. The Committee places heavy emphasis on the reduction of frequency of service, from twice a week in 2004 and 2005 to two or three times a week, as needed, in 2006, and less frequent in 2007. But a decline in the frequency of service is only evidence of deliberate downgrading if the record shows that shippers needed service more frequently than the railroad was providing it. The Committee offered no evidence of the shippers' service needs. That is evidence in the Committee's possession, and it needed neither discovery nor an oral hearing to collect and introduce it.

We are concerned about the duration of the embargo on this line. The Board looks askance at a railroad that places lengthy embargoes on a line, spends nothing to fix or maintain the line, and then files for abandonment. ARZC did not request abandonment authority until nearly 15 months had passed since it first imposed the embargo. We stress that, if a carrier believes it cannot sustain a line, it should seek abandonment authority to allow the regulatory process to begin rather than continue an embargo of the line indefinitely.<sup>8</sup>

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<sup>8</sup> See Central Oregon & Pacific Railroad, Inc.—Coos Bay Rail Line, STB Finance Docket No. 35130 (STB served Apr. 11, 2008).

Authority to abandon. Under 49 U.S.C. 10903, a rail line may not be abandoned without the Board's prior approval. Pursuant to 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.

Based on our analysis here, the record shows that continued operation of this line would impose a substantial economic burden on ARZC and on interstate commerce. We find that, even excluding the real estate portion of the NLV and ARZC's rehabilitation costs, petitioner's net revenue is still insufficient to cover the operating costs, opportunity cost and annual maintenance costs associated with keeping this line in the interstate rail network.<sup>9</sup> As noted above, the prospect of new sources of traffic is too speculative in light of our Utah Transit precedent to justify a finding that future revenues are likely to exceed those generated by the carriage of 450 cars annually.<sup>10</sup> For these reasons, we conclude that continued operation of the line is unwarranted.

Detailed scrutiny under 49 U.S.C. 10903 is not necessary to carry out the rail transportation policy in this case. By minimizing the administrative expense of the application process, an exemption would reduce regulatory barriers to exit. See 49 U.S.C. 10101(2) & (7). An exemption would also foster sound economic conditions and encourage efficient management by allowing ARZC to avoid the cost of owning, maintaining, and servicing the line. See 49 U.S.C. 10101(5) & (9). Other aspects of the rail transportation policy will not be adversely affected.

Application of the full abandonment procedures is not necessary to protect shippers from the abuse of market power. The record indicates that shippers have alternative service available in the form of trucks and transload services as the City is served by Interstate Highway 10, US Route 95, and California Highway 79.<sup>11</sup> Given our market power finding, we need not determine whether the proposed abandonment is limited in scope.

## LABOR ISSUES

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

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<sup>9</sup> See Appendix 1, Tables 1 and 2, for a summary of the Board's revised financial figures.

<sup>10</sup> We also note that, as subsequently provided for, interested shippers or other parties will have an opportunity to file an offer of financial assistance (OFA) to preserve rail service should they elect to do so.

<sup>11</sup> Pet. for Exemption at 10. The Committee does not refute this assertion.

## ENVIRONMENTAL ISSUES

ARZC has submitted an environmental and historic report with its petition 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 action. See 49 CFR 1105.11. Our Section of Environmental Analysis (SEA) has examined the data it contains and analyzed the probable effects of the proposed transaction on the quality of the human environment.

ARZC has served the historic report on the California Office of Historic Preservation, Department of Parks and Recreation (SHPO), pursuant to 49 CFR 1105.8(c).<sup>12</sup> SEA states that it has not heard from the SHPO and therefore has not been able to consider the SHPO's opinion before determining if the line may be potentially eligible for listing on the National Register of Historic Places. Accordingly, SEA recommends a condition requiring the railroad to 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 project right-of-way (the Area of Potential Effect) eligible for listing or listed in the National Register of Historic Places until completion of the Section 106 process.

SEA received one comment from the California Department of Toxic Substances Control (CDTSC) regarding proper identification and disposal of hazardous waste and/or sites. In response, SEA recommends that ARZC be required to consult with Mr. Greg Holmes, Unit Chief, Brownfields and Environmental Restoration Program, CDTSC, prior to any salvage activities.

The conditions recommended by SEA in the EA, and in response to the comment filed after the EA was served, will be imposed. Based on SEA's recommendations, we conclude 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.

SEA has indicated in its EA that the right-of-way may be suitable for other public use under 49 U.S.C. 10906. No request for a public use condition was received by the April 21, 2009 due date. Accordingly, none will be imposed.

### It is ordered:

1. ARZC's May 11, 2009 motion for leave to file a "rebuttal" is denied and the pleading is rejected.
2. Under 49 U.S.C. 10502, we exempt from the prior approval requirements of 49 U.S.C. 10903 the abandonment by ARZC of the above-described line, subject to the employee protective conditions set forth in Oregon Short Line R. Co.—Abandonment—Goshen, 360 I.C.C.

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<sup>12</sup> Guidance regarding the Board's historic preservation review process is available on the Board's web site at <http://www.stb.dot.gov/stb/environment/preservation.html>.

91 (1979), and subject to the conditions that ARZC shall: (1)(a) 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 project right-of-way (the Area of Potential Effect) that are eligible for listing or listed in the National Register of Historic Places until the Section 106 process of the National Historic Preservation Act, 16 U.S.C. 470f, has been completed; (b) report back to SEA regarding any consultations with the California Office of Historic Preservation, Department of Parks and Recreation and the public; and (c) not file its consummation notice or initiate any salvage activities related to abandonment (including removal of tracks and ties) until the Section 106 process has been completed and the Board has removed this condition; and (2)(a) prior to commencement of any salvage activities, consult with Mr. Greg Holmes, Unit Chief, Brownfields and Environmental Restoration Program, CDTSC, to ensure that any concerns regarding potential contamination of the right-of-way are addressed; (b) report the results of these consultations in writing to the Board's Section of Environmental Analysis prior to the onset of salvage operations.

3. An Offer of Financial Assistance (OFA) under 49 CFR 1152.27(c)(1) to allow rail service to continue must be received by ARZC and the Board by July 10, 2009, subject to the 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 the filing fee, which currently is set at \$1,500. See 49 CFR 1002.2(f)(25).

4. 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."**

5. Provided no OFA has been received, this exemption will be effective July 30, 2009. Petitions to stay must be filed by July 10, 2009, and petitions to reopen must be filed by July 20, 2009.

6. Pursuant to the provisions of 49 CFR 1152.29(e)(2), ARZC 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 ARZC's filing of a notice of consummation by June 30, 2010, 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, Acting Chairman Mulvey and Vice Chairman Nottingham.

Anne K. Quinlan  
Acting Secretary

## EXHIBIT-1

TABLE 1

Docket No. AB-1022 (Sub-No. 1X)	STB revised forecast-year figures
Total revenues	419,250
Total avoidable costs	354,316
Net revenue	64,934
Rehabilitation costs	0
Net salvage value	2,149,480
Real estate value	0

TABLE 2

Docket No. AB-1022 (Sub-No. 1X)	STB revised opportunity-cost figures
Working capital	14,561
Net liquidation value	2,149,480
Taxes	0
Holding gain	0
Valuation	2,164,041
Nominal rate of return	0.1724
Opportunity cost	373,081