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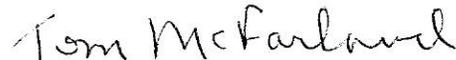
Ms. Cynthia T. Brown, Chief
Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20024

Re: Docket No. AB-55 (Sub-No. 712X), *CSX Transportation, Inc. -- Abandonment Exemption -- in White County, IN*

Dear Ms. Brown:

Hereby transmitted is a Reply In Opposition To Amended Petition For Exemption for filing with the Board in the above referenced matter.

Very truly yours,



Thomas F. McFarland
*Attorney for Monticello Farm
Service, Inc.*

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BEFORE THE
SURFACE TRANSPORTATION BOARD

CSX TRANSPORTATION, INC. --) DOCKET NO. AB-55
ABANDONMENT EXEMPTION -- IN) (SUB-NO. 712X)
WHITE COUNTY, IN)

**REPLY IN OPPOSITION TO AMENDED
PETITION FOR EXEMPTION**

MONTICELLO FARM SERVICE, INC.
1415 North 6th Street
Monticello, IN 47960

Protestant

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Attorney for Protestant

Date Filed: June 23, 2014

BEFORE THE
SURFACE TRANSPORTATION BOARD

CSX TRANSPORTATION, INC. --) DOCKET NO. AB-55
ABANDONMENT EXEMPTION -- IN) (SUB-NO. 712X)
WHITE COUNTY, IN)

**REPLY IN OPPOSITION TO AMENDED
PETITION FOR EXEMPTION**

Pursuant to 49 C.F.R. § 1117.1, MONTICELLO FARM SERVICE, INC. (MFS) hereby replies in opposition to an Amended Petition for Exemption (Amended Petition) filed by CSX Transportation, Inc. (CSXT) on June 2, 2014. The Amended Petition seeks an exemption from 49 U.S.C. § 10903 of abandonment of a 9.67-mile rail line between Monon and Monticello, IN (the Rail Line). MFS is a user of the Rail Line for receipt of fertilizer materials at Monticello, IN.

BACKGROUND

On February 4, 2014, CSXT filed a Petition for Exemption of abandonment of the Rail Line (Initial Petition). In a decision served May 23, 2014, the Board found that in view of new information that was provided by MFS, the Initial Petition was not complete. CSXT was directed to file an Amended Petition to address the issues raised by MFS (decision at 2).

OVERVIEW

Instead of curing the defects in the Initial Petition, the Amended Petition compounds them. The Amended Petition does not begin to sustain CSXT's burden of proof for an exemption of abandonment. This Reply includes a Verified Statement of Mr. Thom Timmons,

President of MFS (Appendix 1), that provides evidence of the serious adverse effect that abandonment would have on MFS, and MFS's material increase of rail traffic in the forecast year. However, it should not be necessary for the Board to address that evidence because the Amended Petition fails of its own weight.

After two failed attempts to justify an exemption of the proposed abandonment, CSXT should be required to file a formal abandonment application if it continues to seek abandonment of the Rail Line.

THE SUBJECT RAIL LINE

The Amended Petition unjustifiably treats the Rail Line as if it were just another rural branch line. On the contrary, the Rail Line is a surviving segment of the former main line of the Monon Route between Chicago and Indianapolis that CSXT and its predecessors severed by means of piecemeal abandonment. As such, the Rail Line was constructed to exacting main line standards, and was reconstructed with heavy rail under the Presidency of famed railroader John Barringer in the mid Twentieth Century (*see* "The Monon Route, the Hoosier Line," <http://www.american-rails.com/Monon-route.html> at 4). There is no contention that the physical condition of the Rail Line warrants its abandonment, nor could there be in view of its main line character.

APPLICABLE LEGAL STANDARDS

(A) Standards For Disposition Of Petitions For Exemption Of Abandonment

Abandonment of a rail line requires the filing of a formal application seeking Board authorization under 49 U.S.C. § 10903. However, under 49 U.S.C. § 10502(a), the Board is authorized to exempt an abandonment from that requirement if it finds that application of

§ 10903 is not necessary to carry out the transportation policy of 49 U.S.C. § 10101, and either that the proposed abandonment is of limited scope, or that application of § 10903 is not needed to protect shippers from abuse of market power. The transportation policy most directly implicated by a proposed exemption of abandonment is 49 U.S.C. § 10101(4), which seeks to “ensure the development and continuation of a sound rail transportation system . . . to meet the needs of the public and the national defense.”

In implementing the exemption statute as applied to rail abandonments, the Board and its predecessor, the Interstate Commerce Commission (ICC), in a long and unbroken line of decisions, have denied petitions for exemption where the proposed abandonment was opposed and it was not shown that rail line revenues are marginal compared to the cost of operating the line, i.e.:

- (1) *San Joaquin Valley R. Co. -- Aband. Exempt. -- in Tulare County, CA*, 2008 WL 2321816 at *17 (STB Docket No. AB-398 [Sub-No. 8X], decision served June 6, 2008);
- (2) *Lake State Ry. Co. -- Aband. Exempt. -- Rail Line in Otsego County, MI*, 2007 STB LEXIS 403 at *12-14 (STB Docket No. AB-534 [Sub-No. 3X], decision served July 16, 2007);
- (3) *CSX Transp., Inc. -- Aband. Exempt. -- between Memphis and Cordova in Shelby County, TN*, 2001 STB LEXIS 943 at *7 (STB Docket No. AB-55 [Sub-No. 590X], decision served December 12, 2001);
- (4) *The Burlington, N. & S.F. Ry. Co. -- Aband. of Chicago Area Trackage in Cook County, IL*, 1999 STB LEXIS 553 at *11-12 (STB Docket No. AB-6 [Sub-No. 382X], decision served September 21, 1999);
- (5) *Gauley River RR, LLC -- Aband. & Discon. of Serv. -- in Webster and Nicholas Counties, WV*, 1999 STB LEXIS 345 at *14 (STB Docket No. AB-559 [Sub-No. 1X], decision served June 16, 1999);

- (6) *Buffalo & Pittsburgh RR, Inc. -- Aband. Exempt. -- in Erie and Cattaraugus Counties, NY*, 1998 STB LEXIS 247 at *13-18 (STB Docket No. AB-369 [Sub-No. 3X], decision served September 18, 1998);
- (7) *Central RR Co. of Ind. -- Aband. Exempt. -- in Dearborn, Decatur, Franklin, Ripley and Shelby Counties, IN*, 1998 STB LEXIS 121 at *26-27 (STB Docket No. AB-459 [Sub-No. 2X], decision served May 4, 1998);
- (8) *San Joaquin Valley R. Co. -- Aband. Exempt. -- in Kings and Fresno Counties, CA*, 1997 STB LEXIS 114 at *8-9 (STB Docket No. AB-398 [Sub-No. 4X], decision served May 23, 1997), *pet. to reopen den.*, 1999 STB LEXIS 76, decision served March 5, 1999);
- (9) *Tulare Valley R. Co. -- Aband. & Discon. Exempt. -- in Tulare and Kern Counties, CA*, 1997 STB LEXIS 37 at *18-19 (STB Docket No. AB-397 [Sub-No. 5X], decision served February 21, 1997), *pet. for recons. den.*, 1998 STB LEXIS 76, decision served March 6, 1998);
- (10) *Boston & Maine Corp. -- Aband. Exempt. -- in Hartford and New Haven Counties, CT*, 1996 STB LEXIS 361 at *12-13 (STB Docket No. AB-32 [Sub-No. 75X], decision served December 31, 1996); and
- (11) *CSX Transp., Inc. -- Aband. Exempt. -- in Grant, Delaware, Henry, Randolph and Wayne Counties, IN*, 1989 ICC LEXIS 297 at *12-16 (ICC Docket No. AB-55 [Sub-No. 282X], decision served October 16, 1989).

Thus, in a contested proceeding involving a petition for exemption of abandonment, no less than in a formal abandonment proceeding, a rail carrier is required to prove that continued operation of a rail line would be an undue burden on it and on interstate commerce. *San Joaquin Valley R. Co. -- Aband. Exempt. -- in Tulare County, CA, supra*, 2008 WL 2321816 at *17 (“... (I)n any abandonment case, whether authority is sought by application or petition for exemption, the railroad must demonstrate that the line in question is a burden on interstate commerce. Typically, in an attempt to make that showing, the carrier submits evidence to show that the costs incurred by the railroad to operate and maintain the line exceed the revenues attributable to it ...”).

As the proponent of an exemption of abandonment, a rail carrier has both the burden to go forward with evidence required by the Board's abandonment regulations, and the ultimate burden to prove that an exemption of abandonment is warranted. *Cf. Illinois Central Gulf R. Co. -- Abandonment*, 363 ICC 93, 101 (1980). If an exemption is sought on the ground that operating costs exceed revenues, the revenue-cost comparison must be shown for a "forecast year", i.e., a 12-month period commencing with the month in which the application or exemption petition is filed. *Abandonment Regulations - Costing*, 5 ICC.2d 123, 127 (1988).

An essential requirement for a rail carrier to sustain its burden of proof is stated at 49 C.F.R. § 1152.22(d)(2), viz.:

... The carrier shall fully support and document all dollar amounts shown in the Forecast Year column including an explanation of the rationale and key assumptions used to determine the Forecast Year amounts.

A rail carrier seeking abandonment by application or exemption petition is also required to comply with the Board's substantive regulations for determining avoidable costs of operation, as set out in 49 C.F.R. § 1152.32(a), *et seq.*

B. Prohibition Of Rebuttal Of Statements Opposing Petitions For Exemption Of Abandonment

It is provided in 49 C.F.R. § 1121.3(a) that a party filing a petition for exemption is required to provide its entire case-in-chief, along with all supporting evidence, workpapers and related documents, at the time that it files the petition. That regulation applies to petitions for exemption of abandonment because there is no different provision in 49 C.F.R. § 1152.60, which provides special rules for petitions for exemption of abandonment.

Consequently, a rail carrier having filed a petition for exemption of abandonment is prohibited from filing rebuttal evidence or argument directed at opposition statements. *Paducah & Louisville Ry., Inc. -- Aband. Exempt. -- in McCracken County, KY*, 2003 STB LEXIS 344 at *2 (STB Docket No. AB-468 [Sub-No. 5X], decision served June 20, 2003) (“If P&L desired to assure itself of the right to file the last word through a rebuttal, it should have filed a formal application”); *Central Kansas Ry., LLC -- Aband. Exempt. -- in Sedgwick County, KS*, 2001 STB LEXIS 356 at *3 (STB Docket No. AB-406 [Sub-No. 14X], decision served April 10, 2001) (“CKR filed its petition knowing that our procedures provide only for the filing of a petition and a reply thereto”); *Cf. Central R. Co. of Indiana -- Aband. Exempt. -- in Dearborn, Decatur, Franklin, Ripley, and Shelby Counties, IN, supra*, 1998 STB LEXIS 121 at *27 (“If CIND intends to pursue abandonment of its Shelby Line, it should file such an (abandonment) application and address the issues raised herein”).

Similarly, a rail carrier is prohibited from supplementing the record regarding a petition for exemption of abandonment to provide evidence or argument that should have been filed as part of its case-in-chief. *San Joaquin Valley R. Co. -- Aband. Exempt. -- in Kings and Fresno Counties, CA, supra*, 1999 STB LEXIS 121 at *12 (“... (W)e reject SJVR’s plea that it should have been given another chance to provide information in support of the exemption before its exemption request was denied [footnote omitted].”).

ARGUMENT

I. THE AMENDED PETITION SHOULD BE DENIED FOR FAILURE TO HAVE SUSTAINED THE BURDEN OF PROOF

In view of that backdrop of applicable legal standards, the Amended Petition should be denied for failure to have sustained the burden of proof. Contrary to the requirements of 49 C.F.R. § 1152.22(d)(2), the forecast year costs in the Amended Petition are not “fully support(ed) and document(ed).” There is no “explanation of the rationale and key assumptions used to determine those forecast year costs,” as required by that regulation. There are no notes of explanation of any of the on-branch costs and off-branch costs on Lines 5 and 6 of Exhibit 1 attached to the Verified Statement of CSXT Witness Scaggs.^{1/} Nor is there such support, documentation, or explanation of any kind in the body of Witness Scaggs’ Statement. For all that is contained in CSXT’s Amended Petition, the costs in Exhibit 1 of Mr. Scaggs’ Statement may have been pulled out of thin air. CSXT’s failure to comply with this fundamental requirement of the Board’s abandonment regulations is fatal to the Amended Petition.

A. Ex. 1, Line 5(a), Costs For Maintenance Of Way And Structures

CSXT has claimed that costs for maintenance of way and structures were \$96,700 in the “Most Recent Historic Year,”^{2/} and will be that same amount in the Forecast Year. MFS and the Board are left to guess how those costs were determined inasmuch as there is no explanation of those costs in the Amended Petition. The notes in Exhibit 1 of the Initial Petition are of no help. They merely state that all Line 5 costs are “actual costs and System averages where applicable.”

^{1/} Ironically, there were notes of a sort to Exhibit 1 of Mr. Scaggs’ Verified Statement in the Initial Petition, but they were not informative.

^{2/} Costs are required to be shown for a “base year”. 49 C.F.R. § 1152.22(d)(1).

Costs for maintenance of way and structures are required to be actual costs. 49 C.F.R.

§ 1152.32(a). It is evident that the recent-year maintenance costs do not purport to be actual maintenance costs. It appears likely instead that the maintenance costs in the Amended Petition were determined by multiplying the 9.67-mile length of the Rail Line by a cost of \$10,000 per mile. Suffice it to say that there is no Board abandonment regulation that permits costs for maintenance of way and structures to be determined in that whimsical manner.

B. Ex. 1, Lines 5(b) and 5(c), Costs For Maintenance Of Equipment-Locomotives And Costs For Transportation

CSXT has claimed that costs for maintenance of equipment-locomotives were \$2,500 in the most recent year, and would be that same amount in the forecast year. CSXT has claimed that costs for transportation were \$17,160 in the most recent year, and would be the same amount in the forecast year. As to those costs, too, there is no explanation whatsoever of how they were determined. These are costs for servicing the locomotive used to transport traffic over the line, locomotive fuel used in such transportation, train crew wages, and the like. *See* 49 C.F.R.

§ 1152.32(b) and (c). These costs vary in relation to the volume of traffic transported and the resulting number of train trips over the Rail Line. However, CSXT has entered the same costs for those accounts in the Initial Petition in which CSXT alleged that 13 cars per year were transported over the Rail Line, as it entered in the Amended Petition in which CSXT alleged that 39 cars per year were transported over the Rail Line. CSXT's failure to have accounted for variation in those accounts based on differing traffic volumes and resulting service units wholly undermines the costs for those accounts in the Amended Petition.

C. Ex. 1, Line 5(k), Property Taxes

CSXT has claimed that avoidable costs for property taxes were \$6,900 in the most recent year, and would be that same amount in the forecast year. Like all other costs, there is no explanation or purported justification anywhere in the Amended Petition for CSXT's claim of avoidable property taxes. The Board's abandonment cost regulation on property taxes at 49 C.F.R. § 1152.32(j) contains extensive requirements for substantiation of the avoidability of property taxes under varying means of assessment of such taxes by the state in which a rail line is located. There is no such substantiation anywhere in the Amended Petition. That absence disqualifies consideration of property taxes as an avoidable cost of operating the Rail Line.

D. Ex. 1, Line 6, Off-Branch Costs

CSXT has claimed that avoidable off-branch costs were \$147,3258 in the most recent year. There is no entry on line 6 of Exhibit 1 of the Amended Petition for off-branch costs in the forecast year. Off-branch costs on line 6 of Exhibit 1 of the Initial Petition were \$6,135. There is no explanation or purported justification anywhere in the Amended Petition for CSXT's claim of avoidable off-branch costs, nor for the radical disparity between off-branch costs in the Initial Petition and in the Amended Petition. The notes to Exhibit 1 in the Initial Petition for line 6 state "URCS Costing Program Batch RUN." There is no indication in the Amended Petition whether the off-branch costs on line 6 are the result of an URCS Costing Program. The off-branch costs on line 6 of Exhibit 1 of the Amended Petition are claimed to exceed the revenues attributable to the 39 carloads transported over the line shown on line 1 of Exhibit 1, i.e. CSXT's line-haul transportation of MFS' fertilizer materials is alleged to be non-compensatory. That is extremely unlikely. Public information shows that CSXT had an operating ratio of 71.1 percent in 2013

(CSXT's Annual Report to the Board for 2013). Operating ratio is a railroad's operating expenses expressed as a percentage of operating revenues. CSXT's claim that transportation of MFS' fertilizer materials is non-compensatory (has an operating ratio of more than 100 percent) is radically out of step with that publicly-available information.

E. Summary

It is shown that there is no support nor explanation for *any* of the costs claimed by CSXT. That being the case, the Board should find that CSXT has failed to sustain its required burden of proof that continued operation of the Rail Line would be burdensome on it or on interstate commerce. CSXT's Amended Petition for Exemption of abandonment is opposed, and CSXT has failed to prove that revenues for Rail Line traffic will be marginal compared to operating costs. Accordingly, the Amended Petition should be denied.^{3/}

II. CSXT SHOULD NOT BE PERMITTED TO FILE REBUTTAL OF THIS OPPOSITION STATEMENT

There are two compelling reasons why the principle prohibiting rebuttal in proceedings involving petitions for exemption of abandonment should be applied with special force to CSXT's Amended Petition in the present case, i.e.:

- (1) CSXT has already been permitted to file rebuttal in the form of the Amended Petition directed at the initial opposition to exemption filed by MFS. The Board

^{3/} The Verified Statement of CSXT Witness Burroughs adds nothing of substance to CSXT's case for an exemption. The locomotive and train crew operation that Ms. Burroughs describes as difficult (at 2) actually is quite routine. The stub-end nature of the Rail Line is of CSXT's own making inasmuch as it and its predecessors segmented the Monon's through Chicago-Indianapolis route by means of abandonment. There is nothing burdensome about the consist of train trips to serve MFS. Thirty-five of the 39 carloads received by MFS in the most recent year (90 percent) were transported as multiple-car shipments in which CSXT's operating costs were spread over more than one car (VS Scaggs, Ex. A). The switching operation described by Ms. Burroughs at pages 2-3 of her Statement is routinely performed by railroad train crews on a regular, every-day basis.

has thus afforded CSXT a procedural tool to which CSXT was not entitled. The Amended Petition fails miserably as rebuttal of MFS's opposition. CSXT surely has not earned yet another opportunity for rebuttal; and

- (2) In filing the Petition for Exemption, CSXT was well aware of the procedures governing processing of petitions for exemption of abandonment. CSXT was the petitioner in two of the 11 proceedings listed earlier in this Reply, in which petitions for exemption of abandonment were denied. CSXT knew, or should have known, that rebuttal is not permitted in proceedings involving petitions for exemption of abandonment.

Thus, any additional rebuttal filed by CSXT in the present case would be subject to a motion to strike. If CSXT continues to seek abandonment, it should be required to file a formal abandonment application in which issues regarding CSXT's revenues and costs could receive the careful attention that they require. *See, e.g. Central RR Co. of Indiana -- Aband. Exempt. -- in Dearborn, Decatur, Franklin, Ripley, and Shelby Counties, supra*, 1998 STB LEXIS 121 at *9-10 (Exemption procedure "should not be used...where detailed analysis of revenues and costs is necessary. Detailed analysis of revenues and costs is generally reserved for the application process, which provides for a record-building process and for Board analysis by requiring workpapers and other information needed to make an informed decision. . .").

III. MFS'S EVIDENCE PROVIDES AN ADDITIONAL GROUND FOR DENIAL OF THE AMENDED PETITION

CSXT's failure to have sustained its burden of proof compels denial of the Amended Petition without regard to the evidence contained in the Verified Statement of MFS's President, Mr. Thom Timmons. MFS's evidence would provide an additional ground for such denial.

Thus, MFS would experience additional costs of more than \$70,000 per year as a result of loss of rail service at Monticello, utilizing the lowest-cost practical means of alternate transportation, i.e., rail-truck transportation with transloading at Goodland, IN. (Appendix 1 hereto at 1-2). Increased costs of that magnitude would have a very serious adverse effect on MFS, a company that is only a very small fraction of the size and strength of CSXT.

MFS's supply plan for receipt of dry fertilizer by rail, in addition to substantial shipments of liquid fertilizer already received by rail, will result in a material increase in MFS's total rail traffic in the forecast year. (Appendix 1 at 2-3). Unlike the allegations in CSXT's Amended Petition, MFS's testimony in that respect is supported by references that permit verification. At average revenue of \$4,000 or more per car for MFS's rail traffic, CSXT would surely derive a healthy profit from continued operation of the Rail Line in the forecast year.

CONCLUSION AND REQUESTED RELIEF

WHEREFORE, the Amended Petition should be denied. The Board should state that if CSXT continues to seek abandonment of the Rail Line, it must file a formal abandonment application.

Respectfully submitted,

MONTICELLO FARM SERVICE, INC.
1415 North 6th Street
Monticello, IN 47960

Protestant

Thomas F. McFarland

THOMAS F. McFARLAND
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Attorney for Protestant

Date Filed: June 23, 2014

VERIFIED STATEMENT OF THOM TIMMONS

My name is Thom Timmons. I am President of MONTICELLO FARM SERVICE, INC. (MFS). MFS's place of business is located at 1415 North 6th Street, Monticello, IN 47960. MFS receives fertilizer materials at Monticello, IN by means of the Monon-Monticello Rail Line that CSX Transportation, Inc. (CSXT) proposes to abandon.

ADVERSE EFFECT OF ABANDONMENT

In the event of loss of direct rail service at Monticello, the most practical and least expensive alternative means of transportation for MFS would be rail-truck service, with transloading performed at Goodland, IN, a point on the Toledo, Peoria & Western Railway Corporation (TPW) approximately 29 highway miles west of Monticello. Several potential transloading points closer to Monticello than Goodland were identified at page 3 of the Verified Statement of CSXT Witness Burroughs in CSXT's Amended Petition for Exemption, but those transloading points are not practical because the fertilizer dealers at those locations are competitors of MFS.

The rail rates to Goodland on TPW and to Monticello on CSXT are approximately the same. However, if MFS were to receive fertilizer materials in rail-truck service via Goodland, MFS would be faced with the following additional costs:

<u>Nature of Service</u>	<u>Cost</u>
Transloading at Goodland; and	\$2.50 per ton
Truck transportation, Goodland to Monticello Liquid fertilizer, plus surcharge	\$12.20 per ton plus 35 percent = \$16.47 per ton

or

Truck transportation, Goodland to Monticello, Dry fertilizer, plus surcharge	\$7.45 per ton plus 35 percent = \$10.06 per ton
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Source: Wilson Transportation, Inc. Brad Ulyat, 219-866-2892.

Based on the 37 cars of liquid fertilizer and 2 cars of dry fertilizer received by MFS at Monticello in the base year, and the tons in those cars shown in Exhibit A of the Verified Statement of CSXT Witness Scaggs in the Amended Petition for Exemption, loss of direct rail service at Monticello would increase MFS's costs for receipt of fertilizer by \$70,381 in the forecast year, as shown below:

Liquid Fertilizer - 3,579 tons x \$18.97 per ton (\$2.50 + \$16.47) = \$67,894 per year.

Dry Fertilizer - 198 tons x \$12.56 per ton (\$2.50 + \$10.06) = \$2,487 per year.

Total - \$67,894 + \$2,487 = \$70,381 per year.

A cost increase of that magnitude would have a serious adverse effect on MFS. In all instances, MFS ultimately bears the cost of transportation in the price for purchased fertilizer materials, even though in some instances the seller of the materials initially pays that cost. Equally or more harmful, that cost increase would prevent the rail traffic growth that MFS would otherwise experience in the forecast year, as next described.

FORECAST YEAR RAIL TRAFFIC

If rail service were to continue at Monticello, MFS would receive the following volumes of fertilizer materials in the forecast year beginning June 1, 2014:

<u>Fertilizer Material</u>	<u>Volume</u>
Liquid Nitrogen	40 cars
Potash	28 cars
Ammonium Sulfate	20 cars
Monoammonium Phosphate (MAP)	20 cars
Total	108 cars

The volume of liquid nitrogen above is roughly equal to the volume of that fertilizer material that MFS received by rail in the base year. MFS recently ordered the first 5 of those cars from Koch Nitrogen International (copy of order attached as Exhibit TT-1).

The volume of potash above is in furtherance of MFS's supply plan for receipt of dry fertilizer by rail. That plan was described in my letter to the Board dated March 4, 2014 (copy attached as Exhibit TT-2). MFS currently has 10 railcars of potash on order from PCS Sales under PCS order Nos. 6278572-6278581. In addition, one car of potash is currently in transit to MFS. The foregoing can be verified by Mr. Luke Poletti, Sales Representative, Fertilizer Sales-East, PCS Sales, 855-613-4343.

The volume of ammonium sulfate above represents new transload tonnage at Monticello for Wilson Industrial Sales of West Rensselaer, IN. It has become more efficient and economical for Wilson to transload ammonium sulfate at MFS in Monticello in order to reach two non-rail-served customers than at Wilson's former transloading site. The foregoing can be verified by Wilson, 219-866-6900.

The volume of MAP shown above is tonnage formerly received by MFS in motor carrier service. Diversion of that tonnage to rail is in furtherance of MFS's supply plan for receipt of dry fertilizer.

The total tonnage to be received by MFS by rail in the forecast year would be 177 percent greater than received by rail in the base year.

Exhibit TT-1

K KOCH

KOCH NITROGEN INTERNATIONAL SARL

Koch Nitrogen International Sarl
45 Market Street
Suite 3206 B
Camana Bay
Grand Cayman, KY

Sales Confirmation

Sold To: Monticello Farm Service Inc 1415 North 6th Street Monticello IN 1415 North 6th Street Monticello, IN, US 47960	Contract No: 203624
Buyer Contact: Thom Timmous Monticello Farm Service Inc Phone: (574)838-8238 Fax: (574)583-3519 Confirm: thomt@mfseg.com	Seller Contact: Koch Nitrogen International Sarl Jason Kubik Phone:345 946 9320 Fax:(345)946-9325 Sales Agent: Mike Brecht

Koch Nitrogen International Sarl (Seller) agrees to sell and deliver, and Monticello Farm Service Inc (Buyer) agrees to purchase and accept as per the following terms and conditions, including Seller's "General Terms and Conditions of Sale," which are expressly incorporated by reference into this Sales Confirmation and a copy of which is available for review through any of the options listed below under General Terms and Conditions:

Contract Term: June 05, 2014 to December 31, 2014
Payment Term: Due 15 days from Invoice Date

Product: UAN 32pct N Liquid BULK
Quantity/Unit: 490 Short Ton
Price: Fixed Price 282.00 USD/Short Ton
Delivery Point: FOB Monticello, IN, US
Delivery Mode: Rail
Shipment Window: August 01, 2014 to December 31, 2014

Special Terms:**Specifications:**

Specification: Total Nitrogen: Typical 32% or 28% as applicable.
Inhibitor: A corrosion inhibitor will be added to the Product

Total Nitrogen: Notwithstanding anything else to the contrary contained in this Sales Confirmation, if the nitrogen content is lower than the minimum tolerance under applicable regulations, or if no express tolerance is provided, the current American Association of Plant Food Control Officials Investigational Allowance, Buyer's sole remedy and recourse with respect to such non-conforming Product shall be a pro-rata reduction in the Price. For example, assume Seller sold 100 short tons of 32% UAN to Buyer with a price of \$120.00 per short ton, nitrogen content of 31.5%, and the minimum regulatory allowance applicable to such product was 31.8%. The price for the Product sold to Buyer would be reduced by \$1.13 per short ton ($\$120.00/31.8 \times (31.8-31.5)$). Same price reduction formula would apply to 28%.

Quality:

Quality, at Seller's option and cost, shall be determined by either:

- a manufacturer's certificate of analysis, or
- an independent surveyor analysis

Results shall be final, binding and basis of Seller's invoice.

Independent surveyor, if used, shall be nominated by Seller. Buyer is hereby notified that rail cars or barges are not adequate for the storage of Product.

Claims for Product quality are waived once Product is unloaded.

Quantity:

Quantity shall be determined by plant/terminal scale weights or meter as applicable taken at time of Product loading, and shall be used as the bill of lading weight. The bill of lading weight, as determined above, will be final, binding, and basis of Seller's invoice. The total quantity shall be subject to a variable of +/- 5% at Seller's option.

Demurrage:

Any demurrage shall be paid by Buyer.

Title and Risk of Loss:

Truck: Title to and risk of loss of the Product shall pass from Seller to Buyer as the Product is unloaded from such truck at the Delivery Point. Rail: Title to and risk of loss of the Product shall pass from Seller to Buyer upon the earlier of (i) Constructive Placement or (ii) Actual Placement, in each case, reported by the applicable railroad's car location message ("CLM"). "Constructive Placement" shall mean when a rail car cannot be actually placed or delivered to the consignee or unloader, and as a result, such rail car is held on railroad tracks awaiting instructions from the consignee or unloader, and is reported by the railroad through the CLM system as constructively placed on a specified date and time. "Actual Placement" shall mean when a rail car is placed in or delivered to an accessible position for unloading, or to a point designated by the consignee or unloader, and is reported by the

railroad through the CLM system as placed on a specified date and time.

Delivery Terms:

FOB Delivery Point. All transportation costs incurred prior to the Delivery Point shall be paid by Seller.

Equipment:

Seller will use reasonable efforts to deliver Product in Seller's owned/leased rail cars; provided, however, that the term reasonable efforts does not require Seller to suffer any economic detriment. However, Seller may deliver Product to Buyer in other rail cars, at Seller's option, in the event Seller's owned/leased rail cars are not available. In such event, Buyer will negotiate and deal exclusively with the owner, lessee, or other party responsible for such rail cars regarding demurrage, and Buyer shall be solely responsible for any such amounts. If Seller's owned/leased rail cars are used to deliver Product to Buyer, Buyer shall have five (5) free days from the rail car's Actual Placement or Constructive Placement, whichever is earlier, to unload the rail car. Commencing on the sixth day (6) after such time, and every day thereafter until the rail car is released to the railroad empty of all Product, Buyer shall pay to Seller \$50/car/day for demurrage. Seller will provide demurrage detail for each rail car. Buyer shall have fifteen (15) days from Seller's demurrage Invoice date to pay Seller in full by wire transfer. Buyer shall unload and return the rail cars to the loading terminal in a timely/efficient manner. Any damage upon empty return of Seller's leased or owned rail cars shall be for Buyer's account. In addition, Buyer shall be solely responsible for, and indemnify Seller against, any demurrage, fines, penalties or other costs arising from or relating to Buyer's inability or failure, for whatever reason, to accept or receive Product when offered by the delivering rail carrier at the destination facility, including, without limitation, any demurrage or fines imposed by the rail carrier pursuant to its policies and procedures or any fines or penalties assessed by any federal, provincial, state, local or other regulatory agency.

Rail Provision:

If mode is Rail: The Price includes the current freight rates set forth in the applicable carrier railroads' (hereafter the "Carriers") published tariff or contract. Buyer acknowledges that the Carriers' tariff or contract rates are subject to increase at any time and agrees that any such increase would be borne by Buyer. Accordingly, the Price would be increased by the specific amount of the tariff or contract increase. Seller would provide notice to Buyer of any such increase and the effective date thereof.

Notwithstanding any provision to the contrary herein, if at any time during the term a Railroad mandates or otherwise changes its tariff or contract with Seller so as to require, or any Governmental Authority adopts any law, action, rule or order that requires, Seller to assume, or otherwise be responsible for, any liability for claims, damages or actions arising out of or related to the transportation of Product hereunder that are not caused by Seller's negligence or willful misconduct, Seller may, at Seller's sole option, elect to change the delivery terms to FOB Seller's designated facility, in which case (A) Buyer shall be responsible for transporting the Product to its designated destination, and (B) the Price shall be reduced by a mutually agreeable amount.

In the event Seller elects to change the delivery terms to FOB Seller's designated facility, Buyer shall have the right, exercisable within 5 days of notice from Seller, to accept or reject the change in delivery terms. If Buyer rejects the change to FOB Seller's designated facility (including failure to respond within 5 days of Seller's notice) or if the parties fail to mutually agree on a Price reduction within such time period, Seller may, at Seller's sole option, either (i) terminate this Sales Confirmation, or (ii) fulfill the delivery obligations of this Sales Confirmation by alternative means, including but not limited to truck and/or rail (in which case, no change in the Price formula shall occur). If the delivery terms change to FOB Seller's designated facility, Buyer may request that Seller allow the use of Seller's railcars for transportation of the Product to Buyer (which request Seller shall promptly consider at its discretion), or Buyer may arrange transportation of the Product by some other method.

For purposes of this section, "Governmental Authority" means any (a) federal, state or local governmental or quasi-governmental body, (b) governmental or political subdivision thereof, or (c) governmental, judicial, public or statutory instrumentality, court, tribunal, agency, authority, body or entity, including, without limitation, the STB, AAR and FRA; and "Railroad" means the applicable rail carrier(s) transporting Product sold under this Sales Confirmation.

Storage:

Buyer shall take delivery of the Product during Shipment Window in accordance with Seller's delivery schedule. If Buyer has not taken delivery of all Product prior to expiration of the Shipment Window in accordance with Seller's delivery schedule, Seller shall have the right, at its sole option and in addition to any other rights available to Seller, to: (i) extend the term of this Sales Confirmation for one or more additional periods, in which case Seller may elect to assess a monthly storage charge equal to \$10.00 per ton multiplied by the quantity of Product not delivered as of the first day of each calendar month after the Shipment Window, until all of the Product has been delivered or the Sales Confirmation is terminated; or (ii) terminate this Sales Confirmation at the end of the term, as may be extended by Seller pursuant to (i) above, and refund to Buyer the amount of any unapplied prepayment (excluding any storage or delivery charges) for the quantity of Product not so delivered or taken during the Shipment Window. Buyer acknowledges that the delivery schedule for any Product delivered after expiration of the Shipment Window shall be at Seller's sole discretion and may be impacted by numerous factors, including, without limitation, loading facility limitations, needs of Seller, needs of other customers, weather, etc., and no assurance can be provided that Seller can deliver the Product within any specific month following the Shipment Window. If any Product is delivered, at Seller's option, in excess of the stated total quantity referenced above, Seller shall have the option to bill such additional quantity at either (a) the market price, or (b) the Price, applicable on the date of delivery.

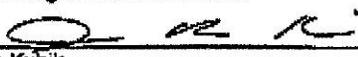
General Terms and Conditions:

BY PROCEEDING WITH THIS TRANSACTION, BUYER REPRESENTS THAT IT HAS READ, UNDERSTANDS AND AGREES TO BE LEGALLY BOUND BY SELLER'S "GENERAL TERMS AND CONDITIONS OF SALE" AS PART OF BUYER'S AGREEMENT WITH SELLER HEREUNDER, WHICH "GENERAL TERMS AND CONDITIONS OF SALE" ARE INCORPORATED BY REFERENCE AND INCLUDE, WITHOUT LIMITATION, CREDIT TERMS, WARRANTY DISCLAIMERS, INDEMNITIES, LIMITATIONS OF LIABILITY, GOVERNING LAW, AND WAIVERS IN THE EVENT OF A DISPUTE UNDER THIS SALES CONFIRMATION. YOU MAY OBTAIN A COPY OF SELLER'S "GENERAL TERMS AND CONDITIONS OF SALE" UPON REQUEST BY CALLING 316-828-5445, BY FAXING YOUR REQUEST TO 316-828-9980, BY EMAILING YOUR REQUEST TO FertilizerContractConfirm@kochind.com, OR YOU CAN VIEW "GENERAL TERMS AND CONDITIONS OF SALE" BY CLICKING THE LINK BELOW.

<http://www.mykochfertilizer.com/terms/KN1.pdf>

Accepted and Agreed to this day by:
Koch Nitrogen International Sari

Monticello Farm Service Inc



Jason Kubik
Date: 6-9-14

Thom Timmous
Date: _____

Monticello
Farm
Service, Inc.

1415 North 6th Street
Monticello, Indiana 47960
Phone: 574-583-8238
E-mail: mfs@sugardog.com

March 4, 2014

Re: CSX Transportation, Inc.
Proposed Abandonment
STB Docket No. AB-55 (Sub-No. 712X)

235592
ENTERED
Office of Proceedings
March 10, 2014
Part of
Public Record

MAR 10 2014

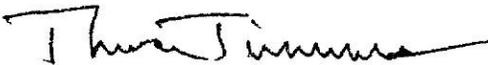
Surface Transportation Board,

As General Manager and President of Monticello Farm Service, I am writing to urge that the board does not move to allow the abandonment of the CSX Transportation Railroad Line running from Monon IN to Monticello, IN. Not only would the closure of the rail line decrease the value of MFS property, it also puts MFS at an economic disadvantage. MFS is located in its current position, as any prospective business would be, in part due to the advantage the rail line offers. If for any reason MFS were to sell our property, the property value decreases tremendously with the absence of a functioning rail line.

MFS prides itself in serving the needs of area farmers in an efficient and affordable manner. Part of that service comes from transportation of materials via the CSX rail line. By CSX planning to forego incurring any avoidable costs in the future through the abandonment of this rail line, the financial burden is transferred to MFS in the form of utilizing alternative forms of transportation, and in turn, the farmers of the local community.

Generally, the rail line has been the best mode of transportation for nitrogen fertilizer for our business and, in turn, our customers. Since October 30, 2013, MFS has increased shipments of nitrogen fertilizer via rail, 26 cars in this five month period alone. In addition, MFS has a supply plan calling for the incorporation of dry fertilizer for delivery via rail. In the next 12 months MFS anticipates rail shipments to be between 90-120 railcars. MFS is an expanding local business that serves the needs of local farmers, a strong presence within the Monticello community. Without the presence of the CSX rail line, this expansion is not possible.

Sincerely yours,



Thom Timmons

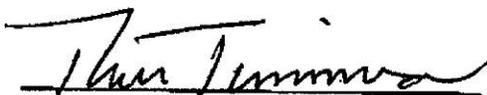
President & General Manager, Monticello Farm Service Inc.

cc Louis E. Gitomer

Docket No. AB-55 (Sub-No. 712X)
VS - Thom Timmons

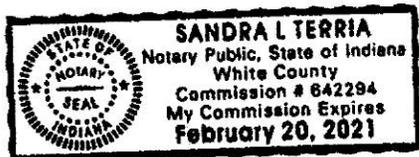
VERIFICATION

THOM TIMMONS, being duly sworn, states that he is President of Monticello Farm Service, Inc.; that he has personal knowledge of the facts alleged in the foregoing Verified Statement; and that those facts are true and correct.


THOM TIMMONS

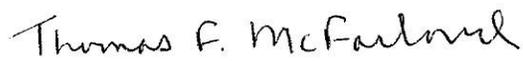
SUBSCRIBED and SWORN to
before me, on this 16th day of
June, 2014.


Notary Public



CERTIFICATE OF SERVICE

I hereby certify that on June 23, 2014, I served the foregoing Reply in Opposition to Amended Petition for Exemption, by e-mail on Louis E. Gitomer, Esq., lou@lgraillaw.com, and Melanie B. Yasbin, Esq., melanie@lgraillaw.com, with confirmation copies by first-class, U.S. mail, postage prepaid, addressed to 600 Baltimore Avenue, Suite 301, Towson, MD 21204, and on June 20, 2014, by UPS overnight mail (Monday delivery) on Steven Armbrust, Esq., CSX Transportation, Inc. 500 Water Street, Jacksonville, FL 32202.



Thomas F. McFarland