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June 2, 2014

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

236134
ENTERED
Office of Proceedings
June 2, 2014
Part of
Public Record

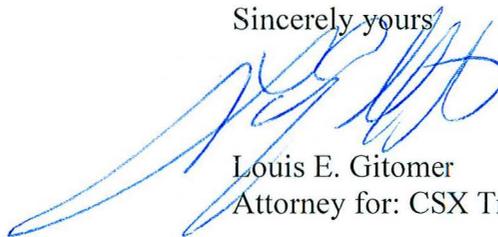
RE: Docket No. AB-55 (Sub-No. 712X), *CSX Transportation, Inc.* –
Abandonment Exemption—in White County, IN

Dear Ms. Brown:

Enclosed for efileing is an Amended Petition for Exemption.

Thank you for your assistance. If you have any questions, please call or email me.

Sincerely yours



Louis E. Gitomer
Attorney for: CSX Transportation, Inc.

Enclosure

BEFORE THE
SURFACE TRANSPORTATION BOARD

Docket No. AB-55 (Sub-No. 712X)

CSX TRANSPORTATION, INC.—ABANDONMENT EXEMPTION—WHITE COUNTY, IN

AMENDED PETITION FOR EXEMPTION

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Dated: June 2, 2014

BEFORE THE
SURFACE TRANSPORTATION BOARD

Docket No. AB-55 (Sub-No. 712X)

CSX TRANSPORTATION, INC.—ABANDONMENT EXEMPTION—WHITE COUNTY, IN

AMENDED PETITION FOR EXEMPTION

CSX Transportation, Inc. (“CSXT”) files this Amended Petition for Exemption (the “Amended Petition”) as directed by the Surface Transportation Board (the “Board”) in a decision served on May 23, 2014 (the “*Decision*”). The Amended Petition will demonstrate to the Board that exemption of CSXT’s abandonment of an approximately 9.67-mile rail line on its Monticello Industrial Track, Monon Subdivision, between Monon, milepost 0QA 88.33, and Monticello, milepost 0QA 98.00, in White County, Indiana (the “Line”), under 49 U.S.C. §10502, from the prior approval requirements of 49 U.S.C. §10903 is warranted.

BACKGROUND

CSXT filed a Petition for Exemption on February 4, 2014 (the “Petition”), contending that abandonment of the Line would allow CSXT to avoid costs that would be incurred by the continued ownership and operation of the Line. Based on Monticello Farm Service, Inc. (“MFS”), the only shipper on the Line, receiving 13 carloads of nitrogen fertilizer during the base year October 30, 2012 to October 30, 2013, CSXT determined the avoidable costs to be \$77,632 in the Base Year, \$129,395 in the Forecast Year, and \$187,448 in the Subsidy Year. MFS did not ship any carloads outbound. Opportunity costs were calculated to be \$72,292.

In the Petition, CSXT also demonstrated that MFS has used trucking as an alternative to rail service. The major roads serving the area are U.S. Route 421 and Indiana Routes 16, 24 and 39, as well as local roads. And there are six (6) trucking companies within a 4 mile radius of MFS. CSXT has provided transload capability for MFS at a local cooperative elevator in Francesville, IN, at approximately milepost 0QB 97, about eight miles from the beginning of the proposed abandonment at Monon.

In response to the Petition, 16 unverified comments were filed. Only the comment filed by MFS (which was also unverified), raised any issue with the data presented by CSXT in the Petition. The MFS Comment contends that abandonment by CSXT (1) would decrease the value of the MFS property and (2) would transfer the financial burden to MFS from CSXT because MFS would use alternate transportation. MFS also contends that it has increased its use of rail service by receiving 26 carloads of fertilizer between October 31, 2013 and March 4, 2014 and that MFS has a supply plan that will increase received rail traffic to between 90 and 120 carloads in the next 12 months.

In the *Decision*, at 1, the Board stated that MFS's statement

calls into question the validity of CSXT's forecast year data and indicates a significant increase in carload traffic over the 13 carloads that CSXT states moved in the base year (October 30, 2012—October 30, 2013). CSXT has indicated that in 2012, when 42 carloads were handled on the Line, the revenues generated from the traffic were not significantly below the costs of operating the Line. Twenty-six carloads in four and one-half months would annualize to approximately 69 carloads. Therefore, MFS's actual increase in traffic could be material to the Board's analysis. We also note that MFS anticipates rail shipments to be between 90-120 railcars in the 12 months following its March 2014 letter.

The Board then directed CSXT to file an amended petition to “addresses the issues raised by MFS's filing and makes any necessary adjustments to its evidentiary presentation, including its forecast year data.” *Decision* at 2.

ARGUMENT

CSXT continues to contend that the burden on CSXT and interstate commerce of continuing to operate the Line outweighs the burden on MFS and the other parties filing comments.¹

CSXT has reviewed its data and Mr. Scaggs has recomputed the avoidable costs of serving MFS using a base year of 39 railcars delivered to MFS. See the attached Verified State of Mr. Scaggs (“Scaggs VS”). In calculating the avoidable costs of service, Mr. Scaggs has taken into account the unusual and difficult service conditions that CSXT faces. Using 39 carloads for the Base Year calculation leads to an avoidable loss of \$132,680. Essentially, CSXT is losing money on every car delivered to MFS.

In reviewing the traffic delivered to MFS, Mr. Scaggs determined that the 39 cars were delivered to MFS between August 22, 2013 and May 2014. Mr. Scaggs also reported that “between January 1, 2013 and August 21, 2013, ...no traffic moved over the Line.” Scaggs VS at 2. In addition, in February and March 2014, no traffic moved over the Line. As of May 1, 2014, only 9 cars have been delivered to MFS in 2014. In addition, as stated by Ms. Burroughs in her attached Verified Statement (“Burroughs VS”) the 17 cars received by MFS in December were a direct result of CSXT’s notifying MFS that CSXT was going to seek exemption authority in order to abandon the Line. The December volume was an anomaly, not a precursor to a significant growth in traffic. Annualizing the 26 carloads received by MFS between October 31, 2013 and March 4, 2014, to project 69 carloads per year is not justified based on the actual traffic received by MFS. “Future traffic trends are likely to be a continuation of past ones – an

¹ Other than MFS, none of the other parties filing comments indicate that they use rail service.

inference we believe is justified unless and until affirmative evidence to the contrary is introduced.” *Illinois Central Gulf R. Co. – Abandonment*, 363 I.C.C. 93, 102 (1980). MFS has presented no “affirmative evidence” that it is appropriate to annualize the 26 carloads received. On the other hand, CSXT has demonstrated that MFS has not received 69 carloads since before 2010. CSXT urges the Board to accept the actual evidence of traffic presented by CSXT in the Scaggs VS attached to this Amended Petition and in the Petition and not to infer from MFS’s bald statement that there will be traffic growth. Mr. Scaggs has developed new base and forecast year traffic based on MFS’s actual traffic and determined that CSXT incurs avoidable losses of \$132,680. CSXT urges the Board to accept the avoidable loss of \$132,680 as the only evidence of record based on “affirmative evidence” of traffic volumes.

In the Petition, CSXT did not state that there were no avoidable costs in 2012. Mr. Scaggs merely stated that they “were not significantly below the costs of operating the Line.” *Decision* at 1. CSXT incurred avoidable losses in 2012 and incurred opportunity costs, which have not been covered since before 2010, over four and one-half years. As Ms. Burroughs states, CSXT has forgone seeking abandonment authority for the Line for over four years “in order to give MFS an opportunity to increase the volume of traffic moving over the Line to the point where CSXT did not incur avoidable losses and did cover opportunity costs.” Burroughs VS at 2. CSXT has continuously incurred avoidable losses on the Line since at least 2010 and CSXT and interstate commerce have been burdened by those losses.

In CSXT’s experience, MFS has been anticipating increased inbound traffic since 2010, and it has not occurred and certainly not in the volumes suggested by MFS in the MFS Comment. MFS does not state that it has made a commitment to CSXT to ship 90-120 carloads in the next 12 months. MFS does not even state that it has commitments to receive that volume of traffic.

MFS merely states, in its unverified comment, that it “has a supply plan” and that it “anticipates rail shipments.” MFS does not contest CSXT’s losses and MFS’s “speculation that traffic will increase is not sufficient to justify continued operation of the line.” *Texas and Pacific Railway Company Abandonment*, 360 I.C.C. 31, 32 (1978). Indeed, MFS’s “projections are speculative and are entitled to little weight.” *Louisville and Nashville R. Co. – Abandonment*, 366 I.C.C. 1, 15 (1981). Based on CSXT’s experience with MFS, CSXT urges the Board to reject the speculative traffic projections suggested by MFS.

CSXT also notes that MFS claims the value of MFS’s property will decrease if CSXT abandons the Line. MFS fails to note, that CSXT’s value has also declined as a result of continuing to operate the Line at a loss. Indeed, MFS only wants CSXT and CSXT’s other shippers to subsidize MFS. “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.” (emphasis added) MFS Comment. It is clear from this statement that MFS does not care whether CSXT operates at a loss, as long as CSXT continues to subsidize MFS’s operations. However,

In many abandonment proceedings, the Commission has found that shippers are likely to incur inconvenience and increased transportation costs as a result of the proposed abandonment. However, these are not sufficient to outweigh the detriment to the public interest of continued operations of uneconomic and excess facilities. (citations omitted)

Chicago and North Western Transp. Co. – Abandonment, 354 I.C.C. 114, 125 (1977).

In addition to demonstrating a clear burden on CSXT and interstate commerce from the losses, in Ms. Burroughs statement, CSXT shows that there is alternate transportation available to MFS via transload from nearby facilities and to fertilizer users from those same facilities.

In addition to the arguments made in this Amended Petition, CSXT adopts the arguments made in the Petition.

CONCLUSION

Application of the regulatory requirements and procedures of 49 U.S.C. §10903 to the abandonment of the Line proposed by CSXT is not required to carry out the rail transportation policy set forth in 49 U.S.C. §10101, as previously shown. Nor is Board regulation required to protect shippers from the abuse of market power. Moreover, this abandonment is of limited scope.

Accordingly, CSXT respectfully requests the Board grant an exemption for the proposed abandonment of the Line.

Respectfully Submitted,



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Attorneys for: CSX TRANSPORTATION, INC.

Dated: June 2, 2014

EXHIBIT A—VERIFIED STATEMENTS

CSX TRANSPORTATION, INC.—ABANDONMENT—WHITE COUNTY, IN

VERIFIED STATEMENT OF WILLIAM SCAGGS

I am William Scaggs, Manager of Cost & Economic Analysis for Commercial Finance for CSX Transportation, Inc. (“CSXT”).

This proceeding involves the proposed abandonment by CSXT of an approximately 9.67-mile rail line on its Monticello Industrial Track, Monon Subdivision, between Monon, milepost 0QA 88.33, and Monticello, milepost 0QA 98.00, at the end of the Line in White County, Indiana (the “Line”). I am submitting this Verified Statement in response to the decision served by the Surface Transportation Board (the “Board”) on May 23, 2014 directing CSXT to file an amended petition by June 2, 2014.

I previously submitted a Verified Statement in this proceeding that reviewed the carloads handled over the Line for the last four years ending October 2013.

<u>CARLOADS</u>			
<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>7</u>	<u>42</u>	<u>17</u>	<u>23</u>

All of these carloads were delivered to one shipper, Monticello Farm Services, Inc. (“MFS”), located at 1415 N 6th Street, Monticello, IN 47960, which is at the southern stub-end of the Line.

In the Petition filed on February 4, 2014, I calculated the Base Year October 2012-October 2013 avoidable loss based on 13 carloads moving over the Line. The avoidable loss from operations was \$77,632 in the Base Year, \$129,395 in the Forecast Year, and \$187,448 in the Subsidy Year. Opportunity costs on the Line are \$70,421.

With the exception of 2012, the revenue generated from the traffic on the Line has fallen significantly short of the cost to operate the Line.

The decision directing CSXT to file an amended petition relied upon annualizing the 26 carloads that MFS claimed to have moved between October 31, 2013 and March 10, 2014, to 69 carloads per year.

In response, I have reviewed CSXT's records and determined that there was a one-time significant increase in the traffic on the Line of 17 cars in December 2013.¹ The spreadsheet attached as Exhibit A shows the traffic volume on the Line between August 1, 2013 and May 1, 2014. I have not provided individual entries for traffic volumes moving between January 1, 2013 and July 31, 2013, because no traffic moved over the Line during those seven months. The following Table shows the traffic volumes by month.

Month and Year	Number of Cars Delivered to MFS
May 2013	0
June 2013	0
July 2013	0
August 2013	1
September 2013	6
October 2013	3
November 2013	3
December 2013	17
January 2014	3
February 2014	0
March 2014	0
April 2014	4
May 2014	2
TOTAL	39

Based on 39 carloads moving over the Line between May 2013 and May 2014, I calculated the avoidable loss for the most recent historic year to be \$132,680.

¹ Ms. Burroughs explains the traffic increase in her accompanying Verified Statement.

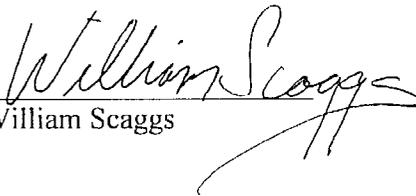
The historic data for MFS does not warrant using the 26 carloads mentioned by MFS as a basis for annualizing traffic. As can be seen from the historic data, in the most recent year, MFS received only 39 carloads. The receipt of 17 carloads by MFS in December was an anomaly, which is not duplicated anywhere in the recent CSXT data.

CSXT incurred significant losses of \$132,680 based on 39 carloads and also continues to incur opportunity costs.

VERIFICATION

I, William Scaggs, verify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed June 2, 2014


William Scaggs

AAR Car Type	Lading Tons	Car Init Nbr	Cons Legal Entity Name	Cons Physical City	Fiscal Year	Fiscal Year Period	Waybill Date	LOB Label	Carloads-Units
C113	99	GACX2177	MONTICELLO FARM SERVICE	MONTICELLO	2013	201308	08/22/2013	PF09 - POTASH	1
							1		
T105	99	GATX15441	MONTICELLO FARM SERVICE	MONTICELLO	2013	201309	09/05/2013	PF08 - NITROGEN FERTILIZER	1
T105	96	SHPX210274	MONTICELLO FARM SERVICE	MONTICELLO	2013	201309	09/05/2013	PF08 - NITROGEN FERTILIZER	1
T105	100	UTLX46803	MONTICELLO FARM SERVICE	MONTICELLO	2013	201309	09/05/2013	PF08 - NITROGEN FERTILIZER	1
T105	98	SHPX210161	MONTICELLO FARM SERVICE	MONTICELLO	2013	201309	09/13/2013	PF08 - NITROGEN FERTILIZER	1
T105	97	CGTX22019	MONTICELLO FARM SERVICE	MONTICELLO	2013	201309	09/16/2013	PF08 - NITROGEN FERTILIZER	1
T105	97	CGTX22049	MONTICELLO FARM SERVICE	MONTICELLO	2013	201309	09/16/2013	PF08 - NITROGEN FERTILIZER	1
							6		
T105	96	SHPX210081	MONTICELLO FARM SERVICE	MONTICELLO	2013	201310	10/08/2013	PF08 - NITROGEN FERTILIZER	1
T105	96	SHPX21022	MONTICELLO FARM SERVICE	MONTICELLO	2013	201310	10/08/2013	PF08 - NITROGEN FERTILIZER	1
T105	97	SHPX210251	MONTICELLO FARM SERVICE	MONTICELLO	2013	201310	10/08/2013	PF08 - NITROGEN FERTILIZER	1
							3		
T105	97	GATX20742	MONTICELLO FARM SERVICE	MONTICELLO	2013	201312	11/25/2013	PF08 - NITROGEN FERTILIZER	1
T105	97	SHPX205331	MONTICELLO FARM SERVICE	MONTICELLO	2013	201312	11/25/2013	PF08 - NITROGEN FERTILIZER	1
T105	98	SHPX205341	MONTICELLO FARM SERVICE	MONTICELLO	2013	201312	11/25/2013	PF08 - NITROGEN FERTILIZER	1
							3		
T104	91	TCIX200421	MONTICELLO FARM SERVICE	MONTICELLO	2013	201312	12/03/2013	PF08 - NITROGEN FERTILIZER	1
T105	97	GATX20742	MONTICELLO FARM SERVICE	MONTICELLO	2013	201312	12/03/2013	PF08 - NITROGEN FERTILIZER	1
T105	99	GATX24466	MONTICELLO FARM SERVICE	MONTICELLO	2013	201312	12/03/2013	PF08 - NITROGEN FERTILIZER	1
T105	97	SHPX205341	MONTICELLO FARM SERVICE	MONTICELLO	2013	201312	12/03/2013	PF08 - NITROGEN FERTILIZER	1
T104	91	TCIX200267	MONTICELLO FARM SERVICE	MONTICELLO	2013	201312	12/09/2013	PF08 - NITROGEN FERTILIZER	1
T105	96	NATX40027	MONTICELLO FARM SERVICE	MONTICELLO	2013	201312	12/09/2013	PF08 - NITROGEN FERTILIZER	1
T105	97	SHPX205351	MONTICELLO FARM SERVICE	MONTICELLO	2013	201312	12/09/2013	PF08 - NITROGEN FERTILIZER	1
T105	96	SHPX210161	MONTICELLO FARM SERVICE	MONTICELLO	2013	201312	12/19/2013	PF08 - NITROGEN FERTILIZER	1
T105	94	UTLX64090	MONTICELLO FARM SERVICE	MONTICELLO	2013	201312	12/19/2013	PF08 - NITROGEN FERTILIZER	1
T105	97	UTLX64115	MONTICELLO FARM SERVICE	MONTICELLO	2013	201312	12/19/2013	PF08 - NITROGEN FERTILIZER	1
T105	97	UTLX64124	MONTICELLO FARM SERVICE	MONTICELLO	2013	201312	12/19/2013	PF08 - NITROGEN FERTILIZER	1
T105	96	UTLX64266	MONTICELLO FARM SERVICE	MONTICELLO	2013	201312	12/19/2013	PF08 - NITROGEN FERTILIZER	1
T105	96	SHPX210081	MONTICELLO FARM SERVICE	MONTICELLO	2014	201401	12/30/2013	PF08 - NITROGEN FERTILIZER	1

AAR Car Type	Lad g Tons	Car Init Nbr	Cons Legal Entity Name	Cons Physical City	Fiscal Year	Fiscal Year Period	Waybill Date	LOB Label	Carload s-Units
T105	95	SHPX21015	MONTICELLO FARM SERVICE	MONTICELLO	2014	201401	12/30/2013	PF08 - NITROGEN FERTILIZER	1
T105	97	SHPX21021	MONTICELLO FARM SERVICE	MONTICELLO	2014	201401	12/30/2013	PF08 - NITROGEN FERTILIZER	1
T105	97	UTLX64295	MONTICELLO FARM SERVICE	MONTICELLO	2014	201401	12/30/2013	PF08 - NITROGEN FERTILIZER	1
T105	97	UTLX67965	MONTICELLO FARM SERVICE	MONTICELLO	2014	201401	12/30/2013	PF08 - NITROGEN FERTILIZER	1
							17		
T105	99	GLNX5007	MONTICELLO FARM SERVICE	MONTICELLO	2014	201402	01/23/2014	PF05 - PHOS ACID	1
T105	97	SHPX20532	MONTICELLO FARM SERVICE	MONTICELLO	2014	201402	01/27/2014	PF08 - NITROGEN FERTILIZER	1
T105	97	SHPX20532	MONTICELLO FARM SERVICE	MONTICELLO	2014	201402	01/27/2014	PF08 - NITROGEN FERTILIZER	1
							3		
C114	102	MCEX35002	MONTICELLO FARM SERVICE	MONTICELLO	2014	201404	04/01/2014	PF08 - NITROGEN FERTILIZER	1
T105	98	UTLX30265	MONTICELLO FARM SERVICE	MONTICELLO	2014	201404	04/24/2014	PF08 - NITROGEN FERTILIZER	1
T105	97	UTLX30265	MONTICELLO FARM SERVICE	MONTICELLO	2014	201404	04/24/2014	PF08 - NITROGEN FERTILIZER	1
T105	96	UTLX66333	MONTICELLO FARM SERVICE	MONTICELLO	2014	201404	04/24/2014	PF08 - NITROGEN FERTILIZER	1
							4		
T105		SHPX21021	MONTICELLO FARM SERVICE	MONTICELLO	2014	201405	05/01/2014	PF08 - NITROGEN FERTILIZER	
T105		UTLX65029	MONTICELLO FARM SERVICE	MONTICELLO	2014	201405	05/01/2014	PF08 - NITROGEN FERTILIZER	

CSX Transportation, Inc.

Line Segment: Monticello Standard Form for Abandonment Filings

	Most recent historic year	Forecast year	Subsidy year
Carloads	39	39	39
<u>Revenues Attributable</u>			
1. Freight Originated &/or Terminated On Branch			
a. CSX	\$137,908	\$137,908	\$137,908
2. Bridge Traffic	-0-	-0-	0
3. All Other Revenue and Income		0	
4. Total Revenues Attributable (Lines 1 thru 3)	\$137,908	\$137,908	\$137,908
<u>Avoidable Costs</u>			
5. Total On-Branch Costs (Lines 5a thru 5k)	\$ 123,260	\$ 123,260	\$ 123,260
a. Maintenance of Way and Structures	\$ 96,700	\$ 96,700	\$ 96,700
b. Maintenance of Equipment - Locomotives	\$ 2,500	\$ 2,500	\$ 2,500
c. Transportation	\$ 17,160	\$ 17,160	\$ 17,160
d. Joint Facilities	\$ -	\$ -	\$ -
e. Deadheading, Taxi and Hotel	\$ -	\$ -	\$ -
f. Overhead Movement	\$ -	\$ -	\$ -
g. Freight Car Costs (o/t Return on Freight Cars)	\$ -	\$ -	\$ -
h. Return on Value - Locomotives	\$ -	\$ -	\$ -
i. Return on Value - Freight Cars	\$ -	\$ -	\$ -
j. Revenue Taxes	\$ -	\$ -	\$ -
k. Property Taxes	\$ 6,900	\$ 6,900	\$ 6,900
6. Total Off-Branch Costs (Lines 6a and 6b)	\$147,328		\$147,328
a. Off-Branch Costs (o/t Return on Freight Cars)	\$147,328		\$147,328
b. Return on Value - Freight Cars			
7. Total Avoidable Costs (Lines 5 and 6)	\$270,588	\$270,588	\$ 270,588
<u>Subsidization Costs</u>			
8. Rehabilitation	xxxx	xxxx	\$ 90,000
9. Administration Costs	xxxx	xxxx	
10. Casualty Reserve Account	xxxx	xxxx	
11. Total Subsidization Costs (Lines 8 thru 10)	xxxx	xxxx	90,000
<u>Return on Value</u>			
12. Valuation of Property (Lines 12a thru 12c)	xxxx		\$483,210
a. Working Capital	xxxx		\$5,065
b. Income Tax Consequences	xxxx		(\$293,056)
c. Net Liquidation Value	xxxx		\$771,201
13. Nominal Rate of Return	xxxx	17.22%	17.22%
14. Nominal Return on Value (Line 12 * Line 13)	xxxx		\$83,209
15. Holding Gain (Loss)	xxxx		\$60,616
16. Total Return on Value (Line 14 less Line 15)	xxxx		\$22,592
17. Avoidable Loss from Operations (Line 7 less Line 4)	\$132,680	\$132,680	\$132,680
18. Estimated Forecast Year Loss from Operations (Lines 4 , less 7&16)		(\$132,680)	
19. Estimated Subsidy Year Loss from Operations (Lines 4 less Line7,11,16)			(\$245,272)

CSX TRANSPORTATION, INC.—ABANDONMENT—WHITE COUNTY, IN

VERIFIED STATEMENT OF JO ANN BURROUGHS

I am Jo Ann Burroughs, Manager Network Services for CSX Transportation, Inc. (“CSXT”). I have been involved with CSXT’s abandonment program since 2011 and have worked on the proposed abandonment by CSXT of an approximately 9.67-mile rail line on its Monticello Industrial Track, Monon Subdivision, between Monon, milepost 0QA 88.33, and Monticello, milepost 0QA 98.00, at the end of the Line in White County, Indiana (the “Line”) since CSXT began studying the Line.

I am submitting this Verified Statement in response to the decision served by the Surface Transportation Board (the “Board”) on May 23, 2014 directing CSXT to file an amended petition by June 2, 2014.

In response to the Board’s decision, I have reviewed the reason for the anomalous increase in traffic in December 2013 to the only shipper on the Line, Monticello Farm Services, Inc. (“MFS”), located at 1415 N 6th Street, Monticello, IN 47960, which is at the southern stub-end of the Line. I have also discussed the difficult operations required to serve MFS with the local train master. CSXT also studied the potential for future traffic. CSXT has determined that based on past claims of future increases in traffic made by MFS that have not come to pass that an increase in traffic is extremely unlikely. Without a significant increase in traffic, CSXT will continue to operate the Line at an avoidable loss and CSXT and its other shippers will be required to continue to subsidize MFS.

I believe that the spike in traffic delivered to MFS in December 2013 was because before December I advised MFS that CSXT was now proceeding to seek abandonment of the Line. I notified MFS because CSXT had deferred filing this abandonment since 2010 in order to give MFS an opportunity to increase the volume of traffic moving over the Line to the point where CSXT did not incur avoidable losses and did cover opportunity costs. The traffic increases suggested by MFS did not occur. As can be seen from Exhibit A to Mr. Scaggs accompanying Verified Statement, there has been no increase in traffic delivered to MFS after December 2013, and in fact, to date for 2014, only nine carloads have been delivered to MFS over the four month period, which when annualized is only 27 carloads.

Service to MFS is difficult. The Line is essentially a north south line, with MFS at the southern end of the Line. The spur serving MFS is on the west side of the track, parallel to the Line and connects to the Line at the south end of the spur. As can be seen from Mr. Scaggs Exhibit A, MFS has received up to five cars at one time, but usually receives fewer cars including instances where it receives only one car. The CSXT train must leave the yard and travel down the Line, which takes about one hour. If cars are being delivered, the train must move past the switch to the MFS spur, stop, a member of the crew leaves the train, throws the switch returns to the train and the locomotive then pushes the cars onto the Monticello spur. The train stops again, a crew member uncouples the car, returns to the train and the train moves onto the Line, where the switch is reset and the train moves north on the Line. This all takes about another hour. Essentially the same move occurs when CSXT has to pick up empty cars, but receives no revenue.

When CSXT has to pick up an empty car and drop off a loaded car, the move takes at least three hours. The train must move past the switch to the MFS spur, stop, a member of the crew leaves the train, throws the switch returns to the train and the locomotive then pushes the cars onto the Monticello spur. The train stops again, a crew member couples the empty car to the train, returns to the train and the train moves onto the Line, where the switch is reset and the train moves north on the Line. There the train stops, the empty car is uncoupled from the train and left on the main line while the train completes the move onto the MFS spur again in order to drop off the loaded cars. The train returns to the main line where it has to stop to reset the switch and stop again to recouple the empty car. The train then shoves the empty car up the line. This takes about three hours.

There is also alternate transportation available so that the farmers who require nitrogen fertilizer will be able to receive it, whether it is transloaded to MFS or delivered by other providers. Below is a chart of seven customers served by CSXT who receive nitrogen fertilizer who are all locate within 40 miles of MFS.

<u>Miles from MFS</u>	<u>Location</u>	<u>Rail Customer</u>
6	Reynolds	CHS Inc
22	Logansport	Co-Alliance LLP
26	Bringham	Co-Alliance LLP
29	Goodland	Wilson's Fertilizer
29	Lafayette	Lafayette Terminal Corp
33	Rensselaer	Ceres Solutions
37	Kentland	Gavilon Fertilizer

CSXT has incurred avoidable losses on the Line for several years and has not covered its opportunity costs on the Line going back at least four years.

VERIFICATION

I, Jo Ann Burroughs verify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed June 2, 2014


Jo Ann Burroughs
Jo Ann Burroughs

CERTIFICATE OF SERVICE

I hereby certify that I have caused the Amended Petition for Exemption in Docket No. AB-55 (Sub-No. 712X), *CSX Transportation, Inc.—Abandonment Exemption—in White County, IN*, was served via pre-paid first class postage on June 2, 2014, on the following parties of record:

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Burnettsville, IN 47926

Brit Ford
Rakr Farms, Inc.
P. O. Box 1022
Monticello, IN 47960

Donald D. Hanni
Hatter-Hanni Insurance and Financial Services
P. O. Box 922
Monticello, IN 47960

James Hunt
Monticello Farm Service Inc.
8199 E. Us Highway 24
Monticello, IN 47960-7490

Jay Wilson Industrial Sales Co. Inc.
P. O. Box 297
Rensselaer, IN 47978

Bruce P. Lyons
Monticello Parks & Recreation
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Monticello, IN 47960

Julie C. McCall
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Monticello, IN 47960

Randy Mitchell
White County Economic Development
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Monticello, IN 47960

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Waste No Energy, LLC
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Monticello, IN 47960

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Brian Townsend
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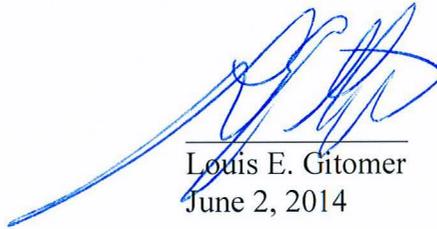
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Louis E. Gitomer
June 2, 2014