



July 6, 2004

211513

VIA UPS NEXT DAY AIR

Mr. Vernon Williams, Secretary
Surface Transportation Board
1925 "K" Street, N.W.
Washington, DC 20423-0001

RE: Proposed Abandonment of the Perry Subdivision from M.P. 296.8 near Waukee, Iowa to M.P. 275.9 (Equation M.P. 275.9 = 361.8) near Perry, Iowa, and from M.P. 361.8 to M.P. 369.0 near Dawson, Iowa, a total distance of 28.1 miles in Dallas County, Iowa; STB Docket No. AB-33 (Sub-No. 213X)

Dear Mr. Williams:

Pursuant to 49 U.S.C. §10502, Union Pacific Company submits the original and ten (10) copies of a Petition for Exemption, with Verification, to abandon the above-referenced rail line. The Certificate of Service and Publication pursuant to 49 C.F.R. §1152.60(d) and 49 C.F.R. §1105.12 is attached to the petition.

Also enclosed is a draft Federal Register notice pursuant to 49 C.F.R. §1152.60(c). Three computer diskettes containing the draft Federal Register notice, as well as the Petition for Exemption and Certificate of Service and Publication is also enclosed.

Please file the Petition for Exemption in Docket No. AB-33 (Sub-No. 213X). Enclosed is a voucher for \$4,700 for the filing fee.

Sincerely yours,

FILED

ENTERED
Office of Proceedings

FEE RECEIVED

Enclosures
JUL 07 2004

JUL 07 2004

Part of
Public Record

JUL 07 2004

OFFICE OF
SURFACE TRANSPORTATION BOARD

Mack H. Shumate, Jr.
Senior General Attorney, Law Department

SURFACE
TRANSPORTATION BOARD

O:\ABANDONMENTS\33-213X\STB.WPD

UNION PACIFIC RAILROAD
101 N. Wacker Dr., Rm. 1920, Chicago, IL 60606-1718
ph. (312) 777-2055 fx. (312) 777-2065

000 1

Mr. Vernon Williams
Surface Transportation Board
July 6, 2004
Page 2

cc (w/ enclosures):

Mr. Steven R. McCann
Division for Community Progress
Iowa Department of Economic Development
200 East Grand Avenue
Des Moines, IA 50309

Department of Natural Resources
Wallace State Conservation Service
693 Federal Building
210 Walnut Street
Des Moines, IA 50309

Dallas County Board of Supervisors
801 Court Street
County Courthouse
Adel, IA 50003-1476

U.S. Environmental Protection Agency
Region VII
901 North 5th Street
Kansas City, KS 66101

U.S. Fish & Wildlife Service, Region 3
One Federal Drive
Federal Building
Fort Snelling, MN 55111

U.S. Army Engineer District
Rock Island
P. O. Box 2004
Rock Island, IL 61204-2004



UNION PACIFIC RAILROAD

CONTROL NO 134907

178 A

78-157/1041
PAYABLE THROUGH
U.S. BANK, N.A.
SCOTTSBUFF, NE 69363

PAY IN THE AMOUNT OF
FOUR THOUSAND SEVEN HUNDRED DOLLARS AND NO CENTS

PAY TO

DATE

CHECK AMOUNT

SURFACE TRANSPORTATION BOARD
SECRETARY
1925 K ST NW
WASHINGTON DC 20423

05/14/04

*****4,700.00

[Signature]
CONTROLLER

NOT VALID AFTER 6 MONTHS

DO NOT CASH UNLESS CHECK FACE HAS A BLUE BACKGROUND ON WHITE PAPER.

ASSISTANT TREASURER

FORM 61059 (Rev. 10/03)

⑈ 134907⑈ ⑆ 104101575⑆ 149890075190⑈

PLEASE DETACH THIS STATEMENT AND RETAIN FOR YOUR FILE

REMITTANCE ADVICE

CORRESPONDENCE SHOULD REFER TO

134907

INQUIRIES: ACCOUNTS PAYABLE CORRESPONDENCE BUREAU (402) 280-6603

178

DATE	INVOICE/CREDIT MEMO	TYPE	DOCUMENT ID	GROSS AMOUNT	DISCOUNT AMOUNT	NET AMOUNT	
051104	5044700213		18880063	470000	00	470000	
AD 33-212X							
1416 DODGE ST. OMAHA, NE. 68179				TOTAL ▶	470000	000	470000



DRAFT FEDERAL REGISTER NOTICE
[49 C.F.R. § 1152.60(c)]

STB No. AB-33 (Sub-No. 213X)
Notice of Petition for Exemption to Abandon or
to Discontinue Service



On July 7, 2004, Union Pacific Railroad Company filed with the Surface Transportation Board, Washington, D.C. 20423, a petition for exemption for the abandonment of a line of railroad known as the Perry Subdivision from M.P. 296.8 near Waukee, Iowa to M.P. 275.9 (Equation M.P. 275.9 = 361.8) near Perry, Iowa and from M.P. 361.8 to M.P. 369.0 near Dawson, Iowa, a total distance of 28.1 miles in Dallas County, Iowa (the "Line"). The Line traverses U. S. Postal Service Zip Codes 50063, 50066, 50167, 50220 and 50263. The proceeding has been docketed as No. AB-33 (Sub-No.213X). There are no agency stations on the Line.

The Line does not contain federally granted rights-of-way. Any documentation in the railroad's possession will be made available promptly to those requesting it.

The interest of railroad employees will be protected as required by 49 U.S.C. 10903(b)(2).

Any offer of financial assistance will be due no later than 10 days after service of a decision granting the petition for exemption.

All interested persons should be aware that following abandonment of rail service and salvage of the Line, the Line may be suitable for other public use, including interim trail use.

Any request for a public use condition and any request for trail use/rail banking will be due no later than 20 days after notice of the filing of the petition for exemption is published in the Federal Register.

Persons seeking further information concerning abandonment procedures may contact the Surface Transportation Board or refer to the full abandonment or discontinuance regulations at 49 CFR Part 1152. Questions concerning environmental issues may be directed to the Board's Section of Environmental Analysis, telephone (202) 565-1545.

An environmental assessment (EA) (or environmental impact statement (EIS), if necessary), prepared by the Section of Environmental Analysis will be served upon all parties of record and upon any agencies or other persons who commented during its preparation. Any other persons who would like to obtain a copy of the EA (or EIS) may contact the Section of Environmental Analysis. EAs in these abandonment proceedings normally will be made available within 60 days of the filing of the petition. The deadline for submission of comments on the EA will generally be within 30 days of its service.

BEFORE THE
SURFACE TRANSPORTATION BOARD

Docket No. AB-33 (Sub-No. 213X)

UNION PACIFIC RAILROAD COMPANY
-- ABANDONMENT EXEMPTION --
IN DALLAS COUNTY, IOWA
(PERRY SUBDIVISION)

PETITION FOR EXEMPTION

UNION PACIFIC RAILROAD COMPANY

Mack H. Shumate, Jr.
Senior General Attorney
101 North Wacker Drive
Room 1920
Chicago, IL 60606
Tel: 312/777-2055
Fax: 312/777-2065

Dated: July 6, 2004
Filed: July 7, 2004

O:\ABANDONMENTS\33-213X\PET.WPD

BEFORE THE
SURFACE TRANSPORTATION BOARD

Docket No. AB-33 (Sub-No. 213X)

UNION PACIFIC RAILROAD COMPANY
-- ABANDONMENT EXEMPTION --
IN DALLAS COUNTY, IOWA
(PERRY SUBDIVISION)

PETITION FOR EXEMPTION

I.

INTRODUCTION

Union Pacific Railroad Company ("UP") hereby petitions the Board, pursuant to 49 U.S.C. §10502, to grant an exemption from 49 U.S.C. §§10903 in order to permit abandonment of operations over the Perry Subdivision from M.P. 296.8 near Waukee, Iowa to M.P. 275.9 (Equation M.P. 275.9 = 361.8) near Perry, Iowa and from M.P. 361.8 to M.P. 369.0 near Dawson, Iowa, a total distance of 28.1 miles in Dallas County, Iowa (the "Line"). There are no shippers on the Line that will be adversely affected by the proposed abandonment.

The four shippers that have used the Line over the past two (2) years are Farmers Cooperative; Heartland Coop; Tyson Fresh Meats and Quebecor World. All of these shippers either support the proposed abandonment or will not protest the proposed abandonment.

UP seeks exemption of this proposed abandonment from regulation under 49 U.S.C. §10903 in accordance with 49 U.S.C. §10502 and the Rules applicable thereto at 49 C.F.R. §1121 and 49 C.F.R. §1152 and the Special Rules at 49 C.F.R. §1152.60.

II.

PETITIONER'S BACKGROUND AND REPRESENTATIVE

UP has rail operations in the States of Arizona, Arkansas, California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, Oklahoma, Oregon, Tennessee, Texas, Utah, Washington, Wisconsin and Wyoming. UP owns and operates the Line proposed for abandonment which is located in the State of Iowa, near the towns of Perry, Waukee and Dallas Counties, Iowa.

The name, address and telephone number of UP's representative is listed below:

Mack H. Shumate, Jr.
Senior General Attorney
101 North Wacker Drive
Room 1920
Chicago, IL 60606
Tel: 312/777-2055
Fax: 312/777-2065

III.

LINE DESCRIPTIONS, ZIP CODE INFORMATION AND MAP

The proposed action involves the abandonment of the Perry Subdivision from M.P. 296.8 near Waukee, Iowa to M.P. 275.9 (Equation M.P. 275.9 = 361.8) near Perry, Iowa and from M.P. 361.8 to M.P. 369.0 near Dawson, Iowa, a total distance of 28.1 miles in Dallas County, Iowa.

The section of the Line from milepost 296.8 to milepost 275.9 was constructed by the Des Moines Valley Railroad in 1869-1870. It is laid with 85-pound

jointed rail. The section from milepost 361.8 (the equation point with milepost 275.9) to milepost 369.0 was constructed by the Milwaukee St. Paul and Pacific Railroad, date unknown, and is laid with 112-pound jointed rail. The Line contains no federally granted right-of-way and consists of 268.106 acres of reversionary property and 138.46 acres of non-reversionary property. There are no specific plans for the property that would be made available for disposition by the abandonment. There is interest from the Iowa National Heritage Foundation ("INHF") for trail purposes. Should INHF not purchase the Line, it will be parceled out and sold to adjoining owners. Real estate brokers report a very active market for agriculture or recreational land due to good demand from existing farm operations and the close proximity of the Ames and Des Moines metropolitan areas. UP believes the property is suitable for other public purposes, including roads or highways, other forms of mass transportation, conservation, energy production or transmission; however, the area appears adequately serviced by existing roads and utility lines.

The Line traverses U.S. Postal Service Zip Codes 50063, 50066, 50167, 50220 and 50263.

A map of the Line is attached as **Attachment 1**.

IV.

SHIPPER INFORMATION

Currently, there are four shippers on the Line. Each of these shippers has been contacted by Raymond E. Allamong, Jr., Senior Manager Rail Line Planning, with regard to current and future shipping requirements on the Line. As indicated in Mr. Allamong's Verified Statement, attached hereto as **Attachment 2** and hereby made a part

hereof, continued operation of the Line is not economically justifiable and the four (4) shippers on the Line realize this and have or are in the process of adjusting their shipping procedures. It is clear that the shippers on the Line are relocating and/or have practical transportation alternatives that they are or plan to utilize, in the form of trucking and transloading, that will adequately replace the loss of direct rail service. The customers have indicated that they will not oppose the petition. The shipping volumes for these customers are as follows:

Farmers Cooperative (received at Perry), 105 Garfield Street, Farnhamville, IA 50538 ("Farmers") shipped 4 cars of Potash (STCC 28125) for 396 tons and 46 cars of Superphosphate (STCC 28712) for 4517 tons in 2002. Farmers shipped 32 cars of Superphosphate for 3151 tons in 2003. From January through March, 2004, Farmers had no shipments. Farmers has indicated to UP that it supports the proposed abandonment.

Heartland Coop (received at Minburn), 2829 Westown Parkway, Suite 350, West Des Moines, IA 50266 ("Heartland") shipped 18 cars of Potash (STCC 28125) for 1801 tons, and 26 cars of Superphosphate (STCC 28712) for 2588 tons in 2002. In 2003, Heartland shipped 10 cars of Potash for 1000 tons, 17 cars of Superphosphate for 1687 tons, and 50 cars of Ammoniating Fertilizers (STCC 28713) for 4851 tons. From January through March, 2004, Heartland has shipped 3 cars of Potash for 300 tons. Heartland has indicated to UP that Heartland will cease all shipments on the Line by July 1, 2004 and will not protest the proposed abandonment.

Tyson Fresh Meats (received at Perry), 1350 I Court, Perry, IA 50220 ("Tyson") shipped 72 cars of Meats (STCC 20129) for 4052 tons, 63 cars of Lard (STCC 20131) for 5515 tons, and 3 cars of Tallow (STCC 20143) for 266 tons in 2002. In 2003, Tyson

shipped 61 cars of Meats for 3417 tons, 26 cars of Lard for 2298 tons, 24 cars of Tallow for 2094 tons, and 1 car of Meat Bone (STCC 20149) for 46 tons. From Jan through March, 2004, Tyson shipped 9 cars of Meats for 476 tons, 6 cars of Lard for 529 tons, and 3 cars of Tallow for 266 tons. Tyson has indicated to UP that Tyson will not protest the proposed abandonment.

Quebecor World (received at Waukee), 400 Deming Avenue, Waukee, IA 50263 ("Quebecor") had no shipments in 2002, 1 car of Newsprint (STCC 26211) for 54 tons in 2003, and no shipments from January through March, 2004. Quebecor has indicated to UP that Quebecor will utilize transloading opportunities at Des Moines, Iowa for future shipping needs and will not protest the proposed abandonment.

V.

REASONS FOR THE ABANDONMENT

UP proposes to abandon the Line because the traffic which has been generated recently at the stations of Waukee, Minburn, and Perry, is insufficient to support the expenses of day-to-day operations. The opportunity costs of the current investment and projected future capital investment requirements are not economically justifiable. There has been no traffic on the segment between Perry and the end of the track at Dawson for several years. The Line is not viewed as a viable location that will attract any major new rail-oriented industrial facilities in the future. Based on the Verified Statement of Hans Matthiessen, Senior Project Manager-Economic Research and Analysis for the UP, the Avoidable Loss from Operations for (a) the Base Year, April, 2003 to March 2004, is (\$75,156.00) and (b) the Forecast Year, June, 2004 to May, 2005, is (\$115,314.00).

(See Verified Statement of Hans Matthiessen attached hereto as **Attachment 3** and hereby made a part hereof.)

Heartland Coop is switching its fertilizer receipts to a location off the Line on or before July 1, 2004. Tyson Fresh Meats and Quebecor World are aware of the proposed abandonment filing and do not intend to protest the action. UP is also in discussions with Farmers Cooperative about its shipping options after abandonment.

After abandonment the closest rail stations would be Waukee (only a portion of which would be abandoned), approximately 27 highway miles southeast of Perry, and Ogden, on UP's Chicago-Omaha main line, approximately 18 miles northeast of Perry. Other rail service options are available on the BNSF, Iowa Interstate and NS in Des Moines, Iowa. Dawson and Perry lie on State Route 141, an east-west route which connects four miles east of Perry to U.S. 169, a north-south route. Minburn also lies on U.S. 169, while Waukee lies on U.S. 6, an east-west route. All of these locations and roads lie near Des Moines with access to Interstates 80 and 35.

VI.

REASONABLE ALTERNATIVE; VIABILITY

There appears to be no reasonable alternative to this abandonment. The shippers on the Line either support or will not protest the proposed abandonment and there are no known expected shippers on the Line.

VII.

THE EXEMPTION STANDARDS HAVE BEEN MET

A. The abandonment requires an exemption from 49 U.S.C. §10903.

Abandonment of rail lines requires authorization and approval of the Board pursuant to 49 U.S.C. §10903. However, 49 U.S.C. §10502 requires the Board to exempt a transaction when it finds: (1) continued regulation is not necessary to carry out the Rail Transportation Policy of 49 U.S.C. §10101; and (2) either the transaction is of limited scope or Board regulation is not necessary to protect shippers from an abuse of market power. UP's proposal for abandonment and discontinuance of operations clearly satisfies the standards for exemption under 49 U.S.C. §10502.

Detailed scrutiny by the Board under 49 U.S.C. §10903 is not necessary to carry out the Rail Transportation Policy of 49 U.S.C. §10101. An exemption will minimize UP's administrative expense and the cost, preparation and review associated with progressing the proposed abandonment in a full application proceeding. An exemption will expedite regulatory action and will reduce regulatory barriers to exit from the Line consistent with Sections 10101(2) and (7). An exemption will permit UP to consolidate its service to UP's shippers in the vicinity of the Line resulting in cost savings to UP and thereby enhancing UP's ability to compete with other Iowa rail carriers consistent with Sections 10101(4) and (5). An exemption will foster sound economic conditions in the transportation industry consistent with Section 10101(5), by permitting UP's abandonment of the Line and avoiding the need to retain and operate a rail line that will not be used by any shipper.

The proposed abandonment is a transaction of "limited scope." The Line is only 28.1 miles long and will have no recurring local traffic. In addition, regulation of this abandonment is not needed to protect shippers from an abuse of market power, since the local shippers on the Line either support or do not oppose abandonment of the Line.

Assuming a yearly volume of 131 railcar loads and a conservative truck to rail car ratio of four to one, the proposed abandonment might result in 1048 additional loaded or empty trucks on area roads in the course of a year, or slightly over four per working day. This should have a minimal impact on area traffic patterns.

VIII.

LAND AREA, FEDERAL GRANT INFORMATION, AND PUBLIC USE

The Line is generally 100 feet in width, is adjacent to fair to good agricultural land, and passes through several small towns in the state of Iowa. The topography varies from level to hilly. UP believes the property proposed for abandonment is suitable for other public purposes, including roads or highways, other forms of mass transportation, conservation, energy production or transmission; however, the area appears adequately served by existing roads and utility lines. There is interest from the Iowa Natural Heritage Foundation for trail purposes. UP is unaware of any adverse effects on local or existing land use plans. The Board of Supervisors Office in Dallas County has been contacted. To date no response has been received. Those portions of the Line which are non-reversionary and which are not subject to a trails use request will be offered for sale.

Based on information in UP's possession, the Line does not contain federally granted rights of way. UP is unaware of any adverse effect on local and existing land use

plans. Any documentation in Petitioner's possession will be made available promptly to those requesting it.

IX.

LABOR

UP is agreeable to the labor protection conditions imposed in abandonment proceedings as prescribed in Oregon Short Line R. Co. - Abandonment - Goshen, 360 ICC 91 (1979).

X.

ENVIRONMENTAL AND HISTORIC REPORT.

The required environmental and historic information is contained in the Combined Environmental and Historic Report which was served on March 12, 2004. The original and ten (10) copies were sent to Ms. Victoria Rutson, Section of Environmental Analysis, on March 11, 2004 for filing. A copy of the transmittal letter to Victoria Rutson is attached hereto as **Attachment 4** and hereby made a part hereof.

Subsequent to the filing of the combined Environmental and Historic Report no additional comment letters were received.

WHEREFORE, Union Pacific Railroad Company respectfully requests that the Board issue a decision exempting the proposed abandonment from the provisions of 49 U.S.C. §10903 and direct that the exemption be effective on the date of the Board's decision.

Dated this 6th day of July, 2004.

Respectfully submitted,

UNION PACIFIC RAILROAD COMPANY



Mack H. Shumate, Jr.
Senior General Attorney
101 North Wacker Drive
Room 1920
Chicago, IL 60606
Tel: 312/777-2055
Fax: 312/777-2065

VERIFICATION

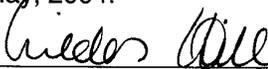
STATE OF NEBRASKA)
) ss:
COUNTY OF DOUGLAS)

I, RAYMOND E. ALLAMONG, JR., Senior Manager Rail Line Planning of Union Pacific Railroad Company, declare under penalty of perjury, under the laws of the United States of America, that I have read the foregoing document and that its assertions are true and correct to the best of my knowledge, information and belief. I further declare that I am qualified and authorized to submit this verification on behalf of Union Pacific Railroad Company. I know that willful misstatements or omissions of material facts constitute Federal criminal violations punishable under 18 U.S.C. 1001 by imprisonment up to five years and fines up to \$10,000 for each offense. Additionally, I know that these misstatements are punishable as perjury under 18 U.S.C. 1621, which provides for fines up to \$2,000 or imprisonment up to five years for each offense.

Dated at Omaha, Nebraska, this 26th day of May, 2004.

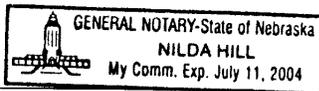

Raymond E. Allamong, Jr.

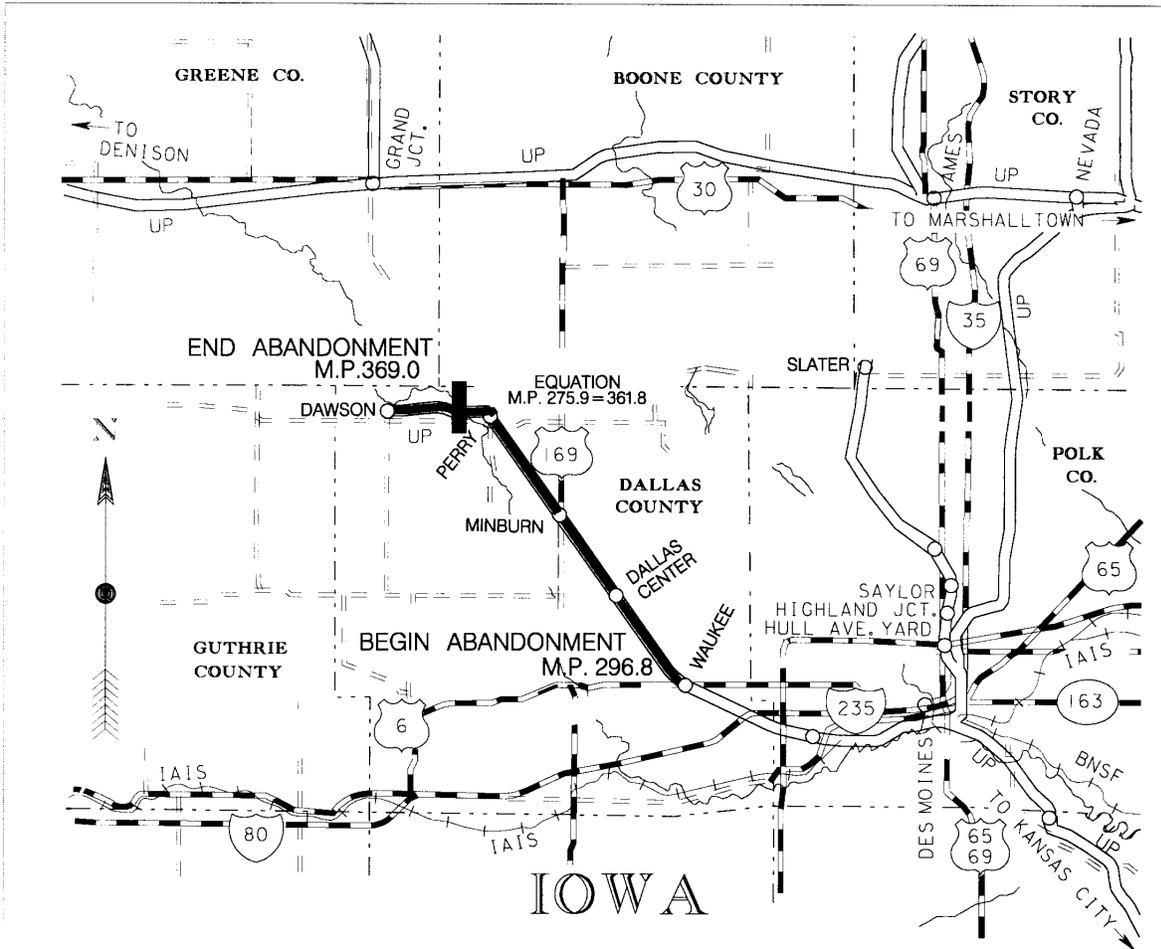
SUBSCRIBED AND SWORN TO
before me this 26th day of
May, 2004.



Notary Public

My Commission expires: _____





STATION	MILE POST	AGENCY
DAWSON	367.5	NO
PERRY	361.8 = 275.9	NO
MINBURN	282.9	NO
DALLAS CENTER	289.0	NO

BRIDGE NO.	BRIDGE TYPE	TOTAL LENGTH	DATE
BR 363.5	2-110' TT SPANS	220'	1941
	5-48' DPG SPANS	240'	1941
	3-45' DPG SPANS	135'	1941
	19-SPAN TPTBD	304'	1941

LEGEND

- RR LINES TO BE ABANDONED
- OTHER UPRR LINES
- OTHER RAILROADS
- 50+ YEAR OLD STRUCTURES
- PRINCIPAL HIGHWAYS
- OTHER ROADS

Perry Subdivision
M.P. 296.8 TO M.P. 275.9 (EQUATION: 275.9=361.8) and M.P. 361.8 TO M.P. 369.0
PERRY SUBDIVISION A TOTAL OF 28.1 MILES
IN DALLAS COUNTY, IOWA

UNION PACIFIC RAILROAD
PERRY SUBDIVISION

INCL. 50+ YEAR OLD STRUCTURES

SCALE MILES

AB0334_DAWSON_WAUK.DGN ;032503

SEPTEMBER 11, 2003

**VERIFIED STATEMENT
OF
HANS MATTHIESSEN**

My name is Hans Matthiessen. I am a Senior Project Manager-Economic Research and Analysis for Union Pacific Railroad Company ("UP") with an office address of 1416 Dodge Street, Omaha, Nebraska 68179. I hold a Bachelor of Science degree in Business Administration from Iowa State University. I was employed by Chicago North Western Transportation Company ("CNW") from 1969 to 1995. I began my employment with UP in 1995, after merger of CNW into UP. My present responsibilities include regulatory planning and analysis. I held a similar position at CNW during the period 1989-1995.

The purpose of this statement is to provide information regarding the financial results of UP's operation over that portion of the Perry Subdivision between M.P. 296.8 near Waukee to M.P. 363.5 near Perry in Dallas County, Iowa (Equation M.P.275.9 = 361.8) (the "Line") and to explain how revenues and on-branch and off-branch cost components included in the financial exhibit were developed. That portion of the Perry Subdivision from M.P. 363.5 near Perry to M.P. 369.0 near Dawson was not included in this analysis in that there is no business on this segment of the Perry Subdivision.

EXHIBIT 1

SUMMARY - REVENUE AND COST DATA

Exhibit 1 is an exhibit reflecting the revenue and cost for this Line for a Base Year

from April 1, 2003 through March 31, 2004. The Forecast Year is from June 1, 2004 to May 31, 2005. Exhibit 1 is prepared in accordance with 49 C.F.R. § 1152.31 -.34. I utilized 2003 STB Annual Report (R1) as well as the 2002 Uniform Railroad Costing System (URCS).

A. Revenues - Exhibit 1

Line 1 represents the total system revenues earned by UP for hauling traffic that terminated or originated on this Line. In the Base Year, UP earned \$422,980, for 211 carloads of meat, meat by-products and fertilizers and \$304,972 for 131 carloads in the Forecast Year. The Forecast Year includes the same traffic as the Base Year with the exception that Heartland Coop has move its fertilizer receipts to a different location off the Line. In Forecast Year, Tyson Fresh Meats will ship 103 carloads of meat and meat by-products for \$261,355, Farmers Cooperative will receive 27 carloads of fertilizers for \$42,613 and Quebecor World will receive one (1) carload of newsprint for \$1,004. Line 2 represents revenue earned from bridge traffic on the Line. Since there is no bridge traffic, it is blank. Line 3 represents all other revenue earned by UP on this Line. Since there is no other revenue associated with the Line, it is blank. Line 4 is the total revenue attributable to this Line and is the sum of Lines 1 through 3.

B. Avoidable Costs (Operations) - Exhibit 1

Lines 5(a) through 5(k) represent the on-branch costs for operating this Line. The Line is served by LTJ50, a once a week local (Sundays) operating out of Des Moines, IA with a three person crew using one low horsepower locomotive. In the Base Year, the local had 52 round trips on the branch line at six hours and 44 train miles per trip to handle the 211 carloads of traffic. The Forecast Year has 51 round trips on the branch line at six

hours and 44 train miles per trip to handle 131 carloads of traffic. The majority of trips on the Line is to handle Tyson Fresh Meat traffic which requires the weekly trip. The Base Year had 2,288 train miles and 312 train hours and the Forecast Year had 2,244 train miles and 306 train hours.

Maintenance of Way and Structures costs, for the Base Year and Forecast Year, were based on normalized maintenance expense of \$5,242 a mile. Normalized maintenance expense is the annual amount needed to maintain the Line to a Class I level for the long term. Annual normalized maintenance of way expense for the entire Line needed to serve the existing customers would amount to \$118,477 for the 22.6 mile portion of the Perry Subdivision.

Maintenance of Equipment costs, for the Base and Forecast Years, include locomotive repair and maintenance and depreciation costs allocated to the Line by on-branch locomotive hours of 312 for Base Year and 306 for Forecast Year and locomotive miles of 2,288 for Base Year and 2,244 for Forecast Year. For the Forecast Year, locomotive repair and maintenance costs are \$1,555 and locomotive depreciation is \$819. Transportation costs are crew wages, locomotive fuel, train inspection and supplies, and locomotive servicing. These costs are allocated to the Line based on on-branch avoidable crew wages, locomotive hours and miles. There are avoidable crew wages savings of up to four hours of overtime per trip for a three person crew and the cost of several recrews because the first crew reach their hours of service on the Line and a second crew was required to bring the train back to Des Moines. The following is a breakdown of the on-branch transportation costs of \$57,439 for Forecast Year.

	<u>Forecast Year</u>
Avoidable Crew Wages	\$ 33,243
Train Inspection Lubrication	4,027
Train Fuel	19,719
Locomotive Servicing	<u>450</u>
On-Branch Transportation Costs	<u>\$ 57,439</u>

Freight Car expenses are calculated using unit costs developed in accordance with Surface Transportation Board regulations and URCS costing methodology. Return on Value - Locomotives is based on the replacement cost of a rebuilt low horsepower locomotive. Return on Value - Freight Cars is based on the rebuilt cost for equipped box, mechanical refrigerator and tank cars and replacement cost for the covered hopper cars.

Lines 6(a) and 6(b) represent the off-branch costs of the line haul traffic which terminate on this Line and was computed using the URCS. Line 6(c) represents the Make-Whole add-on costs calculated using 2002 UP Manual Make-Whole data sheet and Appendix A work sheet. This cost represents only the off-branch portion. Industry switch event - local used 1 switch event instead of 2 switch events and car miles are only off-branch miles.

Line 7 is the total avoidable cost incurred in operating this Line and is the sum of Line 5 and Line 6.

C. Avoidable Gain (Loss) from Operations - Exhibit 1

The total appearing immediately below Line 7 is the result from operation of the Line, excluding return on value for road property. It is Line 4 minus Line 7. As shown on this Line, UP's operation would result in a substantial operating loss of \$75,156 during the Base Year and \$115,314 for Forecast Year.



COPY

May 11, 2004

VIA U.P.S. OVERNIGHT

Surface Transportation Board
Section of Environmental Analysis
1925 "K" St., N.W., Room 504
Washington, DC 20423-0001

Attention: Victoria Rutson

**RE: Docket No. AB-33(Sub-No.213X), Union Pacific Railroad Company
- Abandonment Exemption - - In Dallas County, Iowa
(The Perry Subdivision)**

Dear Ms. Rutson:

Enclosed for filing in the above-referenced docket is the original and ten (10) copies of a Combined Environmental and Historic Report prepared pursuant to 49 C.F.R. §1105.7 and §1105.8, with a Certificate of Service, and a transmittal letter pursuant to 49 C.F.R. §1105.11.

Union Pacific anticipates filing a Petition for Exemption in this matter on or after June 1, 2004.

Sincerely,
A handwritten signature in black ink, appearing to read "Mack H. Shumate, Jr." with a stylized flourish at the end.

Enclosures

O:\ABANDONMENTS\33-213X\STB-EHR.wpd

Mack H. Shumate, Jr.
Senior General Attorney, Law Department

UNION PACIFIC RAILROAD
101 N. Wacker Dr., Rm. 1920, Chicago, IL 60606-1718
ph. (312) 777-2055 fx. (312) 777-2065