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Office of Proceedings

AUG 04 2009

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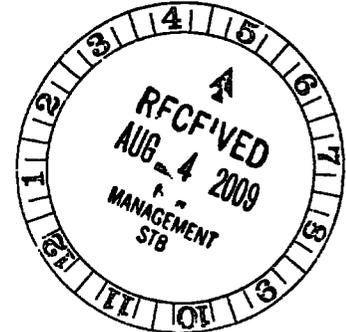
William A. Mullins

Direct Dial: (202) 663-7823
E-Mail: wmullins@bakerandmiller.com

August 4, 2009

BY HAND DELIVERY

The Honorable Anne K. Quinlan, Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001



Re: *Union Pacific Railroad Company – Abandonment – In New Madrid, Scott, and Stoddard Counties, Missouri*
STB Docket No. AB-33 (Sub-No. 261)

Dear Acting Secretary Quinlan:

Enclosed are an original and eleven copies of a Revised Offer of Financial Assistance (“Revised OFA”) under 49 CFR 1152.27, pursuant to which Mississippi Central Railroad Co. (“MSCI”) proposes to acquire and to continue rail common carrier service over a 4.85-mile rail line owned by the Union Pacific Railroad Company (“UP”), which line segment is the subject of the above-docketed rail line abandonment proceeding. Accompanying the Revised OFA are exhibits in support of the OFA that offer evidence and testimony deemed lacking in MSCI’s original OFA filed on July 27, 2009.

Pursuant to 49 CFR 1002.2(f)(25), enclosed is a check for \$1,500.00 covering the applicable OFA filing fee. Please acknowledge receipt and filing of the Revised OFA by time stamping the eleventh copy and returning it to the courier for return to me. If there are any questions about this matter, please contact me directly, either by telephone: (202) 663-7823 or by email: wmullins@bakerandmiller.com.

Respectfully submitted,

FEE RECEIVED

AUG - 4 2009

**SURFACE
TRANSPORTATION BOARD**

William A. Mullins
Attorney for Mississippi Central Railroad Co.

Enclosures

Cc: Michael J. Carr, Daniel A. LaKemper, parties of record

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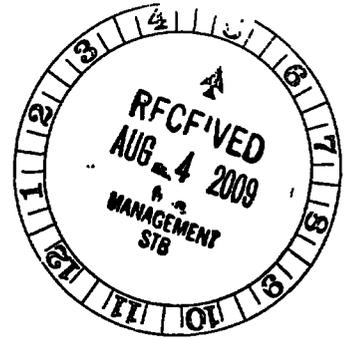
**SURFACE
TRANSPORTATION BOARD**

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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

DOCKET NO. AB-33 (Sub-No. 261)

**UNION PACIFIC RAILROAD COMPANY
- ABANDONMENT -
NEW MADRID, SCOTT AND STODDARD COUNTIES, MISSOURI**



REVISED OFFER OF FINANCIAL ASSISTANCE

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TRANSPORTATION BOARD**

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Attorneys for Mississippi Central Railroad Co.

Dated: August 4, 2009

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

DOCKET NO. AB-33 (Sub-No. 261)

**UNION PACIFIC RAILROAD COMPANY
– ABANDONMENT –
IN NEW MADRID, SCOTT AND STODDARD COUNTIES, MISSOURI**

REVISED OFFER OF FINANCIAL ASSISTANCE

On July 27, 2009, Mississippi Central Railroad Co. (“MSCI”), a Class III rail carrier, filed with the Board an Offer of Financial Assistance (“OFA”) to purchase a portion of the rail line that is the subject of the above-docketed abandonment proceeding.¹ Specifically, MSCI invoked the OFA provisions to acquire a 4.85-mile portion of the subject rail line in Scott County, MO, between milepost 208.95, near Sikeston, and milepost 213.8, in Sikeston, for a total purchase price of \$302,990. (Hereinafter, the 4.85 mile segment of the UP line that MSCI seeks to acquire will be referred to as the “Line.”)

In its July 30 Decision, the Board cited Conrail Abandonments under NERSA, 365 I.C.C. 472 (1981) and 49 CFR 1152.27(c)(1)(ii)(B) for the general proposition that, while an OFA to acquire a line for continued rail service need not be detailed, the offeror – in this case, MSCI – must show that it is financially responsible and that its offer is reasonable. Upon reviewing MSCI’s July 27 filing, the Board concluded that MSCI had not adequately buttressed its OFA

¹ In a decision of the Director of the Office of Proceedings served in this docket on July 30, 2009 (late release) – the “July 30 Decision” – the Board observed that MSCI had filed its OFA one day beyond the original OFA filing deadline. Nevertheless, noting that Union Pacific Railroad Company (“UP”) did not object to MSCI’s June 27 submission, the Board accepted the filing to determine whether or not MSCI had made sufficient showings to justify initiating an OFA proceeding.

with evidence of MSCI's financial responsibility,² and that MSCI had not provided sufficient explanation for the discrepancy between its offer of \$302,990 for the Line and UP's corresponding salvage valuation of \$446,461. For these reasons, the Board rejected the OFA. Although the Board did not comment about whether MSCI would be permitted to correct the defects in its July 27 filing by filing a revised OFA filing, as others have recently been permitted to do,³ MCSI presumes that recent precedent is applicable and hereby submits this revised OFA

As it has recently done in another abandonment proceeding, the Board should accept this Revised OFA and allow the OFA process to proceed. Just two weeks prior to the Board's July 30 Decision, the Board issued its decision in ARZC-Abandonment. In that case, the offeror was seeking to acquire a rail line authorized for abandonment, and had filed an OFA that the Board, as here, deemed deficient for at least one of the identical reasons set forth in the July 30 Decision. In that case, however, the Board rejected the OFA "without prejudice to refiling." No such identical language was set forth in the July 30 Decision, although to be consistent, the Board should have included such identical language here. In the ARZC-Abandonment case, the offeror re-filed its OFA seven days after its original OFA filing was rejected (and 12 days past the STB-prescribed OFA deadline), and the Board not only accepted the re-filed OFA, but also permitted the OFA process to proceed.

Likewise, in light of the ARZC-Abandonment precedent and the very similar posture of that abandonment proceeding to the one at issue here, MSCI, pursuant to its "Notice of Intent to

² MSCI had stated that it is financially responsible, noting that it had received a commitment from its parent company, Pioneer Railcorp ("Pioneer"), to finance the purchase of the line segment with a no-interest loan. Although Pioneer's financial commitment to the transaction might reasonably be inferred, the Board noted the absence of a separate expression of commitment from Pioneer, MSCI's corporate parent.

³ See Arizona & California Railroad Company – Abandonment Exemption – In San Bernardino and Riverside Counties, CA, STB Docket No. 1022 (Sub-No. 1X) (STB served July 15, 2009) ("ARZC-Abandonment").

File an Offer of Financial Assistance” filed on June 16, 2009 and in view of the Board’s Decision in this proceeding served on June 24, 2009,⁴ hereby tenders its Revised OFA to purchase the Line – again, a part of the UP-owned rail line extending from milepost 208.95, near Sikeston, to milepost 213.8, in Sikeston, Scott County, MO. This revised OFA resolves the two deficiencies noted in the July 30 Decision, and as in ARZC Abandonment, the Board should find this revised OFA consistent with Conrail Abandonments under NERSA, 365 I.C.C. 472 (1981) and 49 CFR 1152.27(c)(1)(ii)(B) and allow the OFA to proceed.

A. The Difference Between UP’s Valuation And MSCI’s Valuation

Relying upon the information provided by UP in response to MSCI’s notice of intent to file an OFA and MSCI’s related request for information to UP regarding the salvage value of the Line, MSCI offers to purchase the Line for the amount of \$302,990. This offer is based upon an estimated net salvage value for materials of \$282,751, and an estimated net real estate value of \$20,239. MSCI acknowledges that its offer is lower than the amount that UP has estimated the Line to be worth (\$446,461). The reason for this fairly modest discrepancy is that, while MSCI has accepted the amount of land, rail, and track material comprising the Line in UP’s valuation estimates, including the specific quantities of each grade of rail and crosstie contained in UP’s estimate, MSCI disagrees as to the per-unit values of each grade of rail, crossties, and the per ton salvage value of other track material (“OTM”). Attached as Exhibit A is a formal breakdown of MSCI’s estimate of the value of the Line along with UP’s estimates for the same line segment. Exhibit A clearly demonstrates that UP’s and MSCI’s valuation estimates differ only with respect to the per ton value of the rails and OTM, and the per tie value of the crossties along the

⁴ The Board’s decision set a deadline of Friday, July 24, for the submission of an OFA. UP agreed to an extension of the time for submission of an OFA to Monday, July 27, 2009.

Line.⁵

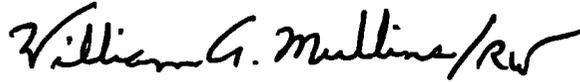
B. MSCI Is Financially Responsible

MSCI is a financially responsible party. It is an established Class III carrier, has been in operation for 17 years, and has received a commitment from its corporate parent, Pioneer, to finance the purchase with a no-interest loan. In support of MSCI's efforts to acquire the Line, Pioneer's President and CEO, J. Michael Carr (who is also president of MSCI), has supplied a verified statement as evidence of Pioneer's commitment to fund the proposed transaction for its corporate subsidiary. Mr. Carr's verified statement is attached hereto as Exhibit B. Among other things, Mr. Carr states that, as of the end of the Second Quarter of 2009, Pioneer had unrestricted cash on hand in excess of \$600,000, more than that which would be needed to acquire the Line even under UP's valuation estimate. MSCI is prepared to close on the proposed rail line transaction within thirty days.

⁵ For example, while MSCI accepts UP's estimate that there are 679.55 tons of reroll rail on the Line, UP estimates the salvage value of this reroll rail at \$242/ton. MSCI, on the other hand, believes that such rail should more appropriately be valued at \$200/ton. Similarly, Exhibit A demonstrates that, while UP and MSCI agree as to the number of relay/reuse ties on the Line (5,976), UP contends that such ties have a salvage value of \$10/tie. MSCI, on the other hand, believes that such ties should be valued at \$5/tie.

MSCI respectfully requests that the Board accept its Revised Offer of Financial Assistance, which has been promptly submitted to fully satisfy the filing requirements of 49 CFR 1152.27.

Respectfully submitted,

Handwritten signature of William G. Mullins in black ink, followed by a slash and the initials 'RW'.

William A. Mullins
Robert A. Wimbish
Baker & Miller PLLC
2401 Pennsylvania Ave., NW
Suite 300
Washington, D.C. 20037
Tel.: (202) 663-7820
Fax: (202) 663-7849

Attorneys for Mississippi Central Railroad Co.

Dated: August 4, 2009

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Revised Offer of Financial Assistance was served on August 4, 2009, by overnight delivery and/or e-mail transmission, upon the following:

Gabriel S. Meyer
Union Pacific Railroad Company
Union Pacific Building
1400 Douglas Street
Stop 1580
Omaha, NE 68179
Gmeyer@UP.com

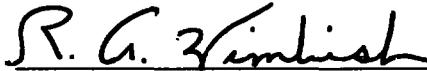
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Roy W. Morton
Steward Steel, Inc.
P.O. Box 551
Sikeston, Missouri 63801
573-471-2336

Rodney P. Massman
Missouri Department of Transportation
P.O. Box 270
Jefferson City, Missouri 65102
573-751-6555

Edwar W. Rodzwick
Brotherhood of Locomotive Engineers
1370 Ontario St.
Cleveland, Ohio 44113
216-241-6516



Robert A. Wimbish

MSCI Salvage Value Estimate – MP208.95-MP213.8

Salvage value of Materials

Reroll Rail @ \$200/ton	679.55 tons	\$135,910
Scrap Rail @ \$120/ton	299.82 tons	35,978
Relay Rail @ \$600.00/ton	420.85 tons	252,510
OTM scrap @ \$150.00/ton	434.55 tons	65,183
Relay ties @ \$5/tie	5,976	29,880
#1 Landscape ties @ \$3/tie	5,980	17,940
#2 Landscape ties @ \$1/tie	4,784	4,784
Total		\$542,185
Less Removal Costs		(259,434)
Net Salvage – Materials		\$282,751

Real Estate:

West of town property @ \$1,000/acre =	\$ 10,697
In-town property @ \$2,000/acre =	9,612.
Total Real Estate	\$ 20,239

TOTAL \$302,990

UP Valuation - MP 208.95 to MP 210.56

NET LIQUIDATION VALUE OF TRACK & BRIDGES

Sikeston Ind. Ld. (MP 208.95 to MP 210.56 Point of Switch, P. Plant)

15-May-09

M.P. 208.95 TO 210.56 = 1.81 TRACK MILES*
 MISCELLANEOUS SIDINGS = 1.96 TRACK MILES
3.67 TOTAL T.M.S

TRACK COMPONENTS

Rail Weight	RAIL		OTM	SWITCHES			Net Tons	NET TONS
	Track Miles	Net Tons	Net Tons	No. 7	No. 8.5 & No. 9	No. 10		
136#		0.00	0.00				0.00	0.00
133#		0.00	0.00				0.00	0.00
132#		0.00	0.00				0.00	0.00
131#		0.00	0.00				0.00	0.00
119#		0.00	0.00				0.00	0.00
115#		0.00	0.00				0.00	0.00
112	1.61	317.36	92.64			3	13.88	423.79
110#		0.00	0.00				0.00	0.00
100#		0.00	0.00				0.00	0.00
90#	1.67	248.03	61.22				0.00	309.26
85#		0.00	0.00				0.00	0.00
80#		0.00	0.00				0.00	0.00
75#	0.39	52.03	11.37				0.00	63.39
Total:	3.67	617.42	185.13				13.88	796.44

TIES		CURRENT MARKET VALUE
SWITCH TIES	201 EA	
CROSS TIES	10633 EA	
TOTAL TIES	10834 EA	

VALUE OF TRACK COMPONENTS

MAIN & SIDE TRACKS:	273.51 N.T. x	\$242.00 /N.T. =	\$66,190 Reroll Rail
MAIN & SIDE TRACKS:	121.76 N.T. x	\$183.00 /N.T. =	\$22,281 Scrap Rail
MAIN & SIDE TRACKS:	222.16 N.T. x	\$650.00 /N.T. =	\$144,400 No 2 Qual Rail
O.T.M. & Turnouts:	179.01 N.T. x	\$246.00 /N.T. =	\$43,858 Scrap Material
SWITCH & CROSS TIES :	3,369 ea. x	\$10.00 ea. =	\$33,685 Reusable Ties
SWITCH & CROSS TIES :	2,709 ea. x	\$5.00 ea. =	\$13,543 Landscape Ties #1
SWITCH & CROSS TIES :	2,167 ea. x	\$3.00 ea. =	\$6,500 Landscape Ties #2
SWITCH & CROSS TIES :	2,800 ea. x	\$0.00 ea. =	\$0 Scrap Ties

TOTAL TRACK VALUE \$330,357

BRIDGE VALUE \$591

TOTAL VALUE \$330,948

REMOVAL COSTS

TRACK REMOVAL	3.67 T.M.s @	\$8,850 Per Mile	\$31,695
SWITCH & CROSS TIES	10834 Ea. @	\$3.00 Ea.	\$32,502
BRIDGE REMOVAL COSTS			\$8,862
RD CROSSING REMOVAL	64 Feet	\$100.00 Per Ft.	\$6,400
TOTAL REMOVAL			\$78,359

NET LIQUIDATION VALUE \$251,590

UP Valuation - MP 210.56 to MP 213.8

NET LIQUIDATION VALUE OF TRACK & BRIDGES

Miner Ind. Ld. (MP 210.56 Sikeston Power Plant to MP 213.8 near Miner), MO.

15-May-09

M.P.	210.56	TO	213.80	=	3.24 TRACK MILES*
	MISCELLANEOUS SIDINGS			=	0.95 TRACK MILES
					4.19 TOTAL T.M.S

TRACK COMPONENTS

Rail Weight	RAIL		OTM	SWITCHES			NET TONS		
	Track Miles	Net Tons	Net Tons	No. 7	No. 8.5 & No. 9	No. 10			
136#		0.00	0.00				0.00	0.00	
133#		0.00	0.00				0.00	0.00	
132#		0.00	0.00				0.00	0.00	
131#		0.00	0.00				0.00	0.00	
119#		0.00	0.00				0.00	0.00	
115#		0.00	0.00				0.00	0.00	
112	1.44	283.85	82.77			7	32.38	399.01	
110#	1.80	348.48	95.70			2	7.55	451.73	
100#		0.00	0.00				0.00	0.00	
90#	0.95	150.48	37.14				0.00	187.62	
85#		0.00	0.00				0.00	0.00	
80#		0.00	0.00				0.00	0.00	
75#		0.00	0.00				0.00	0.00	
Total:	4.19	782.81	215.61				39.93	1038.36	

TIES

SWITCH TIES	803 EA
CROSS TIES	12480 EA
TOTAL TIES	13083 EA

CURRENT MARKET VALUE

VALUE OF TRACK COMPONENTS

MAIN & SIDE TRACKS:	406.04 N.T. x	\$242.00 /N.T. =	\$98,262 Reroll Rail
MAIN & SIDE TRACKS:	178.07 N.T. x	\$183.00 /N.T. =	\$32,587 Scrap Rail
MAIN & SIDE TRACKS:	198.70 N.T. x	\$650.00 /N.T. =	\$129,153 No 2 Qual Rail
O.T.M. & Turnouts:	255.54 N.T. x	\$245.00 /N.T. =	\$62,608 Scrap Material
SWITCH & CROSS TIES :	2,617 ea. x	\$10.00 ea. =	\$26,166 Reusable Ties
SWITCH & CROSS TIES :	3,271 ea. x	\$5.00 ea. =	\$16,354 Landscape Ties #1
SWITCH & CROSS TIES :	2,817 ea. x	\$3.00 ea. =	\$7,850 Landscape Ties #2
SWITCH & CROSS TIES :	4,579 ea. x	\$0.00 ea. =	\$0 Scrap Ties

TOTAL TRACK VALUE \$372,980

BRIDGE VALUE \$1,965

TOTAL VALUE \$374,945

REMOVAL COSTS

TRACK REMOVAL	4.19 T.M.s @	\$8,850 Per Mile	\$37,082
SWITCH & CROSSTIES	13083 Ea. @	\$3.00 Ea.	\$39,249
BRIDGE REMOVAL COSTS			\$25,544
RD CROSSING REMOVAL	782 Feet	\$100.00 Per FL	\$78,200

TOTAL REMOVAL \$180,076

NET LIQUIDATION VALUE \$194,871

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB DOCKET NO. AB-33 (Sub No. 261)

**UNION PACIFIC RAILROAD COMPANY
– ABANDONMENT –
IN NEW MADRID, SCOTT, AND STODDARD COUNTIES, MO**

VERIFIED STATEMENT OF J. MICHAEL CARR

My name is J. Michael Carr. I am the President and Chief Executive Officer (“CEO”) of Pioneer Railcorp, Inc (“Pioneer”). Pioneer was incorporated in 1986 for the purpose of entering the railroad business. Pioneer is a holding company that controls two business segments – railroad operations and railroad equipment leasing. Through Pioneer’s railroad operation segment of our business portfolio, we control 16 railroad subsidiaries, including Mississippi Central Railroad Co., a Class III rail carrier (“MSCI”). I also serve as president of MSCI.

The purpose of my statement here is to – (1) reinforce certain statements contained in MSCI’s original Offer of Financial Assistance (“OFA”) filed on July 27, 2009 in the above-captioned proceeding; and (2) offer testimony in support of MSCI to establish that MSCI is financially responsible for the purposes of the transaction contemplated in the Revised OFA that MSCI has chosen to file in connection with its continued efforts to preserve rail service over a portion of rail line in Missouri that would otherwise be abandoned.

In its July 27, 2009 OFA, MSCI offered to pay Union Pacific Railroad Company (“UP”) \$302,990 for 4.85 miles of rail line between milepost 208.95, near Sikeston, to milepost 213.8, in Sikeston (the “Line”). The Line is a portion of a longer line segment that is the subject of the

above-captioned abandonment proceeding. MSCI's purchase offer is based upon the information provided by UP as to the salvage value and quality of real estate title comprising the Line, albeit with certain adjustments to per-unit costs that MSCI has deemed more in line with actual salvage values for rail ties, and other track material as discussed in the Revised OFA.

In the July 27, 2009 OFA filing, MSCI stated that it had received a commitment from its corporate parent, Pioneer, to finance the purchase of the Line with a no-interest loan. The Board criticized MSCI for not providing a direct, written commitment on this issue with its original OFA. As Pioneer's president and CEO, I am responsible for financial reporting to the Board of Directors, Pioneer shareholders, all financing activities, stock transfer activities, and the day-to-day functions of Pioneer's accounting staff.

I hereby verify and certify that, as of the close of the second financial quarter for 2009, Pioneer had unrestricted cash on hand in excess of \$600,000. I also hereby verify and certify that I am willing on behalf of Pioneer to commit such funds as necessary toward MSCI's purchase of the Line. Specifically, as Pioneer's president and CEO, I hereby commit Pioneer to providing its subsidiary, MSCI, with a no-interest loan in the amount of at least \$302,990 in order to finance MSCI's acquisition of the Line.

VERIFICATION

I, J. Michael Carr, verify under penalty of perjury that the foregoing is true and correct.

Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on August 4, 2009

A handwritten signature in black ink that reads "J. Michael Carr". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

J. Michael Carr