

225269



Mr. Michael J. Barron, Jr.
June 24, 2009
STB AB-290, Sub-No. 297X
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the Board or reject the terms and withdraw from the STB proceeding or allow the notice of intent to expire.

Very truly yours,

James R. Paschall
James R. Paschall

Enclosure

In accordance with the Board's decision directing NSR to directed to notify the Board in writing that it has provided VFRL with the information requested, I am sending to the Board a copy of this letter as the required notice.

cc: Via fax 202-245-0458

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

ENTERED
Office of Proceedings

JUN 24 2009

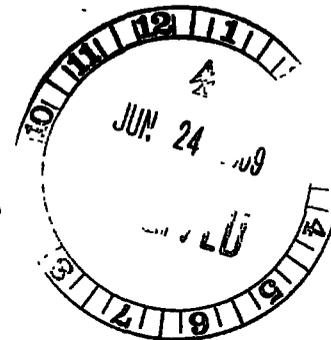
Part of
Public Record



Norfolk Southern Corporation
Law Department
Three Commercial Place
Norfolk, Virginia 23510-9241



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June 24, 2009

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Chicago, Illinois 60606-2832

ENTERED
Office of Proceedings

JUN 24 2009

Part of
Public Record

Re: STB Docket No. AB-290 (Sub. No. 297X), Norfolk Southern Railway Company - Discontinuance of Service Exemption - In Chester County, PA - Offer of Financial Assistance Information

Dear Mr. Barron:

Norfolk Southern Railway Company (NSR) filed a notice of exemption to discontinue service over a 7.70-mile line of railroad between milepost PX 3.10 and milepost PX 10.80 in Phoenixville, Chester County, PA with the Surface Transportation Board (STB) in the subject docket. The exemption was scheduled to become effective on December 7, 2007. Valley Forge Railways, Ltd. (VFRL), filed a formal expression of intent to file an Offer of Financial Assistance (OFA) to subsidize continued rail service over the line. The Board tolled the time period for VFRL to file an OFA until 7 business days after NSR provided it with the information prescribed in 49 CFR 1152.27(a) that is required for the filing of a subsidy offer.

VFRL's interest is not in subsidizing freight service over the line, because there is none. Rather, VFRL apparently filed its notice of intent to file an OFA to preserve at least for one year its option to run weekend passenger excursion trains over a portion of the line under a license agreement with Consolidated Rail Corporation, NSR's predecessor as owner of the line. The ultimate purpose may have been to provide time to negotiate a revised arrangement or to allow local interests to negotiate for purchase of the line.

Whatever the purpose of the notice of intent and without determining the validity and status of the license agreement (which, among other things) appears to have expired), NSR believed and still intends to proceed under the assumption that this



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proceeding can be satisfactorily progressed and concluded without bringing those matters into issue. NSR decided initially to negotiate with VFRL and then with the County and a local group concerning the status of the line. No agreement has been reached with VFRL or any other party, although Phoenixville parties have received some funding and are still interested in negotiating for the acquisition of the line. Their specific interest appears to be in using the line for future commuter service. While their interests may coincide with VFRL's interest, this matter has been long delayed while these alternate proposals have been developed. Inasmuch as the exemption requested in NSR's notice is only for discontinuance of service, there is no need to further delay this matter while these other alternatives are studied and pursued.

Under the statute and the Board's regulation, VFRL only can subsidize the operation of the line for one year, after which NSR can formally discontinue service over the line. Thus, the handling of the matter thus far has allowed the line to remain in active status for longer than it could have remained in that status for the maximum subsidy period if NSR had immediately responded to VFRL's request with information concerning determination of a subsidy amount. Since the ultimate status or disposition of the line may not be determined for some time, in order to conclude the STB proceeding and make the discontinuance effective, I enclose information concerning the condition of the line and an estimate of the cost of rehabilitation of the line in order to safely provide service over the line if VFRL still wishes to pursue its OFA to subsidize operation over the line for one year. There is no traffic on the line and thus there is no traffic and revenue data. The net liquidation value of the line is not relevant to the determination of a subsidy amount in a line discontinuance proceeding.

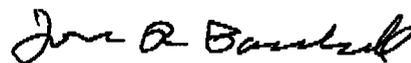
The enclosed rehabilitation cost document shows that the estimated rehabilitation cost for the line segment that was the subject of this proceeding is \$2,319,809.00. However, the adjacent 3.1 miles of line also would need to be rehabilitated at a cost of \$1,052,563 in order to operate over the subject segment. Thus, the subsidy amount for making the line available for the continuation of service for another year would be \$3,372,372.

The Board's decision served December 7, 2007 allows 7 business days from VFRL's receipt of this information to file an OFA with the Board. I ask that you advise us directly whether VFRL will accept these terms or act upon them to file an OFA with

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the Board or reject the terms and withdraw from the STB proceeding or allow the notice of intent to expire.

Very truly yours,


James R. Paschall

Enclosure

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395 E Street, S.W.
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NORFOLK SOUTHERN RAILWAY COMPANY
4600 Deer Path Road
Harrisburg, PA 17110



HARRISBURG DIVISION

The Phoenixville Industrial Track between Mileposts PX 0.00 and PX 10.8 has been out of service for at least four years.

The Phoenixville IT track has extremely poor crosstie condition and does not meet class 1 FRA standards.

The Phoenixville IT is overgrown with weeds, brush, and trees.

There are two bridges on the Phoenixville IT that also have poor tie condition and are unusable. The steel and concrete of these bridges also requires work before they could be put in service.

There are five road crossings Phoenixville IT that would need to be re-worked to put the line back in service.

An estimate of costs to rehabilitate the line to FRA Class I standards has been prepared based on the work currently known to be required. The rehabilitation cost estimate for the line between Mileposts PX 3.1 and PX 10.8 is \$2,319,809.00. The rehabilitation cost estimate for the line between Mileposts PX 0.0 and PX 3.1 is \$1,052,563. The total rehabilitation cost estimate for the Phoenixville Industrial Track between Mileposts PX 0.00 and PX 10.8 is \$3,372,372 as of May 29, 2009.

Older formal line condition reports prepared by Conrail are not readily available and may no longer be in storage.

Eddie R. Otey
Division Engineer
717-541-2112

As of May 29, 2009

**PROPOSED ESTIMATE OF COSTS TO
REHABILITATE PHOENIXVILLE IT - HARRISBURG DIV
MP PX 0.00 TO PX 10.8**

PREPARED 5/29/2009

MILES 10.80 MAINLINE
0.00 SIDING/LEADS
10.80 TOTAL MILES

T & S GANG (37-MAN) - MAINLINE

Production rate: (miles per day)	1.54	1234	Ties per Day		
Number of days	7.0	10.80	miles		
DIRECT COSTS:			ESTIMATED COST	PX 0 - 3.1	PX 3.1 - 10.8
Wages - BMW			\$76,685	\$22,011	\$54,674
Expense reimbursements			\$15,976	\$4,686	\$11,390
Meals & Lodging			\$19,171	\$5,503	\$13,668
Crossties, new	800 / mile	\$43.56	\$376,358	\$108,029	\$268,330
Crossties, relay	0 / mile	\$0.00	\$0	\$0	\$0
Ballast (Mainline)	600 tons/mile	\$8.04	\$52,099	\$14,954	\$37,145
Switch ties	180 each	\$63.00	\$11,340	\$3,255	\$8,085
Track spikes	184 kegs	\$107.20	\$19,725	\$5,662	\$14,063
Other material & expenses			\$11,503	\$3,302	\$8,201
Sub-Total			\$682,857	\$167,302	\$415,556
LABOR ADDITIVES / FRINGES			\$103,233	\$29,632	\$73,601
COMPANY MATERIAL HANDLING			\$97,305	\$27,930	\$69,375
OTHER ADDITIVES			\$2,147	\$616	\$1,531
EQUIPMENT / VEHICLES			\$75,374	\$21,635	\$53,739
Sub-Total			\$278,059	\$79,813	\$198,245
TOTAL			\$860,916	\$247,115	\$613,801

DIVISION SUPPORT

BMW					
Unload ballast			\$2,527	\$725	\$1,802
T&S support, including switch-ties	10.8 miles		\$33,858	\$9,719	\$24,140
Fringes			\$48,981	\$14,069	\$34,922
Small tools, miscellaneous expenses			\$2,647	\$731	\$1,816
Expense reimbursements			\$5,458	\$1,567	\$3,891
TOTAL			\$93,371	\$26,801	\$66,570

C&S SUPPORT

Routine C&S work with production T&S gang	\$850 PER MILE		\$9,180	\$2,635	\$6,545
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GRADE CROSSINGS

384 CROSSING FEET

LABOR					
Wages - BMW	1.75 hrs. / trk ft.		\$15,505	\$9,691	\$5,815
Expense reimbursements			\$2,326	\$1,454	\$872
Meals & Lodging			\$0	\$0	\$0
MATERIAL					
384 Feet Epiflex Rubber		\$52.53	\$20,172	\$12,606	\$7,565
307 Tons Asphalt		\$200.00	\$61,400	\$38,375	\$23,025
ASPHALT DISPOSAL	33.00%	101 TONS	\$11.71	\$1,183	\$739
FLAGGING			\$1,506	\$941	\$565
Sub-Total			\$102,092	\$63,808	\$38,285
LABOR ADDITIVES / FRINGES			\$22,901	\$14,313	\$8,588
COMPANY MATERIAL HANDLING			\$17,130	\$10,706	\$6,424
OTHER ADDITIVES			\$246	\$154	\$92
EQUIPMENT / VEHICLES			\$16,721	\$10,450	\$6,270
Sub-Total			\$56,997	\$35,623	\$21,374
TOTAL			\$159,089	\$99,431	\$59,659

BRIDGE REHABILITATION

Bridge at PX-0.79

Labor	\$92,650	\$92,650
Expense Labor	\$8,966	\$8,966
Material	\$128,700	\$128,700
Other	\$5,000	\$5,000
Sub-Total	<u>\$235,316</u>	<u>\$235,316</u>
LABOR ADDITIVES / FRINGES	\$136,795	\$136,795
COMPANY MATERIAL HANDLING	\$27,027	\$27,027
OTHER ADDITIVES	\$350	\$350
EQUIPMENT / VEHICLES	<u>\$99,878</u>	<u>\$99,878</u>
	<u>\$264,050</u>	<u>\$264,050</u>
TOTAL	\$499,366	\$499,366

Bridge at PX-1.6

Labor	\$9,100	\$9,100
Expense Labor	\$900	\$900
Material	\$15,000	\$15,000
Purchased Services	\$25,000	\$25,000
Other	\$0	\$0
Sub-Total	<u>\$50,000</u>	<u>\$50,000</u>
LABOR ADDITIVES / FRINGES	\$13,462	\$13,462
COMPANY MATERIAL HANDLING	\$3,150	\$3,150
OTHER ADDITIVES	\$1,750	\$1,750
EQUIPMENT / VEHICLES	<u>\$9,829</u>	<u>\$9,829</u>
	<u>\$28,191</u>	<u>\$28,191</u>
TOTAL	\$78,191	\$78,191

Bridge at PX-4.85

Labor	\$182,000	\$182,000	
Expense Labor	\$18,000	\$18,000	
Material	\$325,000	\$325,000	
Purchased Services	\$425,000	\$425,000	
Other	\$0	\$0	
Sub-Total	<u>\$950,000</u>	<u>\$950,000</u>	
LABOR ADDITIVES / FRINGES	\$269,240	\$269,240	
COMPANY MATERIAL HANDLING	\$68,250	\$68,250	
OTHER ADDITIVES	\$29,750	\$29,750	
EQUIPMENT / VEHICLES	<u>\$196,580</u>	<u>\$196,580</u>	
	<u>\$563,820</u>	<u>\$563,820</u>	
TOTAL	\$1,513,820	\$1,513,820	
TOTAL BRIDGE REHAB COSTS	\$2,091,377	\$577,557	\$1,513,820

BRUSH CUTTING

DIRECT COSTS:

Brush cutting Labor	3 Men	20 Days	\$23.07 per Hour	\$13,844	\$8,653	\$5,192
Fuel & Misc Expenses				\$5,000	\$3,125	\$1,875
Contractor Brushcutting Removal of Trees & Crossing Clearing				<u>\$100,000</u>	<u>\$62,500</u>	<u>\$37,500</u>
Sub-Total				<u>\$118,844</u>	<u>\$74,278</u>	<u>\$44,567</u>
LABOR ADDITIVES / FRINGES				\$18,637	\$11,648	\$6,969
COMPANY MATERIAL HANDLING				\$0	\$0	\$0
OTHER ADDITIVES				\$7,350	\$4,594	\$2,756
EQUIPMENT / VEHICLES				<u>\$13,607</u>	<u>\$8,505</u>	<u>\$5,103</u>
				<u>\$39,594</u>	<u>\$24,747</u>	<u>\$14,848</u>
TOTAL				\$158,439	\$99,024	\$59,414

**ESTIMATE SUMMARY
PHOENIXVILLE IT - HARRISBURG DIV
MP PX 0.00 TO PX 10.8**

		<u>ESTIMATED COST</u>	<u>PX 0 - 3.1</u>	<u>PX 3.1 - 10.8</u>
TIMBER & SURFACE	10.80 Miles	\$860,916	\$247,115	\$613,801
DIVISION SUPPORT		\$93,371	\$26,801	\$66,570
GRADE CROSSINGS	384 FEET	\$169,089	\$99,431	\$69,659
BRIDGE REHAB				
Bridge at PX-0.79		\$499,366	499,366	
Bridge at PX-1.6		\$78,191	\$78,191	
Bridge at PX-4.85		\$1,513,820		\$1,513,820
COMMUNICATION & SIGNAL		\$9,180	\$2,635	\$6,545
BRUSH CUTTING		\$168,439	\$99,024	\$69,414
TOTAL PROJECT COST		\$3,372,372	\$1,052,563	\$2,319,809