

LAW OFFICES OF
LOUIS E. GITOMER

LOUIS E. GITOMER
LOU_GITOMER@VERIZON.NET

THE ADAMS BUILDING, SUITE 301
600 BALTIMORE AVENUE
TOWSON, MARYLAND 21204-4022
(202) 466-6532
FAX (410) 332-0885

April 10, 2008

Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

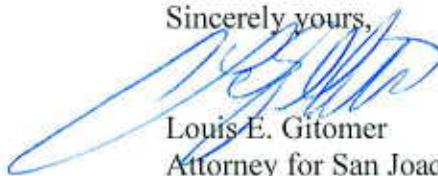
RE: Docket No. AB-398 (Sub-No. 7X), *San Joaquin Valley Railroad
Company—Abandonment Exemption—in Tulare County, CA
(Between Strathmore and Jovista)*

Dear Acting Secretary Quinlan:

Enclosed for e-filing is Rebuttal. Thank you for your assistance.

If you have any questions please call or email me.

Sincerely yours,



Louis E. Gitomer

Attorney for San Joaquin Valley Railroad Company

Enclosure

BEFORE THE
SURFACE TRANSPORTATION BOARD

Docket No. AB-398 (Sub-No. 7X)

SAN JOAQUIN VALLEY RAILROAD COMPANY—ABANDONMENT EXEMPTION—IN
TULARE COUNTY, CA (BETWEEN STRATHMORE AND JOVISTA)

REBUTTAL

Scott G. Williams Esq.
Senior Vice President & General Counsel
RailAmerica, Inc.
5300 Broken Sound Boulevard N.W.
Second Floor
Boca Raton, FL 33487
(561) 226-1757

Louis E. Gitomer, Esq.
Law Offices of Louis E. Gitomer
600 Baltimore Avenue
Suite 301
Towson, MD 21204
(202) 466-6532

Attorneys for: SAN JOAQUIN VALLEY
RAILROAD COMPANY

Dated: April 10, 2008

BEFORE THE
SURFACE TRANSPORTATION BOARD

Docket No. AB-398 (Sub-No. 7X)

SAN JOAQUIN VALLEY RAILROAD COMPANY—ABANDONMENT EXEMPTION—IN
TULARE COUNTY, CA (BETWEEN STRATHMORE AND JOVISTA)

REBUTTAL

The San Joaquin Valley Railroad Company (“SJVR”) responds to the Protest filed on March 31, 2008 by the Tulare County Economic Development Corporation (“Tulare EDC”) and the Tulare County Association of Governments (“Tulare CAG”), and the letter filed on April 3, 2008 by the Tulare County Board of Supervisors (“Tulare Board”), which joined the Protest filed by Tulare EDC and Tulare CAG.¹ The Protest contains no facts to refute the evidence submitted by SJVR in the Petition for Exemption (the “Petition”) that clearly demonstrated that the South Exeter Branch, a 30.57-mile line of railroad between Strathmore, CA, milepost 268.60, and Jovista, CA, milepost 299.17 in Tulare County, CA (the “Line”) is a burden on SJVR and interstate commerce. SJVR respectfully requests the Board to grant the exemption.

BACKGROUND

SJVR filed the Petition on February 19, 2008, seeking to abandon the Line because the traffic does not justify the costs of operating and maintaining the Line, the Line requires rehabilitation, and there are opportunity costs that SJVR is incurring. Shippers did not use the Line in 2007, have not used it in 2008, and have transportation alternatives.

¹ Tulare EDC, Tulare CAG and Tulare Board will jointly be referred to as “Protestants”.

The Petition included the Verified Statement of Mark D. Garvin (“Garvin VS”), Chief Engineer for all of the subsidiary railroads of RailAmerica, Inc., which addressed the value of the track and material on the Line, the need for rehabilitation, and the cost of maintenance, and the Verified Statement of Mr. Robert M. Frelich, Jr. (“Frelich VS”), which addressed the revenues attributable to the Line and the avoidable costs of operating over the Line.

SJVR became a rail carrier in 1992 upon consummating a lease from the Southern Pacific Transportation Company (“SPT”) and Visalia Electric Railroad Company for the operation of seven rail lines and assumption of trackage rights over a number of other rail lines owned exclusively by SPT or jointly by SPT and The Atchison, Topeka and Santa Fe Railway Company (“Santa Fe”) covering a total of 354.70 miles of rail line in Fresno, Tulare, Kern, and Kings Counties, CA.² Subsequently, SJVR purchased 206.77 miles of track and rail assets and leased the underlying right-of-way, for the seven rail lines that it had previously leased in *San Joaquin I*.³

Without contradiction from Protestants, in the Petition, SJVR proved with the support of the Garvin VS and the Frelich VS, that: (1) no traffic had moved over the Line in 2007 or 2008; (2) the Line was in Federal Railroad Administration (“FRA”) excepted condition; (3) according to Mr. Garvin, rehabilitation of the Line to FRA Class I condition would require \$1,327,920 in capital expenditures; (4) according to Mr. Garvin, the annual cost for maintenance-of-way of the Line would be \$107,642; (5) according to Mr. Frelich, using traffic from 2006, the last full year of operations, as the Forecast Year, the avoidable losses on the Line would be \$105,493; (6)

² *San Joaquin Valley Railroad Co.–Lease and Operation Exemption–Southern Pacific Transportation Company and Visalia Electric Railroad Company*, ICC Finance Docket No. 31993 (ICC served January 23, 1992) (*San Joaquin I*).

³ *San Joaquin Valley Railroad Co. –Acquisition and Lease Exemption–Southern Pacific Transportation Company*, ICC Finance Docket No. 31993 (Sub-No. 1) (ICC served October 4, 1993).

SJVR incurs opportunity costs of \$175,072; and (7) the limited traffic on the Line has readily available highway alternates to rail transportation.

ARGUMENT

The Protest consists of: (1) nine pages of argument; (2) three unverified shipper letters from Sierra Forest Products (“Sierra”), Britz Fertilizers, Inc. (“Britz”), and Tuff Stuff Products (“Tuff Stuff”); (3) resolutions from Tulare CAG, Tulare Board, the City Council of the City of Tulare (“Tulare City”), and the Visalia City Council (“Visalia”); (4) a map; (5) the tariff SJVR 8000-A imposing a surcharge on the Line; (6) a map of the City of Porterville industrial sites; and (7) a picture of boxcars. Although the facts in the Petition refute all of the Protestants claims, SJVR will respond in order to make sure that the record is clear instead of the inaccurate portrayal provided by Protestants.

Protestants erroneously claim that the petition “fails to provide sufficient information to permit [the Board] to adequately assess the Line’s future financial viability or the burden that continued operation would impose on the carrier, shippers on other lines that are dependent on its services and interstate commerce.”⁴ Protestants do not refute SJVR’s verified claims that there has been no traffic on the Line since 2006, that the Line is excepted track, that the Line requires a \$1,327,920 capital expenditure to return it to FRA Class 1 condition, that using a forecast year based on 2006 traffic, the Line, would incur an avoidable loss of \$105,493, and that the opportunity cost incurred by SJVR is \$175,072. SJVR has fully substantiated these costs so that the Board can conclude that the Line is not financially viable now, will not be financially viable in the future and a burden on SJVR. If SJVR were required to continue to operate the Line, the shippers on the Line would be required to ship cars subject to the surcharge, and shippers on

⁴ Protest at 1.

other segments of the SJVR would be required to subsidize operations on the Line. Not only would continued operation be a burden on SJVR, but also on shippers that do not use the Line.

The Protestants have not specifically or even inferentially rebutted SJVR's evidence.

Protestants argue that SJVR has failed "to properly describe the abandonment, ... to disclose vital information on surcharges intended to drive away business, and ... to identify potential revenue sources."⁵

SJVR has described the Line that it owns. The spur to Ultra referred to by Protestants is not owned or operated by SJVR. The line was acquired by the Tulare Valley Railroad Company ("TVRC").⁶ TVRC has not operated over the Line since 2006. TVRC has not opposed the abandonment of the Line and has not requested delivery of empty or loaded cars. SJVR does not know TVRC's plans for its line.

Protestants claim that the surcharges imposed by SJVR are vital information. SJVR will incur substantial rehabilitation and maintenance costs for the Line. The inconvenient truth is that typically the only source of funds for a railroad, like other businesses, is its customers. For years, SJVR deferred maintenance on the Line to keep rates low and attract business. However, as demonstrated in the Petition, recent traffic levels did not increase, but dropped to 81 carloads in 2004 (and continued to fall), generating \$30,582⁷ in revenue, not even enough to pay for the annual maintenance of the Line of \$107,642,⁸ much less contribute to the necessary rehabilitation to FRA Class 1 standards of \$1,327,920.⁹ Hence, the surcharge was imposed in an

⁵ *Id.* at 3.

⁶ *Tulare Valley Railroad Company—Acquisition and Operation Exemption—The Atchison, Topeka and Santa Fe Railway Company*, ICC Finance Docket No. 32215 (ICC served January 13, 1993).

⁷ Petition at 5.

⁸ Petition, Garvin VS at 79.

⁹ Petition, Garvin VS at 77.

attempt to generate the revenue necessary to cover the costs of the Line.¹⁰ Instead, the shippers decided that rail service was not valuable enough to pay SJVR sufficient revenue to cover its costs.

Indeed, the shippers continue to refuse to pay the surcharge. Sierra and Britz both state, in exactly the same words that they “would use the rail line again if the surcharge was lifted.” Tuff Stuff states that “we object to the surcharge and non-interest of [SJVR] in improving the line.”

Sierra indicates that it shipped 120 cars per year prior to the surcharge, but does not commit to any volume of traffic, and certainly will not use the Line at rates that will allow SJVR to cover its costs. Britz claims to have shipped fewer cars (10) than SJVR’s records show (39 over three years). Britz also makes no commitment as to the volume that it will ship, and indicates that it will not use the Line as long as it has to pay the cost of service. Tuff Stuff is the least sympathetic of the shippers. Tuff Stuff has never used SJVR’s service, will not be ready to ship until September 2008, and located on the Line in August of 2007 when the surcharge was in effect. Any due diligence Tuff Stuff performed before locating on the Line failed to account for the condition of the Line or the surcharge. Tuff Stuff also is apparently not willing to pay the cost of rail service when it states that “If rates are competitive and we can get reliable rail services, our company could use between 10-20 carts per month.” Tuff Stuff does not commit to a volume of traffic, and does not indicate what a competitive rate would be, but does emphatically object to the rate level with the surcharge, which is only intended to cover SJVR’s

¹⁰ The surcharge was \$950 per car (Protest at 5). In 2004 SJVR handled 81 car loads and earned \$30,582 in revenue. The following calculation shows that in 2004, adding the revenue from the surcharge to the regular revenue would have almost covered the cost of maintenance. $\$950 \times 81 = \$76,950 + \$30,582 = \$107,582$. The maintenance cost is \$107,642. However, even with the surcharge, SJVR would not have covered the cost of maintenance and the cost of operations. The Line would have still lost money.

costs. It is obvious that the three shippers want rail service at rates insufficient to cover SJVR's costs. The shippers are looking to be subsidized by SJVR, shippers elsewhere on SJVR or some third party. The Board has granted abandonment exemptions when a surcharge was imposed and shippers stopped using rail service over the subject line.¹¹

Protestants also claim that SJVR failed to identify potential revenue sources to maintain and operate the Line. In effect, the Protestants are arguing that the shippers on the Line should not bear the cost of rail operations, but should be subsidized by either SJVR or the San Joaquin Valley Air Pollution Control District ("SJVAPCD").

Protestants argue that SJVR could subsidize the Line by (1) abandoning the portion south of milepost 287.10 and using the proceeds from the sale of those assets on the rest of the Line,¹²

¹¹ *Mississippi Tennessee Holdings, LLC—Abandonment Exemption—in Union, Pontotoc and Chickasaw Counties, MS*, STB Docket No. AB-868X (STB served July 26, 2004) at 3 (the surcharge failed to produce sufficient revenue to make operations profitable); *Dakota Rail, Inc.—Abandonment Exemption—in McLeod, Carver, and Hennepin Counties, MN*, STB Docket No. AB-472 (Sub-No. 1X) (STB served November 30, 2001) at 3 (No traffic has moved over the line since May 16, 2000. Since then, Dakota Rail's customers have used motor carriage, or rail/motor service involving transloading freight from other railroads to trucks for final deliveries. The area surrounding the line is accessible by Minnesota Routes 7 and 12 and Hennepin County Route 15.); *Central Kansas Railway, L.L.C.—Abandonment Exemption—in Reno, Kingman, Harper, Rice and McPherson Counties, KS*, STB Docket No. AB-406 (Sub-No. 13X) (STB served August 14, 2001) at 3-4 (cessation of service was the result of the voluntary decision by shippers to stop using rail service over these lines and not due to any untoward action by CKR. Regarding the surcharge claim, CKR states that the surcharge was imposed for financially justified reasons); *Florida Midland Railroad Company—Abandonment Exemption—in Sumter and Lake Counties, FL*, STB Docket No. AB-325 (Sub-No. 2X) (STB served February 23, 2001) (a \$1,751 surcharge); and *Idaho Northern & Pacific Railroad Company—Abandonment Exemption—in Wallowa and Union Counties, OR*, STB Docket No. AB-433X (STB served March 12, 1997) at 6 (Inasmuch as no traffic has moved under that surcharge in the past, we believe that it is unreasonable to assume IN&P will be able to earn the surcharge amount on traffic on the line for the future and reject the inclusion of the surcharge for purposes of analyzing the line's profitability in this case.)

¹² In suggesting that the portion of the Line south of milepost 287.1 should be abandoned, Protestants seem to be inconsistent in their argument that the Line is required for the economic growth of Tulare County and that rail service is necessary for future growth and environmental reasons.

(2) using revenue from temporarily storing boxcars on another part of SJVR, and (3) eliminating crossing signals.

In essence Protestants are asking the Board to require SJVR to abandon the portion of the Line south of milepost 287.10 and use the proceeds from the sale of those assets for the rehabilitation of the part of the Line north of milepost 287.10. Protestants ignore any debt that SJVR would first have to repay from the proceeds for the track and material. Regardless of the amount available, past traffic volume suggests that this investment would be a prohibited wasteful investment.¹³

The boxcars referred to by Protestants were not stored on the Line. Therefore, the storage fees do not constitute revenue attributable to the line.¹⁴ The storage of the boxcars was temporary (UP has just recalled the boxcars from storage) so that SJVR cannot consider the revenue from the boxcars as being available in the Forecast Year.¹⁵ As suggested by Protestants, any non-freight revenue generated off-line would be attributable to a line proposed for abandonment, which is contrary to the Board's rules.¹⁶

Finally, Protestants suggest that SJVR eliminate crossing signals to save money. First, SJVR requires FRA approval to remove the signals and seeking that approval would be another cost incurred by SJVR. The absurdity of Protestants' argument is easily seen. As Protestants argue, if a railroad wants to save on maintenance costs all it needs to do is remove crossing

¹³ See *Purcell v. United States*, 315 U.S. 381 (1942).

¹⁴ See 49 C.F.R. §1152.31.

¹⁵ See 49 C.F.R. §1152.2(h).

¹⁶ With regard to the boxcars, Protestants suggest that SJVR stopped serving the shippers on the Line in order to store the boxcars. This argument ignores the facts. SJVR stored the cars on its rail line north of the Line because of convenience. SJVR knew it had not had any recent requests for service and did not expect any. SJVR could have stored the boxcars elsewhere on its property. Moreover, if SJVR had received a request for service it would have fulfilled its obligation.

signal systems, regardless of the safety implications. Removal of crossing signals should not be a source of funding to subsidize shippers.

Protestants also indicate that funding from SJVAPCD has been used elsewhere on the SJVR and can be used on the Line. However, SJVAPCD has not committed funds to the Line, nor has SJVR made application for such funds. Based on the traffic levels, such an investment by a government entity would be no more than a wasteful subsidy for the shippers who are not willing to pay for the cost of service.

Protestants state that “Tulare County consultants” have inspected the Line¹⁷ and disagree with the rehabilitation and maintenance costs in Garvin VS. SJVR urges the Board to disregard and give no weight to Protestants’ baseless claim. First, Protestants do not identify the “consultants” nor is there any statement by the consultants. Second, Mr. Garvin calculated the cost of rehabilitation based on his experience, familiarity with the Line, and actual costs incurred by SJVR. No one has sought or received permission from SJVR to inspect the Line. Therefore, the “Tulare County consultants” either did not conduct an onsite inspection of the Line, or they trespassed on the Line. If the Protestants’ consultants did not actually enter SJVR property, then the Board should disregard their inspection as less thorough than the one Mr. Garvin had performed. If Protestants’ consultants actually trespassed on SJVR to conduct the inspection, the Board should give the Protestants’ statement no weight and condone the consultants action in an effort to prevent future unlawful entry onto railroad property because of the safety and liability issues involved.

Protestants claim severe environmental harm from the abandonment. However, based on the volume of traffic on the Line, there will be no diversion of current traffic to truck. Based on

¹⁷ Protest at 7.

the traffic level in 2004, 81 rail carloads would be diverted to 243-324 truck loads, far below the Board's threshold for non-attainment areas.¹⁸

Protestants argue that SJVR has double counted the daily expense of the locomotive used on the Line.¹⁹ Protestants are wrong again. Based on Forecast Year traffic of 32 carloads, Mr. Frelich determined that SJVR would spend 251.36 hours per year operating on the Line.²⁰ Mr. Frelich then calculated the locomotive rental on an hourly basis, realizing that SJVR would maximize the use of an asset as valuable as a locomotive.²¹ The locomotive rental was calculated by dividing the number of hours the locomotive would be on the Line during the Forecast Year (251.36) by 24 (the hours in a day) and multiplying that number of days by the daily rental for the locomotive. Protestants are wrong in claiming that SJVR double counted the rental for the locomotive.

Finally, Protestants argue that the abandonment should be denied because SJVR failed to provide sufficient information for Protestants to make an offer of financial assistance ("OFA"). Protestants are wrong for two reasons. First, Protestants can request and SJVR must provide information pursuant to the Board's rules relating to the filing of an OFA.²² Second, SJVR has provided the information necessary to file an OFA for the Line. However, because Protestants indicate that they may only want to file an OFA for the portion of the Line north of milepost 287.10, in the Attachment hereto, SJVR is providing the net liquidation value for the track and materials on the Line between milepost 299.17 and milepost 287.10 and between milepost

¹⁸ See 49 C.F.R. §1105.7(e)(4)(iv)(B) and .7(e)(5)(ii)(C).

¹⁹ Protest at 8-9.

²⁰ Petition, Frelich VS at 86.

²¹ Petition, Frelich VS at 87.

²² 49 C.F.R. §1152.27(a).

287.10 and milepost 268.60.²³ SJVR notes that UP owns the real estate underlying the Line and that any OFA must also compensate UP for its property.

CONCLUSION

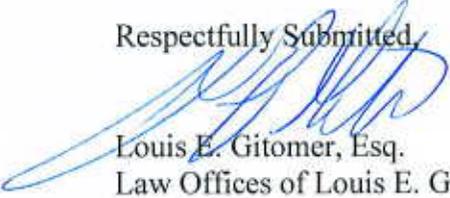
Continued ownership and operation of the Line by SJVR will continue to be a burden on SJVR and interstate commerce. SJVR will incur rehabilitation costs of \$1,327,920, annual maintenance costs of \$107,642, annual operating costs of \$10,223, and opportunity costs of \$175,072. Avoidable losses on the Line are \$105,565. SJVR will be able to reuse or sell the track and materials, which is valued at about \$995,574. There is alternate transportation service available. In balancing the harm to SJVR and interstate commerce against the harm to shippers and local interests, SJVR contends that the balance clearly favors abandonment.

SJVR respectfully requests the Board to deny the relief sought in the Protest.

Accordingly, SJVR respectfully urges the Board to grant the proposed abandonment exemption for the 30.57-mile Line.

Respectfully Submitted,

Scott G. Williams Esq.
Senior Vice President & General Counsel
RailAmerica, Inc.
5300 Broken Sound Boulevard N.W.
Second Floor
Boca Raton, FL 33487
(561) 226-1757


Louis E. Gitomer, Esq.
Law Offices of Louis E. Gitomer
600 Baltimore Avenue
Suite 301
Towson, MD 21204
(202) 466-6532
Lou_Gitomer@verizon.net

Attorneys for: SAN JOAQUIN VALLEY
RAILROAD COMPANY

Dated: April 10, 2008

²³ The evidence in the Petition justifies the abandonment of the Line as well as the separate segments between mileposts 299.17 and 287.10 and mileposts 287.10 and 268.60.

ATTACHMENT-NET LIQUIDATION VALUE

Liquidation Value of Railroad Asset

San Joaquin Valley Railroad- Exeter South - MP 264.1 to MP 287.1

April 4, 2008

Rail										
Weight	Jnt./CWR	Miles	NT/Mile	Total NT	Total GT	Class	Price NT	Price GT	Total \$ NT	Total \$ GT
112lb	jnt	2	187.26	374.53	334.40	relay	\$725		\$271,533	
112lb	jnt	0.3	187.26	56.18	50.16	reroll		\$335		\$16,804
75lb	jnt	23.2	121.44	2817.41	2515.54	scrap		\$275		\$691,774
Totals		25.5		3248.12	2900.10				Total Rail Value	\$980,111

OTM										
Weight	Jnt./CWR	Miles	NT/Mile	Total NT	Total GT	Class	Price NT	Price GT	Total \$ NT	Total \$ GT
112lb	jnt	2.3	84.0	193.20	172.50	relay	\$400		\$77,280	
75lb	jnt	23.2	50.0	1160.00	1035.71	scrap		\$290		\$300,357
Totals		25.5		1353.20	1208.21				Total OTM Value	\$377,637

Ties (Removal & Market)						Signal Appliances			
Class	%	Miles	Total Ties	Price Ea.	Total	Type	Quantity	Unit Price	Total
#1 Relay	15%	25.5	11475	\$12	\$137,700	Lights	19	\$2,500	\$47,500
#2 Relay	0%	25.5		\$6		Gates	1	\$5,000	\$5,000
Landscape	40%	25.5	30600	\$4	\$122,400	Total all Signals			\$52,500
Scrap	45%	25.5	34425						
Total Tie Value					\$260,100				

Turnouts										
Weight	Type	Qty.	NT/TO	Total NT	Total GT	Class	Price EA	Price GT	Total \$ Each	Total \$ GT
75lb	No 10	7	1.9	13.51	12.06	scrap		\$290		\$3,498
112lb	No 11	5	4.5	22.60	20.18	relay	\$4,500		\$22,500	
110lb	No 10	1	4.5	4.45	3.97	relay	\$4,000		\$4,000	
90lb	No 10	3	1.9	5.79	5.17	relay	\$2,500		\$7,500	
Totals		16		46.35	41.38					\$37,498

Liquidation Costs				
	Unit	Cost	Quantity	Total
Dismantle Rail (CWR)	NT	\$65		
Dismantle Rail (Jointed)	NT	\$50	4601 NT	\$230,065.8
Transport Rail & OTM	NT	\$35	4648 NT	\$162,668.3
Remove Ties	EA	\$2	76,500	\$153,000.0
Transport Ties	EA	\$3	76,500	\$229,500.0
Remove Relay Turnouts	EA	\$2,500	16	\$40,000.0
Remove Crossing Signal	EA	\$1,500	20	\$30,000.0
Restore Crossings	EA	\$2,000	30	\$60,000.0

Gross Liquidation Value	\$1,707,846
Total Liquidation Costs	\$905,234
Net Liquidation Value	\$802,612

Liquidation Value of Railroad Asset

San Joaquin Valley Railroad- Exeter South - MP 287.1 to MP 299.17

April 4, 2008

Rail										
Weight	Jnt./CWR	Miles	NT/Mile	Total NT	Total GT	Class	Price NT	Price GT	Total \$ NT	Total \$ GT
112lb	jnt	0.7	187.26	131.08	117.04	reroll		\$335		\$39,208
75lb	jnt	13.32	121.44	1617.58	1444.27	scrap		\$275		\$397,174
90lb	jnt	0.2	150.48	30.10	26.87	reroll		\$335		\$9,002
110lb	jnt	0.2	178.11	35.62	31.81	scrap		\$275		\$8,747
Totals		14.42		1814.38	1619.99		Total Rail Value		\$454,131	

OTM										
Weight	Jnt./CWR	Miles	NT/Mile	Total NT	Total GT	Class	Price NT	Price GT	Total \$ NT	Total \$ GT
112lb	jnt	0.7	84.0	58.80	52.50	relay	\$400		\$23,520	
75lb	jnt	13.32	50.0	666.00	594.64	scrap		\$290		\$172,446
90lb	jnt	0.2	50.0	10.00	8.93	relay	\$300		\$3,000	
110lb	jnt	0.2	57.0	11.40	10.18	scrap		\$290		\$2,952
Totals		14.42		746.20	666.25		Total OTM Value		\$201,918	

Ties (Removal & Market)						Signal Appliances			
Class	%	Miles	Total Ties	Price Ea.	Total	Type	Quantity	Unit Price	Total
#1 Relay	15%	14.4	6489	\$12	\$77,868	Lights	2	\$2,500	\$5,000
#2 Relay	0%	14.4		\$6		Gates	0	\$5,000	
Landscape	40%	14.4	17304	\$4	\$69,216	Total all Signals		\$5,000	
Scrap	45%	14.4	19467						
					Total Tie Value	\$147,084			

Turnouts										
Weight	Type	Qty.	NT/TO	Total NT	Total GT	Class	Price EA	Price GT	Total \$ Each	Total \$ GT
75lb	No 10	6	1.9	11.58	10.34	scrap		\$290		\$2,998
112lb	No 11	0	4.5			relay	\$4,500			
110lb	No 10	2	4.5	8.90	7.95	relay	\$4,000		\$8,000	
90lb	No 10	7	1.9	13.51	12.06	relay	\$2,500		\$17,500	
Totals		15		33.99	30.35				\$28,498	

Liquidation Costs				
	Unit	Cost	Quantity	Total
Dismantle Rail (CWR)	NT	\$65		
Dismantle Rail (Jointed)	NT	\$50	2561 NT	\$128,029.2
Transport Rail & OTM	NT	\$35	2595 NT	\$90,810.1
Remove Ties	EA	\$2	43,260	\$86,520.0
Transport Ties	EA	\$3	43,260	\$129,780.0
Remove Relay Turnouts	EA	\$2,500	15	\$37,500.0
Remove Crossing Signal	EA	\$1,500	2	\$3,000.0
Restore Crossings	EA	\$2,000	8	\$16,000.0

Gross Liquidation Value	\$836,631
Total Liquidation Costs	\$491,639
Net Liquidation Value	\$344,992

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the Rebuttal in Docket No. AB-398 (Sub-No. 7X),
San Joaquin Valley Railroad Company—Abandonment Exemption—in Tulare County, CA
(*Between Strathmore and Jovista*), was mailed via first class mail, postage prepaid, on April 10,
2008, to the following parties:

Tulare County Economic Development Corporation
4500 S. Laspina Street
Tulare, CA 93274

Tulare County Association of Governments
5961 S. Mooney Boulevard
Visalia, CA 93277

Tulare County Board of Supervisors
Administration Building
2800 West Burrel
Visalia, CA 93291



Louis E. Gitomer
April 10, 2008