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June 16, 2008

VIA HAND DELIVERY - RETURN COPY

Hon. Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, SW
Washington, DC 20024

ENTERED
Office of Proceedings

JUN 16 2008

Part of
Public Record

Dear Secretary Quinlan:

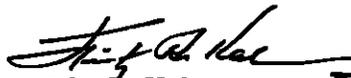
Enclosed for filing in STB Docket No. AB-398 (Sub-No.7X), San Joaquin Valley Railroad Company--Abandonment Exemption--In Tulare County, CA, are the original and ten copies of the Confidential - Filed Under Seal version and the Public Version - Redacted of the Offer of Financial Assistance of Tulare Valley Railroad Company.

This firm's check for \$1,300.00 in payment of the filing fee is attached.

Additional copies of this letter and of the Public Version - Redacted are enclosed for you to stamp to acknowledge your receipt of them and to return them to me via the messenger.

Service on the San Joaquin Valley Railroad Company has been effected by e-mailing a copy of this letter and of the Public Version - Redacted to its representative.

Sincerely yours,



Fritz R. Kahn

FEE RECEIVED

JUN 16 2008

**SURFACE
TRANSPORTATION BOARD**

enc.

cc: Louis E. Gitomer, Esq.

FILED

JUN 16 2008

**SURFACE
TRANSPORTATION BOARD**

PUBLIC VERSION - REDACTED

ORIGINAL

**SURFACE TRANSPORTATION BOARD
WASHINGTON, DC**

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

**SAN JOAQUIN VALLEY RAILROAD COMPANY
--ABANDONMENT EXEMPTION--
IN TULARE COUNTY, CA**



—————
OFFER OF FINANCIAL ASSISTANCE

**Fritz R. Kahn
Fritz R. Kahn, P.C.
1920 N Street, NW (8th fl.)
Washington, DC 20036
Tel.: (202) 263-4152**

Attorney for

TULARE VALLEY RAILROAD COMPANY

Due and dated: June 16, 2008

FILED

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**SURFACE
TRANSPORTATION BOARD**

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**SURFACE
TRANSPORTATION BOARD**

PUBLIC VERSION - REDACTED
SURFACE TRANSPORTATION BOARD
WASHINGTON, DC



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

SAN JOAQUIN VALLEY RAILROAD COMPANY
--ABANDONMENT EXEMPTION--
IN TULARE COUNTY, CA

OFFER OF FINANCIAL ASSISTANCE

Offeror, Tulare Valley Railroad Company (TVR"), pursuant to 49 U.S.C. 10904, 49 C.F.R. 1152.27 and the Decision of the Board, served June 6, 2008, offers to purchase the 30.57-mile railroad line between Strathmore and Jovista proposed to be abandoned by San Joaquin Valley Railroad Company ("SJVR").

An offer of financial assistance ("OFA") to acquire a line for continued rail service need not be detailed, but an offeror must show that it is financially responsible and that the offer is reasonable. STB Docket No. AB-1081X, San Pedro Railroad Operating Company, LLC—Abandonment Exemption—In Cochise County, AZ, served February 17, 2006; STB Docket No. AB-490 (Sub-No. 1X), Greenville County Economic Development Corporation—Abandonment and Discontinuance Exemption—In Greenville County, SC, served October 27, 2005; STB Docket No. AB-55 (Sub-No. 659X), CSX Transportation, Inc.—Abandonment Exemption—In Allegany County, MD, served October 26, 2005; STB Docket No. AB-290 (Sub-No. 260X), Tennessee

Net liquidation value.

TVR is prepared to pay a modest premium above the net liquidation value of \$995,574 for the SJVR line proposed for abandonment. It is prepared to pay \$996,000 for the railroad line's rail and track materials less the cost of their removal and transportation. See p. 4 of the Board's Decision, served June 6, 2008.

Real estate.

SJVR acquired none of the underlying right-of-way when it acquired the railroad line now proposed for abandonment. See, Finance Docket No. 31993, San Joaquin Valley Railroad Co. --Lease and Operation Exemption--Southern Pacific Transportation Company and Visalia Electric Railroad Company, served January 23, 1992; Finance Docket No. 31993 (Sub-No. 1), San Joaquin Valley Railroad Co.--Acquisition and Lease Exemption--Southern Pacific Transportation Company, served October 4 1993; Docket No. AB-12 (Sub-No. 179X), Southern Pacific Transportation Company--Abandonment Exemption--In Fresno County, served May 8, 1995. SJVR leases the right-of-way from the Southern Pacific Transportation Company's successor, Union Pacific Railroad Company ("UP"), and TVR is prepared to assume the lease between SJVR and UP.

Continued rail service.

TVR is well aware that the offeror must demonstrate that it can and is prepared provide continued rail service for at least two years' time. See, Docket No. AB-167 (Sub-No. 493N), Conrail Abandonment West 30th Street, NY, served January 13, 1987. In its Petition for Exemption, at page 5, JSVR acknowledges that the line proposed for abandonment heretofore had been used to serve three shippers, Tri K Truss, Sierra Forest Products and Britz Fertilizer. The shippers may not have tendered any traffic in 2007 and

so far in 2008, but SJVR fails to acknowledge that it has imposed a prohibitive \$950 per car surcharge for traffic moving on the subject line, effectively rendering it impossible for shippers to use the subject line. TVR will work with the three shippers to have them resume using rail service and will try to persuade other industries situated along the line to divert their truck traffic to rail.

Moreover, TVR is a six-mile line of railroad subject to the jurisdiction of this Board. The SJVR line proposed for abandonment is its only connection and the only means by which it can connect with the national railroad system. TVR heretofore served Cannella Chemicals and will seek to have the company again use its rail service.

As already noted, TVR has the means to keep the SJVR railroad line proposed for abandonment operating for at least two years' time, and it will endeavor to attract sufficient business to make the operations self-sustaining.

WHEREFORE, Tulare Valley Railroad Company asks that it be found to be a financially responsible person and that its offer to pay \$996,000 for the 30.57-mile line of railroad proposed to be abandoned is reasonable.

Respectfully submitted,

TULARE VALLEY RAILROAD COMPANY

By its attorney,



Fritz R. Kahn
Fritz R. Kahn, P.C.
1920 N Street, NW (8th fl.)
Washington, DC 20036
Tel.: (202) 263-4152

Due and dated: June 16, 2008

EXHIBIT A

**SURFACE TRANSPORTATION BOARD
WASHINGTON, DC**

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

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

**STATEMENT
OF
KERN W. SCHUMACHER**

My name is Kern W. Schumacher, with an address of 1047 Lake Shore Drive, Incline Village, Nevada 89451.

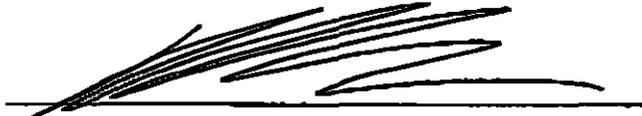
I own ninety percent of the outstanding shares of common stock of Tulare Valley Railroad Company ("TVRR"), the balance of the shares being owned by Ms. Rhonda L. Nicoloff.

I am the Chairman of the Board of Directors and the Chief Executive Officer of TVRR. Ms. Nicoloff is a Director and President of TVRR.

I am authorized to state that Ms. Nicoloff joins me in stating that we will guarantee the purchase price which TVRR will be required to pay through the OFA process to purchase the railroad line which is the subject of this proceeding. In addition, I will meet the shortfall, if any, in the railroad line's operating income to insure that the railroad line in question will continue to be available to provide railroad service for at least two year's time.

I have attached my confidential personal financial statement to verify that I have sufficient means to meet the financial requirements involved in the OFA process. I am willing to supply additional financial information, if required by the Board.

Dated this 16 day of June 2008


Kern W. Schumacher

ACKNOWLEDGMENT

STATE OF NEVADA)
)ss.
COUNTY OF WASHOE)

On this 16 day of June in the year 2008, before me Kelly O'Connor, a notary public, personally appeared Kern W. Schumacher, proved on the basis of satisfactory evidence to the person whose name is subscribed to this instrument, and acknowledged he executed the same. Witness my hand and official seal


Notary Public

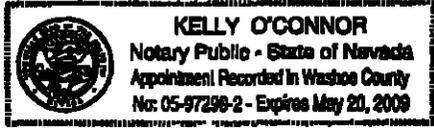


EXHIBIT B

CERTIFICATE OF SERVICE

I certify that I this day have served the foregoing Offer of Financial Assistance on San Joaquin Valley Railroad Company by e-mailing a copy to its representative, Louis E. Gitomer, Esq.

Dated at Washington, DC, this June 16, 2008.



Fritz R. Kahn