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November 10, 2008

VIA ELECTRONIC FILING

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

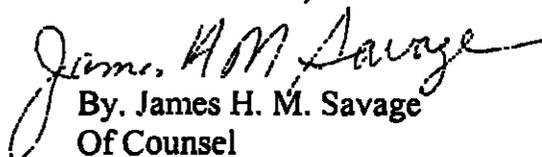
RE: STB Docket No. AB-1020X
East Penn Railroad, LLC-Abandonment Exemption-In Berks and
Montgomery Counties, PA

Dear Ms Quinlan:

On behalf of Berks County, we are electronically filing and simultaneously serving a Petition for Leave to Supplement the Record, Verified Valuation Update of Gary E. Landrio, and Request to take Official Notice in connection with this proceeding. A service certification is annexed hereto.

We thank the Board for its time and consideration.

Respectfully submitted,
John D Heffner, PLLC


By. James H. M. Savage
Of Counsel

JHS/mhd
Enc.

cc: Karl Morell, Esq. (Via Electronic Mail w/enc.)
Laurel Frankston Grass (Via First Class Mail w/enc.)

223930

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB DOCKET NO. AB-1020X

**EAST PENN RAILROAD, LLC
-ABANDONMENT EXEMPTION-
IN BERKS AND MONTGOMERY COUNTIES, PA**

VERIFIED VALUATION UPDATE OF GARY E. LANDRIO

I am submitting this Verified Valuation Update to reflect new information unavailable to me at the time I submitted my Verified Statement dated September 8, 2008 ("Landrio VS 1") in support of Berks County's Protest of the proposed abandonment by ESPN of the Colcbrookdale Line of Rail (the "Line") in Berks and Montgomery Counties, PA.

In Landrio VS 1, I indicated that one of several questions raised by East Penn Railroad, LLC's ("ESPN") petition for abandonment authority, and not answered with sufficient backup material to verify its accuracy, concerns the Net Salvage Value ("NSV") of the Line. The NSV, together with the Real Estate Value ("REV"), comprise the Line's Net Liquidation Value ("NLV"). The NLV, in turn, is the major component of the Line's Total Return on Value ("TRV" or "Opportunity Cost"), against which the Line's potential for profitability is

measured. In Landrio VS 1, I relied on certain assumptions contained in ESPN's petition which have now changed significantly based upon newly acquired evidence which was not available to me at the time of my Verified Statement. The first changed assumption concerns the scrap value of the steel. Whereas ESPN postulated a NSV of \$1.082 million dollars for track and related materials, my subsequent investigation reveals that there has been a significant downturn in the scrap metals market which negatively affects the residual value of the 1,884 tons of salvage steel ESPN hopes to sell on the wholesale market.

As of today, the American Metals Market (AMM) price for steel, and my updated valuation of track material, is reflected in the following table:

<u>Item</u>	<u>Net tons</u>	<u>Market Price</u>	<u>Total Value</u>
Relay 100#	670 tons	\$700 per n/t	= \$469,000
Relay 90#	190 tons	250 per n/t	= 47,500
Reroll Rail	400 tons	250 per n/t	= 100,000
Scrap Rail	257 tons	200 per n/t	= 51,400
Scrap OTM	<u>367 tons</u>	300 per n/t	= <u>110,100</u>
Totals	1,884 tons		\$ 778,000

As a railroad consultant, I consider the American Metal Market index to be a reliable source for the value of scrap commodities such as steel. The Board should take official notice of this information.

Applying the current per ton price to the quantity of steel potentially available for salvage (1,884 tons) yields a NSV of \$778,000 (see above table). Adding \$53,100 for what I estimate to be the NSV of the Line's ties (17,700 ties x \$3 per tie) produces a NSV for track materials of \$831,100. FN¹

I previously calculated the REV of ESPN's land holdings as \$317,376 and working capital as being \$385. Excluding the bridge removal and crossing rehabilitation costs discussed in FN1 above, I recalculate the Line's NLV as \$1,148,861.

Applying a 14.98% Nominal Rate of Return produces a recalculated Total Return on Value ("TRV" or Opportunity Cost) of \$172,099.37. Adding my previously calculated Forecast Year Avoidable Loss of \$19,099 produces an updated Estimated Subsidy Payment ("ESP") of \$191,198.37. FN²

FN¹ The foregoing NSV does not reflect the \$480,000 cost I previously estimated would be incurred to remove bridges and restore grade crossings on the Line. See, Landrio VS 1 at 6 and 7. Subtracting these costs produces a NSV for the Line's track materials of \$351,100.

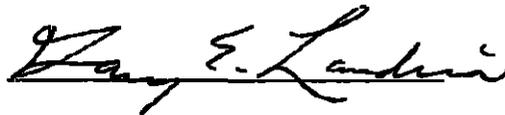
FN² Including bridge removal and crossing restoration costs reduces NLV to \$668,861, TRV to \$100,195.37, and ESP to \$119,294.37.

The foregoing opinions are expressed within a reasonable degree of economic certainty.

VERIFICATION

Pursuant to 28 U.S.C. 1746, I declare and verify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

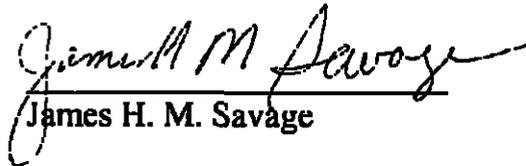
Executed on. November 7, 2008.

A handwritten signature in cursive script, appearing to read "Gary E. Landrio".

Gary E. Landrio

CERTIFICATION OF PROOF OF SERVICE

I certify that I served this day by electronic mail on counsel for Petitioner,
and by first class mail upon counsel for Montgomery County a true copy of the
within pleading.


James H. M. Savage

Dated: November 7, 2008