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February 25, 2010

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

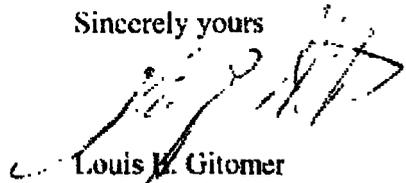
RE: Docket No. AB-55 (Sub-No. 698X), *CSX Transportation, Inc*
Discontinuance of Service Exemption—in Clark, Floyd, Lawrence, Orange,
and Washington Counties, IN

Dear Ms. Brown:

CSX Transportation, Inc. ("CSXI") is e-filing the attached letter served on Radius Indiana providing the information requested for use in filing an offer of financial assistance.

Thank you for your assistance. If you have any questions please call or email me.

Sincerely yours



Louis E. Gitomer
Attorney for: CSX Transportation, Inc.

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Attachment

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February 22, 2010

Richard R. Wilson, Esq.
Richard A. Wilson, P.C.
518 N. Center Street, Suite 1
Ebensburg, PA 15931

RE: Docket No. AB-55 (Sub-No. 698X), *CSX Transportation, Inc.*
Discontinuance of Service Exemption—in Clark, Floyd, Lawrence, Orange,
and Washington Counties, IN

Dear Mr. Wilson:

CSX Transportation, Inc. ("CSX") responds to the letter dated January 11, 2010 from Radius Indiana ("Radius"). Radius requests information to consider filing an offer of financial assistance ("OFA").

CSXT filed on December 18, 2009, a Petition for Exemption (the "Petition") to discontinue service over its 62.3-mile rail line on its Northern Region, Louisville Division, Hoosier Subdivision between near Bedford, milepost 00Q 251.7, and near New Albany, milepost 00Q 314.0, all in Clark, Floyd, Lawrence, Orange, and Washington Counties, IN (the "Line"). In petitioning to discontinue service, CSXT is seeking to suspend its obligation to provide common carrier service on demand and to avoid the costs of operating and maintaining the Line. Unlike an abandonment, in this proceeding where the Surface Transportation Board (the "Board") has been asked to authorize discontinuance of service over a railroad line an OFA is limited to subsidizing service over the line for up to one year. The subsidy is required to cover the costs of operating and maintaining the rail line, over and above freight revenue earned, the cost of keeping the line in FRA Class 1 condition (or a higher condition if required by the shipper or subsidizer), and a return on CSXT's investment in the line.

CSXT is providing the following information based on the Petition.

The minimum estimated annual subsidy is \$961,143. There may be additional costs to ensure that the Line remains in FRA Class 1 condition. CSXT cannot estimate those costs at this time because it is not aware of the operations that will be provided.

CSXT has maintained the Line to at least FRA Class 1 standards.

Richard R. Wilson, Esq.
February 22, 2010

Since 2007, there has only been one shipper on the Line, L. Thorn Company ("Thorn"). Thorn shipped 17 carloads in 2007, three carloads in 2008, and no carloads in 2009. Overhead traffic on the Line has been rerouted, and will generate no revenue during the subsidy period. Based on past experience including traffic from Thorn, CSXT projects three carloads of traffic and freight revenues of \$5,884 on the Line. Avoidable costs are projected to be \$316,107. The net liquidation value of the line is estimated to be \$4,485,931, on which CSXT expects to earn opportunity costs of \$650,920. CSXT does not have any recent real estate appraisals or inspection reports for the Line.

Exhibit I to the discontinuance petition for exemption provides additional detail and is attached.

If you have any questions please call or email me.

Sincerely yours

A handwritten signature in black ink, appearing to read "Louis E. Gitomer", with a long, sweeping underline that extends to the left.

Louis E. Gitomer
Attorney for: CSX Transportation, Inc.

Attachment

**CSX Transportation, Inc. - Discontinuance of Service
Line Segment: Hoosier Subdivision, IN**

	Base Year ending 06/30/2009 3 CL	Forecast Yr beginning 12/01/2009 3 CL	Subsidy Year ending 12/31/2010 3 CL
Revenues Attributable			
1 Freight Originated &/or Terminated On Branch	\$ 5,769	\$ 5,884	\$ 5,884
2 Bridge Traffic	-	-	-
3 All Other Revenue and Income	965,964	-	-
4 Total Revenues Attributable (Lines 1 thru 3)	\$ 971,733	\$ 5,884	\$ 5,884
Avoidable Costs			
5 Total On-Branch Costs (Lines 5a thru 5k)	\$ 931,770	\$ 311,841	\$ 311,848
a. Maintenance of Way and Structures	15,000	310,000	310,000
b. Maintenance of Equipment - Locomotives	190	183	183
c. Transportation	1,239	1,133	1,140
d. Joint Facilities	914,810	-	-
e. Deadheading, Taxi and Hotel	-	-	-
f. Overhead Movement	-	-	-
g. Freight Car Costs (o/t Return on Freight Cars)	69	63	63
h. Return on Value - Locomotives	378	378	378
i. Return on Value - Freight Cars	84	84	84
j. Revenue Taxes	-	-	-
k. Property Taxes	-	-	-
6 Total Off-Branch Costs (Lines 6a and 6b)	\$ 4,622	\$ 4,242	\$ 4,259
a. Off-Branch Costs (o/t Return on Freight Cars)	4,181	3,801	3,818
b. Return on Value - Freight Cars	441	441	441
7 Total Avoidable Costs (Lines 5 and 6)	\$ 936,392	\$ 316,083	\$ 316,107
Subsidization Costs			
8 Rehabilitation	XXXX	XXXX	
9 Administration Costs	XXXX	XXXX	
10 Casualty Reserve Account	XXXX	XXXX	
11 Total Subsidization Costs (Lines 8 thru 10)	XXXX	XXXX	\$
Return on Value			
12 Valuation of Property (Lines 12a thru 12c)	XXXX	\$ N/A	\$ 4,485,931
a. Working Capital	XXXX		12,791
b. Income Tax Consequences	XXXX		
c. Net Liquidation Value	XXXX		4,473,140
13 Nominal Rate of Return	XXXX	%	18.1%
14 Nominal Return on Value (Line 12 * Line 13)	XXXX		811,953
15 Holding Gain (Loss) @ 3.6%	XXXX		161,033
16 Total Return on Value (Line 14 less Line 15)	XXXX	\$ N/A	\$ 650,920
17 Avoidable Loss from Operations (Line 7 less Line 4)	\$ (35,341)	\$ 310,199	\$ 310,223
18 Estimated Forecast Year Loss from Operations (Lines 7 and 16 less Line 4)		\$ 310,199	
19 Estimated Subsidy Year Loss from Operations (Lines 7, 11 and 16 less Line 4)			\$ 961,143