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December 8, 2010

Mr. William H. Bender
Town Of Poseyville Attorney
c/o Office Of The Clerk – Treasurer
Town Of Poseyville
20 S. Cale Street
P.O. Box 194
Poseyville, IN 47633

ENTERED
Office of Proceedings
DEC 8 - 2010
Part of
Public Record

Re: STB Docket No. AB-1065X, Indiana Southwestern Railway Co. – Abandonment Exemption – In Posey And Vanderburgh Counties, IN

Dear Mr. Bender:

This responds to the Notice Of Intent To File An Offer Of Financial Assistance (“Notice”) that you filed with the Surface Transportation Board (“STB”) on November 18, 2010. Your Notice requested certain information related to the above-referenced abandonment notice of exemption. According to the Notice, you are representing the Town Of Poseyville, IN “Town”, which is contemplating filing an offer of financial assistance (“OFA”) to purchase the rail line that is the subject of this proceeding.

You are correct that a party contemplating filing an OFA to continue existing rail service over the line is entitled, at this stage of the proceeding, to certain information in accordance with 49 CFR 1152.27. In accordance with that regulation, to the extent such information is in Indiana Southwestern Railway Co.’s (“ISW”) possession or is ready attainable without a special study, ISW provides the following information:

1. 49 CFR 1152.27(a)(1)(i) – ISW’s estimate of the minimum purchase price of the line.

ISW would be willing to sell its 17.2 miles of interconnecting rail lines located in Posey and Vanderburgh Counties, Indiana, which lines extend from milepost 227.5 in Poseyville to milepost 240.2 near German Township, a distance of 12.7 miles; and from milepost 277.5 at Cynthiana to milepost 282.0 at Poseyville, a distance of 4.5 miles, including all of its interest in the real estate and the tracks, switches, ties, bridges, and any other track materials necessary for rail operations (but not including any cars, locomotives, or other rolling stock), for no less than \$3,884,580.

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2. 49 CFR 1152.27(a)(2) - ISW's most recent reports on the physical condition of the line.

ISW notes that the line is currently operated as excepted track under Federal Railroad Administration ("FRA") standards and has been operated under that classification for some time. As such, there are no FRA mandated weekly inspection reports available. Nonetheless, ISW does, on occasion, physically inspect the line. The most recent inspection took place on September 22, 2010. A copy of that report is provided on the enclosed CD. ISW is also providing you, on the enclosed CD, a copy of the track chart, which it received when it purchased the line and therefore does not vouch for its accuracy. ISW's Valuation Maps ("Val Maps") governing the lines at issue in this proceeding are also copied on the enclosed CD. These Val Maps, while not specific as to the physical condition of the lines, will nonetheless provide you with the relevant information regarding the size, scope, and details of the right-of-way and of the lines themselves. Finally, ISW is willing to allow you to inspect the line, subject to suitable liability releases. If you wish to conduct such a physical inspection, please contact Mr. Shane Cullen at 309-697-1400 or SCullen@pioneer-railcorp.com to arrange an appropriate time and obtain the necessary liability releases.

3. 49 CFR 1152.27(a)(3) - ISW's estimate of the NLV of the line, with supporting data.

As of this time, ISW has no documents specifically analyzing, in accordance with STB's procedures, the net liquidation value ("NLV") of the lines. ISW has received some confidential offers to purchase the rail, switches, diamonds, ties, plates, signals, and other track material ("OTM"). Accordingly, based upon these documents, certain estimates provided by ISW's in-house operating and engineering departments, and a general search of available public information regarding the value of the rail, switches, diamonds, ties, plates, signals, and OTM, and subtracting the estimated costs associated with the removal of such materials, but not the bridges, and adding the value of the real estate, almost all of which is owned and is not mere easement, ISW estimates that the NLV of the line is approximately \$3,884,580. This is composed of the value of the track, track materials, and ties (approximately 4,000 tons of track and OTM at an average net price of \$620.00 per ton plus the value of 48,160 ties), the value of the real estate for all 17.2 miles of the right-of-way (160 acres at an average price of \$6,300 per acre=\$1,080,000.), and then subtracting appropriate removal and salvage costs. The attached real estate acreage calculation and materials spreadsheet, both included on the enclosed CD, provide you with more specific detail.

Sincerely,



William A. Mullins

Enclosures

cc: Ms. Cynthia T. Brown (w/o enclosures)
Other Parties of Record (w/o enclosures)