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expense and sales tax. The cumulative expenditure for surfacing and lining track on an annualized basis is \$826 per main track mile.

The third group of programmed maintenance costs consists of expenditures associated with public road crossings. These include periodic replacement of the crossing surfaces themselves, as well as warning devices and other appliances associated with the crossings. There are 34 crossings on this line, 3 of which are signalized. On an annualized basis, total programmed maintenance cost for road crossings for the Forecast Year is an average of \$655 per main track mile.

The remaining maintenance expenditures are for "Non Program" track and structure maintenance. This consists of the work needed to keep the line in service between program maintenance cycles. It includes a 3-person section gang, the services of a track inspector to inspect the line once per week as required by FRA track rules (40 miles per day), labor for signal maintenance (including grade crossing signals), signal material, rail replacement for damaged rails (1 rail every 3 miles), vegetation control, bridge inspection, bridge maintenance and material, material store expense and sales tax. The cumulative expenditure for non-program maintenance in the Forecast Year is \$3,541 per main track mile.

As can be seen from the Exhibit, costs for the Forecast Year have been developed by applying an index value called the "DRI Rate" to the amounts shown in the column entitled "Ave Cost Per Mile". The values shown in the latter column are actual costs for the materials and associated work as of October, 1995. The values shown in the "DRI Rate" column are derived from the DRI Forecast, a publication of DRI/McGraw Hill's

Transportation Consulting Practice which publishes rail costs and projections on a quarterly basis. The details of how the DRI rates were applied to the various cost items listed in Exhibit 1 are shown in my workpapers.

Exhibit LB-2 - Net Liquidation Value (Material) - This exhibit details my estimate of the value of the materials in the line (primarily track materials) that UP/SP could expect to realize if the line were abandoned. The exhibit shows current prices for the various types of material as of October, 1995, and are the values used for the Forecast Year (which begins November 1, 1995). The value of track materials may fluctuate, depending on market requirements for specific materials at the time of release. The values shown were obtained from recent UP sales and from telephone contacts with dealers of track materials. DRI rates were applied to the current values to arrive at a Base Year value as of December, 1994 (the Base Year for this application is July 1, 1994 - June 30, 1995).

Rail from abandoned lines is classified as scrap, reroll, or No. 1 - No. 2 quality. The No. 1 - No. 2 quality rail is suitable for use elsewhere on the UP/SP system in secondhand rail replacement and construction projects. Reroll rail is one grade classification better than scrap. This rail would be sold to reroll mills for making fence posts or "rebar" (used to reinforce concrete). Rail not suitable for reuse or for reroll is scrap rail that would be sold to a salvage dealer.

The Hope-Bridgeport Line contains reroll rail which is valued at \$192.07 per net ton, scrap rail which is valued at \$155 per net ton, No. 1 quality continuous welded relay rail which is valued at \$395 per net ton, and No. 2 quality rail which is valued at



\$351.20 per net ton. Scrap material other than rail is valued at \$120 per net ton. The reusable crossties have a value of \$6.25 each and the landscape ties have a value of \$4 each.

The Hope-Bridgeport Line consists of 31.24 miles of branch line trackage and 2.45 miles of miscellaneous sidings. Exhibit LB-2 shows that the line contains 10,021.09 net tons of rail, other track material and switches. The track (main track and sidings) consists predominately of 132 pound rail with some segments of 133 pound and 112 pound rail. There are a total of 109,467 crossties and switch ties, of which 38,313 ties are reusable. The current market value (based on fourth quarter 1995 values) for the track materials is \$4,146,338. When bridge values are added, the total value is \$4,250,448. Removal costs for track, switch and crossties, and bridges are \$1,615,973, for a net liquidation value of \$2,634,475. The current net liquidation value of the track material to be retained by the railroad is \$3,601,336 (gross liquidation value of \$3,811,579 less \$210,243 removal costs)<sup>2</sup>.

The Net Liquidation Values shown in Exhibit LB-2 are for materials only and do not include the value of the underlying real estate. The real estate value is not discussed in this statement.

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<sup>2</sup> The net liquidation value of the retained material exceeds the net liquidation value of the line as a whole. The reason is that materials not being retained have a negative net liquidation value due to high bridge removal costs (\$1,179,975).

Hoisington Subdivision

M.P. 459.20 to 491.20

Note: Equation at MP 478.05 = 478.81

31.24

ESTIMATED ANNUAL MAINTENANCE COST PER MILE FOR THE SEGMENT OF THE  
between M.P. 459.20 and M.P. 491.20 (Hope to Bridgeport).

CLASS 1 STANDARD

ROADWAY MAINTENANCE	QUANT.	UNIT	COST/UNIT	CYCLE OR LIFE	AVE. COST PER MILE	FORECAST YEAR % DRI RATE	THE FORECAST TOTAL
<b>PROGRAMMED TRACK MAINTENANCE:</b>							
Replace Ties 160/mi ea 8 yrs	160	per mile					
Cross Ties 7 x 9 x 8' & Spikes	4,998	Each	\$25.90	8 yrs	\$518	2.30	\$530
Switch Ties (20% replacement)	97	Each	\$52.54	8 yrs	\$20	2.30	\$20
Replace cross ties	4.17	Days	\$15,959	8 yrs	\$266	0.10	\$266
Replace switch ties	4.85	Days	\$1,446	8 yrs	\$28	0.10	\$28
Company Service	476	Crew/Miles	\$8.18	8 yrs	\$16	0.10	\$16
Work Train Service	1.27	Days	\$856.84	8 yrs	\$4	0.10	\$4
Unload ties (Contract)	5,095	Each	\$0.45	8 yrs	\$9	2.20	\$9
Pick up & dispose of scrap ties (Contract)	5,095	Each	\$1.35	8 yrs	\$28	2.20	\$29
MSE	0.80	%			\$4		\$4
Sales Tax	4.00	%			\$22		\$22
					\$915		\$928
<b>Surface and Line Track</b>							
Ballast ( 5 cars/mile )	15,620	Ton	\$5.27	8 yrs	\$329	2.30	\$337
Unload Ballast	6	Days	\$1,983	8 yrs	\$50	0.10	\$50
Surface & Line Track	10	Days	\$9,105	8 yrs	\$379	0.10	\$379
Company Service	801	Crew/Miles	\$8.18	8 yrs	\$26	0.10	\$26
Work Train	6	Days	\$856.84	8 yrs	\$21	0.10	\$21
Sales Tax	4.00	%			\$13		\$13
					\$818		\$826
<b>Road Crossings ( 34 )</b>							
Prefab crossings	880	Ft	\$55.36	15 yrs	\$104	2.30	\$106
Asphalt Crossings	144	Ft	\$51.50	15 yrs	\$16	2.30	\$16
Gravel Crossing	32	Ft	\$7.75	20 yrs	\$0	2.30	\$0
Replace Road crossing material	88	Days	\$1,162	15 yrs	\$218	0.10	\$218
Flashing Lights	3	Pair	\$59,175	30 yrs	\$189	2.30	\$193
Install Flashing Lights	3	Pair	\$31,858	30 yrs	\$102	0.10	\$102
Crossbuck Signs	31	Each	\$108.70	20 yrs	\$5	2.30	\$5
Install Crossing Signs(X-bucks)	31	Each	\$66	20 yrs	\$3	0.10	\$3
Whistle Posts	34	Each	\$15.13	20 yrs	\$1	2.30	\$1
Install Whistle Post Signs	34	Each	\$66	20 yrs	\$4	0.10	\$4
MSE	0.80	%			\$1		\$1
Sales Tax	4.00	%			\$5		\$5
					\$648		\$655

ON-PROGRAM TRACK MAINTENANCE:	COST	UNIT	QUANTITY	AVE COST PER MILE	FORECAST YEAR % DRI RATE	THE FORECAST TOTAL
3 man Section Gang (Foreman & 2 Sectionmen)	\$723	/Day	52	\$1,210	0.10	\$1,211
Track Inspector (Inspect Weekly) (40 miles/day)	\$335	/Day	41	\$436	0.10	\$436
Signal Maintenance - Crossing Protection-Labor	\$1,577	/Each	3	\$151	0.10	\$152
Signal Material	\$394	/Each	3	\$38	2.30	\$39
Rail Replacement 1 rail/3 miles	\$7.76	/LF	406	\$101	2.30	\$103
Vegetation Control	\$394.46	/Mile	31	\$394	2.20	\$403
Bridge Inspection	\$0.61	/LF	3,964	\$77	0.10	\$77
Bridge Maintenance	\$4.25	/LF	3,964	\$539	0.10	\$540
Bridge Material	\$4.30	/LF	3,964	\$546	0.10	\$546
MSE				0.80 %	\$5	\$6
Sales Tax				4.00 %	\$27	\$28
				\$3,524		\$3,541

NORMALIZED MAINTENANCE COST PER MILE PER YEAR = \$5,905

11/8/95

TOTAL NORMALIZED MAINTENANCE COST PER YEAR = \$184,479



# **NET LIQUIDATION VALUE OF TRACK & BRIDGES** **HOISINGTON SUBDIVISION**

8-Nov-95

M.P. 459.20 TO 491.20 =  
 MISCELLANEOUS SIDINGS =

31.24 TRACK MILES  
 2.45 TRACK MILES  
 33.69 TOTAL T.M.S

Note: Equation at MP 478.05=MP 478.01  
 Hope to Bridgeport, Kansas

## **TRACK COMPONENTS -**

Rail Weight	RAIL		OTM	SWITCHES				NET TONS		
	Track Miles	Net Tons	Net Tons	No. 7	No. 8.5 & No. 9	No. 10	Net Tons			
136#		0.00	0.00				0.00	0.00		
133#	3.45	807.58	231.83				0.00	1039.40		
132#	27.79	6456.17	1867.37			6	34.37	8957.92		
131#		0.00	0.00				0.00	0.00		
119#		0.00	0.00				0.00	0.00		
115#		0.00	0.00				0.00	0.00		
112#	2.45	482.94	140.83				0.00	623.77		
110#		0.00	0.00				0.00	0.00		
100#		0.00	0.00				0.00	0.00		
90#		0.00	0.00				0.00	0.00		
85#		0.00	0.00				0.00	0.00		
80#		0.00	0.00				0.00	0.00		
75#		0.00	0.00				0.00	0.00		
Total:	33.69	7746.69	2240.03				34.37	10021.09		

TIES			CURRENT MARKET VALUE 4th Qtr 1995	BASE YEAR VALUE Dec - 1994
SWITCH TIES	486	EA		
CROSS TIES	108981	EA		
TOTAL TIES	109467	EA		

VALUE OF TRACK COMPONENTS				DRI RATE	VALUE
MAIN & SIDE TRACKS:	96.59 N.T. x	\$192.07 /N.T. =	\$18,552	Reroll Rail	0.991 \$18,385
MAIN & SIDE TRACKS:	363.19 N.T. x	\$155.00 /N.T. =	\$56,294	Scrap Rail	0.991 \$55,787
MAIN & SIDE TRACKS:	6,900.56 N.T. x	\$395.00 /N.T. =	\$2,725,722	No. 1 SH CWR Rail	0.991 \$2,701,191
MAIN & SIDE TRACKS:	386.36 N.T. x	\$351.20 /N.T. =	\$135,688	No 2 Qual Rail	0.991 \$134,467
O.T.M. & Turnouts:	706.38 N.T. x	\$120.00 /N.T. =	\$84,766	Scrap Material	0.991 \$84,003
Tie Plates:	203,060 ea. x	\$3.50 ea. =	\$710,710	Relay Tie Plates 8x14	0.991 \$704,314
SWITCH & CROSS TIES :	38,313 ea. x	\$6.25 ea. =	\$239,459	Reusable Ties	0.991 \$237,304
SWITCH & CROSS TIES :	43,787 ea. x	\$4.00 ea. =	\$175,147	Landscape Ties	0.991 \$173,571
SWITCH & CROSS TIES :	27,367 ea. x	\$0.00 ea. =	\$0	Scrap Ties	\$0
TOTAL TRACK VALUE			\$4,146,338		\$4,109,021
BRIDGE VALUE			\$104,110	0.991	\$103,173
TOTAL VALUE			\$4,250,448		\$4,212,194

REMOVAL COSTS					
TRACK REMOVAL	33.69 T.M.s @	\$8,555 Per Mile	\$288,218	0.961	\$276,977
SWITCH & CROSSTIES	109467 Ea. @	\$1.35 Ea.	\$147,780	0.961	\$142,017
BRIDGE REMOVAL COSTS			\$1,179,975	0.961	\$1,133,956
TOTAL REMOVAL			\$1,615,973		\$1,552,950

**NET LIQUIDATION VALUE**

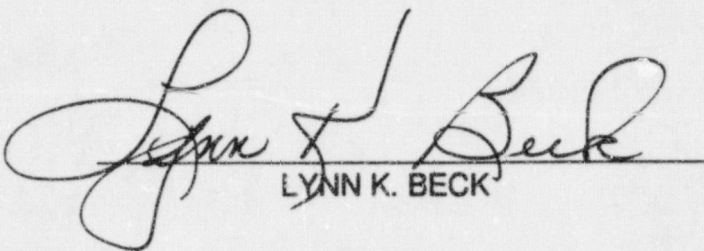
**\$2,634,475**

**\$2,659,244**

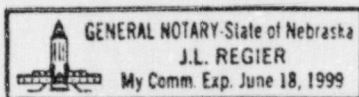
VERIFICATION

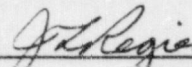
STATE OF NEBRASKA           )  
  ) ss.  
COUNTY OF DOUGLAS        )

LYNN K. BECK, being first duly sworn, deposes and states that he has read the above document, knows the facts asserted therein, and that the same are true as stated.

  
LYNN K. BECK

SUBSCRIBED AND SWORN to before me this 14 day of  
November, 1995.



  
Notary Public

My Commission expires:  
\_\_\_\_\_

STB FD

32760

11-30-95 A

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Before the  
INTERSTATE COMMERCE COMMISSION

ENTERED  
Office of the Secretary

NOV 30 1995

8 Part of  
Public Process

Finance Docket No. 32760

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY  
AND MISSOURI PACIFIC RAILROAD COMPANY  
— CONTROL AND MERGER —  
SOUTHERN PACIFIC RAIL CORPORATION,  
SOUTHERN PACIFIC TRANSPORTATION COMPANY, ST. LOUIS  
SOUTHWESTERN RAILWAY COMPANY, SPCSL CORP. AND THE  
DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY

RAILROAD MERGER APPLICATION

VOLUME 5

RELATED APPLICATIONS, PETITIONS  
FOR EXEMPTION, AND NOTICES OF EXEMPTION

LICENSING BRANCH

NOV 30 11 11 AM '95

RECEIVED  
OFFICE OF THE  
SECRETARY

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Pacific Railroad Company*

November 30, 1995

292

**Hope-Bridgeport, Kansas**

**VERIFIED STATEMENT**

**OF**

**LINDA B. BABUREK**

My name is Linda B. Baburek. I am employed by UP as Manager-Real Estate with offices at 1416 Dodge Street, Omaha, Nebraska 68179.

I have a B.A. degree from Luther College in Decorah, Iowa, and M.B.A. and M.P.A. degrees from Creighton University in Omaha, Nebraska. I have also attended numerous real estate classes at the University of Nebraska at Omaha which included classes in real estate appraisal. I am a licensed real estate salesperson in the State of Nebraska. In my present position my responsibilities include disposition of UP surplus real property and the preparation of in-house appraisals of such properties. I have held my present position for four years and have completed 20 sales of property in the state of Kansas.

In September 1995 I developed an estimated market value of the non-reversionary property on the Hoisington Subdivision from M.P. 459.20 near Hope, Kansas, to M.P. 491.20 near Bridgeport, Kansas, using the following procedures.

Our records indicate a total area between the mile post limits of the abandonment of 753.5362 acres. I carefully reviewed existing title documents to evaluate the quality of title of the property in the event of a sale for non-railroad purposes. Our records indicate that of the 753.5362 acres, 197.0451 acres are merchantable for non-railroad purposes.



I personally inspected the subject property on August 30, 1995. The property consists of 32 miles of right-of-way which is typically 100 to 150 feet wide. This property begins on the east side of Hope and runs to the west side of Bridgeport. The topography is gently rolling hills which is primarily used for grazing and hay production with some grain. There are several small communities where grain handling facilities are located. The largest is Gypsum with a population of 365 people. The others have populations of less than 50. Some are just railroad stations.

Of the 197.0451 acres of merchantable property, 193.0563 acres are adjacent to property used for agricultural purposes. Only 3.9888 acres are located in residential or commercial areas. I established the values for the merchantable property based on values for similar agricultural property and small towns taken from an MAI appraisal of a section of the Hoisington Subdivision east of Herington, Kansas, on sales made by UP in the region and on contacts with real estate salespersons in the area.

In my opinion, the fee title property, containing 197.0451 acres, has a market value of \$75,500.00 (an average of about \$383 per acre).

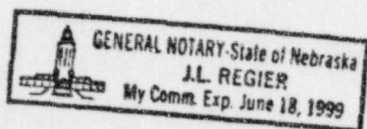
VERIFICATION

STATE OF NEBRASKA   )  
                                  ) ss.  
COUNTY OF DOUGLAS   )

Linda B. Baburek, being first duly sworn, deposes and says that she has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

Linda B. Baburek  
Linda B. Baburek

Subscribed and sworn to before me this 16 day of November, 1995.



J.L. Regier  
Notary Public

My Commission Expires:

\_\_\_\_\_, 19\_\_



**Hope-Bridgeport, Kansas**

**VERIFIED STATEMENT**

**OF**

**KENNETH C. PACKARD**

My name is Kenneth C. Packard. I am employed by UP as Superintendent-Transportation Services with offices at 2801 Rock Creek Parkway, Kansas City, Missouri 64117. I have been employed by UP and its predecessors since 1969. I have held my current position since 1990. I am responsible for train operations on various UP lines in the States of Colorado, Kansas, Oklahoma, Arkansas, Missouri, and Texas. This includes the UP line between Pueblo, Colorado, and Herington, Kansas, which includes the Hope-Bridgeport segment being proposed for abandonment in connection with the UP/SP merger.

Operations On The Line

I am the person responsible for the information on train operations contained in the abandonment application. The Hope-Bridgeport line is used primarily for overhead traffic. The principal user is SP (technically by DRGW, its rail affiliate) which has trackage rights over the entire Pueblo-Herington line. The number of SP trains varies from day to day, but it averages around 25 trains. Following a UP/SP merger, all overhead traffic, including the SP traffic, would be rerouted either to a UP line running from Denver, Colorado east through Salina, Kansas (which we call the "Kansas Pacific" or "KP" line), or to UP's main line through Wyoming and Nebraska. Prior to October 16 of this year, local traffic on the Hope-Bridgeport line was handled

by a local train assignment that operated three cycles (six one-way trips) per week Herington-Hope-Bridgeport-Hoisington. Effective October 16 the operation was revised. Local traffic is now handled by a local train assignment that operates three cycles (six one-way trips) per week Hoisington-Bridgeport-Salina with Bridgeport-Hope side trips as required. In theory, these trains could, if required, make one round trip over the Bridgeport-Hope line per cycle, but this level of service is not necessary given the amount of traffic generated by the line. The October 16 revisions had been in the works prior to the UP/SP merger agreement. While the revisions have not been in effect a sufficient amount of time to establish a definite pattern, I would anticipate that the line will be served an average of one round trip per week over the course of the year. The pro forma operations described below are based on the October 16 revisions.

#### Pro Forma Operations

For purposes of the abandonment application, I was requested to develop a plan for how the Hope-Bridgeport line would be operated if all overhead traffic were rerouted and the line was run solely for local traffic at FRA Class I track speeds (10 mph). In 1994, this line generated 220 carloads, which is only about 7 carloads per mile. An average of one cycle per week over the course of the year should be adequate to serve the line. Physically, the line could be satisfactorily served either from the east (via Hope) or from the west (via Bridgeport). However, serving the line from the west (via Bridgeport) is clearly the better choice under our labor agreements. This line is subject to a 1946 Missouri Pacific labor agreement. The agreement



generally requires us to operate the lines it covers 6 days a week or, if not operated at this frequency, to pay the crews for this time. If we served the line from the east, the work on the line would be part of the crew's basic work and the 6-day guarantee would apply. However, if served from the west, the crew's basic work would be on Hoisington-Bridgeport-Salina turn. The Bridgeport-Hope service would be a "side trip" not subject to the 6-day guarantee, so we would only have to pay for the time actually worked. Therefore, were the line operated solely for local traffic, it would be operated one cycle per week as needed from the west via Bridgeport. This train service could be handled by one low-horsepower locomotive (1,500-2,000 H.P.) and a crew of 3 persons as at present.

**VERIFICATION**

STATE OF MISSOURI     )  
COUNTY OF Clay     ) ss.

Kenneth C. Packard, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

Kenneth C. Packard  
Kenneth C. Packard

Subscribed and sworn to before me this 13 day of November, 1995.

Barbara Graves-Tillman  
Notary Public

My Commission Expires:  
BARBARA GRAVES-TILLMAN  
Notary Public - State of Missouri  
Commissioned in Jackson County, 19\_\_\_\_  
~~My Commission Expires Oct. 6, 1997~~



**Hope-Bridgeport, Ks**  
**VERIFIED STATEMENT**  
**OF**  
**DANIEL J. McGREGOR**

My name is Daniel J. McGregor. I am Product Manager-Food Grains in UP's Marketing and Sales Department. I have been employed by UP for five years, and I have held my current position for five years. Prior duties included thirteen years with Continental Grain Company in various transportation positions.

I am familiar with UP's application to abandon its Hoisington Subdivision between Hope and Bridgeport, KS. In this statement, I will discuss the active customers on the line, their historic traffic activity, and the transportation alternatives available to them if abandonment were approved. I have also projected traffic and revenues for the Forecast Year (November 1, 1995 through October 31, 1996). The forecast for each shipper is explained below. In general, the forecasts are based on an average of 2 shipping seasons of traffic (either 1993-1994 or 1994-8 months 1995, whichever was greater) for specific origin-destination pairs.<sup>1</sup> This process tends to even out the year-to-year fluctuations that can occur on lines that handle predominantly agricultural traffic.

1. North Central Kansas Cooperative, Dillon, KS. (Milepost 462.9). This cooperative generates rail shipments of grain. 1993 traffic was 24 cars of wheat, and 1994

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<sup>1</sup> Because the averaging was by origin-destination county pairs, with all partial numbers rounded up, projections may differ from a simple average of total shipments

traffic consisted of 20 cars of wheat. No traffic was shipped in the first eight months of 1995. The forecast, based on an average by origin-destination county pairs of the 1993-1994 activity, is for 25 cars of wheat. Forecast Year revenues are \$21,875 based on applicable grain rates in Tariff UP 4050-A.

After abandonment, the Coop could truck directly to markets in eastern Kansas. It could also truck four miles to its facility at Hope on UP, which is not affected by the proposed abandonment. The Coop has another facility on the BN/Santa Fe at Navarre, approximately ten highway miles north of Dillon. Grain could be trucked from Dillon to the Navarre facility for rail shipment.

2. Agri Producers, Carlton (Milepost 470.9), and Gypsum (Milepost 478.0), KS. Agri acquired these facilities in 1993. 1993 traffic at Carlton consisted of 1 inbound car of fertilizer and 27 outbound cars of wheat, for a total of 28. 1994 traffic consisted of 4 inbound cars of fertilizer and 73 outbound cars of wheat, for a total of 77. No traffic was shipped from Carlton in the first 6 months of 1995, but 2 outbound cars of wheat were shipped in July-August. 1993 traffic at Gypsum consisted of 25 outbound cars of wheat, and 123 outbound cars of wheat in 1994. 1995 traffic was 5 outbound cars of wheat in the first six months and 51 outbound cars of wheat in July and August, for a total of 56.

Since this shipper is relatively new to the line (although the facilities themselves are not), the forecast is based on the estimate that in mediocre years, Agri might generate about 120 cars of wheat between its two facilities and in excellent years, about 200. The average between the two extremes is 160 cars (which also happens to be nearly equivalent to a simple average of the actual 1993 and 1994 wheat volume).



Apportioning this traffic between the two facilities based on their relative percentage of shipments in 1994 and the first eight months of 1995 yields a forecast of 50 cars from Carlton and 110 cars from Gypsum. Fertilizer shipments from these facilities have been low, but consistent. The forecast of 5 cars is based on an average of 1993 and 1994 traffic (5 Carlton, 0 to Gypsum). Forecast Year revenues are \$160,953, based on rates from UP 4050-A (grain) and applicable contracts.

Agri Producers facilities at Carlton and Gypsum are within 25 miles of five terminal elevator facilities and two flour mills at Salina and Abilene, Kansas. The terminal elevators all have access to both UP and BN/Santa Fe, and all have unit train loading capabilities as well as extensive storage capabilities. Both the terminal elevators and flour mills regularly receive truck grain from a 70-mile radius of their terminals.

Agri Producers also has facilities on other rail lines at Herington, Tampa, Ramona, Durham, and Lincolnville, Kansas, with rail access to either SP or UP, and access to both railroads at Herington. All of these facilities are within 40 miles of Carlton and Gypsum leaving Agri Producers with a variety of facility usage options at reasonable trucking costs.

### 3. Summary.

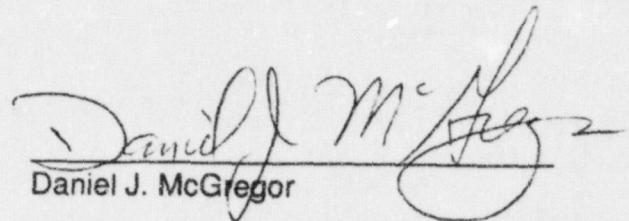
The total Forecast Year number of cars projected is 190 cars, with freight revenues of \$182,828. This traffic represents an annual volume of slightly over 6 carloads per mile. Most of the traffic is wheat from stations in Dickinson and Saline Counties. Wheat production in these counties was 6,200,000 bushels in 1993 and 13,600,000 bushels in 1994. The average load in a grain covered hopper car is 3,300 bushels. The

line originated 76 cars of wheat in 1993 and 216 cars of wheat in 1994. In other words, the percentage of the wheat produced in the two counties that moved on this line was only 4% in 1993 and 5% in 1994. These numbers indicate that at least 95% of the grain produced in the two counties moves by truck or other rail lines.

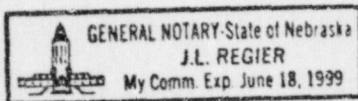
VERIFICATION

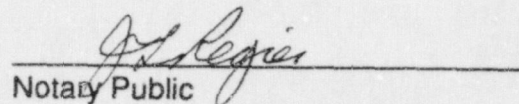
STATE OF NEBRASKA    )  
                                  ) ss.  
COUNTY OF DOUGLAS    )

Daniel J. McGregor, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

  
Daniel J. McGregor

Subscribed and sworn to before me this 16 day of November, 1995.



  
Notary Public

My Commission Expires:

\_\_\_\_\_, 19\_\_



Docket No. AB-3 (Sub-No. 131)  
Docket No. AB-8 (Sub-No. 37)

AFFIDAVIT  
(49 C.F.R. § 1152.24(b))

STATE OF NEBRASKA    )  
                                  ) ss.  
COUNTY OF DOUGLAS    )

Jeanna L. Regier, being first duly sworn upon oath, deposes and says that the notice requirements of 49 C.F.R. § 1152.20 have been satisfied as follows:

(1) On November 3, 1995, the original and 10 copies of a "Notice of Intent To Abandon and Discontinue Service" were mailed by Certified Mail, Return Receipt Requested, to Mr. Vernon Williams, Secretary, Interstate Commerce Commission, 12th & Constitution Avenue, N.W., Washington, DC 20423.

(2) On November 3, 1995, the "Notice of Intent To Abandon and Discontinue Service" was mailed by Certified Mail, Return Receipt Requested, to the Honorable Bill Graves, Governor -- State of Kansas, and a copy was mailed by first class mail to the State of Kansas offices as follows:

Executive Director  
Kansas State Corporation Commission  
1500 SW Arrowhead Rd.  
Topeka, KS 66604

Bureau of Rail Affairs  
Department of Transportation  
217 SE 4th St.  
Topeka, KS 66603-3504

The "Notice of Intent To Abandon and Discontinue Service" was also mailed by first-class mail on November 3, 1995, to the following:

U.S. Department of Transportation  
Federal Railroad Administration  
400 Seventh Street S.W.  
Washington, D.C. 20590

U.S. Department of Interior  
Recreation Resources Assistance Div  
National Park Service  
1100 L Street, N.W. #2321  
Washington, D.C. 20240

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance Div  
P.O. Box 37127  
Washington, D.C. 20013-7127

U.S. Department of Interior  
Land Resources Division  
National Park Service  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

U.S. Railroad Retirement Board  
844 Rush Street  
Chicago, IL 60611

MTMC/TEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

Office of the Special Counsel  
Interstate Commerce Commission  
12th & Constitution Ave., N.W.  
Washington, D.C. 20423

Headquarters - Railway Labor  
Executive Association  
400 North Capitol Street, Suite 850  
Washington, D.C. 20001

Section of Rail Service Planning  
Interstate Commerce Commission  
12th & Constitution Avenue, NW  
Washington, D.C. 20423

Director  
State Extension Service  
Umberger Hall  
Kansas State University  
Manhattan, KS 66506

(3) The Notice of Intent was mailed to the shippers-receivers on the line on November 3, 1995.

(4) The Notice of Intent was published once each week for three consecutive weeks in newspapers generally circulated in the counties as follows:

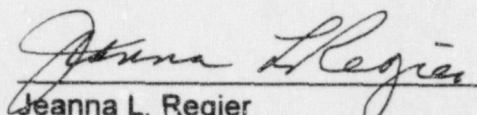
<u>Newspaper</u>	<u>County</u>	<u>Dates Published</u>
Herington Times	Dickinson	November 9, 16, and 23, 1995
Salina Journal	Saline	November 3, 10, and 17, 1995



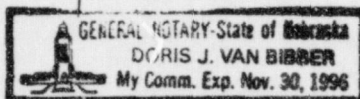
(5) The "Notice of Intent To Abandon and Discontinue Service" was posted in a conspicuous place on the bulletin boards at the stations which handle business for the line, as follows:

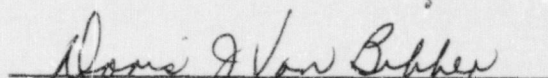
<u>Date Posted:</u>	<u>Station</u>
November 15, 1995	UP's National Customer Service Center 210 N. 13th Street St. Louis, MO 63103
November 8, 1995	DRGW Rail Station 500 North 5th Street Herington, Kansas

SIGNED:

  
Jeanna L. Regier  
Registered ICC Practitioner

SUBSCRIBED AND SWORN to before me a Notary Public this 15th day of November, 1995.



  
Notary Public

My Commission Expires:

Nov. 30, 1996



CERTIFICATE OF SERVICE

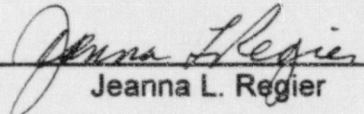
The undersigned hereby certifies that the foregoing Application in Docket Nos. AB-3 (Sub-No. 131) and AB-8 (Sub-No. 37) was served on those parties listed at 49 C.F.R. § 1152.24(c) by mailing a copy first-class mail on November 29, 1995, to the following:

Section of Rail Services Planning  
Interstate Commerce Commission  
12th & Constitution Ave., N.W.  
Washington, D.C. 20423

Honorable Bill Graves  
Governor - State of Kansas  
State Capitol  
Topeka, KS 66612-1590

Executive Director  
Kansas State Corporation Commission  
1500 SW Arrowhead Rd.  
Topeka, KS 66604

Bureau of Rail Affairs  
Department of Transportation  
217 SE 4th St.  
Topeka, KS 66603-3504

  
Jeanna L. Regier

Before the  
INTERSTATE COMMERCE COMMISSION

---

Docket No. AB-3 (Sub-No. 132X)

MISSOURI PACIFIC RAILROAD COMPANY  
-- ABANDONMENT EXEMPTION --  
WHITEWATER-NEWTON LINE  
IN BUTLER AND HARVEY COUNTIES, KANSAS

---

NOTICE OF EXEMPTION

Missouri Pacific Railroad Company ("MPRR") submits this verified Notice of Exemption pursuant to 49 C.F.R. § 1152, Subpart F -- Exempt Abandonments and Discontinuances of Service and Trackage Rights, for an exempt abandonment of a portion of the Newton-Whitewater line (portion of McPherson Branch) from milepost 476.0 near Whitewater to milepost 485.0 near Newton, a distance of approximately 9.0 miles in Butler and Harvey Counties, Kansas. The abandonment does not include active industries at Whitewater or Newton, Kansas.

The abandonment of this line is related to, and contingent upon, the proposed UP/SP consolidation, approval for which is being sought in ICC Finance Docket No. 32760.

Proposed Consummation Date: 49 C.F.R. § 1152.50 (d)(2)

The abandonment will be consummated on or after the effective date of a Commission decision approving the application in Finance Docket No. 32760.

Federally Granted Rights-of-Way

Based on information in the railroad's possession, the line does not contain federally granted rights-of-way. Any documentation in the railroad's possession will be made



available promptly to those requesting it.

Certification: 49 C.F.R. 1152.50(b)

MPRR certifies that no local traffic has moved over the line for at least two years; no user of rail service on the line, or a state or local governmental entity acting on behalf of such user, has filed formal complaints with this Commission regarding cessation of service over the line; and a formal complaint is neither pending with this Commission nor any U.S. District Court nor has been decided in favor of the complainant within the two-year period. Overhead traffic can be rerouted over other rail lines. The line provides UP access to McPherson, Kansas, which will be served via SP's Tucumcari line after the UP/SP consolidation.

Additional Information Required:

49 C.F.R. 1152.22(a)(1)-(5), (8) and (e)(5)

(a) General.

(a)(1) The railroad party's exact name is Missouri Pacific Railroad Company.

(a)(2) MPRR is a common carrier by railroad subject to the Interstate Commerce Act.

(a)(3) MPRR is a railroad affiliate in the UP rail system and is operated under common control and management with UP.

(a)(4) MPRR intends to abandon the Whitewater-Newton line (portion of the McPherson Branch) extending from milepost 476.0 near Whitewater to milepost 485.0 near Newton, a distance of approximately 9.0 miles in Butler and Harvey Counties, Kansas.

(a)(5) A map showing the location of the line in conjunction with other rail lines, highways and roads in the area is attached as Appendix A.

(a)(8) The representatives to whom correspondence regarding this abandonment should be sent are:

Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
1416 Dodge Street, Room 830  
Omaha, Nebraska 68179  
Tel. (402) 271-3072  
(402) 271-4835

(e)(5) Rural and Community Impact. The land area of the abandonment totals approximately 109.82 acres. Tentatively the land area considered to be reversionary consists of 108.87 acres. The non-reversionary property totals 0.95-acre. The non-reversionary property is located only in McLains, Kansas.

The property is probably not suitable for public purposes in the form of roads or highways, other forms of mass transportation, conservation, energy production or transmission, because the area appears to be adequately served by existing roads and utility lines. There is, however, the possibility of considering the line for trail use, and the line appears to be suitable for such use.

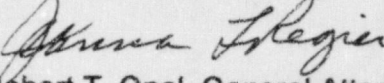
Labor Protection

The interests of railroad employees will be protected by the conditions discussed in Oregon Short Line Railroad Co. -- Abandonment -- Goshen, 360 I.C.C. 91 (1979).

Environmental/Historic Report

Required environmental and historic information is contained in the Environmental Report being filed in ICC Finance Docket No. 32760.

MISSOURI PACIFIC RAILROAD COMPANY

  
Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
1416 Dodge Street, Room 830  
Omaha, Nebraska 68179  
Tel. (402) 271-3072  
(402) 271-4835



VERIFICATION

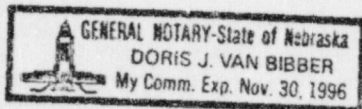
Docket No. AB-3 (Sub-No. 132X)

STATE OF NEBRASKA    )  
                                  ) ss.  
COUNTY OF DOUGLAS    )

Raymond E. Allamong makes oath and says that he is Manager-Rail Line Planning of UP; that he has examined all of the statements in the foregoing Notice of Exemption in Docket No. AB-3 (Sub-No. 132X), Whitewater-Newton Line (portion of McPherson Branch); that he has knowledge of the facts and matters relied upon in the Notice; and that all representations set forth therein are true to the best of his knowledge, information and belief.

Raymond E. Allamong  
Raymond E. Allamong

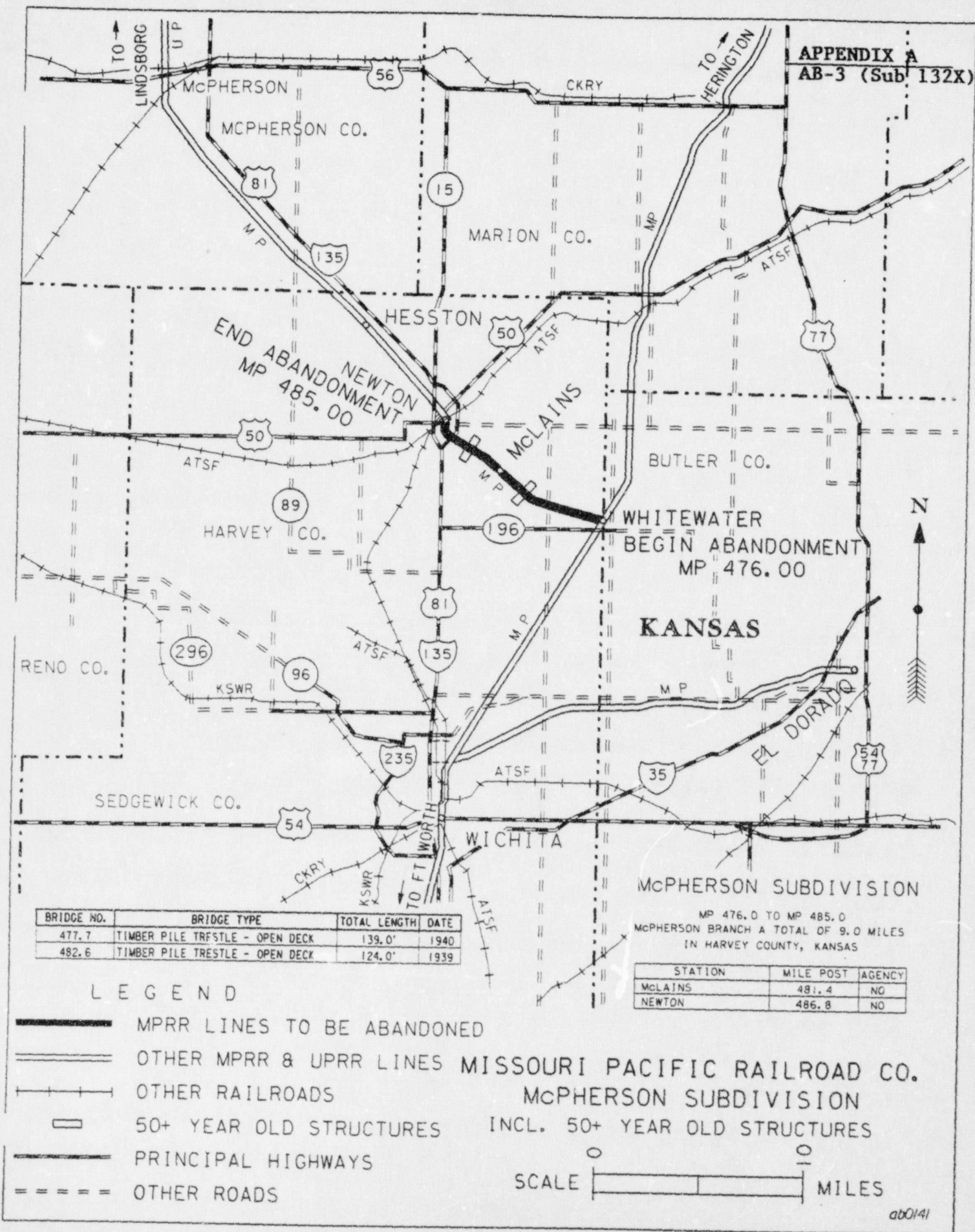
Subscribed and sworn to before me a Notary Public in and for the State and County above named, this 16 day of November, 1995.



Doris J. Van Bibber  
Notary Public

My Commission Expires:

Nov. 30, 1996





DOCKET NO. AB-3 (SUB-NO. 132X)  
Whitewater-Newton Line

CERTIFICATE OF COMPLIANCE

(1) The undersigned certifies that on November 9, 1995, the information required at 49 C.F.R. § 1105.7(e)(1) was served by first class mail, postage prepaid, on the designated state agency (State Clearinghouse) or its alternates:

Bureau of Rail Affairs  
Dept. of Transportation  
217 SE 4th Street  
Topeka, KS 66603-3504

Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604

(2) The undersigned certifies that on November 9, 1995, written notice pursuant to 49 C.F.R. 1152.50(d)(1) was given of the exemption procedure which would be used for abandonment and discontinuance of operations over the Whitewater-Newton line (portion of the McPherson Branch) in Docket No. AB-3 (Sub-No. 132X) by mailing first class mail, postage prepaid a letter of notification of the proposed action to the following:

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

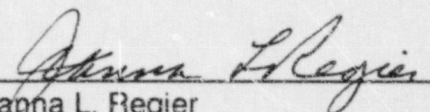
U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

Bureau of Rail Affairs  
Dept. of Transportation  
217 SE 4th Street  
Topeka, KS 66603-3504

Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604

3. The undersigned further certifies that a notice containing the filing of this Notice of Exemption was published in the form pursuant to 49 C.F.R. § 1105.12, as revised, as follows:

<u>County</u>	<u>Newspaper</u>	<u>Date</u>
Butler	Eldorado Times	November 9, 1995
Harvey	Newton Kansan	November 9, 1995

  
\_\_\_\_\_  
Jeanna L. Regier



## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Notice of Exemption in Docket No. AB-3 (Sub-No. 132X), Whitewater-Newton Line (portion of McPherson Branch), was served on November 29, 1995, by mailing a copy, first class mail postage prepaid to the following:

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance  
Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

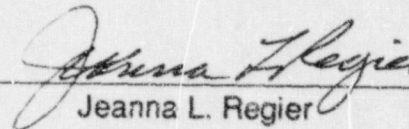
U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

Bureau of Rail Affairs  
Dept. of Transportation  
217 SE 4th Street  
Topeka, KS 66603-3504

Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604

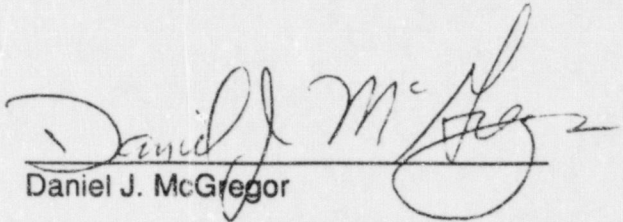
The Honorable Bill Graves  
Governor - State of Kansas  
State Capitol  
Topeka, KS 66603

  
Jeanna L. Regier

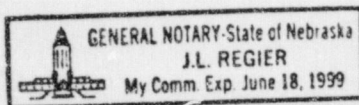
**VERIFICATION**

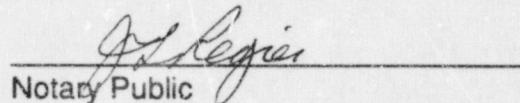
STATE OF NEBRASKA    )  
                                  ) ss.  
COUNTY OF DOUGLAS    )

Daniel J. McGregor, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

  
Daniel J. McGregor

Subscribed and sworn to before me this 16 day of November, 1995.



  
Notary Public

My Commission Expires:

\_\_\_\_\_, 19\_\_

Docket No. AB-3 (Sub-No. 131)  
Docket No. AB-8 (Sub-No. 37)

AFFIDAVIT  
(49 C.F.R. § 1152.24(b))

STATE OF NEBRASKA     )  
                                      ) ss.  
COUNTY OF DOUGLAS    )

Jeanna L. Regier, being first duly sworn upon oath, deposes and says that the notice requirements of 49 C.F.R. § 1152.20 have been satisfied as follows:

(1) On November 3, 1995, the original and 10 copies of a "Notice of Intent To Abandon and Discontinue Service" were mailed by Certified Mail, Return Receipt Requested, to Mr. Vernon Williams, Secretary, Interstate Commerce Commission, 12th & Constitution Avenue, N.W., Washington, DC 20423.

(2) On November 3, 1995, the "Notice of Intent To Abandon and Discontinue Service" was mailed by Certified Mail, Return Receipt Requested, to the Honorable Bill Graves, Governor -- State of Kansas, and a copy was mailed by first class mail to the State of Kansas offices as follows:

Executive Director  
Kansas State Corporation Commission  
1500 SW Arrowhead Rd.  
Topeka, KS 66604

Bureau of Rail Affairs  
Department of Transportation  
217 SE 4th St.  
Topeka, KS 66603-3504

The "Notice of Intent To Abandon and Discontinue Service" was also mailed by first-class mail on November 3, 1995, to the following:



U.S. Department of Transportation  
Federal Railroad Administration  
400 Seventh Street S.W.  
Washington, D.C. 20590

U.S. Department of Interior  
Recreation Resources Assistance Div  
National Park Service  
1100 L Street, N.W. #2321  
Washington, D.C. 20240

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance Div  
P.O. Box 37127  
Washington, D.C. 20013-7127

U.S. Department of Interior  
Land Resources Division  
National Park Service  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

U.S. Railroad Retirement Board  
844 Rush Street  
Chicago, IL 60611

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

Office of the Special Counsel  
Interstate Commerce Commission  
12th & Constitution Ave., N.W.  
Washington, D.C. 20423

Headquarters - Railway Labor  
Executive Association  
400 North Capitol Street, Suite 850  
Washington, D.C. 20001

Section of Rail Service Planning  
Interstate Commerce Commission  
12th & Constitution Avenue, NW  
Washington, D.C. 20423

Director  
State Extension Service  
Umberger Hall  
Kansas State University  
Manhattan, KS 66506

(3) The Notice of Intent was mailed to the shippers-receivers on the line on November 3, 1995.

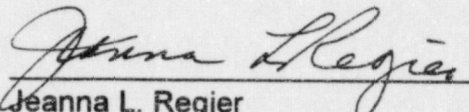
(4) The Notice of Intent was published once each week for three consecutive weeks in newspapers generally circulated in the counties as follows:

<u>Newspaper</u>	<u>County</u>	<u>Dates Published</u>
Herington Times	Dickinson	November 9, 16, and 23, 1995
Salina Journal	Saline	November 3, 10, and 17, 1995

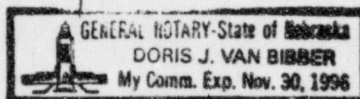
(5) The "Notice of Intent To Abandon and Discontinue Service" was posted in a conspicuous place on the bulletin boards at the stations which handle business for the line, as follows:

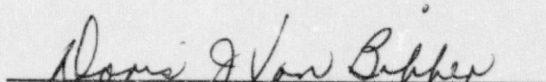
<u>Date Posted:</u>	<u>Station</u>
November 15, 1995	UP's National Customer Service Center 210 N. 13th Street St. Louis, MO 63103
November 8, 1995	DRGW Rail Station 500 North 5th Street Herington, Kansas

SIGNED:

  
Jeanna L. Regier  
Registered ICC Practitioner

SUBSCRIBED AND SWORN to before me a Notary Public this 17th day of November, 1995.



  
Notary Public

My Commission Expires:

Nov. 30, 1996



CERTIFICATE OF SERVICE

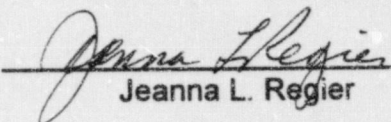
The undersigned hereby certifies that the foregoing Application in Docket Nos. AB-3 (Sub-No. 131) and AB-8 (Sub-No. 37) was served on those parties listed at 49 C.F.R. § 1152.24(c) by mailing a copy first-class mail on November 29, 1995, to the following:

Section of Rail Services Planning  
Interstate Commerce Commission  
12th & Constitution Ave., N.W.  
Washington, D.C. 20423

Honorable Bill Graves  
Governor - State of Kansas  
State Capitol  
Topeka, KS 66612-1590

Executive Director  
Kansas State Corporation Commission  
1500 SW Arrowhead Rd.  
Topeka, KS 66604

Bureau of Rail Affairs  
Department of Transportation  
217 SE 4th St.  
Topeka, KS 66603-3504

  
Jeanna L. Regier



Before the  
INTERSTATE COMMERCE COMMISSION

---

Docket No. AB-3 (Sub-No. 132X)

MISSOURI PACIFIC RAILROAD COMPANY  
-- ABANDONMENT EXEMPTION --  
WHITEWATER-NEWTON LINE  
IN BUTLER AND HARVEY COUNTIES, KANSAS

---

NOTICE OF EXEMPTION

Missouri Pacific Railroad Company ("MPRR") submits this verified Notice of Exemption pursuant to 49 C.F.R. § 1152, Subpart F -- Exempt Abandonments and Discontinuances of Service and Trackage Rights, for an exempt abandonment of a portion of the Newton-Whitewater line (portion of McPherson Branch) from milepost 476.0 near Whitewater to milepost 485.0 near Newton, a distance of approximately 9.0 miles in Butler and Harvey Counties, Kansas. The abandonment does not include active industries at Whitewater or Newton, Kansas.

The abandonment of this line is related to, and contingent upon, the proposed UP/SP consolidation, approval for which is being sought in ICC Finance Docket No. 32760.

Proposed Consummation Date: 49 C.F.R. § 1152.50 (d)(2)

The abandonment will be consummated on or after the effective date of a Commission decision approving the application in Finance Docket No. 32760.

Federally Granted Rights-of-Way

Based on information in the railroad's possession, the line does not contain federally granted rights-of-way. Any documentation in the railroad's possession will be made

available promptly to those requesting it.

Certification: 49 C.F.R. 1152.50(b)

MPRR certifies that no local traffic has moved over the line for at least two years; no user of rail service on the line, or a state or local governmental entity acting on behalf of such user, has filed formal complaints with this Commission regarding cessation of service over the line; and a formal complaint is neither pending with this Commission nor any U.S. District Court nor has been decided in favor of the complainant within the two-year period. Overhead traffic can be rerouted over other rail lines. The line provides UP access to McPherson, Kansas, which will be served via SP's Tucumcari line after the UP/SP consolidation.

Additional Information Required:

49 C.F.R. 1152.22(a)(1)-(5), (8) and (e)(5)

(a) General.

(a)(1) The railroad party's exact name is Missouri Pacific Railroad Company.

(a)(2) MPRR is a common carrier by railroad subject to the Interstate Commerce Act.

(a)(3) MPRR is a railroad affiliate in the UP rail system and is operated under common control and management with UP.

(a)(4) MPRR intends to abandon the Whitewater-Newton line (portion of the McPherson Branch) extending from milepost 476.0 near Whitewater to milepost 485.0 near Newton, a distance of approximately 9.0 miles in Butler and Harvey Counties, Kansas.

(a)(5) A map showing the location of the line in conjunction with other rail lines, highways and roads in the area is attached as Appendix A.

(a)(8) The representatives to whom correspondence regarding this abandonment should be sent are:



Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
1416 Dodge Street, Room 830  
Omaha, Nebraska 68179  
Tel. (402) 271-3072  
(402) 271-4835

(e)(5) Rural and Community Impact. The land area of the abandonment totals approximately 109.82 acres. Tentatively the land area considered to be reversionary consists of 108.87 acres. The non-reversionary property totals 0.95-acre. The non-reversionary property is located only in McLains, Kansas.

The property is probably not suitable for public purposes in the form of roads or highways, other forms of mass transportation, conservation, energy production or transmission, because the area appears to be adequately served by existing roads and utility lines. There is, however, the possibility of considering the line for trail use, and the line appears to be suitable for such use.

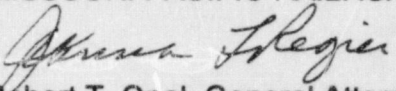
Labor Protection

The interests of railroad employees will be protected by the conditions discussed in Oregon Short Line Railroad Co. -- Abandonment -- Goshen, 360 I.C.C. 91 (1979).

Environmental/Historic Report

Required environmental and historic information is contained in the Environmental Report being filed in ICC Finance Docket No. 32760.

MISSOURI PACIFIC RAILROAD COMPANY

  
Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
1416 Dodge Street, Room 830  
Omaha, Nebraska 68179  
Tel. (402) 271-3072  
(402) 271-4835



VERIFICATION

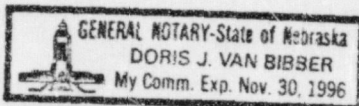
Docket No. AB-3 (Sub-No. 132X)

STATE OF NEBRASKA     )  
                                  ) ss.  
COUNTY OF DOUGLAS    )

Raymond E. Allamong makes oath and says that he is Manager-Rail Line Planning of UP; that he has examined all of the statements in the foregoing Notice of Exemption in Docket No. AB-3 (Sub-No. 132X), Whitewater-Newton Line (portion of McPherson Branch); that he has knowledge of the facts and matters relied upon in the Notice; and that all representations set forth therein are true to the best of his knowledge, information and belief.

Raymond E. Allamong  
Raymond E. Allamong

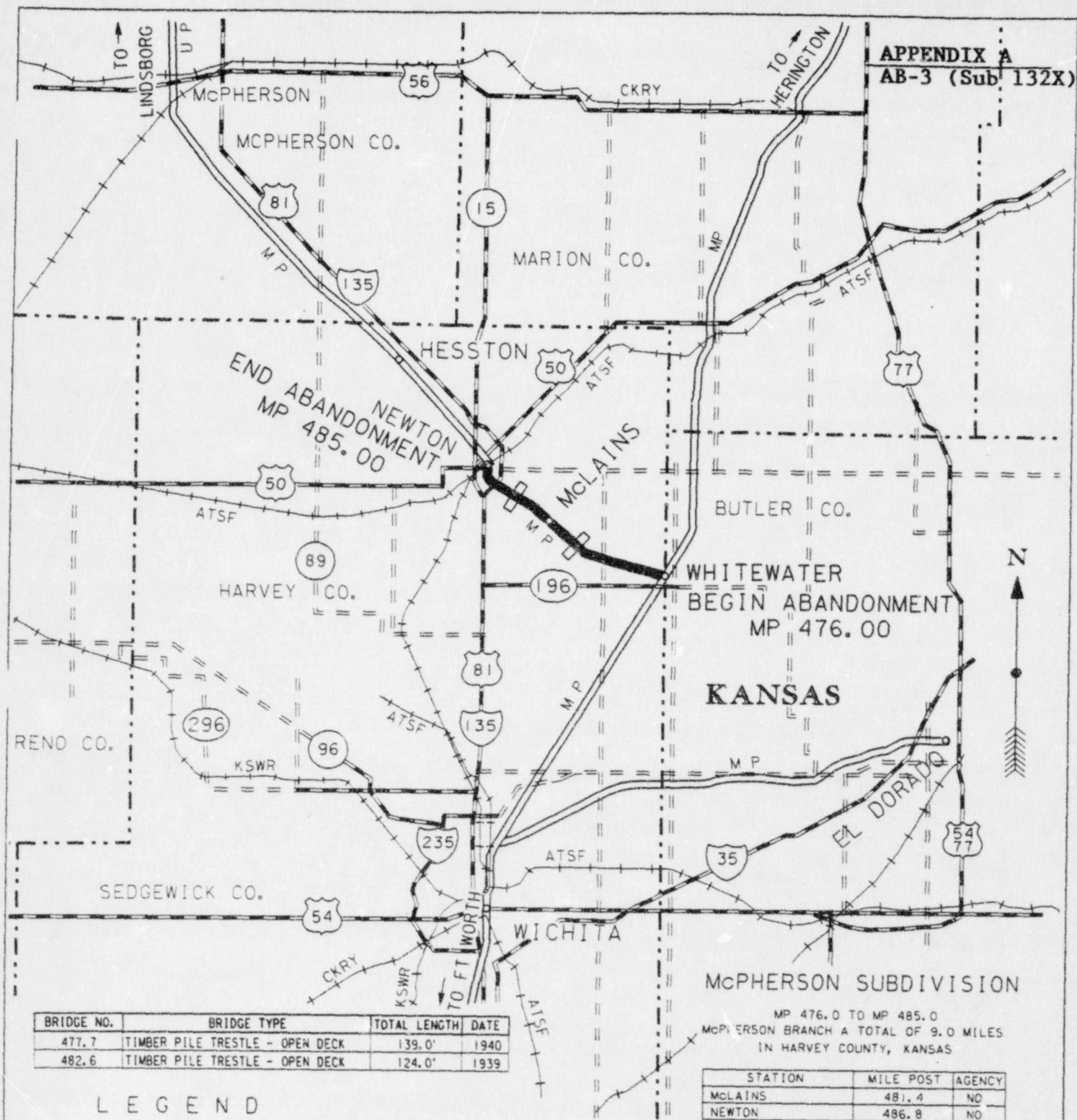
Subscribed and sworn to before me a Notary Public in and for the State and County above named, this 16 day of November, 1995.



Doris J. Van Bibber  
Notary Public

My Commission Expires:

Nov. 30, 1996





DOCKET NO. AB-3 (SUB-NO. 132X)  
Whitewater-Newton Line

CERTIFICATE OF COMPLIANCE

(1) The undersigned certifies that on November 9, 1995, the information required at 49 C.F.R. § 1105.7(e)(1) was served by first class mail, postage prepaid, on the designated state agency (State Clearinghouse) or its alternates:

Bureau of Rail Affairs  
Dept. of Transportation  
217 SE 4th Street  
Topeka, KS 66603-3504

Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604

(2) The undersigned certifies that on November 9, 1995, written notice pursuant to 49 C.F.R. 1152.50(d)(1) was given of the exemption procedure which would be used for abandonment and discontinuance of operations over the Whitewater-Newton line (portion of the McPherson Branch) in Docket No. AB-3 (Sub-No.132X) by mailing first class mail, postage prepaid a letter of notification of the proposed action to the following:

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance Division  
P.O. Box 37127  
Washington, D.C. 20013-7127



U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

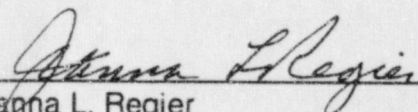
U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

Bureau of Rail Affairs  
Dept. of Transportation  
217 SE 4th Street  
Topeka, KS 66603-3504

Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604

3. The undersigned further certifies that a notice containing the filing of this Notice of Exemption was published in the form pursuant to 49 C.F.R. § 1105.12, as revised, as follows:

<u>County</u>	<u>Newspaper</u>	<u>Date</u>
Butler	Eldorado Times	November 9, 1995
Harvey	Newton Kansan	November 9, 1995

  
\_\_\_\_\_  
Jeanna L. Regier

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Notice of Exemption in Docket No. AB-3 (Sub-No. 132X), Whitewater-Newton Line (portion of McPherson Branch), was served on November 29, 1995, by mailing a copy, first class mail postage prepaid to the following:

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

Bureau of Rail Affairs  
Dept. of Transportation  
217 SE 4th Street  
Topeka, KS 66603-3504

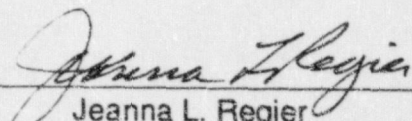
U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance  
Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604

The Honorable Bill Graves  
Governor - State of Kansas  
State Capitol  
Topeka, KS 66603

U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

  
\_\_\_\_\_  
Jeanna L. Regier



Before the  
INTERSTATE COMMERCE COMMISSION

---

Docket NO. AB-3 (Sub-No. 133X)

MISSOURI PACIFIC RAILROAD COMPANY  
-- ABANDONMENT EXEMPTION --  
IOWA JUNCTION-MANCHESTER LINE  
IN JEFFERSON DAVIS AND CALCASIEU PARISHES, LOUISIANA

---

PETITION FOR EXEMPTION

I.

Introduction

Missouri Pacific Railroad Company ("MPRR") files this Petition For Exemption pursuant to 49 U.S.C. § 10505 for an exemption from the statutory provisions of 49 U.S.C. §§ 10903, et. seq. to abandon its Iowa Junction-Manchester Line extending from milepost 680.0 near Iowa Junction to milepost 688.5 near Manchester, a distance of approximately 8.5 miles in Jefferson Davis and Calcasieu Parishes, Louisiana.

The abandonment of this line is related to, and contingent upon, the proposed UP/SP consolidation, approval for which is being sought in ICC Finance Docket No. 32760.

Abandonment of rail lines requires authorization and approval of this Commission pursuant to 49 U.S.C. § 10903. However, 49 U.S.C. § 10505 requires the Commission to exempt a transaction when it finds: (1) continued regulation is not necessary to carry out the Rail Transportation Policy of 49 U.S.C. § 10101(a); and (2) either the transaction is of limited scope or Commission regulation is not necessary to protect shippers from an abuse of market power. Petitioner's proposed abandonment satisfies the standards



for an exemption.

II.

Petitioner's Representatives

Petitioner's representatives in this abandonment proceeding are:

Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
Union Pacific Railroad Company  
1416 Dodge Street, Room 830  
Omaha, NE 68179-0830  
(402) 271-3072  
(402) 271-4835

III.

Description of the Line, Maintenance and Service

Petitioner's Lake Charles Subdivision extends between Willow Glen and Lake Charles, Louisiana. The portion of the line to be abandoned extends from milepost 680.0 near Iowa Junction to milepost 688.5 near Manchester (approximately 8.5 miles) and is used primarily by overhead trains operating to and from Lake Charles. After a UP/SP consolidation, this overhead traffic would be rerouted over other UP/SP trackage. The local traffic generated on the line is minimal (1-2 cars per year). Local service has been provided on an as-needed basis. The line is constructed of approximately 3.60 miles of 90-pound track material and 4.90 miles of 112-pound rail. The maximum speed is 10 mph.

IV.

Exhibit 1 - Map

The Iowa Junction-Manchester line proposed for abandonment is shown on the map identified as Appendix A and attached to this Petition. Other rail lines in the area and major highways are shown on the map.

V.  
Shipper Information

Gulf Coast Coop, Highway 90 East, Iowa Junction, Louisiana 76047, is the only shipper using the rail line. Its movements consist of occasional shipments of grass seed moving from Oregon. Shipping history is as follows:

	<u>1993</u>	<u>1994</u>	<u>January-September 1995</u>
Carloads (Received)	1	2	1

As shown on the Exhibit 1 map, there are other rail lines in the immediate area. Gulf Coast's occasional grass seed shipments could be transloaded on one of these lines after abandonment.

VI.  
The Line Is Not Viable

There is no possibility that this line could ever be viably operated for local traffic. As shown in the accompanying Verified Statement of Raymond E. Allamong, the gross UP/SP revenues from the grass seed movements do not even cover the cost of the crossing diamond at Iowa Junction, much less any of the other costs of keeping the line in service. Petitioner is not aware of any prospects that other rail shippers would locate on the line.

VI.  
The Standards For an Exemption Have Been Met

Detailed scrutiny of the abandonment by the Commission under 49 U.S.C. § 10903 is not necessary to carry out the Rail Transportation Policy of 49 U.S.C. § 10101a. An exemption will minimize the administrative expenses in the preparation and review



associated with a formal abandonment application, will expedite regulatory action and will reduce regulatory barriers for exit consistent with 49 U.S.C. §§ 10101a(2) and (7). There is no prospect the line could be operated viably once overhead traffic is rerouted, given the minimal local traffic on the line. An exemption will thus "foster sound economic conditions in transportation" consistent with § 10101a(5).

The proposed abandonment is clearly a transaction of "limited scope" given the short (8.5 miles) length of the line and the small amount of local traffic (1-2 cars per year) handled by it. In addition, regulation of this abandonment is not needed to protect shippers from an abuse of market power. The sole shipper is not rail dependent, as shown by the minimal use it has made of the line. There is no conceivable way that the abandonment could result in any abuse of market power.

## VII.

### Land Area, Public Use and Federal Grant Information

The land area of the abandonment totals 109.258 acres, of which 21.248 acres are considered to be non-reversionary and 88.01 acres reversionary.

The right-of-way is mostly 100 feet in width and is level with the adjacent land, which is used predominately for agricultural purposes. The right-of-way is suitable for public purposes (trail use). The right-of-way is presently governed by a Registration Agreement with the Louisiana Nature Conservancy and the Louisiana Department of Wildlife and Fisheries.

Based on information in Petitioner's possession, the line does not contain federally granted right-of-way.

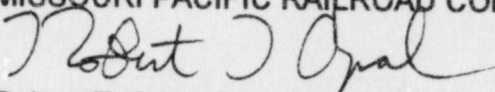


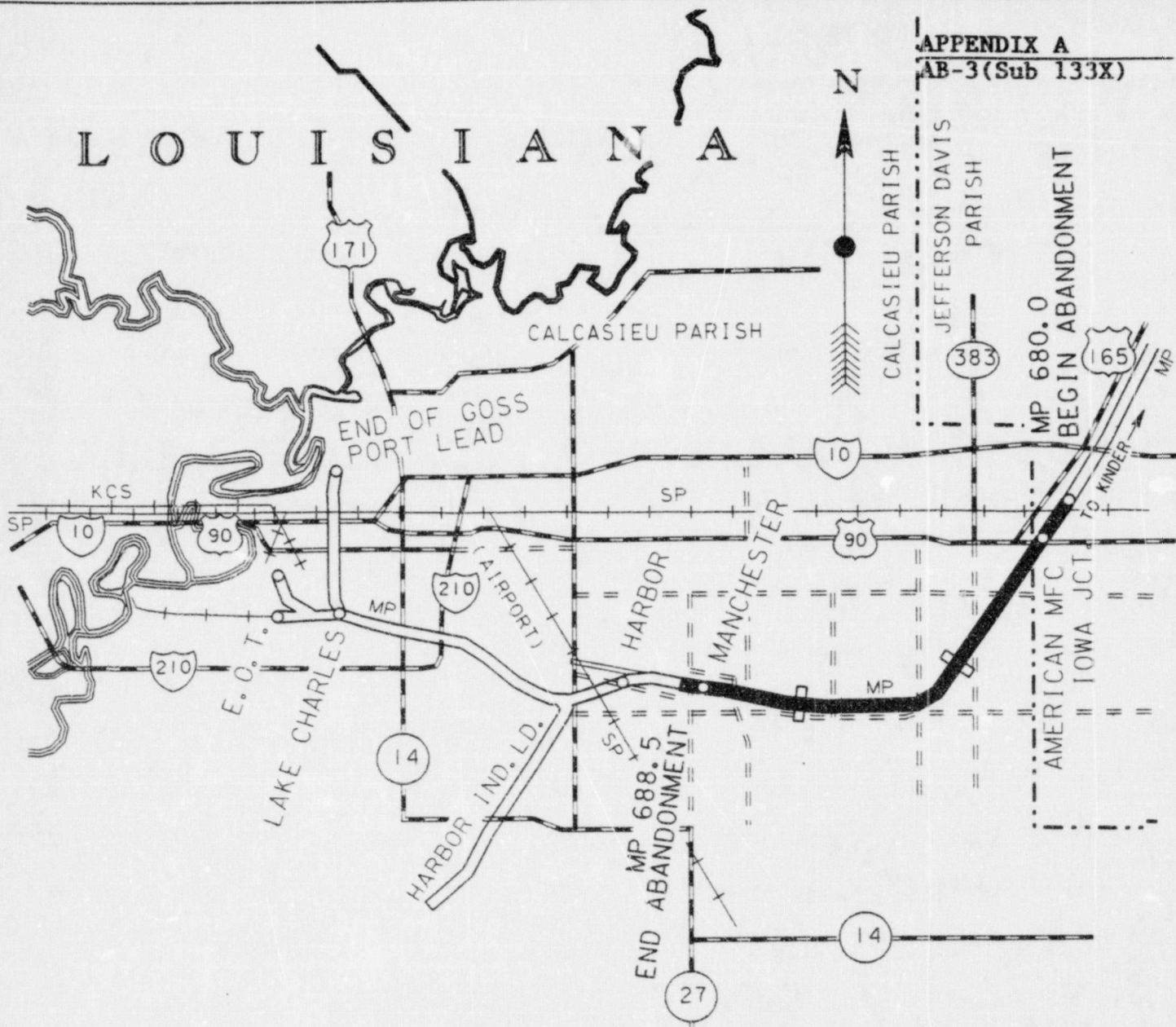
VII.  
Environmental/Historic Report

Required environmental and historic information is contained in the Environmental Report being filed in ICC Finance Docket No. 32760.

WHEREFORE, Petitioner respectfully requests that this Commission issue a decision to exempt, from the provisions of 49 U.S.C. §§ 10903-10906, the abandonment and discontinuance of operations of a line of railroad known as the Iowa Junction-Manchester line (portion of Lake Charles Subdivision) extending from milepost 680.0 near Iowa Junction to milepost 688.5, near Manchester, a distance of 8.5 miles in Jefferson Davis and Calcasieu Parishes, Louisiana.

MISSOURI PACIFIC RAILROAD COMPANY

  
Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
Union Pacific Railroad Company  
1416 Dodge Street, Room 830  
Omaha, NE 68179-0830  
(402) 271-3072  
(402) 271-4835



BRIDGE NO.	BRIDGE TYPE	TOTAL LENGTH	DATE
684.7	TIMBER PILE TRESTLE - OPEN DECK	41.0'	1929
686.4	TIMBER PILE TRESTLE - OPEN DECK	55.0'	1929

# LEGEND

- MPRR LINES TO BE ABANDONED
- OTHER MPRR LINES
- OTHER RAILROADS
- 50+ YEAR OLD STRUCTURES
- PRINCIPAL HIGHWAYS
- OTHER ROADS

## LAKE CHARLES SUBDIVISION

MP 680.0 TO MP 688.5  
LAKE CHARLES SUBDIVISION A TOTAL OF 8.5 MILES  
IN JEFFERSON DAVIS PARISH AND CALCASIEU PARISH,  
LOUISIANA

STATION	MILE POST	AGENCY
AMERICAN MFC	680.5	NO
MANCHESTER	688.0	NO

MISSOURI PACIFIC RAILROAD CO.  
LAKE CHARLES SUBDIVISION  
INCL. 50+ YEAR OLD STRUCTURES

SCALE MILES

ab0143  
REVISED 10/17/95



**Iowa Junction - Manchester, Louisiana**

**VERIFIED STATEMENT**

**OF**

**RAYMOND E. ALLAMONG**

My name is Raymond E. Allamong. I am Manager - Rail Line Planning for UP, with offices at 1416 Dodge Street, Omaha, Nebraska 68179. I have been employed by UP since 1982 and have held my present position since 1991. My duties include analyzing rail lines of UP and its affiliates to develop strategies for line sales and abandonments. I am very familiar with the Iowa Junction-Manchester line, and the post merger traffic reroutings that would affect it.

The Iowa Junction-Manchester line is part of a longer UP route called the "Lake Charles Subdivision," which extends roughly 90 miles from Willow Glen to Lake Charles, Louisiana. The portion to be abandoned begins at MP 680.0, just north of the SP's "Sunset Route" main line. It crosses the SP at grade, and then extends 8.5 miles to MP 688.5 near Manchester. With the current configuration of the UP system, this line is needed as part of a through route that UP uses to access industries at Lake Charles. However, after a UP/SP merger, access to Lake Charles would be via SP trackage rather than over the Iowa Junction-Manchester line.

The only local shipper using this line is Gulf Coast Coop, Highway 90 East, Iowa Junction, Louisiana 76047. Its traffic is shown below:



	<u>1993</u>	<u>1994</u>	January-September <u>1995</u>
Carloads	1	2	1

All of this traffic consists of grass seed moving from Oregon via SP-UP routing. This commodity requires no special handling and is moved in standard covered hopper cars. As shown on the map attached to the Petition in this proceeding, there are other UP and SP lines in the immediate area. The shipper should be able to easily transload the small amount of seed it receives on one of these lines.

It is obvious that an 8.5 mile line generating only 1 or 2 carloads of traffic a year is a hopeless economic proposition. The gross revenue (combined SP and UP) on the car of traffic received on the line so far in 1995 was \$3,400, and this includes the revenue attributable to the entire movement from Oregon to destination. The Iowa Junction-Manchester line includes a "diamond" crossing over the SP "Sunset Route." The SP line is heavily used and has Amtrak trains in addition to freight trains. It will remain heavily used after a UP/SP merger (in fact, BN/Santa Fe will use the Sunset Route under the terms of the September 26 UP/SP-BN/Santa Fe settlement agreement). A diamond crossing such as this lasts for 9-12 years and costs about \$100,000 to replace. Assuming a 12-year life, which is probably optimistic, the annualized cost is \$8,333 per year. This figure is just for the crossing and does not include crew wages, other track maintenance, locomotives, etc., or any of the other costs of operating and maintaining a rail line. Yet, this one item of expense is more than the entire gross revenue UP and SP receive from the 1-2 cars that move in a year

(1 car \$3,400; 2 cars - \$6,800). The line is clearly not viable at these traffic levels and should be abandoned.

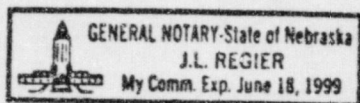
VERIFICATION

STATE OF NEBRASKA    )  
                                  ) ss.  
COUNTY OF DOUGLAS    )

Raymond E. Allamong, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

Raymond E. Allamong  
Raymond E. Allamong

Subscribed and sworn to before me this 15 day of November, 1995.



J.L. Regier  
Notary Public

My Commission Expires:

\_\_\_\_\_, 19\_\_\_\_



## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Petition For Exemption in Docket No. AB-3 (Sub-No. 133X), Iowa Junction-Manchester Line (portion of Lake Charles Subdivision), was served on November 29, 1995, by mailing a copy, first class mail postage prepaid to the following:

**MTMCTEA**

Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

**Secretary**

Louisiana Public Service Commission  
P.O. Box 91154  
Baton Rouge, LA 70821-9154

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance  
Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

Rail Program Manager  
Department of Transportation  
and Development  
P.O. Box 94245, Capitol Station  
Baton Rouge, LA 70804-9245

U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

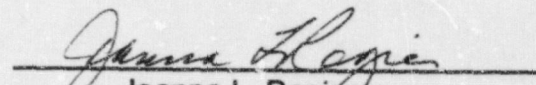
Honorable Edwin Edwards  
Governor - State of Louisiana  
State Capitol  
Baton Rouge, LA 70804

Gulf Coast Coop  
Highway 90 East  
Iowa Junction, LA 76047

U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

The undersigned further certifies that a notice of the abandonment, pursuant to 49 C.F.R § 1105.12, was published as follows:

<u>County</u>	<u>Newspaper</u>	<u>Date</u>
Jefferson Davis	Jennings News	November 9, 1995
Calcasieu	Lake Charles American Press	November 9, 1995

  
Jeanna L. Regier

Before the  
INTERSTATE COMMERCE COMMISSION

---

Docket No. AB-3 (Sub-No. 134X)

MISSOURI PACIFIC RAILROAD COMPANY  
-- ABANDONMENT EXEMPTION --  
TROUP-WHITEHOUSE LINE  
IN SMITH COUNTY, TEXAS

---

NOTICE OF EXEMPTION

Missouri Pacific Railroad Company ("MPRR") submits this verified Notice of Exemption pursuant to 49 C.F.R. § 1152, Subpart F -- Exempt Abandonments and Discontinuances of Service and Trackage Rights, for an exempt abandonment of the Troup-Whitehouse line ( portion of the Tyler Industrial Lead) extending from milepost 0.50 near Troup to milepost 8.0 near Whitehouse, a distance of approximately 7.5 miles in Smith County, Texas. The abandonment does not include active industries at Troup or Whitehouse, Texas.

The abandonment of this line is related to, and contingent upon, the proposed UP/SP consolidation, approval for which is being sought in ICC Finance Docket No. 32760.

Proposed Consummation Date: 49 C.F.R. § 1152.50 (d)(2)

The abandonment will be consummated on or after the effective date of a Commission decision approving the application in Finance Docket No. 32760.



### Federally Granted Rights-of-Way

Based on information in the railroad's possession, the line does not contain federally granted rights-of-way. Any documentation in the railroad's possession will be made available promptly to those requesting it.

### Certification: 49 C.F.R. 1152.50(b)

MPRR certifies that no local traffic has moved over the line for at least two years; no user of rail service on the line, or a state or local governmental entity acting on behalf of such user, has filed formal complaints with this Commission regarding cessation of service over the line; and a formal complaint is neither pending with this Commission nor any U.S. District Court nor has been decided in favor of the complainant within the two-year period. Overhead traffic will be rerouted over other rail lines after the UP/SP consolidation.

### Additional Information Required:

49 C.F.R. 1152.22(a)(1)-(5), (8) and (e)(5)

#### (a) General.

(a)(1) The railroad's exact name is Missouri Pacific Railroad Company.

(a)(2) MPRR is a common carrier by railroad subject to the Interstate Commerce Act.

(a)(3) MPRR is a railroad affiliate in the UP rail system and is operated under common control and management with UP.

(a)(4) MPRR intends to abandon the Troup - Whitehouse line (portion of the Tyler Industrial Lead) extending from milepost 0.50 near Troup to milepost 8.0 near Whitehouse, a distance of approximately 7.50 miles in Smith County, Texas.

(a)(5) A map showing the location of the line in conjunction with other rail lines, highways and roads in the area is attached as Appendix A.



(a)(8) The representatives to whom correspondence regarding this abandonment should be sent are:

Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
1416 Dodge Street, Room 830  
Omaha, Nebraska 68179  
Tel. (402) 271-3072  
(402) 271-4835

(e)(5) Rural and Community Impact. The land area of the abandonment totals approximately 157.12 acres. Tentatively, the land area considered to be reversionary consists of 21.48 acres and the non-reversionary property totals 135.64 acres.

The right-of-way is suitable for mass transportation and recreational purposes.

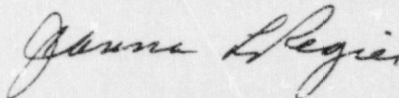
Labor Protection

The interests of railroad employees will be protected by the conditions discussed in Oregon Short Line Railroad Co. -- Abandonment -- Goshen, 360 I.C.C. 91 (1979).

Environmental/Historic Report

Required environmental and historic information is contained in the Environmental Report being filed in ICC Finance Docket No. 32760.

MISSOURI PACIFIC RAILROAD COMPANY



Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
1416 Dodge Street, Room 830  
Omaha, Nebraska 68179  
Tel. (402) 271-3072  
(402) 271-4835

VERIFICATION

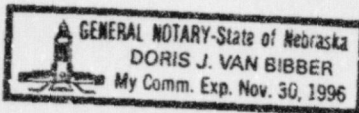
Docket No. AB-3 (Sub-No. 134X)

STATE OF NEBRASKA     )  
                                      ) ss.  
COUNTY OF DOUGLAS    )

Raymond E. Allamong makes oath and says that he is Manager-Rail Line Planning of UP; that he has examined all of the statements in the foregoing Notice of Exemption in Docket No. AB-3 (Sub-No. 134X), Troup-Whitehouse line; that he has knowledge of the facts and matters relied upon in the Notice; and that all representations set forth therein are true to the best of his knowledge, information and belief.

Raymond E. Allamong  
Raymond E. Allamong

Subscribed and sworn to before me a Notary Public in and for the State and County above named, this 16 day of November, 1995.

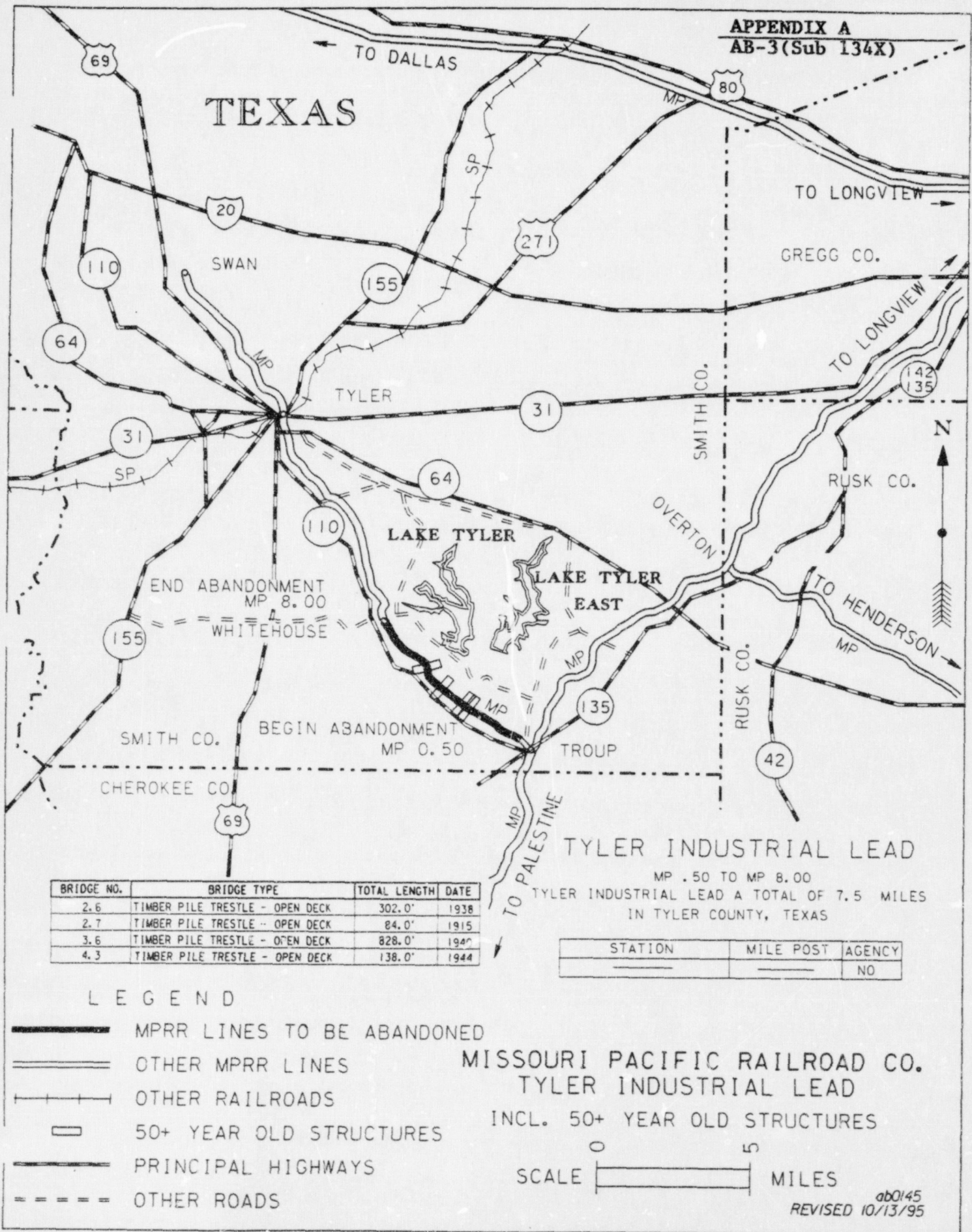


Doris J. Van Bibber  
Notary Public

My Commission Expires:

Nov. 30, 1996





BRIDGE NO.	BRIDGE TYPE	TOTAL LENGTH	DATE
2.6	TIMBER PILE TRESTLE - OPEN DECK	302.0'	1938
2.7	TIMBER PILE TRESTLE - OPEN DECK	84.0'	1915
3.6	TIMBER PILE TRESTLE - OPEN DECK	828.0'	1940
4.3	TIMBER PILE TRESTLE - OPEN DECK	138.0'	1944

# LEGEND

- MPRR LINES TO BE ABANDONED
- OTHER MPRR LINES
- OTHER RAILROADS
- 50+ YEAR OLD STRUCTURES
- PRINCIPAL HIGHWAYS
- OTHER ROADS

MISSOURI PACIFIC RAILROAD CO.  
TYLER INDUSTRIAL LEAD  
INCL. 50+ YEAR OLD STRUCTURES

SCALE 0 5 MILES

ab01/45  
REVISED 10/13/95



DOCKET NO. AB-3 (SUB-NO. 134X)  
Troup-Whitehouse Line

CERTIFICATE OF COMPLIANCE

(1) The undersigned certifies that on November 9, 1995, the information required at 49 C.F.R. § 1105.7(e)(1) was served by first class mail, postage prepaid, on the designated state agency (State Clearinghouse) or its alternates:

Tom Adams  
Governor's Office of Budget and Planning  
P. O. Box 12428  
Austin, TX 78711

(2) The undersigned certifies that on November 9, 1995, written notice pursuant to 49 C.F.R. 1152.50(d)(1) was given of the exemption procedure which would be used for abandonment and discontinuance of operations over the Troup-Whitehouse Line (a portion of the Tyler Industrial Lead) in Docket No. AB-3 (Sub-No.134X) by mailing first class mail, postage prepaid a letter of notification of the proposed action to the following:

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

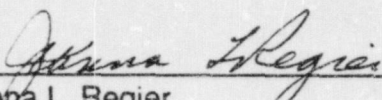
U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

Tom Griebel, Asst. Executive Director  
Multi-Modal Transportation  
Texas Department of Transportation  
125 E. 11th St.  
Austin, TX 78701-2967

Barry Williamson, Chairman  
Railroad Commission of Texas  
1701 N. Congress Avenue  
Austin, TX 78711-2967

3. The undersigned further certifies that a notice containing the filing of this Notice of Exemption was published in the form pursuant to 49 C.F.R. § 1105.12, as revised, as follows:

<u>County</u>	<u>Newspaper</u>	<u>Date</u>
Smith	Tyler Courier-Times	November 9, 1995

  
\_\_\_\_\_  
Jeanne L. Regier



CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Notice of Exemption in Docket No. AB-3 (Sub-No. 134X), Troup-Whitehouse Line (portion of Tyler Industrial Lead), was served on November 29, 1995, by mailing a copy, first class mail postage prepaid to the following:

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance  
Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

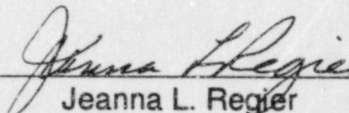
U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

Tom Griebel, Asst. Executive Director  
Multi-Modal Transportation  
Texas Department of Transportation  
125 E. 11th St.  
Austin, TX 78701-2967

Barry Williamson, Chairman  
Railroad Commission of Texas  
1701 N. Congress Avenue  
Austin, TX 78711-2967

The Honorable George W. Bush  
Governor - State of Texas  
State Capitol  
Austin, TX 78701

  
Jeanna L. Regier



Before the  
INTERSTATE COMMERCE COMMISSION

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Docket No. AB-8 (Sub-No. 36X)

THE DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY  
-- DISCONTINUANCE EXEMPTION --  
SAGE-LEADVILLE LINE IN EAGLE AND LAKE COUNTIES, COLORADO

AND

Docket No. AB-12 (Sub-No. 189X)

SOUTHERN PACIFIC TRANSPORTATION COMPANY  
-- ABANDONMENT EXEMPTION --  
SAGE-LEADVILLE LINE IN EAGLE AND LAKE COUNTIES, COLORADO

---

PETITION FOR EXEMPTION

I.  
Introduction

The Denver and Rio Grande Western Railroad Company ("DRGW") and Southern Pacific Transportation Company ("SPT") submit this Petition For Exemption pursuant to 49 U.S.C. § 10505 and hereby request an exemption from the statutory provisions of 49 U.S.C. §§ 10903, et seq. to abandon and discontinue operation of the Sage-Leadville Line between milepost 335.0 near Sage and milepost 271.0 near Malta, and between milepost 271.0 near Malta and milepost 276.1 near Leadville, a distance of approximately 69.1 miles in Eagle and Lake Counties, Colorado. DRGW and SPT are referred to collectively as "Petitioners."

The proposed abandonment and discontinuance are related to, and contingent upon, the proposed UP/SP consolidation, approval for which is being sought in ICC Finance Docket No. 32760.

Abandonment of, and discontinuance of service on, rail lines requires authorization and approval of this Commission pursuant to 49 U.S.C. § 10903. However, 49 U.S.C. § 10505 requires the Commission to exempt a transaction when it finds: (1) continued regulation is not necessary to carry out the Rail Transportation Policy of 49 U.S.C. § 10101(a); and (2) either the transaction is of limited scope or Commission regulation is not necessary to protect shippers from an abuse of market power. The actions proposed herein by Petitioner satisfy these standards for exemption.

II.

Petitioners' Representative

Petitioners' representative in this proceeding is:

Gary A. Laakso, General Attorney  
Southern Pacific Building  
One Market Plaza, Room 846  
San Francisco, CA 94105  
(415) 541-1785

III.

Description of the Line, Maintenance and Services

Petitioners request exemption authority for physical abandonment and discontinuance of operations on the Sage-Leadville Line. The line extends from milepost 335.0, near Sage, to milepost 271.0, near Malta, and from milepost 271.0, near Malta, to milepost 276.1, near Leadville, a total distance of approximately 69.1 miles in Eagle and Lake Counties, Colorado.

The two segments which comprise the line are described separately below:

A. Sage-Malta (MP 335.0-271.0) - As discussed in the accompanying Verified Statement of Paul D. Turney, this segment currently forms part of an SPT east-west



through route between Dotsero and Pueblo, Colorado.<sup>1/</sup> It is a mountain railroad and includes Tennessee Pass, the highest railroad crossing of the Rocky Mountains (over 10,000 feet). The segment is very difficult to operate and maintain due to severe grades (up to 3%), 4 tunnels, tight curves, and severe weather. The characteristics of this segment include right of way with steep canyon walls, river gorges, with track alignment partially following a river course. There are recurring problems with rock slides and heavy snow, typically between October and May. As discussed in Section V below, there has been little local traffic generated on the Sage-Malta segment, and none is expected in the future due to relocation of the few active shippers.

There have been no significant changes in train service and maintenance on the Sage-Malta segment in the past five years. The segment is operated and maintained primarily for overhead traffic. Through trains are operated on a seven-day-per-week basis. Local service on the line has been infrequent and provided only when required.

After the UP/SP consolidation, through trains (overhead traffic) currently using the Sage-Malta segment would be rerouted via the alternate UP/SP lines between Ogden, Utah and Cheyenne, Wyoming, and between Dotsero and Denver, Colorado.

B. Malta-Leadville Segment (MP 271.0-276.1) - This segment has not handled commercial freight traffic since 1991. Approximately half of the segment is out of service, and is physically impassible (the street crossings in Leadville have been paved over). The remaining portion serves as access to a slag supply (left over from discontinued smelter

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<sup>1/</sup> This through route also includes the Malta-Cañon City Line, which is the subject of an abandonment application in Docket No. AB-8 (Sub-No. 38) and AB-12 (Sub-No. 188).



operations near Leadville) which Petitioners use for ballast. The only train service consists of Petitioners' own ballast movements.

IV.  
Exhibit 1 -- Map

The Sage-Leadville Line proposed for abandonment and discontinuance is shown on the map identified as Appendix A and attached to this Petition. Other rail lines and major highways in the area are also shown on the map.

V.  
Shipper Information

The local revenue traffic (i.e., not including Petitioners' ballast trains) generated by the Sage-Leadville Line has been extremely low in recent years. Local revenue traffic from January 1, 1993 through June 30, 1995 is shown below. All of this traffic was generated on the Sage-Malta segment:

SAGE-LEADVILLE REVENUE TRAFFIC

<u>Rail Station</u>	<u>Shipper</u>	<u>1993</u>	<u>1994</u>	<u>6mos/1995</u>
Eagle	GMCO	0	0	5
	Envirotech	0	5	0
Minturn	N. American Chemical	0	2	0
Pando	HT Industries	0	0	23
Leadville Branch	none	0	0	0

None of the traffic shown above is recurring. The 23 cars which moved from Pando in 1995 consisted of steel scrap. This was the salvage of wrecked railroad rolling stock which had derailed after running away on the Tennessee Pass grade. The 2

carloads of coal which moved from Minturn in 1994 were salvaged cargo from another derailment. The remaining traffic at Eagle (5 cars in 1994 and 5 cars in 1995) is non-recurring because both shippers are relocating their operations in the area to Glenwood Springs, Colorado (west of Sage).

There are no prospects that new or additional local traffic will materialize for this line in the foreseeable future. Industries located near the lines have access to a well-developed highway and secondary road network which includes three U.S. highways.

#### VI.

#### The Line Is Not Economically Viable

There is no possibility that this line could ever be viably operated for local traffic once overhead traffic is rerouted, because no local traffic is expected to be generated on the line in the future. As shown in Section V above, the principal source of local traffic in recent years has been salvaged rolling stock and cargo from derailments on the line. The remaining sources of local traffic are relocating from the line.

#### VII.

#### Title Information

The land area of the abandonments totals approximately 1406 acres (Sage-Malta at 1336 acres and Malta-Leadville at 70 acres). Sage-Malta segment has 105 acres and Malta-Leadville segment has 40 acres that are considered to be non-reversionary. The line contains federally granted right-of-way.

In Petitioners' opinion, the property proposed for abandonment is suitable for public purposes, particularly trail use. Petitioners are agreeable to negotiating a trail use agreement for all or part of the property.



### VIII.

#### The Standards For An Exemption Have Been Met

Detailed scrutiny of the abandonment and discontinuance by the Commission under 49 U.S.C. § 10903 is not necessary to carry out the Rail Transportation Policy of 49 U.S.C. § 10101(a). An exemption will minimize the administrative expenses of preparation and review associated with a formal abandonment and discontinuance application and proceeding, will expedite regulatory action and will reduce regulatory barriers for exit from these lines consistent with 49 U.S.C. §§ 10101a(2) and (7). There is no prospect the line could be operated viably once overhead traffic is rerouted. An exemption will thus "foster sound economic conditions in transportation" consistent with § 10101a(5).

The proposed abandonment and discontinuance are clearly transactions of "limited scope" given the 69.1 miles length of the line, the minimal local traffic in the past, and the absence of local traffic in the future. In addition, regulation of the abandonment and discontinuance is not needed to protect shippers from an abuse of market power. There is no conceivable way that the proposed actions can result in any abuse of market power by UP/SP since there will be no rail shippers on the line. There will be no adverse regional impact from the abandonment and discontinuance.

### IX.

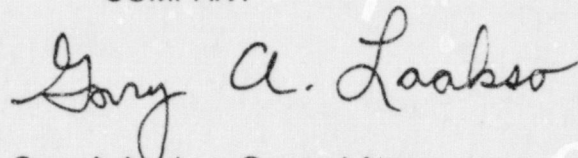
#### Environmental and Historic Report

A required environmental and historic information is included in the Environmental Report submitted in ICC Finance Docket No. 32760.

WHEREFORE, Petitioners request that this Commission issue a decision to exempt, from the provisions of 49 U.S.C. §§ 10903 et seq., the abandonment and

discontinuance of operations of a line of railroad known as the Sage-Leadville Line, extending from milepost 335.0, near Sage, to milepost 271.0, near Malta, and from milepost 271.0, near Malta, to milepost 276.1, near Leadville, a total distance of 69.1 miles, in Eagle and Lake Counties, Colorado.

THE DENVER AND RIO GRANDE WESTERN RAILROAD  
COMPANY  
SOUTHERN PACIFIC TRANSPORTATION  
COMPANY

A handwritten signature in cursive script that reads "Gary A. Laakso". The signature is written in dark ink and is positioned above the typed name and address.

Gary A. Laakso, General Attorney  
Southern Pacific Building  
One Market Plaza, Room 846  
San Francisco, CA 94105  
(415) 541-1785



STB

FD

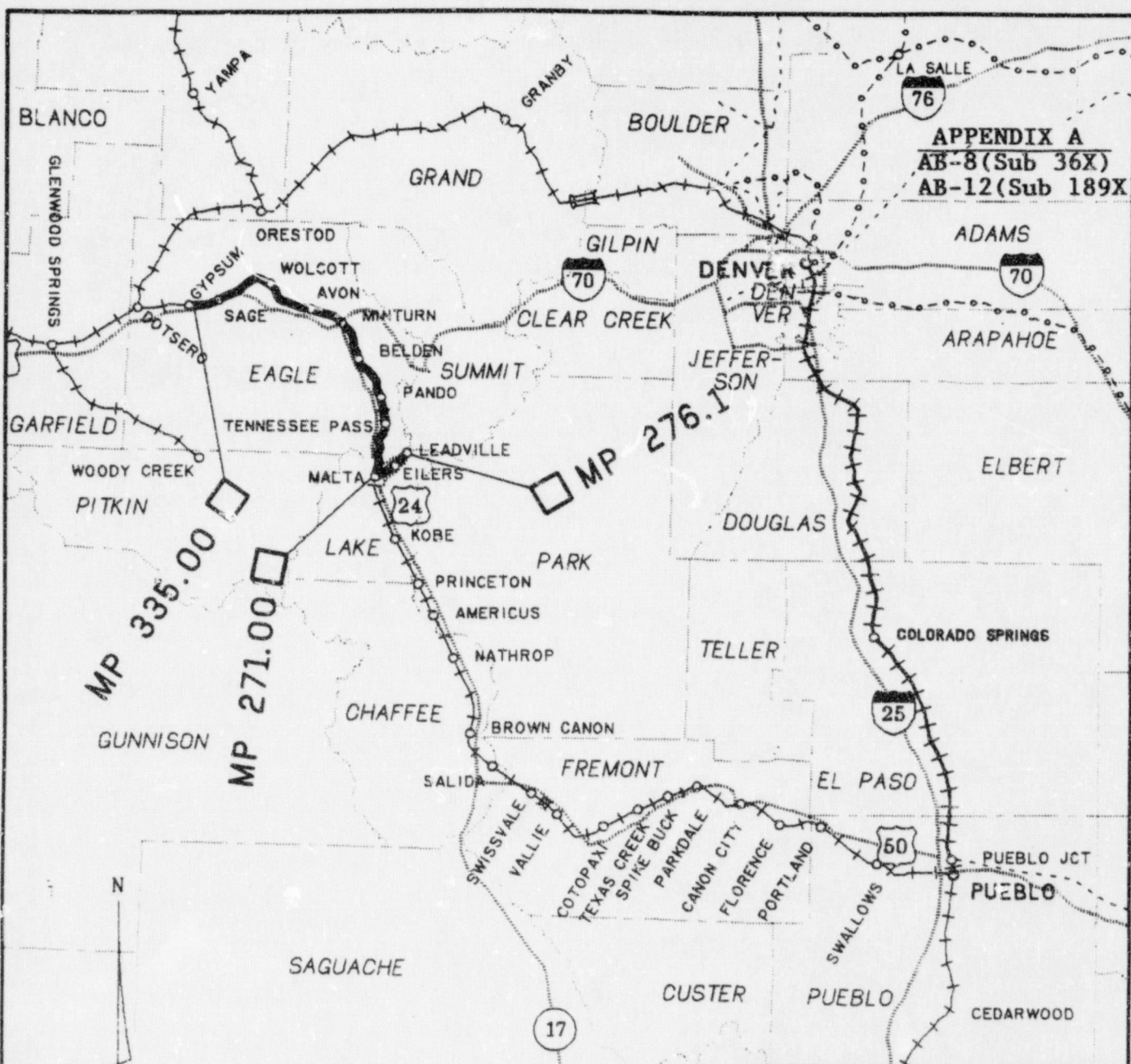
32760

11-30-95 A

1648V17

2/5

APPENDIX A  
 AB-8 (Sub 36X)  
 AB-12 (Sub 189X)

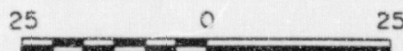


**LEGEND**

- Proposed Abandonment
- +— DRGW Operations
- - - - Union Pacific Railroad
- - - - BNSF
- +— DRGW/BNSF PAIRED TRACK
- Highways

SOUTHERN PACIFIC LINES	
DOCKET NO. AB-8 (SUB-NO. 36X) PROPOSED DISCONTINUANCE THE DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY BETWEEN SAGE AND MALTA, CO MP 335.0 TO MP 271.0 AND	
DOCKET NO. AB-12 (SUB-NO. 189X) PROPOSED ABANDONMENT SOUTHERN PACIFIC TRANSPORTATION COMPANY BETWEEN SAGE AND MALTA, CO MP 335.0 TO MP 271.0 AND	
DOCKET NO. AB-8 (SUB-NO. 36X) PROPOSED ABANDONMENT THE DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY BETWEEN MALTA AND LEADVILLE, CO MP 271.0 TO MP 276.1	
SCALE AS SHOWN	ENGINEERING - CADDO BUREAU
VAL. SEC.	SHEET
ROUTE NO.	MP
DATE OCT. 11, 1993	SHEET NO. 1 OF 1
REVISED TO	FILE ORIGIN CADDO

**SOUTHERN PACIFIC**  
 LANS  
 Engineering Dept. CADDO Bureau



SCALE IN MILES



**Sage - Leadville, Colorado**

**VERIFIED STATEMENT**

**OF**

**PAUL D. TURNEY**

My name is Paul D. Turney. I have been employed by SPT for eighteen years, and I currently hold the title of Senior Manager Plant Rationalization. My duties include evaluating rail lines for sale, lease, abandonment or discontinuance.

I inspected the Sage-Leadville line on September 27-26, 1995. This inspection consisted of hi-railing the Sage-Malta segment (milepost 335.0 near Sage to milepost 271.0 near Malta) and driving adjacent to the Malta-Leadville segment (milepost 271.0 near Malta to milepost 276-1 near Leadville). I will describe these segments separately below.

1. Sage - Malta Segment.

This segment forms part of an SPT east-west through route between Dotsero and Pueblo, Colorado. The segment passes through a mountainous and sparsely populated area of central Colorado. The characteristics of the segment include right-of-way with steep canyon walls, a river gorge, and track alignment partially following a river course. The segment includes Tennessee Pass, the highest railroad crossing of the Rocky Mountains (over 10,000 feet), 4 tunnels, tight curves and numerous severe grades some of which are as steep as 3 percent. Multiple unit helper engines are normally required to move trains over the steep gradients. There are recurring problems with rock slides and heavy snow (up to 100 inches), typically between October and May. The

segment is very difficult to maintain and operate due to the terrain and climatic conditions. The track is in good condition and maintained to FRA Class 4 standards, with a maximum speed of 50 mph, but 64 miles are subject to lower speed limits due primarily to curves and grades.

The segment is fully signaled with centralized traffic control and power switches on several sidings. Slide fences and high water detectors are linked to the signal system to stop trains when storm waters, flooding, avalanches, rock slides, or snow run-off inhibit safe operation.

The segment is operated and maintained primarily for overhead traffic. After a UP/SP merger, this overhead traffic would be rerouted via alternative UP/SP lines between Ogden, Utah and Cheyenne, Wyoming (the current UP main line through Wyoming) and between Dotsero and Denver, Colorado (the current DRGW "Moffat Tunnel" route).

There has been very little local traffic generated on the Sage-Malta segment - only 35 cars during the period from January 1, 1993 through June 30, 1995. Unfortunately, the major source of local traffic was salvaged rolling stock and cargo from derailments on the line. This totaled 25 cars, or 71% of the local traffic during the period. It consisted of 2 carloads of salvaged coal shipped by North American Chemical Company from a 1994 derailment, and 23 carloads of scrap steel shipped by H. T. Industries from Pando in 1995, which was the wreckage of rolling stock from a run-away down the Tennessee Pass grade.



The remaining 10 carloads of local traffic were chemicals used for highway maintenance, and consisted of 5 carloads received at Eagle, Colorado by Envirotech, and 5 carloads received at Eagle by GMCO. Traffic for these shippers is being relocated to Glenwood Springs (rail station Glenwood) west of Sage on SP's Salt Lake City - Denver line, which will be unaffected by the proposed abandonment. This relocation is not related to the proposed abandonment, had been planned before the UP/SP merger was announced, and would occur even if the Sage - Malta segment were not abandoned.

2. Malta-Leadville Segment.

This segment is, essentially, a branch line running east to Leadville, Colorado, from SPT's mainline through Malta. At one time, Leadville was an important center for mining activities in the surrounding area. The Malta-Leadville segment provided access to several long gone smelters near Leadville, as well as connecting to a network of other railroads (both narrow and standard gauge) in the Leadville area.

The last commercial movement of freight on the segment occurred in 1991. Since then, the only use of the line has been for movements of DRGW company material. DRGW owns some slag left over from the Leadville smelters, and uses this material for ballast. DRGW ballast trains operate over roughly half of the segment. The remainder of the segment is out of service and physically impassible. Several roadway crossings in the City of Leadville have been paved over by public authorities. There is no overhead traffic on the segment.

## VERIFICATION

STATE OF CALIFORNIA

1

) ss.

CITY AND COUNTY OF SAN FRANCISCO

1

PAUL D. TURNEY, being first duly sworn, deposes and states that he has read the above document, knows the facts asserted therein, and that the same are true as stated.

Paul D. Turney  
PAUL D. TURNEY

SUBSCRIBED AND SWORN to before me this 10 day of November, 1995.

Denora Rusconi  
Notary Public

My Commission expires:

August 20, 1997





## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Petition For Exemption in Docket Nos. AB-8 (Sub-No. 36x) and AB-12 (Sub-No. 189X), Sage-Leadville Line was served on November 29, 1995, by mailing a copy, first class mail postage prepaid to the following:

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

Honorable Roy Romer  
Governor - State of Colorado  
200 East Colfax Avenue  
Denver, CO 80203

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance  
Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

Division of Transportation Development  
Transportation Department  
4201 E. Arkansas Avenue, Room 262  
Denver, CO 80222

U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

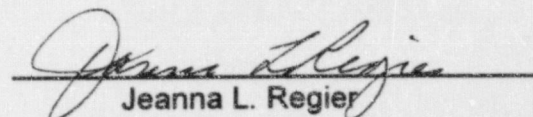
Regulatory Agencies Department  
Public Utilities Division  
1560 Broadway, Suite 1550  
Denver, CO 80202

Gale A. Norton, Esq.  
Colorado Attorney General  
1525 Sherman Street, 5th Floor  
Denver, CO 80203

U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

The undersigned further certifies that a notice of the abandonment, pursuant to 49 C.F.R § 1105.12, was published as follows:

<u>County</u>	<u>Newspaper</u>	<u>Date</u>
Eagle	Eagle Valley Enterprise	November 22, 1995
Lake	Herald-Democrat (Leadville)	November 23, 1995

  
Jeanna L. Regier

Before the  
INTERSTATE COMMERCE COMMISSION

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Docket No. AB-8 (Sub-No. 39)

THE DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY  
-- DISCONTINUANCE -- MALTA-CAÑON CITY LINE  
IN LAKE, CHAFFEE AND FREMONT COUNTIES, COLORADO

AND

Docket No. AB-12 (Sub-No. 188)

SOUTHERN PACIFIC TRANSPORTATION COMPANY --  
ABANDONMENT-- MALTA-CAÑON CITY LINE  
IN LAKE, CHAFFEE AND FREMONT COUNTIES, COLORADO

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APPLICATION

The Denver and Rio Grande Western Railroad Company ("DRGW"), operator and Southern Pacific Transportation Company ("SPT"), owner (both hereinafter referred to as "Applicants"), submit this Application pursuant to 49 C.F.R. § 1152.22 for a certificate of public convenience and necessity to permit discontinuance of operations on and abandonment of a 109.0-mile portion of railroad known as the Malta-Cañon City Line, between Malta and Cañon City, in Lake, Chaffee and Fremont Counties, Colorado.

The proposed discontinuance and abandonment are related to, and contingent upon, the proposed UP/SP consolidation, authorization for which is being sought in ICC Finance Docket No. 32760.

This application is for the years 1993, 1994, and the first six months of 1995. The Base Year is July 1, 1994 - June 30, 1995. The Forecast Year is November 1, 1995 - October 31, 1996.



49 C.F.R. § 1152.22 -- Contents of Application.

(a) General.

(a)(1) Exact name.

Applicants' exact names are:

- The Denver and Rio Grande Western Railroad Company
- Southern Pacific Transportation Company

(a)(2) Whether applicant is a common carrier subject to the Interstate Commerce Act.

Both Applicants are Class I common carriers by railroad subject to the Interstate Commerce Act.

(a)(3) Whether the carrier is a part of any railroad system.

Both Applicants are railroad affiliates in the SP rail system ("SP") that also includes St. Louis Southwestern Railway Company and SPCSL Corp.

(a)(4) Relief sought.

Applicants seek authority to discontinue operations on and physically abandon the Malta-Cañon City Line extending from milepost 271.0 near Malta eastward to milepost 162.0 near Cañon City, a distance of 109.0 miles in Lake, Chaffee and Fremont Counties, Colorado.

(a)(5) Detailed map of the subject line.

Attached as Appendix A is a map which shows the rail line of the proposed discontinuance and abandonment in solid black. Other railroad trackage and the major highways in the area are shown on the map.



- (a)(6) Reference to inclusion of the line on the System Diagram Map, date first listed in Category 1, and description accompanying the system diagram map.

The line of railroad has appeared on the system diagram map in Category 1 since September 18, 1995. In Decision No. 3, served September 5, 1995 in Finance Docket No. 32760, the Commission granted an exemption from the requirement for a line to appear in Category 1 for four months before filing an application (49 U.S.C. § 10904(e)(3) and 49 C.F.R. § 1152.13). The Malta-Cañon City Line is the eastern portion of the Dotsero to Cañon City rail line described below. The other portion is the Sage-Leadville Line, which is the subject of a Petition for Exemption in Docket No. AB-8 (Sub-No. 36X) and AB-12 (Sub-No. 189X):

STATE OF COLORADO

THE DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY (AB-8)  
SOUTHERN PACIFIC TRANSPORTATION COMPANY (AB-12)

CATEGORY 1 LINES (RED)

- a. Designation of Line: Dotsero to Cañon City (portion of Subdivision 3)
- b. State(s) in which located: Colorado
- c. County(ies) in which located: Eagle, Lake, Chaffee, Fremont
- d. Milepost locations: M.P. 335.0 near Dotsero to M.P. 162.0 near Cañon City
- e. There are no agency or terminal stations located on the line.

- (a)(7) Reasons for filing application.

Applicants propose to abandon the line and discontinue operation because:

- (1) the line will not be needed for overhead traffic after the UP/SP consolidation, (2) revenues from the local traffic on the line are insufficient to cover the costs of operation and maintenance and provide a reasonable return on the value of the assets of the line,

and (3) there are no reasonable prospects that local traffic would increase sufficiently in the foreseeable future to justify continued operations.

- (a)(8) Name, title, and address of representative to whom correspondence should be sent.

Correspondence regarding this matter should be addressed to Applicants' representative:

Gary A. Laakso, General Attorney  
Southern Pacific Building  
One Market Plaza, Room 846  
San Francisco, CA 94105  
Tel. (415) 541-1785

- (b) Condition of Properties.

- (b)(1) The present physical condition of the line including operating restrictions and estimate of deferred maintenance and rehabilitation costs to upgrade the line to minimum FRA Class 1 safety standards.

The Malta-Cañon City Line is classified at Federal Railroad Administration ("FRA") Class 4 standards because it is used for overhead traffic. If operated only for the local traffic on the line, the track would not need to be maintained at levels higher than FRA Class 1. Rehabilitation of the line is not required to meet FRA Class 1 standards.

Maintenance expenditures for the line in the Forecast Year are based on maintenance-of-way and structures costs to maintain the line at FRA Class 1 standards on a "normalized" basis (i.e., the annualized cost over the long term). The normalized maintenance expenses were calculated for the proposed abandonment by E. P. Reilly, Vice President and Chief Engineer and are explained in his accompanying Verified Statement.



The line extends from milepost 271.0, near Malta, eastward to milepost 162.0, near Cañon City, all in Colorado. The line follows a river course for much of its length, and includes steep canyon walls and a deep river gorge. There are persistent problems of rock slides and heavy snow removal between October and May each year. Additional information is contained in the Verified Statement of E. P. Reilly.

For purposes of calculating normalized maintenance costs, it is assumed that overhead traffic would be re-routed over other lines. Due to the low volume of local traffic on this line, the Malta-Cañon City Line would have an operating frequency of one train per week, essentially operating a train over the line from Cañon City to Malta on one day and back from Malta to Cañon City the next. The track would also be downgraded to FRA Class 1, 10 mph track. In addition, it is anticipated that, with a service frequency of one round trip per week, the FRA would grant permission to discontinue the signal system, saving considerable dispatching and signal maintenance expense.

The forecasted normalized maintenance costs for the Malta-Cañon City Line at FRA Class 1, 10 mph track standards are \$5,093 per mile, for a total annual cost of \$555,114 for the 109.0 mile line segment.

(b)(2) Statement whether the line or any portion could be operated profitably if necessary deferred maintenance and rehabilitation were performed.

There is no rehabilitation required to bring the trackage up to Class 1 standards. Based on traffic volumes that are anticipated to be moved in the Forecast Year, the line could not be operated profitably even at reduced FRA Class 1 standards.



- (c) Service Provided. Description of the service performed on the line during each of the two calendar years immediately preceding the filing of the application, for that part of the current year for which information is available and for the base year, if different, including the actual.

In Decision No. 3 served September 5, 1995 in Finance Docket No. 32760 (p.11), the Commission waived this requirement to the extent that it called for information on other than local train service for traffic originating and/or terminating on the line. Accordingly, the information provided below relates only to such local train service.

- (c)(1) Number of trains operated.

Service to shippers on the line is usually provided by through trains which operate seven days per week. Traffic generated on the line may be moved either via the Sage-Leadville line to the north,<sup>1</sup> or via Cañon City to the south, as the through trains traverse both the Sage-Leadville and Malta-Cañon City lines. From time to time, traffic generated at Malta may be moved by a local train to Minturn (located on the Sage-Leadville line) or to Pueblo by a local train, and then picked up at those locations by through trains moved to Pueblo.

Due to the very low volume of local traffic generated by the line, a service frequency of one cycle per week would be adequate if the line were operated solely for local traffic. All local traffic would be moved via Cañon City. This is the service pattern that is projected for the Forecast Year. Decision No. 3 also permits costs for historical periods to be developed on a pro forma basis. Accordingly, costs for 1993, 1994, January

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<sup>1</sup> The Sage-Leadville line is the subject of a Petition for Exemption in Docket AB-8 (Sub-No.36X) and AB-12 (Sub-No. 189X).

1 - June 30, 1995 and the Base Year have been developed based on service frequency of one trip per week from Cañon City to Malta and return.

(c)(2) Miles of track operated.

The line proposed to be abandoned consists of 109.0 mainline track miles and 28.39 miles of miscellaneous sidings, yard tracks, and industry tracks.

(c)(3) The average number of locomotive units operated.

Through trains handling local traffic are operated with locomotive consists which vary based on overhead traffic requirements. If the line were operated solely for local traffic, a single locomotive per train would be sufficient. While it is likely that a 3,000 HP locomotive would often be used, costs for the Forecast Year and for the pro forma historical periods have conservatively been based on the use of a single low horsepower (1,500-2,000 HP) locomotive per train.

(c)(4) Carload commodity group tonnage.

The number of carloads and tonnages are listed below:

<u>Commodity Group</u>	<u>1993</u>		<u>1994</u>		<u>Jan.-June 1995</u>	
	<u>Cars</u>	<u>Tons</u>	<u>Cars</u>	<u>Tons</u>	<u>Cars</u>	<u>Tons</u>
01-Minerals <sup>2</sup>	565	54,544	506	48,853	252	24,467
02-Chemicals <sup>3</sup>	8	792	16	1,564	6	588
03-Scrap metal	1	93	6	412	0	---
Total	574	55,429	528	50,829	258	25,055

<sup>2</sup> Lime, lead concentrates, zinc compounds and concentrates and coal.

<sup>3</sup> Explosives, acid and highway dust and ice suppressant, fertilizer and chemical waste.



(c)(5) Overhead or bridge traffic.

The requirement for data on overhead or bridge traffic was waived by the Commission in Decision No. 3, served September 5, 1995, in Finance Docket No. 32760 (p.11).

(c)(6) Average crew size.

Train service is currently provided by crews which consist of three persons: engineer, brakeman and conductor. The crew size in the Forecast Year is three persons with the same job classifications.

(c)(7) Level of maintenance.

The Malta-Cañon City Line is presently classified at FRA Class 4 with speed restrictions. The Line has a maximum operating speed of 50 mph. There are 21 posted timetable speed restrictions or slow orders reducing maximum speeds to as low as 20 mph. The track is maintained at these levels because the line is used for overhead traffic. If operated only for the local traffic on the line, the track would not need to be maintained at levels higher than FRA Class 1.

(c)(8) Any important change in train service undertaken in the five calendar years immediately preceding the filing of this application.

There have been no changes in train service for traffic originating and/or terminating on the line.

(c)(9) Reasons for decline in traffic.

Local traffic volumes on the line are relatively stable, but consistently low. The projected Forecast Year traffic of 492 cars, for example, represents less than 4.5 cars per mile (492 cars / 109 miles). This low traffic volume is not adequate to make continued



operation of the line economically viable. Applicant does not anticipate an appreciable increase in traffic volume to a level that would make continued operations economically viable.

(d) Revenue and Cost Data.

- (d)(1)-(3) Computation of the revenues attributable and avoidable costs for the line to be abandoned for the base year labeled Exhibit 1; the same calculation for the two calendar years immediately preceding the filing of the application and for the part of the current year available; and, an estimate of the future revenues attributable, avoidable costs and reasonable return on value for the "Forecast Year".

In Decision No. 3, served September 5, 1995 in Finance Docket No. 32760 (p.11), the Commission granted a waiver permitting revenues and costs associated with overhead traffic to be excluded. The decision also permitted costs for historical periods to be developed on a pro forma basis reflecting the exclusion of overhead traffic.

In accordance with the waivers granted by Decision No. 3, revenue/cost information provided below and in the attached exhibits has been developed in the following manner:

- All revenues from overhead traffic have been excluded.
- All transportation costs and equipment maintenance (locomotives) associated with overhead traffic have been excluded. This was accomplished by developing a pro forma operating plan for how train service would have been provided in the absence of overhead traffic, and then developing costs based on the pro forma operating plan.
- All maintenance costs associated with the movement of overhead traffic have been excluded. This was accomplished by determining the "normalized" maintenance costs needed to maintain the line at FRA Class 1 (which is all that would be required for local traffic) and then using these costs instead of the actual costs incurred in maintaining the line to the higher FRA Class levels required for overhead traffic.

Exhibit 1 to this Application is the revenue and cost exhibit required by 49 C.F.R. §§ 1152.22(d) and 1152.36. Exhibit 2 to this Application details the computation of opportunity costs. Exhibit 3 shows the effect of the abandonment on net railway operating income as required by 49 C.F.R. § 1152.22(d)(5)-(6). The accompanying Verified Statement of Paul D. Turney explains how the revenue and cost data contained in Exhibits 1-3 were developed.

A summary of the revenues and costs of this line as operated for local traffic (derived from Exhibit 1) is shown in Table 1 below:

Table 1

	<u>1993</u>	<u>1994</u>	<u>Base Year</u>	<u>Forecast Year</u>
Total Revenue (Exhibit 1, Line 4)	\$1,310,949	\$1,370,471	\$1,310,015	\$1,286,649
Total On & Off Branch Avoidable Costs (Exhibit 1, Line 7)	<u>\$1,587,989</u>	<u>\$1,823,330</u>	<u>\$1,834,406</u>	<u>\$1,807,016</u>
Avoidable Gain (Loss) from Operations	(\$277,040)	(\$452,859)	(\$524,391)	(\$520,367)
Total Return on Value (Exhibit 1, Line 16)	NA	NA	<u>1,245,942</u>	<u>1,259,808</u>
Total Avoidable Gain (Loss) (Exhibit 1, Line 18)	NA	NA	(\$1,770,333)	(\$1,780,175)



- (d)(4) Computations of "Estimated Subsidy Payment" for the base year in the Exhibit 1 form.

Exhibit 1, Page 2, contains an estimated subsidy payment that would be required if the line were kept in operation.

- (d)(5)-(6) Detailed statement showing the effect of the proposed abandonment on the net railway operating income and of the other individual railroads in the System.

Exhibit 3 shows the effect of the proposed abandonment on net railway operating income.

- (e) Rural and Community Impact.

- (e)(1) Name and population of each community in which a station is located on the line.

Below is a list of the stations and populations on the line proposed to be abandoned. The stations are non-agency. The population information was obtained from the Rand McNally 1991 Commercial Atlas and Marketing Guide, 122th Edition.



<u>Station</u>	<u>Milepost</u>	<u>Population</u>
Parkdale	171.2	0 <sup>4</sup>
SpikeBuck	175.9	0 <sup>4</sup>
Texas Creek	184.1	15
Cotopaxi	191.7	100
Pleasanton	195.7	0 <sup>4</sup>
Vallie	198.1	0 <sup>4</sup>
Swissvale	208.0	100
Wellsville	208.8	75
Salida	215.1	4,870
Brown Canon	222.2	0 <sup>4</sup>
Nathrop	232.9	150
Americus	244.7	0 <sup>5</sup>
Princeton	252.1	0 <sup>4</sup>
Kobe	263.3	0 <sup>4</sup>
Malta	271.0	0 <sup>4</sup>

(e)(2) Significant users, the principal commodity shipped and the number of carloads.

Shipper/receiver information is provided below:

<u>SHIPPER/RECEIVER</u>	<u>PRINCIPAL COMMODITY</u>	<u>1993</u>	<u>1994</u>	<u>CARS Jan-Jun 1995</u>	<u>STATIONS</u>
AmRail 11 N. Skokie Hwy. Suite 115 Lake Bluff, IL 60044	Scrap metal	1	6	0	Various
Asarco, Inc. AME Smelting & Refining P. O. Box 936 Leadville, CO 80461	Minerals	457	477	252	Malta
Calco, Inc. P. O. Box 1044 Salida, CO 81204	Minerals	61	15	0	Salida

<sup>4</sup> No population listed.

<sup>5</sup> Not listed.

<u>SHIPPER/RECEIVER</u>	<u>PRINCIPAL COMMODITY</u>	<u>1993</u>	<u>1994</u>	<u>CARS Jan-Jun 1995</u>	<u>STATIONS</u>
Cozinco, Inc. P. O. Box 1005 Salida, CO 81201	Minerals	19	14	0	Salida
Envirotech P. O. Box 338 Kersey, CO 80644	Chemicals	0	10	6	Salida Nathrop
GMCO P. O. Box 1220 Carbondale, CO 81623	Chemicals	2	0	0	Nathrop
Great Western Chemical 5015 Paris Denver, CO 80239	Chemicals	4	0	0	Salida
Lime Sales, Inc. (subsidiary of Calco above)	Minerals	28	0	0	Salida
Rocky Mtn. Explosives (no longer in business)	Explosives	<u>2</u>	<u>6</u>	<u>0</u>	Salida
		574	528	258	

#### FORECAST YEAR TRAFFIC AND REVENUES

In the Forecast Year, 477 carloads are anticipated from Malta and 15 carloads are anticipated from Salida with a projected revenue of \$1,265,001. No other traffic is anticipated on the line as shippers from previous years have either moved their loading and unloading facilities off the line, have not shipped during 1994 and/or the first six months of 1995, shipped one-time or non-repetitive movements, or have ceased to use rail transportation on this line and are not anticipated to resume.



(e)(3) Alternate sources of transportation.

Rail and Motor. Motor freight transportation will continue to be readily available to shippers along the line to be abandoned. Between Cañon City and Salida, milepost 215.0, the line is closely paralleled by US Highway 50. North of Salida, the line is closely paralleled by US Highways 24 and 285 to the vicinity of Minturn. An adequate system of secondary feeder roadways exists to handle motor freight traffic between these major roadways and local industries.

Water. Barge service is not an alternative in the immediate area.

Air. Air service is not an alternative in the immediate area.

(e)(4) Statement of efforts made to continue service on the line.

DRGW's Customer Service and Sales representatives have maintained contact with customers on the Malta Line. To the best of DRGW's knowledge, no new shippers are planning to locate on the line. Sale of the line to another rail operator does not appear feasible due to the low volume of local traffic and the lack of new traffic prospects.

(e)(5) Statement of ownership of the property of the abandonment and whether the property is suitable for other public purposes.

The land area of the abandonment totals approximately 2,487 acres of which some 253.05 acres are considered to be non-reversionary. The estimated fair market value of the total 253.05 acres of non-reversionary property is \$378,000. There is no change anticipated in the property value in the Forecast Year. The property value is based on a property value review.



It is Applicants' opinion that the property proposed for abandonment would be suitable for public recreation purposes such as trail use; Applicants are willing to negotiate for trail use.

(f) Environmental Impact.

Required environmental and historical information is included in the Environmental Report submitted in Finance Docket No. 32760.

(g) Passenger Service.

No passenger service is conducted over the line proposed to be abandoned.

(h) Financial Statements.

General balance sheets and income statements are contained in other volumes of the merger application.

(i) Additional Information.

Not applicable.

(j) Signed Verification.

Attached.

Respectfully submitted,

THE DENVER AND RIO GRANDE WESTERN  
RAILROAD COMPANY  
SOUTHERN PACIFIC TRANSPORTATION  
COMPANY

*Gary A. Laakso*  
Gary A. Laakso, General Attorney  
Southern Pacific Building  
One Market Plaza, Room 846  
San Francisco, CA 94105  
Tel. (415) 541-1785

Docket No. AB-8 (Sub-No. 39)  
Docket No. AB-12 (Sub-No. 188)

W. G. CLAYTOR, III makes oath and says that he is SP's Managing Director-Plant Rationalization of Southern Pacific Transportation Company and The Denver and Rio Grande Western Railroad Company; that he has been authorized by Applicants to verify and file with the Interstate Commerce Commission the foregoing Application in Docket No. AB-8 (Sub-No. 39) and Docket No. AB-12 (Sub-No. 188); that he has carefully examined all of the statements in the Application as well as the exhibits attached thereto and made a part thereof; that he has knowledge of the facts and matters relied upon in the Application; and that all representations set forth therein are true and correct to the best of his knowledge, information and belief.

W. G. CLAYTOR, III

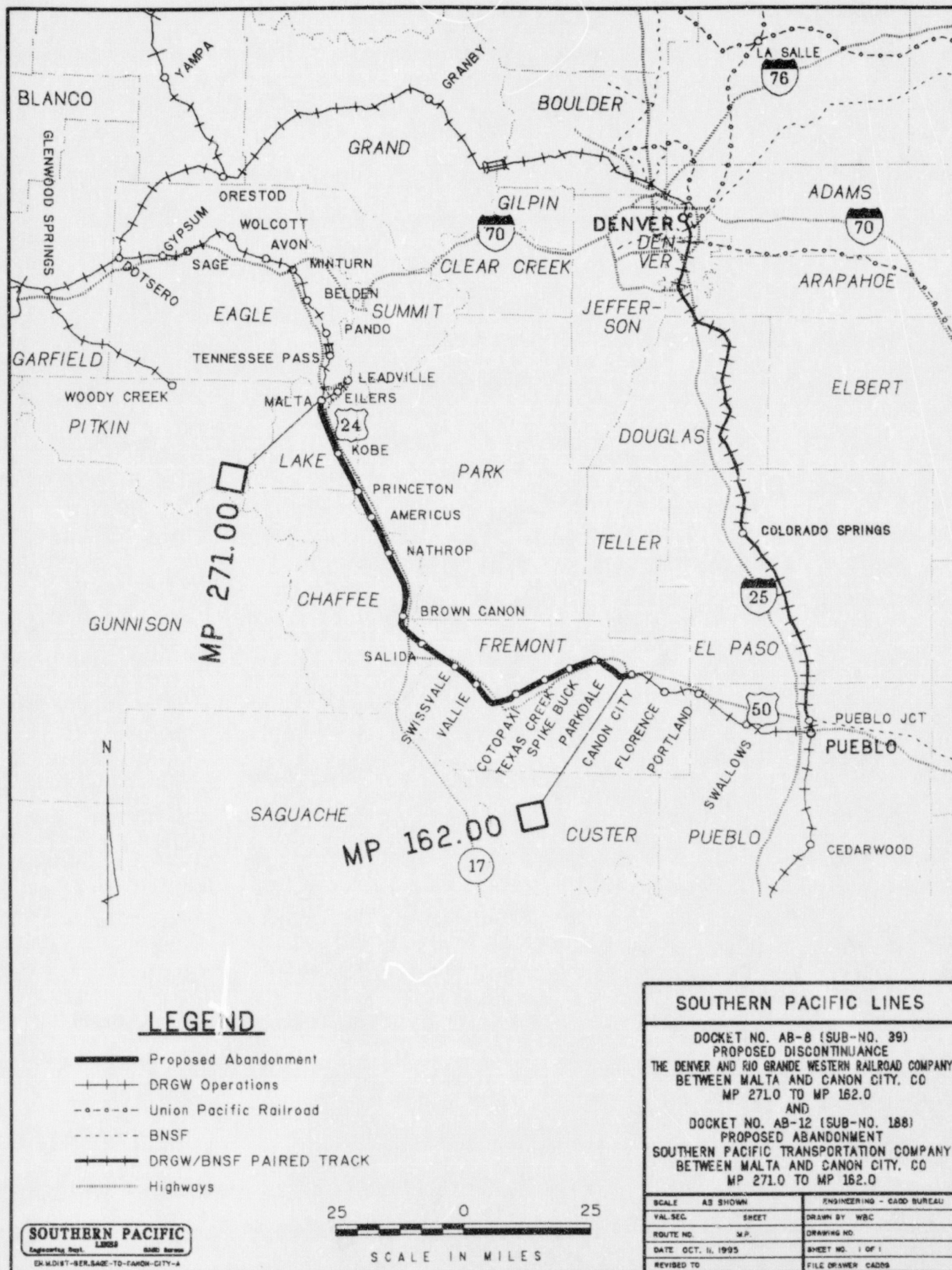
PC01

LENONA RUSCONI  
COMM #1001077  
NOTARY PUBLIC-CALIFORNIA  
SAN FRANCISCO COUNTY  
My Comm. Expires Aug. 20, 1997

PC01

Notary Public





COMPUTATION OF REVENUE ATTRIBUTABLE TO THE LINE, AVOIDABLE COSTS,  
AND REASONABLE RETURN ON THE VALUE OF THE LINE TO BE ABANDONED FOR:

Malta - Canon City Line

From (M.P. 162.0) near Canon City to (M.P. 271.0) near Malta, Colorado

Base Year: July 1, 1994 thru June 30, 1995

Forecast Year: November 1, 1995 thru October 31, 1996

(ASSUMING NORMALIZED MAINTENANCE)

EXHIBIT-1

Page 1

AB-8(SUB-No.39)

	<u>1993</u>	<u>1994</u>	<u>Base</u>	<u>Forecast</u>
Revenue for:				
1. Freight Originated and/or Terminated On-Branch	\$1,288,799	\$1,349,601	\$1,288,367	\$1,265,001
2. Bridge Traffic	0	0	0	0
3. All Other Revenue and Income	<u>22,150</u>	<u>20,870</u>	<u>21,648</u>	<u>21,648</u>
4. Total Revenue Attributable (L.1+L.2+L.3)	\$1,310,949	\$1,370,471	\$1,310,015	\$1,286,649
Avoidable Costs for :				
5. On-Branch Costs (Lines 5a-5k)				
a. Maintenance of Way & Structures Costs	\$532,214	\$548,674	\$550,878	\$555,114
b. Maintenance of Equipment	14,063	12,496	12,603	12,793
c. Transportation	132,051	128,864	131,469	133,049
d. General Administrative	0	0	0	0
e. Deadheading, Taxi and Hotel	7,800	7,800	7,800	7,800
f. Overhead Movement/Other	0	0	0	0
g. Freight Car Cost - Non ROI	21,742	27,486	26,664	27,572
h. ROI Expense Freight Cars	23,030	27,303	27,103	23,030
i. ROI Expense Locomotives	17,934	15,381	15,313	15,313
j. Revenue Taxes	0	0	0	0
k. Property Taxes	117,949	117,766	116,568	116,568
	\$866,784	\$885,770	\$888,398	\$891,239
6. a. Off-Branch Costs Excluding Freight Car ROI	\$586,950	\$783,430	\$790,333	\$765,957
b. Off-Branch Freight Car ROI Costs	<u>134,255</u>	<u>154,130</u>	<u>155,675</u>	<u>149,820</u>
Total Off-Branch Costs (L.6a+6b)	\$721,205	\$937,560	\$946,008	\$915,777
7. Total On & Off-Branch Avoidable Costs (L.5+L.6)	<u>\$1,587,989</u>	<u>\$1,823,330</u>	<u>\$1,834,406</u>	<u>\$1,807,016</u>
Avoidable Gain or (Loss) from Operations (L.4-L.7)	(\$277,040)	(\$452,859)	(\$524,391)	(\$520,367)



COMPUTATION OF REVENUE ATTRIBUTABLE TO THE LINE, AVOIDABLE COSTS,  
AND REASONABLE RETURN ON THE VALUE OF THE LINE TO BE ABANDONED FOR:

Malta - Canon City Line

From (M.P. 162.0) near Canon City to (M.P. 271.0) near Malta, Colorado

Base Year: July 1, 1994 thru June 30, 1995

Forecast Year: November 1, 1995 thru October 31, 1996

(ASSUMING NORMALIZED MAINTENANCE)

Subsidization Costs For:

	<u>Base</u>	<u>Forecast</u>
8. Rehabilitation	\$0	\$0
9. Administrative Costs (Subsidy Year only)	13,100	12,866
10. Casualty Reserve Account	0	0
11. Total Subsidization Cost (L. 8+L. 9+L. 10)	\$13,100	\$12,866
Return on Value:		
12. Valuation of Road Property		
a. Working Capital	\$26,902	\$29,166
b. Income Tax Consequences (Ex. 2 L. 5)	(623,669)	(609,804)
c. Net Liquidation Value (Ex. 2 L. 1+L. 2+L. 3)	<u>7,403,193</u>	<u>7,389,435</u>
Total Valuation of Property (L. 12 a+b+c)	\$6,808,426	\$6,809,017
13. Nominal Rate of Return	<u>0.183</u>	<u>0.183</u>
14. Nominal Return on Value (L. 12*L. 13)	\$1,245,942	\$1,246,050
15. Holding Gain or (Loss) (L. 12.c Col. a - Col. b)	\$0	(\$13,758)
16. Total Return on Value (L. 14-L. 15)	\$1,245,942	\$1,259,808
17. Avoidable Gain or (Loss) from Operations (L. 4-L. 7)	(\$524,391)	(\$520,367)
18. Estimated Forecast Year Loss from Operations (L. 4-L. 7-L. 16)	<u>(\$1,770,333)</u>	<u>(\$1,780,175)</u>
19. Estimated Subsidy Payment (L. 4-L. 7-L. 11-L. 16)	(\$1,783,433)	(\$1,793,041)

EXHIBIT-1

PAGE 2

AB-8(SUB-No.39)

OPPORTUNITY COST OF OPERATING THE LINE FOR:  
 Malta - Canon City Line  
 From (M.P. 162.0) near Canon City to (M.P. 271.0) near Malta, Colorado

Base Year: July 1, 1994 thru June 30, 1995  
 Forecast Year: November 1, 1995 thru October 31, 1996

EXHIBIT-2  
 PAGE 1  
 AB-8(SUB-No. 39)

	<u>Base</u>	<u>Forecast</u>
1. Market Value of Non-Reversionary Land	\$378,000	\$378,000
2. Value of Salvageable Scrap & Secondhand Materials	9,575,174	9,662,133
3. Cost of Removal	(2,481,791)	(2,582,508)
4. Working Capital	28,902	29,186
5. Income Tax Benefits	<u>(623,669)</u>	<u>(609,604)</u>
6. Valuation of Road Property (L.1 through L.5)	\$6,876,616	\$6,877,207
7. Current Nominal Cost of Capital	<u>0.183</u>	<u>0.183</u>
8. Opportunity Cost (L.6*L.7)	\$1,258,421	\$1,258,529



EFFECT ON NET RAILWAY OPERATING INCOME FOR:

Malta - Canon City Line

From (M.P. 162.0) near Canon City to (M.P. 271.0) near Malta, Colorado

Base Year: July 1, 1994 thru June 30, 1995

Forecast Year: November 1, 1995 thru October 31, 1996

(ASSUMING NORMALIZED MAINTENANCE)

(\$ = 000's) Actual 1993 (R-1)

EXHIBIT-3

PAGE 1

AB-8(SUB-No.39)

Impact on  
UP/SP  
NROI

Pro Forma

UP/SP

1. Railway Operating Revenue	\$8,437,540	(\$1,311)	\$8,436,229
2. Railway Operating Expenses	(7,387,275)	1,588	(7,385,687)
3. Net Revenue from Railway Operations	1,050,265	277	1,050,542
4. Accrued & Deferred Income Taxes	(380,943)	(102)	(381,045)
5. Leased Road & Equipment (Net)	<u>4,375</u>	<u>0</u>	<u>4,375</u>
Net Railway Operating Income	\$673,697	\$175	\$673,872

Base Year - 1994 (Pro Forma)

1. Railway Operating Revenue	\$9,326,048	(\$1,370)	\$9,324,678
2. Railway Operating Expenses	(7,764,088)	1,823	(7,762,265)
3. Net Revenue from Railway Operations	1,561,960	453	1,562,413
4. Accrued & Deferred Income Taxes	(441,551)	(168)	(441,719)
5. Leased Road & Equipment (Net)	<u>4,744</u>	<u>0</u>	<u>4,744</u>
Net Railway Operating Income	\$1,125,153	\$285	\$1,125,438

Forecast

1. Railway Operating Revenue	\$9,326,048	(\$1,287)	\$9,324,761
2. Railway Operating Expenses	(7,764,088)	1,807	(7,762,281)
3. Net Revenue from Railway Operations	1,561,960	520	1,562,480
4. Accrued & Deferred Income Taxes	(441,551)	(192)	(441,743)
5. Leased Road & Equipment (Net)	<u>4,744</u>	<u>0</u>	<u>4,744</u>
Net Railway Operating Income	\$1,125,153	\$328	\$1,125,481

**Malta-Cañon City, Colorado**

**VERIFIED STATEMENT**

**OF**

**PAUL D. TURNEY**

My name is Paul D. Turney. I have been employed by SP for eighteen years, and I currently hold the title of Senior Manager Plant Rationalization. My duties include evaluating rail lines for sale, lease, abandonment or discontinuance.

I developed the financial exhibits included in the Abandonment Application Docket No. AB-8 (Sub-No. 39) and Docket No. AB-12 (Sub-No. 188), filed December 1, 1995. The purpose of this statement is to provide information regarding the financial results of operation over the line between Malta and Cañon City, Colorado and to explain how revenues and on-branch cost components included in the financial exhibits were developed.

**EXHIBIT 1 - REVENUE AND COST DATA**

Exhibit 1 is an exhibit reflecting the revenue, cost and subsidy data for this line for the years 1993, 1994, the Base Year ended June 30, 1995 and the Forecast Year from November 1, 1995 to October 31, 1996. Exhibit 1 is prepared in accordance with ICC regulations as prescribed in 49 C.F.R. §§ 1152.31-1152.34. Revenue and Costs are based on a combined UP/C&NW/SP operation (CNW was acquired by UP during 1995). ICC Annual Reports (R1) from UP, CNW and SP for 1993 and 1994 were utilized, as well



as the 1994 Uniform Railroad Costing System (URCS) which represents a combination of all three railroads. The Forecast Year's on-branch and off-branch expenses reflect the use of Data Resources, Inc. ("DRI") indices. The financial exhibits were prepared from combined URCS data, and the calculations contained in the exhibits were performed by UP personnel. I have reviewed the calculations and am satisfied that they were correctly performed.

A. Revenues

Page 1 of Exhibit 1 is a summary of the revenue and costs for this line. Line 1 on page 1 represents the total system revenues earned by a combined UP and SP system for hauling traffic that originates or terminates on this branch line.

Line 2 on page 1 represents revenue earned from bridge traffic on the line. Since the UP/SP received a waiver of the otherwise required inclusion of bridge traffic, it is blank indicating a zero value.

Line 3 on page 1 represents all other revenue earned by the SP on this branch line.

Line 4 on page 1 is the total revenue attributable to this line and is the sum of lines 1 through 3.

B. Avoidable Costs

Lines 5(a) through 5(k) on page 1 represent the on-branch costs for operating this Line. Maintenance of Way & Structures Costs are based on assuming normalized maintenance for all years. It represents the normalized maintenance levels necessary to keep the line at FRA Class 1 for the long term. Maintenance of Equipment

Costs include the locomotive repair, maintenance and depreciation costs allocated to the branch by on-branch locomotive hours and miles. The locomotive on-branch hours and miles are based on a pro forma operation providing once a week service using one locomotive. Transportation Costs are crew wages, locomotive fuel, train inspection and supplies, and locomotive servicing. These costs are allocated to the branch based on the pro forma operation. The following is the breakdown of the on-branch transportation costs of \$133,049 for the Forecast Year.

Avoidable Crew Wages	\$ 73,805
Train Inspection Lubrication	14,610
Train Fueling	42,489
Locomotive Servicing	<u>2,145</u>
On-Branch Transportation Costs	\$133,049

Freight Car Costs are calculated using unit costs developed in accordance with ICC regulations and URCS costing methodology. Return on Value - Locomotives is based on the replacement cost of a rebuilt low horsepower locomotive. Return on Value - Freight Cars is based on the replacement cost for railroad owned cars. Property Taxes represent the avoidable portion of property taxes if the line is abandoned.

Lines 6(a) and 6(b) on page 1 represent the off-branch costs related to traffic which either originates or terminates on this line and was computed using the Uniform Railroad Costing System (URCS).

Line 7 on page 1 is the total avoidable costs incurred in operating this line and is the sum of line 5 and line 6.



C. Avoidable Gain (Loss) From Operations

The total appearing immediately below line 7 on page 1 shows the gain (loss) resulting from the operation of the line for local traffic, excluding return on value for road property. It is line 4 minus line 7.

D. Subsidy Related Costs

Page 2 of Exhibit 1 shows estimated subsidy costs for the Base and Forecast Years.

Line 8 on page 2 is the rehabilitation expenditure necessary for the line. Since no rehabilitation is forecasted, this line is blank.

Line 9 on page 2 shows the administrative costs that would be incurred by the DRGW if the line were subsidized. It is computed by taking one percent of the total annual revenues attributable to the branch in the estimated subsidy years. This method is prescribed in 49 C.F.R. § 1152.32(k).

Line 10 on page 1 is the amount which would be necessary to obtain insurance for an amount equal to DRGW's uninsured liability and to pay for a proportionate share of SP system's insurance costs. Since the cost of such an insurance policy depends on many factors which would not be known until a subsidy agreement has been reached, DRGW is unable to provide an estimated cost at this time, and the line is therefore blank.

Line 11 on page 2 shows the total subsidization costs for items listed on lines 8, 9 and 10. This total is included in the calculation of the Estimated Subsidy Payment (line 19) discussed below.

E. Return on Value - Road Properties

Line 12 on page 2 represents the valuation of road properties to which the return element shall be applied. It is computed as prescribed in 49 C.F.R. § 1152.34(c). Allowable working capital is computed by taking 15/365 of the on branch costs less depreciation and return. Income Tax Consequences are from Exhibit 2 Line 5. Net Liquidation Value is from Exhibit 2 lines 1, 2 and 3.

Line 13 on page 2 is the nominal rate of return which is applied to the valuation of road property. The current rate is 18.3%.

Line 14 on page 2 is the return on value for road properties and is computed by multiplying line 12 times line 13.

Line 15 on page 2 is the holding gain for road properties. It is the difference between the Base Year's Net Liquidation Value (NLV) and the Forecast Year's NLV.

Line 16 on page 2 is the total Return on Value and is line 14 minus line 15.

Line 17 on page 2 is the Avoidable Loss From Operations for the Base Year ended June 30, 1995, and the Forecast Year and reflects the full economic cost of operating this line.

Line 18 on page 2 is the projected Total Avoidable Loss for the Forecast Year and is the total of the Avoidable Loss from Operations as shown on line 17 and the Total Return on Value as shown on line 16.



F. Estimated Subsidy Payment

Line 19 on page 2 is the Estimated Subsidy Payment needed for the subsidy year and is the total of the Avoidable Loss from Operations as shown on line 17, the Total Return on Value as shown on line 16 and the total Subsidization Cost as shown on line 11.

**EXHIBIT 2 - OPPORTUNITY COST**

Exhibit 2 shows the opportunity cost of operating the Malta-Cañon City for the Base Year and Forecast Year.

Line 1 is the current market value of the non-reversionary land.

Line 2 is the value of both salvageable scrap and secondhand materials to be retained by the Applicant or sold on the open market.

Line 3 is the cost of removal of all track material including bridges.

Line 4 is the working capital required to operate this line.

Line 5 shows the income tax consequences. It is based on market value of non-reversionary land (\$378,000) less book value of corresponding land (\$68,190) plus scrap and secondhand material sold (\$3,006,215) minus removal cost (\$1,668,446) times an income tax rate of 37%.

Line 6 is the total of lines 1 through 5.

Line 7 is the current nominal rate of return 18.3%.

Line 8 is the current opportunity cost, line 6 times the nominal cost of capital.

### **EXHIBIT 3 - EFFECT ON NET RAILWAY OPERATING INCOME**

Exhibit 3 shows the effect the Malta-Cañon City Line has on the Net Railway Operating Income for the years 1993 and 1994 and Forecast Year, assuming the line was operated solely for local traffic.

#### **SUMMARY**


The post-merger operation of the Malta-Cañon City Line will result in an avoidable loss from operations of \$520,367 and a total avoidable loss (including return on value) of \$1,793,041 in the Forecast Year.



STATE OF CALIFORNIA )  
 ) ss.  
CITY AND COUNTY OF SAN FRANCISCO )

Paul D. Turney  
PAUL D. TURNEY

Lenora Rusconi  
Notary Public

PC01  LENONA RUSCONI  
COMM. #1001077  
NOTARY PUBLIC-CALIFORNIA  
SAN FRANCISCO COUNTY  
My Comm. Expires Aug. 20, 1997

330

**Malta-Cañon City, Colorado**

**VERIFIED STATEMENT**

**OF**

**E. P. REILLY**

My name is E. P. Reilly. I am Vice President and Chief Engineer at Southern Pacific Transportation Company and The Denver and Rio Grande Western Railroad Company (collectively "SP"). My office address is 1860 Lincoln Street, Denver, Colorado 80295.

I joined SP in 1971, progressing from Assistant Construction Superintendent to General Track Foreman in 1974, Assistant Division Engineer in 1975, Division Engineer in 1978, Assistant General Manager, Engineering in 1984, Assistant Chief Engineer in 1986, Senior Assistant Chief Engineer in 1989, until October, 1993 when I assumed my present position. I am responsible for engineering and maintenance on SP Lines, including track, signal, bridge, communications and work equipment departments.

I am very familiar with the line between Malta, at milepost 271.0 and Cañon City at milepost 162.0 that is the subject of this abandonment application. I have personally made engineering inspections on the Malta Line many times. The main track consists of approximately 46.19 miles of 136 pound continuous welded rail ("CWR"), 132 pound CWR and jointed rail for 5.97 miles, 131 pound CWR for 12.71 miles, 112 pound jointed and CWR rail for 8.5 miles and 115 pound rail (jointed) for 35.63 miles. There are



an additional 28.39 track miles of sidings. The line is classified at FRA Class 4 with speed restrictions. The track is maintained at these levels because the line is used for overhead traffic. If operated only for local traffic, the track would not need to be maintained at levels higher than FRA Class 1. Therefore, the costs used in the abandonment application for maintenance-of-way and structures (1993, 1994, Base Year and Forecast Year) include estimated annual costs to maintain the track to FRA Class 1 standards on a "normalized" basis over the long term. The line does not require any track rehabilitation to meet FRA Class 1 standards.

#### DESCRIPTION OF ENGINEERING EXHIBITS

Exhibit EPR-1 - Normalized Maintenance Costs - This exhibit details the costs which are included in my estimate of annual costs to maintain the Malta-Cañon City Line to FRA Class 1 standards over the long term. It is based on my inspections of the Malta Line, and utilizes consolidated costs of the combined UP/SP for the various categories of work and materials shown. The exhibit calls for annual maintenance costs of \$555,114, which works out to an average of \$5,093 per main track mile. I am advised that combined UP/CNW/SP system average expenditure for maintenance of way and structure accounts in 1994 was \$21,822 per track mile (includes main, side and yard tracks).

The maintenance expenditures after the UP/SP merger contained in Exhibit EPR-1 fall into two broad categories -- "Program" and "Non-Program" track maintenance. "Program" maintenance is work that would be done on a regular cycle, and consists of tie

replacement, surfacing and alignment of track, and road crossing work. A brief discussion of each of these areas follows.

The tie replacement costs assume replacement of crossties on an eight-year cycle of approximately 160 crossties per mile. In other words, the combined railroad would be replacing an average of 20 crossties per mile per year. Similarly, switch ties would be replaced at a 20 percent rate every eight years, which works out to an annual replacement rate of 2.5 percent. The costs associated with tie replacement consist of the cost of the materials themselves and the costs associated with installing them. The cost to purchase an ordinary crosstie and four spikes is \$25.90 and the cost to purchase each switch tie and spikes (the number of spikes per tie varies, depending on the location of the tie in the switch) averages \$52.54. The installation costs include crew costs, work train service, tie unloading (contract forces), picking up and disposing of scrap ties (contract forces), material store expense (MSE) and a four percent (4%) sales tax. The cumulative cost for tie replacement in the Forecast Year is \$1,067 per track mile.

Surfacing and lining track is the second group of programmed maintenance costs. I have assumed that any needed surfacing and lining would be done in conjunction with programmed tie replacement. The work would consist of a lift of approximately 1/2 to 1 inch where needed, and would require about 5 carloads of ballast per mile every eight years. On an annual basis, this works out to 0.625 cars per mile per year. Other related expenses include ballast unloading, the actual surfacing and alignment of the track after the ballast is dumped, crew cost, work train expense and sales tax. The cumulative



expenditure for surfacing and lining track on an annualized basis is \$826.00 per main track mile per year.

The third group of programmed maintenance costs consists of expenditures associated with public roads crossings. These include periodic replacement of the crossing surfaces themselves, as well as warning devices and other appliances associated with the crossings. There are 24 public crossings on this line, 8 of which are signalized with a pair of flashing lights. On an annualized basis, total programmed maintenance cost for road crossings for the Forecast Year is an average of \$355.00 per main track mile.

The remaining maintenance expenditures are for "Non Programmed" track and structure maintenance, as well as snow removal and rock slide cleaning. This consists of the work needed to keep the line in service between program maintenance cycles. It includes a 3-person section gang, the services of a track inspector to inspect the line once per week as required by FRA track rules (40 miles per day), labor for signal maintenance (including grade crossing signals), signal material, rail replacement for damaged rails (1 rail every 3 miles), vegetation control, bridge inspection, bridge maintenance and material, material store expense and sales tax. Total nonprogrammed maintenance expenses for the Forecast Year are \$2,269 per main track mile.

In addition, there are additional maintenance costs incurred during October - May which are incurred as a result of the extreme terrain and weather conditions on this line. SP maintains a seven-person crew, five days a week, between October and May to handle snow removal and rock slides. According to the Pueblo Chamber of Commerce, average annual snowfall in Fremont County (Cañon City) is 50" - 60", in Chaffee County

it reaches 60" - 70", and Lake County (Malta) is 70" - 80". Special heavy equipment, including a ballast regulator with wing and plow, two bull dozers, a locomotive-propelled Jordan Spreader with wedge plow and a 966 front end loader with Michigan Blade are used to keep the line open. In addition, there is one tunnel on the line which is salted to prevent water inside the tunnel from freezing and distorting the track structure. On average, this tunnel is salted twice a month between October and May, using 10 bags of salt per month (80 annually).

It is estimated that the seven-person work gang, with equipment, would be required once a month between Malta and Cañon City, where weekly train service will reduce extreme snow drifts. However, a three-person gang using a ballast regulator would be required for at least 5 months (November to March) for snow removal ahead of weekly train operation.

Historically, rock slides have caused the need for the replacement of four rails each year.

The forecasted additional costs for the October-May period are \$62,784 or on a per-track-mile basis \$576. When added to the normalized maintenance cost, total annual maintenance costs for the Forecast Year would be \$555,114 or \$5,093 per track mile.

As can be seen from the Exhibit, costs for the combined UP/SP in the Forecast Year have been developed by applying an index value called the "DRI Rate." The values shown in the "DRI Rate" column are derived from the DRI Forecast, a publication of DRI/McGraw Hill's Transportation Consulting Practice which publishes rail



costs and projections on a quarterly basis. The details of how the DRI rates were applied to the various cost items listed in Exhibit 1 are shown in my workpapers.

Exhibit EPR-2 - Net Liquidation Value (Material) - This exhibit details the estimate of the value of the materials in the Malta Line (primarily track materials) that UP/SP could expect to realize if the line were abandoned. The estimate was developed for me by SP's Plant Rationalization group. The exhibit shows current prices for the various types of material as of October, 1995, which are the values used for the Forecast Year (which begins November 1, 1995). The value of track materials fluctuates depending on market requirements for specific materials at the time of release. The values shown were obtained from the company that coordinates track removals and sales for SP Lines. DRI rates were applied to the current values to arrive at a Base Year value as of December, 1994 (the Base Year for this application is July 1, 1994 - June 30, 1995).

Rail from abandoned lines is classified as scrap, or as materials to be reused. The reusable rail is suitable for use elsewhere on the UP/SP system in secondhand rail replacement and construction projects. I have assumed that rail not suitable for reuse would be sold to salvage dealers as scrap. This is a conservative assumption because much of this rail is likely to be sold as "reroll," which commands a higher price than scrap.

The continuous welded relay rail to be reused is valued at an average of \$367.50 per net ton. Scrap material other than rail is valued at \$124.99 per net ton. The reusable crossties have a value of \$7.00 each and the landscape ties have a value of \$2.00 each.

The Malta-Cañon City Line consists of 109.0 miles of branch line trackage and 28.39 miles of miscellaneous sidings. The line contains 39,034 net tons of rail, other track material and switches. There are a total of 395,683 crossties and switch ties, of which 156,960 ties are reusable. The current market value (based on third quarter 1995 values) for the track and bridge material is \$9,662,133. Removal costs for track, switch and crossties, and bridges are \$2,582,508 for a current net liquidation value of \$7,079,625. The current net liquidation value of the track material to be retained by the railroad is \$5,741,856 (gross liquidation value of \$6,655,918 less \$914,062 removal costs).

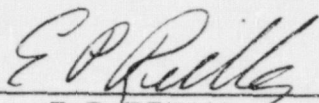
The Net Liquidation Values shown in Exhibit EPR-2 are for materials only and do not include the value of the underlying real estate. The real estate value is not discussed in this statement.



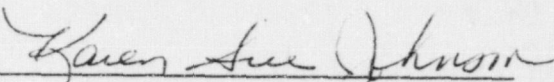
VERIFICATION

STATE OF COLORADO                     )  
  ) ss.  
CITY AND COUNTY OF DENVER         )

E. P. REILLY, being first duly sworn, deposes and states that he has read the above document, knows the facts asserted therein, and that the same are true as stated.

  
\_\_\_\_\_  
E. P. REILLY

SUBSCRIBED AND SWORN to before me this 13<sup>th</sup> day of November, 1995.

  
\_\_\_\_\_  
Notary Public

My Commission expires:

10/14/98



MALTA, MP 271.00 - CANON CITY, MP 162.00

PROGRAMMED TRACK MAINTENANCE	MILES	QUANTITY	UNIT COST	Total COST	COST PER MILE	FORCAST YEAR % DRI RATE	FORCAST TOTAL
<u>REPLACE TIES:</u>							
CROSS TIES	109.00	2180 ea	\$25.90	\$56,462	\$518	2.3%	\$530
SWITCH TIES (20% REPLACEMENT)	109.00	146 ea	\$52.54	\$7,671	\$70	2.3%	\$72
REPLACE CROSS TIES	109.00	2 days	\$15,959.00	\$28,267	\$259	0.10%	\$260
REPLACE SWITCH TIES	109.00	8.9 days	\$1,446.00	\$12,806	\$117	0.10%	\$118
COMPANY SERVICE	109.00	208 mile	\$8.18	\$1,699	\$16	0.10%	\$16
WORK TRAIN SERVICE	109.00	1 days	\$856.84	\$523	\$5	0.10%	\$5
UNLOAD TIES (CONTRACT)	109.00	2326 ea	\$0.45	\$1,047	\$10	2.2%	\$10
PICK UP & DISPOSE OF SCRAP TIES (CONTRACT)	109.00	2326 ea	\$1.35	\$3,140	\$29	2.2%	\$29
MSE			0.80%	\$513	\$5		\$5
SALES TAX			4.00%	\$2,565	\$24		\$24
				\$114,693	\$1,052		\$1,067
<u>SURFACE &amp; LINE TRACK:</u>							
BALLAST (TONS)	109.00	6813 ton	\$5.27	\$35,902	\$329	2.3%	\$337
UNLOAD BALLAST (QUANTITY = DAYS)	109.00	3 days	\$1,983.00	\$5,404	\$50	0.10%	\$50
SURFACE & LINE TRACK (QUANTITY = DAYS)	109.00	5 days	\$9,105.00	\$41,286	\$379	0.10%	\$379
COMPANY SERVICE (QUANTITY = CREW/MILES)	109.00	350	\$8.18	\$2,862	\$26	0.10%	\$26
WORK TRAIN (QUANTITY + DAYS)	109.00	3 days	\$856.84	\$2,241	\$21	0.10%	\$21
SALES TAX	-		4.00%	\$1,436	\$13		\$13
				\$89,131	\$818		\$826
<u>ROAD CROSSINGS</u>							
	MILES	XINGS					
PREFAB CROSSINGS	109.00	116 ea	\$55.36	\$6,439	\$59	2.3%	\$60
ASPHALT CROSSINGS	109.00	116 ea	\$51.50	\$5,990	\$55	2.3%	\$56
GRAVEL CROSSINGS	109.00	1 ea	\$7.75	\$4	\$0	2.3%	\$0
REPLACE ROAD CROSSING MATERIAL	109.00	19 days	\$1,162.00	\$22,545	\$207	0.10%	\$207
FLASHING LIGHTS	109.00	0 pair	\$59,175.00	\$0	\$0	2.3%	\$0
INSTALL FLASHING LIGHTS	109.00	0 pair	\$31,858.00	\$0	\$0	0.10%	\$0
CROSSBUCK SIGNS	109.00	218 ea.	\$108.70	\$1,185	\$11	2.3%	\$11
INSTALL CROSS BUCKS	109.00	218 ea.	\$66.00	\$719	\$7	0.10%	\$7
WHISTLE POSTS	109.00	218 ea.	\$15.13	\$185	\$2	2.3%	\$2
INSTALL WHISTLE POST SIGN	109.00	218 ea.	\$66.00	\$719	\$7	0.10%	\$7
MSE	-		0.80%	\$103	\$1		\$1
SALES TAX	-		4.00%	\$514	\$5		\$5
				\$38,383	\$352		\$355



NON-PROGRAMMED MAINTENANCE	MILES	QUANTITY	UNIT COST	TOTAL	COST	FORCAST	FORCAST
				COST	PER MILE	YEAR % DRI RATE	TOTAL
3 MAN SECTION GANG	109.00	182 days	\$723.00	\$131,923	\$1,210	0.10%	\$1,212
TRACK INSPECTOR	109.00	142 days	\$335.00	\$47,470	\$436	0.10%	\$436
SIGNAL MAINT. (XING PROTECTION - LABOR)	109.00	0 ea.	\$1,577.00	\$0	\$0	0.10%	\$0
SIGNAL MATERIAL	109.00	0 ea.	\$394.00	\$0	\$0	2.3%	\$0
RAIL REPLACEMENT (1 RAIL/ 3 MILES)	109.00	1417 lf	\$7.76	\$10,996	\$101	2.3%	\$103
VEGETATION CONTROL	109.00	109 mile	\$355.00	\$38,695	\$355	2.3%	\$363
BRIDGE INSPECTION	109.00	1744 lf	\$0.61	\$1,064	\$10	0.10%	\$10
BRIDGE MAINTENANCE	109.00	1744 lf	\$4.25	\$7,412	\$68	0.10%	\$68
BRIDGE MATERIAL	109.00	1744 lf	\$4.30	\$7,499	\$69	0.10%	\$69
MSE	-		0.80%	\$147	\$1		\$1
SALES TAX	-		4.00%	\$736	\$7		\$7
				\$245,942	\$2,256		\$2,269

ADDITIONAL MAINTENANCE EXPENSES

SNOW REMOVAL / ROCK SLIDES :

	MILES	QUANTITY					
GANG FOREMAN	109.00	8 days	\$134.00	\$1,072	\$10	0.10%	\$10
GANG LABORERS (6)	109.00	48 days	\$848.00	\$40,704	\$373	0.10%	\$374
GANG FOREMAN	109.00	5 days	\$134.00	\$670	\$6	0.10%	\$6
GANG LABORERS (2)	109.00	10 days	\$848.00	\$8,480	\$78	0.10%	\$78
TRACK MACHINE OPERATOR	109.00	8 days	\$120.00	\$960	\$9	0.10%	\$9
RAIL REPLACEMENT (4 RAILS YEARLY)	109.00	156 lf	\$7.76	\$1,211	\$11	0.10%	\$11
MATERIAL (80# BAGS - ROCKSALT)	109.00	300 bags	\$4.00	\$1,200	\$11	2.30%	\$11
TAMPER	109.00	5 days	\$147.00	\$735	\$7	0.10%	\$7
WORK TRAIN	109.00	8 days	\$855.00	\$7,640	\$70	0.10%	\$70
MSE	-		0.80%	\$10	\$0		\$0
SALES TAX	-		4.00%	\$48	\$0		\$0
				\$62,729	\$575		\$576

TOTAL PROGRAMMED MAINTENANCE	\$242,207	\$2,722	\$2,248
TOTAL NON-PROGRAMMED MAINTENANCE	\$245,942	\$2,256	\$2,269
ADDITIONAL MAINTENANCE	\$62,729	\$575	\$576
GRAND TOTAL	\$550,878	\$5,054	\$5,093
COST PER MILE PER YEAR		\$5,054	\$5,093
TOTAL COST PER YEAR		\$550,878	\$555,114

1994 -- \$548,674

1993 -- \$532,214

NLV OF TRACK

CANON CITY, MP 162.00 - MALTA , MP 271.00

	<u>ITEM</u>		<u>UNITS</u>	
	<u>MATERIAL SOLD. SCRAP</u>			
A.	RAIL	\$ 1,998,758	15,990 TONNAGE	84.93 TRK MILES
B.	TIES	(160,243)	55.64 TRK MILES	160,243 TIES
C.	BRIDGE MATERIALS	40,639	5,395 FEET	
D.	SWITCHES	18,562	79 UNITS	
E.	FROGS	12,363	79 UNITS	
F.	OTM (OTHER TRACK MATERIAL)	939,176	7,698 TONNAGE	
	SUBTOTAL	\$ 2,849,255		
	<u>MATERIAL RETAINED BY R.R.</u>			
A.	RAIL	\$ 4,479,977	11,541 TONNAGE	52.46 TRK MILES
B.	TIES	1,098,720	54.50 TRK MILES	156,960 TIES
F.	OTM (OTHER TRACK MATERIAL)	1,077,221	3,591 TONNAGE	
	SUBTOTAL	\$ 6,655,918		
	<u>MATERIAL SOLD. SECOND HAND</u>			
B.	TIES (LANDSCAPE)	\$ 156,960	27.25 TRK MILES	78,480 TIES
	SUBTOTAL	\$ 156,960		
	MATERIAL TOTAL	\$ 9,662,133		
	LESS COST TO REMOVE	\$ 2,582,508		
	NLV OF TRACK	\$ 7,079,625		



**Malta-Canon City Line**

**VERIFIED STATEMENT**

**OF**

**G. H. HUNT**

My name is G. H. Hunt. I am currently employed in Denver, Colorado by Southern Pacific Real Estate Enterprises ("SPREE"), a division of Southern Pacific Rail Corp., as District Manager. SPREE handles real estate matters for both Southern Pacific Transportation Company and The Denver and Rio Grande Western Railroad Company (collectively, "SP"). My job responsibilities include all real estate matters for both companies in Utah and Colorado.

I am familiar with the property on the Malta-Canon City Line between Canon City, at milepost 162.0, and Malta, at milepost 271.0 and I have studied the nature of SP's real property holdings and their relation to surrounding property uses. It is my opinion that the real estate market in this area has been stable for the past few years, and I have no reason to believe it will either increase or decrease significantly in the near future.

I have determined that non-operating income from the Malta Line in 1993 was \$18,540, in 1994 it was \$18,839.50 and that in the Base Year July 1, 1994 to June 30, 1995 it was \$18,847.50. I do not expect that amount to change significantly for the period from November 1, 1995 to October 31, 1996.

The Malta-Canon City Line starts at Canon City and passes through the Royal Gorge of the Arkansas River. Once leaving the Royal Gorge, it parallels U.S. Highway 50. Near Salida, the line is near U.S. Highway 285, and near Buena Vista, the line is near U.S. Highway 24. The terrain is mountainous, as this line climbs the Rocky Mountains with valleys having steep canyon walls. The surrounding land is predominantly forested interspersed with some agricultural land.

The title records for the Malta Line were reviewed at my request and it appears that 253.05 acres are held in fee and the remainder, 2,233.95 acres are less than fee.

In order to establish a net liquidation value for the acreage held in fee, I requested that SPREE's appraisers consult with local area real estate brokers. The total net liquidation value of the non-reversionary property is estimated to be \$378,000.



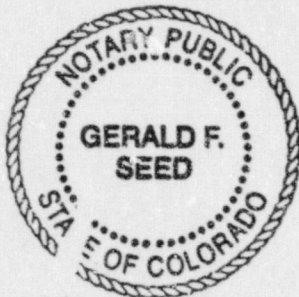
VERIFICATION

STATE OF COLORADO                    )  
  ) ss.  
CITY AND COUNTY OF DENVER        )

G. H. HUNT, being first duly sworn, deposes and states that he has read the above document, knows the facts asserted therein, and that the same are true as stated.

*G. H. Hunt*  
G. H. HUNT

SUBSCRIBED AND SWORN to before me this 10 day of November, 1995.



*Gerald F. Seed*  
Notary Public

My Commission expires:

*May 10, 1997*

**Malta-Cañon City, Colorado**

**VERIFIED STATEMENT  
OF  
CHRISTIAN LUNDSBERG**

My name is Christian Lundsberg. I am Director National Accounts at Southern Pacific Transportation Company. Parkway West, Suite 101, Blue Bell, PA 19422.

I am responsible for relations with national customers doing business with SP and its rail affiliates. One of my accounts is ASARCO, which operates the Black Cloud Mine near Leadville, Colorado, and a truck to rail transload at Malta, Colorado. I most recently visited with ASARCO in Leadville, Colorado, on November 14, 1995.

ASARCO's rail traffic on the Malta-Cañon City line consists of lead and zinc concentrates from the Black Cloud Mine. Since the mine is not served by rail, the concentrates are loaded into dump trucks and moved by highway approximately 8 miles to Malta. At Malta, the concentrates are transloaded into open top gondola cars. The transload facility is simply a dirt fill ramp with a retaining wall next to the tracks made from old railroad car bodies. The dump trucks back up to the ramp, and dump their loads into the rail cars. The rail traffic moves to a variety of locations: East Helena, Montana, Vancouver, British Columbia, Trail, British Columbia, and Spokane, Washington.

At one time, the Leadville area was an important mining and smelting center., and was served by a fairly extensive rail system. Over the years, however, mining activity has practically ceased, the smelters have all been demolished, and the rail lines that served the area has been largely abandoned.



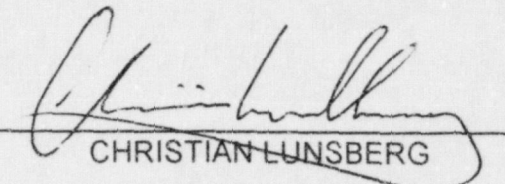
ASARCO's Black Cloud mine is the last major mining operation in the vicinity of the Malta to Cañon City line. Since ASARCO's mining activity is fairly constant, I project that Forecast Year traffic will be at the same level as in 1994 -- 477 carloads.

A transload for ASARCO at Cañon City, perhaps at the site of the DRGW maintenance facility, is feasible and I discussed this with ASARCO on my recent trip. It avoids the westward highways from Leadville which cross a high mountain pass that is frequently closed in winter. The route from Leadville to Cañon City for the loaded dump trucks is largely downhill and has fewer road closings in winter.

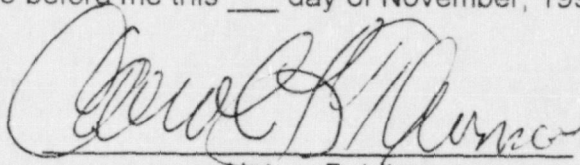
VERIFICATION

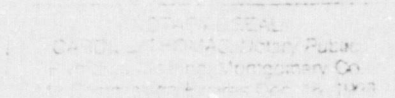
STATE OF PENNSYLVANIA       )  
  ) ss.  
COUNTY OF MONTGOMERY       )

CHRISTIAN LUNSBURG, being first duly sworn, deposes and states that he has read the above document, knows the facts asserted therein, and that the same are true as stated.

  
CHRISTIAN LUNSBURG

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of November, 1995.

  
Notary Public





STATE OF CALIFORNIA )  
 ) ss.  
CITY AND COUNTY OF SAN FRANCISCO )

348

The "Notice of Intent To Abandon and Discontinue Service" was mailed also by first-class mail on November 15, 1995, to the following:

U.S. Department of Transportation  
Federal Railroad Administration  
400 Seventh Street, S.W.  
Washington, D.C. 20590

U.S. Department of Interior  
Recreation Resources Assistance Div.  
National Park Service  
1100 L Street, N.W. #2321  
Washington, D.C. 20240

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance Div.  
P. O. Box 37127  
Washington, DC 20013-7127

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Ste. 130  
Newport News, VA 23606-2574

Office of the Special Counsel  
Interstate Commerce Commission  
12th & Constitution Ave., N.W.  
Washington, D.C. 20423

Headquarters - Railway Labor  
Executive Association  
400 North Capitol Street, Suite 850  
Washington, D.C. 20001

U.S. Department of Interior  
Land Resources Division  
National Park Service  
1100 L Street, N.W.  
Room 3136  
Washington, D.C. 20240

U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., SW  
Washington, D.C. 20250

U.S. Railroad Retirement Board  
844 Rush Street  
Chicago, IL 60611

Section of Rail Service Planning  
Interstate Commerce Commission  
12th & Constitution Ave., N.W.  
Washington, D.C. 20423

Director  
State Extension Service  
201 Administration Building  
Colorado State University  
Fort Collins, CO 80523

(3) The "Notice of Intent To Abandon and Discontinue Service" was mailed to the shippers-receivers on the line on November 15, 1995.



(4) The "Notice of Intent To Abandon and Discontinue Service" was published once each week for three consecutive weeks in newspapers generally circulated in the counties where the rail line is located, as follows:

<u>Newspaper</u>	<u>County</u>	<u>Dates Published</u>
The Daily Record	Fremont	November 7, 14, 21, 1995
The Mountain Mail	Chaffee	November 7, 14, 21, 1995
The Herald Democrat	Lake	November 9, 16, 23, 1995

(5) The "Notice of Intent To Abandon and Discontinue Service" was posted in a conspicuous place on the bulletin boards at the stations which handle business for the line, as follows:

<u>Date Posted:</u>	<u>Station</u>
November 13, 1995	SP and DRGW's Customer Service Center 1860 Lincoln Street Denver, CO 80295

SIGNED: \_\_\_\_\_

*Gary A. Laakso*  
Gary A. Laakso  
General Attorney

SUBSCRIBED AND SWORN to before me a Notary Public this 16th day of November, 1995.

*Virginia Fraire-Fong*  
\_\_\_\_\_  
Notary Public

My Commission Expires:

March 23, 1998



CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing Application in Docket Nos. AB-12 (Sub-No. 188) and AB-8 (Sub-No. 39) was served on those parties listed at 49 C.F.R. § 1152.24(c) by mailing a copy first-class mail on November 29, 1995, to the following:

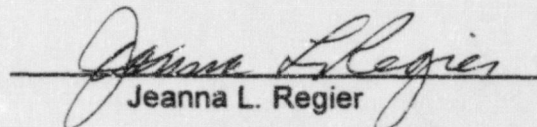
Section of Rail Services Planning  
Interstate Commerce Commission  
12th & Constitution Ave., N.W.  
Washington, D.C. 20423

Honorable Roy Romer  
Governor - State of Colorado  
200 East Colfax Avenue  
Denver, CO 80203

Division of Transportation Development  
Transportation Department  
4201 E. Arkansas Avenue, Room 262  
Denver, CO 80222

Regulatory Agencies Department  
Public Utilities Division  
1560 Broadway, Suite 1550  
Denver, CO 80202

Gale A. Norton, Esq.  
Colorado Attorney General  
1525 Sherman Street, 5th Floor  
Denver, CO 80203

  
Jeanna L. Regier



Before the  
INTERSTATE COMMERCE COMMISSION

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Docket No. AB-12 (Sub-No. 184X)

SOUTHERN PACIFIC TRANSPORTATION COMPANY  
ABANDONMENT EXEMPTION - WENDEL-ALTURAS LINE  
IN MODOC AND LASSEN COUNTIES, CALIFORNIA

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PETITION FOR EXEMPTION

I.

Introduction

Southern Pacific Transportation Company ("SPT" ) files this Petition For Exemption pursuant to 49 U.S.C. § 10505 and hereby requests an exemption from the statutory provisions of 49 U.S.C. §§ 10903, et. seq. to abandon a rail line known as the Wendel-Alturas Line in Modoc and Lassen Counties, California.

The abandonment of this line is related to, and contingent upon, the proposed UP/SP consolidation, approval for which is being sought in ICC Finance Docket No. 32760.

Abandonment of rail lines requires authorization and approval of this Commission pursuant to 49 U.S.C. § 10903. However, 49 U.S.C. § 10505 requires the Commission to exempt a transaction when it finds: (1) continued regulation is not necessary to carry out the Rail Transportation Policy of 49 U.S.C. § 10101(a); and (2) either the transaction is of limited scope or Commission regulation is not necessary to protect shippers from an abuse of market power. The proposed abandonment satisfies the standards for an exemption.

II.  
Petitioner's Representative

SPT's representative in this proceeding is:

Gary A. Laakso, General Attorney  
Southern Pacific Building  
One Market Plaza, Room 846  
San Francisco, CA 94105  
(415) 541-1785

III.  
Description of the Line, Maintenance and Services

Petitioner requests exemption authority for abandonment and discontinuance of service of its Wendel-Alturas Line extending from milepost 360.1 near Wendel to railroad milepost 445.6 near Alturas, a distance of approximately 85.5 miles in Modoc and Lassen Counties, California. The proposed abandonment ends near rail station McArthur, which is located at milepost 446.4, approximately ten miles south of Alturas. As discussed in Section V below, there is no recurring local traffic generated by the line.

As discussed in the accompanying Verified Statement of Paul D. Turney, the line is used almost exclusively for overhead traffic and, when so used, forms part of an SPT through route between Oregon and SPT's "Central Corridor" mainline to Ogden, Utah. It is an alternate route to another SPT through route between Oregon and Ogden through Roseville, California. The Wendel-Alturas line has been closed to overhead traffic several times in recent years when traffic volume has not required its use. During these periods, overhead traffic has been handled over the Roseville route.

Following a UP/SP consolidation, the overhead traffic now using the Wendel-Alturas Line would be rerouted to other UP/SP routes.



Since there is no recurring local traffic, the only train service on the line normally consists of through trains, and no train service is normally provided during periods when overhead traffic is moving via Roseville. As of September, 1995, Petitioner operates two through trains on the Wendel-Alturas Line per day (one in each direction). The non-recurring traffic described in Section V was handled by "turn locals" which do not normally operate on the line, and are described in the Turney Verified Statement.

IV.  
Exhibit I -- Map

The portion of the Wendel-Alturas Line proposed for abandonment is shown on the map identified as Appendix A and attached to this Petition. Other rail lines in the area and major highways are shown on the map. The proposed abandonment will not eliminate SPT's connections with other rail carriers at Wendel and Alturas.

V.  
Shipper Information

There is no recurring local traffic on the line, but there has been recent non-recurring traffic. During 1995, Tuscarora Gas Transmission Company shipped 144 cars of pipe to two stations on the line (Likely and Ravendale) for construction of a natural gas pipeline. The movement was completed during the first half of 1995. SPT has been in discussions with Sierra Pacific Power Company for a one-time movement for transmission line towers during the first half of 1996. If this movement develops, it will be completed before the Commission issues a decision in this proceeding.

VI.  
The Line is not Viable

There is no possibility that this line could ever be viably operated once overhead traffic is rerouted because there is no recurring local traffic generated by the line. There are no reasonable prospects that other rail shippers will locate on the line.

VII.  
Title Information

Based on information in Petitioner's possession, the line does contain federally granted right-of-way. Any documentation in SPT's possession will be made available promptly to those requesting it.

The land area of the abandonment totals approximately 1,900 acres. Approximately 350 acres are considered to be non-reversionary and approximately 1,550 acres reversionary.

In Petitioner's opinion the property proposed for abandonment would not be suitable for other public purposes including roads or highways, other forms of mass transportation, conservation, energy production or transmission, or recreational purposes.

VIII.  
The Standards For An Exemption Have Been Met

Detailed scrutiny of the abandonment by the Commission under 49 U.S.C. § 10903 is not necessary to carry out the Rail Transportation Policy of 49 U.S.C. § 10101(a). An exemption will minimize the administrative expenses of preparation and review associated with a formal abandonment application and proceeding, will expedite regulatory action, and will reduce regulatory barriers for exit from this rail line consistent



STB FD 32760 11-30-95 A 1648V17 3/5

with 49 U.S.C. §§ 10101a(2) and (7). There would be no adverse regional impact from this abandonment. There is no prospect the line could be operated viably once overhead traffic is rerouted, given the lack of local traffic on the line. An exemption will thus "foster sound economic conditions in transportation" consistent with 49 U.S.C. § 10101a(5).

The proposed abandonment is clearly a transaction of "limited scope." The Wendel-Alturas Line is only 85.5 miles in length and has no recurring local traffic. In addition, regulation of this abandonment is not needed to protect shippers from an abuse of market power, since there are no regular local shippers.

Environmental and Historic Report

Required environmental and historical information is included in the Environmental Report submitted in Finance Docket No. 32760.

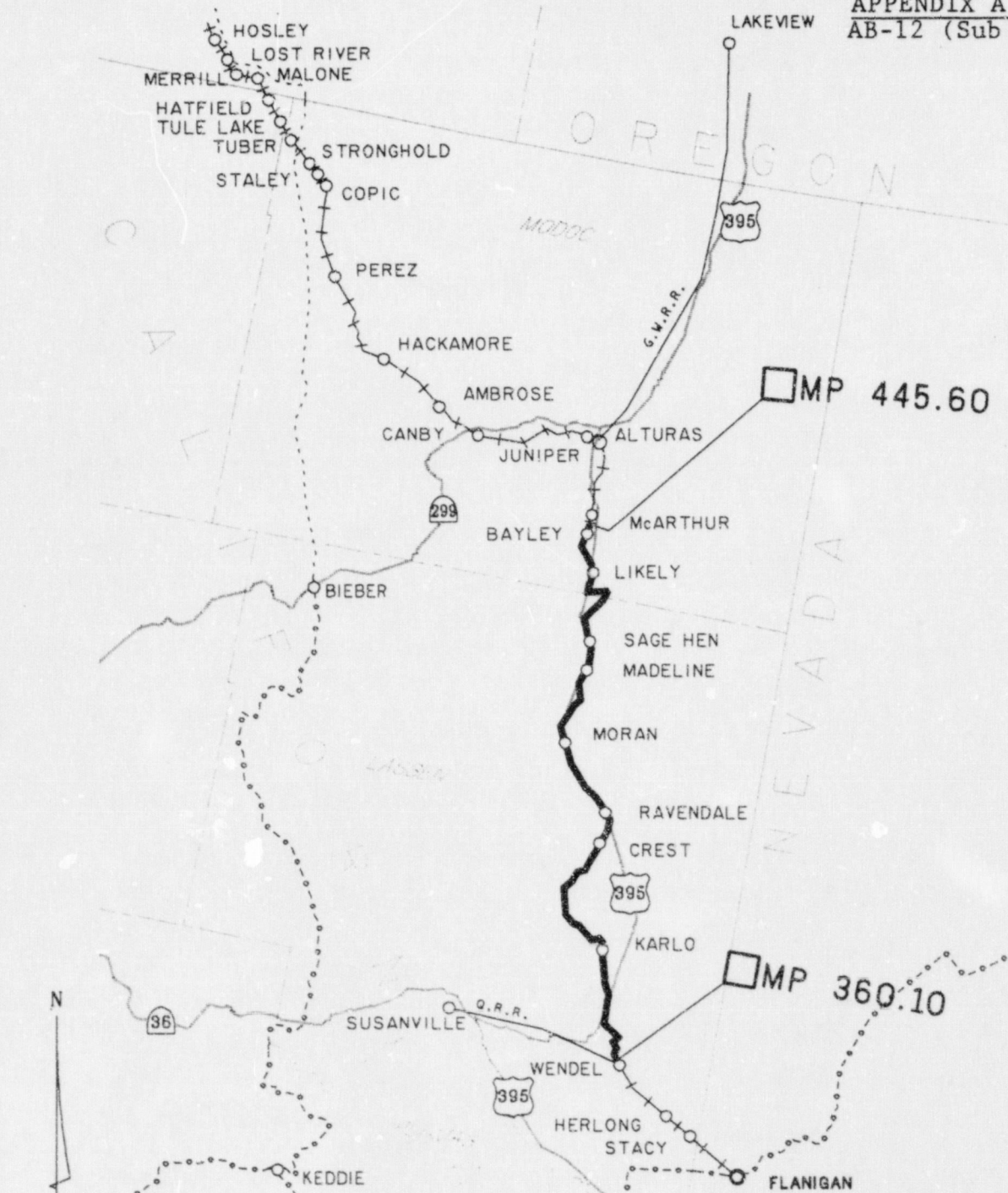
WHEREFORE, Southern Pacific Transportation Company, respectfully requests that this Commission issue a decision to exempt from the provisions of 49 U.S.C. §§ 10903 et seq., the abandonment of its Wendel-Alturas Line, extending from milepost 360.1 near Wendel to milepost 445.6 near Alturas, a distance of 85.5 miles in Modoc and Lassen Counties, California.

SOUTHERN PACIFIC TRANSPORTATION COMPANY

*Gary A. Laakso*

Gary A. Laakso, General Attorney  
Southern Pacific Building  
One Market Plaza, Room 846  
San Francisco, CA 94105  
(415) 541-1785





### LEGEND

- Proposed Abandonment
- +++ SP Operations
- - - - Union Pacific Railroad
- ..... BNSF
- OTHER RAILROADS
- Highways

**SOUTHERN PACIFIC**  
Engineering Dept. LARS CAD Bureau  
ENR DIST-SER MODOC-LINE

10 0 10 20  
SCALE IN FEET

### SOUTHERN PACIFIC LINES

DOCKET NO. AB-12 (SUB-NO. 184X)  
PROPOSED ABANDONMENT  
SOUTHERN PACIFIC TRANSPORTATION COMPANY  
BETWEEN WENDEL AND ALTURAS, CA  
MP 360.10 - MP 445.60

SCALE	AS SHOWN	ENGINEERING - CAD BUREAU
VAL. SEC.	SHEET	DRAWN BY WBC
ROUTE NO.	K.P.	DRAWING NO.
DATE	OCT. 4, 1993	SHEET NO. 1 OF 1
REVISED TO	NOV. 15, 1994	FILE DRAWN CADS

**Wendel - Alturas, California**

**VERIFIED STATEMENT**

**OF**

**PAUL D. TURNEY**

My name is Paul D. Turney. I have been employed by SPT for eighteen years, and I currently hold the title of Senior Manager Plant Rationalization. My duties include evaluating rail lines for sale, lease or abandonment. I hi-railed the Wendel-Alturas Line from milepost 445.6 near Alturas to milepost 360.1 near Wendel on September 20 and 21, 1995.

The Wendel-Alturas Line forms part of a through route between Oregon and SPT's Central Corridor to Ogden, Utah. SPT also has a second alternate through route between Oregon and the Central Corridor, which is west of the Wendel-Alturas Line, and joins the Central Corridor at Roseville, California.

The maximum authorized speed on the line is 40 miles per hour. Severe grades (2%) and track curvature (174 curves in 85.5 miles) serve to limit speeds to 30 and 25 mile per hour at numerous locations and train tonnage to a maximum of 6,000 tons eastbound and 5,000 tons westbound.

The line is in generally good condition. However, approximately 34 miles of published speed restrictions were in effect as of October 1995. These restrictions were due primarily to rail and tie conditions which reduced track speeds from 40 to 25 miles per



hour and from 30 and 25 to 10 miles per hour. Given the low volume of traffic on the line, rehabilitation is not justifiable to raise track speeds.

SPT is currently operating two through trains per day (one in each direction) on the Wendel-Alturas Line. However, the line has been closed several times in recent years when traffic volume has not required its use. During these time periods, overhead traffic was moved via the Roseville route. During the most recent closure (which ended in September, 1995), local service was provided to rail stations Likely and Ravendale for a non-recurring movement of pipe described below.

Following a UP/SP consolidation, the overhead traffic now using this line would be rerouted to other UP/SP lines, primarily running east and south from Portland.

The line runs through a very sparsely populated part of Northeast California, and there are no active rail shippers located on it. All recent local traffic has been non-recurring. In 1995, 144 carloads of natural gas pipe were delivered on this portion to two stations on the line (Likely and Ravendale) for the construction of a natural gas transmission line by Tuscarora Gas Transmission Company. This was a one-time move.

It was handled by "turn locals" which entered the line from both ends and did not operate over the entire line. Some of the cars were actually spotted on the main track for unloading, as there were no through trains using the line at the time. Another one-time move could occur in the first half of 1996 when Sierra Pacific Power Company may have electric transmission line towers delivered to the line. SPT is not aware of any prospects for any recurring local business to develop.

VERIFICATION

STATE OF CALIFORNIA

)

) ss.

CITY AND COUNTY OF SAN FRANCISCO

)

PAUL D. TURNEY, being first duly sworn, deposes and states that he has read the above document, knows the facts asserted therein, and that the same are true as stated.

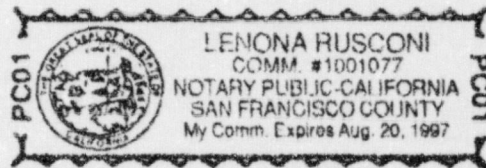
Paul D. Turney  
PAUL D. TURNEY

SUBSCRIBED AND SWORN to before me this 10<sup>TH</sup> day of November, 1995.

Lenora Rusconi  
Notary Public

My Commission expires:

August 20, 1997





## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Petition For Exemption in Docket No. AB-12 (Sub-No. 184X), Wendel-Alturas Line was served on November 29, 1995, by mailing a copy, first class mail postage prepaid to the following:

**MTMCTEA**

Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

Executive Director  
Public Utilities Commission  
505 Van Ness  
San Francisco, CA 94102

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance  
Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

Chief, Div. of Mass Transportation  
Department of Transportation  
1120 N Street P.O. Box 1499  
Sacramento, CA 95814

U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

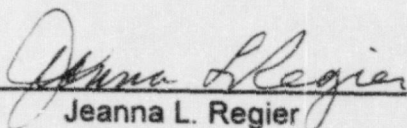
Transportation Planner  
Department of Transportation  
1120 N Street  
Sacramento, CA 95814

U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

Tuscarora Gas Transmission Co.  
Terry Wolverton  
6100 Neil Road  
Reno, NV 89520

The undersigned further certifies that a notice of the abandonment, pursuant to 49 C.F.R § 1105.12, was published as follows:

<u>County</u>	<u>Newspaper</u>	<u>Date</u>
Modoc	Modoc County Record (Alturas)	November 22, 1995
Lassen	Lassen County Times	November 28, 1995

  
Jeanna L. Regier

Before the  
INTERSTATE COMMERCE COMMISSION

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Docket No. AB-12 (Sub-No. 185X)

SOUTHERN PACIFIC TRANSPORTATION COMPANY  
-- ABANDONMENT EXEMPTION --  
SUMAN-BRYAN LINE IN  
BRAZOS AND ROBERTSON COUNTIES, TEXAS

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PETITION FOR EXEMPTION

I.

Introduction

Southern Pacific Transportation Company ("SPT" ) files this Petition For Exemption pursuant to 49 U.S.C. § 10505 and hereby requests an exemption from the statutory provisions of 49 U.S.C. §§ 10903, et seq. for the abandonment of its Suman-Bryan Line in Brazos and Robertson Counties, Texas.

The abandonment of this line is related to, and contingent upon, the proposed consolidation of UP and SP; approval for the consolidation is being sought in ICC Finance Docket No. 32760.

Abandonment of rail lines requires authorization and approval of this Commission pursuant to 49 U.S.C. § 10903. However, 49 U.S.C. § 10505 requires the Commission to exempt a transaction when it finds: (1) continued regulation is not necessary to carry out the Rail Transportation Policy of 49 U.S.C. § 10101(a); and (2) either the transaction is of limited scope or Commission regulation is not necessary to protect shippers from an abuse of market power. The abandonment proposal herein by SPT satisfies these standards for an exemption.



II.  
Petitioner's Representative

SPT's representative in this proceeding is:

Gary A. Laakso, General Attorney  
Southern Pacific Building  
One Market Plaza, Room 846  
San Francisco, CA 94105  
(415) 541-1785

III.  
Description of the Line, Maintenance and Services

SPT requests exemption authority for the abandonment of its Suman-Bryan Line extending from milepost 117.6 near Suman to railroad milepost 101.4 near Bryan, a distance of approximately 16.2 miles in Brazos and Robertson Counties, Texas. The one active rail shipper on the line is VTI Industries at Benchley, Texas, near milepost 104.5.

The line is used primarily for through train service. The track is in good condition and has a maximum speed of 60 mph with few restrictions. There have been no significant changes in train service and maintenance in the past five years. Train service is provided on a five days per week basis.

SPT seeks authority to abandon the line because UP/SP will have available the UPRR line from Valley Junction to Bryan to handle overhead traffic.

IV.  
Exhibit 1 -- Map

The Suman-Bryan Line proposed for abandonment is shown on the map identified as Exhibit 1 and attached to this Petition. Other rail lines in the area and major highways are shown on the map.

V.  
Shipper Information

The only active shipper on the line is VTI Industries at Benchley, Texas, near milepost 104.5. The traffic generated by this shipper consists of inbound shipments of wood particle board (STCC 24996). In 1993, there were 24 carloads, in 1994 there were 53 carloads, and there were 25 carloads in the first 6 months of 1995, an average of 40.8 cars per year, or 2.5 carloads per mile. All of this traffic is exempt under 49 C.F.R. § 1039.11. Alternate motor carrier service is available in the area and major highways parallel this trackage along its entire route. The small amount of local rail traffic on this segment is expected to divert to truck as a result of this abandonment.

VI.  
The Line is not Viable

There are no reasonable prospects that local rail traffic or revenues would ever reach a level adequate to justify continued operation of the Suman-Bryan Line for local traffic after the UP/SP consolidation. The line currently generates only 2.5 carloads of traffic per mile annually. There are no reasonable prospects that other rail shippers will locate on the line.

VII.  
Title Information

The land area of the abandonment totals approximately 271.950 acres. Tentatively 102.610 acres are considered to be non-reversionary and 169.340 acres reversionary. The line does not consist of federally granted right-of-way.



In SPT's opinion, the property proposed for abandonment would not be suitable for other public purposes including roads or highways, other forms of mass transportation, conservation, energy production or transmission, or recreational purposes.

#### VIII.

##### The Standards For An Exemption Have Been Met

Detailed scrutiny of the abandonment by the Commission under 49 U.S.C. § 10903 is not necessary to carry out the Rail Transportation Policy of 49 U.S.C. § 10101(a). An exemption will minimize the administrative expenses of preparation and review associated with a formal abandonment application and proceeding, will expedite regulatory action, and will reduce regulatory barriers to exit from this rail line consistent with 49 U.S.C. §§ 10101a(2) and (7). There would be no adverse regional impact from this abandonment. There is no prospect the line could be operated viably once overhead traffic is rerouted, given the minimal local traffic on the line. An exemption will thus "foster sound economic conditions in transportation" consistent with 49 U.S.C. § 10101a(5).

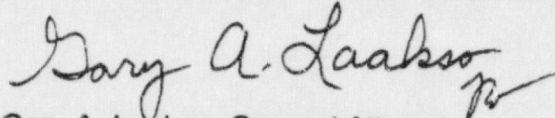
The proposed abandonment is clearly a transaction of "limited scope" given its 16.2 miles length of the line and the minimal local traffic. In addition, regulation of this abandonment is not needed to protect shippers from an abuse of market power. The Commission has previously found that regulation of lumber and wood products (the only local traffic generated by this line) is not necessary to protect shippers from abuse of market power, Rail Exemption - Lumber or Wood Products, 7 I.C.C. 2d 673, 676-79 (1991). Further, the abandonment represents SPT's withdrawal from the small amount of business generated by this line, not an exercise of market power over it.

IX.  
Environmental and Historic Report

Required environmental and historical information is included in the Environmental Report submitted in Finance Docket No. 32760.

WHEREFORE, SPT respectfully requests that this Commission issue a decision to exempt from the provisions of 49 U.S.C. § 10903 et seq., the abandonment of its Suman-Bryan Line, extending from milepost 117.6 near Suman to milepost 101.4, near Bryan, a distance of 16.2 miles in Brazos and Robertson Counties, Texas.

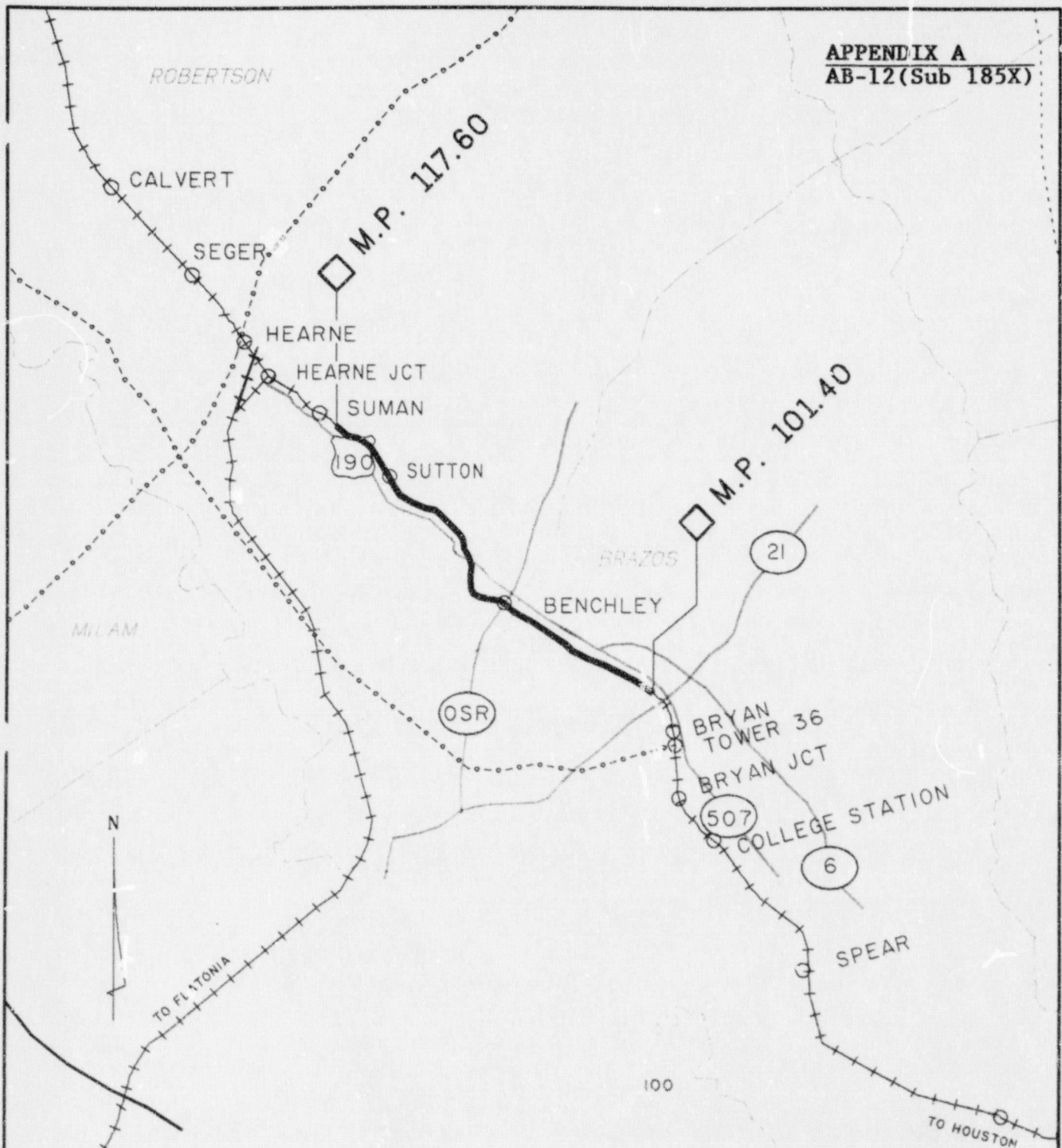
SOUTHERN PACIFIC TRANSPORTATION COMPANY



Gary A. Laakso, General Attorney  
Southern Pacific Building  
One Market Plaza, Room 846  
San Francisco, CA 94105  
(415) 541-1785



APPENDIX A  
AB-12(Sub 185X)

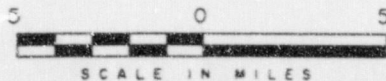


LEGEND

- Proposed Abandonment
- ++ SP Operations
- - - - Union Pacific Railroad
- AT&SF
- Highways

SOUTHERN PACIFIC  
LEADS

Engineering Dept. 1995 Survey  
EX. 117-SEGER HEARNE-LINE



SOUTHERN PACIFIC LINES

DOCKET NO. AB-12 (SUB-NO. 185X)  
PROPOSED ABANDONMENT  
SOUTHERN PACIFIC TRANSPORTATION COMPANY  
BETWEEN SUMNER AND BRYAN, TX  
MP 117.60 - MP 101.40

SCALE	AS SHOWN	ENGINEERING - CADDO BUREAU
VAL. SEC.	SHEET	DRAWN BY: RK
ROUTE NO.	N.P.	DRAWING NO.
DATE	SEPT. 29, 1995	SHEET NO. 1 OF 1
REVISED TO	NOV. 15, 1995	FILE DRAWER: CADDO

**Suman-Bryan, Texas**

**VERIFIED STATEMENT**

**OF**

**RICHARD E. FORST**

My name is Richard E. Forst, Manager of Plant Rationalization, for SPT at One Market Plaza, San Francisco, California 94105. I received a Bachelor of Science degree in Business Administration from Roosevelt University in Chicago, Illinois, in 1970. I began my transportation career with the Milwaukee Railroad in 1970, and my career with SPT in August, 1990. In my present position, my responsibilities include the analysis and divestiture of low density rail lines by sale, lease or abandonment.

The purpose of this statement is to provide background information regarding the proposed abandonment of SPT's Suman-Bryan Line between Suman, Texas, milepost 117.6 and Bryan, Texas, milepost 101.4 (16.2 miles). SPT is seeking authority to abandon this line in the event of the approval of the consolidation of UP and SP because UP/SP would route overhead traffic to an alternate route from nearby Valley Junction to Bryan.

The only customer on the line is VTI Industries which manufactures cabinets and is located at Benchley, Texas, milepost 104.5. In years 1993, 1994 and the first half of 1995, this company received 24, 53 and 25 carloads, respectively, of wood particle board (STCC 24996), an exempt commodity. VTI uses trucks for its other inbound shipments and for all of its outbound shipments. VTI should be able to



transload by truck from a nearby UPRR rail line. It also could truck direct, as it is doing with all of its other traffic. It could also provide a major highway network which parallels the rail line and serves both the Dallas and Houston metropolitan areas.

## STATE OF CALIFORNIA

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) SS.

CITY AND COUNTY OF SAN FRANCISCO

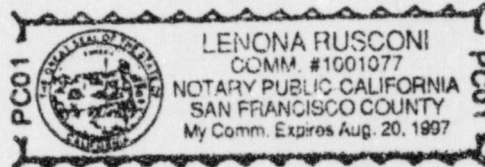
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Refrost

SUBSCRIBED AND SWORN to before me this 10<sup>th</sup> day of November, 1995.

Lena Rusconi

My Commission expires: \_\_\_\_\_



August 20, 1997



### CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Petition For Exemption in Docket No. AB-12 (Sub-No. 185X), Suman-Bryan Line was served on November 29, 1995, by mailing a copy, first class mail postage prepaid to the following:

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance  
Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

Tom Griebel, Asst. Executive Director  
Multi-Modal Transportation  
Texas Department of Transportation  
125 E. 11th St.  
Austin, TX 78701-2967

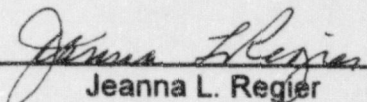
Barry Williamson, Chairman  
Railroad Commission of Texas  
1701 N. Congress Avenue  
Austin, TX 78711-2967

The Honorable George W. Bush  
Governor - State of Texas  
State Capitol  
Austin, TX 78701

Vortex Industries  
2310 Cabot  
Bryan, TX 77802

The undersigned further certifies that a notice of the abandonment, pursuant to 49 C.F.R § 1105.12, was published as follows:

<u>County</u>	<u>Newspaper</u>	<u>Date</u>
Brazos	Bryan Press	November 22, 1995
Robertson	Franklin Daily News	November 23, 1995

  
Jeanna L. Regier

Before the  
INTERSTATE COMMERCE COMMISSION

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Docket No. AB-12 (Sub-No. 187X)

SOUTHERN PACIFIC TRANSPORTATION COMPANY  
-- ABANDONMENT EXEMPTION -- SEABROOK-SAN LEON LINE  
IN GALVESTON AND HARRIS COUNTIES, TEXAS

---

NOTICE OF EXEMPTION

Southern Pacific Transportation Company ("SPT") submits this verified Notice of Exemption pursuant to 49 C.F.R. § 1152, Subpart F, for an exempt abandonment and discontinuance of operations over its Seabrook-San Leon Line from railroad milepost 30.0 near Seabrook to railroad milepost 40.5 near San Leon, a distance of approximately 10.5 miles in Galveston and Harris Counties, Texas.

The abandonment of this line is related to, and contingent upon, the proposed UP/SP consolidation, approval for which is being sought in ICC Finance Docket No. 32760.

Proposed Consummation Date: 49 C.F.R. § 1152.50(d)(2)

The abandonment will be consummated on or after the effective date of a Commission decision approving the application in Finance Docket No. 32760.

Federally Granted Rights-of-Way

The date of consummation for the discontinuance of service would occur on or after the effective date of final approval of the consolidation of UP and SPT in Finance Docket No. 32760.



Based on information in SPT's possession, the Seabrook-San Leon Line does not contain federally granted rights-of-way. Title documentation in SPT's possession will be made available promptly to those requesting it.

Certification: 49 C.F.R. § 1152.50(b)

SPT certifies that no local traffic has moved over the line for at least two years; no user of rail service on the line, or a state or local governmental entity acting on behalf of such user, has filed formal complaints with this Commission regarding cessation of service over the line; and a formal complaint is neither pending with this Commission or any U.S. District Court nor has been decided in favor of the complainant within the two-year period.

The Seabrook-San Leon Line is not used to move overhead traffic; the overhead traffic formerly moving on this line is currently moving over a nearby UPRR line under a detour agreement.

Additional Information Required:  
49 C.F.R. § 1152.22(a)(1)-(5), (8) and (e)(5)

(a) General.

(a)(1) The railroad party's exact name is Southern Pacific Transportation Company.

(a)(2) SPT is a common carrier by railroad subject to the Interstate Commerce Act.

(a)(3) SPT is a railroad affiliate in the Southern Pacific Lines that include The Denver and Rio Grande Western Railroad Company, St. Louis Southwestern Railway Company and SPCSL Corp. All of the foregoing railroads are direct or indirect subsidiaries of Southern Pacific Corporation.

(a)(4) SPT intends to abandon its Seabrook-San Leon Line from railroad milepost 30.0 near Seabrook to railroad milepost 40.5 near San Leon, a distance of approximately 10.5 miles in Galveston and Harris Counties, Texas.

(a)(5) A map showing the location of the line in conjunction with other rail lines, highways and roads in the area is attached as Appendix A.

(a)(8) The representative to whom correspondence regarding this abandonment should be sent is:

Gary A. Laakso, General Attorney  
Southern Pacific Building  
One Market Plaza, Room 846  
San Francisco, CA 94105  
Tel. (415) 541-1785

(e)(5) Rural and Community Impact. The land area of the proposed abandonment totals approximately 142.773 acres, of which 68.800 acres are held in fee.

Twenty road crossings will be eliminated when the line is abandoned. The property is probably not suitable for public purposes such as roads or highways, other forms of mass transportation, conservation and energy production or transmission, because this area appears to be adequately served by existing roads and power transmission lines. However, the property may be suitable for recreational purposes, such as trail use.

#### Labor Protection

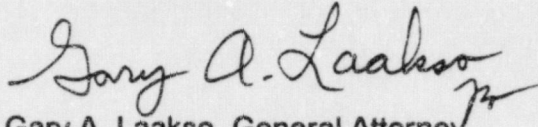
The interests of railroad employees will be protected by the conditions discussed in Oregon Short Line Railroad Co. -- Abandonment -- Goshen, 360 I.C.C. 91 (1979).



Environmental Report

Required environmental and historic information concerning this abandonment is contained in the Environmental Report being filed with the Commission in Finance Docket No. 32760.

SOUTHERN PACIFIC TRANSPORTATION  
COMPANY

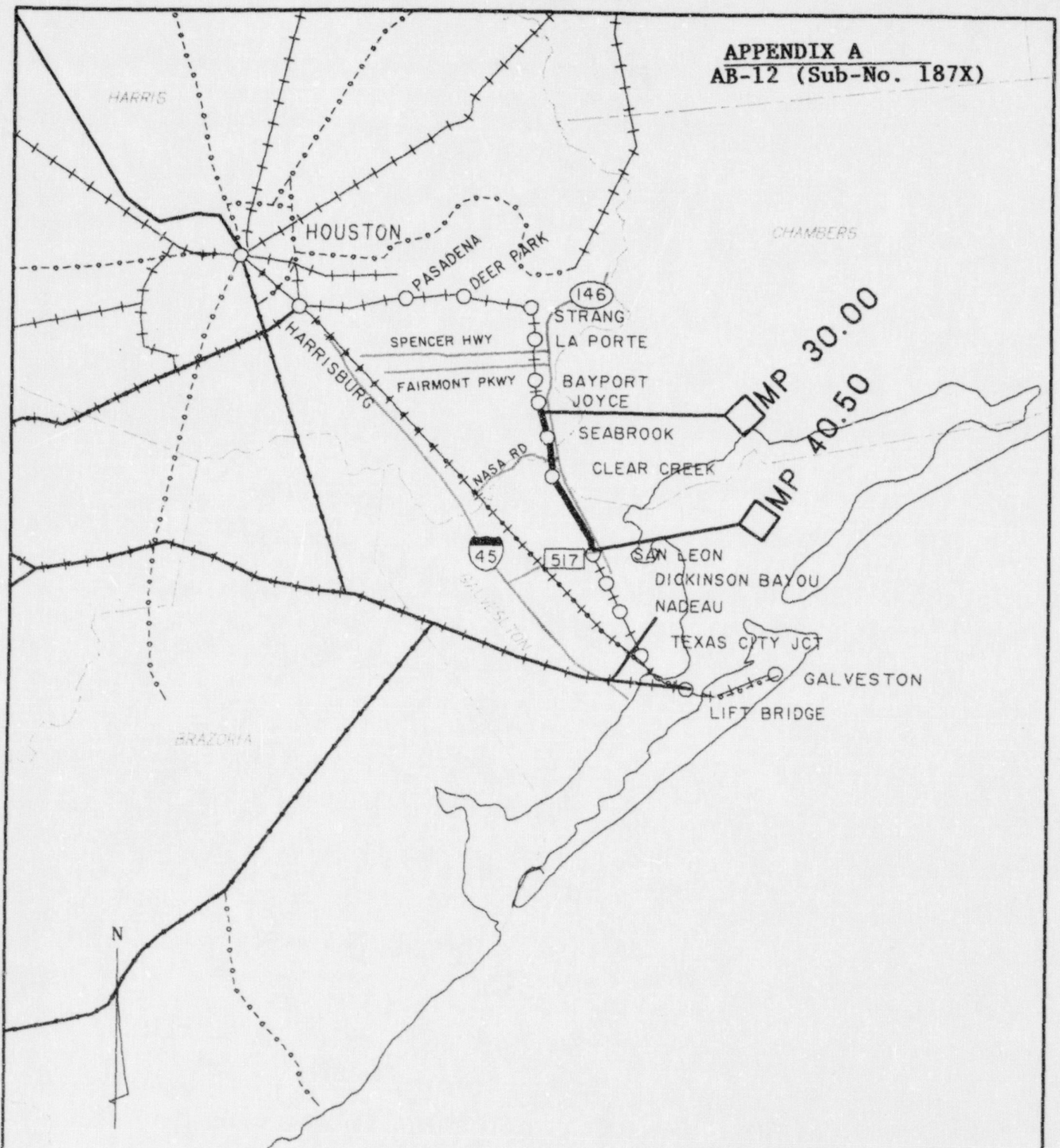
A handwritten signature in cursive script, reading "Gary A. Laakso". The signature is written in dark ink and includes a stylized flourish at the end.

Gary A. Laakso, General Attorney  
Southern Pacific Building  
One Market Plaza, Room 846  
San Francisco, CA 94105  
(415) 541-1785





APPENDIX A  
AB-12 (Sub-No. 187X)



LEGEND

- Proposed Abandonment
- SP Operations
- Union Pacific Railroad
- AT&SF
- HIGHWAYS

**SOUTHERN PACIFIC**  
Engineering Dept. LIRBS GMS Service  
ENR DIST-BER GALVESTON-BRANCH

10 0 10  
SCALE IN MILES

SOUTHERN PACIFIC LINES

DOCKET NO. AB-12 (SUB-NO. 187X)  
PROPOSED ABANDONMENT  
SOUTHERN PACIFIC TRANSPORTATION COMPANY  
NEAR SEABROOK TO NEAR SAN LEON, TX  
MP 30.00 - MP 40.60

SCALE AS SHOWN	ENGINEERING - CADDO BUREAU
VAL. SEC.	SHEET
ROUTE NO.	DRAWN BY RK
DATE OCT 2, 1993	DRAWING NO.
REVISED TO NOV. 15, 1995	SHEET NO. 1 OF 1
	FILE DRAWER CADDO

DOCKET NO. AB-12 (SUB-NO. 187X)  
Seabrook-San Leon Line

CERTIFICATE OF COMPLIANCE

(1) The undersigned certifies that on November 9, 1995, the information required at 49 C.F.R. § 1105.7(e)(1) was served by first class mail, postage prepaid, on the designated state agency (State Clearinghouse) or its alternates:

Tom Adams  
Governor's Office of Budget and Planning  
P. O. Box 12428  
Austin, TX 78711

(2) The undersigned certifies that on November 17, 1995, written notice pursuant to 49 C.F.R. 1152.50(d)(1) was given of the exemption procedure which would be used for abandonment and discontinuance of operations over the Seabrook-San Leon Line in Docket No. AB-12 (Sub-No.187X) by mailing first class mail, postage prepaid a letter of notification of the proposed action to the following:

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance Division  
P.O. Box 37127  
Washington, D.C. 20013-7127



U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

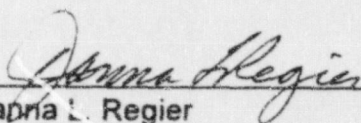
U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

Tom Griebel, Asst. Executive Director  
Multi-Modal Transportation  
Texas Department of Transportation  
125 E. 11th St.  
Austin, TX 78701-2967

Barry Williamson, Chairman  
Railroad Commission of Texas  
1701 N. Congress Avenue  
Austin, TX 78711-2967

3. The undersigned further certifies that a notice containing the filing of this Notice of Exemption was published in the form pursuant to 49 C.F.R. § 1105.12, as revised, as follows:

<u>County</u>	<u>Newspaper</u>	<u>Date</u>
Harris	Houston Chronicle	November 19, 1995
Galveston	Galveston Daily News	November 19, 1995

  
Jeannia L. Regier

## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Notice of Exemption in Docket No. AB-12 (Sub-No. 187X), Seabrook-San Leon Line was served on November 29, 1995, by mailing a copy, first class mail postage prepaid to the following:

**MTMCTEA**

Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance  
Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

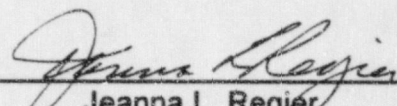
U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

Tom Griebel, Asst. Executive Director  
Multi-Modal Transportation  
Texas Department of Transportation  
125 E. 11th St.  
Austin, TX 78701-2967

Barry Williamson, Chairman  
Railroad Commission of Texas  
1701 N. Congress Avenue  
Austin, TX 78711-2967

The Honorable George W. Bush  
Governor - State of Texas  
State Capitol  
Austin, TX 78701

  
\_\_\_\_\_  
Jeanna L. Regier



Before the  
INTERSTATE COMMERCE COMMISSION

---

Docket No. AB-33 (Sub-No. 93X)

UNION PACIFIC RAILROAD COMPANY  
-- ABANDONMENT EXEMPTION --  
WHITTIER JUNCTION-COLIMA JUNCTION LINE  
IN LOS ANGELES COUNTY, CALIFORNIA

---

NOTICE OF EXEMPTION

Union Pacific Railroad Company (UPRR) submits this verified Notice of Exemption pursuant to 49 C.F.R. § 1152, Subpart F -- Exempt Abandonments and Discontinuances of Service and Trackage Rights, for an exempt abandonment of the Whittier Junction-Colima Junction line (portion of the Anaheim Branch) from milepost 0.0 near Whittier Junction to milepost 5.18 near Colima Junction, a distance of approximately 5.18 miles in Los Angeles County, California. The abandonment does not include active industries at Whittier Junction or Colima Junction, California.

The abandonment of this line is related to, and contingent upon, the proposed UP/SP consolidation, approval for which is being sought in ICC Finance Docket No. 32760.

Proposed Consummation Date: 49 C.F.R. § 1152.50 (d)(2)

The abandonment will be consummated on or after the effective date of a Commission decision approving the application in Finance Docket No. 32760.

Federally Granted Rights-of-Way

Based on information in the railroad's possession, the line does not contain

federally granted rights-of-way. Any documentation in the railroad's possession will be made available promptly to those requesting it.

Certification: 49 C.F.R. 1152.50(b)

UPRR certifies that no local traffic has moved over the line for at least two years; no user of rail service on the line, or a state or local governmental entity acting on behalf of such user, has filed formal complaints with this Commission regarding cessation of service over the line; and a formal complaint is neither pending with this Commission nor any U.S. District Court nor has been decided in favor of the complainant within the two-year period. Overhead traffic can be rerouted over other rail lines. This line is used by UPRR to access the La Habra and Fullerton area. After the UP/SP consolidation, a parallel SP route will be used to connect to the branch from La Habra south.

Additional Information Required:

49 C.F.R. 1152.22(a)(1)-(5), (8) and (e)(5)

(a) General.

(a)(1) The railroad's exact name is Union Pacific Railroad Company.

(a)(2) UPRR is a common carrier by railroad subject to the Interstate Commerce Act.

(a)(3) UPRR is a railroad affiliate in the UP rail system.

(a)(4) UPRR intends to abandon the Whittier Junction-Colima Junction line (portion of the Anaheim Branch) extending from milepost 0.0 near Whittier Junction to milepost 5.18 near Colima Junction, a distance of approximately 5.18 miles in Los Angeles County, California.

(a)(5) A map showing the location of the line in conjunction with other rail lines, highways and roads in the area is attached as Appendix A.

(a)(8) The representatives to whom correspondence regarding this abandonment should be sent are:



Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
1416 Dodge Street, Room 830  
Omaha, Nebraska 68179  
Tel. (402) 271-3072  
(402) 271-4835

(e)(5) Rural and Community Impact. The land area of the abandonment totals approximately 38.4 acres. Tentatively the land area considered to be reversionary consists of 5.9 acres and the balance is non-reversionary property.

The line would be suited for other forms of mass transportation, energy transmission, or a recreational trail because it traverses a heavily populated and business developed area of Whittier, California and would be considered a valuable fully assembled corridor for practically any use that requires a long corridor.

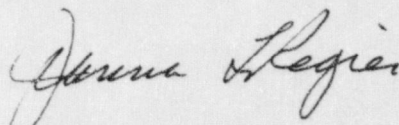
Labor Protection

The interests of railroad employees will be protected by the conditions discussed in Oregon Short Line Railroad Co. -- Abandonment -- Goshen, 360 I.C.C. 91 (1979).

Environmental/Historic Report

Required environmental and historic information is contained in the Environmental Report being filed in ICC Finance Docket No. 32760.

UNION PACIFIC RAILROAD COMPANY



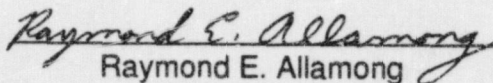
Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
1416 Dodge Street, Room 830  
Omaha, Nebraska 68179  
Tel. (402) 271-3072  
(402) 271-4835

VERIFICATION

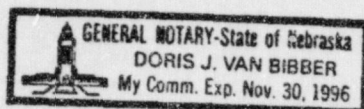
Docket No. AB-33 (Sub-No. 93X)

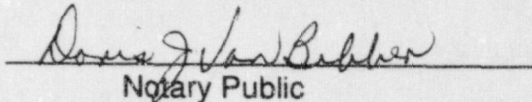
STATE OF NEBRASKA    )  
                                  ) ss.  
COUNTY OF DOUGLAS    )

Raymond E. Allamong makes oath and says that he is Manager-Rail Line Planning for UP; that he has examined all of the statements in the foregoing Notice of Exemption in Docket No. AB-33 (Sub-No. 93X), Whittier Jct.-Colima Jct. Line (portion of Anaheim Branch); that he has knowledge of the facts and matters relied upon in the Notice; and that all representations set forth therein are true to the best of his knowledge, information and belief.

  
Raymond E. Allamong

Subscribed and sworn to before me a Notary Public in and for the State and County above named, this 16 day of November, 1995.



  
Notary Public

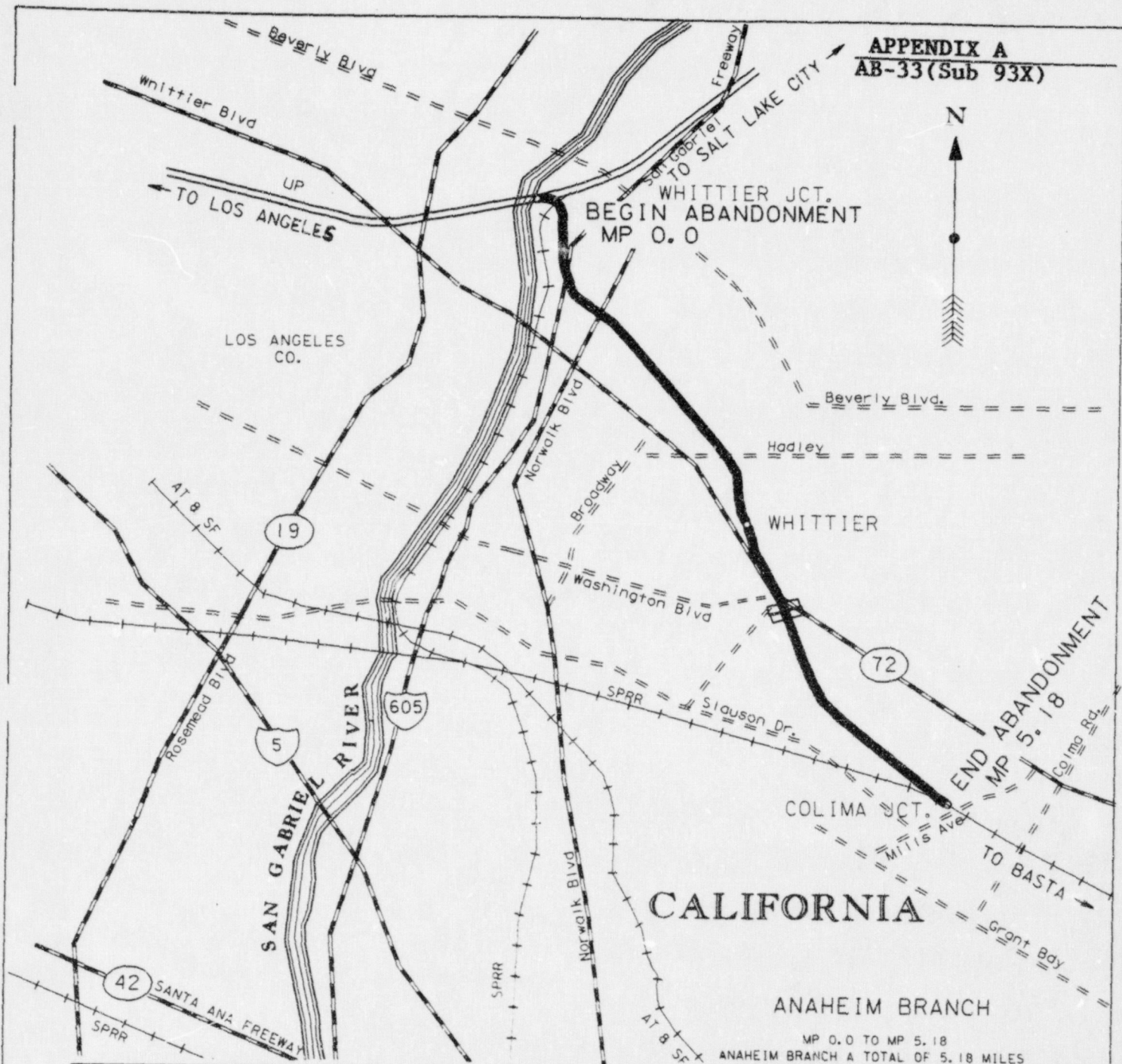
My Commission Expires:

Nov-30-1996



# APPENDIX A AB-33 (Sub 93X)

N



BRIDGE NO.	BRIDGE TYPE	TOTAL LENGTH	DATE
3.03	R.C. SLAB & THRU PL. GIRDER - B.D.	100.0'	1917
3.05	THRU TRUSS SPAN-OD & THRU PL. G.-BD	272.0'	1933

## LEGEND

- UPRR LINES TO BE ABANDONED
- OTHER UPRR LINES
- OTHER RAILROADS
- 50+ YEAR OLD STRUCTURES
- PRINCIPAL HIGHWAYS
- OTHER ROADS

STATION	MILE POST	AGENCY
WHITTIER JCT.	0.00	NO
WHITTIER	2.40	NO
COLIMA JCT.	5.18	NO

UNION PACIFIC RAILROAD CO.  
ANAHEIM BRANCH  
INCL. 50+ YEAR OLD STRUCTURES

SCALE MILES

ab0146  
REVISED 10/17/95

DOCKET NO. AB-33 (SUB-NO. 93X)  
Whittier Junction-Colima Junction Line

CERTIFICATE OF COMPLIANCE

(1) The undersigned certifies that on November 9, 1995, the information required at 49 C.F.R. § 1105.7(e)(1) was served by first class mail, postage prepaid, on the designated state agency (State Clearinghouse) or its alternates:

Mike Chiratti  
Chief Projects Analyst  
Office of Planning and Research  
1400 Tenth Street  
Sacramento, CA 95814

(2) The undersigned certifies that on November 9, 1995, written notice pursuant to 49 C.F.R. 1152.50(d)(1) was given of the exemption procedure which would be used for abandonment and discontinuance of operations of the Whittier Junction-Colima Junction line in Docket No. AB-33 (Sub-No. 93X) by mailing first class mail, postage prepaid a letter of notification of the proposed action to the following:

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240



U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

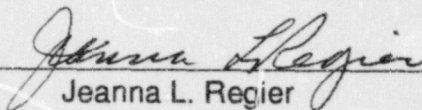
Executive Director  
Public Utilities Commission  
505 Van Ness  
San Francisco, CA 94102

Chief, Div. of Mass Transportation  
Department of Transportation  
1120 N Street P.O. Box 1499  
Sacramento, CA 95814

Transportation Planner  
Department of Transportation  
1120 N Street  
Sacramento, CA 95814

3. The undersigned further certifies that a notice containing the filing of this Notice of Exemption was published in the form pursuant to 49 C.F.R. § 1105.12, as revised, as follows:

<u>County</u>	<u>Newspaper</u>	<u>Date</u>
Los Angeles	Whittier News (W. Covina)	November 9, 1995

  
\_\_\_\_\_  
Jeanna L. Regier

### CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Notice of Exemption in Docket No. AB-33 (Sub-No. 93X), Whittier Junction-Colima Junction Line, was served on November 29, 1995, by mailing a copy, first class mail postage prepaid to the following:

**MTMCTEA**

Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance  
Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

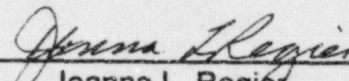
U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

Executive Director  
Public Utilities Commission  
505 Van Ness  
San Francisco, CA 94102

Chief, Div. of Mass Transportation  
Department of Transportation  
1120 N Street P.O. Box 1499  
Sacramento, CA 95814

Transportation Planner  
Department of Transportation  
1120 N Street  
Sacramento, CA 95814

The Honorable Pete Wilson  
Governor - State of California  
State Capitol  
Sacramento, CA 95814

  
Jeanna L. Regier



Before the  
INTERSTATE COMMERCE COMMISSION

---

Docket No. AB-33 (Sub-No. 94X)

UNION PACIFIC RAILROAD COMPANY  
-- ABANDONMENT EXEMPTION --  
MAGNOLIA TOWER-MELROSE LINE  
IN ALAMEDA COUNTY, CALIFORNIA

---

NOTICE OF EXEMPTION

Union Pacific Railroad Company ("UPRR") submits this verified Notice of Exemption pursuant to 49 C.F.R. § 1152, Subpart F -- Exempt Abandonments and Discontinuances of Service and Trackage Rights, for an exempt abandonment of the Magnolia Tower-Melrose line ( portion of the Canyon Subdivision) from milepost 5.8 near Magnolia Tower to milepost 10.7 near Melrose, a distance of approximately 4.9 miles in Alameda County, California. The abandonment does not include active industries at Magnolia Tower or Melrose, California.

The abandonment of this line is related to, and contingent upon, the proposed UP/SP consolidations, approval for which is being sought in ICC Finance Docket No. 32760.

Proposed Consummation Date: 49 C.F.R. § 1152.50 (d)(2)

The abandonment will be consummated on or after the effective date of a Commission decision approving the application in Finance Docket No. 32760.

### Federally Granted Rights-of-Way

Based on information in the railroad's possession, the line does not contain federally granted rights-of-way. Any documentation in the railroad's possession will be made available promptly to those requesting it.

### Certification: 49 C.F.R. 1152.50(b)

UPRR certifies that no local traffic has moved over the line for at least two years; no user of rail service on the line, or a state or local governmental entity acting on behalf of such user, has filed formal complaints with this Commission regarding cessation of service over the line; and a formal complaint is neither pending with this Commission nor any U.S. District Court nor has been decided in favor of the complainant within the two-year period. After the UP/SP consolidation, overhead traffic will be rerouted over adjacent SP trackage.

### Additional Information Required:

#### 49 C.F.R. 1152.22(a)(1)-(5), (8) and (e)(5)

##### (a) General.

(a)(1) The railroad's exact name is Union Pacific Railroad Company.

(a)(2) UPRR is a common carrier by railroad subject to the Interstate Commerce Act.

(a)(3) UPRR is a railroad affiliate in the UP rail system.

(a)(4) UPRR intends to abandon the Magnolia Tower - Melrose line (portion of the Canyon Subdivision) extending from milepost 5.8 near Magnolia Tower to milepost 10.7 near Melrose, a distance of approximately 4.9 miles in Alameda County, California.

(a)(5) A map showing the location of the line in conjunction with other rail lines, highways and roads in the area is attached as Appendix A.

(a)(8) The representatives to whom correspondence regarding this abandonment should be sent are:



Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
1416 Dodge Street, Room 830  
Omaha, Nebraska 68179  
Tel. (402) 271-3072  
(402) 271-4835

(e)(5) Rural and Community Impact. The land area of the abandonment totals approximately 29.2445 acres. Tentatively the land area considered to be reversionary consists of approximately 1.2339 acres and the non-reversionary property totals approximately 28.0106 acres.

The property may be suitable for public purposes in the form of roads or highways, other forms of mass transportation, energy production or transmission. There is a commuter rail line (Bay Area Rapid Transit) adjacent to portions of the right-of-way. Also, the City of Oakland may be interested in the right-of-way for public purposes including roadway and utility corridor use.

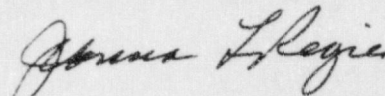
Labor Protection

The interests of railroad employees will be protected by the conditions discussed in Oregon Short Line Railroad Co. -- Abandonment -- Goshen, 360 I.C.C. 91 (1979).

Environmental/Historic Report

Required environmental and historic information is contained in the Environmental Report being filed in ICC Finance Docket No. 32760.

UNION PACIFIC RAILROAD COMPANY



Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
1416 Dodge Street, Room 830  
Omaha, Nebraska 68179  
Tel. (402) 271-3072  
(402) 271-4835

VERIFICATION

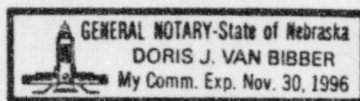
Docket No. AB-33 (Sub-No. 94X)

STATE OF NEBRASKA     )  
                                      ) ss.  
COUNTY OF DOUGLAS    )

Raymond E. Allamong makes oath and says that he is Manager-Rail Line Planning of UP; that he has examined all of the statements in the foregoing Notice of Exemption in Docket No. AB-33 (Sub-No. 94X), Magnolia Tower-Melrose Line (portion of Canyon Subdivision); that he has knowledge of the facts and matters relied upon in the Notice; and that all representations set forth therein are true to the best of his knowledge, information and belief.

Raymond E. Allamong  
Raymond E. Allamong

Subscribed and sworn to before me a Notary Public in and for the State and County above named, this 16 day of November, 1995.



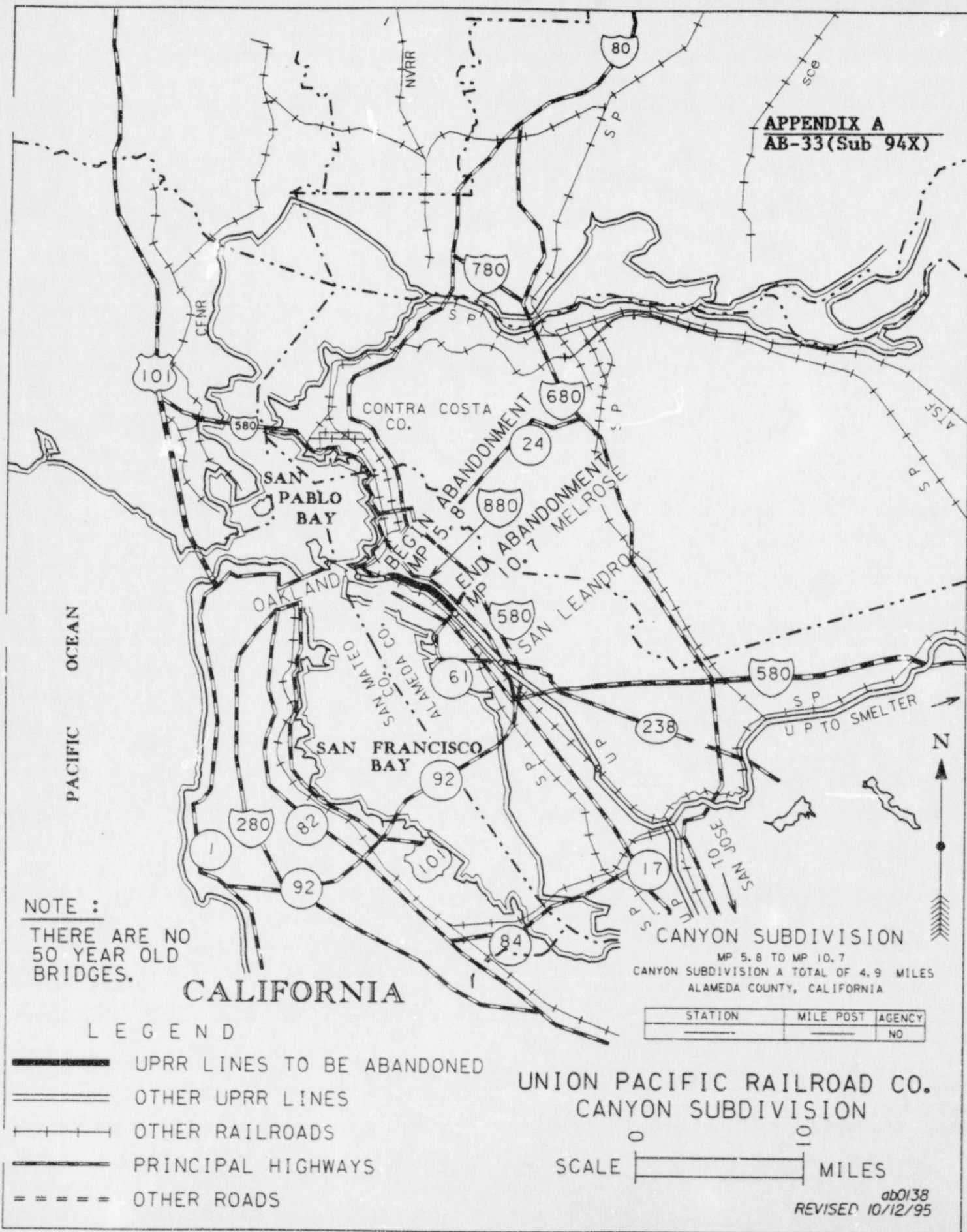
Doris J. Van Bibber  
Notary Public

My Commission Expires:

Nov. 30, 1996



**APPENDIX A**  
**AB-33(Sub 94X)**



DOCKET NO. AB-33 (SUB-NO. 94X)  
Magnolia Tower-Melrose Line

CERTIFICATE OF COMPLIANCE

(1) The undersigned certifies that on November 9, 1995, the information required at 49 C.F.R. § 1105.7(e)(1) was served by first class mail, postage prepaid, on the designated state agency (State Clearinghouse) or its alternates:

Mike Chiratti  
Chief Projects Analyst  
Office of Planning and Research  
1400 Tenth Street  
Sacramento, CA 95814

(2) The undersigned certifies that on November 9, 1995, written notice pursuant to 49 C.F.R. 1152.50(d)(1) was given of the exemption procedure which would be used for abandonment and discontinuance of operations of the Magnolia Tower-Melrose line in Docket No. AB-33 (Sub-No. 94) by mailing first class mail, postage prepaid a letter of notification of the proposed action to the following:

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240



U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

Executive Director  
Public Utilities Commission  
505 Van Ness  
San Francisco, CA 94102

Chief, Div. of Mass Transportation  
Department of Transportation  
1120 N Street P.O. Box 1499  
Sacramento, CA 95814

Transportation Planner  
Department of Transportation  
1120 N Street  
Sacramento, CA 95814

3. The undersigned further certifies that a notice containing the filing of this Notice of Exemption was published in the form pursuant to 49 C.F.R. § 1105.12, as revised, as follows:

<u>County</u>	<u>Newspaper</u>	<u>Date</u>
Alameda	Alameda Times-Star (Hayward)	November 9, 1995

  
\_\_\_\_\_  
Jeanina L. Regier

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Notice of Exemption in Docket No. AB-33 (Sub-No. 94X), Magnolia Tower-Melrose Line, was served on November 29, 1995, by mailing a copy, first class mail postage prepaid to the following:

MTMCTEA

Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance  
Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

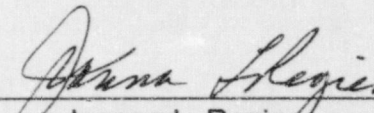
U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

Executive Director  
Public Utilities Commission  
505 Van Ness  
San Francisco, CA 94102

Chief, Div. of Mass Transportation  
Department of Transportation  
1120 N Street P.O. Box 1499  
Sacramento, CA 95814

Transportation Planner  
Department of Transportation  
1120 N Street  
Sacramento, CA 95814

The Honorable Pete Wilson  
Governor - State of California  
State Capitol  
Sacramento, CA 95814

  
\_\_\_\_\_  
Jeanna L. Regier



Before the  
INTERSTATE COMMERCE COMMISSION

---

Docket No. AB-33 (Sub-No. 96)

UNION PACIFIC RAILROAD COMPANY  
-- ABANDONMENT --  
BARR-GIRARD LINE  
IN MENARD, SANGAMON AND MACOUPIN COUNTIES, ILLINOIS

---

APPLICATION

Union Pacific Railroad Company ("UPRR") submits this Application pursuant to 49 C.F.R. § 1152.22 for a certificate of public convenience and necessity to permit abandonment and discontinuance of service of a railroad line known as the Barr-Girard Line in Menard, Sangamon and Macoupin Counties, Illinois<sup>1</sup>. The abandonment does not include active industries located at Barr and Girard.

The abandonment of this line is related to, and contingent upon, the proposed UP/SP consolidation, approval for which is being sought in ICC Finance Docket No. 32760.

The Barr-Girard line is part of a former CNW line which served as a route between the Chicago area and St. Louis. A superior north-south route will be achieved after the UP/SP consolidation by exiting this line at Barr, operating over the Chicago & Illinois Midland ("C&IM") from Barr to Springfield, then operating over the SP line from Springfield to St. Louis.

---

<sup>1</sup> This line was previously known as the Barr-Girard Line (portion of St. Louis Subdivision) on the Chicago and North Western Railway Company ("CNW"). On October 1, 1995, CNW was merged into UPRR. At or about that time, the St. Louis Subdivision was redesignated and renamed the Madison Subdivision.

The proposed abandonment is contingent upon acquisition of the trackage rights over C&IM, which are currently being negotiated.

This abandonment application includes data for the years 1993, 1994, and the first 6 months of 1995. The Base Year is July 1, 1994 - June 30, 1995. The Forecast Year is November 1, 1995 - October 31, 1996.

49 C.F.R. § 1152.22 -- Contents of Application.

(a) General.

(a)(1) Exact name.

Applicant's exact name is Union Pacific Railroad Company.

(a)(2) Whether applicant is a common carrier subject to the Interstate Commerce Act.

Applicant is a Class I common carrier by railroad subject to the Interstate Commerce Act.

(a)(3) Whether the carrier is a part of any railroad system.

UPRR is a railroad affiliate in the Union Pacific rail system.

(a)(4) Relief sought.

UPRR seeks authority to abandon its Barr-Girard line extending from milepost 51.0 near Barr to milepost 89.4 near Girard, a distance of approximately 38.4 miles in Menard, Sangamon and Macoupin Counties, Illinois.

(a)(5) Detailed map of the subject line.

Attached as Appendix A is a map drawn to scale which shows the rail line of the proposed abandonment in solid black. Other railroad trackage in the area and the major highways are shown on the map.



- (a)(6) Reference to inclusion of the line on the System Diagram Map, date first listed in Category 1, and description accompanying the system diagram map.

The Barr-Girard line of railroad (portion of Madison Subdivision ) has appeared on the system diagram map in Category 1 since September 18, 1995. In Decision No. 3, served September 5, 1995 in Finance Docket No. 32760 (the control proceeding), the Commission granted an exemption from the requirement for a line to appear in Category 1 for four months before filing an application (49 U.S.C. § 10904(e)(3) and 49 C.F.R. § 1152.13). The Barr-Girard line (portion of the Madison Subdivision) line description accompanying the system diagram map appears below:

**STATE OF ILLINOIS**

**CATEGORY 1 LINES (RED)**

**Chicago and North Western Railway Company (AB-1)**

- a. Designation of Line: Barr-Girard (Portion of St. Louis Subdivision)
- b. State(s) in which located: Illinois
- c. County(ies) in which located: Menard, Sangamon, Macoupin
- d. Mileposts locations: M.P. 51.0 near Barr to M.P. 89.4 near Girard
- e. There are no agency or terminal stations located on the line. The abandonment does not include active industries located at Barr and Girard.

- (a)(7) Reasons for filing the application.

UPRR proposes to abandon the line and discontinue service because: (1) the line will not be needed for overhead traffic after a UP/SP consolidation, (2) revenues from the local traffic on the line are insufficient to cover the costs of operation and maintenance and to provide a reasonable return on the value of the assets tied up in the line, and (3) there are no

reasonable prospects that local traffic would increase sufficiently in the foreseeable future to justify continued operations.

- (a)(8) Name, title, and address of representative to whom correspondence should be sent.

Correspondence regarding this matter should be addressed to Applicant's representatives:

Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
Union Pacific Railroad Company  
1416 Dodge Street, #830  
Omaha, Nebraska 68179  
(402) 271-3072  
(402) 271-4835

- (b) Condition of Properties.

- (b)(1) The present physical condition of the line including operating restrictions and estimate of deferred maintenance and rehabilitation costs to upgrade the line to minimum FRA Class 1 safety standards.

The Barr-Girard line (portion of the Madison Subdivision) proposed to be abandoned is classified at Federal Railroad Administration ("FRA") Class 3 standards. The track is maintained at this level because the line is used for overhead traffic. If operated only for the local traffic on the line, the track would not need to be maintained at levels higher than FRA Class 1. Rehabilitation of the line is not required to meet FRA Class 1 standards.

Maintenance expenditures of the line for the Forecast Year are based on maintenance-of-way and structures costs to maintain the line at FRA Class 1 standards on a "normalized" basis (*i.e.*, the annualized cost over the long term). The normalized maintenance expenses were calculated for the proposed abandonment by Lynn K. Beck, Manager Asset Utilization - Engineering Services, and are explained in his accompanying Verified Statement.



The Forecast Year normalized maintenance costs for the Barr-Girard line are \$7,086 per mile (Barr-Compro segment) and \$1,184 (Compro-Girard segment), and a total annual cost of \$202,581. It is anticipated that a portion of the line (11.3 miles, Compro-Girard) would not be operated in the Forecast Year if through traffic were removed from the line, as there are no active shippers on this segment. Accordingly, the only maintenance costs included for this segment are for weed control, bridge inspection, grade crossing signal inspection (required by FRA regulations) and road crossing maintenance. See accompanying Verified Statement of Lynn K. Beck.

- (b)(2) Statement whether the line or any portion could be operated profitably if necessary deferred maintenance and rehabilitation were performed.

There is no rehabilitation required to meet FRA Class 1 standards. Based on the past local traffic volumes and the traffic anticipated to be moved in the Forecast Year, the line cannot be operated profitably.

- (c) Service Provided. Description of the service performed on the line during each of the 2 calendar years immediately preceding the filing of the application, for that part of the current year for which information is available and for the base year, if different, including the actual.

In Decision No. 3, served September 5, 1995, in Finance Docket No. 32760 (p.11), the Commission waived this requirement to the extent that it called for information on other than local train service for traffic originating and/or terminating on the line. Accordingly, the information provided below relates only to such local train service.

During the last two years, local train service on the Barr-Girard line has been provided by through trains which operate daily, one in each direction. See accompanying Verified Statement of Thomas F. Murphy.

(c)(1) Number of trains operated.

Local train service on the line proposed to be abandoned has been provided by a through train assignment that operates daily.

Due to the very low volume of traffic generated by the line, only 40 cycles a year, South Pekin - Compro and return, would be needed to handle the local traffic generated on the line. This is the service pattern that is projected for the November 1, 1995-October 31, 1996 Forecast Year. Decision No. 3 permits costs for historical periods to be developed on a pro forma basis. Accordingly, costs for 1993, 1994, January 1 - June 30, 1995 and the Base Year (July 1, 1994 - June 30, 1995) have been developed based on this service frequency.

(c)(2) Miles of track operated.

The line proposed for abandonment extends from milepost 51.0 near Barr to milepost 89.4 near Girard. It consists of approximately 38.4 miles of main line track and 2.07 miles of sidings.

(c)(3) The average number of locomotive units operated.

Local service on the line is performed by through trains. The locomotive requirements on the trains are dictated primarily by through traffic. Decision No. 3 permits costs for historical periods to be developed on a pro forma basis. If through traffic were not being handled on the line, local train service would be handled with one low horsepower locomotive (1,500 - 2,000 HP). Costs for the historic periods and the Forecast Year have been developed based on this locomotive consist.



(c)(4) Carload commodity group tonnage.

The number of carloads and the tonnages are listed below:

<u>Commodity Group</u>	<u>1993</u>		<u>1994</u>		<u>Jan.-June</u> <u>1995</u>	
	<u>Cars</u>	<u>Tons</u>	<u>Cars</u>	<u>Tons</u>	<u>Cars</u>	<u>Tons</u>
28 - Chemicals (Plastic pellets and fertilizer)	43	3,851	43	3,912	16	1,497

(c)(5) Overhead or bridge traffic.

The requirement for data on overhead or bridge traffic which has moved on the line segment proposed for abandonment was waived by the Commission in Decision No. 3, served September 5, 1995, in Finance Docket No. 32760 (p.11).

(c)(7) Level of maintenance.

The Barr-Girard line is classified FRA Class 3. The track is maintained at these levels because the line is used for overhead traffic. If operated only for the local traffic on the line, the track would not need to be maintained at levels higher than FRA Class 1.

If the line were operated solely for local traffic, it would be operated by a two person crew (engineer and conductor) based in South Pekin, Illinois. This crew size has been used to develop pro forma operations for the historical periods. Crew size in the Forecast Year would be the same.

(c)(8) Any important change in train service undertaken in the five calendar years immediately preceding the filing of this application.

There have been no changes in train service for traffic originating and/or terminating on the line.

(c)(9) Reasons for decline in traffic.

Local traffic volumes on the line have been stable but consistently low. The projected Forecast Year traffic, for example, represents approximately 1 carload per mile annually (43 cars ÷ 38 miles). Applicant believes that the reason for the low volume of local traffic is that area shippers prefer trucks for most of their transportation requirements.

(d) Revenue and Cost Data.

(d)(1)-(3) Computation of the revenues attributable and avoidable costs for the line to be abandoned for the base year; the same calculation for the two calendar years immediately preceding the filing of the application and for the part of the current year available; and, an estimate of the future revenues attributable, avoidable costs and reasonable return on value for the "Forecast Year".

In Decision No. 3, served September 5, 1995, in Finance Docket No. 32760 (p.11), the Commission granted a waiver permitting revenues and costs associated with overhead traffic to be excluded. The decision also permitted costs for historical periods to be developed on a pro forma basis reflecting the exclusion of overhead traffic.

In accordance with the waivers granted by Decision No. 3, revenue/cost information provided below and in the attached exhibits has been developed in the following manner:

- All revenues from overhead traffic have been excluded.
- All transportation costs and equipment maintenance (locomotives) associated with overhead traffic have been excluded. This was accomplished by developing a pro forma operating plan for how train service would have been provided in the absence of overhead traffic, and then developing costs based on the pro forma operating plan.
- All maintenance costs associated with the movement of overhead traffic have been excluded. This was accomplished by determining the "normalized" maintenance costs needed to maintain the line at FRA Class I (which is all that would be required for local traffic) and then using these costs instead of the actual



costs incurred in maintaining the line to the higher FRA Class levels required for overhead traffic.

Exhibit 1 to this Application is the revenue and cost exhibit required by 49 C.F.R. §§ 1152.22(d) and 1152.36. Exhibit 2 to this Application details the computation of opportunity costs. Exhibit 3 shows the effect of the abandonment on net railway operating income as required by 49 C.F.R. § 1152.22(d)(5)-(6). The accompanying Verified Statement of Hans Matthiessen explains how the revenue and cost data contained in Exhibits 1-3 was developed.

A summary of the revenues and cost of this line as operated for local traffic (derived from Exhibit 1) is shown in Table 1 below:

	<u>1993</u>	<u>1994</u>	<u>Base Year</u>	<u>Forecast Year</u>
Total Revenue (Exhibit 1, Line 4)	\$146,731	\$154,059	\$111,706	\$180,074
Total On & Off Branch Avoidable Costs (Exhibit 1, Line 7)	<u>276,955</u>	<u>282,751</u>	<u>277,264</u>	<u>289,076</u>
Avoidable Gain (Loss) from Operations	(\$130,224)	(\$128,692)	(\$165,558)	(\$109,002)
Total Return on Value (Exhibit 1, Line 16)	NA	NA	<u>\$763,536</u>	<u>\$803,300</u>
Total Avoidable Gain (Loss) (Exhibit 1, Line 18)	NA	NA	(\$929,094)	(\$912,302)

(d)(4) Computations of "Estimated Subsidy Payment" for the base year in the Exhibit 1 form.

Exhibit 1, Page 2, contains an estimated subsidy payment that would be required if the line were kept in operation.

- (d)(5)-(6) Detailed statement showing the effect of the proposed abandonment on the net railway operating income and of the other individual railroads in the System.

Exhibit 3 shows the effect of the proposed abandonment on net railway operating income.

- (e) Rural and Community Impact.

- (e)(1) Name and population of each community in which a station is located on the line.

Below are the stations and population information on the line proposed to be abandoned. The stations are non-agency. The population information was obtained from the Rand McNally 1995 Commercial Atlas and Marketing Guide, 126th Edition.

<u>Station</u>	<u>Milepost</u>	<u>Population</u>
Barr	51.4	395
Archer	63.3	rural
Lick	70.7	rural
Compro	77.7	no population
Virden	83.3	3,635
Girard	87.4	2,164

- (e)(2) Significant users, the principal commodity shipped and the number of carloads.

The shipper-receiver information is provided below:



<u>Shipper</u>	<u>Principal Commodity</u>	<u>1993</u>	<u>1994</u>	<u>Jan.-June 1995</u>
Brandt Fertilizer R.R. 1 Curran, IL 62670 (Compro)	Fertilizer	10	3	--
Springfield Plastics R.R. 1, Box 171 Auburn, IL 62615 (Compro)	Polyethlyene	29	40	16
Vigoro Industries Lick, IL 62629	Fertilizer	4	0	0
	TOTAL	43	43	16

These were the only shippers that received or forwarded local traffic on the line from January 1, 1993 through June 30, 1995.

#### Forecast Year Traffic and Revenues

The Forecast Year traffic totals 40 carloads of polyethlyene and 3 carloads of fertilizer. Freight revenues are from actual rates charged or contract rates if applicable. Details of the Forecast Year traffic projection are given in the accompanying Verified Statement of Tommy L. Coale.

#### (e)(3) Alternate sources of transportation. Rail and Highway Network

Compro, Illinois, is located on a local highway. There are two shippers. The nearest alternate rail station is Auburn, Illinois (SP), which is located approximately two miles away on local highways.

Water. Barge service is not an alternative in the immediate area.

Air. Air service is not a feasible alternative in the immediate area.

See accompanying Verified Statement of Tommy L. Coale for shipper specific information on alternate transportation.

(e)(4) Statement of efforts made to continue service on the line.

Customer service and sales representatives have maintained contact with customers on the line. To the best of UP's knowledge, no new shippers plan to locate on the line. Sale of the line to another rail operator does not appear feasible due to the low volume of local traffic and the lack of new traffic potential.

(e)(5) Statement of ownership of the property of the abandonment and whether the property is suitable for other public purposes.

The land area of the abandonment totals 618.59 acres. Of this, 580.72 acres are considered to be non-reversionary, and 37.87 acres are considered to be reversionary. The current fair market value of the non-reversionary property, based on highest and best use for other than rail transportation purposes, is estimated to be \$1,490,000. There is no measurable change anticipated in the property value in the Forecast Year, which begins November 1, 1995. The estimated property value is explained in the accompanying Verified Statement of Mark Schulte.

The property proposed for abandonment does not appear to be generally suitable for public purposes such as roads or highways, or other forms of mass transportation, conservation, energy production or transmission, or recreation as this area is adequately served by existing roads and utility lines at the present.

(f) Environmental/Historic Report

Required environmental and historic information is contained in the Environmental Report being filed in ICC Finance docket No. 32760.



(g) Passenger Service.

No passenger service is conducted over the line proposed to be abandoned.

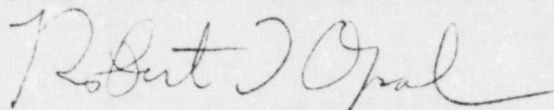
(h) Financial Statements.

General balance sheets and income statements are included as exhibits to the primary application in Finance Docket No. 32760.

(i) Additional Information. Not Applicable.

(j) Signed Verification. Attached.

UNION PACIFIC RAILROAD COMPANY

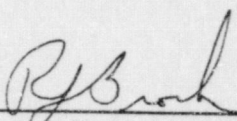


Robert T. Opal, General Attorney  
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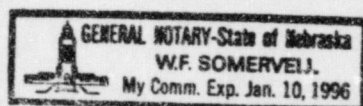
VERIFICATION

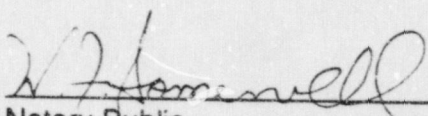
STATE OF NEBRASKA    )  
                                  ) ss.  
COUNTY OF DOUGLAS    )

Robert J. Brocker makes oath and says that he is UP's Senior Assistant Vice President-Operations Administration; that he has been authorized by UP to verify and file with the Interstate Commerce Commission the foregoing Application in Docket No. AB-33 (Sub-No. 96); that he has carefully examined the statements in the application as well as the exhibits attached thereto and made a part hereof; that he has knowledge of the facts and matters relied upon in the application; and that all representations set forth therein are true and correct to the best of his knowledge, information and belief.

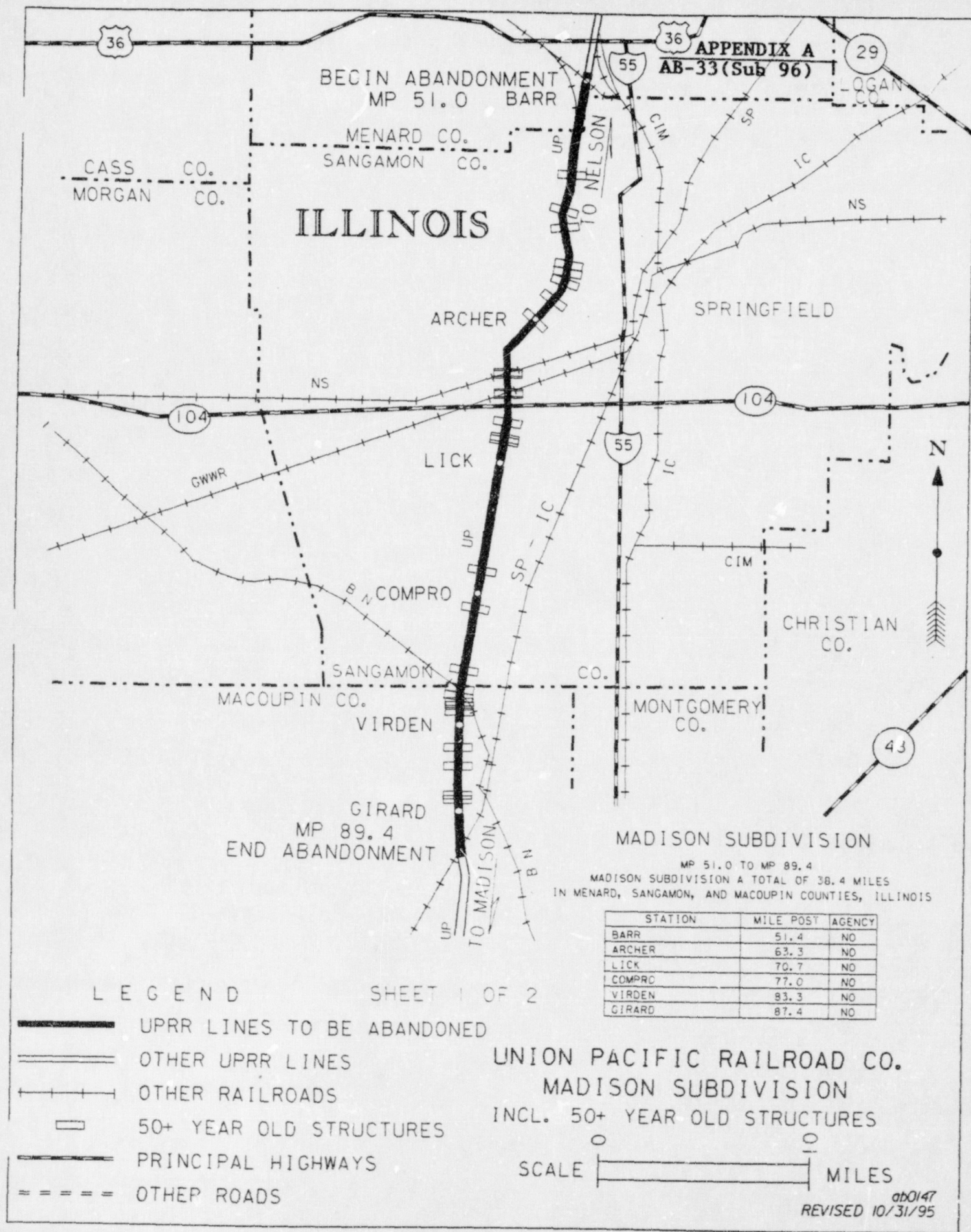
  
\_\_\_\_\_  
Robert J. Brocker

SUBSCRIBED AND SWORN to before me a Notary Public in and for the State and County above named, this 13<sup>th</sup> day of November, 1995.



  
\_\_\_\_\_  
Notary Public





UNION PACIFIC RAILROAD COMPANY -  
COMPUTATION OF REVENUE ATTRIBUTABLE TO THE LINE, AVOIDABLE COSTS,  
AND REASONABLE RETURN ON THE VALUE OF THE LINE TO BE ABANDONED FOR:

Barr - Girard Line

From (M.P. 51.0) near Barr to (M.P. 89.4) near Girard, Illinois

EXHIBIT-1

PAGE 1

AB-33(SUB-No.96)

Base Year: July 1, 1994 thru June 30, 1995

Forecast Year: November 1, 1995 thru October 31, 1996

(ASSUMING NORMALIZED MAINTENANCE)

	<u>1993</u>	<u>1994</u>	<u>Base</u>	<u>Forecast</u>
Revenue for:				
1. Freight Originated and/or Terminated On-Branch	\$146,381	\$153,709	\$111,356	\$179,724
2. Bridge Traffic	0	0	0	0
3. All Other Revenue and Income	<u>350</u>	<u>350</u>	<u>350</u>	<u>350</u>
4. Total Revenue Attributable (L.1+L.2+L.3)	\$146,731	\$154,059	\$111,706	\$180,074
Avoidable Costs for:				
5. On-Branch Costs (Lines 5a-5k)				
a. Maintenance of Way & Structures Costs	\$194,408	\$200,421	\$201,226	\$202,581
b. Maintenance of Equipment	2,681	2,316	2,345	2,434
c. Transportation	29,860	28,365	29,312	30,192
d. General Administrative	0	0	0	0
e. Deadheading, Taxi and Hotel	0	0	0	0
f. Overhead Movement/Other	0	0	0	0
g. Freight Car Cost - Non ROI	368	343	310	371
h. ROI Expense Freight Cars	145	0	0	0
i. ROI Expense Locomotives	3,574	3,065	2,899	3,052
j. Revenue Taxes	0	0	0	0
k. Property Taxes	0	0	0	0
	\$231,036	\$234,510	\$236,092	\$238,630
6. a. Off-Branch Costs Excluding Freight Car ROI	\$41,698	\$44,506	\$38,044	\$46,711
b. Off-Branch Freight Car ROI Costs	<u>4,221</u>	<u>3,739</u>	<u>3,128</u>	<u>3,735</u>
Total Off-Branch Costs (L.6a+6b)	\$45,919	\$48,241	\$41,172	\$50,446
7. Total On & Off-Branch Avoidable Costs (L.5+L.6)	<u>\$276,955</u>	<u>\$282,751</u>	<u>\$277,264</u>	<u>\$289,076</u>
Avoidable Gain or (Loss) from Operations (L.4-L.7)	(\$130,224)	(\$128,692)	(\$165,558)	(\$109,002)



UNION PACIFIC RAILROAD COMPANY -  
COMPUTATION OF REVENUE ATTRIBUTABLE TO THE LINE, AVOIDABLE COSTS,  
AND REASONABLE RETURN ON THE VALUE OF THE LINE TO BE ABANDONED FOR:  
Barr - Girard Line  
From (M.P. 51.0) near Barr to (M.P. 89.4) near Girard, Illinois

EXHIBIT-1  
PAGE 2  
AB-33(SUB-No.96)

Base Year: July 1, 1994 thru June 30, 1995  
Forecast Year: November 1, 1995 thru October 31, 1996  
(ASSUMING NORMALIZED MAINTENANCE)  
Subsidization Costs For:

	<u>Base</u>	<u>Forecast</u>
8. Rehabilitation	\$0	\$0
9. Administrative Costs (Subsidy Year only)	1,117	1,801
10. Casualty Reserve Account	0	0
11. Total Subsidization Cost (L. 8+L.9+L.10)	\$1,117	\$1,801
Return on Value:		
12. Valuation of Road Property		
a. Working Capital	\$3,902	\$3,998
b. Income Tax Consequences (Ex. 2 L. 5)	(125,432)	(99,112)
c. Net Liquidation Value (Ex. 2 L. 1+L. 2+L. 3)	<u>4,293,855</u>	<u>4,251,100</u>
Total Valuation of Property (L. 12 a+b+c)	\$4,172,325	\$4,155,986
13. Nominal Rate of Return	<u>0.103</u>	<u>0.183</u>
14. Nominal Return on Value (L. 12*L. 13)	\$763,536	\$760,545
15. Holding Gain or (Loss) (L. 12.c Col. a - Col. b)	\$0	(\$42,755)
16. Total Return on Value (L. 14-L. 15)	\$763,536	\$803,300
17. Avoidable Gain or (Loss) from Operations (L. 4-L. 7)	(\$165,558)	(\$109,002)
18. Estimated Forecast Year Loss from Operations (L. 4-L. 7-L. 16)	<u>(\$929,094)</u>	<u>(\$912,302)</u>
19. Estimated Subsidy Payment (L. 4-L. 7-L. 11-L. 16)	(\$930,211)	(\$914,103)

UNION PACIFIC RAILROAD COMPANY -  
 OPPORTUNITY COST OF OPERATING THE LINE FOR:  
 Barr - Girard Line  
 From (M.P. 51.0) near Barr to (M.P. 89.4) near Girard, Illinois

Base Year: July 1, 1994 thru June 30, 1995  
 Forecast Year: November 1, 1995 thru October 31, 1996

EXHIBIT-2  
 PAGE 1  
 AB-33(SUB-No.96)

	<u>Base</u>	<u>Forecast</u>
1. Market Value of Non-Reversionary Land	\$1,490,000	\$1,490,000
2. Value of Salvageable Scrap & Secondhand Materials	4,969,452	5,014,583
3. Cost of Removal	(2,165,597)	(2,253,483)
4. Working Capital	3,902	3,998
5. Income Tax Benefits	(125,432)	(99,112)
6. Valuation of Road Property (L.1 through L.5)	\$4,172,325	\$4,155,986
7. Current Nominal Cost of Capital	0.183	0.183
8. Opportunity Cost (L.6*L.7)	\$763,536	\$760,545



UNION PACIFIC RAILROAD COMPANY -  
EFFECT ON NET RAILWAY OPERATING INCOME FOR:  
Barr - Girard Line  
From (M.P. 51.0) near Barr to (M.P. 89.4) near Girard, Illinois  
Base Year: July 1, 1994 thru June 30, 1995  
Forecast Year: November 1, 1995 thru October 31, 1996  
(ASSUMING NORMALIZED MAINTENANCE)  
(\$ = 000's) Actual 1993 (R-1)

EXHIBIT-3  
PAGE 1  
AB-33(SUB-No.96)

	UP/SP <u>Actual</u>	Impact on UP/SP <u>NROI</u>	<u>Pro Forma</u>
1. Railway Operating Revenue	\$8,437,540	(\$147)	\$8,437,393
2. Railway Operating Expenses	(7,387,275)	277	(7,386,998)
3. Net Revenue from Railway Operations	1,050,265	130	1,050,395
4. Accrued & Deferred Income Taxes	(380,943)	(48)	(380,991)
5. Leased Road & Equipment (Net)	<u>4,375</u>	<u>0</u>	<u>4,375</u>
Net Railway Operating Income	\$673,697	\$82	\$673,779

1994 - Base Year (Pro Forma)

1. Railway Operating Revenue	\$9,326,048	(\$154)	\$9,325,894
2. Railway Operating Expenses	(7,764,088)	283	(7,763,805)
3. Net Revenue from Railway Operations	1,561,960	129	1,562,089
4. Accrued & Deferred Income Taxes	(441,551)	(48)	(441,599)
5. Leased Road & Equipment (Net)	<u>4,744</u>	<u>0</u>	<u>4,744</u>
Net Railway Operating Income	\$1,125,153	\$81	\$1,125,234

Forecast

1. Railway Operating Revenue	\$9,326,048	(\$180)	\$9,325,868
2. Railway Operating Expenses	(7,764,088)	289	(7,763,799)
3. Net Revenue from Railway Operations	1,561,960	109	1,562,069
4. Accrued & Deferred Income Taxes	(441,551)	(40)	(441,591)
5. Leased Road & Equipment (Net)	<u>4,744</u>	<u>0</u>	<u>4,744</u>
Net Railway Operating Income	\$1,125,153	\$69	\$1,125,222

**Barr-Girard, Illinois**  
**VERIFIED STATEMENT**  
**OF**  
**HANS MATTHIESSEN**

My name is Hans Matthiessen. I am a Senior Project Manager-Economic Research for UP at 1416 Dodge Street, Omaha, Nebraska 68179. I hold a Bachelor of Science degree in Business Administration from Iowa State University. I was employed by CNW from 1969 to 1995. I began my employment with UP in 1995. My present responsibilities include regulatory planning and analysis. I held a similar position at CNW during 1989-1995.

I developed the financial exhibits included in the Abandonment Application Docket Number AB-33 (Sub-No. 96), filed November 30, 1995. The purpose of this statement is to provide information regarding the financial results of operation over the St Louis Subdivision between Barr and Girard, Illinois and to explain how revenues and on-branch cost components included in the financial exhibits were developed.

**EXHIBIT 1-REVENUE AND COST DATA**

Exhibit 1 to the abandonment application is an exhibit reflecting the revenue, cost and subsidy data for this line for the years 1993, 1994, the base year ended June 30, 1995 and the Forecast Year from November 1, 1995 through October 31, 1996. Exhibit 1 is prepared in accordance with 49 C.F.R. §§ 1152.31-.34. Revenue and costs are based on a combined UP/CNW/SP operation (CNW was acquired by UP during 1995). I utilized the 1993 and 1994 ICC Annual Reports (R1) from UP, CNW and SP as well as the 1994 Uniform Railroad Costing System (URCS) which represented a combination of all three



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railroads. The Forecast Year's on-branch and off-branch expenses reflect the use of Data Resources, Inc. ("DRI") indices.

A. Revenues

Line 1 on page 1 represents the total system revenues earned by UP/SP for hauling traffic that originates or terminates on this line. The revenues shown include CNW/UP/SP division of revenue.

Line 2 on page 1 represents revenue earned from bridge traffic on the line. Since the UP/SP received a waiver concerning bridge traffic, it is blank.

Line 3 on page 1 represents all other revenue earned by the UP on this line.

Line 4 on page 1 is the total revenue attributable to this line and is the sum of lines 1 through 3.

B. Avoidable Costs (Operations)

Lines 5(a) through 5(k) on page 1 represent the on-branch costs for operating this line. Maintenance of Way & Structures costs are based on normalized maintenance levels necessary to keep the line at FRA Class I for the long term, and are explained in the accompanying Verified Statement of Lynn K. Beck. Maintenance of Equipment costs include locomotive repair and maintenance, and depreciation costs allocated to the line by on-branch locomotive hours and miles. The locomotive on-branch hours and miles are based on a pro forma operation providing as needed service using one locomotive. For the Forecast Year, locomotive repair and maintenance is \$1,339 and locomotive depreciation is \$1,035. Transportation Costs are crew wages, locomotive fuel, train inspection and supplies, and locomotive servicing. These costs are allocated to the



line based on a pro forma operation. Avoidable crew wages represent the total wages and fringe benefits paid for the 2 man crew. The only reason for the crew being ordered is to deliver or pickup traffic on this line; no other work will be preformed enroute. The following is the breakdown of the on-branch transportation costs of \$30,192 for the Forecast Year.

Avoidable Crew Wages	\$18,418
Train Inspection Lubrication	2,912
Train Fuel	8,468
Locomotive Servicing	<u>394</u>
On-Branch Transportation Costs	\$30,192

Freight Car Costs are calculated using unit costs developed in accordance with ICC regulations and URCS costing methodology. Return on Value - Locomotives is based on the replacement cost of a rebuilt low horsepower locomotive. Return on Value - Freight Cars is based on the replacement cost for railroad owned cars.

Lines 6(a) and 6(b) on page 1 represent the off-branch costs related to traffic which either originates or terminates on this line and was computed using the Uniform Railroad Costing System (URCS).

Line 7 on page 1 is the total avoidable costs incurred in operating this line and is the sum of line 5 and line 6.

C. Avoidable Gain (Loss) from Operations

The total appearing immediately below line 7 on page 1 is the gain (loss) resulting from the operation of the line for local traffic, excluding return on value for road property. It is line 4 minus line 7.

D. Subsidy Related Costs

Page 2 of Exhibit 1 shows estimated subsidy costs for the Base Year and

Forecast Year.

Line 8 on page 2 is the rehabilitation expenditure necessary for the line. Since no rehabilitation is forecasted, this line is blank.

Line 9 on page 2 shows the administrative costs that would be incurred by UP/SP if the line were subsidized. It is computed by taking one percent of the total annual revenues attributable to the branch in the estimated subsidy years. This method is prescribed in 49 C.F.R. § 1152.32(k).

Line 10 on page 1 is the amount which would be necessary to obtain insurance for an amount equal to UP/SP's uninsured liability and to pay for a proportionate share of UP's system insurance costs. Since the cost of such an insurance policy depends on many factors which would not be known until a subsidy agreement has been reached, UP is unable to provide an estimated cost at this time, and the line is therefore blank.

Line 11 on page 2 is the total subsidization costs for items listed on lines 8, 9 and 10. This total is included in the calculation of the Estimated Subsidy Payment (Line 19, page 2) discussed below.

E. Return on Value-Road Properties

Line 12 on page 2 represents the valuation of road properties to which the return element shall be applied. It is computed as prescribed in 49 C.F.R. § 1152.34(c). Allowable working capital is computed by taking 15/365 of the on-branch costs less depreciation and return. Income Tax Consequences are from Exhibit 2 line 5. Net Liquidation Value is from Exhibit 2 lines 1, 2 and 3.

Line 13 on page 2 is the nominal rate of return which is applied to the



valuation of road property. The current rate is 18.3%.

Line 14 on page 2 is the return on value for road properties and is computed by multiplying line 12 times line 13.

Line 15 on page 2 is the holding gain for road properties. It is the difference between the Base Year's Net Liquidation Value (NLV) and the Forecast Year's NLV.

Line 16 on page 2 is the Total Return on Value and is line 14 minus line 15.

Line 17 on page 2 is the Avoidable Loss From Operations for the Base Year ended June 30, 1995, and for the Forecast Year.

Line 18 on page 2 is the projected Total Avoidable Loss for the Forecast Year and is the total of the Avoidable Loss from Operations as shown on line 17 and the Total Return on Value as shown on line 16 and reflects the full economic cost to UP/SP of operating this line.

F. Estimated Subsidy Payment

Line 19 on page 2 is the Estimated Subsidy Payment needed for the Subsidy Year and is the total of the Avoidable Loss from Operations as shown on line 17, the Total Return on Value as shown on line 16 and the Total Subsidization Cost as shown on line 11.

**EXHIBIT 2-OPPORTUNITY COST**

Exhibit 2 details the computation of the opportunity cost to operate the Barr-Girard Line for the Base Year and Forecast Year which is included in Exhibit 1, lines 12-16.

Line 1 is the current market value of the non-reversionary land and is derived

from the accompanying Verified Statement of Mark Schulte (Real Estate).

Line 2 is the value of both salvageable scrap and secondhand materials to be retained by UP/SP or sold on the open market and is derived from the accompanying Verified Statement of Lynn Beck.

Line 3 is the cost of removal of all track material including bridges, and is also derived from the Beck Verified Statement.

Line 4 is the working capital required to operate this line.

Line 5 is the income tax consequences. It is based on market value of non-reversionary land (\$1,490,000) less book value of corresponding land (\$19,867) plus scrap and secondhand material sold (\$808,220) minus removal cost (\$2,010,483) times an income tax rate of 37%.

Line 6 is the total of lines 1 through 5.

Line 7 is the current nominal rate of return 18.3%.

Line 8 is the current opportunity cost, line 6 times line 7.

### **EXHIBIT 3-EFFECT ON NET RAILWAY OPERATING INCOME**

Exhibit 3 shows the effect the Barr-Girard Line has on Net Railway Operating Income for the years 1993 and 1994 and Forecast Year.

### **SUMMARY**

The post-merger operation of the Barr-Girard Line will result in an avoidable loss from operation of \$109,002 and a total avoidable loss (including return on value) of \$912,302 in the Forecast Year as indicated by my Exhibit 1. It is quite clear from the



financial exhibits that this line can not be operated profitably after overhead traffic is rerouted to other UP/SP lines.

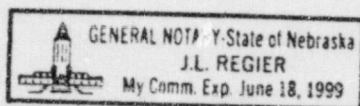
VERIFICATION

STATE OF NEBRASKA       )  
                                  ) ss:  
COUNTY OF DOUGLAS     )

HANS MATTHIESSEN, being first duly sworn, deposes and states that he has read the above document, knows the facts asserted therein, and that the same are true as stated.

Hans Matthiessen  
Hans Matthiessen

SUBSCRIBED and sworn to before me this 13<sup>th</sup> day of  
November, 1995.



J. Regier  
Notary Public

My Commission expires: June 18, 1999



**Barr - Girard, Illinois**  
**VERIFIED STATEMENT**  
**OF**  
**LYNN K. BECK**

My name is Lynn K. Beck. I am Manager Asset Utilization in Engineering Services at UP. My office address is 1416 Dodge Street, Omaha, Nebraska 68179. I hold a Bachelor of Science Degree from Boise State University. I have been employed by UP in the Engineering Department continuously since 1969. I have held various maintenance-of-way jobs and worked as an Assistant Engineer (1976), Inventory and Cost Control Supervisor (1978), Project Planning Engineer (1986), Construction Planning Engineer (1987), Track Planning Engineer (1989), and Manager Asset Utilization (1995). In my current position, I have responsibility throughout the 23-state UP system for the preparation of estimates for net liquidation values on various different types of track structures and for determining the costs of engineering programs and projects.

I am very familiar with the Barr-Girard Line (portion of the Madison Subdivision) that is the subject of this abandonment application. I personally inspected the line in a hy-rail trip on September 14, 1995. I walked various segments of the line at each bridge for approximately 200 feet. The main track (approximately 38 track miles) is constructed with 21.50 track miles of 133-pound continuous welded rail, 14.90 track miles of 115 pound continuous welded rail, and 1.60 track miles of 112 pound continuous welded rail. There is an additional 2.07 track miles of sidings. The line has maximum operating speeds of 40 mph. The track is classified at FRA Class 3 standards. The track is

maintained at this level because the line is used for overhead traffic. If operated only for local traffic, the track would not need to be maintained at levels higher than FRA Class 1. Therefore, the costs used in the abandonment application for maintenance-of-way and structures (1993, 1994, Base Year and Forecast Year) include estimated annual costs to maintain the track to FRA Class I standards on a "normalized" basis. The rail line does not require any track rehabilitation to meet FRA Class 1 standards.

#### DESCRIPTION OF ENGINEERING EXHIBITS

Exhibit LB-1 - Normalized Maintenance Costs - This exhibit details the costs which are included in my estimate of annual costs to maintain the Barr-Girard line to FRA Class I standards. It is based on my inspection of the line and on costs incurred by UP for the various categories of work and materials shown. The first two pages of this exhibit cover the 26.7 mile portion of the line between milepost 51.0 near Barr and milepost 77.7 near Compro. The second two pages cover the remaining 11.3 mile portion of the line between milepost 77.7 near Compro and milepost 89.0 near Girard. The reason I have developed the exhibit in this fashion is to reflect the difference in the way these two segments would be maintained were the line being operated solely for local traffic. As discussed in the accompanying verified statement of Thomas Murphy, the shippers on the line would be served solely from the north end (via Barr). Since there are no shippers south of Compro at milepost 77.7, there would be no regular train service south of this point. This being so, the only maintenance that would be required on the 11.7 mile Compro-Girard segment would be weed control, bridge inspection, grade crossing signal inspection (required by FRA regulations) and road crossing maintenance. This works out



to annual maintenance costs of \$13,382 for this segment, an average of \$1,184 per main track mile, as detailed on the last two pages of Exhibit 1. I would point out, however, that if this segment were maintained at this low level, it would deteriorate to the point that it could no longer handle trains without rehabilitation.

On the Barr-Compro segment, which would be regularly used, Exhibit 1 calls for annual maintenance costs of \$189,199, which works out to an average of \$7,086 per main track mile. For comparison, combined UP/CNW/SP system average expenditure for maintenance of way and structure accounts in 1994 was \$21,822 per track mile (includes main, side and yard tracks).

The maintenance expenditures contained in Exhibit LB-1 for the Barr-Compro segment fall into two broad categories -- "Program" and "Non-Program" track maintenance. "Program" maintenance is work that would be done on a regular cycle, and consists of tie replacement, surfacing and alignment of track, and road crossing work. A brief discussion of each of these areas follows.

The tie replacement costs assume replacement of crossties on an eight-year cycle of approximately 160 crossties per mile, an average of 20 crossties per mile per year. The annual replacement rate for crossties would be 0.62 per cent based on 2708 crossties in a mile. Similarly, switch ties would be replaced at a 20 percent rate every eight years, which works out to an annual replacement rate of 2.5 percent. The costs associated with tie replacement consist of the cost of the materials themselves and the costs associated with installing them. The cost to purchase an ordinary crosstie and four spikes is \$25.90 and the cost to purchase each switch tie and spikes (the number of spikes per tie varies,

depending on the location of the tie in the switch) is \$52.54. The installation costs include crew costs, work train service, tie unloading (contract forces), picking up and disposing of scrap ties (contract forces), material store expense (MSE) and sales tax. The cumulative cost for tie replacement in the Forecast Year for the Barr-Compro segment is \$920 per track mile.

Surfacing and lining track is the second group of programmed maintenance costs. I have assumed that any needed surfacing and lining on the Barr-Compro segment would be done in conjunction with programmed tie replacement on an eight-year cycle. The work would consist of what we call a "skin lift" (approximately 1/2 to 1 inch, where necessary), and would require about five carloads of ballast per mile every eight years. On an annual basis, this works out to 0.625 cars per mile. Other related expenses include ballast unloading, the actual surfacing and alignment of the track after the ballast is dumped, crew cost, work train expense and sales tax. The cumulative expenditure for surfacing and lining track on an annualized basis is \$814 per main track mile for the Barr-Compro segment.

The third group of programmed maintenance costs consists of expenditures associated with public road crossings. These include periodic replacement of the crossing surfaces themselves, as well as warning devices and other appliances associated with the crossings. There are 26 crossings on the Barr-Compro segment line, five of which are signalized. On an annualized basis, total programmed maintenance cost for road crossings for the Forecast Year is an average of \$811 per main track mile.



The remaining maintenance expenditures are for "Non Program" track and structure maintenance. This consists of the work needed to keep the line in service between program maintenance cycles. It includes a 3-person section gang, the services of a track inspector to inspect the line once per week as required by FRA track rules (40 miles per day), labor for signal maintenance (including grade crossing signals), signal material, rail replacement for damaged rails (1 rail every 3 miles), vegetation control, bridge inspection, bridge maintenance and material, material store expense and sales tax. The cumulative expenditure for non-program maintenance in the Forecast Year for the Barr-Compro segment is \$4,492 per main track mile.

As can be seen from the Exhibit, costs for the Forecast Year have been developed by applying an index value called the "DRI Rate" to the amounts shown in the column entitled "Ave Cost Per Mile". The values shown in the latter column are actual costs for the materials and associated work as of October, 1995. The values shown in the "DRI Rate" column are derived from the DRI Forecast, a publication of DRI/McGraw Hill's Transportation Consulting Practice which publishes rail costs and projections on a quarterly basis. The details of how the DRI rates were applied to the various cost items listed in Exhibit 1 are shown in my workpapers.

Exhibit LB-2 - Net Liquidation Value (Material) - This exhibit details my estimate of the value of the materials in the line (primarily track materials) that UP/SP could expect to realize if the line were abandoned. The exhibit shows current prices for the various types of material as of October, 1995, and are the values used for the Forecast Year (which begins November 1, 1995). The value of track materials may fluctuate,

depending on market requirements for specific materials at the time of release. The values shown were obtained from recent UP sales and from telephone contacts with dealers of track materials. DRI rates were applied to the current values to arrive at a Base Year value as of December, 1994 (the Base Year for this application is July 1, 1994 - June 30, 1995).

Rail from abandoned lines is classified as scrap, reroll, or No. 1 - No. 2 quality. The No.1 - No. 2 quality rail is suitable for use elsewhere on the UP system in secondhand rail replacement and construction projects. Reroll rail is one grade classification better than scrap. This rail would be sold to reroll mills for making fence posts or "rebar" (used to reinforce concrete). Rail not suitable for reuse or for reroll is scrap rail that would be sold to a salvage dealer.

The Barr-Girard Line contains reroll rail which is valued at \$192.07 per net ton, scrap rail which is valued at \$155 per net ton, and No. 1 and 2 quality continuous welded relay rail which is valued at \$395 per net ton. Scrap material other than rail is valued at \$120 per net ton. The reusable crossties have a value of \$6.25 each and the landscape ties have a value of \$4 each.

The Barr-Girard Line consists of 122.40 miles of branch line trackage and 2.07 miles of miscellaneous sidings. Exhibit LB-2 shows that the line contains 36,471.72 net tons of rail, other track material and switches. The track (main track and sidings) consists predominately of 133 pound and 115 pound rail with some segments of 112 pound and 100 pound rail (sidings). There are a total of 130,197 crossties and switch ties, of which 45,569 ties are reusable. The current market value (based on fourth quarter



1995 values) for the track materials is \$4,661,833. When bridge values are added, the total value is \$5,014,583. Removal costs for track, switch and crossties, and bridges are \$2,253,483, for a current net liquidation value of \$2,761,100. The current net liquidation value of the track material to be retained by the railroad is \$3,963,363 (gross liquidation value of \$4,206,363 less \$243,000 removal costs).<sup>1</sup>

The Net Liquidation Values shown in Exhibit LB-2 are for materials only and do not include the value of the underlying real estate. The real estate value is not discussed in this statement.

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<sup>1</sup> As can be seen, the net liquidation value of the retained material exceeds the net liquidation value of the line as a whole. The reason is that the materials not being retained have a negative net liquidation value due to high bridge removal costs (\$1,734,918).

St. Louis Sub (Madison Subdivision)

M.P. 51.00 to 77.70

26.70

ESTIMATED ANNUAL MAINTENANCE COST PER MILE FOR THE SEGMENT OF THE  
St. Louis Subdivision between M.P. 51.00 and M.P. 77.70 (Barr to Compro).

# CLASS 1 STANDARD

ROADWAY MAINTENANCE	QUANT.	UNIT	COST/UNIT	CYCLE OR LIFE	AVE. COST PER MILE	FORECAST YEAR % DRI RATE	THE FORECAST TOTAL
<b>PROGRAMMED TRACK MAINTENANCE:</b>							
Replace Ties 160/mi ea 8 yrs	160	per mile					
Cross Ties 7 x 9 x 8' & Spikes	4,272	Each	\$25.90	8 yrs	\$518	2.30	\$530
Switch Ties (20% replacement)	65	Each	\$52.54	8 yrs	\$16	2.30	\$16
Replace cross ties	3.56	Days	\$15,959	8 yrs	\$266	0.10	\$266
Replace switch ties	3.25	Days	\$1,446	8 yrs	\$22	0.10	\$22
Company Service	733	Crew/Miles	\$8.18	8 yrs	\$28	0.10	\$28
Work Train Service	1.08	Days	\$856.84	8 yrs	\$4	0.10	\$4
Unload ties (Contract)	4,337	Each	\$0.45	8 yrs	\$9	2.20	\$9
Pick up & dispose of scrap ties (Contract)	4,337	Each	\$1.35	8 yrs	\$27	2.20	\$28
MSE	0.80	%			\$4		\$4
Sales Tax	4.00	%			\$21		\$22
					\$915		\$929
<b>Surface and Line Track</b>							
Ballast ( 5 cars/mile )	13,350	Ton	\$5.27	8 yrs	\$329	2.30	\$337
Unload Ballast	5	Days	\$1,983	8 yrs	\$50	0.10	\$50
Surface & Line Track	9	Days	\$9,105	8 yrs	\$379	0.10	\$379
Company Service	377	Crew/Miles	\$8.18	8 yrs	\$14	0.10	\$14
Work Train	5	Days	\$856.84	8 yrs	\$21	0.10	\$21
Sales Tax	4.00	%			\$13		\$13
					\$806		\$814
<b>Road Crossings ( 26 )</b>							
Prefab crossings	232	Ft	\$55.36	15 yrs	\$32	2.30	\$33
Asphalt Crossings	392	Ft	\$51.50	15 yrs	\$50	2.30	\$51
Rubber Crossings	30	Ft	\$213.09	15 yrs	\$16	2.30	\$16
Replace Road crossing material	55	Days	\$1,162	15 yrs	\$158	0.10	\$158
Flashing Lights	5	Pair	\$59,175	30 yrs	\$369	2.30	\$377
Install Flashing Lights	5	Pair	\$31,858	30 yrs	\$199	0.10	\$199
Crossbuck Signs	21	Each	\$108.70	20 yrs	\$4	2.30	\$4
Install Crossing Signs(X-bucks)	21	Each	\$66	20 yrs	\$3	0.10	\$3
Whistle Posts	26	Each	\$15.13	20 yrs	\$1	2.30	\$1
Install Whistle Post Signs	26	Each	\$66	20 yrs	\$3	0.10	\$3
MSE	0.80	%			\$1		\$1
Sales Tax	4.00	%			\$4		\$4
					\$840		\$851



NORMALIZED MAINTENANCE:	COST	UNIT	QUANTITY	AVE. COST PER MILE	FORECAST YEAR % DRI RATE	THE FORECAST TOTAL
3 man Section Gang (Foreman & 2 Sectionmen	\$723	/Day	45	\$1,210	0.10	\$1,211
Track Inspector (Inspect Weekly) (40 miles/day)	\$335	/Day	35	\$436	0.10	\$436
Signal Maintenance - Crossing Protection-Labor	\$1,577	/Each	5	\$295	0.10	\$296
Signal Material	\$394	/Each	5	\$74	2.30	\$75
Rail Replacement 1 rail/3 miles	\$7.76	/LF	347	\$101	2.30	\$103
Vegetation Control	\$188.00	/Mile	27	\$188	2.20	\$192
Bridge Inspection	\$0.61	/LF	6,182	\$141	0.10	\$141
Bridge Maintenance	\$4.25	/LF	6,182	\$984	0.10	\$985
Bridge Material	\$4.30	/LF	6,182	\$996	0.10	\$997
MSE				0.80 %	\$9	\$9
Sales Tax				4.00 %	\$47	\$47
				\$4,480		\$4,492

NORMALIZED MAINTENANCE COST PER MILE PER YEAR = \$7,041 \$7,086

11/8/95

TOTAL NORMALIZED MAINTENANCE COST PER YEAR = \$187,999 \$189,199

St. Louis Sub (Madison Subdivision)

M.P. 77.70 to 89.00

11.30

ESTIMATED ANNUAL MAINTENANCE COST PER MILE FOR THE SEGMENT OF THE  
between M.P. 51.00 and M.P. 77.70 (Compro to Girard, IL).

No Maintenance Other Than Weed Control, Bridge Inspection, Signal Inspection & Road Crossings.

ROADWAY MAINTENANCE	QUANT.	UNIT	COST/UNIT	CYCLE OR LIFE	AVE. COST PER MILE	FORECAST YEAR % DRI RATE	THE FORECAST TOTAL
<b>PROGRAMMED TRACK MAINTENANCE:</b>							
Replace Ties 160/mi ea 8 yrs	0	per mile					
Cross Ties 7 x 9 x 8' & Spikes	0	Each	\$25.90	8 yrs	\$0	2.30	\$0
Switch Ties (20% replacement)	0	Each	\$52.54	8 yrs	\$0	2.30	\$0
Replace cross ties	0.00	Days	\$15,959	8 yrs	\$0	0.10	\$0
Replace switch ties	0.00	Days	\$1,446	8 yrs	\$0	0.10	\$0
Company Service	0	Crew/Miles	\$8.18	8 yrs	\$0	0.10	\$0
Work Train Service	0.00	Days	\$856.84	8 yrs	\$0	0.10	\$0
Unload ties (Contract)	0	Each	\$0.45	8 yrs	\$0	2.20	\$0
Pick up & dispose of scrap ties (Contract)	0	Each	\$1.35	8 yrs	\$0	2.20	\$0
MSE	0.80	%			\$0		\$0
Sales Tax	4.00	%			\$0		\$0
					\$0		\$0
<b>Surface and Line Track</b>							
Ballast ( 5 cars/mile )	0	Ton	\$5.27	8 yrs	\$0	2.30	\$0
Unload Ballast	0	Days	\$1,983	8 yrs	\$0	0.10	\$0
Surface & Line Track	0	Days	\$9,105	8 yrs	\$0	0.10	\$0
Company Service	0	Crew/Miles	\$8.18	8 yrs	\$0	0.10	\$0
Work Train	0	Days	\$856.84	8 yrs	\$0	0.10	\$0
Sales Tax	4.00	%			\$0		\$0
					\$0		\$0
<b>Road Crossings ( 9 )</b>							
Prefab crossings	104	Ft	\$55.36	15 yrs	\$34	2.30	\$35
Asphalt Crossings	144	Ft	\$51.50	15 yrs	\$44	2.30	\$45
Gravel Crossing	0	Ft	\$7.75	20 yrs	\$0	2.30	\$0
Replace Road crossing material	21	Days	\$1,162	15 yrs	\$142	0.10	\$142
Flashing Lights	2	Pair	\$59,175	30 yrs	\$349	2.30	\$357
Install Flashing Lights	2	Pair	\$31,858	30 yrs	\$188	0.10	\$188
Crossbuck Signs	7	Each	\$108.70	20 yrs	\$3	2.30	\$3
Install Crossing Signs(X-bucks)	7	Each	\$66	20 yrs	\$2	0.10	\$2
Whistle Posts	9	Each	\$15.13	20 yrs	\$1	2.30	\$1
Install Whistle Post Signs	9	Each	\$66	20 yrs	\$3	0.10	\$3
MSE	0.80	%			\$1		\$1
Sales Tax	4.00	%			\$3		\$3
					\$770		\$780



NON-PROGRAM TRACK MAINTENANCE:	COST	UNIT	QUANTITY	AVE. COST PER MILE	FORECAST YEAR % DRI RATE	THE FORECAST TOTAL
3 man Section Gang (Foreman & 2 Sectionmen)	\$0	/Day	19	\$0	0.10	\$0
Track Inspector (Inspect Weekly) (40 miles/day)	\$0	/Day	15	\$0	0.10	\$0
Signal Maintenance - Crossing Protection-Labor	\$375	/Each	2	\$66	0.10	\$66
Signal Material	\$135	/Each	2	\$24	2.30	\$24
Rail Replacement 1 rail/3 miles	\$0.00	/LF	147	\$0	2.30	\$0
Vegetation Control	\$188.00	/Mile	11	\$188	2.20	\$192
Bridge Inspection	\$0.61	/LF	2,246	\$121	0.10	\$121
Bridge Maintenance	\$4.25	/LF	0	\$0	0.10	\$0
Bridge Material	\$4.30	/LF	0	\$0	0.10	\$0
MSE				\$0		\$0
Sales Tax				\$1		\$1
				\$401		\$404

NORMALIZED MAINTENANCE COST PER MILE PER YEAR = \$1,171 \$1,184

11/8/95

TOTAL NORMALIZED MAINTENANCE COST PER YEAR = \$13,227 \$13,382

# **NET LIQUIDATION VALUE OF TRACK & BRIDGES** **ST. LOUIS SUBDIVISION (MADISON SUB)**

8-Nov-95

M.P. 51.00 TO 89.00 = 38.00 TRACK MILES Barr to Girard  
 MISCELLANEOUS SIDINGS = 2.07 TRACK MILES  
 40.07 TOTAL T.M.S

## **TRACK COMPONENTS -**

Rail Weight	RAIL		OTM	SWITCHES			Net Tons	NET TONS		
	Track Miles	Net Tons	Net Tons	No. 7	No. 8.5 & No. 9	No. 10				
136#		0.00	0.00				0.00	0.00		
133#	21.50	5032.72	1444.71			4	22.92	6500.35		
132#		0.00	0.00				0.00	0.00		
131#		0.00	0.00				0.00	0.00		
119#		0.00	0.00				0.00	0.00		
115#	14.90	3015.76	913.58			3	17.19	3946.53		
112#	2.17	427.75	124.73				0.00	552.48		
110#		0.00	0.00				0.00	0.00		
100#	1.50	264.00	106.25				0.00	370.25		
90#		0.00	0.00				0.00	0.00		
85#		0.00	0.00				0.00	0.00		
80#		0.00	0.00				0.00	0.00		
75#		0.00	0.00				0.00	0.00		
<b>Total:</b>	<b>40.07</b>	<b>8740.23</b>	<b>2589.28</b>				<b>40.10</b>	<b>11369.61</b>		

### **TIES**

SWITCH TIES	567 EA
CROSS TIES	129630 EA
<b>TOTAL TIES</b>	<b>130197 EA</b>

**CURRENT  
MARKET VALUE  
4th Qtr 1995**

**BASE  
YEAR VALUE  
Dec - 1994**

## **VALUE OF TRACK COMPONENTS**

DRI RATE VALUE

MAIN & SIDE TRACKS:	420.32 N.T. x	\$192.07 /N.T. =	\$80,732	Reroll Rail	0.991	\$80,005
MAIN & SIDE TRACKS:	437.01 N.T. x	\$155.00 /N.T. =	\$67,737	Scrap Rail	0.991	\$67,127
MAIN & SIDE TRACKS:	7,882.89 N.T. x	\$395.00 /N.T. =	\$3,113,743	No1&2 SH CWR Rail	0.991	\$3,085,719
OTM:	388.39 N.T. x	\$120.00 /N.T. =	\$46,607	Scrap Material	0.991	\$46,188
Turnouts	7 ea. x	\$7,775.00 ea. =	\$54,425	Turnout	0.991	\$53,935
Tie Plates	78,650 ea. x	\$3.36 ea. =	\$264,264	Tie Plates 8x13	0.991	\$261,886
Tie Plates	139,750 ea. x	\$3.50 ea. =	\$489,125	Tie Plates 8x14	0.991	\$484,723
SWITCH & CROSS TIES :	45,569 ea. x	\$6.25 ea. =	\$284,806	Reusable Ties	0.991	\$282,243
SWITCH & CROSS TIES :	65,099 ea. x	\$4.00 ea. =	\$260,394	Landscape Ties	0.991	\$258,050
SWITCH & CROSS TIES :	19,530 ea. x	\$0.00 ea. =	\$0	Scrap Ties		\$0
<b>TOTAL TRACK VALUE</b>			<b>\$4,661,833</b>			<b>\$4,619,877</b>

## **BRIDGE VALUE**

\$352,750 0.991 \$349,575

## **TOTAL VALUE**

\$5,014,583 \$4,969,452

## **REMOVAL COSTS**

TRACK REMOVAL	40.07 T.M.s @	\$8,555 Per Mile	\$342,799	0.961	\$329,430
SWITCH & CROSSTIES	130197 Ea. @	\$1.35 Ea.	\$175,766	0.961	\$168,911
BRIDGE REMOVAL COSTS			\$1,734,918	0.961	\$1,667,256
<b>TOTAL REMOVAL</b>			<b>\$2,253,483</b>		<b>\$2,165,597</b>

## **NET LIQUIDATION VALUE**

**\$2,761,100**

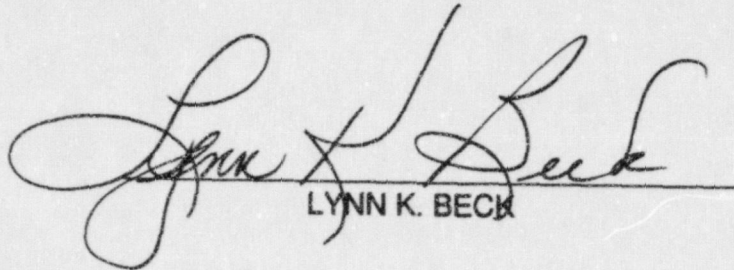
**\$2,803,855**



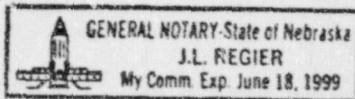
VERIFICATION

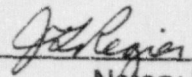
STATE OF NEBRASKA           )  
  ) ss.  
COUNTY OF DOUGLAS        )

LYNN K. BECK, being first duly sworn, deposes and states that he has read the above document, knows the facts asserted therein, and that the same are true as stated.

  
LYNN K. BECK

SUBSCRIBED AND SWORN to before me this 14 day of  
November, 1995.



  
Notary Public

My Commission expires:  
  
\_\_\_\_\_

**Barr-Girard, Illinois**  
**VERIFIED STATEMENT**  
**OF**  
**MARK S. SCHULTE**

My name is Mark S. Schulte. I am employed by UP as Manager-Real Estate with offices at 1416 Dodge Street, Omaha, Nebraska 68179.

I graduated from the University of Nebraska at Omaha in 1976 with a major in "Real Estate and Land Use Economics." I have attended numerous real estate appraisal courses and seminars during and after graduation. I have been involved in the lease, sale, appraisal and overall general management of UP's real estate assets since 1982. During the last two years, I have sold 24 parcels of railroad land, totalling over \$2 million.

In August of this year, I was given the task to inspect and value a segment of what was then CNW right-of-way land approximately 38.4 miles in length from Girard to Barr, Illinois. My inspection was conducted on August 29 and 30.

The right-of-way in the Girard-Barr segment is located mostly in rural areas. The principal exception consists of some portions located on the west edge of Springfield, Illinois, where new residential development was noticed.

The net liquidation value of \$1,490,000 for the real estate underlying the Girard-Barr segment was developed and determined through the following procedure:



First, I reviewed our records to determine the total acreage listed between the milepost limits of the proposed abandonment. Our records indicate a total of 618.59 acres in this segment. The second step was a careful review of existing title documents performed by Jim Harrel of our office, to evaluate the quality of title of the property in the event of a resale for non-freight railroad purposes. Mr. Harrel's review indicated that of the 618.59 acres in the segment, some 580.72 acres were merchantable and the remaining 37.87 acres were reversionary. Only the merchantable (non-reversionary) acreage was valued.

Following the physical inspection and title review, a unit value from point to point within each segment was assigned. A unit value was arrived at by determining across-the-fence values in the general vicinity of the line and discounting these across-the-fence values to arrive at the unit price (market value). The across-the-fence values were gathered through conversations with all the Tax Assessor's Offices in the counties that the segment is located, discussions with local real estate brokers, gathering data or comparable sales, and reviewing industrial sales listings.

The discount used for each across-the-fence value took into account factors such as the size of the right-of-way parcels, terrain, and access. The discounts are based upon physical inspections of the right-of-way and upon my experience that the physical characteristics of railroad right-of-way parcels would usually cause them to sell for less than the across-the-fence values.

**VERIFICATION**

STATE OF NEBRASKA   )  
                                  ) ss.  
COUNTY OF DOUGLAS   )

Mark S. Schulte, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

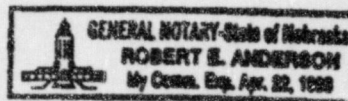
Mark S. Schulte  
Mark S. Schulte

Subscribed and sworn to before me this 14 day of November, 1995.

Robert E. Anderson  
Notary Public

My Commission Expires:

April 22, 1998





**Barr-Girard, Illinois**  
**VERIFIED STATEMENT**  
**OF**  
**THOMAS F. MURPHY**

My name is Thomas Murphy. I am Superintendent - Iowa Service Unit for UP. My office address is 301 West Lake Street, Northlake, Illinois 60164.

I have been employed by CNW since 1979 in several operating department positions, including Superintendent - Illinois Division (which, at the time, included CNW's St. Louis Subdivision). My last position at CNW was General Manager - Transportation Center. I joined UP in 1995 as part of the UP/CNW consolidation with UP. In my current position, I have jurisdiction over all former CNW lines in Illinois (except Chicago area commuter lines), including the line involved in this proceeding.

When CNW was an independent railroad prior to 1995, the Barr-Girard line was part of its only route from Chicago to St. Louis. Both UP and SP also had their own Chicago-St. Louis routes in this corridor. The UP/CNW consolidation coupled with a UP/SP merger would give UP/SP three Chicago-St. Louis through routes, which is more than UP/SP would need. This proposed abandonment is a result of a decision to reroute all Chicago-St. Louis through traffic from the former CNW route to other UP/SP routes. Once the through traffic is rerouted, it becomes uneconomical to keep the Barr-Girard line.

There are 3 shippers on this line who have been active in recent years; Springfield Plastics and Brandt Consolidated at Compro, Illinois (MP 77.7) and Vigoro Industries at Lick, Illinois (MP 70.7). Brandt and Vigoro receive fertilizer while Springfield

Plastics receives plastic pellets. Compro and Lick are both near Springfield, Illinois and the I-55 Chicago-Springfield-St. Louis highway corridor. The Vigoro facility has not received anything since 1993.

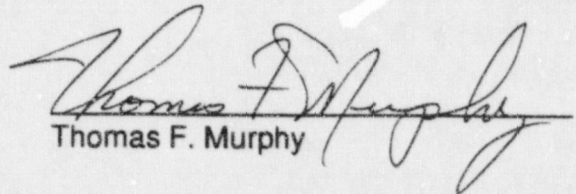
Train service to these shippers, when needed, is currently provided by through trains, 1 per day in each direction. This level of frequency is maintained to accommodate through traffic, and is far in excess of what would be provided if through traffic were rerouted from the line. If there were no through traffic and we were operating the line solely for local traffic, I would expect to handle it by establishing a local assignment based at South Pekin, Illinois (MP 13.2), which would operate South Pekin - Compro and return as needed. The actual number of cycles would be driven primarily by Springfield Plastic's traffic, which usually arrives one car at a time. Based on the projection of 40 cars for Springfield Plastics, I would expect to operate 40 cycles in the Forecast Year. A single, low horsepower locomotive (1,500-2,000 HP) would be more than adequate to handle this small amount of traffic. The crew would consist of two persons (engineer and conductor). I am not projecting any train service over the Compro - Girard segment (11.30 miles) since there are no active shippers on this segment.



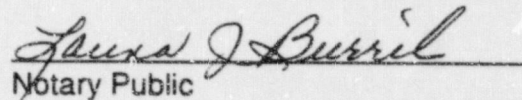
**VERIFICATION**

STATE OF ILLINOIS     )  
                                  ) ss.  
COUNTY OF COOK     )

Thomas F. Murphy, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

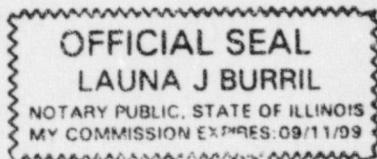
  
Thomas F. Murphy

Subscribed and sworn to before me this 16th day of November, 1995.

  
Notary Public

My Commission Expires:

9-11- 19 99



**Barr-Girard, Illinois**  
**VERIFIED STATEMENT**  
**OF**  
**TOMMY L. COALE**

My name is Tommy L. Coale. I am Product Manager Plastics in UP's Marketing & Sales Department. I have been employed by UP for twenty-five years, and I have held my current position for ten years.

I am familiar with UP's application to abandon its Madison Subdivision (formerly the CNW St. Louis Subdivision) from Barr to Girard, IL. In this statement, I will discuss the three active customers on the line, their historic and forecast traffic activity, and the transportation alternatives available to them if abandonment were approved.

1. Springfield Plastics, Compro, IL. (Milepost 77.0). Springfield Plastics receives rail cars of plastic pellets used in the manufacture of drain pipes. It received 29 cars of plastic pellets in 1993 and 40 cars in 1994. The forecast business level is 40 cars. The primary origins of the plastic pellets are in Texas, although some traffic originates from northern points such as Clinton, IA. Forecast Year revenues for this traffic are based on tariff rates, minimum weight of 190,000 lbs. The Texas origins are all served by SP, which would become part of the UP/SP system under the proposed merger. Because of this, I have included combined UP/SP revenues in my forecast, not just the UP division. Based on the above, I estimate this shipper would produce \$172,543 in revenue for UP/SP in the Forecast Year.



After abandonment, Springfield Plastics should be able to use a rail/truck combination for its needs. Current transloading technology permits transfer of plastic pellets from rail cars to trucks with little risk of contamination. There are existing, commercial transloading facilities in the St. Louis-East St. Louis area that could be used for this purpose (one of these, in East St. Louis, advertises "plastic pellets a specialty"). Compro is located about 6 miles from Interstate 55, a major Chicago-Springfield-St. Louis truck route, and is only about 80-85 miles from the St. Louis-East St. Louis area. Use of commercial transloaders in that area, or other commercial transloaders within 1-2 hours driving range of Compro, is probably Springfield Plastics' best option. Alternately, Springfield Plastics might want to establish its own rail-to-truck transload facility utilizing existing trackage on the line at Springfield, approximately 20 highway miles from Compro, or near Auburn on SP two miles east of Compro. Finally, one of Springfield Plastic's suppliers is at Clinton, Iowa on the Iowa-Illinois border. This is about 200 highway miles from Compro, and direct trucking could be feasible from this origin.

2. Brandt Consolidated, Compro, IL. This customer receives tank cars of anhydrous ammonia that is then distributed to area farmers. Traffic totaled ten cars in 1993 and three cars in 1994, and nothing in the first eight months of 1995. While probably optimistic, I have projected three cars for this shipper in the Forecast Year, the same as 1994, with revenue of \$7,181, based on currently applicable rates. It appears that Brandt could truck in ammonia, possibly from its facility at Curran on the NS northwest of Compro, or directly from the main supplier at Fort Dodge, Iowa.

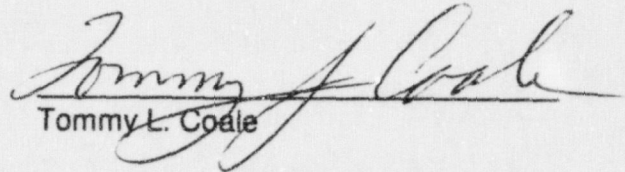
3. Vigoro Industries, Lick IL. (Milepost 70.7). We have little information about this customer, which received four cars of fertilizer in 1993 and nothing since. Based on the fact that the customer cancelled its track lease prior to 1995, and a recent inspection by local UP personnel, we believe this customer is no longer in business at this location. No traffic is forecast.



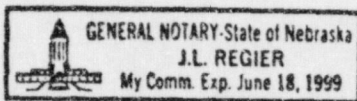
VERIFICATION

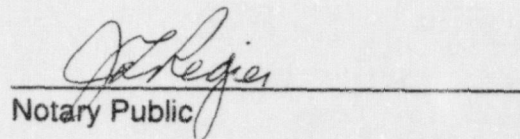
STATE OF NEBRASKA    )  
                                  ) ss.  
COUNTY OF DOUGLAS    )

Tommy L. Coale, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

  
Tommy L. Coale

Subscribed and sworn to before me this 15 day of November, 1995.



  
Notary Public

My Commission Expires:

\_\_\_\_\_, 19\_\_\_\_

AFFIDAVIT  
(49 C.F.R. § 1152.24(b))

STATE OF NEBRASKA    )  
                                  ) ss.  
COUNTY OF DOUGLAS    )

Jeanna L. Regier, being first duly sworn upon oath, deposes and says that the notice requirements of 49 C.F.R. § 1152.20 have been satisfied as follows:

(1) On November 3, 1995, the original and 10 copies of a "Notice of Intent To Abandon and Discontinue Service" the Barr-Girard Line (portion of Madison Subdivision) in Docket No. AB-33 (Sub-No. 96) were mailed by Certified Mail, Return Receipt Requested, to Mr. Vernon Williams, Secretary, Interstate Commerce Commission, 12th & Constitution Avenue, N.W., Washington, DC 20423.

(2) On November 3, 1995, the "Notice of Intent To Abandon and Discontinue Service" was mailed by Certified Mail, Return Receipt Requested, to the Honorable Jim Edgar, Governor – State of Illinois, and a copy was mailed by first class mail to the State of Illinois offices as follows:

Executive Director  
Illinois Commerce Commission  
P.O. Box 19280  
Springfield, IL 62794-9280

Secretary  
Department of Transportation  
2300 South Dirksen Parkway #300  
Springfield, IL 62764



The "Notice of Intent To Abandon and Discontinue Service" was also mailed by first-class mail on November 3, 1995, to the following:

U.S. Department of Transportation  
Federal Railroad Administration  
400 Seventh Street S.W.  
Washington, D.C. 20590

U.S. Department of Interior  
Recreation Resources Assistance Div  
National Park Service  
1100 L Street, N.W. #2321  
Washington, D.C. 20240

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance Div  
P.O. Box 37127  
Washington, D.C. 20013-7127

U.S. Department of Interior  
Land Resources Division  
National Park Service  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

U.S. Railroad Retirement Board  
844 Rush Street  
Chicago, IL 60611

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

Office of the Special Counsel  
Interstate Commerce Commission  
12th & Constitution Ave., N.W.  
Washington, D.C. 20423

Headquarters - Railway Labor  
Executive Association  
400 North Capitol Street, Suite 850  
Washington, D.C. 20001

Section of Rail Service Planning  
Interstate Commerce Commission  
12th & Constitution Avenue, NW  
Washington, D.C. 20423

Director  
State Extension Service  
122 Munford Hall  
University of Illinois  
Urbana, IL 61801

(3) The "Notice of Intent To Abandon and Discontinue Service" was mailed to the shippers-receivers on the line on November 3, 1995.

(4) The "Notice of Intent To Abandon and Discontinue Service" was published once each week for three consecutive weeks in newspapers generally circulated in the counties as follows:

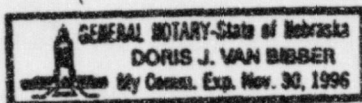
<u>County</u>	<u>Newspaper</u>	<u>Dates Published</u>
Menard	Petersburg Observer	November 9, 16 and 23, 1995
Sangamon	State Journal Register (Springfield)	November 3, 10 and 17, 1995
Macoupin	Virden Recorder	November 8, 15 and 22, 1995

(5) On November 7, 1995, the Notice of Intent was posted in a conspicuous place on the bulletin board at the Railroad's National Customer Service Center located at 210 N. 13th Street, St. Louis, MO 63103, this being the "Station" which handles business over the line proposed to be abandoned.

SIGNED:

*Jeanna L. Regier*  
Jeanna L. Regier  
Registered ICC Practitioner

SUBSCRIBED AND SWORN to before me a Notary Public this 18<sup>th</sup> day of November, 1995.



*Doris J. Van Bibber*  
Notary Public

My Commission Expires:

*Nov. 30, 1996*



CERTIFICATE OF SERVICE

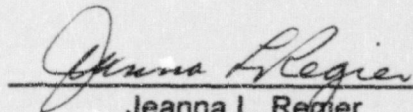
The undersigned hereby certifies that the foregoing Application in Docket No. AB-33 (Sub-No. 96) was served on those parties listed at 49 C.F.R. § 1152.24(c) by mailing a copy first-class mail to the following:

Section of Rail Services Planning  
Interstate Commerce Commission  
12th & Constitution Ave., N.W.  
Washington, D.C. 20423

Honorable Jim Edgar  
Governor - State of Illinois  
State Capitol  
Springfield, IL 62706

Executive Director  
Illinois Commerce Commission  
P.O. Box 19280  
Springfield, IL 62794-9280

Secretary  
Department of Transportation  
2300 South Dirksen Parkway #300  
Springfield, IL 62764

  
\_\_\_\_\_  
Jeanna L. Regier

Before the  
INTERSTATE COMMERCE COMMISSION

---

Docket No. AB-33 (Sub-No. 97X)

UNION PACIFIC RAILROAD COMPANY  
-- ABANDONMENT EXEMPTION --  
DE CAMP-EDWARDSVILLE LINE  
IN MADISON COUNTY, ILLINOIS

---

NOTICE OF EXEMPTION

Union Pacific Railroad Company ("UPRR") submits this verified Notice of Exemption pursuant to 49 C.F.R. § 1152, Subpart F--Exempt Abandonments and Discontinuances of Service and Trackage Rights, for an exempt abandonment of the De Camp-Edwardsville line (portion of the Madison Subdivision)<sup>1</sup> from milepost 119.2 near De Camp to milepost 133.8 near Edwardsville, a distance of approximately 14.6 miles in Madison County, Illinois. The abandonment does not include active industries at De Camp or Edwardsville,<sup>2</sup> Illinois.

The abandonment of this line is related to, and contingent upon, the proposed UP/SP consolidation, approval for which is being sought in ICC Finance Docket No. 32760.

Proposed Consummation Date: 49 C.F.R. § 1152.50 (d)(2)

The abandonment will be consummated on or after the effective date of a Commission decision approving the application in Finance Docket No. 32760.

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<sup>1</sup> This line was formerly part of the St. Louis Subdivision of the Chicago and North Western Railway Company ("CNW"). CNW was merged into UP on October 1, 1995.

<sup>2</sup> Edwardsville industries are included in the abandonment petition being filed simultaneously in Docket No. AB-33 (Sub-No. 98X).



### Federally Granted Rights-of-Way

Based on information in the railroad's possession, the line does not contain federally granted rights-of-way. Any documentation in the railroad's possession will be made available promptly to those requesting it.

### Certification: 49 C.F.R. 1152.50(b)

UPRR certifies that no local traffic has moved over the line for at least two years; no user of rail service on the line, or a state or local governmental entity acting on behalf of such user, has filed formal complaints with this Commission regarding cessation of service over the line; and a formal complaint is neither pending with this Commission nor any U.S. District Court nor has been decided in favor of the complainant within the two-year period. Overhead traffic now moving over the line will be rerouted over other rail lines after the UP/SP consolidation.

### Additional Information Required:

#### 49 C.F.R. 1152.22(a)(1)-(5), (8) and (e)(5)

#### (a) General.

(a)(1) The railroad's exact name is Union Pacific Railroad Company.

(a)(2) UPRR is a common carrier by railroad subject to the Interstate Commerce Act.

(a)(3) UPRR is a railroad affiliate in the UP rail system.

(a)(4) UPRR intends to abandon the De Camp-Edwardsville line (portion of its Madison Subdivision, formerly part of the Chicago and North Western Railway Company's St. Louis Subdivision) extending from milepost 119.2 near De Camp to milepost 133.8 near Edwardsville, a distance of approximately 14.6 miles in Madison County, Illinois.

(a)(5) A map showing the location of the line in conjunction with other rail lines, highways and roads in the area is attached as Appendix A.

(a)(8) The representatives to whom correspondence regarding this abandonment should be sent are:

Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
1416 Dodge Street, Room 830  
Omaha, Nebraska 68179  
Tel. (402) 271-3072  
(402) 271-4835

(e)(5) Rural and Community Impact. The land area of the abandonment totals approximately 138.83 acres. Tentatively the land area considered to be reversionary consists of 45.25 acres and the non-reversionary property totals 93.58 acres.

The property is probably not suitable for public purposes in the form of roads or highways, other forms of mass transportation, conservation, energy production or transmission, or recreation, because the area appears to be adequately served by existing roads and utility lines. However, UP has received an expression of interest in trail use of the property.

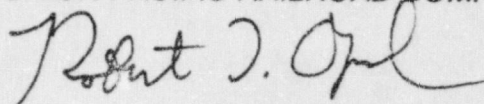
Labor Protection

The interests of railroad employees will be protected by the conditions discussed in Oregon Short Line Railroad Co. -- Abandonment -- Goshen, 360 I.C.C. 91 (1979).

Environmental/Historic Report

Required environmental and historic information is contained in the Environmental Report being filed in ICC Finance Docket No. 32760.

UNION PACIFIC RAILROAD COMPANY



Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
1416 Dodge Street, Room 830  
Omaha, Nebraska 68179  
Tel. (402) 271-3072  
(402) 271-4835



VERIFICATION

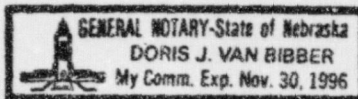
Docket No. AB-33 (Sub-No. 97X)

STATE OF NEBRASKA     )  
                                      ) ss.  
COUNTY OF DOUGLAS    )

Raymond E. Allamong makes oath and says that he is Manager-Rail Line Planning of UP; that he has examined all of the statements in the foregoing Notice of Exemption in Docket No. AB-33 (Sub-No. 97X), De Camp-Edwardsville Line (portion of Madison Subdivision); that he has knowledge of the facts and matters relied upon in the Notice; and that all representations set forth therein are true to the best of his knowledge, information and belief.

Raymond E. Allamong  
Raymond E. Allamong

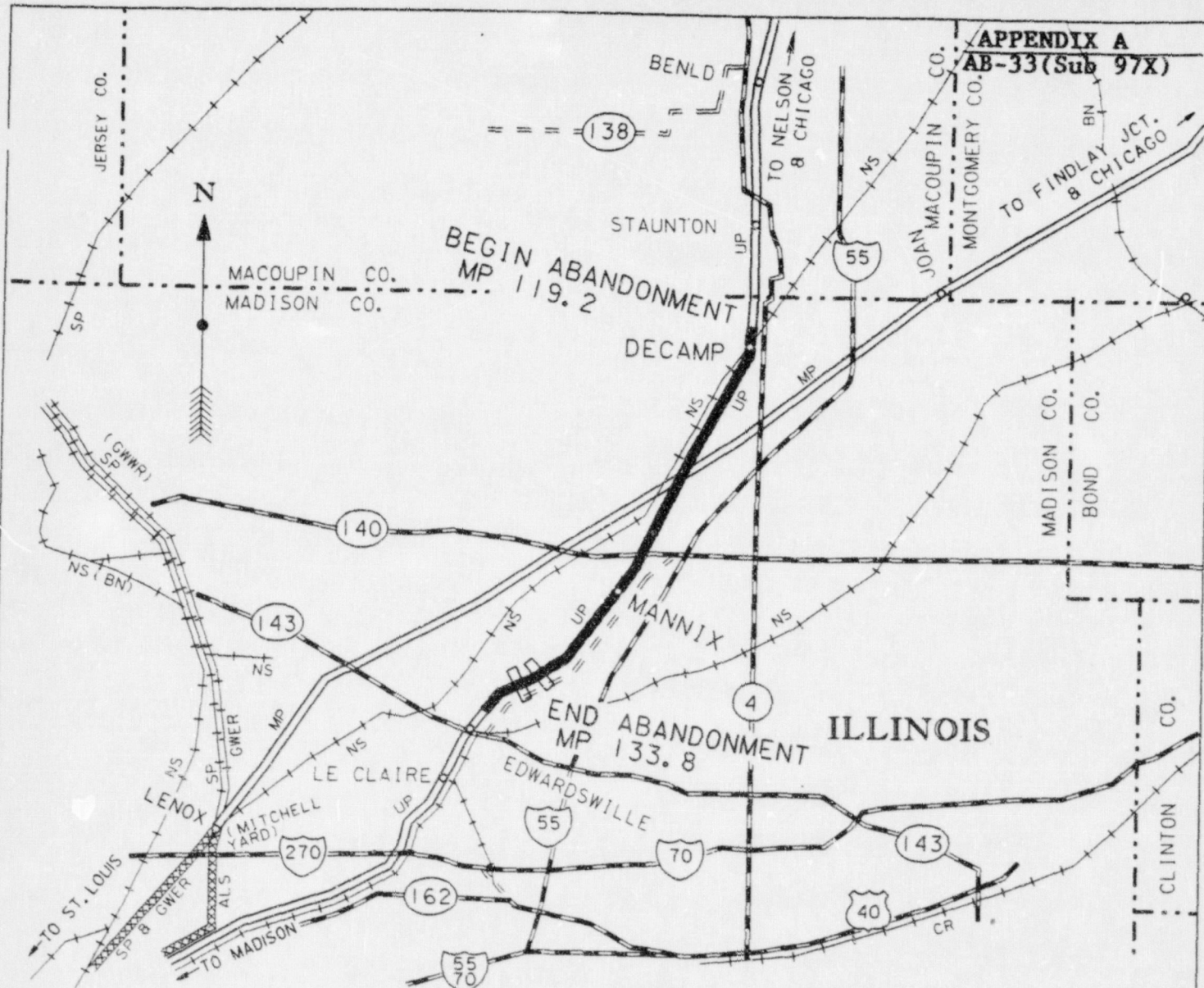
Subscribed and sworn to before me a Notary Public in and for the State and County above named, this 16 day of November, 1995.



Doris J. Van Bibber  
Notary Public

My Commission Expires:

Nov. 30, 1996



NOTE: AGES OF BR. NO. 131.80  
AND BR. NO. 132.47 ARE UNKNOWN

BRIDGE NO.	BRIDGE TYPE	TOTAL LENGTH	DATE
131.80	CONCRETE ARCH - BALLAST DECK	22.0'	NO DATA
132.47	CONCRETE ARCH - BALLAST DECK	140.0'	NO DATA

# LEGEND

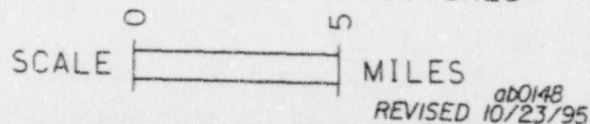
- UPRR LINES TO BE ABANDONED
- MPRR & UPRR TRACKAGE RIGHTS OVER OTHER RAILROADS.
- OTHER UPRR & MPRR LINES
- OTHER RAILROADS
- 50+ YEAR OLD STRUCTURES
- PRINCIPAL HIGHWAYS
- OTHER ROADS

## MADISON SUBDIVISION

MP 119.2 TO MP 133.8  
MADISON SUBDIV. A TOTAL OF 14.6 MILES  
IN MADISON COUNTY, ILLINOIS

STATION	MILE POST	AGENCY
DE CAMP	119.8	NO
MANNIX	128.3	NO

UNION PACIFIC RAILROAD CO.  
MADISON SUBDIVISION  
INCL. 50+ YEAR OLD STRUCTURES





DOCKET NO. AB-33 (SUB-NO. 97X)  
De Camp-Edwardsville Line

CERTIFICATE OF COMPLIANCE

(1) The undersigned certifies that on November 9, 1995, the information required at 49 C.F.R. § 1105.7(e)(1) was served by first class mail, postage prepaid, on the designated state agency (State Clearinghouse) or its alternates:

Steve Klockenga  
State Single Point of Contact  
Office of the Governor  
State of Illinois  
107 Stratton  
Springfield, IL 62706

(2) The undersigned certifies that on November 9, 1995, written notice pursuant to 49 C.F.R. 1152.50(d)(1) was given of the exemption procedure which would be used for abandonment and discontinuance of operations of the De Camp-Edwardsville line in Docket No. AB-33 (Sub-No. 97X) by mailing first class mail, postage prepaid a letter of notification of the proposed action to the following:

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

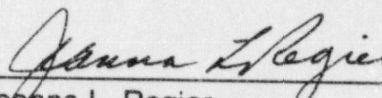
U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

Executive Secretary  
Illinois Commerce Commission  
P.O. Box 19280  
Springfield, IL 62794-9280

Secretary  
Department of Transportation  
2300 South Dirksen Parkway #300  
Springfield, IL 62764

3. The undersigned further certifies that a notice containing the filing of this Notice of Exemption was published in the form pursuant to 49 C.F.R. § 1105.12, as revised, as follows:

<u>County</u>	<u>Newspaper</u>	<u>Date</u>
Madison	Edwardsville Intelligencer	November 9, 1995

  
Joanna L. Regier



CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Notice of Exemption in Docket No. AB-33 (Sub-No. 97X), De Camp-Edwardsville Line was served on November 29, 1995, by mailing a copy, first class mail postage prepaid to the following:

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

Executive Secretary  
Illinois Commerce Commission  
P.O. Box 19280  
Springfield, IL 62794-9280

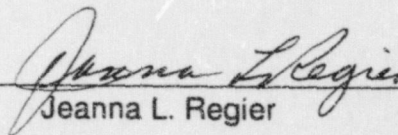
U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance  
Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

Secretary  
Department of Transportation  
2300 South Dirksen Parkway #300  
Springfield, IL 62764

U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

The Honorable Jim Edgar  
Governor - State of Illinois  
State Capitol  
Springfield, IL 62706

U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

  
Jeanna L. Regier

Before the  
INTERSTATE COMMERCE COMMISSION

---

Docket No. AB-33 (Sub-No. 98X)

UNION PACIFIC RAILROAD COMPANY  
-- ABANDONMENT EXEMPTION --  
EDWARDSVILLE-MADISON LINE  
IN MADISON COUNTY, ILLINOIS

---

PETITION FOR EXEMPTION

I.

Introduction

Union Pacific Railroad Company ("UPRR") submits this petition pursuant to 49 U.S.C. § 10505 for an exemption from the statutory provisions of 49 U.S.C. §§ 10903, et seq., for the abandonment of a railroad line known as the Edwardsville-Madison Line<sup>1</sup> in Madison County, Illinois. The abandonment does not include active industries located at Madison.

The abandonment of this line is related to, and contingent upon, the proposed UP/SP consolidation, approval for which is being sought in ICC Finance Docket No. 32760.

Abandonment of rail lines requires authorization and approval of this Commission pursuant to 49 U.S.C. § 10903. However, 49 U.S.C. § 10505 requires the Commission to exempt a transaction when it finds: (1) continued regulation is not necessary

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<sup>1</sup> This line was previously the Edwardsville-Madison Line (portion of St. Louis Subdivision) of the Chicago and North Western Railway Company ("CNW"). On October 1, 1995, CNW was merged into UPRR and ceased its corporate existence. At or about that time, the St. Louis Subdivision was redesignated and renamed the Madison Subdivision.



to carry out the Rail Transportation Policy of 49 U.S.C. § 10101(a); and (2) either the transaction is of limited scope or Commission regulation is not necessary to protect shippers from an abuse of market power. Petitioner's proposed abandonment satisfies the standards for an exemption.

II.

Petitioner's Representatives

Petitioner's representatives in this abandonment proceeding are:

Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
Union Pacific Railroad Company  
1416 Dodge Street, Room 830  
Omaha, NE 68179-0830  
(402) 271-3072  
(402) 271-4835

III.

Description of the Line, Maintenance and Service

Petitioner's Edwardsville-Madison line extends from MP 133.8 near Edwardsville to MP 148.78 near Madison (approximately 14.98 miles). It is used primarily as a through route by overhead trains operating to and from the St. Louis area and by coal trains from Monterey, Illinois, which are interchanged to NS near Edwardsville. After a UP/SP consolidation, the overhead traffic would be rerouted over other UP/SP trackage, and the coal traffic would be rerouted over a new NS interchange at DeCamp, Illinois. The local traffic generated on the line is minimal, averaging around 24 cars per year. Local service has been provided on an as-needed basis. The main track is constructed with 11.98 miles of 115-pound continuous welded rail and 3.0 miles of 115-pound jointed rail, with an additional 2.6 miles of sidings.

IV.  
Exhibit 1 - Map

The Edwardsville-Madison line proposed for abandonment is shown on the map identified as Appendix A and attached to this Petition. Other rail lines in the area and major highways are shown on the map.

V.  
Shipper Information

The only active shipper on the line is Kasten Railcar (now called Illinois Transit Assembly Corporation), 214 South Brown Avenue, Edwardsville, Illinois 62025. As discussed in the accompanying Verified Statement of Gary G. Sorley, this shipper has a small shop and storage yard at Edwardsville which generates occasional movements of rail passenger cars on their own wheels. Recent shipping history is shown below:

Kasten Railcar Traffic <u>1993-1995 (9 months)</u>			
<u>Commodity</u>	<u>1993</u>	<u>1994</u>	<u>Jan.-Sept. 1995</u>
37-Transportation Equipment	21	32	13

As discussed in Mr. Sorley's Verified Statement, the Edwardsville facility is one of two facilities Kasten's has in the St. Louis area. The other facility is a storage yard (River Yard) in the National Stockyards in Madison, Illinois, which is not affected by this abandonment (roughly 1/3 to 1/2 of Kastens rail traffic consists of transfers of equipment between the two facilities). Kasten was exploring relocation of its Edwardsville operations



before the abandonment was announced, and relocation to the National Stockyards area appears feasible.

#### VI.

##### The Line Is Not Viable

There is no possibility that this line could ever be viably operated for local traffic. Local traffic averages only about 24 cars per year (66 cars in the 33 month period January 1, 1993 - September 30, 1995), which represents only 1.6 carloads per mile per year. As shown by the accompanying Verified Statement of Hans Mathiessen, the revenues from this traffic do not even cover transportation-related costs incurred in handling it. Any track maintenance costs or any of the other costs of keeping the line in service. Petitioner is not aware of any prospects that other rail shippers would locate on this line.

#### VII.

##### The Standards For An Exemption Have Been Met

Detailed scrutiny of the abandonment by the Commission under 49 U.S.C. § 10903 is not necessary to carry out the Rail Transportation Policy of 49 U.S.C. § 10101a. An exemption will minimize the administrative expenses in the preparation and review associated with a formal abandonment application, will expedite regulatory action and will reduce regulatory barriers for exit consistent with 49 U.S.C. §§ 10101a(2) and (7). There is no prospect the line could be operated viably once overhead traffic is rerouted, given the minimal local traffic on the line. An exemption will thus "foster sound economic conditions in transportation" consistent with § 10101a(5).

The proposed abandonment is clearly a transaction of "limited scope" given the short (14.98 miles) length of the line and the small amount of local traffic (average of 24

cars per year) handled by it. In addition, regulation of this abandonment is not needed to protect shippers from an abuse of market power. The abandonment represents a withdrawal by UPRR from the small amount of local business generated by this line, not an exercise of market power over it.

#### VIII.

##### Land Area, Public Use and Federal Grant Information

The land area of the abandonment totals 191.16 acres. Tentatively, 175.46 acres are considered to be non-reversionary and 15.70 acres reversionary.

Petitioner's opinion is that the right-of-way is not generally suitable for public uses such as roads, highways, mass transportation, conservation, energy production or transmission. However, based on preliminary expressions of interest Petitioner has received, the property may be suitable for trail use.

Based on information in Petitioner's possession, the line does not contain federally granted right-of-way.

#### IX.

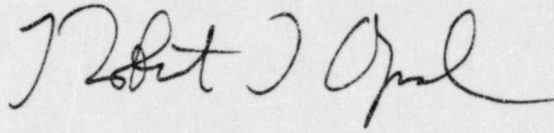
##### Environmental/Historic Report

Required environmental and historic information is contained in the Environmental Report being filed in ICC Finance Docket No. 32760.

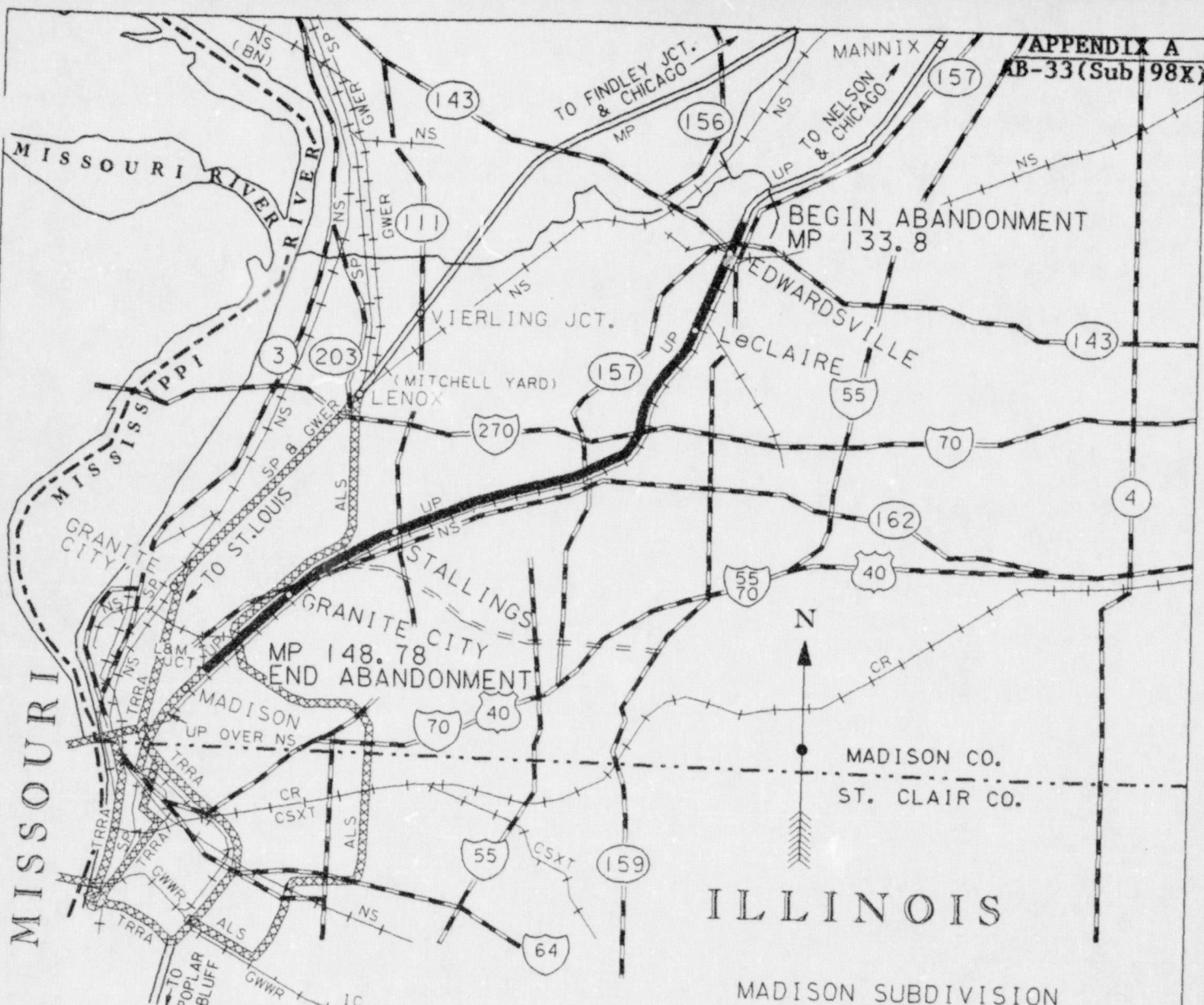
WHEREFORE, Petitioner respectfully requests that this Commission issue a decision to exempt from the provisions of 49 U.S.C. §§ 10903 et seq., the abandonment of its Edwardsville-Madison line extending from milepost 133.8 near Edwardsville to milepost 688.5, near Madison, a distance of 14.98 miles in Madison County, Illinois.



UNION PACIFIC RAILROAD COMPANY

A handwritten signature in black ink, appearing to read "Robert T. Opal". The signature is fluid and cursive, with the first name "Robert" and last name "Opal" clearly distinguishable.

Robert T. Opal, General Attorney  
Jeanna J. Regier, Registered ICC Practitioner  
1416 Dodge Street, Room 830  
Omaha, NE 68179-0830  
(402) 271-3072  
(402) 271-4835



**NOTE:**

THERE ARE NO BRIDGES  
OVER 50 YEARS OLD ON  
THIS ABANDONMENT.

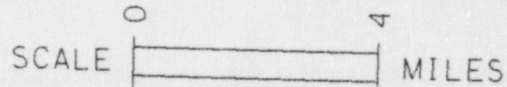
**LEGEND**

- UPRR LINES TO BE ABANDONED
- MPRR & UPRR TRackage RIGHTS OVER OTHER RAILROADS.
- ===== OTHER UPRR & MPRR LINES
- +++++ OTHER RAILROADS
- 50+ YEAR OLD STRUCTURES
- ===== PRINCIPAL HIGHWAYS
- ===== OTHER ROADS

MADISON SUBDIVISION  
MP 133.8 TO MP 148.78  
MADISON SUBDIVISION A TOTAL OF 14.98 MILES  
IN MADISON COUNTY, ILLINOIS

STATION	MILE POST	AGENCY
EDWARDSVILLE	134.5	NO
LeCLAIRE	136.2	NO
STALLINGS	144.0	NO
GRANITE CITY	146.5	NO

UNION PACIFIC RAILROAD CO.  
MADISON SUBDIVISION  
INCL. 50+ YEAR OLD STRUCTURES





**Edwardsville-Madison, Illinois**

**VERIFIED STATEMENT  
OF  
GARY G. SORLEY**

My name is Gary G. Sorley. I am Product Manager-Food Grain Products for UP. My office address is 1416 Dodge Street, Omaha, Nebraska 68179. I joined UP in July of this year after working for CNW since 1966.

The purpose of this statement is to discuss the business, traffic and prospects of Kastens Rail Car at Edwardsville, Illinois, the only active rail shipper served by the Edwardsville-Madison line. Kastens has nothing to do with food grain products, my current area of responsibility. However, I was Manager Sales and Marketing - Miscellaneous Manufactured Products for CNW from 1988 through 1993. My commodities included rail rolling stock moving as freight. The Edwardsville-Madison line was a CNW line, and Kastens was one of my accounts.

Kastens was actually one of three rail car firms served by CNW in the St. Louis area. The two others were American Boat and Southern Illinois Railcar in an area called National Stockyards, which is south of the line being abandoned. Both of these firms repaired and rebuilt freight cars and both shared American Boat's building (an old railroad carshop) until it was destroyed by fire in 1992. Both firms continued to operate outdoors until recently when a new metal building was constructed on the old foundation.

Kastens differs from the other two firms in that it deals primarily in passenger cars, either rebuilding cars for sale to private owners, or repairing cars. It is located in a small, two stall metal shop structure which formerly served the old Litchfield & Madison

Railroad, which was merged into CNW in the 1950's (the L & M's herald, though painted over, is still evident). The structure appears quite old and, while I have not researched company records, it probably dates back to the early 1940's. There are also a number of storage tracks which are full of old streamlined passenger cars in varying states of repair and disrepair. Kastens actually has more of this old equipment than it can fit into Edwardsville. As a consequence, it has leased trackage at a place called River Yard in the National Stockyards area, where it has additional equipment (around 40 cars) in storage. Most of these are retired Amtrak cars, some of which had been in bad wrecks, but there are also some retired VIA cars, commuter cars from Boston, and one coach from the Alaska Railroad.

As can be expected with such a specialized business, Kastens does not generate a great deal of rail traffic. In 1993, the last year in which I had direct responsibility for this account, Kastens received 13 cars and forwarded 8 (21 total). I have familiarized myself with Kastens' business since 1993 as well. In 1994, Kastens received 20 cars and forwarded 12 (32 total). In 1995 (through September) Kastens received 10 cars and forwarded 3 (13 total). Roughly, one-third to one-half of the traffic in a year consists of movements between Kastens' River Yard and Edwardsville facilities.

These traffic figures reveal an interesting pattern - more cars go in than come out. The likely explanation is that Kastens is probably acquiring cars when the opportunity presents itself, even though it may not have customers for them at the time. The cars are then placed in storage for future projects (either rebuilding or cannibalizing for parts). This would account for the number of cars that Kastens has in storage, most of which do not



appear to be being worked on. It also accounts for the somewhat higher volume of shipments during 1994, since Amtrak auctioned a large amount of excess "Heritage" equipment from its Beech Grove, Indiana, car shop that year. Kastens probably took this opportunity to add to its inventory.

As shown above, Kastens' shipping volume through September of this year has been only 13 cars. If the traffic continues at this rate, Kastens' traffic for the year should be around 18 cars, which is below its 1993 volume (21 cars). I would not expect the higher 1994 volume (32 cars) to be repeated even if Amtrak were to release another large batch of surplus cars, since Kastens has no room at Edwardsville for more equipment.

There remains the question of what Kastens would do if the Edwardsville line were abandoned. In my view, Kastens should be giving very serious consideration to relocating its passenger car business. One possibility would be the National Stockyards area (in Illinois, across the Mississippi River from St. Louis). There is quite a bit of vacant property in this area, and I understand that the current owners are looking for tenants. As I have mentioned, Kastens is already using the River Yard trackage in the stockyards area for storage. There is vacant property in the immediate vicinity, and it would probably make sense for Kastens to centralize all of its operations there. The location is also closer to St. Louis and would avoid railroad charges for moving equipment back and forth between the stockyards and Edwardsville. I understand from UP real estate personnel that Kastens contacted UP in early 1995 proposing to relocate its operations into UP's unused Ewing Avenue diesel shop in St. Louis. While this particular option did not work out, it shows that

Kastens was trying to relocate its Edwardsville operations before either the UP/SP merger or the Edwardsville abandonment were announced. It does not surprise me that Kastens would want to leave Edwardsville, since its facilities there are wedged into a residential area and are completely congested.

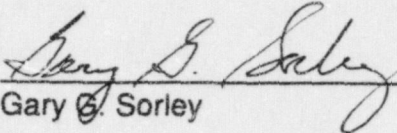
Finally, I note that Kastens is now calling itself the "Illinois Transit Assembly Corporation", which suggests that it is branching out into the field of transit car assembly and repair. This type of work does not require rail access. Transit cars are not usually moved over freight railroads on their own wheels. There are a variety of reasons for this, including lack of railroad compatible air brakes, drawbars and safety appliances. As a result, when transit cars move by rail, they usually move on flatcars. They are also very commonly moved by truck. The Chicago Transit Authority used to receive rail rapid transit cars over a CNW line that served its main shops in Skokie, Illinois, but then switched to trucks. The CNW line was subsequently abandoned and this facility no longer has rail access.



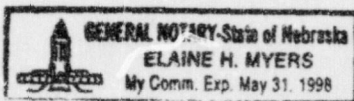
**VERIFICATION**

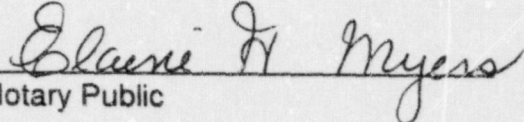
STATE OF NEBRASKA    )  
                                  ) ss.  
COUNTY OF DOUGLAS    )

Gary G. Sorley, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

  
\_\_\_\_\_  
Gary G. Sorley

Subscribed and sworn to before me this 13<sup>th</sup> day of November, 1995.



  
\_\_\_\_\_  
Notary Public

My Commission Expires:

May 31, 1998

**Edwardsville-Madison, Illinois**

**VERIFIED STATEMENT**

**OF**

**HANS MATTHIESSEN**

My name is Hans Matthiessen. I am a Senior Project Manager-Economic Research for UP at 1416 Dodge Street, Omaha, Nebraska 68179. I hold a Bachelor of Science degree in Business Administration from Iowa State University. I was employed by CNW from 1969 to 1995. I began my employment with the UP in 1995. My present responsibilities include regulatory planning and analysis. I held a similar position at the CNW during 1989-1995.

I have developed for this proceeding an abbreviated financial analysis for the Edwardsville-Madison line which is attached to this statement as Exhibit HM-1. Revenue and costs shown in this exhibit were prepared in accordance with ICC regulations as prescribed in 49 C.F.R. § 1152.31 et seq. However, Exhibit HM-1 does not show the full avoidable loss that UP would incur were this line operated solely for local traffic. Rather, what it shows is that the revenues from the local traffic do not even cover selected transportation costs of handling the traffic. An explanation of the line items on Exhibit HM-1 is as follows:

Line 1 consists of the total system revenues earned by UP/SP for hauling the local traffic that originated or terminated on the line.



Line 2 represents locomotive repair and maintenance expense based on branch locomotive miles.

Line 3 represents the crew wage, locomotive fuel, and servicing, and train inspection costs incurred for moving the local traffic between Edwardsville and Madison, and is based on the train service that was actually performed. When it is necessary to move cars to or from Edwardsville, the work is done by a yard job assigned to the Madison Yard (2-person crew). The transportation costs shown represent 16 trips in 1993, 21 trips in 1994 and 13 trips in 9 months of 1995 required to perform the service to and from Edwardsville. Kastens traffic is usually handled one car at a time, although there have been scattered moves of more than one car.

Line 4 represents off-branch car costs, mainly the switching and interchange cost in St. Louis.

Line 5 represents the total of the selected transportation costs shown on lines 2 - 4.

Line 6 represents the excess (deficit) of freight revenues over the selected transportation costs (line 1 minus line 5). As can be seen, there is a deficit for each of the periods shown.

#### Summary

This line is obviously not viable if operated solely for local traffic. Exhibit HM-1 demonstrates that the freight revenues from the local traffic do not even cover transportation costs of handling the traffic. There is no money left over for any track maintenance, or any of the other costs of operating a railroad.

COMPARISON OF FREIGHT  
REVENUE AND SELECTED TRANSPORTATION  
COSTS

	<u>1993</u>	<u>1994</u>	<u>1995</u>
Revenue for:			
1. Freight Originating and/or Terminated On-Branch	\$ 9,834	\$10,897	\$ 4,550
Avoidable Costs for:			
2. Locomotive Repair and Maintenance	\$ 326	\$ 389	\$ 244
3. Crews, Fuel, Servicing and Inspection	7,695	9,977	5,146
4. Off-Branch Car Cost Excluding ROI	<u>2,919</u>	<u>3,640</u>	<u>1,359</u>
5. Total Selected Transportation Costs	<u>\$10,940</u>	<u>\$14,006</u>	<u>\$ 6,749</u>
6. Excess (Deficit) of Freight Revenues Over Selected Transportation Costs	<u>(\$1,106)</u>	<u>(\$3,109)</u>	<u>(\$2,199)</u>



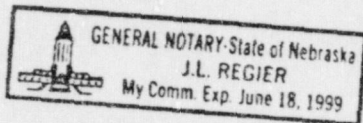
VERIFICATION

STATE OF NEBRASKA           )  
                                      )  
COUNTY OF DOUGLAS        ) ss:

HANS MATTHIESSEN, being first duly sworn, deposes and states that he has read the above document, knows the facts asserted therein, and that the same are true as stated.

Hans Matthiessen  
Hans Matthiessen

SUBSCRIBED and sworn to before me this 13<sup>th</sup> day of  
November, 1995.



J.L. Regier  
Notary Public

My Commission expires: June 18, 1999

## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Petition For Exemption in Docket No. AB-33 (Sub-No. 98X), Edwardsville-Madison Line (portion of Madison Subdivision), was served on November 29, 1995, by mailing a copy, first class mail postage prepaid to the following:

**MTMCTEA**

Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

Honorable Jim Edgar  
Governor - State of Illinois  
State Capitol  
Springfield, IL 62706

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance  
Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

Executive Director  
Illinois Commerce Commission  
P.O. Box 19280  
Springfield, IL 62794-9280

U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240

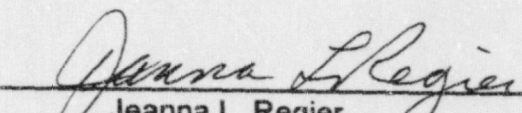
Secretary  
Department of Transportation  
2300 South Dirksen Parkway #300  
Springfield, IL 62764

U.S. Department of Agriculture  
Chief of the Forest Service  
4th Floor NW, Auditors Building  
14th Street & Independence Ave., S.W.  
Washington, D.C. 20250

Kasten Railcar  
214 South Brown Avenue  
Edwardsville, IL 62025

The undersigned further certifies that a notice of the abandonment, pursuant to 49 C.F.R. § 1105.12, was published as follows:

<u>County</u>	<u>Newspaper</u>	<u>Date</u>
Madison	Edwardsville Intelligencer	November 15, 1995

  
Jeanna L. Regier



Before the  
INTERSTATE COMMERCE COMMISSION

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Docket No. AB-33 (Sub-No. 99X)

UNION PACIFIC RAILROAD COMPANY  
-- ABANDONMENT EXEMPTION --  
LITTLE MOUNTAIN JUNCTION-LITTLE MOUNTAIN LINE  
IN BOX ELDER AND WEBER COUNTIES, UTAH

---

NOTICE OF EXEMPTION

Union Pacific Railroad Company ("UPRR") submits this verified Notice of Exemption pursuant to 49 C.F.R. 1152, Subpart F -- Exempt Abandonments and Discontinuances of Service and Trackage Rights, for an exempt abandonment of the Little Mountain Junction-Little Mountain line (portion of the Little Mountain Branch) from milepost 0.0 near Little Mountain Junction to milepost 12.0 near Little Mountain, a distance of approximately 12.0 miles in Box Elder and Weber Counties, Utah. The abandonment does not include active industries at Little Mountain Junction or Little Mountain, Utah.

The abandonment of this line is related to, and contingent upon, the proposed UP/SP consolidation, approval for which is being sought in ICC Finance Docket No. 32760.

Proposed Confirmation Date: 49 C.F.R. § 1152.50 (d)(2)

The abandonment will be consummated on or after the effective date of a Commission decision approving the application in Finance Docket No. 32760.

### Federally Granted Rights-of-Way

Based on information in the railroad's possession, the line does not contain federally granted rights-of-way. Any documentation in the railroad's possession will be made available promptly to those requesting it.

### Certification: 49 C.F.R. 1152.50(b)

UPRR certifies that no local traffic has moved over the line for at least two years; no user of rail service on the line, or a state or local governmental entity acting on behalf of such user, has filed formal complaints with this Commission regarding cessation of service over the line; and a formal complaint is neither pending with this Commission nor any U.S. District Court nor has been decided in favor of the complainant within the two-year period. Overhead traffic will be rerouted over other rail lines. The line serves as UPRR's access to Little Mountain, which will be accessed via the SP main line after the UP/SP consolidation.

### Additional Information Required:

49 C.F.R. 1152.22(a)(1)-(5), (8) and (e)(5)

#### (a) General.

(a)(1) The railroad's exact name is Union Pacific Railroad Company.

(a)(2) UPRR is a common carrier by railroad subject to the Interstate Commerce Act.

(a)(3) UPRR is a railroad affiliate in the UP rail system.

(a)(4) UPRR intends to abandon the Little Mountain Junction-Little Mountain line (portion of the Little Mountain Branch) extending from milepost 0.0 near Little Mountain Junction to milepost 12.0 near Little Mountain, a distance of approximately 12.0 miles in Box Elder and Weber Counties, Utah.

(a)(5) A map showing the location of the line in conjunction with other rail lines, highways and roads in the area is attached as Appendix A.



(a)(8) The representatives to whom correspondence regarding this abandonment should be sent are:

Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
1416 Dodge Street, Room 830  
Omaha, Nebraska 68179  
Tel. (402) 271-3072  
(402) 271-4835

(e)(5) Rural and Community Impact. The land area of the abandonment totals approximately 304.43 acres. Tentatively the land area considered to be reversionary consists of 82.18 acres. The non-reversionary property totals 222.25 acres.

The property is probably not suitable for public purposes in the form of mass transportation, conservation, energy production or transmission. There is limited road access in the area and the corridor may be suitable for roadway purposes or a recreation trail.

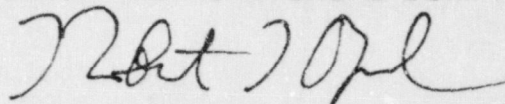
Labor Protection

The interests of railroad employees will be protected by the conditions discussed in Oregon Short Line Railroad Co. -- Abandonment -- Goshen, 360 I.C.C. 91 (1979).

Environmental/Historic Report

Required Environmental and Historic information is contained in Volume 6, Part 4 of the Environmental Report being filed in ICC Finance docket No. 32760.

UNION PACIFIC RAILROAD COMPANY



Robert T. Opal, General Attorney  
Jeanna L. Regier, Registered ICC Practitioner  
1416 Dodge Street, Room 830  
Omaha, Nebraska 68179  
Tel. (402) 271-3072  
(402) 271-4835

VERIFICATION

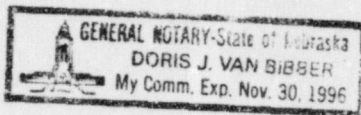
Docket No. AB-33 (Sub-No. 99X)

STATE OF NEBRASKA     )  
                                      ) ss.  
COUNTY OF DOUGLAS    )

Raymond E. Allamong makes oath and says that he is Manager-Rail Line Planning of UP; that he has examined all of the statements in the foregoing Notice of Exemption in Docket No. AB-33 (Sub-No. 99X), Little Mountain Jct.-Little Mountain Line (portion of Little Mountain Branch); that he has knowledge of the facts and matters relied upon in the Notice; and that all representations set forth therein are true to the best of his knowledge, information and belief.

Raymond E. Allamong  
Raymond E. Allamong

Subscribed and sworn to before me a Notary Public in and for the State and County above named, this 16 day of November, 1995.



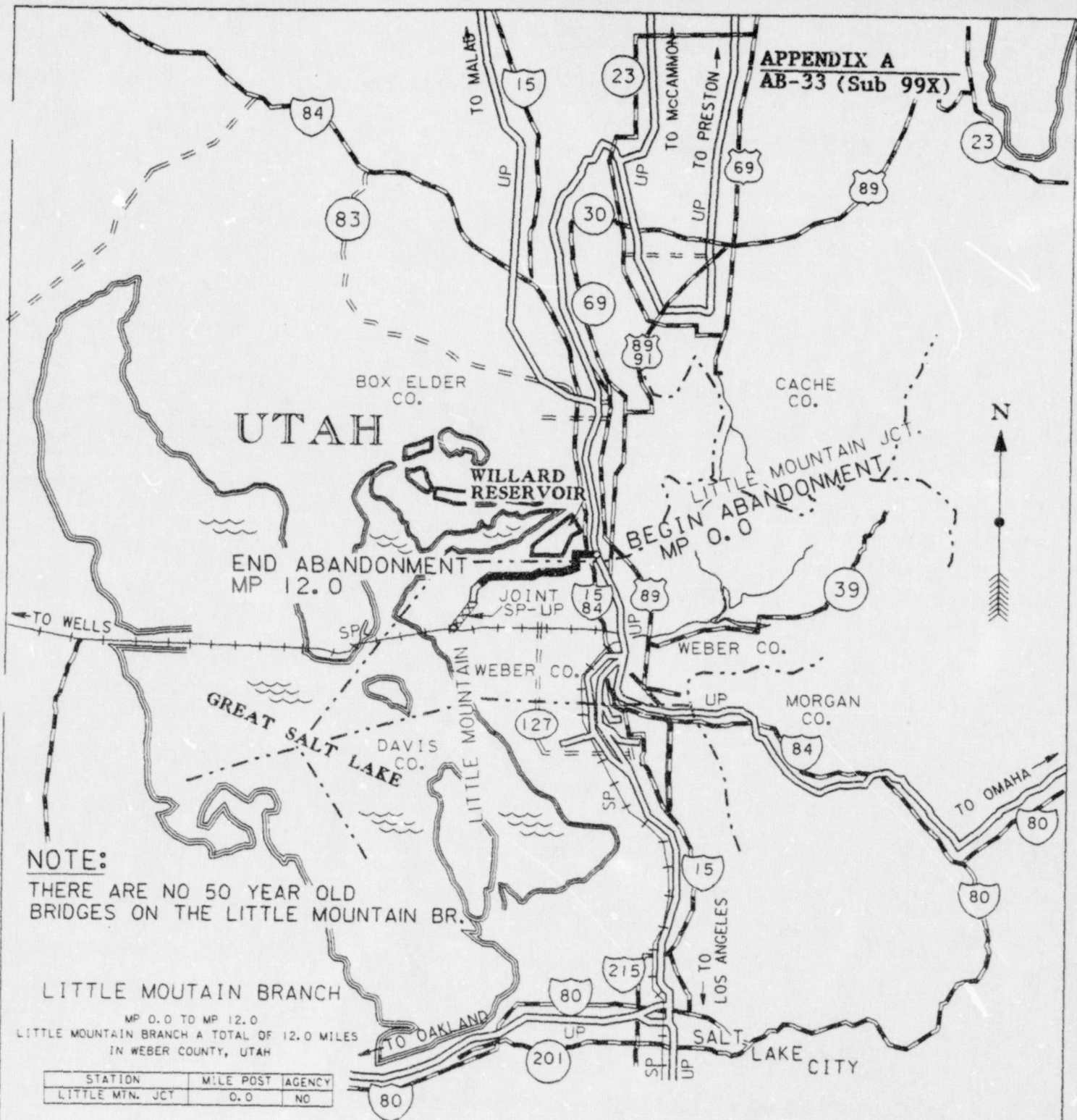
Doris J. Van Bibber  
Notary Public

My Commission Expires:

Nov. 30, 1996



APPENDIX A  
AB-33 (Sub 99X)



LEGEND

- UPRR LINES TO BE ABANDONED
- OTHER UPRR LINES
- OTHER RAILROADS
- PRINCIPAL HIGHWAYS
- OTHER ROADS

UNION PACIFIC RAILROAD CO.  
LITTLE MOUNTAIN BRANCH  
INCL. 50+ YEAR OLD STRUCTURES

SCALE 0 15 MILES

AB0139.DGN

DOCKET NO. AB-33 (SUB-NO. 99X)  
Little Mountain Junction-Little Mountain

CERTIFICATE OF COMPLIANCE

(1) The undersigned certifies that on November 9, 1995, the information required at 49 C.F.R. § 1105.7(e)(1) was served by first class mail, postage prepaid, on the designated state agency (State Clearinghouse) or its alternates:

Utah State Clearinghouse  
Office of Planning and Budget  
Attn. Carolyn Wright  
Room 116 State Capitol  
Salt Lake City, UT 84114

(2) The undersigned certifies that on November 9, 1995, written notice pursuant to 49 C.F.R. 1152.50(d)(1) was given of the exemption procedure which would be used for abandonment and discontinuance of operations over the Little Mountain Junction-Little Mountain line in Docket No. AB-33 (Sub-No.99X) by mailing first class mail, postage prepaid a letter of notification of the proposed action to the following:

MTMCTEA  
Attn: Railroads for National Defense  
720 Thimble Shoals Blvd., Suite 130  
Newport News, VA 23606-2574

U.S. Department of the Interior  
National Park Service  
Recreation Resources Assistance Division  
P.O. Box 37127  
Washington, D.C. 20013-7127

U.S. Department of the Interior  
National Park Service  
Land Resources Division  
1100 L Street, N.W.  
Room 3135  
Washington, D.C. 20240