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RICHARD H. STREETER
ATTORNEY AT LAW
5255 Partridge Lane, N.W.
Washington, D.C. 20016
Tele: 202-363-2011 Mobile 202-210-4761
rhstreeter@gmail.com

Via Electronic Filing

July 5, 2024

Cynthia T. Brown
Chief, Section of Administration Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423-0001

*Re: Finance Docket No. 36447, Lake Providence Port Commission – Feeder
Line Application – Line of Delta Southern Railroad Located in East Carroll
and Madison Parishes, Louisiana*

Dear Ms. Brown:

Pursuant to the Board's orders, served November 20, 2023, December 11, 2023, and April 25, 2024, Applicant, Lake Providence Port Commission ("LPPC"), hereby submits for filing in the above-referenced proceeding Public and Highly Confidential versions of the "Verified Statement of Thomas D. Crowley, President, and Christena Nielsen, Senior Consultant, L.E. Peabody & Associates, Inc." concerning the constitutional minimum value of the line of railroad that is the subject of this proceeding. Respectfully submitted,

Richard H. Streeter

Michael F. McBride

/s/ Richard H. Streeter

/s/ Michael F. McBride

Richard H. Streeter
Law Office Richard H. Streeter
5255 Partridge Lane, N.W.
Washington, D.C. 20016

Michael F. McBride
Van Ness Feldman, LLP
2000 Pennsylvania Ave., N.W.
Suite 6000
Washington, D.C. 20006

Cc (w/attachments): All Parties on Service List

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BEFORE THE
SURFACE TRANSPORTATION BOARD

Docket No. FD 36447

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**Lake Providence Port Commission
– Feeder Line Application –
Line of Delta Southern Railroad Located
In East Carroll and Madison
Parishes, LA**

Verified Statement

of

Thomas D. Crowley
President

and

Christena Nielsen
Senior Consultant

L. E. Peabody & Associates, Inc.
ECONOMIC CONSULTANTS

On Behalf of

Lake Providence Port Commission

Date: July 5, 2024

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LIST OF EXHIBITS

Exhibit No.¹	Exhibit Title
(1)	(2)
9	Modified Schematic of Rail Line from Lake Providence to Tallulah
10	DSRR Lake Providence Branch Going Concern Value Assuming the DSRR Line Ends at Tallulah, LA – 2024
11	DSRR Lake Providence Branch Going Concern Value – Assuming the DSRR Line Includes the Abandoned Storage Track South of Tallulah, LA - 2024
12	DSRR Net Liquidation Value Assuming the DSRR Line Ends at Tallulah, LA – 2Q24
13	DSRR Net Liquidation Value (“NLV”) Summary - 2Q24 Assuming the DSRR Line Includes the Abandoned Track South of Tallulah, LA

¹ Exhibit No. 1 through Exhibit No. 8 are included with our Verified Statement (“VS”) filed on January 3, 2023 in this proceeding.

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I. INTRODUCTION

We are Thomas D. Crowley and Christena Nielsen, President and a Senior Consultant, respectively, of L. E. Peabody & Associates, Inc. L. E. Peabody & Associates, Inc. is an economic consulting firm that specializes in addressing economic, transportation, marketing, financial, accounting, operating and fuel supply matters. We spent most of our consulting careers of over 50 years and over 25 years, respectively, evaluating railroad operations, capacity, costs and profitability and pricing issues for shippers, producers, railroads and government agencies. A summary of Mr. Crowley's credentials is included as Exhibit No. 1 and a summary of Ms. Nielsen's credentials is included as Exhibit No. 2 to our Verified Statement filed on January 3, 2023 in this proceeding ("1/3/23 VS").

We were asked by counsel to update the constitutional minimum value ("CMV") of the Delta Southern Railroad, Inc. ("DSRR") portion of the Lake Providence Branch Line from Lake Providence, LA at milepost ("MP") 471.0 to the interchange with the Canadian Pacific Kansas City Limited ("CPKC")² at Tallulah, LA at MP 498.44 that we developed and presented in our 1/3/23 VS. The updated CMV presented in this verified statement incorporates the data provided by DSRR in response to Lake Providence Port Commission's ("LPPC") data requests during the discovery phase of this proceeding.

By way of background, DSRR operates on two (2) separate and distinct rail lines in Louisiana. One line runs from Monroe, LA to Sterlington, LA (the "Monroe Branch") and the other runs from Lake Providence, LA (MP 471.0) to Tallulah, LA (MP 498.44) (the "DSRR Portion of the Lake Providence Branch Line"). This verified statement, as well as our 1/3/23 VS, concern only the DSRR Portion of the Lake Providence Branch Line. A modified schematic of

² Previously, the Kansas City Southern Railway Company ("KCS").

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the DSRR Portion of the Lake Providence Branch Line is included as Exhibit No. 9 to this verified statement.³

Currently, DSRR regularly provides common carrier railroad transportation for compensation over approximately eight (8) miles on the southern end of the DSRR Portion of the Lake Providence Branch Line that connects the Madison Parish Port (“MPP”) with CPKC at Tallulah, LA (MP 490.91 to MP 498.44). The segment between MP 471.0 and MP 490.91 is used primarily to store railcars and has only been used to move one trainload of traffic since 2016. DSRR also uses the approximately three-quarter-mile length of abandoned track south of the CPKC to store cars. DSRR operates over a segment of the CPKC to access this track as DSRR’s line north of CPKC does not connect to the abandoned track south of the CPKC.⁴

The CMV for a Feeder Line Application requires developing the Going Concern Value (“GCV”) and the Net Liquidation Value (“NLV”) of the DSRR Portion of the Lake Providence Branch Line. The greater of these two (2) calculations equals the CMV. The “relevant GCV here is what the line is worth to [DSRR] as a going concern, not its projected value to the acquiring company [LPPC].”⁵

The remainder of this verified statement summarizes our updated calculation of the CMV for the DSRR Portion of the Lake Providence Branch Line. We developed the GCV by adjusting our January 3, 2023 GCV calculations using revenues, operating expenses and other information provided by DSRR in response to LPPC’s discovery requests. In addition, we updated the NLV of the DSRR Portion of the Lake Providence Branch Line by modifying our findings summarized

³ Exhibit No. 1 through Exhibit No. 8 are included with our 1/3/23 VS.

⁴ See, Exhibit No. 9, page 2 and the Agreement between the KCS and DSRR provided in DSRR_03049.

⁵ See, STB Finance Docket No. 32479, *Caddo Antoine and Little Missouri Railroad Company – Feeder Line Acquisition – Arkansas Midland Railroad Company Line between Gurdon and Birds Mill, AR*, decided August 10, 1999, 4 STB 326 (“*Caddo Antoine*”), at 340.

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in our 1/3/23 VS, which were based, in part, on a field inspection of the issue assets. Our field inspection results were based on observations that we made from the public rights-of-way adjacent to the rail line. Our modifications incorporate data provided by DSRR in response to LPPC's discovery requests.

Our findings are discussed in the remainder of this verified statement and supporting Exhibits under the following topical headings:

- II. Updated Constitutional Minimum Value
- III. Updated Going Concern Value
- IV. Updated Net Liquidation Value

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II. UPDATED CONSTITUTIONAL MINIMUM VALUE

The Feeder Line procedures require the Surface Transportation Board (“STB” or “Board”) to determine the CMV of the issue line. The constitutional minimum value is defined as “not less than the net liquidation value of such line or the going concern value of such line, whichever is greater.”⁶ In our 1/3/23 VS, our calculation of the GCV of the DSRR Portion of the Lake Providence Branch Line equaled \$778,451 at 2022 levels, which was greater than our NLV calculation, which equaled \$168,470 at 4Q22 levels.

Using the data provided by DSRR during discovery, we updated our CMV calculations, i.e., both our GCV and NLV, for: (1) the DSRR Portion of the Lake Providence Branch from MP 471.0 to Tallulah, LA at MP 498.44; and (2) the DSRR Portion of the Lake Providence Branch including the abandoned storage tracks south of Tallulah, LA. Our results are summarized in Table 1 below.

Table 1 Summary of CMV of the DSRR Portion of The Lake Providence Branch Line – 2Q24	
Item (1)	Value (2)
A. <u>Going Concern Value</u>	
1. Assuming DSRR Line ends at Tallulah	\$834,787
2. Assuming DSRR Line includes the Abandoned Storage Tracks South of Tallulah	\$1,067,085
B. <u>Net Liquidation Value</u>	
1. Assuming DSRR Line ends at Tallulah	\$242,109
2. Assuming DSRR Line includes the Abandoned Storage Tracks South of Tallulah	\$248,884
Source: Exhibit No. 10 through Exhibit No. 13.	

⁶ See, 49 U.S.C. 10907 (b)(2).

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Our calculations summarized in Table 1 above are discussed in the remainder of this verified statement.

III. UPDATED GOING CONCERN VALUE

The GCV is defined as “the value of a business enterprise that is expected to continue to operate into the future.”⁷ In this proceeding, the DSRR Portion of the Lake Providence Branch Line is the business enterprise that is being evaluated. As DSRR is currently in operation, it is a going concern and we calculated traffic, revenues, operating expenses and pre-tax earnings that DSRR incurs on the DSRR Portion of the Lake Providence Branch Line.

In our 1/3/23 VS, we utilized a discounted cash flow approach (“DCF”) approach to estimate the GCV of the DSRR Portion of the Lake Providence Branch Line. A DCF approach is a widely used and common approach to estimate the value of a company or asset within a company. For this updated GCV, we relied upon a modified capitalized earnings approach in lieu of a DCF approach to value the DSRR Portion of the Lake Providence Branch Line. We changed our approach primarily due to the fact that DSRR did not provide a forecast of its future capital expenditures, which is required using a DCF approach to estimate future cashflows. Without a forecast of future capital expenditures, we would have to make broad, unsupported assumptions around DSRR’s future capital plans that could have large impacts on the GCV.

To eliminate the need for a forecast of future capital expenditures, we used a modified capitalized earnings approach. The DCF approach computes a present value based on applying a discount rate to the estimated returns of a number of future time periods. The capitalized earnings approach, on the other hand, computes a present value based on applying a capitalization rate to earnings and not cash flows. The capitalized earnings approach is a form of a perpetuity model, which implicitly assumes all growth-adjusted future earnings will remain the same forever. This

⁷ See, “*What is Going Concern Value*” <http://www.appraisalcolorado.com/value-vault/going-concern-value/>.

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eliminates the need to forecast future capital expenditures which would be required under the DCF approach.

While we used a capitalized earnings approach in our GCV determinations, we needed to make a modification to the approach given the information actually provided by DSRR. A standardized capitalized earnings valuation approach assumes that a company or asset will grow at a constant growth rate forever. If this assumption is not true, then the standard model must be modified to take variable growth into account. If non-constant growth rates are not taken into consideration, there could be a vast overstatement or understatement of a company's value. If an assumed constant growth rate in a capitalized earnings valuation is higher than the actual future growth rate, then the company or asset will be overvalued. Conversely, if the assumed constant growth rate is lower than the actual future growth rate, then the value will be understated.

As we explain in more detail below, the DSRR provided documentation in discovery that forecasts DSRR's future traffic volumes to significantly decline. Because DSRR believes its growth rate will not be constant in the future, we needed to modify the standardized capitalized earnings approach to account for DSRR's stated future growth expectations.⁸

To establish the CMV included in our 1/3/23 VS, we relied on DSRR's statements in its Reply to the Board's Order, dated August 23, 2022, in this proceeding and its sworn comments in its *Petition to Reopen and Correct Notice* in FD No. 33802, *Delta Southern Railroad, Inc. – Acquisition and Operation Exemption – Delta Southern Railroad Company*, filed September 23, 2022. In these documents, DSRR assured the Board that “the southern terminus of Lake

⁸ See, “Delta Southern Railroad, Inc. (DSRR) Safety Improvement and Rehabilitation Program, Consolidated Rail Infrastructure and Safety Improvements Program FY 2022 NOFO: FR-CRS-22-004” as provided in Bates No. DSRR_00421.

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Providence Line (and connection there to KCSC) is milepost 498.44.”⁹ DSRR also mentioned that it “owns roughly 1.5 miles of ancillary track located south of the KCSR main line connection at milepost 498.44,” which it described as “non-regulated track.”¹⁰ The Board ruled that the “correct milepost designation for the southern terminus of the line is milepost 498.44 and the total mileage acquired was 141.78.”¹¹ The Board **did not** include any of the unregulated mileage in its calculations when it established the southern terminus of the line and the mileage acquired.

As was confirmed during discovery, the diamond that previously allowed DSRR to cross over the CPKC rail line was removed, i.e., the abandoned storage track is no longer physically attached to the DSRR track north of the CPKC between milepost 498.44 at Tallulah, LA and milepost 471.0 at the Lake Providence Port. DSRR must use the CPKC interchange track and the CPKC mainline to reach the abandoned track to the south of the CPKC rail line.¹²

DSRR included the revenue and costs associated with its operations on the abandoned track south of the CPKC in the documents they provided in discovery. Therefore, we developed two (2) GCV calculations. Specifically, we developed the GCV assuming the DSRR Portion of the Lake Providence Branch Line ends at Tallulah, LA. We also developed the GCV assuming the DSRR Portion of the Lake Providence Branch Line includes the abandoned rail spur south of Tallulah, LA that DSRR currently uses to store rail cars. These two (2) GCV calculations use DSRR 2023

⁹ See, DSRR’s September 2, 2022 letter in this proceeding from Thomas J. Healey of Fletcher Sippel LLC (DSRR’s counsel at that time) to the Honorable Cynthia T. Brown regarding the southern limit of DSRR’s authority at page. 2, n.1, and DSRR’s *Petition To Reopen and Correct Notice* in FD No. 33802 dated September 23, 2022 at page 5, n. 3.

¹⁰ See, September 2, 2022 letter in this proceeding from Thomas J. Healey of Fletcher Sippel LLC (DSRR’s counsel at that time) to the Honorable Cynthia T. Brown regarding the southern limit of DSRR’s authority, page 2, n. 2.

¹¹ See, STB Docket No. FD 33802 *Delta Southern Railroad, Inc. – Acquisition and Exemption – Delta Southern Railroad Company*, decided September 1, 2023, page 3.

¹² See, Exhibit No. 9, page 2 and the Agreement between the KCS and DSRR provided in DSRR_03049.

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revenues and costs provided in discovery. The GCV is based on our estimate of revenues and net earnings based on existing and forecasted rail traffic and the resulting discounted net earnings.

Exhibit No. 9 is a modified schematic of the issue rail line that identifies all the rail lines discussed above.

A. GCV ASSUMING THE DSRR PORTION OF THE LAKE PROVIDENCE BRANCH LINE ENDS AT TALLULAH, LA

This section of our verified statement discusses how we developed DSRR's traffic, revenues, and operating expenses assuming the DSRR Portion of the Lake Providence Branch Line ends at Tallulah, LA.

DSRR currently operates over approximately eight (8) miles of track from the Madison Parish Port at MP 490.91 to the interchange with CPKC at Tallulah, LA (MP 498.44). For development of this GCV, we used the traffic and financial data that DSRR provided in discovery. Each component of the GCV for this alternative is discussed below.

1. DSRR 2023 Traffic

The DSRR 2023 freight car totals come from DSRR's 2023 Carload Summary Report.¹³ For 2023 switching traffic and storage levels, we relied upon the Event database provided by DSRR in discovery.¹⁴ The calculation of the 2023 traffic and storage levels can be found in our workpapers.¹⁵ For this alternative, we subtracted the storage and switching associated with operations south of the CPKC rail line.

As we discuss above, a standard capitalized earnings approach implicitly assumes a constant growth rate in perpetuity. DSRR provided documentation in discovery that shows that

¹³ See, DSRR_02999.

¹⁴ See, DSRR_03348.

¹⁵ See, e-workpaper "2023 LP Branch Storage and Switching Count.xlsx."

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this assumption is not true in the case of the DSRR. DSRR provided its 2022 application for a Consolidated Rail Infrastructure and Safety Improvements (“CRISI”) grant in discovery.¹⁶ The CRISI grant program is a Federal Railroad Administration (“FRA”) program that provides funding for projects that improve the safety, efficiency, and reliability of intercity passenger and freight rail.¹⁷ Projects eligible for funding under the CRISI grant program include, but are not limited to, capital projects that improve short line and regional railroad infrastructure.¹⁸ CRISI grant applicants submit, as part of their application, Federal Form SF-424, “Application for Federal Assistance” that states:

By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001).¹⁹

DSRR stated that it submitted its CRISI grant application for the Monroe Branch and the Lake Providence Branch to seek funds for the following projects:

1. To rehabilitate approximately 39.54 miles of excepted track by replacing ties and ballast;
2. To rehabilitate six (6) rail sidings and construct a bypass track within the existing railroad right-of-way;
3. To meet increased rail demand from local industry;
4. To alleviate interchange point congestion;
5. To increase the rail network’s resiliency against major natural disasters by increasing accessibility to transload locations;
6. To alleviate congestion at road crossings; and
7. To provide rail access to non-rail served industries.²⁰

¹⁶ A copy of the application is included in our workpapers at “DSRR_00421.pdf.”

¹⁷ See, <https://railroads.dot.gov/grants-loans/consolidated-rail-infrastructure-and-safety-improvements-crisi-program>.

¹⁸ *Id.*

¹⁹ See, workpaper “SF424.pdf.”

²⁰ See, DSRR_00427 included in our workpapers at “DSRR_00421.pdf.”

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To justify the need for these improvements, DSRR submitted, as part of its CRISI grant application, three (3) different cases, including DSRR's Base Case, or "No-Build Case" in which DSRR would not receive funds from the CRISI Program.²¹ Under the No-Build Case, DSRR states that it would not undertake the construction of new sidings, would not see growth of new customers and would not be able to address significant deferred maintenance.²² DSRR further states that under its No-Build case, in which it does not receive funds from the CRISI program:

[i]n 2027, without rehabilitation, we expect the deterioration of this line to reach a point where we would lose the ability to handle 20% of our volume and expect the line to continue to deteriorate by 20% until the line completely fails in 2032.²³

Consistent with this statement, DSRR included a forecast of future traffic under the No-Build Case that shows DSRR carload traffic declining from 2,774 carloads in 2027 to zero carloads in 2032.

DSRR did not disclose the results of its CRISI Grant application, but the FRA reports the names and the states of the recipients awarded funding under the CRISI program. A review of the recipients for the 2022 awards, the year in which DSRR applied, shows that DSRR did not receive an award under the CRISI program.²⁴ Because DSRR did not receive funding from the CRISI program and because DSRR certified under penalty of law that the statements included in its CRISI application were true, we must assume that DSRR's railcar forecast is accurate and that its carload volume will decline after 2027 and fall to zero by 2032.²⁵

²¹ See, DSRR_00463 included in our workpapers at "DSRR_00421.pdf." The other two (2) DSRR cases are the "Build Case" and the "Alternative Build Case."

²² See, DSRR_00463 and DSRR_00464 included in our workpapers at "DSRR_00421.pdf."

²³ *Id.*

²⁴ See, e-workpaper "FY 2022 CRISI Program Selections - Project Summaries_PDFa.pdf."

²⁵ It should be further noted that the CRISI grant application was the only forecast DSRR provided in discovery that indicated traffic levels in the years beyond 2024.

2. DSRR 2023 Traffic Revenues

The DSRR 2023 freight revenues come from a document provided in discovery that DSRR described as “the estimated revenues and expenses of the Lake Providence Line Segment from 2022-2024.”²⁶

We adjusted the 2023 DSRR revenues from this document by the forecasted change in DSRR’s traffic between 2023 and 2031, as reflected in the forecasts included in the DSRR’s CRISI grant application, to account for changes in traffic.²⁷ We also adjusted the average annual revenue per carload by the expected annual change in Rail Cost Adjustment Factor – Unadjusted for Productivity (“RCAF-U”) to estimate the DSRR’s revenues for the years 2024 through 2031.²⁸

We also made an adjustment to DSRR’s revenue to reflect the fact that DSRR stores some railcars on the abandoned rail line south of the CPKC rail line in Tallulah, LA. We were able to identify, from DSRR event data and daily car count data supplied in discovery, the number of railcars switched to and stored on the abandoned rail line in 2023 and the DSRR customers associated with those switched and stored railcars. We then applied the storage rate per day for each customer to the number of railcar storage days to determine the revenue associated with these railcars.²⁹ We also determined the number of switches required for these railcars, and applied DSRR’s switch rates to develop the estimated switching revenues for these stored railcars.³⁰ We

²⁶ See, Gentry Locke letter to LPPC counsel of April 9, 2024, page 2 included in our workpapers as “GL Letter 040924.pdf” and DSRR_03114.

²⁷ Because DSRR’s CRISI grant application shows no carloads moving in 2032, we assumed that 2031 is the last year in which the DSRR will transport traffic on the Lake Providence Branch.

²⁸ We applied the historic average annual change in the RCAF-U from 1992 through 2024 as a surrogate for the forecasted future change in the RCAF-U. The use of the historic change in an index to forecast future changes when a forecast is not available is consistent with STB precedent. See, STB NOR Docket No. 37809, *McCarty Farms, Inc. Et al, v Burlington Northern, Inc.*, served August 20, 1997 at page 10; Docket No. NOR 42113, *Arizona Electric Power Cooperative, Inc., BNSF Railway Company and Union Pacific Railroad Company*, served November 22, 2011 at page 138; and STB Ex Parte No. 664 (Sub-No. 1), *Use Of A Multi-Stage Discounted Cash Flow Model In Determining The Railroad Industry’s Cost Of Capital*, served January 28, 2009 at page 10.

²⁹ See, e-workpaper “2023 LP Branch Storage and Switching Count.xlsx,” tab “2023 Summary.”

³⁰ *Id.*

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subsequently adjusted DSRR's reported storage and switching revenues by our estimates of the revenues from carloads stored south of the CPKC rail line to estimate the revenues for DSRR rail operations and storage operations north of the CPKC rail line.³¹

3. DSRR 2023 Operating Expenses

DSRR's 2023 operating costs are based on DSRR's 2023 total operating expenses developed in its normal course of business and provided in discovery.³² Total operating expenses are the appropriate measure of costs to use in a capitalized earnings valuation because the valuation approach is based on the fundamental assumption that the company or asset will continue to operate for the long-term, and in the long-term all costs are relevant. In other words, in the long-term, all costs become variable so there is no differentiation between fixed and variable costs. Total costs, then, are simply total costs.

Because the detailed DSRR operating expenses on which we relied reflect DSRR's total system operating costs and not just its Lake Providence Branch operating costs, we allocated DSRR's total operating costs to the Lake Providence Branch using an allocation factor of [REDACTED] percent. This allocation factor was provided by DSRR in discovery, and reflects DSRR's own estimate of the split of costs between its Monroe Branch and its Lake Providence Branch.³³

In addition, because DSRR's operating expenses include costs associated with storing railcars on the abandoned rail line south of the CPKC in Tallulah, LA, we adjusted the operating

³¹ See, e-workpaper "Exhibit No. 10 - GCV based on DSRR Revenues and Costs and Line Ends at Tallulah.xlsx,"

³² See, DSRR_3000 and e-workpaper "DSRR Reported Costs (Final).xlsx." The STB has noted its preference for using information prepared in the normal course of business in lieu of made for litigation analyses. See, NOR Docket No. 42142, *Consumers Energy v. CSX Transportation, Inc.*, updated March 14, 2018 at page 82, and STB NOR Docket No. 42056, *Texas Municipal Power Agency v. The Burlington Northern Santa Fe Company*, served September 27, 2004 at page 20.

³³ See, DSRR_03114. DSRR included this allocation factor in a summary of its 2023 operating expenses. We did not utilize the summary of expenses included in the DSRR_03114 because the summary did not include all of the operating expense categories included in DSRR's normal course of business 2023 detailed operating expense tabulation. Compare DSRR_03114 and DSRR_03000.

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expenses to account for these railcars. DSRR operating expenses are not sufficiently granular to identify the specific costs associated with the railcars stored on the abandoned lines. To remove the costs associated with these stored railcars, we first developed the estimated car-miles for traffic that moves north of the CPKC rail line and the car-miles associated with the traffic stored on the abandoned track south of the CPKC rail line.³⁴ Overall, we estimated that [REDACTED] percent of DSRR's 2023 car-miles were associated with movements north of Tallulah.³⁵ We then applied this percentage to DSRR's reported 2023 operating expenses to estimate the operating costs for DSRR operations north of the CPKC rail line.

Table 2 below summarizes DSRR's 2023 operating costs provided in discovery that we utilized in developing the GCV of the DSRR Portion of the Lake Providence Branch Line.

³⁴ The DSRR event data that we used to develop these car-mile statistics were not consistent across event records and contained gaps in the data making it impossible to accurately determine the exact locations of railcars at all times. We do know that in 2023, DSRR only interchanged with CPKC at Tallulah. Using this fact, we determined the number of railcars that were interchanged with CPKC to estimate the number of railcars handled for the year. We next identified those storage railcars that were interchange delivered to CPKC and had events on the abandoned lines south of Tallulah. Using this information, we were able to determine the number of stored railcars on the abandoned rail line. Based on track charts and Google-Earth maps, we estimated that the railcars stored south of Tallulah moved an average of four (4) miles. Cars stored on the line north of Tallulah were assumed to be stored between the Madison Parish Port Lead track and the Lake Providence Lead track and moved an average of 26.94 miles on the DSRR assuming the railcars will be stored at the midpoint of the DSRR line between MP 498.44 at Tallulah and 471.5 at the Lake Providence Port Lead track $\{[(498.44-471.5) \div 2] \times 2\}$. Railcars moving to industry at the Madison Parish Port Lead were assumed to move an average of 16.06 miles based on round trip movements from Milepost 498.44 at Tallulah to Milepost 490.91 at the Madison Parish Port lead, plus an additional 0.5 mile move on the Madison Parish Port Lead $[(498.44-490.91) + 0.5] \times 2$. See, e-workpaper "Count of 2023 Railcars.xlsx."

³⁵ See, e-workpaper "Count of 2023 Railcars.xlsx."

Table 2 <u>DSRR 2023 Lake Providence Branch Operating Expenses</u>	
Expense Category (1)	2023 Value (2)
1. DSRR 2023 Operating Expenses	██████████
2. Lake Providence Branch Allocation Percentage	██████████
3. Lake Providence Branch Operating Expenses	██████████
4. Car-Mile Allocation Percentage	██████████
5. Lake Providence Branch Operating Expenses North of the CPKC Line	██████████
Source: e-workpaper “DSRR Reported Costs (Final).xlsx.”	

DSRR’s 2023 operating expenses equal ██████████ as shown in Table 2 above. DSRR’s 2023 Lake Providence Branch Line operating expenses were then indexed to future year values using the historic change in the RCAF-U.

4. Present Value of Net Earnings

An entity derives value by deploying its assets (both tangible and intangible) in such a way as to generate earnings. These earnings represent the returns company owners expect in the deployment of their assets over time. Because a dollar today is worth more than a dollar tomorrow due to the ability to invest today’s dollar and earn interest, it is necessary to discount a company’s expected earnings to determine their current or present value today. The sum of these discounted cash streams determines a company’s value.

In calculating the value of DSRR, we developed an eight (8)-year model that estimates the railroad’s expected future net earnings and discounted these cash flows at a rate appropriate to the business risk of DSRR.³⁶ The earnings model takes into consideration expected changes in

³⁶ A 10-year forecast period is commonly used in the valuation industry to develop the GCV of assets or a company. A 10-year period will usually allow for capturing the impact of a full business-cycle which usually runs from seven (7) to 10 years. Financial analysts have also found that forecasting beyond 10 years becomes extremely speculative, so will limit their forecast periods to 10 years, or less. The 10-year forecast period is also consistent with STB practices in maximum reasonable rate cases determined under the Stand-Alone Cost

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DSRR's traffic flows, transportation prices, and operating expenses. The net result is an estimated GCV for DSRR of \$834,787 for this alternative.³⁷

5. Terminal Value

When determining the CMV of a business, the analyst must either forecast the earnings into infinity or select a period of time to end the forecast period and add to the cash flows for the forecast period a "Terminal Value" that represents the value of the company at the end of the forecast period. The literature supports determining the terminal value using either a perpetual cash flow calculation or determining the market value of the entity at the end of the forecast period depending upon the circumstances.³⁸

DSRR is a company that is expected to transport a limited number of products with a limited finite life. As the DSRR certified in its CRISI grant application, if DSRR did not rehabilitate its track and add additional infrastructure to support existing customers and add new customers, DSRR's operations could not be supported beyond 2031. As such, net earnings originating from DSRR operations cannot be expected to last into perpetuity but can be expected to end in 2031.

Because DSRR's earnings are expected to end at the end of 2031, we used the estimated NLV, adjusted for changes in expected prices, as a terminal value for the GCV analysis. The terminal value is shown on Exhibit No. 10 and developed in Exhibit No. 12.

methodology which limit DCF models to 10-years. See, STB Ex Parte No. 657 (Sub No. 1), *Major Issues In Rail Rate Cases*, served October 30, 2006 at p. 64. Because the DSRR indicated in its CRISI grant application that its traffic volumes will stop after 2031, we truncated the model to an 8-year model instead of relying on the full 10-years.

³⁷ See, Exhibit No. 10.

³⁸ See, *Handbook of Mergers, Acquisitions and Buyouts*, edited by Steven J. Lee and Robert D. Colman, Prentice-Hall, Inc. Englewood Cliff, New Jersey, 1981, pages 154-156.

6. DSRR's Estimated Discount Rate

Estimating the capitalization rate applicable to DSRR requires estimating both the market rates of return on the railroad's debt and equity and the overall worth, or market capitalization, of the railroad. However, because DSRR's debt and equity are not publicly traded, nor is the debt and equity for its current parent company, Patriot Rail, we were required to look elsewhere for surrogates for these values.

Although short line railroads have different financial structures than the larger Class I railroads and face different market risks, we elected to use the STB's 2022 pre-tax cost of capital of 13.18 percent for this analysis (latest available), which is consistent with STB precedent.³⁹

The GCV of the DSRR Portion of the Lake Providence Branch Line assuming DSRR 2023 revenues and costs provided in discovery are used and, further assuming that the DSRR Line ends at Tallulah, LA, equals \$834,787 as detailed in Exhibit No. 10.

B. GCV ASSUMING DSRR LINE INCLUDES ABANDONED STORAGE TRACKS SOUTH OF TALLULAH, LA

By including the abandoned storage tracks south of Tallulah, LA⁴⁰ into the GCV calculation above, we modified the DSRR traffic, revenues and costs to recognize the inclusion of this operation. The specific adjustments we made are discussed below.

1. DSRR 2023 Traffic

The large majority of DSRR traffic moves north from its Tallulah interchange with the CPKC to the MPP or to storage. As we discuss above, only after we developed our 1/3/23 VS did we learn that the DSRR stores a limited number of railcars south of the CPKC rail line on

³⁹ See, *Caddo Antoine* at page 338.

⁴⁰ See, Exhibit No. 9, page 2 for details.

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abandoned rail lines. Because DSRR's traffic and storage data reflects the DSRR transported railcars south of the CPKC rail line, we applied the unadjusted DSRR traffic and storage figures for this alternative.

2. DSRR 2023 Traffic Revenues

As with the DSRR 2023 traffic, DSRR revenues associated with the DSRR line south of the CPKC rail line in Tallulah are included in DSRR's revenues provided in discovery. As such, we applied the DSRR's reported revenues as provided in discovery.

3. DSRR 2023 Operating Expenses

Because the 2023 DSRR operating expenses provided in discovery include the impact of its operations on the abandoned track south of the CPKC, we developed these operating costs by applying the DSRR's Lake Provide Branch allocation factor to the DSRR's reported 2023 operating expenses. This resulted in Lake Providence Branch operating costs of [REDACTED] shown on Exhibit No. 11.

4. Other Changes

We based the terminal value for our earnings model on the DSRR Portion of the Lake Providence Branch Line NLV for the reasons discussed above. The NLV for this alternative is slightly larger than in the prior scenario because of the additional land and rail assets located south of the CPKC rail line in Tallulah, LA. We used the NLV included in Exhibit No. 13 to this verified statement as the basis for the terminal value for this alternative.

The GCV of the DSRR Portion of the Lake Providence Branch Line assuming that the DSRR Line includes the storage tracks south of Tallulah, LA equals \$1,067,085 as detailed in Exhibit No. 11.

IV. UPDATED NET LIQUIDATION VALUE

Our calculation of the NLV includes an evaluation of the DSRR Portion of the Lake Providence Branch Line rail properties owned by the DSRR. Specifically, the DSRR owned rail properties on the DSRR Portion of the Lake Providence Branch Line include the rail line between Lake Providence, LA (MP 471.0) and the connection with KCS in Tallulah, LA ((MP 498.44) (27.44 mainline miles plus 0.86 siding miles).⁴¹ In addition, our alternate NLV calculation assumes the abandoned rail line south of Tallulah, LA that DSRR uses as a storage track is also part of the assets included in this transaction.

The NLV of rail property is defined in the Code of Federal Regulations at 49 C.F.R. §1152.34 as follows:

The value for the highest and best use, for non-rail purposes, of the rail properties. This value shall be determined by computing the current appraised market value of such properties for other than rail purposes, less all costs of dismantling and disposition of improvements necessary to make the remaining properties available for their highest and best use.

There are three (3) components included in our determination of the NLV of the DSRR Portion of the Lake Providence Branch Line for each of the two (2) alternatives we evaluated: (1) gross track asset salvage value; (2) liquidation costs; and (3) land value.

Table 3 below sets forth the 2Q24 values that we used for these components for each alternative.

⁴¹ See, Exhibit No. 12, page 2, Line 3.

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Table 3
NLV of The DSRR – 2Q24

Item	Value Assuming	
	DSRR Line Ends at Tallulah, LA	DSRR Line Includes Abandoned Storage Tracks South of Tallulah, LA
(1)	(2)	(3)
1. Total Gross Salvage Value	\$1,040,723	\$1,065,037
2. Liquidation Costs	<u>\$903,439</u>	<u>\$930,075</u>
3. Net Salvage Value 1/	\$137,284	\$134,962
4. Land	<u>\$104,826</u>	<u>\$113,922</u>
5. Net Liquidation Value 2/	\$242,109	\$248,884

Source: Exhibit Nos. 12 and 13.

1/ Line 1 – Line 2.

2/ Line 3 + Line 4.

We estimated the NLV of the DSRR Portion of the Lake Providence Branch Line to equal \$242,109 assuming the DSRR Line ends at Tallulah, LA and \$248,884 assuming the DSRR Line includes the abandoned storage tracks south of Tallulah, LA. Each of the component parts of the estimated NLV is discussed below under the following topical headings:

- A. Gross Salvage Value of DSRR Track Assets
- B. Liquidation Costs
- C. Land Value

A. GROSS SALVAGE VALUE OF DSRR TRACK ASSETS

The gross salvage value (“GSV”) represents the salvage value of the rail assets in place. To determine the quantity of the component parts of the track of the DSRR and the condition of these component parts, we performed a field inspection using public roadways and crossings and reviewed the issue rail line using Google Earth Pro. Using this information, we estimated the quantities and condition of the DSRR rail assets including rail, rail anchors, tie plates, track spikes, ties, joint bars and turnouts.

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We included an initial NLV for the DSRR's Portion of the Lake Providence Branch Line from Tallulah, LA to the Lake Providence Spur in our 1/3/23 VS. We updated our 1/3/23 GSV analysis to reflect changes in material prices and land prices over the subsequent approximately 18 months based upon information provided in discovery in this proceeding and publicly available indexes. We also included a GSV analysis that includes the abandoned track south of the CPKC rail line at Tallulah, LA.

Table 4 below summarizes the estimated GSV of the DSRR track components.

Table 4 Estimated Gross Salvage Value of <u>DSRR Track Components -- 2024</u>		
Track Component (1)	Value Assuming	
	DSRR Line Ends at Tallulah, LA (2)	DSRR Line Includes Abandoned Storage Tracks South of Tallulah, LA (3)
1. Rail	\$680,616	\$696,485
2. Other Track Material	\$348,984	\$357,203
3. Turnouts	\$11,123	\$11,349
4. Ties 1/	\$0	\$0
5. Gross Salvage Value 2/	\$1,040,723	\$1,065,037
Source: Exhibit Nos. 12 and 13.		
1/ Our calculation of the gross salvage value of ties resulted in a negative \$2.04 million. STB proceedings require using zero instead of any negative values.		
2/ Sum of Lines 1 through 4.		

The following is a description of the major property accounts included in Table 4 above and the development of their salvage value.

1. Rail

Based on the December 22, 2020 Net Liquidation Valuation developed in the Feeder Line Application in this proceeding, the DSRR rail line "is predominantly 85-pound rail with full toe

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angle bars and single shoulder tie plates.”⁴² Rail weight is defined as the weight of a three-foot section of rail. For example, a three-foot section which weighs 115 pounds is referred to as 115 lb. rail. Rail typically is installed in 39-foot sections, which are jointed together, or in one-quarter mile sections, which are welded together in the field. The 39-foot sections of rail are referred to as “jointed” rail and the one-quarter mile sections of rail are referred to as “continuous welded rail” (“CWR”).

On November 3, 2022, Daniel L. Fapp, a Senior Vice President of L. E. Peabody & Associates, Inc. performed a field inspection of the issue rail line to confirm the condition of the rail line evaluated by Mr. Kovalchick. Mr. Fapp evaluated the rail segment between MP 490.91 and the KCS interchange at MP 498.44. That portion of the rail line is in slightly better condition than the rail line between MP 471.0 and MP 490.91.⁴³

DSRR track charts provided in discovery show the DSRR Portion of the Lake Providence Branch Line’s main rail consists primarily of 85-pound jointed rail.⁴⁴ Field observations confirmed the accuracy of the DSRR track charts, with virtually all field observations confirming 85-pound jointed rail. The track charts also show the abandoned track south of the CPKC rail line at Tallulah, LA, which is consistent with the schematics included in Exhibit No. 9 to this verified statement.

⁴² See, Nathan Kovalchick Verified Statement and Net Salvage Value Report, paragraph 5 included in FD 36447, *Lake Providence Port Commission—Feeder Line Application—Line of Delta Southern Railroad Located in East Carroll and Madison Parishes, Louisiana*, filed December 22, 2020 (“Kovalchick VS”).

⁴³ Exhibit No. 6 to our 1/3/23 VS in this proceeding is a full report from Mr. Fapp’s field inspection.

⁴⁴ See, Bates No. DSRR_03033. The track charts were originally produced by the Missouri Pacific Railroad, the original owner of the Rail Line. DSRR also provided a more recent track chart for the issue rail line (Bates No. 03334 through Bates No. 03335). These more recent DSRR-provided track charts were not used in our two (2) NLV analyses because they are inconsistent with the field observations made by Mr. Fapp and did not provide as much detail as the earlier track charts. For example, the more recent track charts found at Bates No. 03334 indicate the rail on the Lake Providence Branch was a mix of ACSE 80-pound rail and 115-pound rail. This is inconsistent with Mr. Fapp’s observations that found the rail along the line was 85-pound rail consistent with the track charts provided at Bates No. DSRR_03033. Also, the track charts at Bates No. DSRR_03033 included the abandoned track south of the CPKC rail line at Tallulah, LA, while the more recent track charts did not.

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To determine the GSV of a rail line, the rail is classified into rail that can be reused in other railroad applications and rail that cannot be reused. Rail that can be reused is termed “relay” or “fit” rail. Relay rail is salvaged rail that is in good condition and provides companies with the opportunity to “re-lay” the rail. Reroll rail does not have the ability to be re-laid but is able to be rerolled. Rerolled rail is converted into new products without having to re-melt the steel. Reroll rail typically has a slightly higher value than scrap. Rail that cannot be reused is sold as scrap steel.

Our inspection of the line confirmed Mr. Kovalchick’s findings for the segment from MP 471.0 to MP 490.91 detailed in his Verified Statement indicating that “the condition of the track is average, and the condition of the crossties is poor.”⁴⁵ The overall quality of the observed track was fair, and the majority of the track would be considered reroll quality. Some wear along the rail line was observed with some instances of pitting, shelling and spalling. These instances were minimal and occurred mostly on the segment north of the Madison Parish Port rail spur, where the rail line is currently only used for storing rail cars. Based upon these field observations, 20 percent of the rail observed is relay quality, 70 percent reroll quality and 10 percent is scrap.⁴⁶

The percentages of relay/reroll/scrap rail discussed above were applied to the 28.30 miles⁴⁷ that make up the DSRR Portion of the Lake Providence Branch Line, resulting in an estimated 5.49 miles of relay rail, 19.21 miles of reroll rail and 3.60 miles of scrap rail.⁴⁸ This distribution results in 821.00 relay tons, 2,873.52 reroll tons and 539.16 scrap tons for a total of 4,233.68 tons.⁴⁹

⁴⁵ See, Kovalchick VS at paragraph 5.

⁴⁶ See, Exhibit No. 6 for details.

⁴⁷ See, Exhibit No. 12, page 2, Line 3. MP 498.44 – MP 471.0 = 27.44 mainline miles plus our estimate of 0.86 miles of siding = 28.30 miles.

⁴⁸ See, Exhibit No. 12, page 2.

⁴⁹ See, Exhibit No. 12, page 3.

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We assumed that 97.0 percent of the rail would be recovered.⁵⁰ This factor was applied to the tons listed above and results in a total of 4,106.66 tons that would be recovered.⁵¹

The price of relay rail is expressed in terms of dollars per net ton and varies depending on the weight and type of rail.

On November 8, 2022, we received quotes from Harmer Steel ranging from \$179.20 per ton for relay rail to \$160.00 per ton for reroll tons and \$107.14 per ton for scrap tons. We updated these values to 2Q24 price levels by using the Association of American Railroads (“AAR”) quarterly materials and supplies index.

Table 5 sets forth the classification of the weight and type of rail and estimated salvage value in the DSRR mainline and siding tracks for the two (2) alternatives that we calculated.

⁵⁰ Assumed reusable rail based on STB Docket No. FD 36005 filed March 18, 2016, *KCVN/CPRR Feeder Line Application for Towner Line, Volume I*, page 8 of Appendix GWF-5,

⁵¹ See, Exhibit No. 12, page 3.

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<u>Components</u> (1)	<u>Relay</u> (2)	<u>Reroll</u> (3)	<u>Scrap</u> (4)	<u>Total Rail GSV 1/</u> (5)
1. Reusable Tons				
a. Assuming DSRR Line Ends at Tallulah, LA	796.37	2,787.31	522.98	xxx
b. Assuming DSRR Line Includes Abandoned Storage Tracks South of Tallulah, LA	811.99	2,841.97	555.53	xxx
2. Value Per Ton	\$189.18	\$168.91	\$113.11	xxx
3. GSV Assuming:				
a. Assuming DSRR Line Ends at Tallulah, LA 2/	\$150,657	\$470,805	\$59,154	\$680,616
b. Assuming DSRR Line Includes Abandoned Storage Tracks South of Tallulah, LA 3/	\$153,612	\$480,037	\$62,836	\$696,485
Source: Exhibit Nos. 12 and 13.				
1/ Sum of Columns (2) through (4).				
2/ Line 1.a x Line 2.				
3/ Line 1.b x Line 2.				

Table 5 above summarizes the estimated gross salvage value for rail, by rail type, for the issue DSRR mainline and siding tracks (Line 3.a, Column (5)) and for the DSRR Line assuming the abandoned storage tracks south of Tallulah, LA are included (Line 3.b, Column (5)).

2. Crossties

Crossties on the DSRR mainline that ends at Tallulah, LA are spaced at intervals of 19.5 inches, or 3,249 ties per mile of rail,⁵² which results in 91,953 total ties on the DSRR.⁵³ Ties are classified as reusable for railroad purposes (relay), reusable for landscape purposes (landscape), or as scrap in the development of the NLV. As much of the DSRR has been inactive since 2016, we assumed that only one percent of the ties are reusable for relay, the percentage of ties reusable for

⁵² (5,280 feet per mile x 12 inches per foot) ÷ 19.5 inches between ties = 3,249 ties per mile.

⁵³ See, Exhibit No. 12, page 4 (3,249 ties per mile x 28.30 miles = 91,953 ties).

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landscape and qualified for landscape #1 class and landscape #2 class⁵⁴ are each assumed to equal 10 percent and the percentage of scrap is assumed to equal 79 percent. Crossties on the DSRR abandoned storage track south of Tallulah, LA were assumed to be in the same condition as the ties on the DSRR Portion of the Lake Providence Branch Line north of Tallulah, LA.

There is currently no market for used ties. Based on a quote from Harmer Steel, ties that are useable for landscape purposes were valued at -\$15.00 each. Scrap ties are assigned a negative value of \$25.00 each. Based on these quotes, we determined that the GSV for crossties on the DSRR Portion of the Lake Providence Branch Line for the NLV ending at Tallulah, LA as well as the NLV including the storage tracks south of Tallulah, LA is zero.⁵⁵

3. Other Track Material

Other track material (“OTM”) consists of the material required to hold the rail in place along the tracks and includes such things as tie plates, joint bars, rail anchors, track spikes and bolts and washers. OTM is typically labeled as relay or scrap. Eighty percent of the DSRR OTM on the DSRR rail line that ends at Tallulah, LA, is assumed to be reusable and 20 percent is assumed to be scrap. For the DSRR rail line including the abandoned storage tracks south of Tallulah, LA, we assumed the OTM was in the same condition as the OTM on the rail line north of Tallulah, LA.

Table 6 below summarizes the GSV for OTM included in the two (2) NLV scenarios quantified in this verified statement.

⁵⁴ Landscape #1 ties are those which are salvaged with at least three (3) solid sides and no more than half an inch width in any splitting at the ends of the tie. Landscape #2 ties are those which have at least two (2) out of four (4) good sides and can have more than a 2-inch split on the ends.

⁵⁵ See, page 4 of Exhibit Nos. 12 and 13.

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Table 6
Estimated DSRR Other Track Material GSV -- 2Q24

Item	OTM Assuming		Value per Unit	GSV Assuming	
	DSRR Line Ends at Tallulah, LA	DSRR Line Includes Abandoned Storage Tracks South of Tallulah, LA		DSRR Line Ends at Tallulah, LA 1/	DSRR Line Includes Abandoned Storage Tracks South of Tallulah, LA 2/
(1)	(2)	(3)	(4)	(5)	(6)
1. Relay Tie Plates	34,594	35,272	\$3.06	\$105,858	\$107,932
2. Scrap Tie Plate Tons	1,479	1,518	\$113.11	\$167,290	\$171,701
3. Relay Joint Bars	1,441	1,470	\$15.84	\$22,825	\$23,285
4. Scrap Joint Bar Tons	276	282	\$113.11	\$31,218	\$31,897
5. Relay Rail Anchors	11,890	12,122	\$0.13	\$1,546	\$1,576
6. Scrap Rail Anchor Tons	74	76	\$113.11	\$8,370	\$8,596
7. Scrap Spike Tons	80	82	\$113.11	\$9,049	\$9,275
8. Scrap Bolt & Washer Tons	25	26	\$113.11	<u>\$2,828</u>	<u>\$2,941</u>
9. OTM Gross Salvage Value 3/	xxx	xxx	xxx	\$348,984	\$357,203

Source: Exhibit Nos. 12 and 13.

1/ Column (2) x Column (4).

2/ Column (3) x Column (4).

3/ Sum of Lines 1 through 8.

Exhibit No. 12, pages 6 through 8 show our development of the estimated DSRR OTM gross salvage value calculations assuming the NLV analysis stops at Tallulah, LA and Exhibit No. 13, pages 6 through 8 show our development of the estimated DSRR OTM gross salvage value calculations assuming the NLV analysis includes the abandoned storage tracks south of Tallulah, LA.

4. Turnouts

Based on our field inspection of the DSRR, the DSRR has one 115 lb. relay turnout, two (2) 90 lb. relay turnouts and five (5) scrap turnouts of various rail weights on the Lake Providence Branch north of the CPKC rail line. Based on track charts provided in discovery and Google-Earth maps, we identified two (2) additional DSRR turnouts on the abandoned track south of the CPKC

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rail line at Tallulah, LA.⁵⁶ The unit cost for the 115 lb. per turnout is \$4,223 and the 90 lb. turnouts are valued at \$3,167 each based on the quote provided by Harmer Steel and updated by the AAR materials and supplies index.⁵⁷ The five (5) scrap turnouts are valued based on their estimated tons.⁵⁸

Table 7 below summarizes the estimated liquidation value for turnouts on the DSRR that are included in the two (2) NLV scenarios quantified in this verified statement.

Table 7 <u>Estimated DSRR Turnout GSV -- 2024</u>					
Item	Turnout Quantity Assuming			GSV Assuming	
	DSRR Line Ends at Tallulah, LA	DSRR Line Includes Abandoned Storage Tracks South of Tallulah, LA	Value per Unit	DSRR Line Ends at Tallulah, LA 1/	DSRR Line Includes Abandoned Storage Tracks South of Tallulah, LA 2/
(1)	(2)	(3)	(4)	(5)	(6)
1. Relay 115 lb. Turnout	1	1	\$4,223	\$4,223	\$4,223
2. Relay 90 lb. Turnouts	2	2	\$,3167	\$6,334	\$6,334
3. Scrap – Reusable Tons 3/	5	7	\$113.11	\$566	\$792
4. Turnout Liquidation Value 4/	8	10	xxx	\$11,123	\$11,349

Source: Exhibit Nos. 12 and 13.
1/ Column (2) x Column (4).
2/ Column (3) x Column (4).
3/ Assumed that the five (5) scrap turnouts (Column (2)) and seven (7) scrap turnouts (Column (3)) weigh approximately one ton each.
4/ Sum of Lines 1 through 3.

Exhibit No. 12, page 11 shows our development of the estimated gross salvage value of DSRR turnouts assuming our NLV analysis stops at Tallulah, LA (Column (5)). The estimated

⁵⁶ Track charts and Google-Earth maps show one switch coming off the CPKC rail line to the DSRR track, which we assume is owned and maintained by the CPKC. *See also*, DSRR_03049. Google-Earth maps also show a switch leading to what appears to be an industrial siding on the abandoned track. Neither the CPKC switch nor the industrial switch were included in the GSV analysis.

⁵⁷ *See*, page 11 of Exhibit No. 12 and Exhibit No. 13.

⁵⁸ *Id.*

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GSV of the DSRR turnouts assuming the NLV analysis includes the abandoned storage tracks south of Tallulah, LA (Column (6)) is included in Exhibit No. 13, page 11.

B. LIQUIDATION COSTS

To develop the NLV, the gross salvage values described above need to be reduced by recovery costs, marketing and disposition costs and transportation costs to bring the product to market. We discuss each of these items below.

1. Removal and Restoration (Recovery) Cost

The salvage values set forth above are all gross salvage values, i.e., they do not include the cost of recovery or removal of the assets from their current location.⁵⁹ We developed the relay rail removal costs, the scrap rail and scrap OTM removal costs, the relay turnout removal costs, the scrap turnout removal costs and the costs to restore public and private highway crossings to calculate the total estimated recovery costs for the DSRR.

In order to determine these costs, we relied on the unit costs used in the KCVN/CPRR Feeder Line Application indexed to 2Q24 using the AAR materials and supplies index.⁶⁰ These unit costs were used by both KCVN and V&S. We relied on our field study and images from Google Earth Pro to determine the number of public and private crossings that must be restored, which was confirmed by documents provided by DSRR in response to LPPC's discovery requests.⁶¹

Table 8 below details the amounts we subtracted from our estimated gross liquidation values ("GLV") to account for removal and recovery costs.

⁵⁹ Except for scrap ties which are discussed above and are net of recovery costs.

⁶⁰ See, STB Docket No. FD 36005, *KCVN, LLC and Colorado Pacific Railroad, LLC-Feeder Line Application-Line of V and S Railway, LLC*, Volume I, Page 4 of Appendix GWF-7, filed on March 18, 2016.

⁶¹ See, DSRR_02164.

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Table 8
Estimated DSRR Removal & Restoration (Recovery) Costs -- 2Q24

Item	Quantity	Units	Cost per Unit	Total Cost 1/
(1)	(2)	(3)	(4)	(5)
A. <u>Assuming DSRR Line Ends at Tallulah, LA</u>				
1. Fit Rail	5.49	Miles	\$21,970	\$120,615
2. Scrap Rail and OTM	22.81	Miles	\$16,477	\$375,882
3. Fit Turnouts	3	Turnout	\$1,098	\$3,295
4. Scrap Turnouts	5	Turnout	\$687	\$3,433
5. Public Highway Crossings	25	Crossing	\$2,746	\$68,656
6. Private Highway Crossings	29	Crossing	\$412	<u>\$11,946</u>
7. Total Recovery Costs 2/	xxx	xxx	xxx	\$583,827
B. <u>Assuming DSRR Line Includes Storage Tracks South of Tallulah, LA</u>				
1. Fit Rail	5.60	Miles	\$21,970	\$123,031
2. Scrap Rail and OTM	23.41	Miles	\$16,477	\$385,784
3. Fit Turnouts	3	Turnout	\$1,098	\$3,295
4. Scrap Turnouts	7	Turnout	\$687	\$4,806
5. Public Highway Crossings	25	Crossing	\$2,746	\$68,656
6. Private Highway Crossings	29	Crossing	\$412	<u>\$11,946</u>
7. Total Recovery Costs 3/	xxx	xxx	xxx	\$597,518

Source: Exhibit Nos. 12 and 13.

1/ Column (2) x Column (4).

2/ Sum of Lines A.1 through A.6.

3/ Sum of Lines B.1 through B.6.

Page 12 of Exhibit Nos. 12 and 13 includes our development of the removal and restoration costs for the DSRR for each of these two (2) alternatives.

2. Marketing and Disposition Costs

In addition to removal and restoration costs, it is also necessary to include the costs to market the assets and to administer the disposal process. Based on our experience, we assumed that relay marketing and disposition costs are equal to 15 percent of the relay GLV and scrap marketing and disposition costs are equal to five (5) percent of the reroll and scrap GLV. The total estimated marketing and disposition costs equal \$81,180 assuming the DSRR rail line ends at

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Tallulah, LA and \$82,948 assuming the DSRR rail line includes the abandoned storage tracks south of Tallulah, LA.⁶²

3. Transportation Costs

Transportation costs for transporting the assets to market must also be considered. We reviewed current rail tariffs for the movement of relay, scrap and reroll steel products from the DSRR⁶³ to several salvage and scrap centers in the southeastern U.S. The average of current tariff charges per rail car is \$3,726. We used this average to calculate the total estimated transportation costs of \$238,432 assuming the DSRR Portion of the Lake Providence Branch Line ends at Tallulah, LA (Exhibit No. 12, page 13) and \$249,609 assuming the DSRR Portion of the Lake Providence Branch Line includes the abandoned storage track south of Tallulah, LA (Exhibit No. 13, page 13).

4. Summary Before Land and Equipment

The net salvage value (“NSV”) of the DSRR assuming the rail line ends at Tallulah, LA equals the gross salvage value (\$1,040,723) less removal and restoration costs (\$583,827), marketing and disposition costs (\$81,180) and transportation costs (\$238,432). Subtracting these costs from the gross salvage value produces an NSV for the DSRR track assets for this alternative equal to \$137,284 (Exhibit No. 12, page 1).

The NSV of the DSRR assuming the rail line includes the abandoned storage track south of Tallulah, LA equals the gross salvage value (\$1,065,037) less removal and restoration costs (\$597,518), marketing and disposition costs (\$82,948) and transportation costs (\$249,609).

⁶² See, Exhibit Nos. 12 and 13.

⁶³ Our research could not find a publicly available tariff rate for scrap and relay rail and OTM movements on the CPKC. We were able to obtain a UP tariff rate for the movement of scrap and relay products from Monroe, LA to various locations in the Southeast, including Memphis, TN and Arkansas, and used these values as a surrogate for CPKC tariff rates.

PUBLIC VERSION

Subtracting these costs from the gross salvage value produces an NSV for the DSRR track assets for this alternative equal to \$134,962 (Exhibit No. 13, page 1).

C. LAND VALUE

The mainline and siding tracks considered in this analysis extend from Lake Providence, LA (MP 471.0) to Tallulah, LA (the CPKC interchange point). The land valuation analysis of this issue land was performed by RMI Valuation LLC and their report is included as Exhibit No. 8 to our 1/3/23 VS. RMI Valuation LLC separated the DSRR land into land that is classified as fee simple (non-reversionary) and land that is classified as servitude (reversionary). Specifically, the non-reversionary land accounted for 38.03 acres or 11 percent of the issue land, while the reversionary land accounted for 318.27 acres or 89 percent of the issue land. Based on this separation, RMI Valuation LLC concluded that the NLV of the issue land equals \$97,900 as of November 16, 2022. We adjusted the RMI Valuation LLC findings to estimated 2Q24 levels⁶⁴ resulting in an estimated land value of \$104,826 assuming the rail line ends at Tallulah, LA (Exhibit No. 12, page 14).

In total, the NLV of the DSRR Portion of the Lake Providence Branch Line, including track assets and land, is estimated to equal \$242,109 at 2Q24 levels assuming the rail line ends at Tallulah, LA (Exhibit No. 12, page 1).

In order to determine the land value assuming the DSRR rail line includes the abandoned storage track south of Tallulah, LA, we extrapolated the RMI Valuation LLC results to this

⁶⁴ Land prices were adjusted using the average historic change in Louisiana land values as reported by the United States Department of Agriculture (“USDA”). This approach is consistent with STB precedent, which used the change in USDA reported land values to adjust land values along railroad rights of way. *See*, Docket No. NOR 42125, *E.I. DuPont De Nemours and Company v. Norfolk Southern Railway Company*, served March 24, 2014 at pages 275 and 276.

PUBLIC VERSION

additional territory.⁶⁵ Based on our extrapolations, the land value at estimated 2Q24 levels assuming the abandoned storage track south of Tallulah, LA is included equals \$113,922 (Exhibit No. 13, page 14).

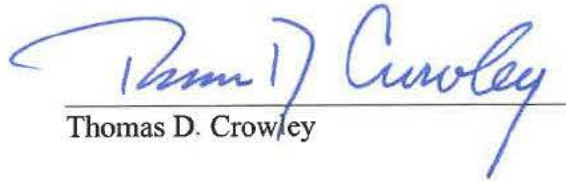
In total, the NLV of the DSRR Portion of the Lake Providence Branch Line assuming the abandoned track south of Tallulah, LA are included equals \$248,884 (Exhibit No. 13, page 1).

⁶⁵ Specifically, we utilized Google Earth maps to estimate the length of the abandoned DSRR rail line south of the CPKC rail line to equal approximately 2,800 feet, and assumed a 50 foot right of way. This equates to approximately 3.3 acres of land. We made the conservative assumption that DSRR holds this 3.3 acres of land in fee simple interest.

PUBLIC VERSION

VERIFICATIONS

I, Thomas D. Crowley, verify under penalty of perjury that I have read this Verified Statement on behalf of LPPC, that I know the contents thereof, and that the same are true and correct. Further, I certify that I am qualified and authorized to file this statement.


Thomas D. Crowley

Executed on 7/5/24

* * *

I, Christena Nielsen, verify under penalty of perjury that I have read this Verified Statement on behalf of LPPC, that I know the contents thereof, and that the same are true and correct. Further, I certify that I am qualified and authorized to file this statement.


Christena Nielsen

Executed on 7/5/24

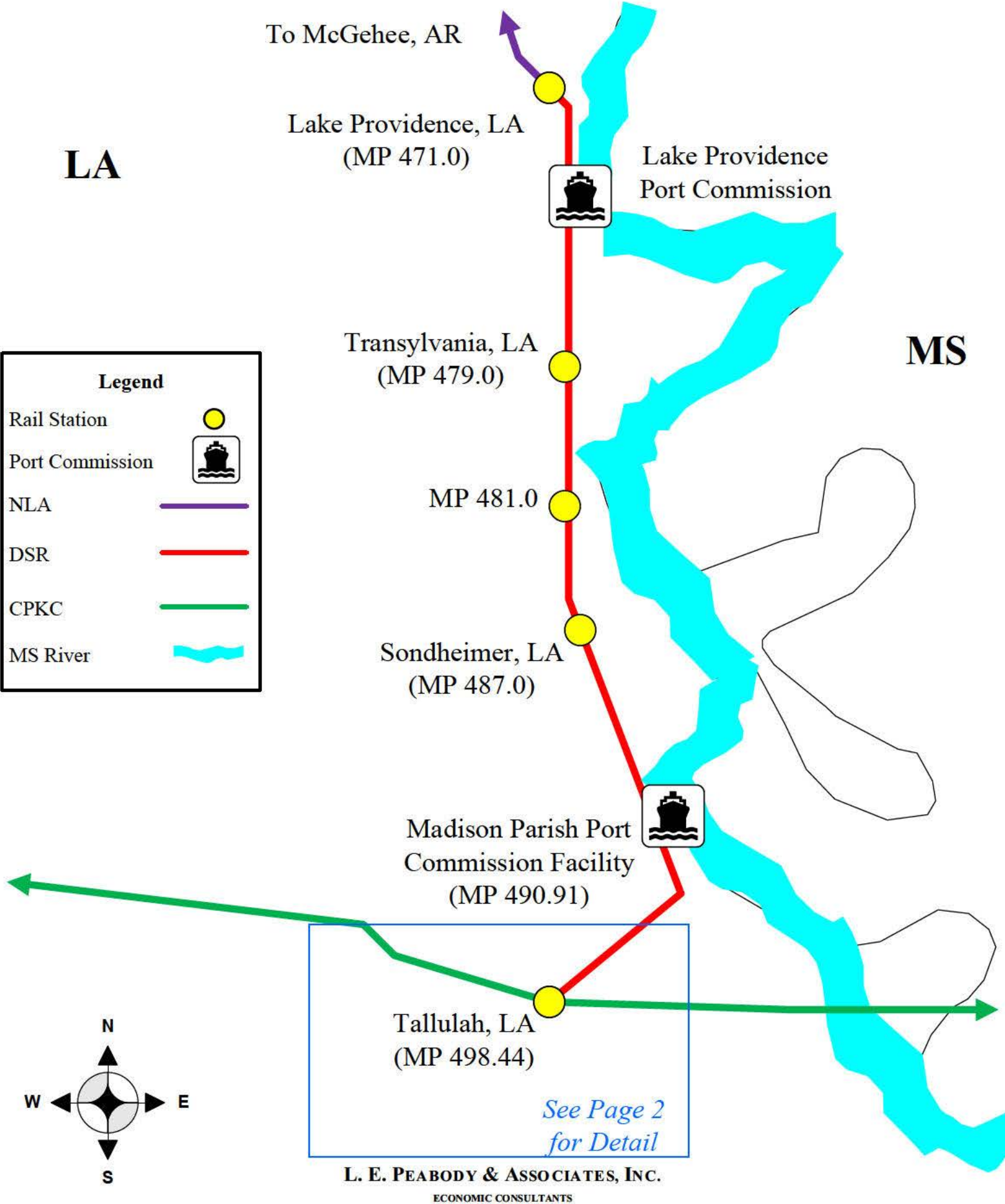
PUBLIC VERSION

LIST OF EXHIBITS

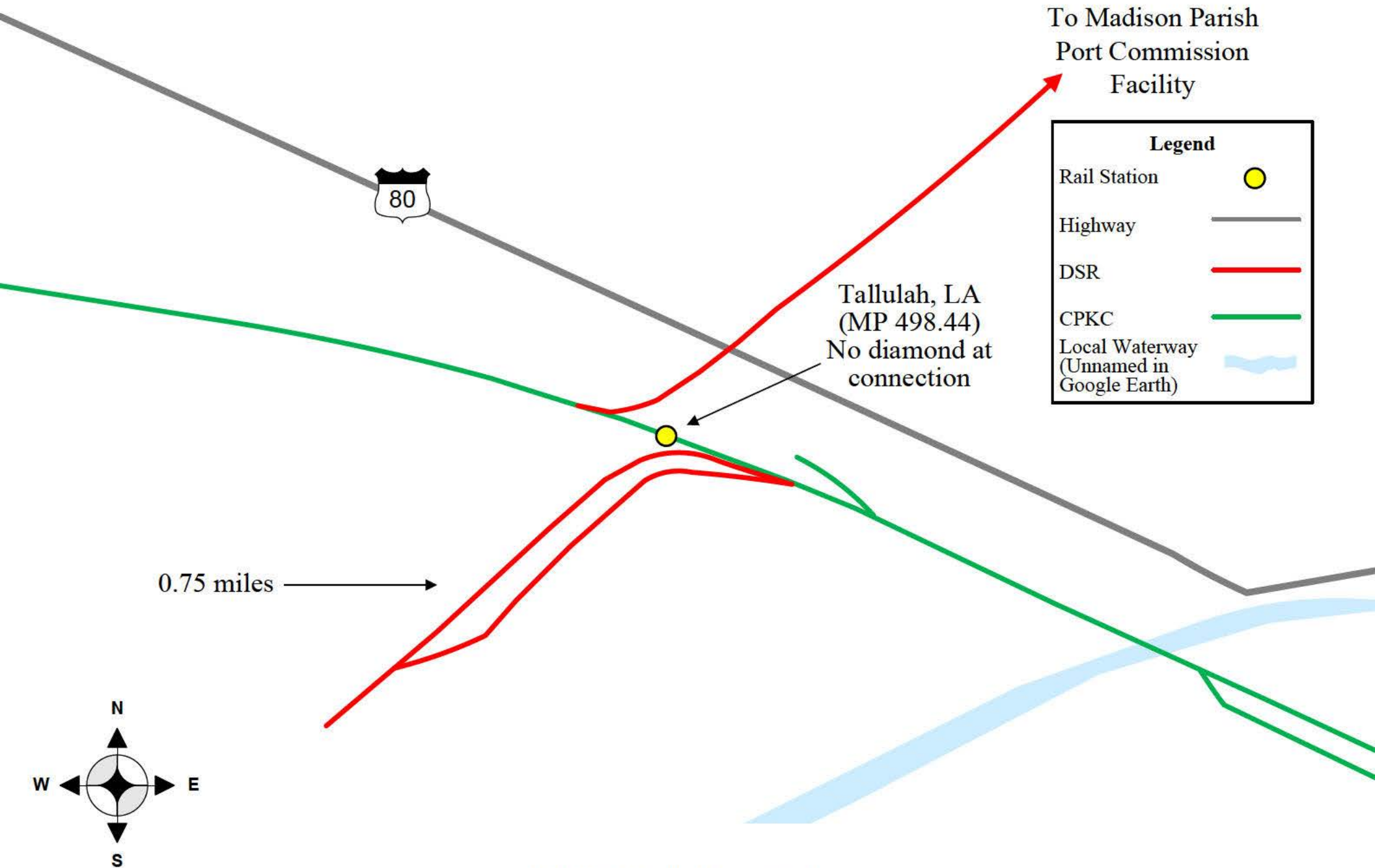
Exhibit No. ⁶⁶	Exhibit Title
(1)	(2)
9	Modified Schematic of Rail Line from Lake Providence to Tallulah
10	DSRR Lake Providence Branch Going Concern Value Assuming the DSRR Line Ends at Tallulah, LA – 2024
11	DSRR Lake Providence Branch Going Concern Value – Assuming the DSRR Line Includes the Abandoned Storage Track South of Tallulah, LA - 2024
12	DSRR Net Liquidation Value Assuming the DSRR Line Ends at Tallulah, LA – 2Q24
13	DSRR Net Liquidation Value (“NLV”) Summary - 2Q24 Assuming the DSRR Line Includes the Abandoned Track South of Tallulah, LA

⁶⁶ Exhibit No. 1 through Exhibit No. 8 are included with our Verified Statement (“VS”) filed on January 3, 2023 in this proceeding.

Modified Schematic of Rail Line from Lake Providence to Tallulah



Modified Schematic of Rail Line from Lake Providence to Tallulah
(Tallulah, LA Detail)



DSRR Lake Providence Branch Going Concern Value Assuming the DSRR Line Ends at Tallulah, LA - 2024

<u>Item</u> (1)	<u>Source</u> (2)	<u>Actual</u> <u>2023</u> (3)	<u>Forecast</u> <u>2024</u> (4)	<u>Forecast</u> <u>2025</u> (5)	<u>Forecast</u> <u>2026</u> (6)	<u>Forecast</u> <u>2027</u> (7)	<u>Forecast</u> <u>2028</u> (8)	<u>Forecast</u> <u>2029</u> (9)	<u>Forecast</u> <u>2030</u> (10)	<u>Forecast</u> <u>2031</u> (11)	<u>Cumulative</u> (12)
1. Railcars											
a. Revenue Railcars	1/	■	■	■	■	■	■	■	■	■	xxx
a. Railcar Storage Days	2/	■	■	■	■	■	■	■	■	■	xxx
b. Railcar Storage Switches	2/	■	■	■	■	■	■	■	■	■	xxx
2. Freight Revenues											
a. Transportation	3/	■	■	■	■	■	■	■	■	■	xxx
b. Demurrage	3/	■	■	■	■	■	■	■	■	■	xxx
3. Storage Revenues											
a. Railcar Storage	4/	■	■	■	■	■	■	■	■	■	xxx
b. Railcar Switches	4/	■	■	■	■	■	■	■	■	■	xxx
4. Total Revenues	L.2a+L.2b+L.3a+L.3b	■	■	■	■	■	■	■	■	■	xxx
5. Operating Expenses	5/	■	■	■	■	■	■	■	■	■	xxx
6. Net Operating Earnings	L.4 - L.5	■	■	■	■	■	■	■	■	■	xxx
7. Discounted Operating Earnings	6/	xxx	■	■	■	■	■	■	■	■	■
8. Net Liquidation Value	7/	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	■	xxx
9. Terminal Value	8/	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	■	■
10. Cumulative Going Concern Value	9/	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	■	\$834,787

1/ Sources: Column (3) from DSRR_02999 for traffic moving on Lake Providence Branch. Columns (4) through (11) equal to prior year value adjusted by DSRR's forecasted change in carloads as reflected in its CRISI Grant Application filed with the Federal Railroad Administration.

2/ Sources: Column (3) from e-workpaper "2023 LP Branch Storage and Switching Count.xlsx." Columns (4) through (11) equal to prior year value adjusted by DSRR's forecasted change in carloads as reflected in its CRISI Grant Application filed with the Federal Railroad Administration.

3/ Sources: Column (3) from Bates No. DSRR_03114. Columns (4) through (11) equal to prior year average revenue per carload or average revenue per railcar storage day multiplied by forecasted change in the RCAF-U and multiplied by current year carloads or railcar storage days.

4/ Sources: Column (3) from Bates No. DSRR_03114 and e-workpaper "2023 LP Branch Storage and Switching Count.xlsx." Columns (4) through (11) equal to prior year average revenue per carload or average revenue per railcar storage day multiplied by forecasted change in the RCAF-U and multiplied by current year carloads or railcar storage days.

5/ Sources: Column (3) from e-workpaper "DSRR Reported Costs (Final).xlsx." Column (4) through (11) equal to prior year adjusted by the DSRR forecasted change in volume as reflected in its CRISI Grant Application with the Federal Railroad Administration and adjusted by the forecasted change in the RCAF-U.

6/ Line 6 discounted to 2024 using the STB's 2022 pre-tax cost of capital of 13.18 percent.

7/ Exhibit No. 12 NLV adjusted to 2031 price levels.

8/ Column (11), Line 9 discounted at the STB's 2022 pre-tax cost of capital of 13.18 percent.

9/ Column (12), Line 7 + Column (12), Line 19.

DSRR Lake Providence Branch Going Concern Value – Assuming the DSRR Line Includes the Abandoned Storage Track South of Tallulah, LA - 2024

<u>Item</u> (1)	<u>Source</u> (2)	<u>Actual</u> <u>2023</u> (3)	<u>Forecast</u> <u>2024</u> (4)	<u>Forecast</u> <u>2025</u> (5)	<u>Forecast</u> <u>2026</u> (6)	<u>Forecast</u> <u>2027</u> (7)	<u>Forecast</u> <u>2028</u> (8)	<u>Forecast</u> <u>2029</u> (9)	<u>Forecast</u> <u>2030</u> (10)	<u>Forecast</u> <u>2031</u> (11)	<u>Cumulative</u> (12)
1. Railcars											
a. Revenue Railcars	1/	■	■	■	■	■	■	■	■	■	xxx
a. Railcar Storage Days	2/	■	■	■	■	■	■	■	■	■	xxx
b. Railcar Storage Switches	2/	■	■	■	■	■	■	■	■	■	xxx
2. Freight Revenues											
a. Transportation	3/	■	■	■	■	■	■	■	■	■	xxx
b. Demurrage	3/	■	■	■	■	■	■	■	■	■	xxx
3. Storage Revenues											
a. Railcar Storage	4/	■	■	■	■	■	■	■	■	■	xxx
b. Railcar Switches	4/	■	■	■	■	■	■	■	■	■	xxx
4. Total Revenues	L.2a+L.2b+L.3a+L.3b	■	■	■	■	■	■	■	■	■	xxx
5. Operating Expenses	5/	■	■	■	■	■	■	■	■	■	xxx
6. Net Operating Earnings	L.4 - L.5	■	■	■	■	■	■	■	■	■	xxx
7. Discounted Operating Earnings	6/	xxx	■	■	■	■	■	■	■	■	■
8. Net Liquidation Value	7/	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	■	xxx
9. Terminal Value	8/	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	■	■
10. Cumulative Going Concern Value	9/	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	■	\$1,067,085

1/ Sources: Column (3) from DSRR_02999 for traffic moving on Lake Providence Branch. Columns (4) through (11) equal to prior year value adjusted by DSRR's forecasted change in carloads as reflected in its CRISI Grant Application filed with the Federal Railroad Administration.

2/ Sources: Column (3) from e-workpaper "2023 LP Branch Storage and Switching Count.xlsx." Columns (4) through (11) equal to prior year value adjusted by DSRR's forecasted change in carloads as reflected in its CRISI Grant Application filed with the Federal Railroad Administration.

3/ Sources: Column (3) from Bates No. DSRR_03114. Columns (4) through (11) equal to prior year average revenue per carload multiplied by forecasted change in the RCAF-U and multiplied by current year carloads.

4/ Sources: Column (3) from Bates No. DSRR_03114. Columns (4) through (11) equal to prior year average revenue per switched carload or average revenue per railcar storage day multiplied by forecasted change in the RCAF-U and multiplied by current year switch carloads or railcar storage days.

5/ Sources: Column (3) from e-workpaper "DSRR Reported Costs (Final).xlsx." Column (4) through (11) equal to prior year adjusted by the DSRR forecasted change in volume as reflected in its CRISI Grant Application with the Federal Railroad Administration and adjusted by the forecasted change in the RCAF-U.

6/ Line 6 discounted to 2024 using the STB's 2022 pre-tax cost of capital of 13.18 percent.

7/ Exhibit No. 13 NLV adjusted to 2031 price levels.

8/ Column (11), Line 9 discounted at the STB's 2022 pre-tax cost of capital of 13.18 percent.

9/ Column (12), Line 7 + Column (12), Line 19.

DSRR Net Liquidation Value
Assuming the DSRR Line Ends at Talullah, LA - 2Q24

Item (1)	Source (2)	Amount (3)
1. Relay Rail Gross Salvage Value ("GSV")	Page 3, L.25, Column (3)	\$150,657
2. Relay Other Track Material ("OTM") GSV	Page 8, L.68, Column (3)	\$130,229
3. Relay Turnouts GSV	Page 11, L.3, Column (4)	<u>\$10,557</u>
4. Total Relay GSV	L.1 + L.2 + L.3	\$291,443
5. Reroll and Scrap Rail GSV	Page 3, L.32, Column (3)	\$529,959
6. Scrap OTM GSV	Page 8, L.69, Column (3)	\$218,755
7. Scrap Turnouts GSV	Page 11, Column (4), L.4	<u>\$566</u>
8. Total Reroll and Scrap GSV	L.5 + L.6 + L.7	\$749,280
9. Total Rail GSV	L.1 + L.5	\$680,616
10. Total OTM GSV	L.2 + L.6	\$348,984
11. Total Turnouts GSV	L.3 + L.7	<u>\$11,123</u>
12. Total Relay, Reroll and Scrap GSV	L.9 + L.10 + L.11	\$1,040,723
13. Ties Net Salvage Value	Page 4, L.30, Column (3)	\$0
14. Total Gross Salvage Value	L.12 + L.13	\$1,040,723
15. Rail/Turnout Removal and Restoration Costs	Page 12, L.33, Column (3)	\$583,827
16. Relay Marketing and Disposition Costs	L.4 x 15% 1/	\$43,716
17. Scrap Marketing and Disposition Costs	L.8 x 5% 1/	<u>\$37,464</u>
18. Total Marketing and Disposition Costs	L.16 + L.17	\$81,180
19. Transportation Costs	Page 13, L.12, Column (3)	\$238,432
20. Total Liquidation Cost	L.15 + L.18 + L.19	\$903,439
21. Total Net Salvage Value ("NSV") of Track Assets	L.14 - L.20	\$137,284
22. Total Value of Land	Page 14, Column (4), L.3	\$104,826
23. Total Net Liquidation Value	L.21 + L.22	\$242,109

1/ STB Docket No. FD 36005 filed March 18, 2016, KCVN/CPRR Feeder Line Application for Towner Line, Volume I.

DSRR Line Segments

Segment	Main Miles 1/	Siding Miles 1/	Total Miles 2/
(1)	(2)	(3)	(4)
1. Lake Providence to Madison Parish Port Spur	19.91	0.86	20.77
2. Madison Parish Port Spur to Tallulah	<u>7.53</u>	<u>0.00</u>	<u>7.53</u>
3. Total Track Miles 3/	27.44	0.86	28.30
<u>Relay Miles</u>			
4. Lake Providence to Madison Parish Port Spur	3.98	0.00	3.98
5. Madison Parish Port Spur to Tallulah	<u>1.51</u>	<u>0.00</u>	<u>1.51</u>
6. Total Relay Miles 4/	5.49	0.00	5.49
<u>Reroll Miles</u>			
7. Lake Providence to Madison Parish Port Spur	13.94	0.00	13.94
8. Madison Parish Port Spur to Tallulah	<u>5.27</u>	<u>0.00</u>	<u>5.27</u>
9. Total Reroll Miles 5/	19.21	0.00	19.21
<u>Scrap Miles</u>			
10. Lake Providence to Madison Parish Port Spur	1.99	0.86	2.85
11. Madison Parish Port Spur to Tallulah	<u>0.75</u>	<u>0.00</u>	<u>0.75</u>
12. Total Scrap Miles 6/	2.74	0.86	3.60

1/ Based on track charts and field observations.

2/ Column (2) + Column (3).

3/ Sum of Segment Miles.

4/ Sum of Relay Miles.

5/ Sum of Reroll Miles.

6/ Sum of Scrap Miles.

DSRR Rail Assets Gross Salvage Value ("GSV") -- 2Q24

Item	Source	85 Jointed 1911 1/
(1)	(2)	(3)
1. Total Main Track Miles	Page 2, L.3 Column (2)	27.44
2. Total Sidings Miles	Page 2, L.3 Column (3)	<u>0.86</u>
3. Total Rail Miles	L.1 + L.2	28.30
4. Relay Fit Miles	Page 2, L.6 Column (4)	5.49
5. Reroll Miles	Page 2, L.9 Column (4)	19.21
6. Scrap Miles	Page 2, L.12 Column (4)	<u>3.60</u>
7. Total Reroll and Scrap Miles	L.5 + L.6	22.81
8. Total Rail Miles	L.4 + L.7	28.30
9. Pounds per Yard	2/	85.00
10. Rails Per Yard	3/	2.00
11. Yards Per Mile	5,280 feet ÷ 3 feet	1,760
12. Pounds per Mile	L.9 x L.10 x L.11	299,200
13. Tons Per Mile	L.12 ÷ 2,000 lbs.	149.60
14. Relay Fit Tons	L.4 x L.13	821.00
15. Percent of Total Tons	L.14 ÷ L.20	19.39%
16. Reroll Tons	L.5 x L.13	2,873.52
17. Scrap Tons	L.6 x L.13	<u>539.16</u>
18. Total Reroll and Scrap Tons	L.16 + L.17	3,412.68
19. Percent of Total Tons	L.18 ÷ L.20	80.61%
20. Total Tons By Rail Type	L.14 + L.18	4,233.68
21. Percent of Total Tons	L.15 + L.19	100.00%
22. Reusable Percentage	4/	97.00%
23. Relay Fit Reusable Tons	L.14 x L.22	796.37
24. Relay Fit Unit Price Per Ton	5/	<u>\$189.18</u>
25. Relay Fit GSV	L.23 x L.24	\$150,657
26. Reroll Reusable Tons	L.16 x L.22	2,787.31
27. Reroll Price Per Ton	5/	<u>\$168.91</u>
28. Reroll GSV	L.26 x L.27	\$470,805
29. Scrap Reusable Tons	L.17 x L.22	522.98
30. Scrap Price Per Ton	5/	<u>\$113.11</u>
31. Scrap GSV	L.29 x L.30	\$59,154
32. Total Reroll and Scrap GSV	L.28 + L.31	\$529,959
33. Total Reusable Tons	L.23 + L.26 + L.29	4,106.66
34. Total Rail GSV	L.25 + L.32	\$680,616

1/ Weight of rail on DSRR confirmed in DSRR_02366 which shows range of rail weight.

2/ Rail is identified by its weight per yard of length. Thus 85# rail weighs 85 pounds per yard, etc.

3/ Each segment of track has two (2) rails.

4/ Assumed reusable rail based on STB Docket No. FD 36005 filed March 18, 2016,
KCVN/CPRR Feeder Line Application for Towner Line, Volume I.

5/ See, "Harmer Steel RE Wholesale Track Materials Quote.msg" and "Harmer Steel Track Material Unit Price Quote completed November 9 2022.xlsx" indexed to 2Q24 using the AAR materials and Supplies Index.

DSRR Net Salvage Value ("NSV") For Ties -- 2Q24

Item	Source	Amount
(1)	(2)	(3)
1. Total Miles	Page 2, L. 3, Column (4)	28.30
2. Ties Per Mile	1/	<u>3,249</u>
3. Total Ties	L.1 x L.2	91,953
4. Relay Ties Per Mile	L.6 ÷ L.1	33
5. Relay Percentage	2/	1.00%
6. Total Relay Ties	L.3 x L.5	920
7. Unit Price Per Relay Tie	3/	<u>-\$2.11</u>
8. Total Relay Ties Gross Salvage Value ("GSV")	L.6 x L.7	-\$1,941
9. Landscape #1 Ties Per Mile	L.11 ÷ L.1	325
10. Landscape #1 Ties Percentage	2/	10.00%
11. Total Landscape #1 Ties	L.3 x L.10	9,195
12. Unit Price Per Landscape #1 Tie	3/	<u>-\$15.84</u>
13. Total Landscape #1 Ties GSV	L.11 x L.12	-\$145,649
14. Landscape #2 Ties Per Mile	L.16 ÷ L.1	325
15. Landscape #2 Ties Percentage	2/	10.00%
16. Total Landscape #2 Ties	L.3 x L.15	9,195
17. Unit Price Per Landscape #2 Tie	3/	<u>-\$15.84</u>
18. Total Landscape #2 GSV	L.16 x L.17	-\$145,649
19. Scrap Ties Per Mile	L.21 ÷ L.1	2,567
20. Scrap Percentage	2/	79.00%
21. Total Scrap Ties	L.3 x L.20	72,643
22. Unit Price Per Scrap Tie	3/	<u>-\$26.39</u>
23. Total Scrap Ties GSV	L.21 x L.22	-\$1,917,049
24. Total Ties GSV	L.8 + L.13 + L.18 + L.23	-\$2,210,288
25. Estimated Tie Removal Cost Per Tie	■	■
26. AAR Materials and Supplies Index	■	■
27. 2Q24 Cost Per Tie	■	■
28. Estimated Tie Removal Cost	■	■
29. Total Ties NSV	■	■
30. STB NSV For Ties 6/	L.29 or Zero	\$0

1/ Crossties are typically laid every 19.5 inches, which equates to approximately 3,249 crossties per mile [(5,280 ft/mile x 12 in/ft) ÷ 19.5 in]. Confirmed in DSRR_02366 which indicates tie spacing.

2/ Based on our field review, we estimate that 1.0% of the ties would be classified as relay, 10.0% would be classified as landscape #1, 10.0% would be classified as landscape #2, and 79.0% would be classified as scrap.

3/ Average of quotes from Harmer Steel received November 2022 indexed to 2Q24 using AAR Materials and Supplies Index.

4/ Source: DSRR_02395. Quote from Green Railroad Services showing a ■ per tie disposal cost.

5/ AAR Materials and Supplies Index 2Q 2021 to 2Q 2024.

6/ Based on STB proceedings, should the NLV for ties be less than zero we assumed that the railroad would not go through the process of removing and disposing of the ties and the NLV is assumed to be zero.

DSRR Tie Allocation Calculations

Item	Source	Allocation Percent
(1)	(2)	(3)
1. Relay	1/	1.0%
2. Landscape 1	1/	10.0%
3. Landscape 2	1/	10.0%
4. Scrap	1/	<u>79.0%</u>
5. Total	Sum of L.1 through L.4.	100.0%

1/ Tie allocation percentage based on condition of the rail line identified during the field review undertaken by L. E. Peabody & Associates, Inc.

**DSRR Gross Salvage Value ("GSV")
For Other Track Materials ("OTM") -- 2Q24**

Item (1)	Source (2)	Amount (3)
<u>A. Tie Plates</u>		
1. Relay Tie Plates Miles	Page 2, L.6, Column (4)	5.49
2. Relay Tie Plates Per Mile	1/	<u>6,498</u>
3. Total Relay Tie Plates	L.1 x L.2	35,664
4. Reusable Percentage	2/	97%
5. Total Reusable Relay Tie Plates	L.3 x L.4	34,594
6. Unit Price Per Relay Tie Plate	3/	<u>\$3.06</u>
7. Total Relay Tie Plates GSV	L.5 x L.6	\$105,858
8. Scrap Tie Plates Miles	Page 3, L.7, Column (3)	22.81
9. Scrap Tie Tons Per Mile	4/	<u>68.23</u>
10. Total Scrap Tie Plates Tons	L.8 x L.9	1,557
11. Reusable Percentage	2/	95%
12. Total Reusable Scrap Tie Plates Tons	L.10 x L.11	1,479
13. Unit Price Per Scrap Ton	5/	<u>\$113.11</u>
14. Total Scrap Tie Plates GSV	L.12 x L.13	\$167,290
15. Total Tie Plates GSV	L.7 + L.14	\$273,148
<u>B. Joint Bars</u>		
16. Relay Joint Bars Miles	Page 2, L. 6, Column (4)	5.49
17. Relay Joint Bars Per Mile	6/	<u>270.8</u>
18. Total Relay Joint Bars	L.16 x L.17	1,486
19. Reusable Percentage	2/	97%
20. Total Reusable Relay Joint Bars	L.18 x L.19	1,441
21. Unit Price Per Relay Joint Bar	3/	<u>\$15.84</u>
22. Total Relay Joint Bars GSV	L.20 x L.21	\$22,825
23. Scrap Joint Bars Miles	Page 3, L.7, Column (3)	22.81
24. Scrap Joint Bars Tons Per Mile	Page 9, L.16, Column (4)	<u>12.70</u>
25. Total Scrap Joint Bars Tons	L.23 x L.24	290
26. Reusable Percentage	2/	95%
27. Total Reusable Scrap Joint Bars Tons	L.25 x L.26	276
28. Unit Price Per Scrap Ton	5/	<u>\$113.11</u>
29. Total Scrap Joint Bars GSV	L.27 x L.28	\$31,218
30. Total Joint Bars GSV	L.22 + L.29	\$54,043

(Footnotes on Page 8)

**DSRR Gross Salvage Value ("GSV")
For Other Track Materials ("OTM") -- 2Q24**

Item (1)	Source (2)	Amount (3)
<u>C. Relay Anchors</u>		
31. Relay Rail Anchors Welded Miles	There is no CWR on the DSRR	0.00
32. Relay Rail Anchors Welded Per Mile	There is no CWR on the DSRR	<u>0</u>
33. Total Relay Rail Anchors Welded	L.31 x L.32	0
34. Reusable Percentage	2/	80%
35. Total Reusable Relay Rail Anchors Welded	L.33 x L.34	0
36. Unit Price Per Relay Anchor	3/	<u>\$0.13</u>
37. Total Relay Rail Anchors Welded GSV	L.35 x L.36	\$0
38. Relay Rail Anchors Jointed Miles	Page 2, L. 6, Column (4)	5.49
39. Relay Rail Anchors Jointed Per Mile	7/	<u>2,708</u>
40. Total Relay Rail Anchors Jointed	L.38 x L.39	14,862
41. Reusable Percentage	2/	80%
42. Total Reusable Relay Rail Anchors Jointed	L.40 x L.41	11,890
43. Unit Price Per Relay Anchor	3/	<u>\$0.13</u>
44. Total Relay Rail Anchors Jointed GSV	L.42 x L.43	\$1,546
45. Total Relay Rail Anchors GSV	L.37 + L.44	\$1,546
46. Scrap Rail Anchor Miles	Page 3, L.7, Column (3)	22.81
47. Scrap Tons of Anchors Per Mile	8/	<u>4.06</u>
48. Total Scrap Rail Anchors Tons	L.46 x L.47	93
49. Reusable Percentage	2/	80%
50. Total Reusable Rail Anchor Tons	L.48 x L.49	74
51. Unit Price Per Scrap Ton	5/	<u>\$113.11</u>
52. Total Scrap Rail Anchors Welded GSV	L.50 x L.51	\$8,370
53. Total Rail Anchors GSV	L.45 + L.52	\$9,916
<u>D. Spikes</u>		
54. Scrap Spike Miles	Page, 3, L.7, Column (3)	22.81
55. Scrap Spike Tons Per Mile	9/	<u>4.36</u>
56. Total Scrap Spike Tons	L.54 x L.55	100
57. Reusable Percentage	2/	80%
58. Total Reusable Scrap Spikes Tons	L.56 x L.57	80
59. Unit Price Per Scrap Ton	5/	<u>\$113.11</u>
60. Total Scrap Spikes GSV	L.58 x L.59	\$9,049

(Footnotes on Page 8)

**DSRR Gross Salvage Value ("GSV")
For Other Track Materials ("OTM") -- 2Q24**

Item (1)	Source (2)	Amount (3)
<u>E. Bolts & Washers</u>		
61. Scrap Bolts & Washers Miles	Page, 3, L.7, Column (3)	22.81
62. Scrap Bolts & Washers Tons Per Mile	10/	<u>1.38</u>
63. Total Scrap Bolt & Washers Tons	L.61 x L.62	31
64. Reusable Percentage	2/	80%
65. Total Reusable Scrap Bolts & Washers Tons	L.63 x L.64	25
66. Unit Price Per Scrap Ton	5/	<u>\$113.11</u>
67. Total Scrap Bolts & Washers GSV	L.65 x L.66	\$2,828
<u>F. Total</u>		
68. Total Relay OTM GSV	L.7 + L.22 + L.45	\$130,229
69. Total Scrap OTM GSV	L.14 + L.29 + L.52 + L.60 + L.67	<u>\$218,755</u>
70. Total OTM GSV	L.68 + L.69	\$348,984

Footnotes

- 1/ There are two (2) tie plates per crosstie. According to the Railway Tie Association, crossties are typically laid every 19.5 inches. (5,280 ft. per mile x 12 in. per ft.) ÷ 19.5 in. between ties equals 3,249 crossties per mile and two (2) crosstie plates per crosstie equals 6,498 tie plates per mile.
- 2/ STB Docket No. FD 36005 filed March 18, 2016, *KCVN/CPRR Feeder Line Application for Towner Line, Volume I*.
- 3/ See, "Harmer Steel RE Wholesale Track Materials Quote.msg" and "Harmer Steel Track Material Unit Price Quote completed November 9 2022.xlsx." adjusted to 2Q 2024 price levels.
- 4/ Calculated based on a weighted average tie plate weight of 21.0 lbs. per tie plate and 6,498 tie plates per mile. [6,498 tie plates per mile x 21.0 lbs. per tie plate] ÷ 2000.0 lbs. per ton equals 68.23 tons per mile.
- 5/ Quote from Harmer Steel received November 2022 was equal to \$120.00 per gross ton. Converted to price per net ton results in a scrap price of \$107.14 per net ton (\$182.25 x [2,000 lbs. per net ton ÷ 2,240 lbs. per gross ton]) and adjusted to 2Q 2024 price levels.
- 6/ One joint bar is necessary for each side of rail per joint, joints are necessary to connect the rail section every 39 feet. [5,280 ft. per mile ÷ 39.0 ft. per rail section] x 2.0 rails per section equals 270.8.
- 7/ Calculated based on the assumption that DSRR uses 10 anchors per 39 foot section of rail.
- 8/ Calculated based on anchor weight of 1.88 lbs. per anchor and an assumed 16 anchors per 39 foot section of rail.
- 9/ Calculated based on a spike keg for 5/8 x 6 inch spikes with a keg weight of 200 lbs. and an assumed 43.64 spike kegs per mile of rail.
- 10/ Calculated based on a bolt keg for 1 x 5 1/4 inch bolts with a keg weight of 200 lbs. and an assumed 13.8 bolt kegs per mile of rail.

DSRR Other Track Material Calculations

Item	Source	85 Jointed 1911 1/
(1)	(2)	(3)
1. Feet Per Mile	Given	5,280
2. Inches Per Feet	Given	12
3. Feet Per Rail Section	Given	39
4. Rails Per Section	Given	2
5. Pounds Per Ton	Given	2,000
<u>A. Tie Plates</u>		
6. Inches Between Ties (Spacing)	1/	19.5
7. Miles of Rail	Page 2, L.3, Column (4)	28.30
8. Pounds Per Tie Plate	2/	21
9. Ties Per Mile	$(L.1 \times L.2) \div L.6$	3,249
10. Tie Plates Per Mile	$L.9 \times L.4$	6,498
11. Tie Plate Tons Per Mile	$(L.10 \times L.8) \div L.5$	68.23
<u>B. Joint Bars</u>		
12. Joint Bars Per Mile	3/	270.77
13. Joint Bar Pounds Per Pair	4/	93.84
14. Scrap Joint Bars Tons Per Mile	$(L.12 \times L.13) \div L.5$	12.70
15. Miles of Scrap Rail	Page 3, L.7, Column (3)	22.81
16. Weighted Average Scrap Joint Bar Tons Per Mile	5/	12.70
<u>C. Rail Anchors</u>		
17. Anchors Per Relay Welded Section	There is no CWR on the DSRR	0
18. Anchors Per Relay Jointed Section	2/	10
19. Anchors Per Scrap Section	2/	16
20. Weight Per Anchor	6/	1.875
21. Anchors Per Mile - Relay Welded Rail	$[(L.1 \div L.3) \times L.4] \times L.17$	0
22. Anchors Per Mile - Relay Jointed Rail	$[(L.1 \div L.3) \times L.4] \times L.18$	2,708
23. Anchors Per Mile - Scrap Rail	$[(L.1 \div L.3) \times L.4] \times L.19$	4,332
24. Anchor Scrap Tons Per Mile	$(L.23 \times L.20) \div L.5$	4.06

(Footnotes on Next Page)

DSRR Other Track Material Calculations

Item	Source	85 Jointed 1911 1/
(1)	(2)	(3)
<u>D. Rail Spikes</u>		
25. Spike Keg Weight	7/	200
26. Kegs Needed Per Mile	8/	43.64
27. Spike Tons Per Mile	$(L.25 \times L.26) \div L.5$	4.36
<u>E. Bolts and Washers</u>		
28. Bolts Keg Weight	9/	200
29. Kegs Needed Per Mile	10/	13.80
30. Bolts Tons Per Mile	$(L.28 \times L.29) \div L.5$	1.38

-
- 1/ According to the Railway Tie Association crossties are typically laid every 19.5 inches.
- 2/ STB Docket No. FD 36005 filed March 18, 2016, *KCVN/CPRR Feeder Line Application for Towner Line, Volume I*.
- 3/ One joint bar is necessary for each side of rail per joint, joints are necessary to connect the rail section every 39 feet. $[(Line\ 1 \div Line\ 3) \times Line\ 4]$.
- 4/ Wabtec Corporation identifies 36 inch joint bars for 85 lb. rail as 93.84 lbs. per pair.
- 5/ Weighted Avg. of L.14 weighted on L.15.
- 6/ According to Progress Rail, 5.5" is the standard rail anchor size for rail sections 110, 112, 115, and 119 and 6.0" is the standard rail anchor size for rail sections 131, 132, 133, 136, 140, and 141. Progress Rail lists the 5.5" standard weight as 1.79 lbs. and the heavy duty weight as 1.96 lbs. and the 6.0" standard weight as 1.88 lbs. and the heavy duty weight as 2.10 lbs. It has been assumed that any track less than 131 lbs. would use 5.5" anchors and track equal to or larger than 131 lbs. would use 6.0" anchors. For 5.5" anchors the average of Progress Rail's standard and heavy duty weights was used $(1.79\ lbs. + 1.96\ lbs. \div 2 = 1.875\ lbs.)$. For 6.0" anchors the average of Progress Rail's standard and heavy duty weights was used $(1.88\ lbs. + 2.10\ lbs. \div 2 = 1.99\ lbs.)$.
- 7/ LBFoster Rail Products "Other Track Materials and Accessories" brochure Track Spikes sections that notes that a 200. Lb Keg of spikes for 5/8 x 6 inch spikes contains 242 spikes.
- 8/ LBFoster Rail Products "Other Track Materials and Accessories" brochure Track Spikes sections that notes that for 5/8 x 6 inch spike 43.64 kegs would be needed per mile.
- 9/ LBFoster Rail Products "Other Track Materials and Accessories" brochure Track Bolts sections that notes that a 200. Lb Keg of bolts for 1 x 5 1/4 inch spikes contains 109 spikes.
- 10/ LBFoster Rail Products "Other Track Materials and Accessories" brochure Track Bolts sections that notes that for 1 x 5 1/4 inch bolts 13.8 kegs would be needed per mile.

DSRR Turnout Gross Salvage Value ("GSV") -- 2Q24

Description	Quantity 1/	Unit Price	Total
(1)	(2)	(3)	(4)
<u>A. Relay Turnouts</u>			
1. 115 lb.	1	\$4,223 2/	\$4,223 3/
2. 90 lb.	<u>2</u>	\$3,167 2/	<u>\$6,334</u> 3/
3. Total Relay	3		\$10,557
<u>B. Scrap Turnouts</u>			
4. Various	5	\$113.11 4/	<u>\$566</u> 3/
5. Total GSV 5/	8		\$11,123

1/ Field review and Google Earth Pro.

2/ Quotes from Harmer Steel received November 2022 indexed to 2Q24 using the AAR Materials and Supplies Index.

3/ Column (2) x Column (3).

4/ Harmer Steel received November 2022 was equal to \$120.00 per gross ton. The 2Q24 value equals \$126.68 per gross ton. Converted to price per net ton results in a scrap price of \$113.11 per net ton ($\$126.68 \times [2,000 \text{ lbs. per net ton} \div 2,240 \text{ lbs per gross ton}]$).

5/ Line 3 + Line 4.

DSRR Removal and Restoration Costs -- 2Q24

Item	Source	Amount
(1)	(2)	(3)
1. Fit Rail and OTM Miles	Page 3, L.4, Column (3)	5.49
2. Fit Rail and OTM Removal Cost Per Mile	1/	\$16,000
3. AAR Materials and Supplies Index	2/	1.373
4. 2Q24 Cost Per Mile	L.2 x L.3	<u>\$21,970</u>
5. Fit Rail and OTM Removal Costs	L.1 x L.4	\$120,615
6. Scrap Rail and OTM Miles	Page 3, L.7, Column (3)	22.81
7. Scrap Rail and OTM Removal Cost Per Mile	1/	\$12,000
8. AAR Materials and Supplies Index	2/	1.373
9. 2Q24 Cost Per Mile	L.7 x L.8	<u>\$16,477</u>
10. Scrap Rail and OTM Removal Costs	L.6 x L.9	\$375,882
11. Fit Turnouts	Page 11, L.3, Column (2)	3
12. Fit Turnout Removal Costs Per Turnout	1/	\$800
13. AAR Materials and Supplies Index	2/	1.373
14. 2Q24 Cost Per Mile	L.12 x L.13	<u>\$1,098</u>
15. Fit Turnout Removal Costs	L.11 x L.14	\$3,295
16. Scrap Turnouts	Page 11, L.4, Column (2)	5
17. Scrap Turnout Removal Costs Per Turnout	1/	\$500
18. AAR Materials and Supplies Index	2/	1.373
19. 2Q24 Cost Per Mile	L.17 x L.18	<u>\$687</u>
20. Scrap Turnout Removal Costs	L.16 x L.19	\$3,433
21. Total Track Removal Costs	L.5 + L. 10 + L.15 + L.20	\$503,225
22. Public Highway Crossings	Page 17, L.55, Column (3)	25
23. Public Highway Restoration Costs Per Crossing	1/	\$2,000
24. AAR Materials and Supplies Index	2/	1.373
25. 2Q24 Cost Per Mile	L.23 x L.24	<u>\$2,746</u>
26. Total Public Highway Crossings Costs	L.22 x L.25	\$68,656
27. Private Highway Crossings	Page 17, L.56, Column (3)	29
28. Private Highway Restoration Cost per Crossing	1/	\$300
29. AAR Materials and Supplies Index	2/	1.373
30. 2Q24 Cost Per Mile	L.28 x L.29	<u>\$412</u>
31. Total Private Highway Crossings Costs	L.27 x L.30	\$11,946
32. Total Crossing Restoration	L.26 + L.31	<u>\$80,602</u>
33. Total Removal and Restoration Costs	L.21 + L.32	\$583,827

1/ STB Docket No. FD 36005 filed August 30, 2016, Comments of V&S Railway, LLC to KCVN/CPRR Feeder Line Application for Towner Line.

2/ AAR Materials and Supplies Index West 3Q 2016 to 2Q 2024.

DSRR Asset Transportation Costs -- 2Q24

Item	Tons	Number of Railcars 1/
(1)	(2)	(3)
1. Relay Rail	796	8
2. Reroll Rail	2,787	28
3. Scrap Rail	523	6
4. Scrap Tie Plates	1,479	15
5. Scrap Joint Bars	276	3
6. Scrap Anchors	74	1
7. Scrap Spikes	80	1
8. Scrap Bolt and Washers	25	1
9. Scrap Turnouts	<u>5</u>	<u>1</u>
10. Total	6,046	64
11. Cost Per Railcar 2/	xxx	<u>\$3,726</u>
12. Transportation Costs 3/	xxx	\$238,432

1/ Column (2) ÷ 100 tons per railcar.

2/ Average costs per railcar to salvage and scrap centers
in Arkansas and Memphis, TN from Northern Louisiana
as found in UP Exempt Circular UPRR 4021 items 1200 and 1262.

3/ Column (3), Line 10 x Line 11.

DSRR Estimated Value of Land -- 2Q24

Land Holding Type	Acres 1/	Average Price per Acre 2/	Total Land Value 3/
(1)	(2)	(3)	(4)
1. Fee Simple	38.030	\$2,756	\$104,826
2. Servitude	<u>318.273</u>	<u>\$0</u>	<u>\$0</u>
3. Total 4/	356.303	---	\$104,826

1/ RMI Valuation, Inc. Report Figure 2.
2/ RMI Valuation, Inc. Report Figure 9. Land value net of brokers commissions and closing costs and adjusted to 2Q 2024 prices levels based on the average historic change in Louisiana rural land values as developed by the USDA. See workpaper "USDA Land Values - Downloaded 6-19-2024 - CAGR Calculation.xlsx."
3/ Column (2) x Column (3).
4/ Sum of Line 1 and Line 2.

2Q24 Relay and Scrap Rail Wholesale Prices

<u>Item</u> (1)	<u>Unit</u> (2)	<u>4Q 2022 Wholesale Price 1/ (3)</u>	<u>4Q 2022 to 2Q 2024 AAR Materials and Supplies Index West 2/ (4)</u>	<u>2Q 2024 Wholesale Price 3/ (5)</u>
A. Steel (Rail) (per unit)				
1. Rail 85 pound per yard, Arema Fit #1	Net Ton	\$200.00	1.056	\$211.13
2. Rail Reroll	Gross Ton	\$179.20	1.056	\$189.18
3. Rail Reroll 4/	Net Ton	\$160.00	1.056	\$168.91
4. Rail Scrap	Gross Ton	\$120.00	1.056	\$126.68
5. Rail Scrap 5/	Net Ton	\$107.14	1.056	\$113.11
B. Steel (OTM) (per unit)				
1. Scrap OTM (Gross Ton)	Gross Ton	\$120.00	1.056	\$126.68
2. Scrap OTM (Net Ton) 4/	Net Ton	\$107.14	1.056	\$113.11
3. Tie Plates, D/S, 8" x 13" 6"	Each	\$2.90	1.056	\$3.06
4. Joint Bars, 90 pound per yard, Fit six hole	Pair	\$21.00	1.056	\$22.17
5. Joint Bars, 85 pound per yard, Fit six hole	Pair	\$15.00	1.056	\$15.84
6. Anchors, Fit 6"	Each	\$0.12	1.056	\$0.13
C. Timber (Ties) (per unit)				
1. Relay 7x9x9' hardwood	Each	(\$2.00)	1.056	(\$2.11)
2. Landscape 7x9x9'	Each	(\$15.00)	1.056	(\$15.84)
3. Scrap 7x9x9'	Each	(\$25.00)	1.056	(\$26.39)
D. Turnouts (per unit)				
1. Weight 115 #9 AREMA relay	Each	\$4,000	1.056	\$4,222.70
2. Weight 90 #9 AREMA relay	Each	\$3,000	1.056	\$3,167.02

1/ See, "Harmer Steel RE Wholesale Track Materials Quote.msg" and "Harmer Steel Track Material Unit Price Quote completed November 9 2022.xlsx."

2/ 4Q 2022 RCAF materials and supplies index adjusted to 2Q 2024 RCAF materials and supplies index levels.

3/ Column (3) x Column (4).

4/ Rail Reroll Gross Tons have been converted to Net Tons.

5/ Rail Scrap Gross Tons have been converted to Net Tons.

DSRR Crossing Calculations

<u>Crossing # 1/</u> (1)	<u>DSRR Mile Post 2/</u> (2)	<u>Public / Private 3/</u> (3)	<u>Bell (B) / Flasher (F) / Gates (G) 4/</u> (4)
1. 425398V	471.32	Private	
2. 425399C	471.52	Public	
3. 441262Y	472.10	Private	
4. 425400U	472.62	Private	
5. 425401B	472.92	Public	
6. 425402H	473.43	Private	
7. 425404W	474.31	Private	
8. 425405D	474.63	Public	
9. 924862M	475.40	Private	
10. 425408Y	475.72	Private	
11. 425409F	476.15	Public	
12. 425462S	476.85	Public	
13. 425463Y	476.98	Private	
14. 438859P	477.00	Private	
15. 425464F	477.13	Public	
16. 425465M	477.50	Private	
17. 425466U	477.92	Public	
18. 924864B	478.05	Private	
19. 425467B	478.12	Public	
20. 425468H	478.62	Public	
21. 425469P	479.43	Public	
22. 425470J	480.15	Public	
23. 425471R	480.72	Private	
24. 425472X	480.82	Private	
25. 425473E	481.21	Public	
26. 425474L	481.72	Private	
27. 425475T	482.13	Public	
28. 425476A	482.42	Private	
29. 924865H	482.90	Private	
30. 425478N	482.95	Private	
31. 425479V	483.15	Private	
32. 425481W	484.02	Public	
33. 425482D	484.63	Private	
34. 425483K	485.13	Private	
35. 425484S	485.82	Public	

(Footnotes on Next Page)

DSRR Crossing Calculations

<u>Crossing # 1/</u> (1)	<u>DSRR Mile Post 2/</u> (2)	<u>Public / Private 3/</u> (3)	<u>Bell (B) / Flasher (F) / Gates (G) 4/</u> (4)
36. 425485Y	487.12	Public	
37. 425487M	487.63	Private	
38. 425489B	487.92	Private	
39. 425490V	488.41	Public	
40. 425491C	488.82	Private	
41. 425492J	489.43	Private	
42. 425493R	489.95	Public	
43. 425494X	491.00	Private	
44. 425497T	491.55	Public	
45. 425501F	491.90	Private	
46. 425502M	492.62	Private	
47. 425504B	493.58	Public	
48. 425505H	493.92	Public	
49. 425506P	494.84	Private	
50. 425507W	495.29	Public	
51. 425508D	495.63	Private	
52. 425509K	496.82	Public	Y
53. 425510E	497.92	Public	Y
54. 425511L	498.32	Public	Y
55. Total Public Crossings		25	3
56. Total Private Crossings		<u>29</u>	<u>0</u>
57. Total Crossings		54	3

1/ Federal Railroad Administration Crossing Identification Number.

2/ DSRR milepost as reported by the Federal Railroad Administration.

3/ Developed using the Federal Railroad Administration Crossing Inventory database.

4/ Based on field inspection. "Y" indicates that the crossing has a Bell/Flasher/Gate.

DSRR Turnout Calculations

Turnout 1/ (1)	Active/ Inactive 2/ (2)	Comments 3/ (3)	Classification 4/		
			Relay (4)	Scrap (5)	Total (6)
1. MP 498.2	Inactive	Levee Street		1	1
2. MP 491.0	Active	South Madison Parish Port Spur	1		1
3. MP 490.8	Active	North Madison Parish Port Spur	1		1
4. MP 487.8	Inactive	Sondheimer		1	1
5. MP 478.5	Inactive	Transylvania		1	1
6. MP 474.5	Inactive	Hollybrook		1	1
7. MP 474.2	Inactive	Hollybrook		1	1
8. MP 471.8	Active	Lake Providence Port Lead	1		1
9. Total Relay Turnouts (Sum of Lines 1 through 8, Column (4))			3	0	3
10. Total Scrap Turnouts (Sum of Lines 1 through 8, Column (5))			<u>0</u>	<u>5</u>	<u>5</u>
11. Total Turnouts (Sum of Lines 9 and 10)			3	5	8

1/ Approximate milepost based upon track charts and field inspection.

2/ Based upon field inspection.

3/ Approximate station name based upon track charts and field inspection.

4/ Active turnout outs are assumed to be relay quality while inactive are assumed to be scrap.

DSRR Net Liquidation Value ("NLV") Summary -- 2Q24
Assuming the DSRR Line Includes the Abandoned Track South of Tallulah, LA

Item (1)	Source (2)	Amount (3)
1. Relay Rail Gross Salvage Value ("GSV")	Page 3, L.25, Column (3)	\$153,612
2. Relay Other Track Material ("OTM") GSV	Page 8, L.68, Column (3)	\$132,793
3. Relay Turnouts GSV	Page 11, L.3, Column (4)	<u>\$10,557</u>
4. Total Relay GSV	L.1 + L.2 + L.3	\$296,962
5. Reroll and Scrap Rail GSV	Page 3, L.32, Column (3)	\$542,873
6. Scrap OTM GSV	Page 8, L.69, Column (3)	\$224,410
7. Scrap Turnouts GSV	Page 11, Column (4), L.4	<u>\$792</u>
8. Total Reroll and Scrap GSV	L.5 + L.6 + L.7	\$768,075
9. Total Rail GSV	L.1 + L.5	\$696,485
10. Total OTM GSV	L.2 + L.6	\$357,203
11. Total Turnouts GSV	L.3 + L.7	<u>\$11,349</u>
12. Total Relay, Reroll and Scrap GSV	L.9 + L.10 + L.11	\$1,065,037
13. Ties Net Salvage Value	Page 4, L.30, Column (3)	\$0
14. Total Gross Salvage Value	L.12 + L.13	\$1,065,037
15. Rail/Turnout Removal and Restoration Costs	Page 12, L.33, Column (3)	\$597,518
16. Relay Marketing and Disposition Costs	L.4 x 15% 1/	\$44,544
17. Scrap Marketing and Disposition Costs	L.8 x 5% 1/	<u>\$38,404</u>
18. Total Marketing and Disposition Costs	L.16 + L.17	\$82,948
19. Transportation Costs	Page 13, L.12, Column (3)	\$249,609
20. Total Liquidation Cost	L.15 + L.18 + L.19	\$930,075
21. Total Net Salvage Value ("NSV") of Track Assets	L.14 - L.20	\$134,962
22. Total Value of Land	Page 14, Column (4), L.3	\$113,922
23. Total Net Liquidation Value	L.21 + L.22	\$248,884

1/ STB Docket No. FD 36005 filed March 18, 2016, KCVN/CPRR Feeder Line Application for Towner Line, Volume I.

DSRR Line Segments

Segment	Main Miles 1/	Siding Miles 1/	Total Miles 2/
(1)	(2)	(3)	(4)
1. Lake Providence to Madison Parish Port Spur	19.91	0.86	20.77
2. Madison Parish Port Spur to CPKC Line	7.53	0.00	7.53
3. CPKC Line to Bobby Street	<u>0.54</u>	<u>0.17</u>	<u>0.71</u>
4. Total Track Miles 3/	27.98	1.03	29.01
<u>Relay Miles</u>			
5. Lake Providence to Madison Parish Port Spur	3.98	0.00	3.98
6. Madison Parish Port Spur to CPKC Line	1.51	0.00	1.51
7. CPKC Line to Bobby Street	<u>0.11</u>	<u>0.00</u>	<u>0.11</u>
8. Total Relay Miles 4/	5.60	0.00	5.60
<u>Reroll Miles</u>			
9. Lake Providence to Madison Parish Port Spur	13.94	0.00	13.94
10. Madison Parish Port Spur to CPKC Line	5.27	0.00	5.27
11. CPKC Line to Bobby Street	<u>0.38</u>	<u>0.00</u>	<u>0.38</u>
12. Total Reroll Miles 5/	19.58	0.00	19.58
<u>Scrap Miles</u>			
13. Lake Providence to Madison Parish Port Spur	1.99	0.86	2.85
14. Madison Parish Port Spur to CPKC Line	0.75	0.00	0.75
15. CPKC Line to Bobby Street	<u>0.05</u>	<u>0.17</u>	<u>0.22</u>
16. Total Scrap Miles 6/	2.80	1.03	3.83

1/ Based on track charts and field observations.

2/ Column (2) + Column (3).

3/ Sum of Segment Miles.

4/ Sum of Relay Miles.

5/ Sum of Reroll Miles.

6/ Sum of Scrap Miles.

DSRR Rail Assets Gross Salvage Value ("GSV") -- 2Q24

Item	Source	85 Jointed 1911 1/
(1)	(2)	(3)
1. Total Main Track Miles	Page 2, L.4 Column (2)	27.98
2. Total Sidings Miles	Page 2, L.4 Column (3)	<u>1.03</u>
3. Total Rail Miles	L.1 + L.2	29.01
4. Relay Fit Miles	Page 2, L.8 Column (4)	5.60
5. Reroll Miles	Page 2, L.12 Column (4)	19.58
6. Scrap Miles	Page 2, L.16 Column (4)	<u>3.83</u>
7. Total Reroll and Scrap Miles	L.5 + L.6	23.41
8. Total Rail Miles	L.4 + L.7	29.01
9. Pounds per Yard	2/	85.00
10. Rails Per Yard	3/	2.00
11. Yards Per Mile	5,280 feet ÷ 3 feet	1,760
12. Pounds per Mile	L.9 x L.10 x L.11	299,200
13. Tons Per Mile	L.12 ÷ 2,000 lbs.	149.60
14. Relay Fit Tons	L.4 x L.13	837.10
15. Percent of Total Tons	L.14 ÷ L.20	19.29%
16. Reroll Tons	L.5 x L.13	2,929.86
17. Scrap Tons	L.6 x L.13	<u>572.71</u>
18. Total Reroll and Scrap Tons	L.16 + L.17	3,502.57
19. Percent of Total Tons	L.18 ÷ L.20	80.71%
20. Total Tons By Rail Type	L.14 + L.18	4,339.68
21. Percent of Total Tons	L.15 + L.19	100.00%
22. Reusable Percentage	4/	97.00%
23. Relay Fit Reusable Tons	L.14 x L.22	811.99
24. Relay Fit Unit Price Per Ton	5/	<u>\$189.18</u>
25. Relay Fit GSV	L.23 x L.24	\$153,612
26. Reroll Reusable Tons	L.16 x L.22	2,841.97
27. Reroll Price Per Ton	5/	<u>\$168.91</u>
28. Reroll GSV	L.26 x L.27	\$480,037
29. Scrap Reusable Tons	L.17 x L.22	555.53
30. Scrap Price Per Ton	5/	<u>\$113.11</u>
31. Scrap GSV	L.29 x L.30	\$62,836
32. Total Reroll and Scrap GSV	L.28 + L.31	\$542,873
33. Total Reusable Tons	L.23 + L.26 + L.29	4,209.49
34. Total Rail GSV	L.25 + L.32	\$696,485

1/ Weight of rail on DSRR confirmed in DSRR_02366 which shows range of rail weight.

2/ Rail is identified by its weight per yard of length. Thus 85# rail weighs 85 pounds per yard, etc.

3/ Each segment of track has two (2) rails.

4/ Assumed reusable rail based on STB Docket No. FD 36005 filed March 18, 2016,
KCVN/CPRR Feeder Line Application for Towner Line, Volume I.

5/ See, "Harmer Steel RE Wholesale Track Materials Quote.msg" and "Harmer Steel Track Material
Unit Price Quote completed November 9 2022.xlsx" indexed to 2Q24 using AAR Materials & Supplies Index.

DSRR Net Salvage Value ("NSV") For Ties -- 2Q24

Item	Source	Amount
(1)	(2)	(3)
1. Total Miles	Page 2, L. 4, Column (4)	29.01
2. Ties Per Mile	1/	<u>3,249</u>
3. Total Ties	L.1 x L.2	94,255
4. Relay Ties Per Mile	L.6 ÷ L.1	33
5. Relay Percentage	2/	1.00%
6. Total Relay Ties	L.3 x L.5	943
7. Unit Price Per Relay Tie	3/	<u>-\$2.11</u>
8. Total Relay Ties Gross Salvage Value ("GSV")	L.6 x L.7	-\$1,990
9. Landscape #1 Ties Per Mile	L.11 ÷ L.1	325
10. Landscape #1 Ties Percentage	2/	10.00%
11. Total Landscape #1 Ties	L.3 x L.10	9,426
12. Unit Price Per Landscape #1 Tie	3/	<u>-\$15.84</u>
13. Total Landscape #1 Ties GSV	L.11 x L.12	-\$149,308
14. Landscape #2 Ties Per Mile	L.16 ÷ L.1	325
15. Landscape #2 Ties Percentage	2/	10.00%
16. Total Landscape #2 Ties	L.3 x L.15	9,426
17. Unit Price Per Landscape #2 Tie	3/	<u>-\$15.84</u>
18. Total Landscape #2 GSV	L.16 x L.17	-\$149,308
19. Scrap Ties Per Mile	L.21 ÷ L.1	2,567
20. Scrap Percentage	2/	79.00%
21. Total Scrap Ties	L.3 x L.20	74,461
22. Unit Price Per Scrap Tie	3/	<u>-\$26.39</u>
23. Total Scrap Ties GSV	L.21 x L.22	-\$1,965,026
24. Total Ties GSV	L.8 + L.13 + L.18 + L.23	-\$2,265,632
25. Estimated Tie Removal Cost Per Tie	■	■
26. AAR Materials and Supplies Index	■	■
27. 2Q24 Cost Per Tie	■	■
28. Estimated Tie Removal Cost	■	■
29. Total Ties NSV	■	■
30. STB NSV For Ties 6/	L.29 or Zero	\$0

1/ Crossties are typically laid every 19.5 inches, which equates to approximately 3,249 crossties per mile [(5,280 ft/mile x 12 in/ft) ÷ 19.5 in]. Confirmed in DSRR_02366 which indicates tie spacing.

2/ Based on our field review, we estimate that 1.0% of the ties would be classified as relay, 10.0% would be classified as landscape #1, 10.0% would be classified as landscape #2, and 79.0% would be classified as scrap.

3/ Average of quotes from Harmer Steel received November 2022 indexed to 2Q24 using AAR Materials & Supplies Index.

4/ Source: DSRR_02395. Quote from Green Railroad Services showing a ■ per tie disposal cost.

5/ AAR Materials and Supplies Index 2Q 2021 to 2Q 2024

6/ Based on STB proceedings, should the NLV for ties be less than zero we assumed that the railroad would not go through the process of removing and disposing of the ties and the NLV is assumed to be zero.

DSRR Tie Allocation Calculations

Item	Source	Allocation Percent
(1)	(2)	(3)
1. Relay	1/	1.0%
2. Landscape 1	1/	10.0%
3. Landscape 2	1/	10.0%
4. Scrap	1/	<u>79.0%</u>
5. Total	Sum of L.1 through L.4.	100.0%

1/ Tie allocation percentage based on condition of the rail line identified during the field review undertaken by L. E. Peabody & Associates, Inc.

DSRR Gross Salvage Value ("GSV")
For Other Track Materials ("OTM") -- 2Q24

Item	Source	Amount
(1)	(2)	(3)
<u>A. Tie Plates</u>		
1. Relay Tie Plates Miles	Page 2, L.8, Column (4)	5.60
2. Relay Tie Plates Per Mile	1/	<u>6,498</u>
3. Total Relay Tie Plates	L.1 x L.2	36,363
4. Reusable Percentage	2/	97%
5. Total Reusable Relay Tie Plates	L.3 x L.4	35,272
6. Unit Price Per Relay Tie Plate	3/	<u>\$3.06</u>
7. Total Relay Tie Plates GSV	L.5 x L.6	\$107,932
8. Scrap Tie Plates Miles	Page 3, L.7, Column (3)	23.41
9. Scrap Tie Tons Per Mile	4/	<u>68.23</u>
10. Total Scrap Tie Plates Tons	L.8 x L.9	1,598
11. Reusable Percentage	2/	95%
12. Total Reusable Scrap Tie Plates Tons	L.10 x L.11	1,518
13. Unit Price Per Scrap Ton	5/	<u>\$113.11</u>
14. Total Scrap Tie Plates GSV	L.12 x L.13	\$171,701
15. Total Tie Plates GSV	L.7 + L.14	\$279,633
<u>B. Joint Bars</u>		
16. Relay Joint Bars Miles	Page 2, L. 8, Column (4)	5.60
17. Relay Joint Bars Per Mile	6/	<u>270.8</u>
18. Total Relay Joint Bars	L.16 x L.17	1,515
19. Reusable Percentage	2/	97%
20. Total Reusable Relay Joint Bars	L.18 x L.19	1,470
21. Unit Price Per Relay Joint Bar	3/	<u>\$15.84</u>
22. Total Relay Joint Bars GSV	L.20 x L.21	\$23,285
23. Scrap Joint Bars Miles	Page 3, L.7, Column (3)	23.41
24. Scrap Joint Bars Tons Per Mile	Page 9, L.16, Column (3)	<u>12.70</u>
25. Total Scrap Joint Bars Tons	L.23 x L.24	297
26. Reusable Percentage	2/	95%
27. Total Reusable Scrap Joint Bars Tons	L.25 x L.26	282
28. Unit Price Per Scrap Ton	5/	<u>\$113.11</u>
29. Total Scrap Joint Bars GSV	L.27 x L.28	\$31,897
30. Total Joint Bars GSV	L.22 + L.29	\$55,182

(Footnotes on Page 8)

DSRR Gross Salvage Value ("GSV")
For Other Track Materials ("OTM") -- 2Q24

Item	Source	Amount
(1)	(2)	(3)
<u>C. Relay Anchors</u>		
31. Relay Rail Anchors Welded Miles	There is no CWR on the DSRR	0.00
32. Relay Rail Anchors Welded Per Mile	There is no CWR on the DSRR	<u>0</u>
33. Total Relay Rail Anchors Welded	L.31 x L.32	0
34. Reusable Percentage	2/	80%
35. Total Reusable Relay Rail Anchors Welded	L.33 x L.34	0
36. Unit Price Per Relay Anchor	3/	<u>\$0.13</u>
37. Total Relay Rail Anchors Welded GSV	L.35 x L.36	\$0
38. Relay Rail Anchors Jointed Miles	Page 2, L. 8, Column (4)	5.60
39. Relay Rail Anchors Jointed Per Mile	7/	<u>2,708</u>
40. Total Relay Rail Anchors Jointed	L.38 x L.39	15,153
41. Reusable Percentage	2/	80%
42. Total Reusable Relay Rail Anchors Jointed	L.40 x L.41	12,122
43. Unit Price Per Relay Anchor	3/	<u>\$0.13</u>
44. Total Relay Rail Anchors Jointed GSV	L.42 x L.43	\$1,576
45. Total Relay Rail Anchors GSV	L.37 + L.44	\$1,576
46. Scrap Rail Anchor Miles	Page 3, L.7, Column (3)	23.41
47. Scrap Tons of Anchors Per Mile	8/	<u>4.06</u>
48. Total Scrap Rail Anchors Tons	L.46 x L.47	95
49. Reusable Percentage	2/	80%
50. Total Reusable Rail Anchor Tons	L.48 x L.49	76
51. Unit Price Per Scrap Ton	5/	<u>\$113.11</u>
52. Total Scrap Rail Anchors Welded GSV	L.50 x L.51	\$8,596
53. Total Rail Anchors GSV	L.45 + L.52	\$10,172
<u>D. Spikes</u>		
54. Scrap Spike Miles	Page, 3, L.7, Column (3)	23.41
55. Scrap Spike Tons Per Mile	9/	<u>4.36</u>
56. Total Scrap Spike Tons	L.54 x L.55	102
57. Reusable Percentage	2/	80%
58. Total Reusable Scrap Spikes Tons	L.56 x L.57	82
59. Unit Price Per Scrap Ton	5/	<u>\$113.11</u>
60. Total Scrap Spikes GSV	L.58 x L.59	\$9,275

(Footnotes on Page 8)

**DSRR Gross Salvage Value ("GSV")
For Other Track Materials ("OTM") -- 2Q24**

Item (1)	Source (2)	Amount (3)
<u>E. Bolts & Washers</u>		
61. Scrap Bolts & Washers Miles	Page, 3, L.7, Column (3)	23.41
62. Scrap Bolts & Washers Tons Per Mile	10/	<u>1.38</u>
63. Total Scrap Bolt & Washers Tons	L.61 x L.62	32
64. Reusable Percentage	2/	80%
65. Total Reusable Scrap Bolts & Washers Tons	L.63 x L.64	26
66. Unit Price Per Scrap Ton	5/	<u>\$113.11</u>
67. Total Scrap Bolts & Washers GSV	L.65 x L.66	\$2,941
<u>F. Total</u>		
68. Total Relay OTM GSV	L.7 + L.22 + L.45	\$132,793
69. Total Scrap OTM GSV	L.14 + L.29 + L.52 + L.60 + L.67	<u>\$224,410</u>
70. Total OTM GSV	L.68 + L.69	\$357,203

Footnotes

- 1/ There are two (2) tie plates per crosstie. According to the Railway Tie Association, crossties are typically laid every 19.5 inches. (5,280 ft. per mile x 12 in. per ft.) ÷ 19.5 in. between ties equals 3,249 crossties per mile and two (2) crosstie plates per crosstie equals 6,498 tie plates per mile.
- 2/ STB Docket No. FD 36005 filed March 18, 2016, *KCVN/CPRR Feeder Line Application for Towner Line, Volume I*.
- 3/ See, "Harmer Steel RE Wholesale Track Materials Quote.msg" and "Harmer Steel Track Material Unit Price Quote completed November 9 2022.xlsx." adjusted to 2Q 2024 price levels.
- 4/ Calculated based on a weighted average tie plate weight of 21.0 lbs. per tie plate and 6,498 tie plates per mile. [6,498 tie plates per mile x 21.0 lbs. per tie plate] ÷ 2000.0 lbs. per ton equals 68.23 tons per mile.
- 5/ Quote from Harmer Steel received November 2022 was equal to \$120.00 per gross ton. Converted to price per net ton results in a scrap price of \$107.14 per net ton (\$182.25 x [2,000 lbs. per net ton ÷ 2,240 lbs. per gross ton]) and adjusted to 2Q 2024 price levels.
- 6/ One joint bar is necessary for each side of rail per joint, joints are necessary to connect the rail section every 39 feet. [5,280 ft. per mile ÷ 39.0 ft. per rail section] x 2.0 rails per section equals 270.8.
- 7/ Calculated based on the assumption that DSRR uses 10 anchors per 39 foot section of rail.
- 8/ Calculated based on anchor weight of 1.88 lbs. per anchor and an assumed 16 anchors per 39 foot section of rail.
- 9/ Calculated based on a spike keg for 5/8 x 6 inch spikes with a keg weight of 200 lbs. and an assumed 43.64 spike kegs per mile of rail.
- 10/ Calculated based on a bolt keg for 1 x 5 1/4 inch bolts with a keg weight of 200 lbs. and an assumed 13.8 bolt kegs per mile of rail.

DSRR Other Track Material Calculations

Item	Source	85 Jointed 1911 1/
(1)	(2)	(3)
1. Feet Per Mile	Given	5,280
2. Inches Per Feet	Given	12
3. Feet Per Rail Section	Given	39
4. Rails Per Section	Given	2
5. Pounds Per Ton	Given	2,000
<u>A. Tie Plates</u>		
6. Inches Between Ties (Spacing)	1/	19.5
7. Miles of Rail	Page 3, L.8, Column (3)	29.01
8. Pounds Per Tie Plate	2/	21
9. Ties Per Mile	$(L.1 \times L.2) \div L.6$	3,249
10. Tie Plates Per Mile	$L.9 \times L.4$	6,498
11. Tie Plate Tons Per Mile	$(L.10 \times L.8) \div L.5$	68.23
<u>B. Joint Bars</u>		
12. Joint Bars Per Mile	3/	270.77
13. Joint Bar Pounds Per Pair	4/	93.84
14. Scrap Joint Bars Tons Per Mile	$(L.12 \times L.13) \div L.5$	12.70
15. Miles of Scrap Rail	Page 3, L.7, Column (3)	23.41
16. Weighted Average Scrap Joint Bar Tons Per Mile	5/	12.70
<u>C. Rail Anchors</u>		
17. Anchors Per Relay Welded Section	There is no CWR on the DSRR	0
18. Anchors Per Relay Jointed Section	2/	10
19. Anchors Per Scrap Section	2/	16
20. Weight Per Anchor	6/	1.875
21. Anchors Per Mile - Relay Welded Rail	$[(L.1 \div L.3) \times L.4] \times L.17$	0
22. Anchors Per Mile - Relay Jointed Rail	$[(L.1 \div L.3) \times L.4] \times L.18$	2,708
23. Anchors Per Mile - Scrap Rail	$[(L.1 \div L.3) \times L.4] \times L.19$	4,332
24. Anchor Scrap Tons Per Mile	$(L.23 \times L.20) \div L.5$	4.06

(Footnotes on Next Page)

DSRR Other Track Material Calculations

Item	Source	85 Jointed 1911 1/
(1)	(2)	(3)
<u>D. Rail Spikes</u>		
25. Spike Keg Weight	7/	200
26. Kegs Needed Per Mile	8/	43.64
27. Spike Tons Per Mile	$(L.25 \times L.26) \div L.5$	4.36
<u>E. Bolts and Washers</u>		
28. Bolts Keg Weight	9/	200
29. Kegs Needed Per Mile	10/	13.80
30. Bolts Tons Per Mile	$(L.28 \times L.29) \div L.5$	1.38

-
- 1/ According to the Railway Tie Association crossties are typically laid every 19.5 inches.
- 2/ STB Docket No. FD 36005 filed March 18, 2016, *KCVN/CPRR Feeder Line Application for Towner Line, Volume I*.
- 3/ One joint bar is necessary for each side of rail per joint, joints are necessary to connect the rail section every 39 feet. $[(Line\ 1 \div Line\ 3) \times Line\ 4]$.
- 4/ Wabtec Corporation identifies 36 inch joint bars for 85 lb. rail as 93.84 lbs. per pair.
- 5/ Weighted Avg. of L.14 weighted on L.15.
- 6/ According to Progress Rail, 5.5" is the standard rail anchor size for rail sections 110, 112, 115, and 119 and 6.0" is the standard rail anchor size for rail sections 131, 132, 133, 136, 140, and 141. Progress Rail lists the 5.5" standard weight as 1.79 lbs. and the heavy duty weight as 1.96 lbs. and the 6.0" standard weight as 1.88 lbs. and the heavy duty weight as 2.10 lbs. It has been assumed that any track less than 131 lbs. would use 5.5" anchors and track equal to or larger than 131 lbs. would use 6.0" anchors. For 5.5" anchors the average of Progress Rail's standard and heavy duty weights was used $(1.79\ lbs. + 1.96\ lbs. \div 2 = 1.875\ lbs.)$. For 6.0" anchors the average of Progress Rail's standard and heavy duty weights was used $(1.88\ lbs. + 2.10\ lbs. \div 2 = 1.99\ lbs.)$.
- 7/ LBFoster Rail Products "Other Track Materials and Accessories" brochure Track Spikes sections that notes that a 200. Lb Keg of spikes for 5/8 x 6 inch spikes contains 242 spikes.
- 8/ LBFoster Rail Products "Other Track Materials and Accessories" brochure Track Spikes sections that notes that for 5/8 x 6 inch spike 43.64 kegs would be needed per mile.
- 9/ LBFoster Rail Products "Other Track Materials and Accessories" brochure Track Bolts sections that notes that a 200. Lb Keg of bolts for 1 x 5 1/4 inch spikes contains 109 spikes.
- 10/ LBFoster Rail Products "Other Track Materials and Accessories" brochure Track Bolts sections that notes that for 1 x 5 1/4 inch bolts 13.8 kegs would be needed per mile.

DSRR Turnout Gross Salvage Value ("GSV") -- 2Q24

Description	Quantity 1/	Unit Price	Total
(1)	(2)	(3)	(4)
<u>A. Relay Turnouts</u>			
1. 115 lb.	1	\$4,223 2/	\$4,223 3/
2. 90 lb.	<u>2</u>	\$3,167 2/	<u>\$6,334</u> 3/
3. Total Relay	3		\$10,557
<u>B. Scrap Turnouts</u>			
4. Various	7	\$113.11 4/	<u>\$792</u> 3/
5. Total GSV 5/	10		\$11,349

1/ Field review and Google Earth Pro.

2/ Quotes from Harmer Steel received November 2022 and adjusted to 2Q 2024 price levels.

3/ Column (2) x Column (3).

4/ Harmer Steel received November 2022 was equal to \$120.00 per gross ton. The 2Q24 indexed value equals \$126.68 per gross ton. Converted to price per net ton results in a scrap price of \$113.11 per net ton ($\$126.68 \times [2,000 \text{ lbs. per net ton} \div 2,240 \text{ lbs per gross ton}]$).

5/ Line 3 + Line 4.

DSRR Removal and Restoration Costs -- 2Q24

Item	Source	Amount
(1)	(2)	(3)
1. Fit Rail and OTM Miles	Page 3, L.4, Column (3)	5.60
2. Fit Rail and OTM Removal Cost Per Mile	1/	\$16,000
3. AAR Materials and Supplies Index	2/	1.373
4. 2Q24 Cost Per Mile	L.2 x L.3	<u>\$21,970</u>
5. Fit Rail and OTM Removal Costs	L.1 x L.4	\$123,031
6. Scrap Rail and OTM Miles	Page 3, L.7, Column (3)	23.41
7. Scrap Rail and OTM Removal Cost Per Mile	1/	\$12,000
8. AAR Materials and Supplies Index	2/	1.373
9. 2Q24 Cost Per Mile	L.7 x L.8	<u>\$16,477</u>
10. Scrap Rail and OTM Removal Costs	L.6 x L.9	\$385,784
11. Fit Turnouts	Page 11, L.3, Column (2)	3
12. Fit Turnout Removal Costs Per Turnout	1/	\$800
13. AAR Materials and Supplies Index	2/	1.373
14. 2Q24 Cost Per Mile	L.12 x L.13	<u>\$1,098</u>
15. Fit Turnout Removal Costs	L.11 x L.14	\$3,295
16. Scrap Turnouts	Page 11, L.4, Column (2)	7
17. Scrap Turnout Removal Costs Per Turnout	1/	\$500
18. AAR Materials and Supplies Index	2/	1.373
19. 2Q24 Cost Per Mile	L.17 x L.18	<u>\$687</u>
20. Scrap Turnout Removal Costs	L.16 x L.19	\$4,806
21. Total Track Removal Costs	L.5 + L. 10 + L.15 + L.20	\$516,916
22. Public Highway Crossings	Page 17, L.55, Column (3)	25
23. Public Highway Restoration Costs Per Crossing	1/	\$2,000
24. AAR Materials and Supplies Index	2/	1.373
25. 2Q24 Cost Per Mile	L.23 x L.24	<u>\$2,746</u>
26. Total Public Highway Crossings Costs	L.22 x L.25	\$68,656
27. Private Highway Crossings	Page 17, L.56, Column (3)	29
28. Private Highway Restoration Cost per Crossing	1/	\$300
29. AAR Materials and Supplies Index	2/	1.373
30. 2Q24 Cost Per Mile	L.28 x L.29	<u>\$412</u>
31. Total Private Highway Crossings Costs	L.27 x L.30	\$11,946
32. Total Crossing Restoration	L.26 + L.31	<u>\$80,602</u>
33. Total Removal and Restoration Costs	L.21 + L.32	\$597,518

1/ STB Docket No. FD 36005 filed August 30, 2016, Comments of V&S Railway, LLC to KCVN/CPRR Feeder Line Application for Towner Line.

2/ AAR Materials and Supplies Index West 3Q 2016 to 2Q 2024.

DSRR Asset Transportation Costs -- 2Q24

Item	Tons	Number of Railcars 1/
(1)	(2)	(3)
1. Relay Rail	812	9
2. Reroll Rail	2,842	29
3. Scrap Rail	556	6
4. Scrap Tie Plates	1,518	16
5. Scrap Joint Bars	282	3
6. Scrap Anchors	76	1
7. Scrap Spikes	82	1
8. Scrap Bolt and Washers	26	1
9. Scrap Turnouts	<u>7</u>	<u>1</u>
10. Total	6,200	67
11. Cost Per Railcar 2/	xxx	<u>\$3,726</u>
12. Transportation Costs 3/	xxx	\$249,609

1/ Column (2) ÷ 100 tons per railcar.

2/ Average costs per railcar to salvage and scrap centers
in Arkansas and Memphis, TN from Northern Louisiana
as found in UP Exempt Circular UPRR 4021 items 1200 and 1262.

3/ Column (3), Line 10 x Line 11.

DSRR Estimated Value of Land -- 2Q24

Land Holding Type	Acres 1/	Average Price per Acre 2/	Total Land Value 3/
(1)	(2)	(3)	(4)
1. Fee Simple	41.330	\$2,756	\$113,922
2. Servitude	<u>318.273</u>	<u>\$0</u>	<u>\$0</u>
3. Total 4/	359.603	---	\$113,922

1/ RMI Valuation, Inc. Report Figure 2, plus an estimated 3.3 acres on Scott Street
Lead based on 0.54 miles and a 50 foot right of way.

2/ RMI Valuation, Inc. Report Figure 9. Land value net of brokers commissions
and closing costs and adjusted to 2Q 2024 prices levels based on the average
historic change in Louisiana rural land values as developed by the USDA. See
workpaper "USDA Land Values - Downloaded 6-19-2024 - CAGR Calculation.xlsx."

3/ Column (2) x Column (3).

4/ Sum of Line 1 and Line 2.

2Q24 Relay and Scrap Rail Wholesale Prices

<u>Item</u> (1)	<u>Unit</u> (2)	<u>4Q 2022 Wholesale Price 1/ (3)</u>	<u>4Q 2022 to 2Q 2024 AAR Materials and Supplies Index West 2/ (4)</u>	<u>2Q 2024 Wholesale Price 3/ (5)</u>
A. Steel (Rail) (per unit)				
1. Rail 85 pound per yard, Arema Fit #1	Net Ton	\$200.00	1.056	\$211.13
2. Rail Reroll	Gross Ton	\$179.20	1.056	\$189.18
3. Rail Reroll 4/	Net Ton	\$160.00	1.056	\$168.91
4. Rail Scrap	Gross Ton	\$120.00	1.056	\$126.68
5. Rail Scrap 5/	Net Ton	\$107.14	1.056	\$113.11
B. Steel (OTM) (per unit)				
1. Scrap OTM (Gross Ton)	Gross Ton	\$120.00	1.056	\$126.68
2. Scrap OTM (Net Ton) 4/	Net Ton	\$107.14	1.056	\$113.11
3. Tie Plates, D/S, 8" x 13" 6"	Each	\$2.90	1.056	\$3.06
4. Joint Bars, 90 pound per yard, Fit six hole	Pair	\$21.00	1.056	\$22.17
5. Joint Bars, 85 pound per yard, Fit six hole	Pair	\$15.00	1.056	\$15.84
6. Anchors, Fit 6"	Each	\$0.12	1.056	\$0.13
C. Timber (Ties) (per unit)				
1. Relay 7x9x9' hardwood	Each	(\$2.00)	1.056	(\$2.11)
2. Landscape 7x9x9'	Each	(\$15.00)	1.056	(\$15.84)
3. Scrap 7x9x9'	Each	(\$25.00)	1.056	(\$26.39)
D. Turnouts (per unit)				
1. Weight 115 #9 AREMA relay	Each	\$4,000	1.056	\$4,222.70
2. Weight 90 #9 AREMA relay	Each	\$3,000	1.056	\$3,167.02

1/ See, "Harmer Steel RE Wholesale Track Materials Quote.msg" and "Harmer Steel Track Material Unit Price Quote completed November 9 2022.xlsx."

2/ 4Q 2022 RCAF materials and supplies index adjusted to 2Q 2024 RCAF materials and supplies index levels.

3/ Column (3) x Column (4).

4/ Rail Reroll Gross Tons have been converted to Net Tons.

5/ Rail Scrap Gross Tons have been converted to Net Tons.

DSRR Crossing Calculations

<u>Crossing # 1/</u> (1)	<u>DSRR Mile Post 2/</u> (2)	<u>Public / Private 3/</u> (3)	<u>Bell (B) / Flasher (F) / Gates (G) 4/</u> (4)
1. 425398V	471.32	Private	
2. 425399C	471.52	Public	
3. 441262Y	472.10	Private	
4. 425400U	472.62	Private	
5. 425401B	472.92	Public	
6. 425402H	473.43	Private	
7. 425404W	474.31	Private	
8. 425405D	474.63	Public	
9. 924862M	475.40	Private	
10. 425408Y	475.72	Private	
11. 425409F	476.15	Public	
12. 425462S	476.85	Public	
13. 425463Y	476.98	Private	
14. 438859P	477.00	Private	
15. 425464F	477.13	Public	
16. 425465M	477.50	Private	
17. 425466U	477.92	Public	
18. 924864B	478.05	Private	
19. 425467B	478.12	Public	
20. 425468H	478.62	Public	
21. 425469P	479.43	Public	
22. 425470J	480.15	Public	
23. 425471R	480.72	Private	
24. 425472X	480.82	Private	
25. 425473E	481.21	Public	
26. 425474L	481.72	Private	
27. 425475T	482.13	Public	
28. 425476A	482.42	Private	
29. 924865H	482.90	Private	
30. 425478N	482.95	Private	
31. 425479V	483.15	Private	
32. 425481W	484.02	Public	
33. 425482D	484.63	Private	
34. 425483K	485.13	Private	
35. 425484S	485.82	Public	

(Footnotes on Next Page)

DSRR Crossing Calculations

<u>Crossing # 1/</u> (1)	<u>DSRR Mile Post 2/</u> (2)	<u>Public / Private 3/</u> (3)	<u>Bell (B) / Flasher (F) / Gates (G) 4/</u> (4)
36. 425485Y	487.12	Public	
37. 425487M	487.63	Private	
38. 425489B	487.92	Private	
39. 425490V	488.41	Public	
40. 425491C	488.82	Private	
41. 425492J	489.43	Private	
42. 425493R	489.95	Public	
43. 425494X	491.00	Private	
44. 425497T	491.55	Public	
45. 425501F	491.90	Private	
46. 425502M	492.62	Private	
47. 425504B	493.58	Public	
48. 425505H	493.92	Public	
49. 425506P	494.84	Private	
50. 425507W	495.29	Public	
51. 425508D	495.63	Private	
52. 425509K	496.82	Public	Y
53. 425510E	497.92	Public	Y
54. 425511L	498.32	Public	Y
55. Total Public Crossings		25	3
56. Total Private Crossings		<u>29</u>	<u>0</u>
57. Total Crossings		54	3

1/ Federal Railroad Administration Crossing Identification Number.

2/ DSRR milepost as reported by the Federal Railroad Administration.

3/ Developed using the Federal Railroad Administration Crossing Inventory database.

4/ Based on field inspection. "Y" indicates that the crossing has a Bell/Flasher/Gate.

DSRR Turnout Calculations

Turnout 1/ (1)	Active/ Inactive 2/ (2)	Comments 3/ (3)	Classification 4/ Relay Scrap Total		
			(4)	(5)	(6)
1. MP 498.2	Inactive	Levee Street		1	1
2. MP 491.0	Active	South Madison Parish Port Spur	1		1
3. MP 490.8	Active	North Madison Parish Port Spur	1		1
4. MP 487.8	Inactive	Sondheimer		1	1
5. MP 478.5	Inactive	Transylvania		1	1
6. MP 474.5	Inactive	Hollybrook		1	1
7. MP 474.2	Inactive	Hollybrook		1	1
8. MP 471.8	Active	Lake Providence Port Lead	1		1
9. Total Relay Turnouts (Sum of Lines 1 through 8, Column (4))			3	0	3
10. Total Scrap Turnouts (Sum of Lines 1 through 8, Column (5))			<u>0</u>	<u>5</u>	<u>5</u>
11. Total Turnouts (Sum of Lines 9 and 10)			3	5	8

1/ Approximate milepost based upon track charts and field inspection.

2/ Based upon field inspection.

3/ Approximate station name based upon track charts and field inspection.

4/ Active turnout outs are assumed to be relay quality while inactive are assumed to be scrap.