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March 5, 2002



VIA HAND DELIVERY

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001

ENTERED
Office of the Secretary

MAR 05 2002

Part of
Public Record

Re: F.D. No. 33740 (Sub-No. 1), *The Burlington Northern And Santa Fe Railway Company -- Petition For Declaration Or Prescription Of Crossing, Trackage Or Joint Use Rights And For Determination Of Compensation And Other Terms*

Dear Secretary Williams:

Enclosed herewith are an original and eleven copies of the Verified Statement of Richard Lane. A facsimile copy of his statement was attached as Exhibit B to the Keokuk Junction Railway Co.'s Opening Statement Regarding Compensation And Other Terms which was filed on March 1, 2002 in the above captioned proceeding. I am sending the original signed document to complete the Board's record in this proceeding.

Please date stamp the eleventh copy of the enclosed document and return it to the messenger for return to me. If you have any questions about this matter, please contact me at your convenience.

Very truly yours,

William A. Mullins

Enclosure

cc: Parties of Record

EXHIBIT B
VERIFIED STATEMENT OF RICHARD LANE

2
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4

SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 33740 (Sub-No. 1)

**THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY
PETITION FOR DECLARATION OR PRESCRIPTION
OF CROSSING, TRACKAGE OR JOINT USE RIGHTS AND FOR
DETERMINATION OF COMPENSATION AND OTHER TERMS**

**VERIFIED STATEMENT OF RICHARD J. LANE, SR., IN SUPPORT OF KEOKUK
JUNCTION RAILWAY CO.'S
OPENING STATEMENT REGARDING
COMPENSATION AND OTHER TERMS**

My name is Richard J. Lane, Sr. I give this Verified Statement on personal knowledge in support of the Keokuk Junction Railway Co.'s Opening Statement Regarding Compensation and other Terms.

1. I was contacted by the Keokuk Junction Railway Co., (KJRY) to perform a calculation of the compensation for the Burlington Northern Santa Fe Railway Company (BNSF) to access its Mooar Line by using the tracks of the KJRY to bridge that distance between the BNSF main line and its Mooar line.
2. I work as a consultant in the railroad industry. Please find attached hereto as Exhibit "1" my Resume detailing my education and professional experience.
3. The first thing I did was to calculate the estimated valuation of the KJRY track that BNSF used to access the Mooar Line. My calculations included estimates on the number of ties, weight of rail, switches, other track material, ballast and right of way. The total of my

calculations is \$224,700.00. Attached hereto as Exhibit "2" is my summary of those calculations and assumptions made.

4. I then applied the pre-tax cost of capital method approved by the Interstate Commerce Commission in a decision dated March 23, 1990 in Finance Docket No 31281 Arkansas & Missouri Railroad Co. v. Missouri Pacific Railroad. A&M Bridge Method.

5. The pre-tax nominal cost of capital figure I used was 15.4%. I arrived at that figure by applying a combined Federal and state income tax rate of 37% to the 2000 after cost of capital finding of 11% determined in Railroad Cost of Capital 2000, STB Ex Parte No. 558 (Sub No.4) (Served July 2, 2001).

6. The A&M Bridge Method produced an annual rate of \$34,604. This figure did not include normal annual maintenance expense.

7. The annual maintenance expense on this segment of track is estimated to run at least twice KJRY's system average of \$5,479 per mile. The 1,430 feet of track involved in this situation (0.271 mile) produces estimated annual maintenance costs amounting to \$2,970 per year ($2 \times \$5,479 \times 0.271$).

8. The number of cars moved over the subject trackage has been estimated at 13 cars per day for the BNSF based upon 1999, 2000 and 2001 actual figures. The number of cars moved over the trackage by KJRY is estimated at 50 cars per day.

9. Since the KJRY cars move over the trackage for a maximum of about 980 feet and a minimum of 450 feet (dependent upon which yard track they are moved into), an average of 715 feet per move for those cars versus the entire 1,430 feet for the BNSF cars, I have given each of the KJRY cars a 0.5 count.

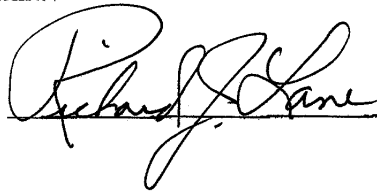
10. KJRY cars amount to a count of $(50 \times 250 \times 0.5)$ or 6,250 while BNSF cars amount to a count of (13×250) or 3,250. BNSF percentage would thus be 34.21%.

11. Adding the RCNLD cost of \$34,604 to the annual maintenance cost of \$2,970 and multiplying that total by 34.21% produces a total of \$12,854 per year that BNSF would owe under the A&M Bridge Method to KJRY. Based upon the BNSF car count of 3,250 that equals \$3.96 per car.

VERIFICATION

I, Richard J. Lane, Sr., verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified to file this statement.

Executed this 1st day of March, 2002

A handwritten signature in cursive script, reading "Richard J. Lane", written over a horizontal line.

RICHARD J. LANE
RAILROAD CONSULTANT
12110 COACH ROAD
PALOS HEIGHTS, ILLINOIS 60463

(708) 448-0596

Exhibit 1

RESUME - RICHARD J. LANE

EDUCATION: BS Degree in Civil Engineering from West Virginia University, January 1950.
International Correspondence Schools course in Business Law, 1956.
Advanced Management Program at Harvard University, School of Business, 1968.

POSITIONS HELD:

August 1985 to date - Independent consultant. Clients have included Class I, Regional and Short Line railroads; bankruptcy trustees; law firms; lending institutions; insurance companies; consulting firms; industrial firms; etc., all in connection with railroad matters.

June 1984 to August 1985 - Director-Rail Assets Disposition for Chicago Pacific Corp. (successor to CRI&P RR) in liquidation of remaining railroad assets.

January 1980 to June 1984 - Director-Assets Analysis, Director-Staff Coordination and Director-Staff Coordination & Rail Assets Disposition for Trustee in liquidation of properties of CRI&P RR.

November 1951 to January 1980 - Various positions in Operating and Engineering Depts. of Chicago, Rock Island & Pacific RR Co., including Officer Trainee, Assistant Engineer, Acting Roadmaster, Assistant Division Engineer, Special Representative to VP-Operations, Assistant to VP-Operations, Manager-Operations Administration, Assistant Chief Engineer, Senior Operating Assistant, Assistant General Manager-Staff, Assistant Vice President-Staff and Director-Operations Planning.

February 1950 to November 1951 - Construction Engineer for U.S. Department of Interior-Bureau of Reclamation.

During college years worked as construction laborer, restaurant cashier, student assistant. Served in U.S. Army, November 1944 to August 1946.

OTHER: Life Member of American Railway Engineering & Maintenance Association.

Exhibit 2

ESTIMATED VALUATION OF KJ TRACKAGE JOINTLY USED BY BNSF

Scaling from maps indicates a total length of such track (up to the south line of 3rd. Street) as approximately 1,430 ft. Included in that distance are six #9 and one #11 turnouts. Each #9 turnout occupies 72.29 ft. and includes 63 switch ties. The #11 turnout occupies 91.85 ft. and includes 78 switch ties. 1,430 track-feet with tie spacing of 21 in. (1.75 ft.) would require approximately 817 ties, of which $[(6 \times 63) + 78]$, a total of 456, are taken up by the switch ties, requiring only 361 track ties. Track ties, installed new about 6 years ago, are estimated to have a current value of \$20 each. Thus, estimated value of track ties = $361 \times \$20$, or \$7,220. I have a quote on switch ties of \$850 per 1,000 board feet. Switch ties for a #9 turnout = 4,041 fbm, while for a #11 turnout = 4,935 fbm. Thus, switch ties for the trackage in question = $\$850 \times [(6 \times 4.041) + 4.935]$, or \$24,803. Thus total tie value is estimated at $\$24,803 + \$7,220$, or \$32,023. To nearest \$100 = \$32,000.

Estimated turnout values (not including switch ties, per the above), per data furnished by a major trackwork manufacturer, are \$13,000 per #9 and \$15,000 per #11 turnout., or $(6 \times \$13,000) + \$15,000$, a total of \$93,000.

Rail and other track material (OTM) for the remaining 904 track-feet $[1,430 - \{(6 \times 72.29) + 91.85\}]$ includes top quality 132# relay rail, currently valued at \$330 per ton, to which an added 20% for value of OTM produces a total of \$396. Approximately 40 tons of rail $[(132 \text{ lbs./yard} \times 2 \text{ rails} \times 904/3 \text{ yards}) \div 2,000 \text{ lbs./ton}] = 39.776 \text{ tons}$. At \$396 per ton (including OTM) this amounts to \$15,751, or to the nearest \$100, \$15,800.

Ballast, based on an average cross-section of 24 sq. ft. over the entire 1,430 ft. length produces a volume of approximately 1,271 cu. yds. $[(1,430 \text{ ft.} \times 24 \text{ sq. ft. x-section}) \div 27 \text{ cu. ft./cu. yd.}]$. At 1.5 tons per cu. yd. (an average figure, exact weight per cu. yd. would require precise weighing which may, or may not, have taken place when the ballast was delivered) this amounts to 1,906 tons. At an average price of \$20 per ton this produces a total of \$38,120. To nearest \$100 = \$38,100.

Right of way width varies from 14 to 50 feet, thus an average width of 32 ft. is used for purpose of valuation estimate. $1,430 \text{ ft.} \times 32 \text{ ft. average width}$ equals 45,760 sq. ft. I have used a value of \$1.00 per square foot, which I understand was provided KJ's previous management by a local realtor several years ago. While that rate may not be current I know of no major changes which would affect real estate values in the area. At that rate the right of way value to the nearest \$100 would be \$45,800.

Total estimated value of the jointly-used property would thus be: $\$32,000 + \$93,000 + \$15,800 + \$38,100 + \$45,800$, or \$224,700.

R. J. Lane
2/28/02