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June 9, 2003

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

ENTERED
Office of Proceedings

JUN 9 2003

Part of
Public Record

RE: Finance Docket No. 34335
*Keokuk Junction Railway Co.--Feeder Railroad Development Application--
Line Of Toledo, Peoria & Western Railway Corporation Between La Harpe And
Hollis, IL*

Dear Secretary Williams:

Enclosed please find an original and thirteen copies of Supplemental Evidence Supporting the Feeder Railroad Development Program Application of Keokuk Junction Railway Co. Certain Highly Confidential exhibits to the Verified Statement of J. Michael Carr are submitted under seal in a separate envelope, pursuant to the Board's protective order and regulations. Copies of these documents (other than the Highly Confidential documents) are contained on each of the three enclosed diskettes in WordPerfect format. A complete copy of this filing has been served on all parties of record.

Please acknowledge receipt of the enclosed pleadings by date stamping the extra copies of the filing and returning them to the individual making this filing to return to me. If there are any questions about this matter, please contact me.

Sincerely,



William A. Mullins

Enclosures

cc: Required Parties

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BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.

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MANAGEMENT
ST

FINANCE DOCKET NO. 34335

KEOKUK JUNCTION RAILWAY CO.--
FEEDER RAILROAD DEVELOPMENT APPLICATION--
LINE OF TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION
BETWEEN LA HARPE AND HOLLIS, IL

SUPPLEMENTAL EVIDENCE SUPPORTING
THE FEEDER RAILROAD DEVELOPMENT PROGRAM APPLICATION OF
KEOKUK JUNCTION RAILWAY CO.

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Attorneys for Keokuk Junction
Railway Co.

DATED: June 9, 2003

**BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.**

FINANCE DOCKET NO. 34335

**KEOKUK JUNCTION RAILWAY CO.--
FEEDER RAILROAD DEVELOPMENT APPLICATION--
LINE OF TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION
BETWEEN LA HARPE AND HOLLIS, IL**

**SUPPLEMENTAL EVIDENCE SUPPORTING
THE FEEDER RAILROAD DEVELOPMENT PROGRAM APPLICATION OF
KEOKUK JUNCTION RAILWAY CO.**

Comes now the Keokuk Junction Railway Co. ("KJRY" or "Applicant") and files this supplemental evidence in support of its feeder railroad development program ("feeder line") application. This evidence is submitted pursuant the order of the Surface Transportation Board ("STB" or "Board") served herein on May 9, 2003 ("May 9 Decision"), which directed KJRY to file in 30 days¹ additional evidence of the Going Concern Value ("GCV") or Net Liquidation Value ("NLV") of the Line,² along with specified evidence of financial responsibility to purchase and operate the Line. A map of the Line, showing La Harpe and Hollis, is Appendix 1 to this filing.

¹ 49 C.F.R. § 1104.7(a) (2002) establishes the filing deadline as June 9, 2003.

² That is, the line currently owned by the Toledo, Peoria and Western Railway Corporation ("TP&W") which extends from TP&W's interchange with KJRY at Milepost 194.5 (near La Harpe, IL) east to Milepost 118.5 at Hollis, including the Mapleton Industrial Spur, covering the complete ownership of the TP&W between Mileposts 194.5 and 118.5 (altogether, the "Line").

SUMMARY

There are two sources of traffic which can support continued operation of the Line. Those sources are (1) overhead traffic moving over La Harpe and Hollis, and (2) the traffic originating or terminating on the Mapleton Spur. In its May 9 Decision, the Board offered KJRY the opportunity to file (1) its estimate of (a) the GCV of the Line with "supporting data" based on traffic on the east end of the Line,³ or (b) an NLV estimate for the Line west of Milepost 123.0, and (2) more detailed operating plans and pro forma financial statements for operation of the Line.

In its April 9 application, KJRY argued that the GCV of the Line to TP&W was zero because TP&W had already proved that it would lose money operating most of the Line and because KJRY was willing to continue to allow TP&W access to the Mapleton Spur. Thus, because TP&W would be able to retain the Mapleton traffic, the interest purchased by KJRY would not have a GCV to TP&W. Application at 16-19. The May 9 Decision was clear that the Board rejected this approach.

Accordingly, KJRY submits herein a GCV estimate for the Line based on purchase of and exclusive service over the entire Line by KJRY, including the Mapleton Spur. KJRY also submits a revised NLV for the entire Line that allows TP&W to retain sole ownership of the Mapleton Spur - the only local source of traffic east of Milepost 123.0 - and to have trackage

³ The only local traffic on the east end of the Line is traffic provided by the shippers at Mapleton. These shippers are not located on the main line track of the Line, but on the Mapleton Spur which connects to the Line. These shippers provide the only local source of traffic east of Milepost 123.0. TP&W currently serves these shippers from TP&W's yard at East Peoria, moving over the tracks of the Peoria & Pekin Union Railway Company ("P&PU"), over P&PU's Illinois River Bridge, then over additional P&PU track in Peoria, and then over UP (which owns the line from the connection with PP&U at Peoria to the connection with the TP&W line at Hollis), and finally over its own line from Hollis to the spur. *See* map contained in Appendix 5 hereto.

rights over KJRY between Hollis and the Mapleton Spur at no trackage rights charge under the terms of a proposed trackage rights agreement included herewith. KJRY herein demonstrates its ability to pay the higher of those two values and to support operation of the Line for at least three years.

KJRY is not submitting an NLV estimate or pro forma financials for operating only the portion of the Line west of Milepost 123.0. KJRY has applied to acquire a single, historically contiguous line from La Harpe to Hollis, not just a portion of that line. By itself, with TP&W as the connecting carrier at Milepost 123.0, the portion of the Line west of Milepost 123.0 cannot be self-supporting. Indeed, by itself it has a negative GCV, as the Board has already noted. May 9 Decision at 3.

DISCUSSION

The Board is required in this proceeding to determine two things: (1) whether KJRY is financially responsible; that is, can it pay the constitutional minimum value - either GCV or NLV, whichever is higher - of the Line, and (2) whether the public convenience and necessity ("PC&N"), as defined by 49 U.S.C. § 10907(c)(1), requires sale of the Line to KJRY. In its May 9 Decision, the Board did not request submission of additional evidence with respect to the PC&N issue. However, it did offer an opportunity for KJRY to file (1) (a) its estimate of the GCV of the Line which included "supporting data" based on traffic on the east end of the Line, or (b) an NLV estimate for the Line west of Milepost 123.0, and (2) more detailed operating plans and pro forma financial statements for operation of the Line. KJRY submits the following evidence in response to the Board's order.

I. THE LINE THAT IS THE SUBJECT OF THIS FEEDER LINE APPLICATION IS THE ENTIRE LINE FROM LA HARPE TO HOLLIS; IT IS NOT TWO SEPARATE SEGMENTS.

The Line, from La Harpe to Hollis, was operated as a single contiguous route from the time of its construction in the mid 1800's until TP&W's improper sale of a portion of that Line to SF&L Railway, Inc. ("SF&L"), in late 2000. That sale was nullified by the Board in 2002, and the Line was returned to its historic configuration under unified ownership earlier this year. It is this contiguous through route - this "particular railroad line" (*see* 49 U.S.C. § 10907(b)) which KJRY seeks to purchase and which is the subject of this application.

Congress enacted Section 10910 (now Section 10907) in response to concerns about the deteriorating rail service provided on some secondary lines throughout the country. *See Caddo Antoine and Little Missouri Railroad Company, et al. v. STB, et al.*, 95 F.3d 740, 744 (8th Cir. 1996) ("*Caddo Antoine II*").⁴ The statute provides a means by which a "financially responsible person" can acquire a line of railroad other than through a mutually agreed upon sale and purchase. Specifically, when warranted by the "public convenience and necessity," the person can purchase the line for its "constitutional minimum value." 49 U.S.C. § 10907 (b)(1). The "constitutional minimum value of a particular line shall be presumed to be not less than the net liquidation value of such line or the going concern value of such line, whichever is greater." 49 U.S.C § 10907 (b)(2).

⁴ Indeed, the Line at issue here is a perfect example of the type of line for which Section 10907 was intended. First, TP&W stopped all through traffic moving over the Line from La Harpe to Peoria. Then, it sold a portion to SF&L. SF&L, as the Board knows, refused to provide adequate interchange, refused to quote rates, and embargoed service for months. After the Board's nullification of the SF&L sale forced TP&W to reacquire the Line, TP&W quoted rates to most shippers that were much higher than under TP&W's prior ownership and refused to reinstitute overhead service, which TP&W had indicated was essential to providing adequate service and competitive rates for local shippers. These actions have, as TP&W apparently intended, made TP&W's service non-competitive, driving off both local and overhead traffic.

In *Caddo Antoine II*, the Eighth Circuit reversed and remanded an ICC decision that treated a feeder line application to acquire a single railroad line as if it sought two separate lines. 95 F.3d at 749. The ICC had found that the Norman Branch, which had historically been treated as a single railroad line, was actually two segments, and that the feeder line applicant met the test of proving “public convenience and necessity” for only one of the segments. *Caddo Antoine and Little Missouri Railroad Company - Feeder Line Acquisition - Arkansas Midland Railroad Company Line Between Gurdon and Birds Mill, AR*, Finance Docket No. 32479 (ICC served Apr. 18, 1995) (“*Caddo Antoine I*”). Thus, the ICC only partially granted Caddo Antoine’s feeder line application, ordering the sale of the 49-mile northern portion of the Norman Branch, but refusing to direct the sale of the three-mile southern section of track. In reversing and remanding the Commission’s decision, the court found that “the words ‘a particular railroad line’ [in the statute]...must be read to describe the entirety of the Norman Branch.” 95 F.3d at 749.

Like the Norman Branch, the Line has historically been a single route. Accordingly, the Board should analyze KJRY’s application on that basis, not by segmenting the Line.

A. The Line Has Historically Operated as a Single Unit

1. History of Construction of the Line⁵

The Line has been considered a through route for east-west traffic since it was first conceptualized by the State of Illinois. On February 12, 1849, the State of Illinois chartered the Peoria & Oquawka Railroad Company (“P&O”) to build a rail line from Peoria to the Mississippi River. That franchise was subsequently acquired by the Toledo, Peoria & Warsaw

⁵ Except as otherwise indicated, the history of the Line and quotations in this section are taken from Stringham, Paul H., *Toledo, Peoria & Western - Tried, Proven & Willing*, Deller Archive, Inc. 1993. See also pages 42-43 of KJRY’s April 9 application, a *Trains* magazine article describing TP&W history.

Railway Company (“TPWRC”). In 1865, the TPWRC consolidated with the Mississippi & Wabash Railroad (“M&W”), which already had built a line from the Mississippi River, to Carthage, a point west of La Harpe.

In 1867, while M&W built eastward from Carthage, TPWRC entered a trackage rights agreement to use the Peoria, Pekin and Jacksonville line from Peoria to Hollis (much as TP&W does today, crossing over P&PU and UP), and began to construct a line west from Hollis to meet M&W’s construction. TPWRC’s track met M&W’s track in 1868 at Bushnell, completing the Line.⁶ Thus, by the late 1860’s, the Line was in place, owned and operated by TPWRC and serving as a through route between Peoria and the Mississippi River. The Line was owned and operated in that fashion up until the sale (subsequently nullified) to SF&L.

2. Timetables and Traffic Patterns

The principal utility of the Line, both historically and today, has been as a through route for overhead traffic. KJRY’s application seeks to preserve that character of the Line. TP&W’s effort to hang onto the small section of the Line east of Milepost 123 would kill that through route, eliminating competition for traffic in which TP&W participates via other routes.

As the 1849 Illinois state charter issued to the P&O demonstrates, the purpose of this route has always been to move traffic between points on and west of the Mississippi River, on the one hand, and Peoria and points east. The history of marketing of service by TP&W and its predecessors bears this out. As shown in Exhibit A to the Verified Statement of Guy L. Brenkman in KJRY’s application, in the 1960’s Toledo, Peoria & Western Railroad Company (a previous owner of the Line) was advertising itself using the phrase “Transcontinental Peoria Way.” This focus on overhead traffic reflects the advertising and use of the Line for many years.

Attached as Appendix 2 hereto are copies of timetables and advertising by other predecessors of the current TP&W showing:

- a. An 1871 Joint TPWRC-Illinois Central Railroad grain rate tariff for shipments between Chicago and points on the Line;
- b. An 1878 map published in a tariff, billing TPWRC as “The Great Short Line Route East and West via Toledo, Peoria & Warsaw R’y;”
- c. An 1879 advertisement, billing TPWRC as “The Connecting Link Between the West and the East;”
- d. An 1887 advertisement for “The Toledo, Peoria and Western Railroad. A Direct Line Between the East and West;”
- e. A 1931 Toledo, Peoria & Western Railroad Timetable No. 11,⁷ showing stations on the Line as part of the Peoria to Keokuk Western Division of the railroad; and
- f. The Toledo, Peoria & Western Railroad Company Timetable No. 2, effective December 31, 1978, showing the stations on the Line as the heart of the railroad’s Second Subdivision, extending from East Peoria to Keokuk.

These records demonstrate that the Line historically has been a single, contiguous route, used largely for the handling of overhead traffic. The sale to SF&L disrupted that historic character temporarily, but having undone the sale, and since TP&W remains the sole owner, the Board cannot now treat the Line as two lines when it has always been one.

⁶ The Mapleton Spur was constructed in approximately 1957 to serve several industries already at that location.

⁷ Each of these copies in a. through e. referenced above is taken historical archive material reproduced in *Toledo, Peoria & Western - Tried, Proven & Willing*.

B. Prior to the Sale of a Portion of the Line to SF&L, TP&W Treated the Line as One Line.

TP&W's own operation of the Line, immediately before the later-voided sale to SF&L, shows that TP&W deliberately diverted overhead traffic away from the Line, notwithstanding the fact that the Line derived most of its revenue from overhead traffic. Attached as Exhibit A to Appendix 3, the Verified Statement of J. Michael Carr ("V.S. Carr"), is a 1998 traffic summary and projection by TP&W that includes traffic moving on the Line. Of the \$10.7 million in revenue projected there, over half of the revenues resulted from traffic that clearly would have moved on the Line as overhead traffic, namely -

- BNSF Haulage \$1.83 million
- Intermodal Traffic/BNSF \$2.06 million⁸
- ADM/Peoria \$1.65 million

This traffic, accounting for over half of TP&W's projected revenues shown on Exhibit A to V.S. Carr, was overhead traffic on the Line.⁹ Overhead traffic like this, which has historically been a critical source of revenue for the Line, is the type of traffic that KJRY expects to regain by preserving the Line as a through route, which is precisely the type of purpose for which Section 10907 was established.

⁸ *Toledo, Peoria & Western - Tried, Proven & Willing* states, at pages 103-104, "In 1989, the TP&W and the Burlington Northern signed a ten-year contract under which the two companies market traffic from the west coast to the Hoosier Lift [located near Remington, Indiana, on TP&W's eastern end]. In the same year, the TP&W, the Atchison, Topeka & Santa Fe and the Rail Bridge Corporation made an agreement to handle double-stack and international intermodal service from the west coast to East Peoria and to the Hoosier Lift." All of this traffic would have been overhead traffic to the Line, and likely accounts for the haulage and intermodal traffic shown on Exhibit A to V.S. Carr.

⁹ The *Trains* magazine article attached as Exhibit B to Mr. Guy Brenkman's verified statement in the KJRY application quotes the then-president of the TP&W as stating that intermodal traffic, mostly handled in interchange with Santa Fe at Fort Madison, constituted 55 percent of the TP&W's volume.

TP&W's own filings before the Board have acknowledged the importance of overhead traffic to the success of the Line. As the Board found in its decision revoking the exemption of SF&L's purchase of most of the Line:

When it was acquired by RailAmerica in 1999, . . . [o]ne of TP&W's major traffic movements . . . was a time-sensitive intermodal train that TP&W hauled for BNSF between Fort Madison and TP&W's intermodal ramps at East Peoria, IL and Remington, IN. The train moved over the La Harpe Line, usually 5 or 6 days a week in each direction, and was used by TP&W to pick up and deliver local traffic and traffic interchanged with KJRY at La Harpe. . . .

While these negotiations [to sell the track west of Milepost 123.0] progressed, RailAmerica and TP&W entered into an agreement with BNSF to shift BNSF's intermodal train from the Lomax interchange and the La Harpe Line to the Galesburg interchange.

SF&L Railway, Inc.--Acquisition and Operation Exemption--Toledo, Peoria and Western Railway Corporation Between La Harpe and Peoria, IL, STB Finance Docket No. 33995, *et al.* (served October 17, 2002).

In attempting to sell a portion of the Line to SF&L, TP&W attempted to destroy the historic character of the Line as a through route by diverting overhead traffic and dividing ownership of the Line between two companies. The diversion of this traffic was critical to TP&W's operation of the Line, apparently, because when SF&L made a last ditch effort at abandonment, TP&W chimed in, supporting SF&L's position:

On the Line in 1999 TP&W handled 4,825 cars generating revenues of \$1.326 million, in 2000 TP&W handled 3,061 cars generating revenues of \$883,022, and in 2001 TP&W handled 2,026 cars generating revenues of \$626,722.^[FN] TP&W believes that the Line still generates about 20 cars per month of originated or terminated traffic. . . . Overhead traffic has been diverted from the Line and in TP&W's opinion it is highly unlikely to be recaptured by the Line under TP&W ownership.

^[FN] Of the traffic using the Line in 1999, 2000, and 2001, TP&W estimates that about 240 cars per year originated or terminated on the Line and that the rest of the traffic was overhead.

Motion to Substitute the Toledo, Peoria and Western Railway Corporation for SF&L Railway, Inc., filed in STB Docket No. AB-448 (Sub-No. 2X) on October 30, 2002, at 6-7. The Board's nullification of the SF&L sale restored the historic integrity of the Line as a single line, though TP&W has refused to return this critical overhead traffic to the Line.

As the foregoing information demonstrates, the Line has been owned and operated as a single route for over 100 years. Nevertheless, in its April 24 petition to reject KJRY's application, TP&W tried subtly to lead the Board into committing the same error that the ICC fell into in *Caddo Antoine I*. TP&W adopted the terminology "Western Line" and "Eastern Line" to refer, respectively, to the segments of the Line west and east of Milepost 123.0. As shown above, though, these are two adjoining parts of the same line, which have been owned and operated together for 135 years. They are not two separate "lines;" instead, they are a single "particular railroad line."

Like the Norman Branch, the Line has historically been a single route. The statute and precedent require the Board to treat the Line as a unit for purposes of this application; the Line cannot be divided as TP&W attempts to do. The Board must analyze KJRY's application on the basis that it seeks to acquire the "particular railroad line" from La Harpe to Hollis - not by artificially creating two lines out of one, as TP&W would have the Board do. If the Board fails to treat the Line as a single route, it would violate *Caddo Antoine II*, and possibly doom service on the Line. Accordingly, KJRY presents its supplemental valuation evidence based on treating the Line as a unit.

II. THE STATUTE REQUIRES PRESENTATION OF A VALUATION FOR THE ENTIRE LINE.

- A. Under Section 10907, as Interpreted in *Caddo Antoine II*, The Board Must Set a Value for the Line as a Whole, Not By Applying Different Valuation Methods to Different Sections.

Caddo Antoine II held that the term “particular railroad line” required the Board to treat the Norman Branch as a single line for determining PC&N. That exact same term also appears in the phrase “constitutional minimum value of a particular railroad line.” This identical language, enacted at the same time and in the subsection adjoining the language construed in *Caddo Antoine II*, must be interpreted identically to the interpretation in *Caddo Antoine II*. Accordingly, the Board should determine the value of the Line as a whole, not applying different valuation methods to different sections of the Line.

In *Caddo Antoine II*, the Eighth Circuit held that the ICC could not evaluate a feeder line application filed to acquire a rail line that historically had been acquired and operated as a single property by breaking the line into segments and applying statutory tests separately to each part. In short, the court found that the Commission erred when it found that PC&N had been established for the acquisition and operation of the northern segment of the Norman Branch, but not for the short, southern segment. *Caddo Antoine II*, 95 F.3d at 749.

The *Caddo Antoine II* decision directly interpreted only the PC&N requirement in subsection (b)(1)(A) of Section 10907. However, subsection (b)(2) of the same section uses the same term - “particular railroad line” - in the phrase “constitutional minimum value of a particular railroad line.” See 49 U.S.C. § 10907(b)(2) (emphasis added).

This identical wording, contained in adjoining subsections of the same statute that were enacted simultaneously must, under basic principles of statutory construction, be construed identically. *E.g. Department Of Revenue of Oregon v. ACF Industries, Inc., et al.*, 510 U.S. 332,

342 (1993). Accordingly, the Board must determine the constitutional minimum value - GCV or NLV - of the entire line sought under a single methodology.¹⁰

Indeed, with the exception of the *Caddo Antoine I* decision, the Board has never divided a feeder line into two separate segments for purposes of determining whether the “public convenience and necessity” warranted acquisition or whether to use GCV or NLV for determining the line’s constitutional minimum value. Following the Eighth Circuit’s remand in *Caddo Antoine II*, the Board approved the feeder line application for the entire line. It then considered the constitutional minimum value of the line. Although the seller argued that the southern (profitable) portion of the line should be valued at its GCV, the Board valued the entire line at the NLV, noting, “it is not clear that a computation of GCV for the southern portion is permissible in this case in light of the Eighth Circuit’s holding in *Caddo Antoine II* that, for sale purposes, the Norman Branch must be treated as a single entity.”¹¹ The Board later reiterated the point - “In finding that . . . the only way to value the entire Norman Branch based on the evidence before it was at NLV, the Board acted consistent with the court’s decision in *Caddo Antoine*.”¹² The Board’s valuation of the entire line under NLV was upheld on appeal. *GS*

¹⁰ TP&W can be expected may argue that because it could abandon one part of the Line and continue to operate another, applying a single valuation methodology to the entire line would deprive it of the economic benefits of such actions. However, TP&W has not shown that it should be authorized to abandon any part of the Line. Moreover, even if KJRY acquires the Line under Section 10907, before it could abandon or sell the Line, it would have to offer TP&W the right of first refusal to re-acquire the property. 49 U.S.C. § 10907(h). This allows TP&W the option to reacquire the property at that time if it believed that valuing the whole Line together deprived it of the economic benefits of splitting the Line.

¹¹ *Caddo Antoine and Little Missouri Railroad Company--Feeder Line Acquisition--Arkansas Midland Railroad Company Line Between Gurdon and Birds Mill, AR*, Finance Docket No. 32479, 2000 STB LEXIS 252 at *13 (served May 5, 2000) (“*Caddo Antoine III*”).

¹² *Caddo Antoine and Little Missouri Railroad Company--Feeder Line Acquisition--Arkansas Midland Railroad Company Line Between Gurdon and Birds Mill, AR*, Finance Docket No. 32479, 2000 STB LEXIS 354 at *10 (served June 26, 2000) (“*Caddo Antoine IV*”).

Roofing Products Company, Inc. v. Surface Transportation Board, 262 F.3d 767, 774-775 (8th Cir. 2001). Therefore, KJRY will present a GCV for the entire Line and an NLV for the entire Line. The Board cannot request KJRY to present a GCV for the Mapleton segment and a NLV for the western segment.

B. Going Concern Value, Including Supporting Data for the Mapleton Segment

In its May 9 Decision, the Board gave KJRY the opportunity to submit a GCV estimate for the Line that included supporting data from the Mapleton Segment. KJRY therefore requested traffic, revenue and cost data from TP&W through discovery requests.

TP&W answered KJRY's requests on the due date. Rather than providing narrative answers to any questions, TP&W stated that all relevant information was contained in certain documents. However, TP&W said, it was "preliminarily" designating all such documents as Highly Confidential. Under terms of the protective order issued herein by the Board on May 16, as under essentially all Board protective orders, the Highly Confidential designation prevents review of the documents by in-house personnel. Thus, for KJRY to be able to use the information, it had to immediately engage outside consultants and hope that they could formulate information to contribute to a GCV valuation within a week, a virtually impossible task as TP&W no doubt expected.

Mindful of the statements of the Board, the ICC, and the Eighth Circuit that "applicants would be free to present any evidence that they deemed persuasive and that it would be inappropriate to delineate the types of evidence the parties should submit,"¹³ KJRY has formulated a GCV estimate from the best information it had that its officers could examine. That

¹³ *GS Roofing Products Company, Inc. v. Surface Transportation Board*, 262 F.3d 767, 775 (8th Cir. 2001), citing *PSI Energy, Inc.*, 7 I.C.C.2d 227, 230. See also *Caddo Antoine IV*, citing *Feeder Railroad Development Program*, 367 I.C.C. 261, 269 (1983).

evidence is a 1998 summary of TP&W traffic that KJRY obtained from the parties that owned TP&W before it was purchased by RailAmerica in 1999. A copy of that summary is Exhibit A to V.S. Carr.

Ms. Catherine Busch who, prior to becoming Marketing Director of Pioneer RailCorp, was a marketing manager for TP&W, believes from her experience with TP&W and her other marketing experience that the traffic levels reflected on the 1998 TP&W data are a reasonably accurate reflection of TP&W's current service at Mapleton, except that TP&W now provides switching service to UP for shipments to and from the Mapleton Spur, and that TP&W's overhead traffic has fallen off.. Ms. Busch believes that the TP&W handles approximately 6,000 carloads per year in switching service. See Appendix 4 hereto, the Verified Statement of Catherine Busch ("V.S. Busch").

The 1998 TP&W traffic data shows the following traffic estimates for shipments moving to and from the Mapleton Spur, with corresponding revenues:

Shipper	Projected Annual Carloads	Projected Annual Revenues
Caterpillar	110	\$60,500
Lonza (Inbound)	260	\$221,180
Lonza (Outbound)	211	\$156,542
Witco (Inbound)	350	\$249,550
Witco (Outbound)	310	\$176,120
Lonza (Marion)	137	\$174,447
Witco (Marion)	12	\$14,491
TOTAL	1390	\$1,052,830

In addition, KJRY estimates that TP&W handles approximately 6,000 carloads per year in switching service for UP to and from shippers on the Mapleton Spur. KJRY's best estimate of TP&W's switching revenues for that activity is \$60.00 per car, adding another \$360,000 to TP&W's activity on the east end of the Line. V.S. Busch at 98. Altogether, then, KJRY

estimates TP&W's revenues earned from serving shippers at Mapleton at \$1,412,830.¹⁴ V.S. Carr at 59.

This amount - \$1,412,830 - equals about 13.1% of the total TP&W revenue shown on Exhibit A to V.S. Carr. TP&W witness Alfred Sauer stated in his brief verified statement supporting TP&W's motion to strike KJRY's application that traffic at Mapleton accounted for approximately 15% of TP&W's revenues, though he did not disclose what those revenues were. Considering the drop off in overhead traffic on the Line that TP&W experienced between 1999 and 2001, as described above at page 11, which would have reduced TP&W's revenues below those 1998 revenue projections shown in Exhibit A to V.S. Carr, \$1,412,830 may well be approximately 15% of TP&W's current annual revenues. Therefore, KJRY believes that its estimate of revenues attributable to TP&W from serving shippers at Mapleton is accurate.

GCV is determined by subtracting costs of operation from revenues, and then applying a multiplier. Unfortunately, KJRY has no direct evidence of TP&W's costs of operating to and from the shippers at Mapleton. For example, to access the Mapleton Spur, TP&W must move via trackage rights from TP&W's yard at East Peoria over the tracks of the Peoria & Pekin Union Railway Company ("P&PU"), over P&PU's Illinois River Bridge, then over additional P&PU track in Peoria, and then over UP, which owns the line from the connection with PP&U at Peoria to the connection with the TP&W line at Hollis. From Hollis, TP&W traverses the

¹⁴ Estimating GCV on this basis assumes that TP&W would lose all revenue from the traffic delivered to or shipped from Mapleton. Such an assumption may have been warranted in the Caddo Antoine case, where the traffic from the Norman Branch was unlikely to move over the Arkansas Midland's remaining track. The same is not true of Mapleton traffic. It is highly likely that some portion of that traffic - again, KJRY does not know what portion at this time - moves from Mapleton through East Peoria and eastward on TP&W's line. If KJRY were to take over operation of the entire Line and thus serve the Mapleton Spur, some of this traffic would still eventually be interchanged to TP&W. Therefore, TP&W would not lose all revenue from such traffic if KJRY's application were granted.

eastern end of the Line to reach the Mapleton Spur. See Appendix 5, map of trackage between East Peoria to Hollis, from *Toledo, Peoria & Western, Tried, Proven & Willing*. KJRY has no means of knowing what trackage rights fees TP&W must pay for access over these lines to reach Hollis.¹⁵ Neither can TP&W pinpoint car hire costs or any other types of costs directly attributable to traffic about which KJRY has only car counts from 1998. Accordingly, to estimate TP&W's costs to serve the shippers at Mapleton, KJRY has applied RailAmerica's system average ratio of operating expenses to revenues for North American operations of 75%, based on RailAmerica's Form 10-K Annual Report filed with the SEC, showing a system ratio of operating expenses to revenue for 2001 of 75.5% and for 2002 of 74.8%.¹⁶ Seventy-five percent of the projected \$1,412,830 in revenues is \$1,059,623; yielding operating income of \$353,208.

For purposes of its GCV estimate, KJRY has assigned a GCV of zero to all remaining operations on the Line. The Board has already stated that apart from traffic at Mapleton, the Line clearly has a negative GCV. The Board's conclusion in this regard is clearly correct. As stated above, TP&W estimated that the Line generates local traffic of only about 20 carloads per month. TP&W's choice to permanently reroute its overhead traffic away from the Line,¹⁷ deprives the Line of the operating base necessary to handle local and overhead traffic. Moreover, TP&W projected \$1.9 million in rehabilitation costs (of which \$500,000 would have to be spent in the first year) to bring the Line west of Mapleton to FRA Class 1 standards, and

¹⁵ Mr. Sauer's statement supporting TP&W's petition to reject KJRY's feeder line application contained no information on TP&W's operating costs, making the statement useless for estimating a GCV for the Line.

¹⁶ <http://www.sec.gov/Archives/edgar/data/887637/000116923203002313/0001169232-03-002313.txt> at 23.

¹⁷ See page 11 above.

start-up and operating costs of \$773,800.¹⁸ Taken together, TP&W's own data clearly show that without the Mapleton traffic, the Line has a negative GCV to TP&W. Thus, by assuming a zero GCV for the remainder of the Line, and adding to that the GCV based on traffic on the Mapleton part of the Line, KJRY's GCV estimate is generous toward TP&W.

To calculate GCV in the *Caddo Antoine* case, the Board applied a multiplier to the operating income originally estimated for the traffic-dense part of the line. In that instance, the Board applied a multiplier equal to 1 divided by the pre-tax railroad cost of capital. In the *Caddo Antoine* case, the pretax railroad cost of capital was 17.7%,¹⁹ yielding a GCV of \$726,893 based on revenues of \$425,660 and operating costs of \$297,000. Thus, annual operating income of \$353,208, calculated above, multiplied by 1 divided by the most recent pretax cost of capital - 10.2%²⁰ - yields a GCV for the Line, including Mapleton traffic, of \$3,461,434.

Comparing this figure with the purchase price RailAmerica paid for TP&W in 1999 validates KJRY's calculation. RailAmerica's 10-K Annual Report for 1999, filed with the Securities and Exchange Commission ("SEC") on March 30, 2000, and available on the SEC's website,²¹ recites that in September 1999, RailAmerica acquired TP&W for an aggregate purchase price of \$18 million. In TP&W's April 24 filing in this proceeding, a TP&W witness testified that the Mapleton traffic accounts for approximately 15% of TP&W's revenue. Assuming for the moment that were true, and treating the \$18 million price that RailAmerica paid for the TP&W as effectively the GCV of the entire company, 15% of that total GCV would

¹⁸ Motion to Substitute the Toledo, Peoria and Western Railway Corporation for SF&L Railway, Inc., filed in STB Docket No. AB-448 (Sub-No. 2X) on October 30, 2002, at 7.

¹⁹ *Caddo Antoine III*, slip op. at 7.

²⁰ *Railroad Cost of Capital--2001*, STB Ex Parte No. 558 (Sub-No. 5), served June 20, 2002.

²¹ <http://www.sec.gov/Archives/edgar/data/887637/0000950144-00-004311.txt> at 4.

be \$2.7 million. That KJRY's GCV estimate exceeds \$2.7 million again shows that KJRY's GCV estimate errs, if at all, in TP&W's favor.

Again, KJRY estimates the GCV of the entire Line, based on the Mapleton traffic data in Exhibit 1 of V.S. Carr and the other best data available to KJRY, at \$3,461,434.

C. Net Liquidation Value, Excluding Mapleton Traffic

In its application, KJRY was going to obtain the Mapleton Spur but was willing to only pay NLV as compensation, and because it was willing to allow TP&W the opportunity to continue to compete for Mapleton traffic after KJRY acquired the Line by offering TP&W trackage rights at \$2.50 per car, KJRY did not provide a GCV for the Line. TP&W's April 24 Motion to Reject asserted that the fee offered was too high and that the traffic at Mapleton was critical to TP&W, amounting to 15% of the company's revenue. Ultimately the Board rejected KJRY's assertion that allowing TP&W to retain the Mapleton traffic on these terms would allow TP&W to retain the GCV of the Line, characterizing KJRY's offer as "a novel attempt to circumvent the statutory requirement intended to ensure that rail carriers receive nothing less than constitutional minimum value." May 9 Decision at 4.

KJRY's offer to enhance service to the public by giving Mapleton shippers access to two carriers rather than one, and allowing TP&W the opportunity to retain the Mapleton traffic, did not have the nefarious motive unfortunately ascribed to it by the Board. As proof, KJRY is willing to offer the following: KJRY will purchase all of the Line, except the Mapleton Spur, and then allow TP&W to retain sole access at the Mapleton Spur. To ensure TP&W's access to the Mapleton traffic, KJRY will grant TP&W access over the Line between Hollis and the Mapleton Spur at no trackage rights charge, under terms described in a proposed trackage rights agreement attached as Exhibit C to V.S. Carr.

The results of this offer are twofold. First, it would eliminate any issue under the public convenience and necessity test whether the transaction would harm TP&W. *See* 49 U.S.C. § 10907(c)(1)(C and D). In fact, TP&W would actually be better off than it is now. That is, it would retain exclusive access to (and revenues from serving) the shippers at Mapleton, while being relieved of the costs of maintaining the track between Hollis and the Mapleton Spur. Second, this would clearly establish the value of the Line as being its NLV, inasmuch as the only significant source of local traffic on the Line would remain exclusively accessible by TP&W. Again, while TP&W has given up bridge traffic as a way to sustain operation of the Line, KJRY has not. This proposal to allow TP&W to retain ownership of and exclusive access to the Mapleton Spur would preserve to each carrier what it most wants - a through route for overhead traffic for KJRY, and sole access to the shippers at Mapleton for TP&W.

If TP&W and the Board were to accept this manner of proceeding in this case, a slight adjustment of the NLV previously estimated by KJRY's witness John Gohmann would be required. If KJRY did not acquire the Mapleton Spur, which KJRY believes to consist of approximately 2.5 miles of track, KJRY's NLV estimate for the track would have to be reduced by \$108,758, for a total NLV for the entire Line, absent the Mapleton Spur, of \$3,284,605. *See* Verified Statement of John Gohmann, Appendix 6 hereto.

III. KJRY IS A FINANCIALLY RESPONSIBLE PARTY.

A. KJRY Can Pay the Acquisition Cost.

In its May 9 Decision, the Board found that "KJRY has not established that it has any financial resources of its own [and] there is no agreement or commitment from Pioneer's Board of Directors to support KJRY's acquisition." The Board also found fault with KJRY's failure to show that it had liquid assets immediately available to acquire the Line.

In response to the Board's concerns, KJRY is submitting herewith (a) a copy of the authorization of the Board of Pioneer Railcorp for Messrs. Brenkman and Carr to enter into a loan agreement to acquire the Line (Exhibit A to the Appendix 7, Verified Statement of Guy L. Brenkman ["V.S. Brenkman"]), and (b) a loan commitment agreement in the amount of \$7.0 million for purposes of acquiring and operating the Line (Exhibit B to V.S. Carr).²² Furthermore, the authorization from Pioneer's Board of Directors empowers Messrs. Carr and Brenkman to guarantee KJRY's funding to operate the Line for three years after acquiring it. Accordingly, Messrs. Brenkman and Carr reiterate Pioneer's and KJRY's commitment to this project and to funding the acquisition through the bank's loan.²³

B. KJRY Can Operate the Line Profitably.

The Board's May 9 Decision also directed that KJRY provide operating cost and revenue pro forma's for each of the three years following acquisition. Two sets of three-year pro forma's are included - one which presumes acquisition of the entire Line for GCV, and the other which presumes acquiring all of the Line except the Mapleton Spur, leaving access to shippers on that spur to TP&W. These pro forma's were prepared by Mr. Carr in consultation with Ms. Busch and other persons at Pioneer, are Exhibits D and E to V.S. Carr. As Mr. Carr testifies, these analyses are similar to those which he would customarily prepare in the course of analyzing the potential acquisition of a rail property, like the many rail lines that Pioneer has acquired since Mr. Carr joined the company approximately 10 years ago. These analyses are the types of

²² While the loan commitment is stated to be contingent upon execution of a loan agreement under the Bank's customary terms, Mr. Carr testifies that he is familiar with the Bank's customary terms and that Pioneer will be willing to accept them. V.S. Carr at 63.

²³ Indeed, based on the Bank's loan commitment and other funding sources available to KJRY and Pioneer, KJRY is capable of paying considerably more than the GCV of the Line.

analyses on which Pioneer has relied in other situations in choosing to purchase rail properties for operation.

The NLV pro forma's show KJRY's operation of the Line to result in significant excess cash after expenses for each of the first three years of operation. Meanwhile, KJRY's pro forma's based on acquiring the entire Line, including access to the Mapleton Spur, show even more favorable cumulative operating results.

To the extent that there was any shortfall in revenues generated by operations (which projections indicate there will not be), Pioneer has, as shown in the application filed herein, a \$1.1 million line of credit for operating capital. The Board of Directors' resolution authorizes Messrs. Carr and Brenkman to expend these funds for operation of the Line by KJRY. Messrs. Brenkman and Carr state, in their verified statements, that they will use the line of credit to support operation of the Line if necessary. V.S. Carr at 63-64; V.S. Brenkman at 110.

CONCLUSION

By its application in this matter, KJRY seeks to acquire an historically important through route and to preserve its operation. Because of the unitary nature of that route, statute and precedent demonstrate that the Board should treat the Line as a single unit for all purposes in this proceeding. The valuations presented herein demonstrate the GCV of that whole route, plus the NLV of the route if the Mapleton Spur were to remain under TP&W ownership under terms stated herein. Therefore, KJRY has presented a prima facie case that it is a financially

responsible person and that the Public convenience and necessity require sale of the Line to KJRY. The Board should accept KJRY's application and proceed with this matter.²⁴

Respectfully submitted,



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Suite 1000
Washington, D.C. 20004-2134
Telephone: (202) 274-2950
Facsimile: (202) 654-5621

Dated: June 9, 2003

²⁴ Based on its inquiries prior to filing its application, KJRY believed only two unions represented TP&W employees working on the Line. Consequently, UTU and BMW were served with copies of the application. Subsequently, it came to KJRY's attention that a third union operates on TP&W, maintaining locomotives. Accordingly, KJRY is serving each of the unions with copies of all of KJRY's non-confidential filings in this proceeding to date, to assure adequate notice.

TABLE OF APPENDICES AND EXHIBITS

Appendix 1 - MAP OF THE LINE

Appendix 2 - HISTORIC INFORMATION ON OPERATION OF THE LINE AS A THROUGH
ROUTE

Appendix 3 - VERIFIED STATEMENT OF J. MICHAEL CARR

- Exhibit A 1998 TP&W Traffic Summary
- Exhibit B Loan Commitment, National City Bank Of Michigan/Illinois
- Exhibit C Proposed Trackage Rights Agreement
- Exhibit D Pro Forma's Based On Going Concern Value
- Exhibit E Pro Forma's Based On Net Liquidation Value

Appendix 4 - VERIFIED STATEMENT OF CATHERINE BUSCH

Appendix 5 - MAP OF EAST PEORIA TO HOLLIS RAIL CONNECTIONS

Appendix 6 - VERIFIED STATEMENT OF JOHN W. GOHMANN

Appendix 7 - VERIFIED STATEMENT OF GUY L. BRENKMAN

- Exhibit A Pioneer RailCorp Board of Directors Resolution

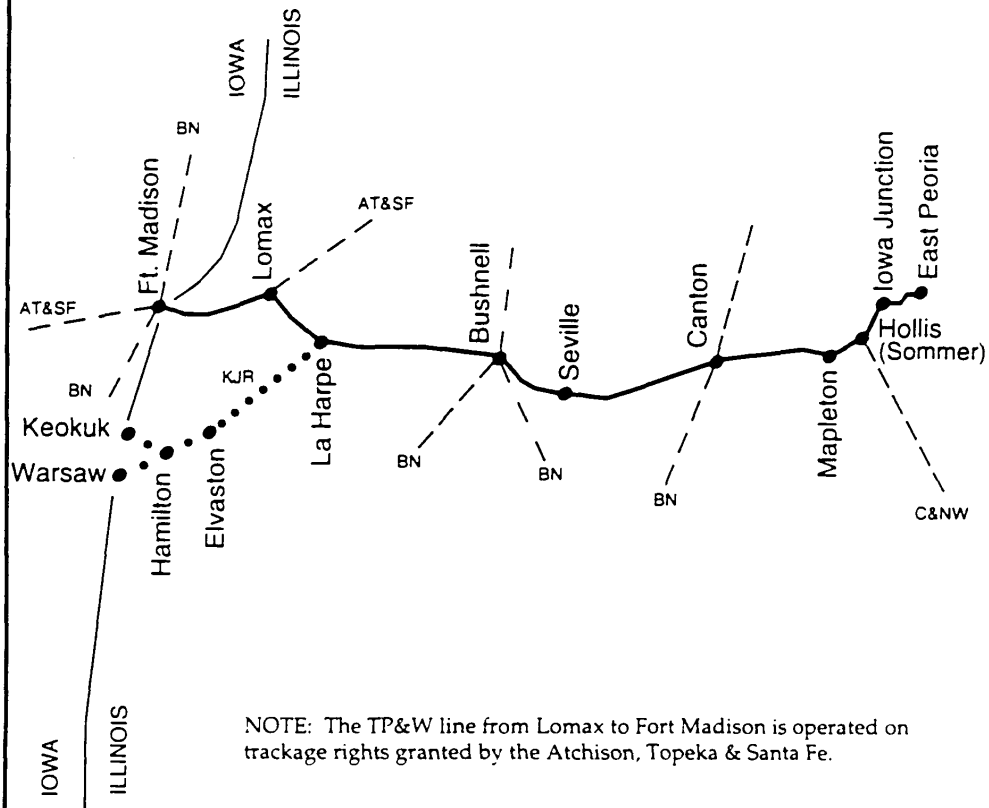
Appendix 1

MAP OF THE LINE

TOLEDO, PEORIA & WESTERN Line from East Peoria, Illinois to Fort Madison, Iowa (1993)

RAILROAD NAME LEGEND

AT&SF Atchison, Topeka & Santa Fe
C&NW Chicago & North Western
BN Burlington Northern
KJR Keokuk Junction Railway
(Formerly TP&W La Harpe to
Warsaw and Keokuk line; shown
by)



NOTE: The TP&W line from Lomax to Fort Madison is operated on trackage rights granted by the Atchison, Topeka & Santa Fe.

Map Not To Scale

R. W. Deller 1993

Appendix 2

HISTORIC INFORMATION ON OPERATION OF THE LINE AS A THROUGH ROUTE

a.

TOLEDO, PEORIA & WARSAW

SPECIAL JOINT GRAIN TARIFF

BETWEEN THE

Toledo, Peoria & Warsaw Railway and the Illinois Central Railroad.

TAKING EFFECT OCTOBER 5th, 1871.

Rates in Cents per 100 pounds, for Grain shipped under contract, in which these Companies are not to be held responsible for short weight, (except for accident.)

BETWEEN CHICAGO AND	WHEAT, In Car Loads.			ALL OTHER GRAIN, In Car Loads.		
	T. P. & W.	Ill. C.	Total	T. P. & W.	Ill. C.	Total
STATE LINE.....	13	8	20	8	7	15
SHELDON.....	12	8	20	8	7	15
WATSEKA.....	11	7	18	8	6	14
CRESCENT CITY.....	13	9	22	9	7	16
GILMAN.....						
PIPER CITY.....	13	10	23	10	8	18
CHATS WORTH.....	13	10	23	10	8	18
FORREST.....	13	10	23	10	8	18
FAIRBURY.....	13	10	23	10	8	18
WESTON.....	13	10	23	10	8	18
CHENOA.....	13	10	23	10	8	18
MEADOWS.....	13	10	23	10	8	18
GRIDLEY.....	13	10	23	10	8	18
EL PASO.....			23			18
SECON.....	12	11	23	8	8	16
EUREKA.....	12	11	23	8	8	16
CHUGER.....	12	11	23	8	8	16
WASHINGTON.....	12	11	23	8	8	16
HILTON.....	10	10	20	8	8	16
PEORIA.....						
HOLLIS.....						
MAPLETON.....	18	12	30	13	10	23
OLASFORD.....	18	12	30	13	10	23
BREEDS.....	18	12	30	13	10	23
RAWALTS.....	18	12	30	13	10	23
CANTON.....			30			23
GIVER.....	18	12	30	13	10	23
CUBA.....	18	12	30	13	10	23
SMITHFIELD.....	18	12	30	13	10	23
SEVILLE.....	18	12	30	13	10	23
NEW PHILA.....	18	12	30	12	9	21
RUSHNELL.....			30			2
SCOTTSBURG.....	20	10	30	13	8	21
GOOD HOPE.....	20	10	30	13	8	21
SCIOFA.....	20	10	30	13	8	21
BLANDSVILLE.....	20	10	30	14	7	21
LA HARPE.....	20	10	30	14	7	21
LA CROSSE.....	20	10	30	14	7	21
BURNSIDE.....	20	10	30	14	7	21
FERRIS.....	20	10	30	14	7	21
McCALL.....	20	10	30	14	7	21
ELVASTON.....	20	10	30	14	7	21
HAMILTON.....	17	8	25	12	6	18
WARSAW.....			25			18
KEOKUK.....			21			18
LOMAXJUNCTN.....						
BURLINGTON.....						

J. F. TUCKER,

Gen'l Freight Agent Ill. C. R. R.

WM. E. MAIN,

Gen'l Freight Agent T. P. & W. R'y.

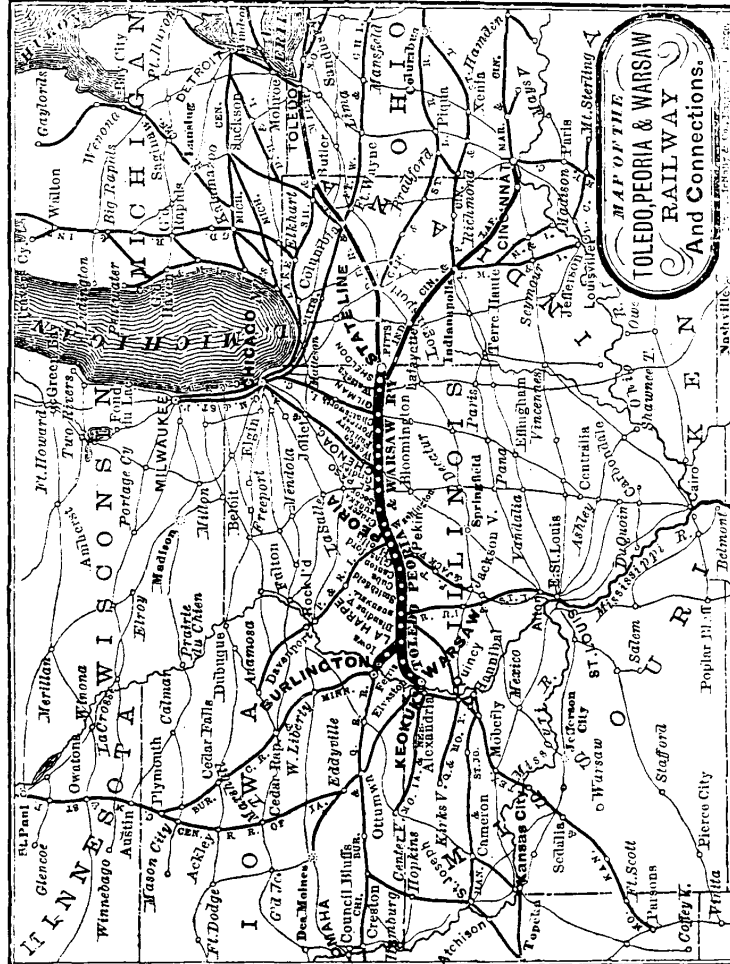
The Great Short Line Route

EAST AND WEST

— VIA —

Toledo, Peoria & Warsaw R'y.

RATES AS LOW AND TIME BETTER THAN OTHER ROUTES!



Shippers of Live Stock will find this the Best Route to Chicago, Buffalo, Pittsburg, Indianapolis, Cincinnati and Eastern Points.

Claims for Overcharge, Loss and Damage Promptly Settled by sending proper papers to the undersigned.

W. S. SPIERS,
General Freight Agent,
PEORIA, ILL.

Map published in Through Freight Tariff from Peoria to the East Via the Toledo, Peoria and Warsaw Railway Taking Effect March 11, 1878.

Special Collections Center, Bradley University Library

EASTWARD.
THE MOST
DIRECT ROUTE
TO

CHICAGO
TOLEDO
BUFFALO
INDIANAPOLIS
CINCINNATI
PHILADELPHIA
NEW YORK
BOSTON
And all other
Eastern Cities.

THE
Toledo, Peoria & Warsaw
RAILWAY.

WESTWARD.
THE MOST
DIRECT ROUTE
TO

BURLINGTON
KEOKUK
OTTUMWA
DES MOINES
OMAHA
ATCHISON
ST. JOSEPH
KANSAS CITY
And all points
West.

RECLINING CHAIR SLEEPING CARS
ARE RUN THROUGH FROM
PEORIA TO LAFAYETTE AND INDIANAPOLIS,
AND
PALACE SLEEPING CARS
FROM PEORIA TO CHICAGO.

A. L. HOPKINS,
Gen'l Manager.

THE ONLY ROUTE
RUNNING THROUGH CARS FROM
PEORIA TO BURLINGTON and KEOKUK
ON ALL TRAINS.
PALACE DAY COACHES
ARE RUN THROUGH FROM
PEORIA TO LAFAYETTE, FORT WAYNE AND TOLEDO.

W. F. MERRILL,
Chief Engineer and Superintendent.

H. C. TOWNSEND,
Gen'l Passenger and Ticket Agent.

Advertisement published in Root's Peoria City Directory, 1879. Peoria Public Library Collection

86

THE
Toledo, Peoria and Western Railroad.
A DIRECT LINE
Between the East and West

EASTWARD

the most Direct Route to Chicago, Toledo, Buffalo, Indianapolis, Cincinnati, Philadelphia, New York and all Eastern Cities.

WESTWARD

the most Direct Route to Burlington, Keokuk, Ottumwa, Des Moines, Omaha, Kansas City, Atchison, and all Points West.

PALACE SLEEPING CARS from Peoria to Chicago EVERY NIGHT. Solid Day Train, Peoria to Chicago, EVERY DAY, with Reclining Chair Car, in which there is no charge for seats.

Freight Shippers will find this line has as reasonable rates and prompt delivery as any road.

E. F. LEONARD, Manager.

E. N. ARMSTRONG,

H. D. GOULD,

GEN'L SUPERINTENDENT.

GEN'L FREIGHT AND PASSENGER AGENT.

W. W. KENT,

ASSISTANT GENERAL PASSENGER AGENT.

General Offices, Peoria, Ill.

Advertisement published in Gould's Business Directory of the City of Peoria for 1887.

Peoria Public Library Collection

SAFETY FIRST



SAFETY FIRST

TOLEDO, PEORIA & WESTERN RAILROAD

TIME TABLE No. 11

TIME TABLE No. 11

Taking Effect at 12:01 A. M., Dec. 6, 1931

Superseding Time Table No. 10

DESTROY ALL TIME TABLES OF PREVIOUS DATE

This Time Table is for the exclusive use and guidance of the employees concerned, who must carry in addition thereto the book of rules of the operating department.

G. P. McNEAR, Jr.,
President.

O. W. LIMESTALL,
Superintendent.

Retypeset facsimile of a portion of Dec. 6, 1931 T&W time table

EASTERN DIVISION — WESTWARD													
SECOND CLASS					FIRST CLASS					S.C.N.S.	Distance From Effner	Station Number	TIME TABLE No. 11 December 6, 1931
47	21	37	35		31	103	3						
WAB	I.P. & W.	A.T. & S.I.	A.T. & S.I.		A.T. & S.I.	I.P. & W.	I.P. & W.						
Daily Ex. Sun	Daily	Tue-Thur Sat	Daily Ex. Mon		Daily Ex. Sun	Daily	Daily Ex. Sun						STATIONS
PM	PM	AM	AM		PM	AM	PM						EFFNER
	s 12 . 30						s 8 . 30			C.W.Y.K. R.B.Yd.	0.0	0	2.1 C.C.C. & S.I. Crossing
	s 12 . 35						f 8 . 50			Yd.	2.1	2	2.0 SHELDON
	s 12 . 40						9 . 00			Yd.	4.1	4	1.7 C.M. & S.I. Crossing
	12 . 45						f 9 . 15				5.8	6	5.3 WEBSTER
	s 1 . 05						f 10 . 05			W.	11.1	11	6.3 EASTBURN
	1 . 20						f 10 . 25				17.4	17	3.4 WATSEKA
	1 . 27						f 10 . 35				20.8	21	3.8 CRESCENT CITY
	s 1 . 35						f 11 . 35				24.6	25	4.9 LEONARD
	1 . 50						f 11 . 50				29.5	30	5.5 GILMAN
	2 . 05						f 12 . 06			W.	35.0	35	5.3 I.C. Crossing
	2 . 20						f 12 . 20				40.3	40	5.7 LA HOGUE
													4.9 PIPER CITY
													5.3 CHATSWORTH
													5.7 I.C. Crossing
	s 11 . 35	s 2 . 45					s 12 . 30			Y.R.B. K. Yd.	46.2	46	5.6 Wabash Crossing
	s 11 . 50	3 . 10					f 1 . 30			C.W.R.	51.8	52	6.1 FORREST
		3 . 25					f 1 . 45				57.9	58	4.0 FAIRBURY
		3 . 40					f 2 . 00				62.8	63	4.4 WESTON
		3 . 55					f 2 . 10				67.2	67	4.0 C. & A. Crossing
		4 . 10					f 2 . 20			W.	71.2	71	4.5 CHENOA
											75.7	76	2.6 MEADOWS
													6.5 GRIDLEY
													2.6 ENRIGHT
													6.5 EL PASO
													6.5 I.C. Crossing
													6.8 SECOR
			s 10 . 25	s 12 . 30			s 4 . 05			R.	91.6		0.4 STREATOR JCT.
			s 10 . 50	s 12 . 40			s 4 . 10			R.B.	92.0	92	2.0 EUREKA
			5 . 05	10 . 55	12 . 45		4 . 14				94.0	94	3.5 CRUGER
			5 . 15	10 . 55	12 . 45		4 . 14				94.0	94	3.5 PEKIN JCT.
			5 . 25	s 11 . 05	s 1 . 00		s 4 . 20			R.	97.5		2.0 C. & A. Crossing
			5 . 35							W.	99.5	100	6.3 WASHINGTON
			5 . 50								105.8	106	2.2 FARMDALE
													1.5 N.K.P. Crossing
													1.5 PEORIA YARD
													1.5 N.K.P. Crossing
													1.0 P. & P. U. JCT.
													0.6 SWORDS
													0.0 C.R.I. & P. Crossing
													0.0 PEORIA
PM	PM	AM	AM		PM	s 8 . 00	AM			B.K.	111.1	111	
47	21	37	35		31	103	3						

✚ Handles through freight cars

WESTERN DIVISION — WESTWARD													
SECOND CLASS					FIRST CLASS					SIGNS	Distance From Effner	Station Number	TIME TABLE No. 11 December 6, 1931
			47	121				43	÷103				
			WAB. Daily Ex. Sun PM	T.P.&W. Daily PM				WAB. Daily AM	T.P.&W. Daily Ex. Sun. AM				
				s 8 . 45				f 8 . 40	s 8 . 00	B. K.	111.1	111	PEORIA 7.5
				9 . 30				f 8 . 40		R.	118.6	119	HOLLIS 2.1
										W.			WATER TANK 1.8
				9 . 39				f 8 . 49			122.5	123	MAPLETON 4.6
				9 . 56				f 9 . 07			127.1	127	GLASFORD 6.5
				10 . 10				f 9 . 20			133.6	134	BREEDS 3.2
				10 . 21				f 9 . 33			136.8	137	RAWALTS 2.6
													C.B.&Q. Crossing 0.1
				s10 . 33				s10 . 00		W. Yd.	139.5	140	CANTON 4.6
				10 . 45				f10 . 15			144.1	144	CIVER 5.1
				11 . 00				f10 . 35		C.	149.2	149	CUBA C.B.&Q. Crossing 5.3
				11 . 10				f10 . 47			154.5	155	SMITHFIELD 3.3
				11 . 20				f10 . 57		W.	157.8	158	SEVILLE 3.4
				11 . 29				f11 . 07			161.2	161	MARIETTA 4.3
				1 . 43				f11 . 22			165.5	166	NEW PHILDELPHIA 5.4
				s11 . 45 12.05 120				s11 . 45		Y. W. Yd.	170.9	171	BUSHNELL C.B.&Q. Crossing 4.5
				12 . 17				s11 . 57 104			175.4	175	SCOTTSBURG 4.2
				12 . 35				f12 . 07			179.6	180	GOOD HOPE 3.8
				12 . 43				f12 . 16			183.4	183	SCIOTA 6.0
				12 . 58				f12 . 30			189.4	189	BLANDINSVILLE 6.1
				s 1 . 15				f12 . 55		C.R.B.Y. W. Yd.	195.5	196	LA HARPE 4.6
				1 . 30				f 1 . 07			200.1	200	LA CROSSE 5.1
				1 . 50				f 1 . 25			205.1	205	BURNSIDE 4.4
				2 . 05				f 1 . 35			209.5	210	FERRIS C.B.&Q. Crossing 2.0
				2 . 15				f 1 . 40			211.5	212	McCALL 4.5
				s 2 . 05	2 . 30			s11 . 26	s 2 . 00	R.B.	216.0	216	ELVASTON 6.6
				s 2 . 25	s 2 . 45			s11 . 46	s 2 . 20	C.W.R.B. T. Yd.	222.6	223	HAMILTON 1.3
				s 2 . 35 PM	s 3 . 00 AM			s11 . 55 AM	s 2 . 30 PM	R.K.	223.9	224	C.B.&Q. Crossing KEOKUK 0.0
				47	121			43	103				

÷ Handles through freight cars

SAFETY

IS OF THE FIRST IMPORTANCE
IN THE DISCHARGE OF DUTY

CHIEF MEDICAL OFFICER

Phillip Immesoete, M.D.
4700 N. Prospect Rd.
Peoria Heights

C. V. Ward, M.D., Eye Specialist
1001 Lehmann Bldg., Peoria

L. C. Duis, M.D.	Watseka
H. A. McIntosh, M.D.	Piper City
J. H. Langstaff, M.D.	Fairbury
J. W. Helm, M.D.	Gridley
C. T. Kearney, M.D.	El Paso
Joseph C. Phifer, M.D.	Eureka
R. K. Phillips, M.D.	Glasford
E. P. Coleman, M.D.	Canton
J. W. Welch, M.D.	Cuba
B. I. Mueller, M.D.	LaHarpe
B. C. Kappmeyer, M.D.	Hamilton
J. R. Rankin, M.D.	Keokuk
L. W. DeInnocentes, Jr., M.D.	Logansport

K. R. Burroughs, Chief Dispatcher

M. L. Powell
R. L. Bundy
J. L. Carter
L. F. Fraikes
J. S. Stell

Dispatchers

T.P.W. Form 1662

TOLEDO, PEORIA & WESTERN RAILROAD COMPANY



TIME TABLE No. 2

Takes Effect Sunday,
Dec. 31, 1978

at 12:01 a.m.

Superseding Time Table No. 1

For the Information and Government of Em-
ployees only.

A. W. POLICH
Vice President Operations
J. M. MARTIN
Superintendent
J. E. BROWN
Assistant Superintendent
R. L. McAVOY
Trainmaster
W. R. HOPPER
Assistant Trainmaster

Make Safety A Habit



TEE PEE WILLIE says, "It's a known fact that most injuries which happen are caused directly by the injured person. Only a small per cent are caused by defective equipment or devices. Because of this, each person must be primarily responsible for his own safety."

FIRST SUBDIVISION

WESTWARD

EASTWARD

SECOND CLASS			Distance from Effner	Station Numbers	TIME TABLE No. 2	DISTANCE BETWEEN STATIONS	CAPACITY OF PASSING SIDINGS IN FEET	TRAIN ORDER STATIONS	SYMBOLS	SECOND CLASS		
25	21									24	20	
Local										Local		
Daily Ex. Sun.	Daily									Daily Ex. Sun.	Daily	
			0.0	0	EFFNER.....				Y.K.R. B.YD.			
			2.1	2	CR SHELDON.....	2.1			YD			
			4.1	4	C. M. ST P. & P. CROSSING WEBSTER.....	2.0			YD	8:02 am	12:08 pm	
8:30 pm	5:36 am		5.8	6	EASTBURN.....	1.7						
			11.1	11	MP WATSEKA.....	5.3		N	Q1	7:50	11:56	
8:54	5:48		17.4	17	CRESCENT CITY.....	6.3				7:42	11:48	
9:02	5:56		20.8	21	LEONARD.....	3.4				7:37	11:43	
9:07	6:01		24.6	25	I. C. G. CROSSING GILMAN.....	3.8	3951	D	Q1	7:32	11:38	
9:12	6:06		29.5	30	LA HOGUE.....	4.9	1687			7:26	11:32	
9:18	6:12		35.0	35	PIPER CITY.....	5.5	1868			7:19	11:25	
9:25	6:19		40.3	40	I. C. G. CROSSING CHATSWORTH.....	5.3				7:12	11:18	
9:32	6:26		46.4		N&W CROSSING FORREST JUNCTION.....	6.1				7:04	11:10	
Joint Track N&W	9:40	6:34	47	46	FORREST.....	0.6	2032	N	R.B.K.	7:03	11:09	Joint Track N&W
	9:41	6:35	51.8	52	FAIRBURY.....	4.8	3487	D	R.Q1	6:57	11:03	
	9:47	6:41	57.9	58	WESTON.....	6.1	2288			6:49 ²¹	10:55	
	9:55	6:49 ²⁴	62.8	63	I. C. G. CROSSING CHENOA.....	4.9				6:43	10:49	
	7:01	6:55	67.2	67	MEADOWS.....	4.4		D		6:37	10:43	
	10:07	7:01	71.2	71	GRIDLEY.....	4.0	1685			6:32	10:38	
	10:12	7:06	75.7	76	ENRIGHT.....	4.5				6:23	10:29	
	10:21	7:15	78.3	78	I. C. G. CROSSING EL PASO.....	2.6	2433	D	Q1	6:20	10:26	
	10:24	7:18	84.8	85	SECOR.....	6.5				6:09	10:15	
	10:35	7:29	91.6		STREATOR JCT.....	6.8			R.	5:57	10:03	
Joint Track ATSF	10:47	7:41	92.0	92	EUREKA.....	0.4	2206	D		5:56	10:02	Joint Track ATSF
	10:48	7:42	94.0	94	CRUGER.....	2.0	5402			5:53	9:59	
	10:51	7:45	97.5		PEKIN JCT.....	3.5			R.	5:47	9:53	
	10:57	7:51	99.5	100	I. C. G. CROSSING WASHINGTON.....	2.0	1752			5:44	9:50	
	11:00	7:54	108.0	108	EAST PEORIA YARD.....	8.5		N	C.R.B. T.K.O.YD Q1 & 2	5:24 am	9:30 am	
11:19 pm	8:13 am											
25	21									24	20	

SECOND SUBDIVISION

WESTWARD

EASTWARD

SECOND CLASS			Distance from Effner	Station Numbers	TIME TABLE No. 2	DISTANCE BETWEEN STATIONS	CAPACITY OF PASSING SIDINGS IN FEET	TRAIN ORDER STATIONS	SYMBOLS	SECOND CLASS		
	123	121								120	122	
	Local	223								Local	322	
	Daily Ex. Sat.	Daily								Daily Ex. Sun.	Daily	
★ VIA P&PU & PT	9:00 pm	12:30 pm	108.0	108	EAST PEORIA YARD N&W PPU CROSSING BJ TOWER			N	C.R.B. T.K.O.YD Q1&2 YD	8:49 pm	9:36 pm	★ VIA P&PU & PT
	10:09	1:39	119.6	119	HOLLIS	7.5				7:40	8:27	
	10:13	1:42	121.5	122	KOLBE	2.9	4970	N	R.YD Q1&2 Y.B.K	7:36	8:24	
	10:14	1:43	122.5	123	MAPLETON	1.0				7:35	8:23	
	10:21	1:50	127.1	127	GLASFORD	4.6	1743			7:28	8:16	
	10:34	2:03	136.8	137	RAWALTS	9.7	2703			7:15	8:03	
	10:41	2:10	139.5	140	CANTON BN CROSSING	2.7		D	Q1 R.YD	7:08	7:56	
	10:51	2:20	146.9		U E JUNCTION	7.4	4798			6:58	7:46	
	10:54	2:23	149.2	149	CUBA	2.3				6:55	7:43	
	11:01	2:30	154.5	155	SMITHFIELD	5.3	3611			6:48	7:36	
	11:06	2:35	157.8	158	SEVILLE	3.3				6:43	7:31	
	11:11	2:40	161.2	161	MARIETTA	3.4				6:38	7:26	
	11:19	2:48	165.5	166	NEW PHILADELPHIA	4.3				6:30	7:18	
	11:22	2:51	167.4		BLAIR JUNCTION	1.9			R	6:27	7:15	
	11:26	2:55	170.9	171	BUSHNELL BN TWO CROSSINGS	3.5			R	6:23	7:11	
	11:32	3:01	175.4	175	SCOTTSBURG	4.5	1704			6:17	7:05	
	11:38	3:07	179.6	180	GOOD HOPE	4.2	1696			6:11	6:59	
	11:43	3:12	183.4	183	SCIOTA	3.8				6:06	6:54	
	11:51	3:20	189.4	189	BLANDINSVILLE	6.0				5:58	6:46	
	11:59	3:28 pm	195.5	196	LA HARPE	6.1		N	R.B.Y. YD Q1	5:50	6:38 pm	
	12:12 am		200.1	200	LA CROSSE	4.6				5:37		
	12:27		205.1	205	BURNSIDE	5.0				5:22		
	12:39		209.5	210	FERRIS	4.4				5:10		
	12:45		211.5	212	McCALL	2.0				5:04		
	12:53		216.0	216	ELVASTON	4.5		D	R.B.	4:56		
	1:04 am		221.7		TABERS	5.7			YD	4:55 pm		
			222.6	223	HAMILTON	.9			Y.YD			
			223.9	224	KEOKUK	1.3		D	R.B.K.			
	123	121								120	122	

★ SCHEDULES CONFER NO AUTHORITY BETWEEN EAST PEORIA YARD & HOLLIS

WESTWARD		THIRD SUBDIVISION							EASTWARD	
SECOND CLASS		Distance from Effner	Station Numbers	TIME TABLE		Distance Between Stations	Train Order Station	SYMBOLS	SECOND CLASS	
	121			No. 2					122	
	Daily			STATIONS					Daily	
	3:28 pm	195.5	196	LA HARPE		4.2	N	R.B.Y. YD Q1	6:38 pm	
		199.7	199	DISCO						
	3:46 pm	206.0	206	ATSF Interlock LOMAX		6.3		YD R	6:20 pm	

WESTWARD				FOURTH SUBDIVISION										EASTWARD			
SECOND CLASS			DISTANCE FROM LOGANSPORT	STATION NUMBERS	TIME TABLE		DISTANCE BETWEEN STATIONS	CAPACITY OF PASSING SIDINGS IN FEET	TRAIN ORDER STATIONS	SYMBOLS	SECOND CLASS						
		21			No. 2						20						
		Daily			STATIONS						Daily						
VIA CON-RAIL TRACKAGE	11:30 pm	6.1	0E		LOGANSPORT		6.1		N	K.R.B. YD	6:14 pm	VIA CON-RAIL TRACKAGE					
			6E		CON-RAIL INTERLOCK JCT.					R							
	11:47	9	9E		KENNETH		2.9				5:57						
	12:07 am	12.4	12E		LAKE CICOTT		3.4				5:37						
					BURNETTSVILLE		3.0				5:19						
	12:25	15.4	15E		IDAVILLE		5.8	1900			4:44						
	1:00	21.2	21E	L & N	MONTICELLO	CROSSING	6.0	2174			4:08						
	1:36	27.2	27E	L & N	REYNOLDS	CROSSING	5.8				3:33						
	2:11	33	33E		SEAFIELD		3.0				3:15						
	2:29	36	36E		WOLCOTT		5.6	2332			2:42						
	3:02	41.6	42E		REMINGTON		7.5	1968	D	K.B. Q1	1:57						
	3:47	49.1	49E		GOODLAND		3.6	3487			1:36						
	4:08	52.7	53E		PERKINS		4.4				1:10						
	4:34	57.1	57E		CON-RAIL KENTLAND	CROSSING	4.2				12:45 pm						
4:59 am	61.3	0		EFFNER				N	C.R.B. Y.K.O. YD								

STATION NUMBERS of Stations not shown on Time Table:

53—Honegger
112—P. & P. U., Peoria
113—C. R. I. & P., Peoria
114—B. N., Peoria
115—C. N. W. and P. T., Peoria
120—Sommer
222—A. T. S. F., Fort Madison
225—C. R. I. & P., Keokuk

SYMBOLS

The following symbols indicate:
"B"—Bulletin Board "D"—Daytime Train Order Station
"C"—Fuel "N"—24 hour Train Order Station
"K"—Standard Clock "Q"—Radio Base Station
"O"—Track Scales "1"—Radio Channel No. 1
"R"—Register "2"—Radio Channel No. 2
"T"—Turntable
"Y"—Wye
"Yd"—Yard Limits

MILEAGE:

E. Point Switch of Wye at Kolbe to Coal Track Switch Kingston Terminal .225 mi.
Switch between TP&W Main Track and ATSF No. 1 at Lomax to Fort Madison15.9 mi.
Kenneth, end of TP&W Ownership, to Race Tower 7.2 miles

SPECIAL INSTRUCTIONS

Speed Restriction
Maximum Authorized Speed Over Any Subdivision
Freight Train 49 mph.

1. SUPERIORITY OF TRAINS:

On single track, eastward trains are superior to westward trains of the same class with the following exception:
On Third Subdivision, westward trains are superior to eastward trains of the same class.

2. REGISTER STATIONS:

All trains will register at Logansport, Effner, Forrest, East Peoria Yard, Hollis, La Harpe and Keokuk. Trains will not register at Fairbury, Streator Jct., Pekin Jct., Canton, Blair Jct., Bushnell or Elvaston unless instructed to do so.

When operator is on duty at Forrest or La Harpe trains may register by O.S. Form 96. All trains must render O.S. Form 96 covering arrival and departure at Hollis and leave form at first open train order station.

3. CLEARANCE CARD FORM A

Trains originating at Effner or Webster will require Clearance Card Form A at Effner.

Eastward trains and Westward trains, operating beyond Hollis, originating at East Peoria Yard, must secure Clearance Card Form A from delivery device located in Conductor's Office, East Peoria Yard.

Trains operating between East Peoria Yard and Peoria will not require Clearance Card Form A.

Eastward trains originating at Taber will require Clearance Card Form A at Keokuk.

Third Subdivision trains will require Clearance Card Form A at LaHarpe and Lomax.

Fourth Subdivision trains originating at Kenneth will require Clearance Card Form A at CR Van Tower, Logansport.

4. YARD LIMITS:

Yard limits exist at the following locations and all trains will be governed by Rule 93 in these yard limits. Yard limit boards are in place.

Between MP 60.80E East of Effner and MP 4.84 West of Webster.

Between MP 106.66 East of East Peoria Yard and the end of double track East of the Illinois River, East Peoria.

Between MP 119.6 Hollis and MP 120.47 west of Sommer.

Between MP 121.5 Kolbe and MP 123.7 on Kolbe Main to Kingston Terminal.

Between MP 138.73 East of Canton and MP 139.90 West of Canton.

Between MP 193.89 East of LaHarpe and MP 196.31 West of LaHarpe (2nd Sub).

Between MP 193.89 East of LaHarpe and MP 196.49L West of LaHarpe (3rd Sub).

Between MP 221.34 East of Tabers and Keokuk.

Between MP 204.98L and ATSF Connecting switch at Lomax.

5. JOINT TRACK FACILITIES:

A. N&W trains will enter and leave T.P.&W main track at east switch of passing siding at Fairbury, and will use passing siding for movements between Fairbury and junction of T.P.&W. and N&W track west of Fairbury. If necessary to use main track west of east switch of passing siding, N&W trains must protect in accordance with Rule 99 and in the event of accident N&W trains will be held responsible.

B. Westward ATSF trains, when clear at Pekin Junction, must report Clear to TP&W Dispatcher by telephone.

6. HOT BOX-DRAGGING EQUIPMENT DETECTORS

Hot Box detectors located at:

MP 27.50 on North Side of Track

MP 86.50 on North Side of Track

Dragging equipment detector works in conjunction with these hot box detectors.

EXAMINATION OF JOURNALS FOR WHICH HOT BOX HAS BEEN DETECTED BY HOT BOX DETECTOR:

A. STOP THE TRAIN: Comply with operating rules and locate indicated journal. Journal location will be indicated by signals and digital display board at detector site.

B. VISUALLY inspect entire truck for obvious mechanical defects such as broken bolster, truck side, loose wheel, fouled brake rigging, etc.

C. FEEL journal box, or roller bearing adapter WITH GLOVED HAND (to prevent burn). If it is noticeably hotter than adjacent boxes or adapters — SET OUT THE CAR.

D. FOR FRICTION BEARINGS if box is noticeably hotter, open lid and inspect journal end for heat. If journal end is hotter than adjacent journal ends SET OUT THE CAR.

E. IF no unusual heat has been noticed, feel hub of wheel with gloved hand. If hub is noticeably hotter than adjacent hubs check for fouled brake riggings, or defective brake parts. If cause of overheating can not be found or corrected, then SET OUT THE CAR. If hub is not noticeably hotter when felt with a gloved hand, feel hub carefully with bare hand.

F. IF no unusual heat has been found by the previous steps, make the same check for the two cars in front of and the two cars behind original car.

G. Even if no indication of heat has been found, the car should be watched carefully if left in the train. The detector is sensitive enough to catch trouble which is just beginning and which may not be found by the above steps.

7. MOTIVE POWER RESTRICTIONS:

A. Keokuk Municipal Bridge, Keokuk, Iowa and Slew Bridge 222.89 just east of Keokuk Municipal Bridge restricted to 4 unit diesel power, provided such units do not exceed 3000 HP each. All other bridges are good for multiple unit diesel power, provided such units do not exceed 3600 HP each.

B. Engines 102-103 coupled together or engines 1850 HP or more may not operate beyond East Frog of House Track and inside East Wye Watseka.

C. Engines are restricted from House Track Bushnell.

D. Six axle units are restricted from using all side tracks without permission of the Superintendent with the following exceptions:

1. Cilco track Sommer including run-around

2. C&NW crossover at Sommer

3. Hollis Passing Track

4. Sommer Transfer and pocket.

E. When engine consist, consists of more than three (3) units coupled and MU'D, before starting back up movement all units except the 3 units next to train must be isolated to prevent jackknifing.

F. Washington—Single unit engines only may be operated beyond point of switch to Mill Track. TPW crews will not use ICG tracks.

G. Engines will not move over, or onto, the weigh rails of scales on:

"K" track Gridley

East Peoria Yard

Track "E" at Ashland Chemical Company, Kolbe.

Not more than one locomotive unit will be moved over scale at Missouri Portland Cement Sommer and speed will not exceed 3 miles per hour.

8. TRACK OPERATIONS:

A. East Peoria Yard includes all tracks from yard limit board Milepost 106 plus 3508 feet to end of double track just east of Illinois River.

Double track extends from Mile Post 108.65 just west of N&W crossing to Mile Post 110.75 just east of Illinois River Bridge.

In operating over double track, all trains and engines will use the right hand track, unless necessary to use the opposite track to avoid delay.

When necessary to use opposite track in making extended movements, permission must be obtained from Yardmaster.

B. At Main Street crossing, P.&P.U. Junction, East Peoria, because of multiple tracks, only one movement at a time will be permitted over this crossing. In the event crossing is occupied, any movement on adjacent TP&W or N&W tracks will stop to clear crossing, wait until movement on adjacent track has cleared crossing and full visibility has been restored to highway traffic before proceeding. In the execution of this order, eastbound movements will have precedence over westbound movements.

Switch and signals at P.&P.U. Junction between N&W and T.P.&W. are operated by remote control from P.&P.U. operators' office at West Washington Street. In case of switch failure, a member of the crew must call P.&P.U. operator at West Washington Street for instructions.

C. At N&W interchange track, East Peoria, derails must be left in derailing position and east and west switches normally lined for N&W.

D. Derail and connecting target is in place on west end No. 1 track, East Peoria Yard, about 15 feet west of switch point of west thoroughfare track. This derail must be kept on the rail at all times that section of No. 1 track is not in use.

E. West yard lead switch out of main track at East Peoria Yard is equipped with a spring switch normally lined for the main track.

F. Normal position for P&PU Junction switch between eastbound main and P&PU connection is lined for P&PU, and must be restored to that position after being used for conflicting route.

G. Sand must not be used over spring, remote control or interlocked switches.

9. MINIMUM DISTANCE FLAGMAN MUST GO OUT TO AFFORD PROTECTION:

Location	Distance
1st Subdivision (except	1½ miles
Between MP 79 and MP 85	2 miles
Between MP 100 and MP 107	2 miles
2nd Subdivision (except	1½ miles
Between MP 123 and MP137	2 miles
Between MP 155 and MP 166	2 miles
Between MP 205 and MP 210	2 miles
Between MP 216 and MP 222	2 miles
3rd Subdivision	2 miles
4th Subdivision	½ mile

10. HANDLING EQUIPMENT:

A. EXPLOSIVES: Cars loaded with inflammable articles, acids, dynamite, powder and other explosives and placarded loaded tanks must be handled in accordance with Bureau of Explosives Tariff and supplements thereto (SEE CHART — BACK COVER PAGE).

Tank cars, transporting flammable compressed gas requiring dangerous placards shall not be cut off in motion.

No car moving under its own momentum shall be allowed to strike any tank car containing inflammable compressed gas placarded dangerous, nor shall any such car be coupled into with more force than is necessary to complete coupling.

Chief Yard Clerk will notify Yardmaster of any cars of flammable compressed gas carrying dangerous placards.

Yardmaster will notify yard crews and switch list must be marked accordingly. Yard clerks must show on consist to Conductor.

These requirements shall also apply to trains on the road which are required to perform switching operations at intermediate stops.

B. Special Equipment and extra dimensional loads must be inspected for safe side and top clearance and proper blocking before being moved in trains.

C. Trains handling derricks, pile drivers, clam shells, cranes, shovels and other special equipment on its own wheels must not exceed speed of twenty (20) miles per hour, except trains handling locomotive crane No. 99 must not exceed speed of thirty (30) miles per hour.

D. Dead engines must be placed as near the forward end of trains as conditions and rules governing bridge restrictions will permit.

11. PUSHER SERVICE:

The following procedure will govern with respect to handling of pusher engines:

Engineer on train being pushed will take slack out of train at the beginning of grade and before pusher engine starts to push train.

Pusher engine force will not exceed 400 amps. as indicated by the ammeter, until train being pushed gets on the main line when full throttle and normal operation may be resumed.

The conductor of the train being pushed will be responsible for the cutting off of pusher engine, and where it will be cut off. He will not close angle cock on pusher engine.

Angle cock on pusher engine will remain open until pusher engine is cut off and brought to a complete stop.

Attention is called to the importance of moving the handle on the auxiliary angle cock on caboose platform to the closed position before proceeding with any other part of the performance, as failure to close this angle cock will cause the air in train which is being pushed to go into emergency. Under no circumstances will pusher be cut off if either engine is approaching within 800 feet of a road crossing.

Between East Peoria Yard and Washington the Helper Engine, when assisting a train over Washington Hill has the rights of the train to which it is coupled.

The Helper Engine has the authority to return from Washington to East Peoria Yard ahead of second class trains.

The Helper Engine is authorized to return to East Peoria Yard against Eastward second class and inferior trains under the protection of a flag to be left at East Peoria Yard for that purpose. A member of the crew, preferable

the field man, will be left at East Peoria Yard to hold second class and inferior trains until the return of the Helper Engine.

Engines in pusher service between East Peoria Yard and Pekin Junction under this provision must advise dispatcher before departure and report their arrival back at East Peoria Yard to the Train Dispatcher.

Engines working between East Peoria Yard and Pekin Junction on Form "H" Train Orders will return both Conductor's and Engineer's copy of orders back to Train Dispatcher when they arrive back at East Peoria Yard and their work is completed.

12. OPERATING ON FOREIGN TRACKS:

A. OPERATIONS OVER P&PU TRACKAGE BETWEEN P&PU JUNCTION AND IOWA JUNCTION:

In addition to applicable TP&W Transportation rules and Special Instructions the following P&PU Transportation Rules and Instructions will apply while operating over P&PU Trackage. TP&W employees are not required to provide themselves with a copy of P&PU Transportation Rule Book.

DEFINITIONS:

AUTOMATIC BLOCK SYSTEM — A series of consecutive blocks governed by block signals, cab signals, or both, activated by a train or engine by certain conditions affecting the use of a block.

AUTOMATIC SWITCH — A Switch equipped with a spring mechanism arranged to cause the points to remain in the position last used after having been trailed through.

BLOCK — A length of track of defined limits, the use of which by trains and engines is governed by block signals, cab signals, or both.

BLOCK OR HOME SIGNALS — A fixed signal at the entrance to a route or block to govern trains and engines entering and using that route or block.

BLOCK STATION — A place from which block signals are operated.

BLOCK SYSTEM — A series of consecutive blocks.

CENTRALIZED TRAFFIC CONTROL SYSTEM (CTC) — A term applied to a system of railroad operation by means of which the movement of trains or engines over routes and through blocks on a designated section of track or tracks is directed by signals controlled from a designated point, superseding timetable superiority of trains and without requiring the use of train orders.

CONTROL OPERATOR — An employee assigned to operate a CTC Control Machine.

DUAL CONTROL SWITCH — A power operated switch that is also equipped for hand operation.

DWARF SIGNAL — A low signal.

MANUAL BLOCK SYSTEM — A series of consecutive blocks, governed by block signals operated manually upon information by telephone, telegraph or other means of communication.

REMOTE CONTROL — A method of operating outlying signal appliances from a designated point.

RESTRICTED SPEED — Proceed prepared to stop short of train, obstruction, switch not properly lined, or anything that may require the speed of a train or engine to be reduced.

Where automatic block signal rules, interlocking rules, or signal indications require movement at **RESTRICTED**

SPEED, such movement must be made prepared to stop short of train, obstruction, or switch not properly lined and be on the lookout for broken rail or anything that may require the speed of a train or engine to be reduced, but a speed of fifteen (15) MPH must not be exceeded.

SIDING — A track auxiliary to the main track.

SIGNAL ASPECT — The appearance of a fixed signal conveying an indication as viewed from the direction of an approaching train or engine, or the appearance of a cab signal conveying an indication as viewed by an observer in the cab.

SLOW SPEED — Not exceeding ten (10) mph.

SPRING SWITCH — A switch equipped with a spring mechanism arranged to restore the switch points to original position after having been trailed through.

PEORIA AND PEKIN UNION RAILWAY COMPANY TRANSPORTATION RULES:

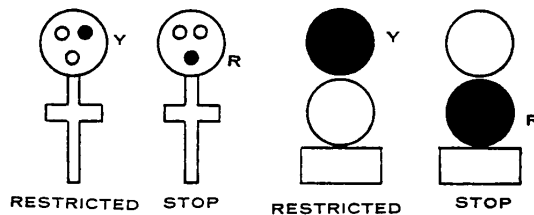
28(a) — Imperfectly displayed signals must be promptly report to dispatcher or yardmaster.

104(c) — Automatic switches are identified by letter (A) on the switch stand target.

161 — A yellow flag and, in addition, a yellow light by night, placed on enginemens side of the track, indicates that the track about 3,000 feet distant is in condition for a speed of but ten (10) mph, unless otherwise specified by train order, bulletin, or black numerals on a yellow disc displayed by the foreman at the point where slow track begins. A green flag and, in addition a green light by night, placed on the enginemens side will indicate end of slow track.

281 to 291 — **FIXED SIGNALS OF COLOR LIGHT TYPE:**

R - RED
Y - YELLOW



537 — When necessary to operate a dual control switch by use of hand throw lever, permission must be obtained from Train Dispatcher to so operate switch before placing selector lever in hand operating position.

538 — A power operated switch known or thought to be out of order must be reported to Train Dispatcher from first available point of communication.

539 — When through with use of switch, selector lever must be locked to power operating position and so reported promptly to Train Dispatcher.

702 — Employees must not, and Yardmaster, Conductor and Engine Foreman must see that they do not: Step upon or alight from leading footboard of a moving engine from or to a position between the rails.

Ride upon leading footboard of engine, except when necessary to make cut between engine and cars that are being pushed.

Go between moving cars or engines to uncouple, open, close or adjust knuckles of couplers. (If lever is inoperative and it is necessary to adjust knuckles by other means, proper understanding must be had and full protection afforded before doing so).

Step in front of moving cars or engines to adjust knuckle. Go between cars for any purpose without protection or knowing that cars are not coming in from either end of track.

Use feet to change alignment of drawbar.

Remove any of the safety appliances of an engine or car for convenience in switching which would endanger the safety of themselves or others. Alter, nullify, change design of, or in any way restrict or interfere with the normal intended function of any device or equipment on engines, cars or other railroad property without proper authority, except in case of emergency in which case full report must be made to the Chief Operating Officer.

Ride upon coupler, sills and pilot beams of locomotives. Ride on dead-woods, drawbars, brakebeams, brakewheels, end ladders and on end of car containing load that may shift.

Stand near the end of freight cars except when operating handbrakes or backup hose.

Sit on footboard or pilot beam of engine when engine is standing still.

Walk or step on rail, frog, switch, guardrail, interlocking machinery of connection when crossing tracks.

Sit or stand on rail, except when necessary for the proper performance of duty.

509 — If, after block or home signal has been called in clear indication the train or engine stops, or is delayed before the signal is reached, the employees must again call to each other the indication of such signal before it is passed.

515 — A train or engine having passed beyond the limits of a block must not back into that block except under protection as prescribed by Rule 99 or authority of Dispatcher.

517 — If any part of a train or engine overruns a STOP indication, front of train or engine must be protected immediately as prescribed by Rule 99 and member of crew must communicate with the Train Dispatcher and be governed by his instructions. The facts must be promptly reported to the Chief Operating Officer by the first available means of communication.

518 — When a block signal indicates STOP one or more of the following conditions may exist:

- (a) Train or other obstruction in the block.
- (b) Main track switch open.
- (c) Car on siding within fouling distance of main track.
- (d) Broken rail.
- (e) Failure of the system.

519 — A signal indicating STOP, which is evidently out of order, must be reported to Train Dispatcher from the first available point of communication.

520 — An absolute STOP signal must not be passed until permission to pass signal is obtained from Train Dispatcher. If the means of communication have failed train or engine may then proceed under flag protection to the next signal displaying a green light or a yellow light, expecting to find one or more of the conditions mentioned in P&PU Rule 518.

521 — When a train or engine has been stopped by a STOP indication, if no conflicting movement is evident, a member of the crew must immediately communicate with Train Dispatcher, identify himself, his train and location, and be governed by instructions received.

522 — Telephones will be located at such signal locations or other points as may be necessary for transmitting and receiving instructions or information, which crew members will use when necessary to facilitate the movement of trains or engines.

523 — To avoid misunderstanding, instructions given by the dispatcher over the telephone must be repeated by the

party receiving same and shall not be considered complete until the Dispatcher replies "All Right".

530 — When two or more trains or engines have been coupled and so move past a signal, if separated within block signal limits, Train Dispatcher must be notified.

Unless otherwise instructed TP&W trains will use N&W running track from P&PU Washington Street, to Wesley Junction. Signal indications will govern movements westbound from Wesley Jct. to B J Tower and from Sanger Street to Wesley Jct. eastbound. TP&W trains will use 91 pocket track at the south end of 91 yard and the eastbound main.

TP&W crews on Westbound trains will contact P&PU Dispatcher via radio or TP&W Yardmaster, if unable to communicate with P&PU Dispatcher, after air test has been made at East Peoria Yard and train is ready to proceed. If informed P&PU cannot handle your train, you will wait at East Peoria Yard until P&PU can handle, unless train size permits you to wait on double track to clear street crossings and flasher circuits.

If proceed indications are not displayed on signal-governing movements into P&PU Yard on your arrival at P&PU Junction, you will again contact P&PU Dispatcher or TP&W Yardmaster via radio.

TP&W trains making Eastbound movements through P&PU Yards MUST STOP AT IOWA JUNCTION and contact P&PU Dispatcher via radio or telephone located at Iowa Junction and have permission before entering P&PU tracks.

TP&W crews making deliveries to BN and CRIP will leave P&PU trackage from southbound main at P&PU-BN Jct. located just west of South St. and use BN main line from this junction through BN yard to Franklin Street and there enter CRIP main track for movement to CRIP Yard.

On return movement, before fouling any P&PU trackage, P&PU Dispatcher must be contacted from phone located at South Street and be governed by his instructions.

B. OPERATION OVER PT TRACKAGE BETWEEN IOWA JUNCTION AND HOLLIS:

Yard limits exist between Iowa Junction and Hollis. All trains and engines will operate under provisions of Rule 93, Yard Limit Rule of the Uniform Code of Operating Rules.

Between Iowa Junction and Hollis, train and engine movements will be made only on the authority of the CRI&P Yardmaster at Peoria. Westward trains and engines will not leave Iowa Junction and eastward trains and engines will not leave Hollis until permission has been granted by CRI&P Yardmaster. Permission may be granted by radio communication when practicable or by telephone located in boxes at Hollis, Iowa Junction, and Collier Yard.

Train or engine movements authorized only to Collier Yard or to any other point between Iowa Junction and Hollis must not leave that point in either direction until authority has been received from the CRI&P Yardmaster.

All trains and engines operating on the Peoria Terminal Company will be governed by (a) Uniform Code of Operating Rules (b) CRI&P Railroad Company Speed Restrictions and Special Instructions No. S-8 (c) CRI&P Railroad Company Yardmaster's Bulletins (d) General Orders.

Eastward P.T.C. and Eastward TP&W trains will approach Hollis at not to exceed ten (10) miles per hour. Eastward TP&W trains must stop before fouling clearance with P.T.C. track unless junction switch is properly lined and track is clear. Eastward P.T.C. trains will stop before fouling clearance with TP&W track.

Eastbound TP&W Trains not given permission for movement between Hollis and Iowa Junction may, after receiving permission from CRI&P Yardmaster foul PT Main in order to pick up off Sommer Pocket Track

MINIMUM CLEARANCE OF BRIDGES, ETC.:

Height 20 feet, 4 inches; width 12 feet, 2 inches.

C. RULES AND SPECIAL INSTRUCTIONS GOVERNING TP&W TRAIN AND ENGINE OPERATION ON C&NW MAIN TRACK AT SOMMER, ILLINOIS:

Before operating switches to enter C&NW main track a member of the TP&W crew must communicate with C&NW train dispatcher for authority to enter C&NW main track. When movement by TP&W train or engine is completed and clear of C&NW main track and switches restored to normal position and locked, a member of the crew must report main track clear to C&NW train dispatcher.

The eastward absolute signal at PT crossing will govern, in addition to movements over PT crossing, all eastward movements on the C&NW main track. The aspects displayed by this signal are as prescribed by Rule 240A and 240N of the Consolidated Code of Operating Rules. These Rules are

Rule	Aspect	Name	Indication
240A	 	Stop	Stop before any part of train or engine passes the signal.
240N	 	Restricting	Proceed at restricted speed.

R — Red

L — Lunar

Definition of Restricted Speed: "Proceed prepared to stop short of train, engine, obstruction, or switch not properly lined, looking out for broken rail or anything that may require the speed of a train or engine to be reduced, but not exceeding 20 MPH."

D. OPERATION OVER BN TRACKAGE:

All movements over BN trackage will be governed by the Consolidated Code of Operating Rules 1967 edition.

BN Trackage Keokuk, Canton, and Peoria, used by TP&W Trains and Engines are within Yard Limits.

No first class trains scheduled in or out of Keokuk, Canton, or Peoria on BN.

KEOKUK:

Main track switches, Keokuk to be lined and locked for Depot Track No. 1. TP&W Crews will not use BN Main at Keokuk south of Track 5 Switch, except to make delivery to BN on Track No. 5.

Trains must be made up from north end of Keokuk Yard. There is approximately 875 feet of BN Main Line from point of switch to Keokuk Bridge extending northward to Milepost 178.10 that may be used to make up trains.

BUSHNELL TO BLAIR JUNCTION

Crossover connecting TPW Second Subdivision Main Track and BN Sixth Subdivision Main Track at Blair Junction MP 167.4 is in service for operation of unit trains only. TPW end of crossover is locked with TPW switch lock and BN end is locked with BN switch lock. Trains may not enter BN trackage from TPW without train order permitting it to occupy BN Main Track. Trains may not enter TPW trackage from BN without Clearance Card Form "A" and Train Order permitting it to occupy TPW main.

CANTON

Before fouling East Wye, Canton, Illinois a member of crew must contact BN operator at Canton by using BN block phone. If unable to contact BN Operator or Dispatcher, contact TP&W Operator at Canton or TP&W Dispatcher for instructions.

TP&W trackage rights extends 3600 feet south of south Gorman Track Switch.

PEORIA

When shoving cars over Cedar Street, Peoria, a member of the crew must be on the ground a sufficient length of time before crossing is occupied.

Employees are prohibited from occupying sides of car on Yard Tracks Nos. 11, 12, 13 and 14 BN Yard, Peoria, Illinois while cars are in motion.

SPEED RESTRICTIONS IN BN PEORIA YARD

Between Edmund Street and Burlington Elevator, Peoria - 10 mph

Between 150 feet east of Edmund St. and Edmund Street, Peoria - 5 mph

Over Cedar Street, Peoria - 5 mph

E. OPERATIONS OVER CRIP-KEOKUK, KUD AND KEOKUK MUNICIPAL BRIDGE:

Eastbound trains making movement from the CRI&P Yard to Keokuk Municipal Bridge Track must contact the bridge signalman and have his assurance that he can handle movement before the train starts from the CRI&P Yard. Movement must be made within ten (10) minutes after acknowledgement.

The following rules and regulations govern the operation of trains and engines upon the tracks and bridge of the Keokuk Municipal Bridge.

All movements must be made under full control and on no occasion shall speed exceed 10 miles per hour.

Call for bridge must be made by telephone.

A light must be displayed to the front and rear of all trains, cuts, and engines by night.

Westbound crews must stop at stop board located just east of the draw and have clear indication of color light signal located on right side of track opposite draw house before proceeding.

Eastbound crews must have clear indication of color light signal located at west end of bridge before proceeding.

A yellow light is installed approximately 95 feet west of eastbound color light signal and indicates to eastbound movements that draw span is in operation. Trains and engines finding a yellow signal displayed must stop and may proceed to eastbound color light signal.

Making up of trains and switching is not permitted on the bridge, except after an understanding with the draw bridge operators. The final double of eastbound trains may be made on the bridge, however engines will not be reversed if drivers are on mitre rails. Engines must move forward until drivers are clear of mitre rails before making reverse movement.

F. OPERATION OVER AT&SF TRACKAGE LOMAX TO FT. MADISON:

On arrival Lomax and before entering AT&SF Main Line you will change Radio Channel to AT&SF frequency by changing toggle switch from TPW-F1 to ATSF-F2.

Enginemen will notify conductor when this change is to be made and after changeover is complete, engineman and conductor must verify that radio is working properly.

TP&W crews will be governed by AT&SF Timetable and Operating Department Rules as revised January 5, 1975 and all crews operating over AT&SF trackage must provide themselves with a copy.

The following instructions in addition to Timetable and Operating Rules must be followed.

LOMAX TO FORT MADISON:

1. Train orders affecting TP&W trains on AT&SF trackage will be issued by TP&W Dispatcher on TP&W Clearance Card and Train Order Forms.
2. Proceed indication on TP&W interlocking signal at Lomax authorizes a TP&W train to run Extra Lomax to Fort Madison. AT&SF Numbered Clearance Card is not required at Lomax.
3. Crews will yard their trains at Fort Madison on instructions from AT&SF Yardmasters.
4. All TP&W trains must register on AT&SF Register Book in Register Room in New Station Building.

FORT MADISON TO LOMAX:

1. Eastbound TP&W trains will receive AT&SF Clearance Card at Ft. Madison and will have to be cleared on TP&W at Lomax.
2. All TP&W trains must register on AT&SF Register Book in Register Room in New Station Building.

FORT MADISON YARD:

Switches leading from inbound and outbound leads, and crossovers between these leads will be left lined for movement on these leads east of Dry Creek.

Freight crews ready to depart Ft. Madison Yard will advise Yardmasters and secure his permission before departure.

Fire Road Crossings must not be left blocked. Telephone boxes and booth doors must be closed after being used.

Road crews will not make change in consist of trains at Ft. Madison.

When a car is set out between terminals account Bad Order, it should, if possible, be left where it can be driven to by truck for making repairs.

DALLAS CITY

Switch key controllers for crossing gates at Oak (Main) street located at Oak street in east iron box on south side of relay case. Controllers stencilled "Lower Gates" and "Raise Gates" provide for controlling gates when eastward main track is occupied.

In complying with AT&SF Operating Department Rule 316, in addition to radio or telephone reporting, you will make wire report joint with Signal Supervisor at Shopton and Trainmaster on which territory the signal irregularity is found, from first open telegraph office.

G. OPERATION OVER CR TRACKAGE LOGANS PORT TO KENNETH:

All operations between Logansport and Kenneth will be governed by CR rules for conducting transportation, special instructions and timetable.

13. RAILROAD CROSSINGS AT GRADE

Sheldon — CR — Automatic Interlocking Plant
Speed restriction 20 MPH
Webster — MILW — Automatic Interlocking Plant
Speed restriction 20 MPH
Watseka — MP — Standard Interlocking Plant
Gilman — ICG — Standard Interlocking Plant

Chatsworth — ICG — Railroad crossing signalling
Forrest — NW — Standard Interlocking Plant
Chenoa — ICG — Remote Controlled Interlocking Plant
El Paso — ICG — Automatic Interlocking Plant
Speed restriction 35 MPH
Washington — ICG — Gate lined normally for TP&W.
Signals operate in conjunction with gate.
Speed restriction 30 MPH Westbound, 20 MPH Eastbound.
East Peoria Yard — NW — Automatic Interlocking Plant.
Speed restriction 10 MPH.
Canton — BN — Unprotected STOP
Bushnell — BN — Two crossings 450 feet apart. Remote controlled Interlocking Plant. Speed restriction 20 MPH
Monticello — LN — Automatic Interlocking.
Speed restriction 20 MPH
Reynolds — LN — Automatic Interlocking.
Speed restriction 20 MPH
Kentland — CR — Automatic Interlocking.
Speed restriction 20 MPH

14. SIGNALLING AND INTERLOCKING GOVERNING OPERATIONS OVER RAILROAD CROSSINGS AT GRADE AND CONNECTING TRACKS:

SHELDON:

Automatic Interlocking Plant with search light type home signals govern the movement over the TP&W, CR Railroad Crossing.

Home signals will display "RED" or "GREEN" indications.

"RED" indication denotes "STOP".

"GREEN" indication denotes "PROCEED NOT TO EXCEED 20 MILES PER HOUR".

If "GREEN" indication is received and more than six (6) minutes are used on the approach, the signal will automatically revert to "RED".

A release section 300 feet long in advance of the signal must be occupied to again get the "GREEN" indication.

If signal does not assume "GREEN" indication when release section is occupied, emergency release at crossing must be operated. After move is made over crossing, emergency release must be operated to obtain "PROCEED" indication for return.

Release box located in northeast quadrant of crossing.

TP&W trains stopped by red aspect of home signal with no visible movement on conflicting route will after five (5) minutes comply with the following:

1. Observe Yellow indication light in emergency release box. When lighted, CR signals are indicating "STOP", and push button may be operated to obtain TP&W signal.
2. If Yellow indication light is not lighted, this indicates CR signal may be green. Wait four and one-half (4½) minutes and if there are no CR trains in sight, push button may be operated.

When Yellow light is lighted and push button operated, a Green indicator lamp when lighted will indicate that TP&W signals are clear.

If after operating push button the signal does not clear, wait four and one-half (4½) minutes, then lighted fusee will be displayed on each side of crossing and proceed on hand signal from trainmen or enginemen located at crossing.

3. If it has been necessary to use the push button, or hand signals, notify Superintendent at First Open Office.
4. Emergency release box must be locked after use.

WEBSTER:

A Semi-automatic interlocking plant with searchlight type home and distant signals governs movement over the TP&W-CMSTP&P Railroad Crossing.

Eastbound and Westbound home signals are located about 150 feet in advance of crossing and display "RED" or "GREEN" aspects.

Eastbound and Westbound distant signals are located about 7,000 feet in advance of home signals with approximate approach circuit of 2,500 feet, and display "YELLOW" or "GREEN" aspects.

TPW trains stopped by red aspect of home signal with no visible movement on conflicting route, or finding CMSTP&P train standing outside of CMSTP&P home signal with no immediate intent to use crossing will operate manual push button marked TP&W PB located in phone box on east side of control building. Pushbutton must be held until indicator light above button lights up. Button may then be released and 4 minutes and 20 seconds later TP&W home signal should display "GREEN" aspect.

If push button operation fails to cause home signal to display green aspect, train will proceed over crossing UNDER PROPER FLAG PROTECTION.

NOTE: When part of train is left standing in the circuit outside home signal, and movement is made over crossing, home signal will display red on return movement and push button operation referred to will not function. THEREFORE RETURN MOVEMENT IN SUCH CASES MUST ALWAYS BE MADE UNDER PROPER FLAG PROTECTION.

WATSEKA:

Standard Interlocking Plant with searchlight type home and distant signals is in service governing movements over crossing of TP&W with MP Railroad.

Signals are controlled by an operator located in Depot at crossing. Home signals display "RED", "RED OVER YELLOW" or "GREEN" aspects.

Distant Signals display "RED", "YELLOW" or "GREEN" aspects.

GILMAN:

Standard Interlocking Plant with searchlight type home and distant signals is in service governing movements over two crossings of TP&W with ICG Railroad.

Signals are controlled by an operator located in ICG Depot between the two crossings.

Home Signals display "RED", "RED over YELLOW" or "GREEN" aspects.

Distant Signals display "RED", "YELLOW" or "GREEN" aspects.

An electric lock is provided on the wye main line switch with an unlock track section 300 feet long in advance of switch. Occupancy of this section releases electric lock on switch.

Emergency key for electric lock is in box on west side of instrument case at eastbound home signal. After use key must be returned.

Deraills are installed on both wye tracks, electronic controlled and operated by wye switch. Wye switch must not be returned to normal until last car of train clears the deraills.

CHATSWORTH:

Crossing signaling governing approach and movement over crossing of TP&W with ICG RR.

TP&W signals are of color light type.

HOME SIGNALS display "RED" or "GREEN" aspects.

DISTANT SIGNALS display "YELLOW" or "GREEN" aspects.

TP&W trains stopped by RED aspect of home signal, with no visible movement on the ICG will proceed over crossing UNDER PROPER FLAG PROTECTION.

FORREST:

Standard Interlocking Plant governs movements over crossing of TP&W with N&W railroad. TPW signals are of searchlight type and are controlled by operator in N&W. Depot at crossing.

Home Signals display "RED", "RED OVER YELLOW" or "GREEN" aspects.

Distant Signals display "RED", "YELLOW" or "GREEN" aspects.

An Electric Switch Lock equipped with a three minute time release is provided on west wye main line switch with a 300 foot unlock section in advance of switch. Occupancy of this 300 foot section will permit use of west wye main line switch without time penalty. If switch lock unit fails an emergency key will be obtained from operator, which must be returned to operator.

Deraills are installed on both west tracks, pipe connected to, and operated by wye switch, therefore west wye main line switch must not be returned to normal until last car of train clears deraills.

CHENOA:

Interlocking Plant in service at Chenoa, Illinois governing movements over crossings of TP&W with ICG Railroad. Interlocking is controlled remotely from ICG control office at Bloomington, Illinois.

Home and Distant Signals of TP&W are of searchlight type. Home Signals display "RED", "RED over YELLOW" or "GREEN" aspects. Distant Signals display "RED", "YELLOW" or "GREEN" aspects.

A telephone has been provided at the release box at the crossing to communicate with Bloomington Control Office.

When interlocking signal displays stop indication, member of train crew will call control office for instructions. In case of failure of communication, or if a proceed signal cannot be displayed, member of train crew must operate emergency release before proceeding over crossing on hand signals.

THE ONLY TIME THE RELEASE BUTTON IS TO BE USED IS IN CASE OF COMMUNICATION FAILURE OR, IF DIRECTED TO USE IT BY THE ICG DISPATCHER.

Operation of emergency release is governed by the following instructions:

1. Trainmen before operating emergency push release must observe that no immediate conflicting train movement is evident.
2. To operate the emergency push release, depress push button, hold momentarily, and then release.
3. When indicator lamp in release box illuminates, train or engine may proceed on proper hand signal from a member of train crew.
4. If indicator lamp fails to light after interval of five (5) minutes, proper flag protection for movement of train over crossing must be provided.
5. Door of release box must be closed and locked with standard switch lock.

Crews performing work at Chenoa will immediately go to telephone located at crossing and inform ICG Dispatcher of moves expected to be made across the plant, if any, and the approximate length of time they will be working at Chenoa. Crews will not hold this plant to do work unless authorized by ICG Dispatcher.

EL PASO:

Automatic Interlocking Plant in service at El Paso governs movements over crossing of TP&W with ICG Railroad.

TP&W signals are of searchlight type.

Home signals display "RED", "RED OVER YELLOW" or "GREEN" aspects.

Distant Signals display "RED", "YELLOW" or "GREEN" aspects.

When a TP&W train is on approach circuit to distant signal, and there is no conflicting movement, TP&W home and distant signals will display a green aspect for 5 minutes, after which distant signal will display yellow aspect and home signal will display a red over yellow aspect.

Should any switches within interlocking plant be operated, distant signal for that route will immediately display a red aspect, and the home signal as red over yellow aspect, regardless of time limit.

Occupancy by ICG train for more than five minutes on their approach circuits will cause ICG home signal to display a red over yellow aspect and indication for TP&W movement over crossing can only be obtained by operation of TP&W key release located on a short mast at crossing.

TP&W trains stopping for red indication of home signal, with no visible conflicting movement will operate TP&W key release to obtain indication for movement over crossing. If this method fails to display more favorable aspect of home signal, train will proceed over crossing under proper flag protection.

Unnecessary occupancy of track between home signals is prohibited.

When through movement is being made on green aspect of home signal, the operation of any TP&W switch within the interlocking plant is prohibited until after movement has passed home signal.

No movement within one-half mile of either side of crossing may exceed 35 miles per hour.

Graph recorder provides permanent record of all movements through this interlocking plant.

EUREKA:

Station signaling is in service between milepost 91+2673 feet and milepost 93+2928 feet, however this does not supersede superiority of trains, nor dispense with compliance of all rules, special instructions and schedules.

Station signaling is made up of a distant signal, two home signals, automatic electric lock units which apply to all main line switches, two "END OF STATION SIGNALING SIGNS" and a dwarf signal and pipe connected derail located 270 feet east of Streator Junction on Streator Branch of ATSF railroad.

Eastward trains are governed by signaling from Distant Signal No. 938 to "End of Station Signaling Sign" at milepost 91+2673 feet.

Westward trains on TP&W are governed by signaling from westward home signal to "End of Station Signaling Sign" at milepost 92+2391 feet.

ATSF Westward trains from Streator Branch are governed by dwarf signal 270 feet east of junction switch to "End of Station Signaling Sign" at milepost 92+2391 feet.

DWARF SIGNAL displays Red and Yellow aspect.

"RED" indicates STOP (If after 2½ minute interval, signal does not display a less restrictive aspect train will proceed westward at restricted speed to end of station signaling sign under proper flag protection).

"YELLOW" indicates PROCEED AT RESTRICTED SPEED TO END OF STATION SIGNALING SIGN.

Eastward Distant Signal No. 938 displays "RED", "YELLOW" or "GREEN" aspects.

Eastward Home Signal displays "RED", "RED OVER YELLOW" or "GREEN" aspects.

"RED" indicates STOP. (If after 2½ minute interval signal does not display a less restrictive aspect, train will proceed eastward at restricted speed to "end of station signaling sign" under proper flag protection).

"RED OVER YELLOW" indicates PROCEED AT RESTRICTED SPEED THROUGH STATION SIGNALING LIMITS.

"GREEN" indicates PROCEED AT AUTHORIZED SPEED.

Westward Home Signal displays "RED", "RED OVER YELLOW" or "GREEN" aspects.

"RED" indicates STOP (If after 2½ minute interval signal does not display a less restrictive aspect, train will proceed westward at restricted speed to "End of Station Signaling Sign" under proper flag protection).

"RED OVER YELLOW" indicates PROCEED AT RESTRICTED SPEED THROUGH STATION SIGNALING LIMITS.

"GREEN" indicates PROCEED AT AUTHORIZED SPEED.

The forward end of train having passed a home signal indicating "PROCEED" must reach "End of Station Signaling" sign within two and one-half minutes or be operating at restricted speed.

Electric lock units are normally unlocked and will become locked when either of home signals display a Green aspect.

Two and one-half minutes after removal of station signaling switch padlock, or two and one half minutes after forward end of train has passed a home signal displaying a green aspect, electric locks will become unlocked.

Due caution must be exercised in operating or unlocking a station signaling switch when it is known that a through movement is entering, or is due to enter, or is within station signaling limits.

Trains clearing main track for superior trains must restore switch padlocks in order that train being cleared will receive proper signal indication.

Movements from side tracks to main line must not foul circuits before switch is lined for movement.

A 200 foot unlock section is provided in advance of east passing track switch. Occupancy of this section will permit use of this switch without time penalty.

ATSF trains may not enter TP&W tracks at Streator Junction without obtaining permission from operator at Eureka, after which entry may be made by reversal of Streator Junction Switch.

If a switch lock unit fails, emergency release key will be obtained from train register box at Eureka Depot, or the telephone booth at Streator Junction. Seal must be broken to obtain key, and after use, key must immediately be restored to its proper location and report of this must be left with Agent at Eureka.

Emergency key will be inserted in emergency release port on side of lock unit (cover is red).

WASHINGTON:

Crossing protection is in service protecting crossing of TP&W with ICG, and consists of a "GATE" normally lined against ICG which operates in conjunction with signals on TP&W.

Gate is equipped with STOP board and a red light indicating STOP when gate is lined against movement.

Eastward TP&W trains are governed by a home signal 220 feet west of the crossing.

Eastward Home Signal displays "RED" or "GREEN" aspects.

Westward TP&W Trains are governed by:

1. A distant signal located 2660 feet east of crossing which displays YELLOW or GREEN aspects.

2. A Home Signal 160 feet east of crossing which displays a RED or GREEN aspect.

On westbound movements a train passing distant signal on green aspect must reach home signal within three (3) minutes or be operating at restricted speed at home signal.

Speed of eastbound movements over this crossing will not exceed 20 miles per hour.

A TP&W train stopped by a red aspect of home signal, with no ICG movement occupying the crossing will examine gate and see that all levers are in normal position, after which, if a more favorable indication is not obtained, movement will then be made over crossing under proper flag protection.

Signals indicate only the position of ICG crossing gate and do not protect switch and track conditions through this territory.

EAST PEORIA:

An automatic interlocking plant governing movements over the crossing of the TP&W with N&W railroad is in service at East Peoria Yard.

Home signals are of searchlight type.

An inoperative eastward approach signal is located 2300 feet west of crossing.

All TP&W Home signals display RED or GREEN aspects.

"RED" aspect indicates STOP.

"GREEN" indicates PROCEED AT AUTHORIZED SPEED.

All signals on TP&W will clear automatically upon entering their respective approaches provided there are no conflicting movements within the limits of the interlocking plant on either railroad.

There are two key releases, one marked "EM" (Eastward Main) and the other "WM" (Westward Main) mounted on mast of eastward home signal.

A TP&W westward movement from the yard, moving beyond eastbound home signal, making a reverse movement, will operate release governing track over which movement is made by inserting switch key in applicable key release and turn to right as far as possible holding for two seconds and then remove key after which, if a more favorable indication is not obtained, reverse movement will then be made over crossing under proper flag protection.

Authorized speed over this crossing is not to exceed 10 miles per hour.

TP&W movement entering approach section to eastward home signal for right hand main causes signal to display a green aspect, and if such movement occupies that section while a movement enters the approach section to the eastward home signal for the left hand main, the left hand home signal will display a red aspect until key release "WM" is operated. The operation of key release will cause the right hand main home signal to display a red aspect and cause left hand main home signal to display a green aspect.

The same procedure applies when movements are reversed as to tracks occupied, except that "EM" key release will be operated.

Key releases must not be operated until it is ascertained that no conflicting movements are approaching on either railroad.

If a green aspect is not obtained by key release method, movement will be made over crossing under proper flag protection.

Movements in either direction stopped by a red aspect of home signal will operate TP&W key release on east end of control case at crossing. This key release operation is the same as operation of key release at eastward home signal, except after key is removed about one minute will elapse until signal displays green aspect.

Key release must not be operated until it is ascertained no conflicting movement is approaching on either railroad.

If green aspect is not obtained by key release method, movement will be made over crossing under proper flag protection.

Unnecessary occupancy of any segment of this interlocker is prohibited.

Graph recorder provides permanent record of all movements through this interlocking plant.

BUSHNELL:

Standard Interlocking plant with searchlight type home and inoperative distant signals, governs movements over two crossing of TP&W-BN.

This plant is remotely controlled by BN dispatchers located at Hannibal, Missouri. Home signals display RED or GREEN aspects.

Telephone connected to BN dispatcher are located at home signals. TP&W movements stopped by red aspect of home signal must call BN Dispatcher.

In event of communication failure movement will proceed over crossing under proper flag protection.

Authorized speed not to exceed 20 miles per hour.

LOMAX:

Interlocked and dual control connection switch leading from TP&W Main Track to AT&SF south track, located just west of Carman Road, Lomax, AT&SF MP 218.7. Interlocked home signal governing westward TP&W trains and engines from TP&W to AT&SF is located between connection switch and Carman Road.

Automatic approach signal No. 2051 governing westward trains and engines is located 3,343 feet east of westward home signal.

Signals will display ASPECT and INDICATION per AT&SF Rules 281 to 292, inclusive.

Westward trains stopping east of Carman Road Crossing must not foul gate circuit (indicated by ties painted orange) until home signal displays other than STOP indication.

Indications of other than STOP on westward interlocked home signals governing TP&W movements to AT&SF main track at Lomax authorizes movement of TP&W train or engine to Ft. Madison as an Extra. If home signal indicates STOP, AT&SF main track must not be fouled unless authorized by control station (See AT&SF Rule 321 (A)).

If unable to communicate, further movement is prohibited until communication is established (See AT&SF Rule 321 (B)).

TP&W-AT&SF connection track switch is dual controlled as are interlocked crossover switches between AT&SF main tracks Lomax (See AT&SF Rule 324).

Maximum authorized speed over connection track switch is 30 miles per hour.

Eastward TP&W trains must not accept other than signal aspect to comply with AT&SF Rule 290 at Lomax Interlocking. If eastward home signal indicates other than Rule 290 aspect, stop must be made before fouling interlocking and control station notified.

Control station Telephones are located at:

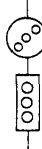
WESTWARD: — Signal House just north of AT&SF Main Track west of Carman Road.

EASTWARD: — On pole north of AT&SF main tracks, just east of eastward home signals.

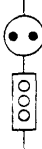
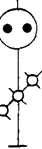
KENNETH:

Remote controlled interlocking, controlled from Van Tower. Power controlled switch connects TP&W 4th Sub-division main track with CONRAIL Columbus to Chicago main track.

Distance signal is located 6000 feet west of Home Signal and is of the position light type. Distance Signal may display the following aspects.

Aspect	CONRAIL Rule & Name	Indication
	Approach Medium	Proceed approaching next signal at medium speed.
	Rule 282 Approach Rule 285	Proceed prepared to stop at next signal. Train exceeding medium speed must at once reduce to that speed.
	Caution Rule 285A	Train exceeding medium speed must at once reduce to that speed. Approach next signal prepared to stop.

Home signal is located 664 feet West of TPW-CONRAIL connecting switch and is of the position light type and may display the following aspects.

Aspect	CONRAIL Rule & Name	Indication
	Stop signal ConRail Rule 292	STOP
	Medium clear ConRail Rule 283 Fig AA	Proceed: Medium speed within interlocking limits
	Medium approach ConRail Rule 286 Fig AA	Proceed at medium speed preparing to stop at next signal

Aspect	CONRAIL Rule & Name	Indication
	Stop & proceed ConRail Rule 291 Fig AA	Stop and then proceed at restricted speed
	Indicates "Red light"	
	Indicates "Yellow light"	
	Indicates "Flashing yellow light"	

DEFINITIONS:

(Medium Speed) Not exceeding 30 MPH

(Restricted Speed) Proceed prepared to stop short of train, obstruction or switch not properly lined, looking out for broken rail, not exceeding 15 MPH.

MONTICELLO:

Automatic Interlocking governs movements over L&N Crossing with Dwarf Searchlight Type Home Signal and inoperative Distance Signals.

Distance Signals are of the Semaphore type, fixed in the diagonal position, and are located 6000 feet East and 6000 feet West of L&N Crossing. Indication of signal — Proceed prepared to stop at Home Signal and be governed by Aspect of Home Signal.

Home signals are located 250 feet East and 250 feet West of L&N Crossing and may display Red or Green Aspects.

Aspect	Indication
Red	Stop
Green	Proceed at authorized speed

REYNOLDS:

Automatic Interlocking governs movements over L&N Crossing with Dwarf Searchlight Type Home Signals and inoperative Distance Signals.

Distance Signals are of the Semaphore type fixed in the diagonal position and are located 5800 feet East and 5800 feet West of L&N Crossing. Indication of signal — Proceed prepared to stop at Home Signal and be governed by aspect of Home Signal.

Home Signals are located 400 feet East and 200 feet West of L&N Crossing and may display Red or Green Aspects.

Aspect	Indication
Red	Stop
Green	Proceed at authorized speed

If proceed aspect is not received and no conflicting movement is observed on L&N Track a member of crew must operate emergency release located at crossing and be governed by instructions located in the emergency release box before movement is made over crossing.

KENTLAND

Automatic Interlocking governs movements over CONRAIL crossing with position light type Home Signals and inoperative Distance Signals.

Distance Signals are of the Semaphore type fixed in the diagonal position and are located 4171 feet East of Westbound Home Signal and 4171 feet West of Eastbound Home Signals. Indication of Signal, proceed prepared to stop at Home Signals and be governed by aspect of Home Signal.

Home Signals are located 400 feet East and 500 feet West of CONRAIL Crossing and may display STOP or PROCEED aspect.

Aspect  — Indication STOP

Aspect  — Indication PROCEED AT AUTHORIZED SPEED

If proceed aspect is not received and no conflicting movement is observed on CONRAIL track, a member of the crew must operate emergency release located at crossing and be governed by instruction located in the emergency release box before movement is made over crossing.

15. COLOR LIGHT SIGNAL ASPECTS AND THEIR APPLICATION IN SERVICE ON THE TP&W RAILROAD IN GOVERNING OPERATIONS OVER RAILROAD CROSSINGS ARE FOLLOWS:

HOME SIGNALS	
ASPECT	INDICATION
RED	STOP
RED OVER YELLOW....	PROCEED AT RESTRICTED SPEED OBSTRUCTED TRACK OR DIVERGING ROUTE
GREEN	PROCEED AT AUTHORIZED SPEED
DISTANT SIGNALS	
ASPECT	INDICATION
RED	STOP THEN PROCEED AT RESTRICTED SPEED TO HOME SIGNAL AND BE GOVERNED BY INDICATION OF HOME SIGNAL.
YELLOW	PROCEED AT RESTRICTED SPEED TO HOME SIGNAL & BE GOVERNED BY INDICATION OF HOME SIGNAL.
GREEN	PROCEED AT AUTHORIZED SPEED.

16. COLOR LIGHT TRAIN ORDER SIGNAL—KOLBE MAIN

A Separate Color Light Train Order Signal located on existing train order mast at Kolbe governs train and engine movements from Kolbe Yard Main to Second Subdivision Main Line. This train order signal displays RED and GREEN aspects.

RED indicates STOP before fouling Second Subdivision Main Track from either east or west leg of wye — Proceed after clearance Card Form "A" is received.

GREEN indicates proceed if Form 19 Train Orders are held authorizing right to Second Subdivision Main Track.

MUST NOT BE INTERPRETED AS AUTHORITY TO HOLD SECOND SUBDIVISION MAIN TRACK UNLESS AUTHORIZED TO DO SO BY TRAIN ORDER

17. SPRING SWITCHES:

A Spring switch is in service at West End of East Peoria Yard and at East End of double track at East Peoria Yard and West End Crossover P&PU Jct.

Home Signals of TP&W-N&W interlocker govern facing point movements through spring switch at west end East Peoria Yard and at east end of double track.

Excessive gapping of switch points on TP&W spring switches will cause signal governing movement through these switches to display a red aspect, therefore in all cases of movement under flag protection over TP&W-N&W crossing, flagmen must examine facing points of spring switches and know they are in proper position.

Facing point movements through spring switch located at west end crossover P&PU Jct. is governed by a color light dwarf signal which displays RED or GREEN aspects.

RED indicates STOP AND ASCERTAIN IF SWITCH POINTS ARE IN PROPER POSITION FOR FACING POINT MOVEMENT.

GREEN indicates PROCEED AT AUTHORIZED SPEED.

WARNING: To minimize FIRE HAZARD crews will use extreme care when dropping or discarding fuses and other objects which might cause fire.

SPEED TABLE			
Time Speed 1 Mile Per Hr.		Time Speed 1 Mile Per Hr.	
Min.	Sec. Miles	Min.	Sec. Miles
1—0	60	2—0	30
1—5	55	2—24	25
1—12	50	3—0	20
1—20	45	4—0	15
1—30	40	6—0	10
1—43	35	12—0	5

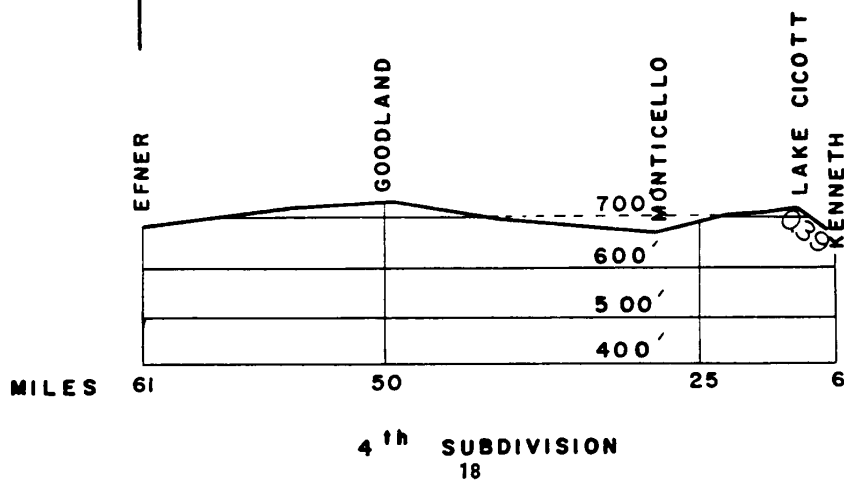
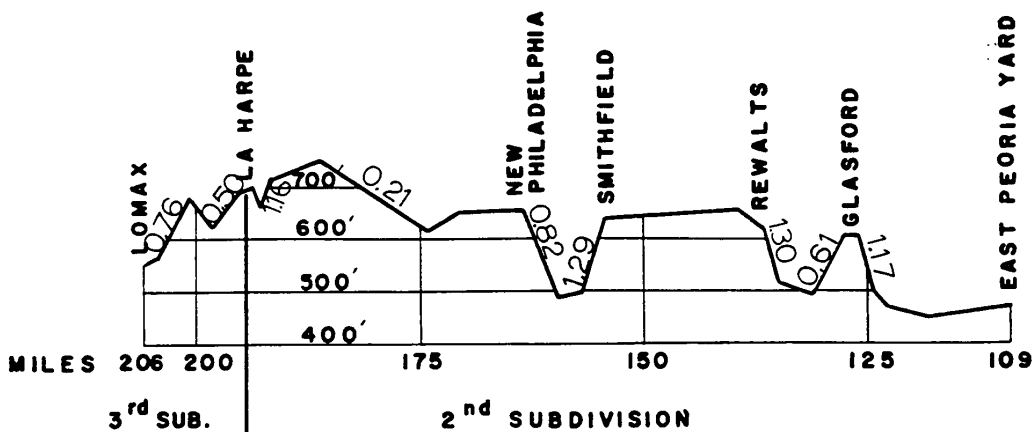
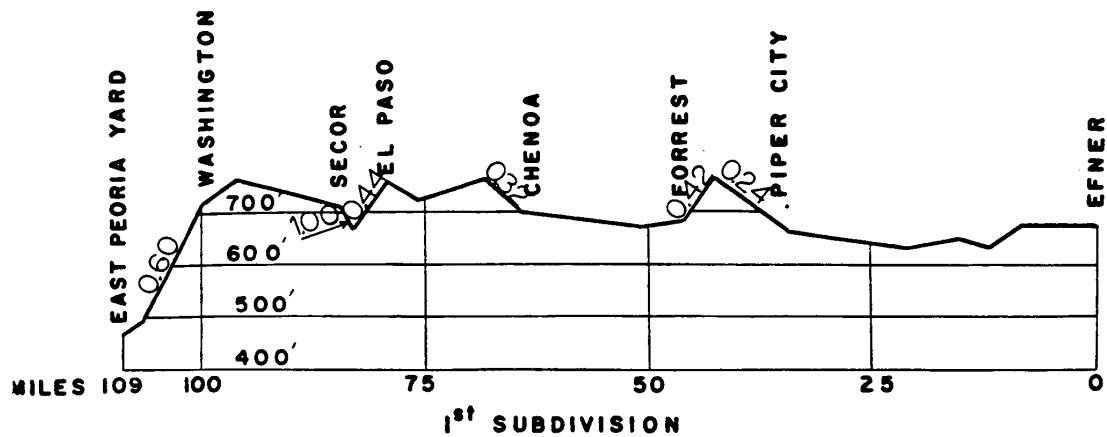
Make Safety A Habit



TEE PEE WILLIE says, *"Each of us should try to develop a 'Safety Conscience' by thinking a few minutes every day about the details of our work where we could get hurt."*

For our own safety, the safety of those who work with us, and the security of our families, let's concentrate on job problems when at work, and work to sharpen our 'Safety Conscience' today."

T. P. & W. RAILROAD COMPANY CONDENSED PROFILE (EQUIV. GRADES)



POSITION IN FREIGHT TRAIN OF PLACARDED CARS

PLACARD APPLIED ON CAR		EXPLOSIVES - A	POISON GAS	LOADED PLACARDED TANK CARS (EXCEPT TANK PLACARDED POISON GAS OR COMBUSTIBLE)	EMPTY PLACARDED TANK CARS (EXCEPT COMBUSTIBLE)	RADIOACTIVE	COMBUSTIBLE	ALL OTHER PLACARDED CARS
RESTRICTIONS								
MUST NOT BE NEARER THAN THE SIXTH CAR FROM ENGINE OR CABOOSE. HOWEVER WHEN LENGTH OF TRAIN WILL NOT PERMIT CAR TO BE SO PLACED IT MUST BE PLACED NEAR MIDDLE OF TRAIN.		X	X	X				
PLACARDED CAR MUST NOT BE PLACED NEXT TO	ENGINE	X	X	X	X	X		
	OCCUPIED CABOOSE	X ^①	X ^④	X	X	X		
	LOADED FLAT CARS ①	X	X	X ②				
	OPEN TOP CARS ③	X	X	X				
	CARS WITH ANY OF THE FOLLOWING OPERATING: AN ENGINE LIGHTED HEATERS STOVES OR LAMPS AUTOMATIC REFRIG- ERATION UNITS	X	X	X				
	OCCUPIED CAR	X ^①	X ^④	X				
	EXPLOSIVES - A		X	X		X		X
	POISON GAS	X		X		X		X
	RADIOACTIVE	X	X	X				X
	UNDEVELOPED FILM					X		
	EMPTY PLACARDED TANK CARS							
	ANY LOADED PLACARDED CAR (EXCEPT COMBUSTIBLE)	X	X			X		

HOW TO USE THIS CHART

To determine the type of placard applied to car—follow vertical line down and note which lines apply by "X" shown in box

...NOTE...

Cars with same placards may be placed next to each other.

FOOTNOTES:

① A flatcar equipped with permanently attached ends of rigid construction is considered to be an open-top car.

② A loaded flatcar, other than a specially equipped car in trailer-on-flatcar or container-on-flatcar service or a flatcar loaded with vehicles secured by means of a device designed for that purpose and permanently installed on the flatcar, and of a type generally accepted for handling in interchange between railroads. This exception for cars in trailer-on-flatcar service does not apply to loaded flatbed trucks, loaded flatbed trailers, loaded open-top trailers, or loaded trucks or trailers without securely closed doors.

③ An open-top car when any of the lading protrudes beyond the car ends or when any of the lading extending above the car ends is liable to shift so as to protrude beyond the car ends.

④ A rail car placarded "EXPLOSIVES A" or "POISON GAS" in a moving or standing train must be next to and ahead of any car occupied by the guards or technical escorts accompanying this car. However, if a car occupied by guards or technical escorts is equipped with a lighted heater or stove, it must be the fourth car behind any car requiring "EXPLOSIVES A" placards.

Appendix 3

VERIFIED STATEMENT OF J. MICHAEL CARR

VERIFIED STATEMENT OF J. MICHAEL CARR

My name is J. Michael Carr. I am the Treasurer and Chief Financial Officer of Pioneer Railcorp and of its subsidiary Keokuk Junction Railway Co. ("KJRY"). The purpose of this statement is to support KJRY's feeder railroad development program ("feeder line") application by (a) providing the Surface Transportation Board ("Board" or "STB") with a going concern value ("GCV") estimate for the La Harpe to Hollis rail line (the "Line") based on supporting data available to KJRY about traffic on the Mapleton Spur; (b) to show that Pioneer has a loan commitment of \$7,000,000 that is available for acquisition of the Line; (c) to show that Pioneer's Board of Directors has authorized Mr. Brenkman and me to apply the proceeds of the loan commitment and Pioneer's line of credit to purchase and operate the Line; (d) to elaborate briefly on the alternative NLV figure presented in this filing; and (e) to provide pro forma results for KJRY's operation of the Line for three years following acquisition.

Going Concern Value Estimate

Based on the best information available to me, I calculate the GCV of the Line to be \$3,461,434. Because both the Board, in its May 9 Decision and TP&W, in its April 24, 2003 petition to reject KJRY's application, objected to calculating GCV based on TP&W having continued access to the Mapleton shippers, this estimate contemplates KJRY acquiring the entire Line, including the Mapleton Spur, without granting TP&W trackage rights to serve the Mapleton shippers.

As background, this GCV estimate and the pro forma's discussed later in this statement are similar to the types of financial analysis that I do regarding other rail lines that Pioneer has acquired. I have been with Pioneer for a decade. During that time, the company has acquired a

number of rail lines, and I have been involved in preparing financial analyses and projections on those acquisitions. Ordinarily these analyses take the form of pro forma income and expense statements similar to the pro forma's discussed later that are attached to this statement. While the GCV analysis is somewhat different from that, its parameters seem to have been fairly well laid out in the Caddo Antoine and Little Missouri Railroad case. In short, I am comfortable with the accuracy of these estimates based on the information available to me.

The best information available to KJRY about the traffic volumes at Mapleton is contained in 1998 data that we obtained from the prior owners of the Line, augmented with an estimate of the number of cars TP&W switches for UP to and from the Mapleton shippers. KJRY's counsel did file discovery requests with TP&W to obtain updated information about traffic volumes, operating expenses and the like for serving Mapleton. TP&W responded by producing some number of documents - I don't know how many because I have not seen them - all designated as Highly Confidential.²⁵ That designation means that an in-house employee of KJRY such as myself cannot review the documents. Therefore, as TP&W probably intended, the documents were useless to KJRY for purposes of this filing, unless KJRY hastily engaged an outside consultant to formulate a GCV estimate which KJRY could not review. Instead, KJRY chose to use the information in its possession.

KJRY has formulated a GCV estimate from the best information it had that its officers could examine. That evidence is a 1998 summary of TP&W traffic that KJRY obtained from the parties that owned TP&W before RailAmerica bought TP&W in 1999. A copy of that summary is Exhibit A to this statement.

The 1998 TP&W traffic data shows the following traffic estimates for shipments moving to and from the Mapleton Spur, with corresponding revenues:

Shipper	Projected Annual Carloads	Projected Annual Revenues
Caterpillar	110	\$60,500
Lonza (Inbound)	260	\$221,180
Lonza (Outbound)	211	\$156,542
Witco (Inbound)	350	\$249,550
Witco (Outbound)	310	\$176,120
Lonza (Marion)	137	\$174,447
Witco (Marion)	12	\$14,491
TOTAL	1390	\$1,052,830

In addition, KJRY estimates that TP&W handles approximately 6,000 carloads per year in switching service for UP to and from shippers on the Mapleton Spur. KJRY's best estimate of TP&W's switching revenues for that activity is \$60.00 per car, adding another \$360,000 to TP&W's activity on the east end of the Line. Altogether, then, KJRY estimates TP&W's revenue earned from serving shippers is Mapleton at \$1,412,830.²⁶

Before basing my GCV estimate on these traffic and revenue estimates, I discussed them with Catherine Busch, Marketing Director of Pioneer RailCorp, to check their accuracy.²⁷ As shown in Ms. Busch's statement in this filing, she believes that these estimates of TP&W's

²⁵ Apparently TP&W indicated that its documents were "preliminarily" classified as Highly Confidential, perhaps with the intention to drop that classification when it serves TP&W's purposes sometime later in this proceeding.

²⁶ Estimating GCV on this basis assumes that TP&W would lose all revenue from the traffic delivered to or shipped from Mapleton. It is likely, however, that some portion of that traffic - KJRY does not know what portion at this time - moves from Mapleton through East Peoria and eastward on TP&W's line. Therefore, TP&W would not lose all revenue from such traffic if KJRY's application were granted.

²⁷ Ms. Busch was at one time a marketing manager for TP&W.

traffic levels and per car revenues are a reasonably accurate reflection of TP&W's current service at Mapleton. See Appendix 4, Verified Statement of Catherine Busch ("V.S. Busch").

Under the *Caddo Antoine* case, GCV is determined by subtracting costs of operation from revenues, and then applying a multiplier:

To construct a GCV for the southern portion, the Board used data furnished by the Shippers and AMR, reflecting AMR's operations over the southern portion for the year 1996. The data showed that AMR realized revenues of \$425,660 and incurred variable costs of \$297,000. Applying a multiplier of 17.7% (reflecting the 1996 pretax cost of capital rate for the railroad industry), [footnote omitted] the Board computed the GCV of the southern portion at \$726,893. (The GCV calculation did not include costs associated with rehabilitating the 3-mile southern portion of the line and did not include fixed costs.)

Unfortunately, KJRY has no direct evidence of TP&W's costs of operating to and from the shippers at Mapleton. For example, to access its line at Hollis, TP&W must move via trackage rights from TP&W's yard at East Peoria over the tracks of the Peoria & Pekin Union Railway Company ("P&PU"), over P&PU's Illinois River Bridge, then over additional P&PU track in Peoria, and then over UP, which owns the line from the connection with PP&U at Peoria to the connection with the TP&W line at Hollis. KJRY has no means of knowing what trackage rights fees TP&W must pay for access over these lines to reach Hollis.²⁸ Neither can KJRY pinpoint car hire costs or any other types of costs directly attributable to traffic about which KJRY has only car counts from 1998.

Accordingly, to estimate TP&W's costs to serve the shippers at Mapleton, KJRY has applied RailAmerica's system average ratio of operating expenses to revenues for North American operations of 75%. This figure is based on RailAmerica's Form 10-K Annual Report filed with the SEC, showing a system ratio of operating expenses to revenue for 2001 of 75.5%

and for 2002 of 74.8%.²⁹ Seventy-five percent of the projected \$1,412,830 in revenues is \$1,059,623; yielding operating income of \$353,208.

For purposes of its GCV estimate, KJRY has assigned a GCV of zero to all remaining operations on the Line. The Board has already stated that apart from traffic at Mapleton, the Line clearly has a negative GCV. The Board's conclusion in this regard is clearly correct. TP&W has estimated that the Line generates local traffic of only about 20 carloads per month. Also, TP&W chose in 2000 to permanently reroute its overhead traffic away from the Line. Moreover, TP&W projected \$1.9 million in rehabilitation costs (of which \$500,000 would have to be spent in the first year) to bring the Line west of Mapleton to FRA Class 1 standards, and start-up and operating costs of \$773,800.³⁰ Taken together, TP&W's own data clearly show that without the Mapleton traffic, the Line has a negative GCV to TP&W. Thus, by assuming a zero GCV for the remainder of the Line, and adding to that the GCV based on traffic on the Mapleton part of the Line, KJRY's GCV estimate is generous toward TP&W because, as the quote above from the *Caddo Antoine* case indicates, line rehabilitation should be offset against revenues in a GCV calculation.

To calculate GCV in the *Caddo Antoine* case, as shown above, the Board applied a multiplier to the operating income equal to 1 divided by the pre-tax railroad cost of capital. Using this method, annual operating income of \$353,208, calculated above, multiplied by 1

²⁸ Mr. Sauer's statement supporting TP&W's motion to strike KJRY's feeder line application contained no information on TP&W's operating costs, making the statement useless for establishing a GCV estimate for the Line.

²⁹ <http://www.sec.gov/Archives/edgar/data/887637/000116923203002313/0001169232-03-002313.txt> at 23.

³⁰ *Motion to Substitute the Toledo, Peoria and Western Railway Corporation for SF&L Railway, Inc.*, filed in STB Docket No. AB-448 (Sub-No. 2X) on October 30, 2002, at 7.

divided by the most recent pretax cost of capital - 10.2%³¹ - yields a GCV for the Line, including Mapleton traffic, of \$3,461,434.

Comparing this figure to certain publicly-available information supports the accuracy of this GCV estimate:

- RailAmerica's 10-K Annual Report for 1999 shows that in September 1999, RailAmerica acquired TP&W for an aggregate purchase price of \$18 million. In TP&W's April 24 filing in this proceeding, Alfred Sauer stated that the Mapleton traffic accounts for approximately 15% of TP&W's revenue. Fifteen percent of the \$18 million price that RailAmerica paid for the TP&W (which effectively is the GCV of the entire company) would be \$2.7 million. KJRY's GCV estimate exceeds that figure.
- \$1,412,830 equals approximately 13.1% of the total TP&W revenue shown on Exhibit A. TP&W witness Alfred Sauer stated in his April 24 statement that traffic at Mapleton accounted for approximately 15% of TP&W's revenues, though he did not disclose what those revenues were. Considering the drop off in overhead traffic on the Line that TP&W experienced between 1999 and 2001, as described in its October 30, 2002, filing in the SF&L abandonment case, \$1,412,830 may well be approximately 15% of TP&W's current annual revenues.
- RailAmerica's 10-K Annual Report shows that systemwide, RailAmerica's North American shortline railroad operations earned approximately \$259 per carload on average. Revenue of \$1,412,830 for handling 1390 carloads would be over \$1016 per carload, while even if the estimated 6000 carloads switched for UP were added in (and it appears that RailAmerica's average may only include linehaul service or, at the very

³¹ *Railroad Cost of Capital--2001*, STB Ex Parte No. 558 (Sub-No. 5), served June 20, 2002.

least, includes a much smaller proportion of switched cars than linehaul), the per carload average would be over \$191 per car.

- As stated before, this GCV estimate does not include the rehabilitation and start up costs which TP&W already submitted in the SF&L abandonment case filing.

For all of these reasons, I am comfortable that the GCV estimate presented here is a reasonably accurate estimate of the GCV of the Line, based on the information available.

Loan Commitment

Attached as Exhibit B is an offer by National City Bank of Michigan/Illinois to finance acquisition of the Line. The amount of the offered loan exceeds the GCV estimate presented above, which is higher than the NLV estimates KJRY has presented in the proceeding. Were this a normal purchase transaction which did not involve a feeder line application, Pioneer would move forward to closing on the transaction based on this loan offer.

The loan has no substantial contingencies. I am familiar with the Bank's normal loan documentation referenced in the letter and it is acceptable to Pioneer. While the offer states that it must be accepted by August 31 and closed by September 30, it has been my experience that the Bank is willing to extend such deadlines in instances such as these.

Authorization to Use Loan Proceeds

Attached as Exhibit A to Mr. Guy L. Brenkman's accompanying verified statement is a copy of a resolution of Pioneer's Board of Directors, authorizing Mr. Brenkman and me to execute documents necessary to close on a loan for purchase of the Line and to issue a corporate guarantee on behalf of Pioneer that KJRY will have use of the loan proceeds and other funds of Pioneer to the extent necessary to acquire the Line and to operate it for a minimum of three years. Like Mr. Brenkman, I am committed to this transaction and will exercise the authority

granted by the Board of Directors in its resolution. Because the pro forma's attached hereto show that KJRY will be able to operate the Line at a profit during the first three years of ownership, it appears that Pioneer will not need to guarantee financial support to KJRY beyond agreeing to use the proceeds of the loan for the acquisition. Nevertheless, was such a guarantee necessary, I would exercise the power granted by the Board of Directors to Mr. Brenkman and me for that purpose.

Adjustment to NLV

As KJRY expected, TP&W has already asserted in this case that the revenues from the Mapleton traffic are crucial to its operation. Nevertheless, the Board was unwilling to accept a GCV estimate that was based on allowing TP&W to continue serving the Mapleton shippers under a trackage rights fee. Therefore, the GCV estimate contained herein is premised on purchasing the entire Line without allowing TP&W trackage rights to serve the Mapleton shippers.

Nevertheless, KJRY's principal interest in acquiring the Line is to use it for bridge traffic. Accordingly, I asked KJRY's valuation expert, John Gohmann, to prepare an adjustment to his prior NLV estimate which would exclude the Mapleton Spur, to allow TP&W to retain its ownership of and access to that track. Mr. Gohmann's estimate of the adjustment to his prior NLV calculation that would be appropriate to allow TP&W to retain the Mapleton Spur is contained in his accompanying verified statement.

In order for TP&W to serve the Mapleton Spur, it would need access over KJRY between the UP connection at Hollis and the Mapleton Spur. KJRY hereby offers TP&W that access, under terms of the proposed trackage rights agreement attached as Exhibit C hereto. The agreement offers TP&W this access without any trackage rights charge.

By retaining the Mapleton Spur, without KJRY having access to the spur or to the traffic that it generates, TP&W would be in a position to retain all of the revenue from the Line that it says it wants to keep. It also would be relieved of the expense to maintain the track between Hollis and the Mapleton Spur. In other words, TP&W would be better off under this offer than it presently is. The only possible reason for TP&W to reject this opportunity would be to prevent competition for overhead traffic by trying to block KJRY's access to Peoria. KJRY hopes the Board will not support such an intent.

Pro Forma's

Attached hereto as Exhibits D and E are two sets of Highly Confidential pro forma's for operating the Line under the terms KJRY has presented in this proceeding. Exhibit E presents operating results for a GCV scenario, where KJRY would be handling the Mapleton traffic. Exhibit D corresponds to the NLV scenario described above, where TP&W would retain the Mapleton Spur and the traffic it generates.

Each exhibit contains a pro forma for Year 1, Year 2 and Year 3. Each year's pro forma is supported by an accompanying list of shipments anticipated and corresponding revenues. These were prepared by me, following consultation with in-house KJRY personnel concerning operating costs and anticipated revenues from handling the traffic. As stated in Catherine Busch's accompanying Verified Statement, she has reviewed the pro forma's and the supporting traffic projections and believes the traffic projections to be reasonable and supportable, based on her marketing activities for Pioneer and KJRY.

Because the pro forma's are reasonably self-explanatory and contain Highly Confidential information, I will not elaborate upon them unnecessarily. However, it should be noted that the NLV pro forma's contemplate train operations on the Line five days per week

using two employees, while the GCV pro forma's, to accommodate the added traffic at Mapleton, contemplate train operations with three additional employees providing six day per week coverage.

As stated earlier, these operating pro forma's are quite similar to the types of analyses that I have done for Pioneer in connection with its acquisitions of other rail properties. They contain the type of information that I presented to the Bank as the basis for their loan commitment to this project. I believe these pro forma's present an accurate picture of the prospective results of KJRY's operation of the Line. As noted, each shows that operation of the Line will generate free cash in each year of operation under both the GCV and NLV scenarios.

VERIFICATION

I, J. Michael Carr, verify under penalty of perjury that the foregoing is true and correct.

Further, I certify that I am qualified and authorized to file this Verified Statement.

Dated: June 9, 2003

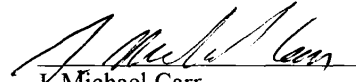

J. Michael Carr

Exhibit A

CURRENT EAST END TRAFFIC

thru June 1998

ACCOUNT	CLS/UNITS BUDGETED	REVENUE BUDGETED	CARLOADS TO DATE	REVENUE TO DATE	PREDICTED UNITS	PREDICTED REVENUES
BN/GALESB.HAULG	12,691	1,396,010	8,280	977,950	16,000	\$1,827,130
INTERMODAL/BN	20908	2090800	7917	816485	20,000	\$2,056,350
GILMAN/IC-CSX	663	66300	514	39735	1,000	\$78,000
GRAIN/GRAIN PROD						
ADM/Peoria	4000	1016000	2903	901328	6500	\$1,651,000
ADM/Frankfort	55	9625	0	0	50	\$8,750
Misc. Grain	2955	517125	49	27495	1000	\$193,000
Cargill/Winimac	1400	175000	500	62500	1400	\$175,000
Monterey			450	20250	800	\$36,000
Pekin Energy	15	10500	5	3500	15	\$10,500
INCOBRASA						
I/B Grain	3325	748125	860	197687	2500	\$562,500
O/B Meal	2000	450000	549	163712	1400	\$315,000
Oil			32	14503	60	\$27,193
ALCOHOLS						
ADM	170	93500	36	21116	170	\$93,500
Pekin Energy	35	16625	84	41504	125	\$59,375
Midwest Grain	35	23975	15	10275	35	\$23,975
MISC. CHEMICALS	100	85000	35	29343	100	\$85,000
FOREST PRODUCT	190	105556	65	33248	190	\$105,556
NEWTON COUNTY	375	93750	180	56351	425	\$133,025
Seneca/NE Finch						
MISC. CONST.MAIL	225	78750	4	2157	350	\$131,250
Pschirrer/NCS/Vulcan						
FERTILIZERS						
Liquid	425	318750	156	128939		\$318,750
Dry	620	310000	325	182848		\$310,000
Cropmate	275	220000	15	10871		\$220,000
Wilson	380	304000	141	126097		\$304,000
Total budgeted 1700 cars fertilizer/to date 637 cars						
1997 - TPW moved a total of 2009 fertilizer cars and historically						
moves anywhere between 1600 and 2000 cars - The revenue accounting/coding						
for fertilizers is hard to correctly say as many of the customers/commodities are coded						
and placed in wrong budget codes (miscellaneous)						
NESTLES	110	82500	0	0	110	\$82,500
Nestles is a seasonal pumpkin move that						
starts late July/early August for approximately						
a 2-1/2 month period.						
MISC. FOODS						
US Cold Storage	75	52500	35	24626	75	\$52,500
CATERPILLAR						
Machinery/Peoria	160	38000	51	29312	110	\$60,500
MISCELLANEOUS	60	27000	35	25926	60	\$27,000
KJ OVRHED COAL	450	303750	282	104667	600	\$222,000
ROQUETTE AMRCA	2100		1329		1900	\$190,000
KJRY OTHER	460		1050		425	\$87,545

LONZA INBOUND	295	251201	135	107681	260	\$221,180	>
LONZA OUTBOUND	240	145200	91	78271	211	\$156,542	>
WITCO INBOUND	400	285200	162	116953	350	\$249,550	>
WITCO OUTBOUND	425	238000	142	87160	310	\$176,120	>
ESSROC	125	122549	83	82005	160	\$158,081	
MERVIS SCRAP	50	50000	16	16089	35	\$35,000	
LONZA MARION	210	268333	60	75282	137	\$174,447	>
WITCO MARION	20	15000	5	6038	12	\$14,491	>
CULLIGAN	40	40000	14	14287	30	\$30,000	
						\$10,662,310	
OVERHEAD MISC			15	7500	30	\$15,000	
REVENUE EMPTIES			152	39666	200	\$52,192	
			TOTAL			\$10,729,502	

XX. H



National City Bank of Michigan/Illinois
 301 South West Adams Street
 Peoria, IL 61602-1500

COMMITMENT LETTER

June 5, 2003

Mr. J. Michael Carr
 Chief Financial Officer
 Pioneer Railcorp
 1318 S. Johanson Rd.
 Peoria, IL 61607

Re: Proposed Loan by NATIONAL CITY BANK OF MICHIGAN/ILLINOIS, ("Bank") to Pioneer Railcorp ("Borrower")

This is an offer by the Bank to make a loan to the Borrower, subject to the terms, provisions, limitations, and conditions contained herein:

1. **Loan Amount:** \$7,000,000.00
2. **Interest Rate:** Fixed at Bank's cost of funds plus 225 basis points.
3. **Term:** 60 months from date of closing.
4. **Payments:** Monthly principal and interest payments sufficient to fully amortize the loan in ten years.
5. **Security:** First lien on all non-real estate assets acquired from the Toledo Peoria and Western Railway Corporation, as well as a negative pledge on any acquired real estate. Blanket lien on all business assets of the Keokuk Junction Railway, Mississippi Central Railroad and the Alabama Railroad, as well as a negative pledge on all real estate owned by the railroads. Pledge of stock of the Keokuk Junction Railway Corporation, Mississippi Central and Alabama railroads.
6. **Purpose:** Provide acquisition financing for the west end of the Toledo Peoria and Western Railway Corporation.
7. **Guarantor:** Keokuk Junction Railway Corporation.
8. **Other:** Subject to terms and conditions of the Bank's standard loan agreement.
9. **Acceptance of Offer:** This offer must be accepted in writing not later than August 31, 2003, and will be deemed accepted only when executed and returned to the Bank's office at 301 S.W. Adams Peoria, IL.
10. **Loan Closing:** This loan shall be closed not later than September 30, 2003. The Bank may extend this closing date at its option.
11. **Covenants:** So long as Borrower is indebted to Bank, the Borrower shall:
 - 11.1 Maintain, preserve, and keep its buildings and properties and every part thereof in good repair, working order, and condition and from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments, and improvements thereof, so that at all times, the efficiency thereof shall be fully preserved and maintained.
 - 11.2 Maintain insurance against fire, theft, and other casualty on its insurable real and personal property at full replacement cost from companies acceptable to the Bank against liability on account of damage to persons or property as required under all workmen's compensation laws. Also, Borrower shall maintain any other insurance as may from time to time be reasonably requested by the Bank and shall deliver certified copies of all such insurance policies to the Bank which insurance with respect to real property shall name the Bank as "mortgagee" under a standard loss-payable clause and with respect to personal property shall include a separate lender's loss-payable clause insuring the Bank's security interest or lien in the Borrower's property regardless of any act or neglect of the Borrower. The Borrower shall deliver certified copies of all such insurance policies to the Bank.
 - 11.3 Duly pay and discharge or cause to be paid and discharged all taxes, assessments, and other governmental charges imposed upon it and its properties or any part thereof, or upon the income or profits therefrom, as well as all claims for labor, materials, or supplies, which if unpaid could become a lien or charge upon its property, except such items as are being in good faith appropriately contested and for which the Borrower has provided adequate reserves.
 - 11.4 Carry on and conduct its business in substantially the same manner and in substantially the same areas as such business is now and has previously been carried on, and maintain its legal existence, and comply with all valid and applicable statutes, rules and regulations.
 - 11.5 Maintain a standard, modern system of accounting; deliver to Bank financial reports in form satisfactory to Bank as Bank may request from time to time, including but not limited to: Annual form 10K and unqualified audit report and quarterly form 10Q with quarterly financial statements and permit the duly authorized representative(s) of Bank at all reasonable

- times to examine and inspect any of the Borrower's property wherever same may be located.
- 11.6 Borrower shall comply with all applicable federal, state and local laws, ordinances, rules and regulations, including, but not limited to, all environmental laws, ordinances, rules and regulations and shall keep all of its real and personal property or any interest therein (the "Property") free and clear of any liens imposed pursuant to such laws, ordinances, rules and regulations and deliver to Bank such reports and information in form satisfactory to Bank as Bank may request from time to time to establish compliance with this covenant.
- 11.7 Borrower shall comply with all applicable federal, state and local laws, ordinances, rules and regulations concerning wage payments, minimum wages, overtime laws, and payment of withholding taxes, and deliver to Bank such reports and information in form satisfactory to Bank as Bank may request from time to time to establish compliance with such laws.
- 11.8 If real or personal property, or both, or any interest therein is mortgaged, conveyed, or assigned or a security interest granted therein by the Borrower to the Bank as security for payment of the Loan:
- (a) Borrower shall comply with all warranties, covenants and representations of such mortgage, security agreement, conveyance or assignment which warranties, covenants and representations are incorporated by reference herein in their entirety.
12. Other Terms and Conditions:
- 12.1 Nothing contained in this Agreement or any exhibit attached hereto or any agreement given pursuant hereto shall be deemed or construed as creating any relationship other than that of borrower and lender. There is no partnership or joint venture between the Bank and Borrower, or between the Bank and any other person and the Bank is not responsible in any way for the debts or obligations of the Borrower or any other person. Nothing in this letter or any attachments makes the Bank a fiduciary for the Borrower or any other person.
- 12.2 This letter is personal to the parties hereto and is for their sole benefit and is not made for the express or implied benefit of any other person or entity.
- 12.3 Any appraisals of the Borrower's property or evaluation of the potential profitability of the enterprise to be engaged in by the Borrower in connection with the extension of credit or proposed extension of credit from the Bank to the Borrower, are for the sole benefit of the Bank and do not constitute a representation of the likelihood of financial viability of such enterprise by the Bank to the Borrower.
- 12.4 This letter, if accepted by the Borrower, constitutes the entire agreement between the Bank and Borrower. Any and all prior, contemporaneous, oral or written agreements, understandings, statements, customs or practices between the Bank and the Borrower pertaining to the transaction herein described are merged herein. No parties have made any representations, warranties or inducements, express or implied, to any other party, except as expressly set forth herein.
- 12.5 The terms of this letter may not be modified, waived, discharged or terminated orally, except by an instrument in writing signed by Borrower and the Bank.

Accepted and approved this _____ day of _____, 2003.

BORROWER: Pioneer Railcorp

BY: _____
J. Michael Carr
Its Chief Financial Officer

NATIONAL CITY BANK OF MICHIGAN/ILLINOIS

By: _____
Michael A. Zeller
Its: Vice President

Federal Tax Identification #: 37-1191206

The terms of this letter have been reviewed and are approved:

GUARANTOR:

Keokuk Junction Railway Corporation

BY: _____
J. Michael Carr
Its Chief Financial Officer

Commit to doc (Illinois)

TRACKAGE RIGHTS AGREEMENT

THIS AGREEMENT, dated this ____ day of June, 2003, by and between **KEOKUK JUNCTION RAILWAY CO.**, an Iowa corporation (hereinafter "KJ"), and **TOLEDO, PEORIA AND WESTERN RAILWAY CORPORATION**, a _____ corporation (hereinafter "TPW");

WITNESSETH, THAT:

WHEREAS, KJ is (or will be) the owner of approximately 3.5 miles of railroad between Hollis (a/k/a Sommer), Illinois (MP 118.5) and a Mapleton, Illinois (MP 122), in Peoria County, Illinois, which connects with the Union Pacific Railroad at Hollis, and with the Mapleton Industrial Spur at Kolbe Junction (MP 121.5), and TPW desires to access the Mapleton Industrial Spur by way of said track; and

WHEREAS, TPW is the owner of Mapleton Industrial Spur; and

WHEREAS KJ has agreed to grant trackage rights to the aforementioned segment of track, in order to allow TPW to continue to access the Mapleton Industrial Spur;

NOW, THEREFORE, KJ and TPW, intending to be legally bound, hereby agree as follows:

1. **JOINT LINE DEFINED.** The term "Joint Trackage" as used herein shall refer to that portion of the KJ's main line railroad tracks between the Union Pacific Railroad interchange at Hollis, Illinois (MP 118.5) and MP 122.0, near Mapleton, Illinois, along with the right-of-way for the aforesaid track, signals, interlocking devices and plants, and other appurtenances necessary to the use of the aforesaid tracks. It is understood and agreed to by the parties hereto that the length of the Joint Trackage as defined herein is 3.5 miles.

2. **GRANT FOR OPERATION OF TPW TRAINS.** Subject to the terms and conditions herein contained, KJ grants to TPW the non-exclusive right to use the Joint Trackage for the sole purpose of operating its freight trains, locomotives, cabooses and cars, including track inspection cars and work or wreck equipment, in its account, over the Joint Trackage between the Union Pacific Railroad at Hollis and the Mapleton Industrial Spur. TPW shall not have the right to:

(A) set out, pick up or store freight cars, or to perform any switching movement upon said Joint Trackage, or any part thereof (except for the interchange of traffic between KJ and TPW pursuant to any interchange agreement in effect between the parties), or take into its trains or set off therefrom any fuel or other supplies at any point on said Joint Trackage; or

(B) originate or terminate any freight or transact any business whatsoever upon any portion of the Joint Trackage nor to serve any industry, team or house track now connected to, or which may in the future be connected to, the Joint Trackage; or

(C) operate any passenger train, whether for revenue or otherwise, on the Joint Trackage;
or

(D) permit or admit any third party to the use of all or any portion of the Joint Trackage, provided, however, that cars originating or terminating at the Mapleton Industrial Park and transiting the Joint Trackage in TPW trains, in the ordinary course of business, pursuant to haulage, reciprocal switching or similar agreements, shall not be considered third party use, and further provided, that, if instructed by KJ's dispatcher or his authorized representative, TPW shall be permitted to use any and all sidings connecting with the Joint Trackage for the purpose of meeting and passing of trains and, in the event of emergency, shall be permitted to set out cars along same on such tracks as may be designated by KJ's dispatcher, or his authorized representative.

3. OPERATION OF JOINT TRACKAGE.

(A) TPW's trains operating in either direction shall be required when approaching Hollis and Kolbe Junction to report by telephone or radio to KJ's dispatcher, or his authorized representative, unless other means of indicating such arrivals or departures to KJ are installed.

(B) TPW shall be responsible for all procedures that may be necessary in order to enter or exit Union Pacific tracks at Hollis.

(C) TPW shall have the right to interchange cars with KJ on designated interchange tracks as agreed to by designated local operating officers of the parties.

(D) Operation over the Joint Trackage by TPW shall be strictly limited to a gross weight of not more than 293,000 pounds per car. TPW shall be in default of this Agreement if the gross weight of cars in its trains exceeds 293,000 pounds per car.

(E) Ingress and egress of TPW trains to the Joint Trackage shall be limited to MP 121.5 at Kolbe Junction, and Hollis, Illinois, only, unless interchanged with KJ as provided in Subsection "C", above.

4. PAYMENT BY USER. Beginning with the effective date of this Agreement, TPW shall pay to KJ, in addition to the expenses herein otherwise provided, the sum of One Dollar (\$1.00) per year to operate over the Joint Trackage.

5. INSURANCE. TPW shall provide and maintain in effect during the term of this Agreement, a policy of public liability insurance including contractual liability covering liability assumed by TPW under the provisions of this Agreement. Said Policy of Insurance and subsequent renewals shall have limits of liability of not less than \$10,000,000, subject to increase from time to time based upon the change in the consumer price index ("CPI"). The aforesaid Policy of Insurance shall contain endorsements naming KJ as an additional insured party thereunder, waiving subrogation and requiring the insurance company to notify KJ in writing of any reduction in the limits of liability or any cancellation or non-renewal, at least thirty (30) days prior thereto, at the address for notice provided for in Section 29.

A Certificate of Insurance, containing the required endorsements, shall be furnished to KJ prior to the commencement of any train operations described in this Agreement. If TPW fails to maintain the required insurance in effect, such shall constitute a default under this Agreement,

and, notwithstanding any correction period provided for herein, no train operations shall be permitted until such coverage is reinstated.

6. CONSTRUCTION, INSTALLATION, OWNERSHIP AND MAINTENANCE OF CONNECTING TRACKS, SIGNALS AND COMMUNICATIONS.

(A) In the event any additional connecting track and related signals, telephones, telephone boxes, other communications facilities and appurtenances are required to permit the entrance to or exit from the Joint Trackage by the trains, locomotives and cars of TPW, that part of said connecting track as shall lie on the right of way of KJ and all of said related signals, telephones, telephone boxes, other communications facilities and appurtenances shall be constructed or installed and thereafter maintained, repaired and renewed by KJ, and the costs and expenses of such facilities and appurtenances (hereinafter referred to as "Additional Facilities") shall be borne equally by the parties. KJ shall confer with TPW before constructing or installing such facilities. The balance of said connecting track shall be constructed, maintained, repaired and renewed by TPW at its sole cost and expense.

(B) The ownership of said Additional Facilities shall be vested in the party constructing or installing same.

(C) The term "costs and expenses", as used herein, shall include, but shall not be limited to, any taxes or assessments, general or special, levied by any governmental agency or entity because of the existence of any "Additional Facilities" so constructed or installed.

(D) The normal position of any connecting track switch shall be for continuous movement over the mainline of the Joint Trackage by the trains of KJ, and TPW's employees when entering and leaving the Joint Trackage shall unlock and open said switch and after movement of TPW's train through said switch has been completed, same shall be relined to normal position and securely locked by said employees of TPW.

(E) TPW hereby agrees to save harmless and forever indemnify KJ from any and all loss, damage, injury, liability, penalty, fine, cost and expense, that may result from or be occasioned by the failure of TPW's employees to properly place and securely lock said switches. In the event said switches are hereafter connected with any form of interlocking plant said obligation of TPW's employees to handle said switches during such period shall be void.

7. OPERATION AND MAINTENANCE OF JOINT TRACKAGE.

(A) The management, operation, maintenance, repair and renewal of the Joint Trackage shall be under the exclusive direction and control of KJ, which shall be bound to use only reasonable and customary care, skill and diligence in such management, operation, maintenance, repair and renewal, and TPW shall not, by reason of any defect therein or by reason of the failure or neglect on the part of KJ to repair any such defect or by reason of the failure or neglect of KJ to properly operate the same, have or make against KJ any claim or demand for any loss, damage, injury, liability, fine, penalty, cost or expense, whatsoever, resulting from any such defect, neglect or failure.

(B) If the use of said Joint Trackage shall at any time be interrupted, or traffic thereon or thereover be delayed for any cause, KJ shall, subject to any condition of force majeure, use reasonable diligence to restore the line for the passage of trains of TPW thereover, but TPW shall not have or make any claim against KJ for loss, damage, liability, fine, penalty, cost or expense

of any kind caused by or resulting from such interruption or delay, unless KJ fails to use such reasonable diligence to make such restoration.

(C) In the event any locomotive, car, or other rail vehicle of either party is derailed, disabled or damaged while being run or operated upon any of the Joint Trackage, KJ shall pick up and remove same and the cost and expense thereof shall be assumed by the party derailed, disabled or damaged; provided, however, that the employees of TPW shall be permitted to rerail and/or remove TPW equipment if such can be done without a derrick, or other heavy machinery.

8. EXAMINATION OF TPW's EMPLOYEES.

(A) KJ shall not require pilots, except in the case of a new engineer, conductor, or both, not familiar with the Joint Trackage. TPW agrees to reimburse KJ for all expenses incurred by it for wages and incidentals in connection with furnishing such pilot service.

(B) All employees of TPW engaged in or connected with the operation of trains on and along the Joint Trackage shall be required to pass periodic examinations on the rules and regulations of KJ; provided, however, that upon the request of TPW, KJ shall qualify one or more of TPW's supervisory officers on said rules and regulations and such supervisory officer or officers so qualified may examine all employees of TPW engaged in or connected with the operation of trains on and along the Joint Trackage.

(C) In emergencies, an officer of KJ shall conduct such examinations of TPW's employees and in all such cases TPW shall pay therefor \$500.00 for each group of employees or individual employee so examined. Such fee may be increased from time to time based upon the change in the CPI.

9. SWITCH KEYS, RULE BOOKS AND TIMETABLES. KJ shall supply the employees of TPW with necessary books of rules, switch keys and KJ timetables, at KJ's cost; provided, however, that if replacements are needed due to actions or loss by TPW employees, TPW shall reimburse KJ for the costs and expenses of such replacements.

10. RADIO EQUIPMENT AND OTHER DEVICES. Any and all radio communications equipment and other special devices, which in the judgment of KJ must be installed on the locomotives of TPW for the safe and efficient operation of the trains of the parties hereto upon and over the Joint Trackage, shall be so installed and thereafter maintained by and at the sole cost and expense of TPW.

11. COMPLIANCE WITH LAWS AND OTHER PUBLIC REQUIREMENTS.

TPW, in respect to the use of the Joint Trackage and the operation of its trains, locomotives, cars, and other rail vehicles thereon and thereover, shall comply with all applicable federal, state and local laws, rules, regulations, orders and other mandates (hereafter "Requirements"). TPW shall not be admitted to the Joint Trackage if it is not in compliance with such requirements. If any failure on the part of TPW to comply with said Requirements shall result in any fine, penalty, charge, cost or expense being imposed, assessed or levied on or against KJ, or any officer, director, employee, agent, parent, subsidiary, or affiliated entity of KJ, TPW shall promptly reimburse and indemnify KJ (or its officer, director, employee, agent, parent, subsidiary, or affiliated entity) for such fine, penalty, charge, cost or expense, including any attorney fees incurred.

12. ENVIRONMENTAL DISCLOSURE AND INDEMNIFICATION.

TPW shall immediately give KJ written notice of any and all incidents involving environmental damage or contamination caused by derailment or damage to any locomotive, car, or other rail vehicle in the care, custody or control of TPW while on or near the Joint Trackage. This includes, but is not limited to the spillage, leakage, seepage, or other release of toxic or hazardous chemicals or materials, radioactive material, flammables, explosives or petroleum products of any kind (including diesel fuel, gasoline, oil, etc.). TPW shall indemnify and hold KJ harmless against and from any claims, costs, liabilities, fines, penalties, and expenses (including, without limitation, court costs and attorney fees and expenses) for any environmental damage or contamination arising out of or resulting from acts or omissions of TPW in connection with the use of or operation over the Joint Trackage by any TPW employee or agent, or any locomotive, car or other rail vehicle in the care, custody or control of TPW.

13. ADMISSION OF OTHER RAILROADS.

KJ shall have the sole right to admit other tenants to the use of the Joint Trackage, or any part thereof, on such terms and conditions as it may deem proper; provided, however, that such admittance shall not deprive TPW of the reasonable and proper use of the Joint Trackage for the purposes herein granted; and further provided that nothing herein shall be construed to impair any existing right of Union Pacific Railroad to use the Joint Trackage.

14. PAYMENT OF BILLS.

Except as otherwise provided in this Agreement, any bills or invoices rendered hereunder for any money due pursuant to the terms and conditions of this Agreement, shall be paid by TPW within fifteen (15) days after receipt thereof and said payment shall not be delayed for errors of ordinary character likely to occur in railroad accounts, the necessary corrections to be made in due course. In billing hereunder for such charges, as may arise under this Agreement, KJ may add to labor and material costs KJ's overhead costs and reasonable equipment rental rates in effect at the time any work is performed by KJ.

15. INSPECTION OF RECORDS.

The records of each party hereto, insofar as they relate matters covered by this Agreement, shall be open at all reasonable times to inspection by the properly authorized representatives of the other party hereto.

16. **FORCE MAJEURE.** If either party is unable to fulfill its obligations hereunder due to flood, tornado, hurricane, earthquake, blizzard, ice storm, or other natural disaster; the actions of governmental or military authorities; strike; labor dispute; riot; civil disturbance; war (declared or undeclared); terrorism; criminal acts of third parties; or other cause beyond their control, such failure shall not be considered a default hereunder; provided that the party experiencing the force majeure shall act promptly and with reasonable diligence to overcome such force majeure and shall keep the other party informed as to their progress.

17. **ABANDONMENT BY EITHER PARTY.**

(A) Subject to approval by any governmental authority having jurisdiction, TPW may abandon or cease its operation over the Joint Trackage and, in such case, this Agreement shall automatically terminate upon the date such abandonment or cessation of service becomes effective.

(B) Subject to the approval of any governmental authority having jurisdiction, KJ may, at any time not less than three years after the effective date of this Agreement abandon or cease its operation over the Joint Trackage and, in such case, this Agreement shall automatically terminate upon the date such abandonment or cessation of service becomes effective; **provided, however,** that KJ shall give TPW at least six (6) months' written notice of its intention to abandon.

18. **LOSS AND DAMAGE DEFINED.**

(A) It is understood and agreed that the consideration hereinbefore provided does not in any case include any cost or expense which may be incurred on account of loss of or damage to property or injury to or death of persons, arising out of or in connection with the maintenance, operation, repair or renewal of the Joint Trackage, the use of which is contemplated hereunder, or the making of additions and betterments thereto, or retirements therefrom.

(B) The term "Loss and Damage" as used in this Agreement relates to any cost or expense arising as a result of loss and damage to any of the Joint Trackage, the use of which is contemplated hereunder, including tracks and facilities connected therewith, and embraces all loss or and damage to property of persons employed by either party and to that of third persons, and all liability therefor, including amounts paid under the Federal Employers' Liability Act or any state compensation law, and also embraces all cost and expense incident to such loss and damage, including attorneys' fees, expert fees, and court costs.

19. **CLASSIFICATION OF EMPLOYEES AND EQUIPMENT.**

(A) For the purposes of allocating liability hereunder:

- i. All employees, and any machinery, equipment, tools or other property of either party hereto engaged in the construction, installation, maintenance, repair or renewal of any Additional Facilities as mentioned in Section 6, and the making of additions and betterments thereto, or retirements therefrom, shall be deemed to be the sole employees and sole equipment of TPW; and
- ii. All employees, and any machinery, equipment, tools or other property of KJ while engaged in the construction, retirement, maintenance, repair or renewal of the Joint Trackage, and the making of additions

and betterments thereto, or retirements therefrom, shall, while so engaged, be deemed to be joint equipment and joint employees of the parties hereto; and

- iii. All employees of KJ, while acting as pilots on TPW's trains, or while en route to the Joint Trackage where such service is required shall, while so engaged, be deemed to be the sole employees of TPW; and
- iv. All employees, locomotives, cars, cabooses or other property of either party hereto, including cars and equipment in the care, custody or control of either party, and the lading contained therein or upon such equipment, while engaged in operating over or upon the Joint Trackage, or any part thereof, except as provided in sub-paragraphs (iii) and (v) of this subsection, shall be deemed to be the sole employees, equipment and lading of such party; and
- v. All employees of either party, operating wrecker or work trains, or assigned thereto while clearing wrecks or derailments or engaged in the repair or renewal of Joint Trackage subsequent to any such wreck or derailment and any machinery, equipment, tools or other property of either party used in such service or while en route thereto, or incident to the performance of such work, shall be deemed the sole employees and equipment of the party hereto whose employees, trains, locomotives, cars, cabooses, or other rail vehicles were, in the first instance, solely involved in the accident. In the case of collision or other accident involving the employees, equipment and lading of both parties hereto, such employees and equipment shall be deemed to be the joint employees and equipment of the parties hereto.

(B) The parties agree that the characterization herein of certain employees as "Sole Employees" or "Joint Employees" is only for the purpose of allocating Loss and Damage suffered by or caused by those Employees. Except for Section 20 (which provides for the allocation of certain Loss and Damage between the parties without regard to fault), no party shall be liable for the acts or omissions (negligent or otherwise) of any other party's employee.

20. ALLOCATION OF LIABILITY.

(A) Except as herein otherwise provided, liability for injury to or death of any persons whomsoever, or for loss of or damage to any property whatsoever, in connection with the construction, operation, maintenance, repair or renewal of the Joint Trackage, or the making of additions and betterments to or retirements from, shall be fixed as between the parties hereto as follows:

When due to:

- (i) the acts or omissions, negligent or otherwise, of the Sole Employee or Employees of one of the parties hereto; or to
- (ii) the concurring acts or omissions, negligent or otherwise, of a Joint Employee or Joint Employees and of the Sole Employee or Employees of one of the parties hereto; or to

- (iii) defect in or failure of any kind in the Sole Equipment or facilities of either party hereto (except the Joint Trackage),

liability for such Loss and Damage shall be borne solely by the party whose Sole Employee or Sole Equipment is involved or concerned.

When due to:

- (iv) the concurring acts or omissions, negligent or otherwise, of the Sole Employee or Employees of both parties hereto, or to
- (v) the acts or omissions, negligent or otherwise, of a Joint Employee or Employees, or to
- (vi) the concurring acts or omissions, negligent or otherwise, of a Joint Employee or Joint Employees and the Sole Employees of both parties hereto, or to
- (vii) defects in or failure of any kind in the Sole or Joint Equipment or facilities (except the Joint Trackage) of both parties hereto; or to
- (viii) any other cause whatsoever,

liability for such Loss and Damage shall be borne:

- (i) solely by each party as to its own property (other than said Joint Trackage) and/or property in its custody or control and as to its Sole Employees; and
- (ii) jointly and equally by the parties hereto as to third parties, or any other persons and their property, the Joint Employee or Employees and their property, said Joint Trackage and/or Joint Equipment.

(B) The employees of either party while operating or directing operation along the Joint Trackage shall not be considered as Joint Employees but will remain the sole employees of either party. However, when any sole employee of KJ or TPW is engaged in the direct activity of maintaining, repairing, renewing, removing or inspecting the Joint Trackage, or in dispatching, giving orders for or directing the movement of trains over the Joint Trackage, or performing other service involving the Joint Trackage for the common benefit of the parties, and Loss or Damage to KJ, TPW or a third party, arises out of such service for the common benefit of the parties, then the expense of the Loss or Damage shall be borne proportionally by the parties (but in no event shall TPW's proportion exceed 50% in cases in which the Loss or Damage does not involve the employees, trains or equipment of TPW).

The term "proportionally by the parties" means that Loss or Damage will be borne in proportion to the total trains handled by each party over any part of the Joint Trackage during the three calendar months prior to the month of the occurrence (or, if the occurrence is in any of the first three months of operation under this Agreement, such lesser period as precedes the date of the occurrence). In determining the number of trains operated by TPW, trains operated by TPW for the sole purpose of interchanging traffic between KJ and TPW on the Joint Trackage pursuant to an Interchange Agreement in effect between KJ and TPW shall not be counted. Train shall be defined as a locomotive, with or without cars.

21. MANNER OF SETTLING LOSS AND DAMAGE CLAIMS.

(A) Anything herein to the contrary notwithstanding, neither party shall have any claim against the other:

- (i) for any Loss or Damage which may occur to its rolling stock equipment or to such equipment in its possession, or to the contents of either, while on the Joint Trackage or any other track the joint use of which is contemplated hereunder, arising by reason of fire, whether such fire be due to the negligence of the other party or otherwise, or
- (ii) for Loss or Damage caused by or resulting from interruption of or delay to such party's business.

(B) If a claim is made involving joint liability of the parties hereto, the party hereto against such claim is made shall give prompt notice thereof to the other, and the party so notified shall be bound for its proportionate share of any settlement of such claim or expenses incident thereto, including attorneys' fees, expert fees and court costs. If a claim is made against either party hereto which under this Agreement is not chargeable in whole or in part with the liability involved in such claim, such party shall notify immediately in writing such responsible party.

(C) All releases taken pursuant to the settlement of any and all claims involving joint liability shall include both parties, and copies thereof shall be furnished to each of them; provided no settlement of joint liability claims in excess of \$5,000 shall be voluntarily made by either party without first having obtained in writing the consent of the other party.

(D) If a judgment is recovered against and satisfied by one party involving liability which should under this Agreement be borne entirely or partially by the other party, then all expenses of whatsoever nature, including, but not limited to, court costs, attorney fees, and all other monies expended incidental to such claim (or judgment) shall be apportioned between the parties in strict accordance with the provisions of this Agreement, and the party against which such judgment is recovered shall be promptly reimbursed by the other party to the extent to which the latter is indebted.

(E) Neither party shall, however, be precluded by any judgment or decree, at law or in equity, from enforcing its rights under this Agreement against the other party unless it has had reasonable notice from such other party requiring it to appear in the action or suit and make defense thereto for its own account or jointly with the other party. If such notice shall have been given by one party to the other and the party receiving such notice shall have failed to appear to make defense, it shall be concluded by the judgment or decree in such suit.

(F) Each party shall fully indemnify and save harmless the other, its successors and assigns, from and against all claims, liability, judgments, costs and expenses of whatsoever nature, including, but not limited to, court costs, attorneys' fees, and all costs and expenses resulting from or by reason of any injury to or death of persons or loss or damage to property properly chargeable to such party under the provisions of this Agreement and language to such effect shall appear in any settlement, agreement or release obtained by the chargeable party.

(G) Reports of all injuries to or deaths of persons and loss or destruction of or damage to property shall be made in duplicate and a copy thereof furnished each of the parties hereto.

(H) All claims and demands arising hereunder for injuries to or deaths of employees or for loss or destruction of or damage to property of either party hereto shall be investigated by the

party hereto whose employee is injured or whose property is damaged, but in the event the employees of both parties hereto are injured, or the property of both parties is damaged, the representatives of each party hereto may conduct a joint investigation, or may agree among themselves as to which one of them shall make the investigation, and such representatives shall determine from time to time which one of the parties hereto shall investigate all other claims or demands arising hereto.

22. **DEFAULT.** It is understood and agreed between the parties hereto that if TPW defaults in the payment of any sum due hereunder, or otherwise fails to perform in accordance with this Agreement, KJ may, if such default is not corrected within ten days after written notice, file suit for collection and/or specific performance, pursuant to Section 27. If TPW fails to pay or comply with any judgment or order entered, within three days after such judgment or order becomes final, KJ shall have the right to terminate this Agreement by written notice. It is further agreed that if TPW's default is of a nature that KJ reasonably believes constitutes an unreasonable danger to the safe operation of the Joint Trackage, KJ may bar TPW from entering the Joint Trackage, on and after the date of the notice of default, and until such dangerous condition(s) is corrected. If any default by TPW results in a suit by KJ, in addition to such other recovery or remedies as KJ may have, TPW shall pay interest on any sums due from the date of default, at the legal judgment rate, as well as KJ's attorney fees, court costs and other expenses.

23. **WAIVER OF BREACH.** The waiver by any party of the breach of any condition, covenant or provision herein contained shall in no way impair the right of the aggrieved party to avail itself of any subsequent breach, whether of the same or similar nature, or not, nor shall any failure or delay on the part of any party in exercising any right, power or remedy hereunder preclude any subsequent exercise thereof.

24. **CHOICE OF LAW; CHOICE OF FORUM; ARBITRATION.** This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois, without regard for the principles of conflicts of laws. Any litigation arising out of or connected with this Agreement may be instituted and maintained in the Circuit Court of Tazewell County, Illinois, only, and the parties consent to jurisdiction over their person and over the subject matter of any such litigation in those courts, and consent to service of process issued by such courts; provided, however, that any good faith dispute as to meaning or interpretation of this Agreement shall be submitted to an arbitrator chosen by the parties, or, if they are unable to agree on an arbitrator, then an arbitrator chosen by the Chief Judge of the Tenth Judicial Circuit of Illinois.

25. **BINDING EFFECT AND ASSIGNMENT.** This Agreement shall be binding upon and inure to the benefit of the parties, and their respective officers, directors, employees, agents, attorneys, insurers, representatives, subsidiaries, affiliates, successors and assigns; provided, however, that no right or obligation hereunder may be assigned by either party, without the prior written consent of the other party hereto; and further provided that, if this Agreement is not in default, TPW may fully (but not partially) assign it, to any common carrier, upon proper authority from the Surface Transportation Board, and with not less than thirty (30) days' written notice to KJ. This Agreement is intended solely for the benefit of the parties hereto and is not intended to create any rights in any third parties.

26. **SEVERABILITY AND SURVIVAL.** If any clause or provision of this Agreement shall be finally determined invalid, illegal or unenforceable by a Court of competent jurisdiction, then that clause or provision only shall be held inoperative, as though not herein contained, and the remainder of this Agreement shall remain operative and in full force and effect. The representations, indemnifications, and similar obligations of the parties are intended to, and shall, survive the termination or expiration of this Agreement, as to any liability or obligation which accrues prior to such termination or expiration.

27. **SPECIFIC PERFORMANCE.** The parties intend to effectuate each and every provision of this Agreement. Any failure by any party to perform any provision herein shall be grounds for injunctive relief and specific performance.

28. **CONSTRUCTION OF AGREEMENT.** This Agreement constitutes the entire agreement between the parties as to the subject matter covered herein, and supersedes any and all prior agreements, oral or written. No waiver, modification or amendment of this Agreement shall be of any force or effect unless made in writing and manually signed by the parties, and specifying with particularity the nature and extent of such waiver, modification or amendment. Unless otherwise expressly provided or unless the context requires otherwise, words importing the singular number shall mean and include the plural number, and vice versa. When the term "including" is used herein, it shall be construed to mean "including, but not limited to," whether or not such entire phrase is used.

29. **NOTICES.**

All notices which may be or are required to be given or sent by any party pursuant to this Agreement shall be in writing and shall be deemed to have been properly given if sent by certified mail, return receipt requested, to the parties at the following addresses:

TPW: Toledo, Peoria and Western Railway Corporation

KJ: Keokuk Junction Railway Co.
ATTN: President
1318 S. Johanson Road
Peoria, Illinois 61607

or such other address as the parties may from time to time give written notice of.

30. **EFFECTIVE DATE.** This Agreement shall take effect as of the first day following approval of the Surface Transportation Board, and, subject to the rights of the parties to terminate it, this Agreement shall remain in effect for a term of nine-hundred and ninety-nine (999) years.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first appearing above.

KEOKUK JUNCTION RAILWAY CO. TOLEDO, PEORIA AND WESTERN
RAILWAY CORPORATION

By _____ By _____

Name: _____ Name: _____

Its: _____ Its: _____

Pages 85 - 96
Exhibits D and E, contain Highly Confidential
Information That Is Available Only Upon Compliance
With the Protective Order Issued in This Case
On May 16, 2003

Appendix 4

VERIFIED STATEMENT OF CATHERINE BUSCH

VERIFIED STATEMENT OF CATHERINE BUSCH

My name is Catherine Busch. I am the Director of Marketing for Pioneer Railcorp ("Pioneer"). In that capacity, I provide marketing services to all of Pioneer's subsidiaries, including its subsidiary Keokuk Junction Railway Co. ("KJRY"). I have previously given a verified statement in this proceeding.

I wish here to briefly address two issues, each confirming the accuracy of traffic and revenue projections utilized in this filing by Pioneer and KJRY's CFO and Treasurer J. Michael Carr. First, attached as Exhibit A to Mr. Carr's statement is a document apparently prepared in the middle of 1998, reviewing traffic and revenue projections for Toledo, Peoria & Western Railway Corporation ("TP&W"). I understand that this document was supplied to Pioneer by the former owners of the TP&W; that is, the owners prior to RailAmerica.

Prior to joining Pioneer, I was a marketing manager for TP&W. As such, and because I market rail services in the same general market as TP&W has, I am generally familiar with TP&W's operations. Based on this knowledge and my review of Exhibit A to Mr. Carr's statement, I believe that the traffic and revenue projections contained in that exhibit are a reasonably accurate picture of TP&W's current operations, with two qualifications. First, the projection does not show switching revenues for TP&W's handling traffic for UP to and from shippers on the Mapleton Spur. Based on my marketing experience and activities in this area of Illinois, I believe that it is reasonable to estimate that TP&W switches 6000 cars per year for UP, and that it is paid \$60 per car for the short switch from Peoria to Mapleton. Second, I understand that TP&W's filings in the SF&L case have indicated that TP&W has lost a lot of overhead

traffic in the past few years. Accordingly, I would anticipate that Exhibit A to Mr. Carr's statement overstates TP&W's revenues and overhead traffic volume somewhat.

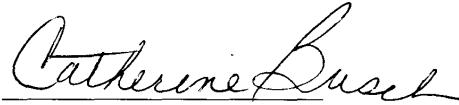
The second issue I want to address is the traffic and revenue projections supporting the pro forma's contained in Mr. Carr's statement. I consulted with Mr. Carr on his preparation of the pro forma's and, in particular, on the traffic and revenue projections which support them. Again, from my marketing activities, I believe that these projections are reliable projections of the traffic that KJRY could generate if it owned the La Harpe to Hollis line as a contiguous through route for overhead as well as local traffic, and that the revenue projections are reasonable as well. Should TP&W be permitted to keep any part of the Line, so that it became an intermediate carrier in handling these shipments, it would vastly change these projections.

VERIFICATION

I, Catherine Busch, verify under penalty of perjury that the foregoing is true and correct.

Further, I certify that I am qualified and authorized to file this Verified Statement.

Dated: June 7, 2003


Catherine Busch

Appendix 5

MAP OF EAST PEORIA TO HOLLIS RAIL CONNECTIONS

TOLEDO, PEORIA & WESTERN

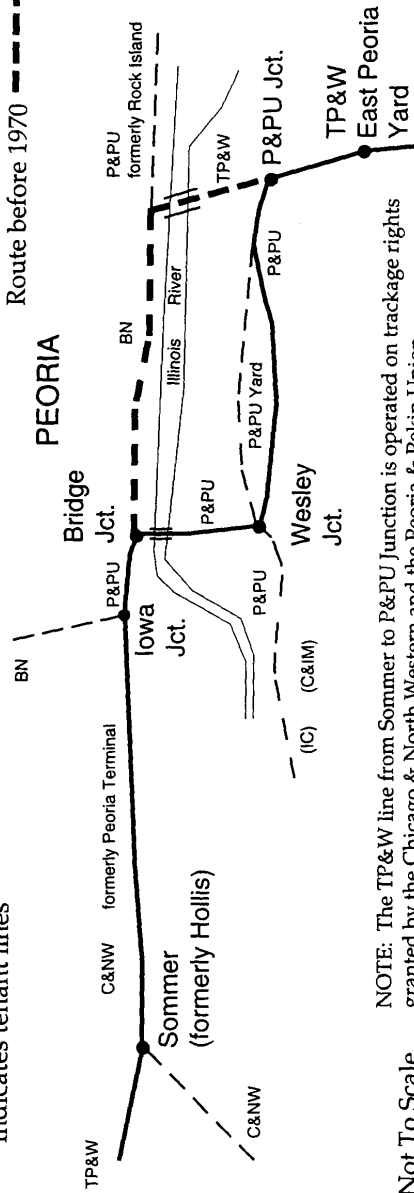
Route through Peoria area before
and after bridge destroyed (1970)

RAILROAD NAME LEGEND

- BN Burlington Northern
- C&IM Chicago & Illinois Midland
- C&NW Chicago & North Western
- IC Illinois Central
- P&PU Peoria & Pekin Union
- TP&W Toledo, Peoria & Western
- () Indicates tenant lines

TP&W ROUTE LEGEND

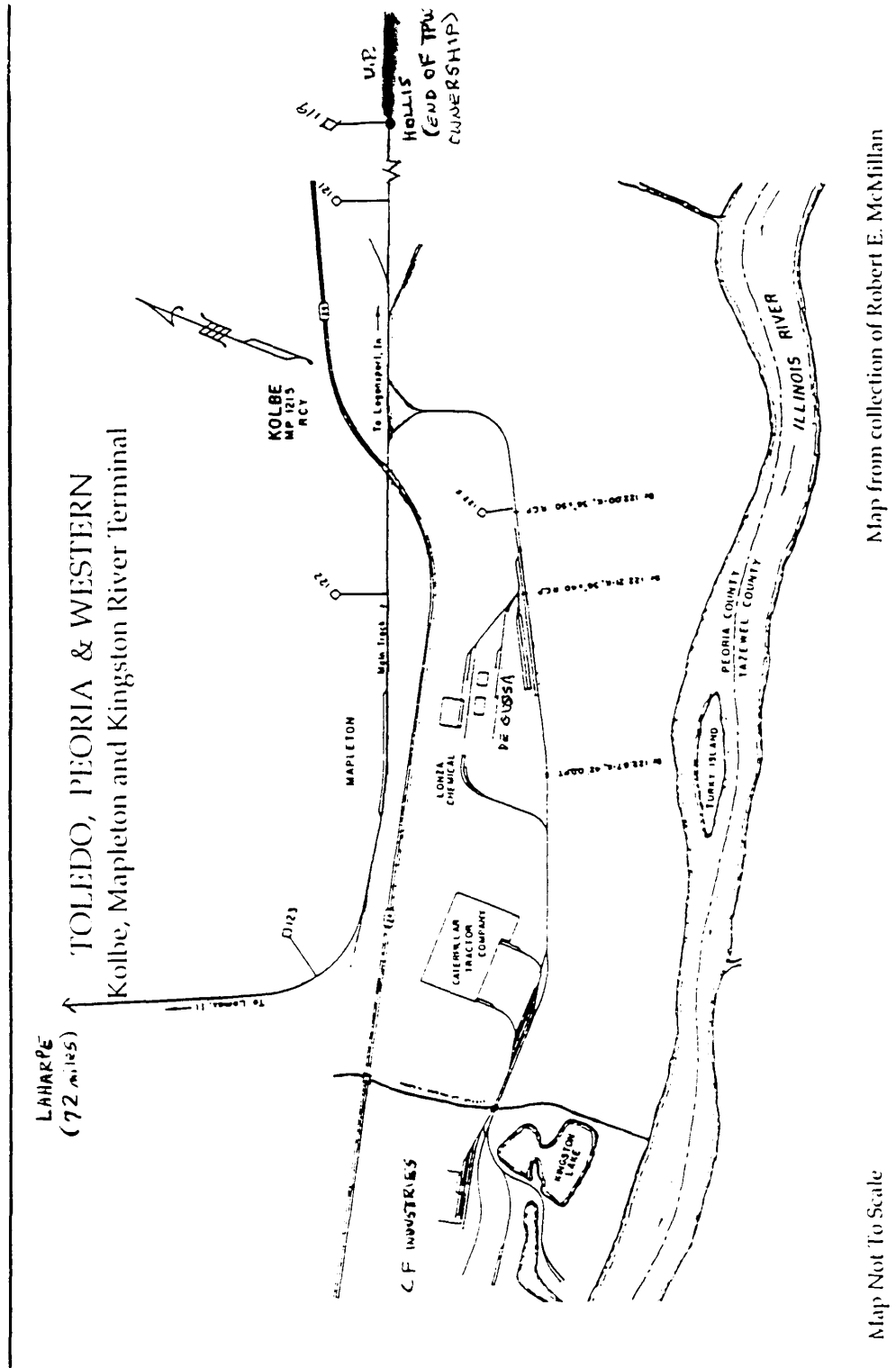
- Present Route ———
- Route before 1970 - - -



NOTE: The TP&W line from Sommer to P&PU Junction is operated on trackage rights granted by the Chicago & North Western and the Peoria & Pekin Union.

Map Not To Scale

R. W. Deller 1993



Appendix 6

VERIFIED STATEMENT OF JOHN W. GOHMANN

VERIFIED STATEMENT OF JOHN W. GOHMANN

My name is John W. Gohmann. I am the founder of Gohmann and Associates, Inc., a transportation consulting firm. My business address is 14047 Petronella Drive, Suite 201, Libertyville, IL 60048. I am the same individual who previously submitted a statement in this proceeding, estimating the net liquidation value of the rail line at issue.

The purpose of this statement is to provide an adjustment to that statement relating to the offer of Keokuk Junction Railway Co. ("KJRY") to allow the current owner of the track to retain the Mapleton Spur and access to it.

Net Liquidation Value Adjustment

As shown in my previous statement, Mike Carr of KJRY contacted me and asked me to prepare a net liquidation value ("NLV") analysis (that is, an analysis of highest and best - most valuable - use of the components of the Line, other than as part of the rail line that they form today) of the rail line of Toledo, Peoria & Western Railway Corporation ("TP&W") extending between Milepost 194.5 at La Harpe, IL and Milepost 118.5 at Hollis, IL. Using the methodology explained in my prior statement, I calculated the NLV of the entire Line as \$3,393,363.

Using that same methodology, allowing TP&W to retain the Mapleton Spur would result in the following adjustment to the NLV of the property to be purchased:

NLV Per Mile	
Rail and other track materials	\$32,356 per mile
Ties	\$4,835 per mile
Ballast	\$4,904 per mile
Right of Way	\$1,408 per mile
TOTAL NLV PER MILE	\$43,503

Applying this per-mile value to the 2.5-mile Mapleton Spur yields the conclusion that the Mapleton Spur has a NLV of \$108,758. Eliminating the Mapleton Spur from the property that I previously valued would leave a remaining value for the Line of \$3,284,605.³²

Conclusion

Based on our review of available information, I conclude that the NLV of the Line without the Mapleton Spur is \$3,284,605.

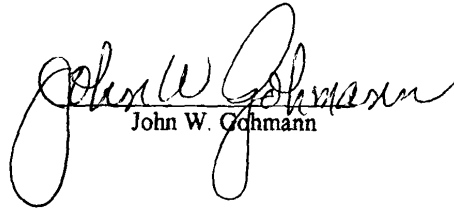
³² Information specific to the Mapleton Spur concerning its condition, the number of crossings, the types of rail, ballast, etc., and the quality of title to and the width of the right of way was not available to me. Therefore, values developed from more specific data available for the remainder of the Line were applied for these valuation purposes.

VERIFICATION

I, John W. Gohmann, verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

6/5/03

Date


John W. Gohmann

Appendix 7

VERIFIED STATEMENT OF GUY L. BRENKMAN

Appendix 7

VERIFIED STATEMENT OF GUY L. BRENKMAN

My name is Guy L. Brenkman. I am the founder, President, CEO and Chairman of the Board of Pioneer Railcorp. I am also the President of Keokuk Junction Railway Co. ("KJRY"), the applicant in this matter. I submitted a prior statement in this matter as part of KJRY's April 9 application.

Issue Addressed

The purpose of this statement is to confirm for the Surface Transportation Board ("STB") that Pioneer and KJRY have access to and will expend the funds necessary to meet KJRY's offer to acquire, and to operate for at least three years, the La Harpe to Hollis, IL rail line (the "Line") now owned by Toledo, Peoria & Western Railway Corporation ("TP&W").

Discussion

In its May 9 Decision in this proceeding, the Board essentially questioned whether money was available to Pioneer or to KJRY for purposes of purchase of the Line. I appreciate the opportunity to clarify this matter.

In my earlier statement, I said I was confident that we could finance acquisition of the Line. Application at 36. Attached to the accompanying statement of J. Michael Carr, Chief Financial Officer of both Pioneer and KJRY, is a loan commitment letter from National City Bank of Michigan/Illinois. As the Board can see, the amount committed is greater than either the NLV calculated in the statements of John Gohmann in this matter, or the GCV estimates prepared by Mr. Carr and accompanying his attached statement.

The Board will also note that the stated purpose of the loan is to "provide acquisition financing for the west end of the Toledo Peoria and Western Railway Corporation." By this, the Bank is referring to the "Line;" that is, the Hollis to La Harpe line. Historically, the entire

TP&W track west of Peoria has been referred to as TP&W's "West End." See *Trains* magazine article attached at page 42 of KJRY's application.³³ It is that "West End" (*i.e.*, the Line) to which the loan commitment refers.

Exhibit A to this statement answers the Board's second question; that is, how does money loaned to Pioneer get to KJRY for these purposes? Exhibit A is a resolution of Pioneer's Board of Directors. It authorizes Mr. Carr and me to enter into loan agreements in an amount that exceeds the GCV of the Line as calculated by Mr. Carr. It also authorizes Mr. Carr and me to guarantee the STB that payment of the costs of KJRY's acquisition of the Line and operation of it for three years. Mr. Carr's calculations, however, show that the Line will be profitable under KJRY management because it can be an effective route for overhead traffic, meaning that there is no need for extra assurance in the form of a guarantee at this time. Nevertheless, should such a guarantee become necessary, I would exercise the power granted in the Board of Directors' resolution.

Finally, the attached Board of Directors resolution authorizes, but does not compel, Mr. Carr and me to enter a loan agreement with and to pledge to support KJRY's operation of the Line for at least three years. As my earlier statement showed, I am committed to making this acquisition work, and fully intend to exercise the authority given by Pioneer's Board of Directors to finance KJRY's acquisition and operation of the Line at the GCV of the Line as estimated in Mr. Carr's accompanying verified statement. As shown in his statement, Mr. Carr is of a like mind. Therefore, the actions authorized by Pioneer's Board of Directors in its attached resolution will be carried out.

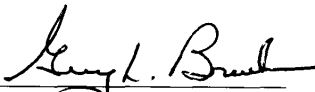
³³ "Tonight's No. 121 to the Santa Fe at Fort Madison [Iowa] . . . departs the [East Peoria] yard. . . . Over the next six hours, they will be pulling 2991 tons over the up-and-down profile of the west end of the "Tip-Up."

VERIFICATION

I, Guy L. Brenkman, verify under penalty of perjury that the foregoing is true and correct.

Further, I certify that I am qualified and authorized to file this Verified Statement.

Dated: June 9, 2003



Guy L. Brenkman

Exhibit A

RESOLUTION OF THE BOARD OF DIRECTORS OF PIONEER RAILCORP

The Board of Directors of PIONEER RAILCORP, an Iowa corporation, by consent and without a meeting, as if by unanimous vote, pursuant to the section 490.821 of the Iowa Business Corporation Act, took the following action effective June 9, 2003:

RESOLVED, That Guy L. Brenkman, as President, and J. Michael Carr, as Treasurer, shall have full power and authority to execute, deliver and perform, a Loan Agreement with National City Bank of Michigan/Illinois, in an amount up to \$7,000,000, for the purpose of assisting Keokuk Junction Railway Co. ("KJRY"), a Pioneer subsidiary, to acquire a line of railroad from the Toledo, Peoria & Western Railroad between LaHarpe, Illinois and Hollis, Illinois, along with the Note, the collateral documents, and any other necessary and proper documents pursuant thereto, on behalf of and as the act of the Corporation. The Board further authorizes said officers to sign a corporate guaranty whereby Pioneer would guarantee to the Surface Transportation Board, the costs of acquisition and operation for up to three (3) years of said line of railroad by KJRY. The Board fully approves and ratifies the terms and conditions of said Loan Agreement, Note, and Guaranty and the terms and conditions of such other documents signed pursuant thereto, as the said officers may in good faith negotiate, and directs that the officers take all necessary and proper actions incident to closing the transaction.

I, Scott Isonhart, Secretary of Pioneer Railcorp, hereby certify that this Resolution was adopted by a unanimous vote of the Board of Directors, on June 9, 2003.

Scott L. Isonhart
Scott Isonhart
Secretary

CERTIFICATE OF SERVICE

I, David C. Reeves, hereby certify that on June 9, 2003, I caused a copy of the foregoing Supplemental Evidence in Support of the Feeder Railroad Development Application of Keokuk Junction Railway Co., to be served by first class mail, postage prepaid, or by more expeditious service upon all parties of record herein in accord with the Board's protective order. I have also served this document, along with copies of KJRY's prior filings in this matter, upon the national offices of the following rail unions:

United Transportation Union
14600 Detroit Avenue
Cleveland, OH 44107-4250

The International Association
Of Machinists and Aerospace Workers
9000 Machinists Place
Upper Marlboro, MD 20772-2687

Brotherhood of Maintenance of Way Employees
10 G Street, NE
Suite 460
Washington, D.C. 20002


David C. Reeves