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September 12, 2003

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423

RE: Finance Docket No. 34335, *Keokuk Junction Railway Company.—Feeder
Railroad Development Application—Line of Toledo, Peoria and Western Railway
Corporation between La Harpe and Hollis, IL*

Dear Secretary Williams:

For the convenience of the Board, enclosed for filing are the 11 copies of the Motion to Compel Discovery Responses of the Toledo, Peoria and Western Railway Corporation that was filed on Friday September 5, 2003, with a missing page in the copies filed on September 8. Again, we apologize for any inconvenience to the Board.

Please time and date stamp the extra copy of this letter and pleading and return them with our messenger. If you have any questions, please contact me.

Respectfully submitted,

Louis E. Gitomer
Attorney for: Toledo, Peoria and Western
Railway Corporation

Enclosures

cc: Mr. Mullins
Mr. MacDougall

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BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34335



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

TOLEDO, PEORIA AND WESTERN RAILWAY CORPORATION
MOTION TO COMPEL DISCOVERY RESPONSES

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Attorneys for: TOLEDO, PEORIA AND
WESTERN RAILWAY CORPORATION

Dated: September 5, 2003

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34335



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

TOLEDO, PEORIA AND WESTERN RAILWAY CORPORATION
MOTION TO COMPEL DISCOVERY RESPONSES

Pursuant to 49 C.F.R. §§ 1114.30 and 114.31, the Toledo, Peoria and Western Railway corporation (“TP&W”) hereby moves the Surface Transportation Board (the “Board”) for an order compelling Keokuk Junction Railway Company (“KJRY”) and Pioneer Railcorp (“Pioneer”) to provide adequate responses to TP&W’s First Discovery Requests (the “First Discovery Requests”).

INTRODUCTION

On April 9, 2003, as supplemented May 7, 2003, June 9, 2003, August 1, 2003, and August 11, 2003, KJRY filed an Application under 49 U.S.C. § 10907 pursuant to the rules at 49 C.F.R. § 1151 to adversely seize a 76-mile railroad line of the TP&W between La Harpe, IL, milepost 194.5, and Hollis, IL, milepost 118.5 (the “Line”).

The Application was accepted by the Surface Transportation Board (the “Board”) subject to filing an environmental report and a schedule was adopted. *Keokuk Junction Railway*

Company—Feeder Railroad Development Application—Line of Toledo, Peoria & Western Railway Corporation Between La Harpe and Hollis, IL, Finance Docket No. 34335 (STB served July 9, 2003) (the “*July 9 Decision*”). After the August 11, 2003 filing of additional evidence by KJRY, TP&W filed the First Discovery Requests to KJRY on August 13, 2003. See Attachment A. KJRY and Pioneer, KJRY’s parent, submitted a Response on August 28, 2003 (the “Response”). See Attachment B.

The instant motion is necessitated by the failure of KJRY and Pioneer to provide meaningful responses to TP&W’s First Discovery Requests. TP&W’s requests are directed primarily to the issues of whether KJRY and Pioneer are financially responsible, the constitutional minimum value of the Line, and whether the public convenience and necessity (“PC&N”) require or permit the sale of the Line. KJRY and Pioneer have steadfastly refused to produce information or documents relating to these critically important issues.

The statute, 49 U.S.C. § 10907, and the Board’s rules, 49 C.F.R. § 1151, contain very specific requirements that must be met before the Board is permitted to find that the public convenience and necessity require or permit the sale of the Line. In particular “the burden of proving that the public convenience and necessity require or permit the sale of a particular railroad line is on the person filing the application to acquire such line.” 49 U.S.C. § 10907(c)(2).

ARGUMENT

The Board’s rules authorize broad, liberal discovery, providing in part that a party “may obtain discovery ... regarding any matter, not privileged, which is relevant to the subject matter

of a proceeding.” 49 C.F.R. § 1114.21. The Board has repeatedly reaffirmed the broad scope of discovery permitted in its proceedings. *See, e.g., FMC Corporation et al v. Union Pacific Railroad Company*, STB Docket No. 42022 (STB served February 5, 1998) at 8 (“parties may obtain discovery regarding any non-privileged matter which is relevant to the subject matter”); *Trailer Bridge, Inc. v. Sea Star Lines*, STB Docket No. WCC-104 (STB served October 27, 2000). In particular, the Board’s rules require a party to produce all responsive non-privileged information so long as the requested for that information is reasonably calculated to lead to the discovery of admissible evidence. 49 C.F.R. § 1114.21(a)(2) (“It is not grounds for objection that the information sought will be inadmissible as evidence if the information sought appears reasonably calculated to lead to the discovery of admissible evidence”).

1. TP&W is entitled to test KJRY’s valuation of the Line.

The Board cannot require the owning railroad to sell its line of railroad for less than the constitutional minimum value. 49 U.S.C. § 10907(b)(2). KJRY and Pioneer value the Line at \$3,461,434 on a going concern value (“GCV”) basis and \$3,393,363 on a net liquidation value (“NLV”) basis.

In Interrogatory No. 3, TP&W asked KJRY and Pioneer to “Identify the spur track, side track, yard track, interchange track, switching track industrial track, team track, and buildings included in the Valuation Study presented at page 179 of the Application.” KJRY and Pioneer did not respond to this interrogatory. KJRY and Pioneer chose to respond to an interrogatory that TP&W did not propound when KJRY and Pioneer responded “Definitions used are TP&W definitions (valuation based on their information).” TP&W did not ask KJRY and Pioneer for

definitions. TP&W was seeking information on the components of the KJRY and Pioneer Valuation Study that was presented beginning on page 179 of the Application. In testing the KJRY and Pioneer valuation, it is important to know the assets that were valued. Therefore, TP&W respectfully requests that the Board order KJRY and Pioneer to respond to Interrogatory No. 3, not some unasked interrogatory.

TP&W also asked KJRY and Pioneer to “produce all documents relied on or used by Mr. Gohmann in preparing the Valuation Study” in DR 2, to “produce the ‘list of the quality and quantity of rail and track materials’ identified on page 11 of the Application” in DR 6, to “produce track charts used by Mr. Gohmann in preparing the Valuation Study” in DR 13, and to “produce all documents used or referenced by Mr. Gohmann and Mr. Lane in preparing the Valuation Study” in DR 40.¹ KJRY and Pioneer objected to the burden of these requests. In preparing the Valuation Report, Mr. Gohmann and Mr. Lane must have had available the documents they used and should be readily able to compile them. Moreover, KJRY and Pioneer stated that information is being collected and “will be furnished as soon as practicable.” The deadline for responding to discovery was August 28, 2003. KJRY and Pioneer never requested an extension to respond, it unilaterally elected to violate 49 C.F.R. § 1114.26(a). TP&W would have granted an extension, but KJRY and Pioneer never asked. The documents sought by TP&W would allow it to test the Valuation Report relied upon by KJRY and Pioneer to justify their NLV. Therefore, TP&W respectfully requests that the Board order KJRY and Pioneer to produce documents responsive to DRs 2, 6, 13, and 39.

¹ The Document Requests are referred to as “DR.”

TP&W requested KJRY and Pioneer to “produce all land appraisals for the Line, the Western Line and Eastern Line” in DR 4. KJRY and Pioneer responded that “the valuation is based on historic values.” However, KJRY and Pioneer failed to produce any documents. TP&W contends that KJRY and Pioneer had to use some type of document to develop “historic values” and that KJRY and Pioneer must produce those documents so that TP&W can test the land valuation of KJRY and Pioneer, a key component of NLV. In the alternative, TP&W is willing to accept a stipulation from KJRY and Pioneer that they used no documentation to develop land valuation.

KJRY and Pioneer have recounted a history of the TP&W and cited to a specific book. In DR 28, TP&W requested KJRY and Pioneer to “produce the book cited at page seven of the Supplement in footnote 5 as Stringham, Paul H., *Toledo, Peoria & Western – Tried, Proven & Willing*, Deller Archive, Inc. 1993.” KJRY and Pioneer refused “on the ground that it is unduly burdensome and on the ground that materials subject to this response are publicly available.” TP&W questions the burden of producing a book cited extensively in the Supplement. Moreover, TP&W has attempted to obtain this book publicly, but the book is not available. Therefore, TP&W respectfully requests that the Board order KJRY and Pioneer to produce the book responsive to DR 28.

In DRs 35 and 36, TP&W sought production of “the marketing campaign referred to on page 10 of the Application” and “all documents relating to the Line being self-sustaining as discussed on page 10 of the Application.” KJRY and Pioneer objected that DR 35 was irrelevant and that DR 36 was vague. In the Application, KJRY and Pioneer contend that their marketing

campaign will make the Line viable and that the Line will be self sustaining. The viability of the marketing campaign is obviously important to the value KJRY and Pioneer attach to the Line and their financial responsibility. The same is true with respect to whether the Line will be self-sustaining under KJRY ownership. Such documents are highly relevant and cannot be vague because KJRY and Pioneer raised the issue in the Application. In fact, KJRY and Pioneer used the words “self-sustaining” on page 10 of the Application. KJRY and Pioneer must produce those documents so that TP&W can test KJRY’s marketing plan and analysis that the Line will be self-sustaining. In the alternative, TP&W is willing to accept a stipulation from KJRY and Pioneer that (1) there is no written marketing plan and no documents have been reviewed to prepare a marketing plan, and (2) there is no written analysis that the Line will be self-sustaining.

2. KJRY and Pioneer must prove that they are financially responsible.

The feeder line statute is only available to a financially responsible person. 49 U.S.C. § 10907(b)(1)(B). KJRY and Pioneer must prove that they are financially responsible to acquire the Line for its constitutional minimum value and to assure adequate operation of the Line for three years. 49 U.S.C. § 10907(a)(1 and 2). A financially responsible person does not include a Class II railroad, 49 U.S.C. § 10907(a) or “an entity affiliated with a ... class II railroad.” 49 C.F.R. § 1151.4(a)(2).

In Interrogatory No. 4 and DR 30 TP&W sought to probe whether affiliates of KJRY and Pioneer were Class II railroads. KJRY and Pioneer did not object or respond to Interrogatory No. 4 for KJRY’s railroad affiliates. KJRY and Pioneer objected to DR 30 on the ground that the financial statements of Pioneer’s railroad subsidiaries are “irrelevant.” KJRY and Pioneer have

filed an application under 49 U.S.C. § 10907. TP&W is entitled to determine review documents that allow it to test whether any of Pioneer's subsidiaries or KJRY's affiliates are Class II railroads as defined by the Board. TP&W respectfully requests the Board to compel KJRY and Pioneer to respond to Interrogatory No. 4 and produce documents sought under DR 30. In the alternative, TP&W is willing to accept a stipulation from Pioneer and KJRY that one of the railroad subsidiaries of Pioneer is a Class II railroad.

Interrogatory No. 5 asked KJRY and Pioneer to identify the rehabilitation cost of the Line, a key factor in determining whether KJRY can adequately operate the Line for three years. Pioneer and KJRY refused to identify the cost of rehabilitation. TP&W requests the Board to compel KJRY and Pioneer to identify the cost of rehabilitation for three years.

TP&W sought to identify additional costs incurred by KJRY and Pioneer in Interrogatory No. 7 (cost to Pioneer to acquire each railroad subsidiary), and DRs 3 (loan agreements), 8 (loan agreements), 31 (agreements for affiliates to provide services to KJRY), 32 (agreements for affiliates to provide services to KJRY), and 34 (equipment financing costs). Existing obligations are fully relevant to whether KJRY and Pioneer can meet future obligations to operate the Line, and to the question of whether there are covenants that might prohibit KJRY and Pioneer from even acquiring the Line. As such, TP&W contends that KJRY's and Pioneer's financial obligations are relevant to determining whether they are financially responsible and requests the Board to compel a response and production.

In Interrogatory Nos. 52 (car repair revenues) and 53 (additional revenue per car) and DR 20 (strategic growth plan), TP&W sought information concerning the source of additional

revenues that KJRY and Pioneer claim will be generated by their operation of the Line. KJRY and Pioneer objected on grounds of relevancy and, as to the “strategic plan,” that it contains proprietary information. KJRY and Pioneer have claimed that car repair and anticipated additional revenues per car in Highly Confidential Exhibit 1 will be generated only because of the operation over the Line. TP&W is seeking to test these claims that appear in the Application, as supplemented. TP&W contends those claims made in the Application are relevant to a determination of financial responsibility and requests the Board to compel KJRY and Pioneer to respond in a meaningful way to Interrogatory Nos. 52 and 53. A strategic growth plan is relevant to the level of traffic KJRY and Pioneer plan to generate over the Line. That it is proprietary is no basis for withholding the plan since there is a protective order in place in this proceeding. TP&W requests that the Board compel KJRY and Pioneer to produce the strategic growth plan referred to on page 161 of the Application and all documents related thereto. TP&W is willing to accept a stipulation from KJRY and Pioneer that there is no strategic growth plan.

Pioneer has objected to producing its Articles of Incorporation (the “Articles”) and by-laws (DR 1) as the Articles are in the public record and the by-laws not relevant. Pioneer has submitted a resolution purportedly authorizing Mr. Brenkman to take certain actions in an effort to demonstrate that KJRY and Pioneer are financially responsible. TP&W has requested the Articles and by-laws to verify that the resolution is properly authorized and authorizes proper corporate action. The Articles and by-laws are critical to such an analysis. Producing the Articles should be no burden on Pioneer and certainly less of a burden than requiring TP&W to

search out the proper state of incorporation and search through the state records. TP&W requests that the Board compel Pioneer to produce its Articles and by-laws.

DR 11 requests KJRY and Pioneer “produce all documents that Mr. Brenkman used to make ‘my investigation of this project’ referred to on page 36 of the Application.” KJRY and Pioneer objected to production stating “Mr. Brenkman has independent knowledge of the line based upon personal experience as a TP&W crew member and based on an inspection trip he made a few years ago. He has also reviewed documents of others, but not has produced any independently.” TP&W did not request documents “produced” by Mr. Brenkman, but documents he “used.” The response admits that Mr. Brenkman used documents, but they are not produced. Here, KJRY and Pioneer are again responding to a discovery request that TP&W did not propound, but to one of their own fabrication. In the Application, Mr. Brenkman states, under oath, that he made an investigation of the project. In the Response, KJRY and Pioneer admit that Mr. Brenkman used documents to make his investigation. TP&W requests that the Board compel production of the documents used by Mr. Brenkman to make his investigation. The investigation by Mr. Brenkman, the Chairman, CEO, President and largest share holder of Pioneer, goes to the heart of this proceeding and the financial viability of Pioneer and KJRY. TP&W is willing to accept a stipulation that Mr. Brenkman made no “investigation of this project.”

3. KJRY and Pioneer must meet the public convenience and necessity test.

Before the Board may order the sale of a rail line that has not been noticed for abandonment,² it must find that the applicant has proven that the PC&N require or permit the sale. In making the PC&N determination, the Board must consider, and the applicant must prove, under 49 U.S.C. § 10907(c)(1):

(c) (1) For purposes of this section, the Board may determine that the public convenience and necessity require or permit the sale of a railroad line if the Board determines, after a hearing on the record, that - (A) the rail carrier operating such line refuses within a reasonable time to make the necessary efforts to provide adequate service to shippers who transport traffic over such line; (B) the transportation over such line is inadequate for the majority of shippers who transport traffic over such line; (C) the sale of such line will not have a significantly adverse financial effect on the rail carrier operating such line; (D) the sale of such line will not have an adverse effect on the overall operational performance of the rail carrier operating such line; and (E) the sale of such line will be likely to result in improved railroad transportation for shippers that transport traffic over such line.

TP&W propounded discovery aimed at testing the Application with regard to the PC&N test. In particular, TP&W sought information as to whether KJRY would be able to provide “improved railroad transportation for shippers.” One facet of improved service is safe operation. To that end TP&W sought information about KJRY’s and Pioneer’s safety practices in Interrogatory Nos. 32-37 and 49-51 and DR 27. Pioneer and KJRY objected that response and production of documents meant to discover whether KJRY and Pioneer’s other railroad subsidiaries were safe operators was not relevant. The Board has recognized the importance of safety in its regulatory review: “the ICC and the Board, in consultation with the Federal Railroad Administration (FRA), which has primary responsibility over railroad safety enforcement, have routinely considered safety in their environmental review of all rail mergers, acquisitions, line

² 49 U.S.C. §10907(b)(1)(A)(ii).

constructions, and similar transactions. In 1993, the ICC denied an application because the agency believed that no conditions could sufficiently mitigate the unsafe conditions arising out of the proposed construction of the rail line.” *Safe Implementation of Board-Approved Transactions*, STB Ex Parte No. 574 (STB served December 1, 1997) (the “*Safety ANPR*”). This feeder line proceeding is one of the similar transactions that the Board was referring to in the *Safety ANPR*. If KJRY and Pioneer have the stellar safety record they claim in the Response, then they should be proud of that record and glad to share it with the public and the Board. However, if there are safety problems with Pioneer and KJRY, then those are issues which the Board must be made aware of in making its PC&N ruling. Either way, TP&W contends that the safety history of Pioneer and KJRY is highly relevant to the PC&N requirements of the statute and respectfully request that the Board compel response and production in response to TP&W’s discovery requests.

Another factor weighing in the PC&N test as far as future operations are the conditions sought by the acquiring entity. In answer to Interrogatory No. 20, KJRY and Pioneer respond, as they did in the Application, that “... KJRY and Pioneer do not anticipate any future conditions at this time.” Interrogatory No. 20 was designed to reach behind the similar statement made in the Application so that TP&W, the Board, and the shippers on the Line would be advised of any preconditions that KJRY and Pioneer might seek. The response evades the interrogatory. TP&W requests the Board compel KJRY and Pioneer to publicly disclose any conditions that they might seek under 49 U.S.C. § 10907(d) and (g)(1), including but not limited to prescribed trackage rights, regulatory exemption in whole or in part, preconditions on shippers, etc. TP&W

will accept a binding stipulation from KJRY and Pioneer that they will not seek any conditions at any time under 49 U.S.C. § 10907(d) and (g)(1).

Another PC&N test concerns adequate service to shippers on the line by the incumbent railroad. Based on the representations by KJRY and Pioneer in the Application, as supplemented, it appears to TP&W that the shippers on the Line have expressed their unhappiness with service on the Line to KJRY and Pioneer, but not TP&W. TP&W is merely seeking all documents concerning those communications between the shippers KJRY and Pioneer identified at page 116 of the Application and KJRY and Pioneer concerning the instant proceeding in DRs 15 and 16. KJRY and Pioneer object, but have produced some email communications in response to DR 15 and state all written communications have been produced in the filings made by KJRY and Pioneer in this proceeding in response to DR 16. However, KJRY and Pioneer also state that “most contact ... was made via telephone” in response to DR 15. But they do not say that all written communications were by email. TP&W urges the Board to compel KJRY to produce all documents between themselves and the shippers identified on page 116 of the Application because they bear on the adequacy of TP&W’s service. TP&W is willing to accept a stipulation from KJRY and Pioneer that there are no other communications between them and the shippers identified on page 116 of the Application.

4. KJRY and Pioneer must carry the burden of proof.

Throughout the Application, as supplemented, and even the Response, KJRY and Pioneer claim that TP&W has denied them access to inspect the Line. In DR 5, TP&W requested the production of “all requests made by Pioneer, et al. to TP&W to inspect the Line between

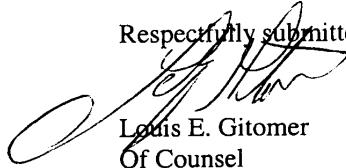
February 1, 2003 and April 8, 2003.” KJRY and Pioneer objected “to this request as unduly burdensome in that the relevant e-mail correspondence is within TP&W’s possession.” A central theme running through KJRY’s and Pioneer’s inability to value the track and land, estimate rehabilitation, produce a GCV, and many other issues was the failure of TP&W to make the Line available for inspection. TP&W does not have any record of KJRY or Pioneer making a written request to inspect the Line once it was reacquired by TP&W in February 2003. Even KJRY and Pioneer admit in response to Admission No. 23 that they may not have requested an inspection of the Line after TP&W reacquired the Line in February 2003. Since KJRY and Pioneer have made the lack of an inspection of the Line a linchpin of their proposal, TP&W requests the Board to compel them to produce the documentation supporting their claim. TP&W will accept a stipulation that KJRY and Pioneer have not requested permission from TP&W to inspect the Line since it was reacquired by TP&W in February 2003.

CONCLUSION

For all the foregoing reasons, the Board should grant TP&W's motion to compel answers to interrogatories and production of documents, and require KJRY and Pioneer to provide full and complete responses to the items discussed herein promptly upon issuance of the Board's decision compelling such production.

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Respectfully submitted,



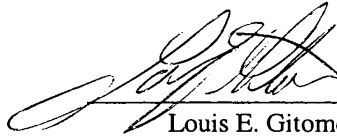
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Attorneys for: TOLEDO, PEORIA AND
WESTERN RAILWAY CORPORATION

Dated: September 5, 2003

CERTIFICATE OF SERVICE

I hereby certify that I have caused the foregoing document to be served by hand on all parties of record in STB Finance Docket No. 34335.

A handwritten signature in black ink, appearing to read 'Louis E. Gitomer', is written over a horizontal line.

Louis E. Gitomer
September 5, 2003

ATTACHMENT A

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34335

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

TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION FIRST DISCOVERY
REQUESTS TO KEOKUK JUNCTION RAILWAY COMPANY AND PIONEER RAILCORP

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Dated: August 13, 2003

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34335

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

TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION FIRST DISCOVERY
REQUESTS TO KEOKUK JUNCTION RAILWAY COMPANY AND PIONEER RAILCORP

Pursuant to 49 C.F.R. §§ 1114.21, .26, .27, and .30 the Toledo, Peoria & Western Railway Corporation (“TP&W”) submits its First Discovery Request to Keokuk Junction Railway Company (“KJRY”) and Pioneer Railcorp (“Pioneer”) in connection with the application filed on April 9, 2003, as supplemented June 9, 2003, by KJRY in this proceeding. Counsel for KJRY and Pioneer should contact the undersigned promptly to discuss any objections or questions regarding these requests with a view to resolving any disputes or issues of interpretation informally and expeditiously.

TP&W requests that KJRY and Pioneer respond to the following Interrogatories, Document Requests and Requests for Admissions in compliance with 49 C.F.R. Part 1114 and in accordance with the following Definitions and Instructions. The responses to these discovery requests should be served on TP&W through their undersigned attorneys at the addresses below, by **August 28, 2003**.

DEFINITIONS AND INSTRUCTIONS

1. "TP&W" shall mean the Toledo, Peoria & Western Railway Corporation, and any related companies, and/or any of their subsidiaries or affiliates.
2. "KJRY" shall mean Keokuk Junction Railway Company, and any departments, subsidiaries, affiliates, or related companies; its present and former employees, agents, officers, directors, advisors, consultants, divisions, and all other persons or entities acting on its behalf.
3. "Pioneer" shall mean Pioneer Railcorp, and any departments, its present and former employees, agents, officers, directors, advisors, consultants, divisions, and all other persons or entities acting on its behalf.
4. "Pioneer, et al." shall mean Pioneer Railcorp, and any departments or subsidiaries (including all subsidiaries identified on page six of the Application), its present and former employees, agents, officers, directors, advisors, consultants, divisions, and all other persons or entities acting on its behalf.
5. "Line" shall mean TP&W's 76-mile line of railroad between La Harpe, IL, milepost 194.5, and Hollis, IL, milepost 118.5.
6. "Western Line" shall mean the portion of the Line between milepost 194.5 and milepost 123.0
7. "Eastern Line" shall mean the portion of the Line between milepost 123.0 and milepost 118.5.
8. "Application" shall mean the Application filed with the STB by KJRY in Finance Docket No. 34335 on April 9, 2003.

9. "Reply" shall mean the Reply filed with the STB by KJRY in Finance Docket No. 34335 on May 7, 2003.

10. "Supplement" shall mean the Supplemental Evidence filed with the STB by KJRY in Finance Docket No. 34335 on June 9, 2003.

11. "STB" shall mean the Surface Transportation Board.

12. "Communicate" and "Communication" shall mean every manner or means of disclosure or transfer or exchange of information whether orally, by document, or otherwise, and whether face to face, in a meeting, by telephone, or other electronic media, mail, personal delivery, or otherwise.

13. "Person" shall mean and include natural persons, partnerships, corporations, and all other forms of organization or association.

14. "Document" or any variation thereof is used in its broadest sense and shall mean any writing, drawing, graph, chart, photograph, tape, phono-record, magnetic disc, compact disc, or other data compilation from which information can be obtained, translated, if necessary through devices into reasonably usable form, and includes, but is not limited to, correspondence, telegrams, cables, telex messages, minutes, reports, studies, specifications, order forms, bills of sale, leases, recordings of telephone or other conversations, or of interviews, conferences or other meetings, affidavits, statements, journals, statistical records, financial statements, accounting records, desk calendars, appointment books, diaries, lists, tabulations, summaries, computer printouts, photographs, maps, or any other items of a similar nature, including all originals, drafts, and non-identical copies.

15. The terms "relate" or "relating to" are to be used in their broadest sense and shall mean to refer to, discuss, involve, reflect, deal with, consist of, represent, constitute, emanate from, be directed at, or in any way to pertain to, in whole or in part, the subject.

16. The singular shall include the plural and vice versa, and the conjunctive shall include the disjunctive and vice versa in order to give these interrogatories and requests for admission the broadest scope.

17. To "identify" or to "describe" a document means to state the following:

- a. The full name of the person who prepared it and his last known address;
- b. The full name of the person who signed it or over whose name it was issued and his last known address;
- c. The full name of each person to whom it was addressed or distributed and his last known address;
- d. The nature and substance of the document with sufficient particularity to enable it to be identified;
- e. Title and number of pages;
- f. Its date or, if it bears no date, the date or approximate date when it was prepared;
- g. Whether any other documents were attached to or included with such documents; and
- h. Its physical location and the name and address of its custodian.

18. To "identify" a person when used with respect to a natural person means to state the person's full name, home and business addresses and telephone numbers, employer and job position at the present time and at the time to which the interrogatory relates, and whether the person is ill, disabled, incompetent, or deceased. To identify a person where the person to be identified is anything other than a natural person means to state its full name, the kind of legal entity which it is, its present or last known address, and its chief executive officer.

19. "Identify," "describe," or any variation thereof, when used with respect to a conversation, meeting, or oral discussion, shall mean stating and describing the date and location of such conversation, meeting, or oral discussion, the name of each person who was present at or who participated in such conversation, meeting, or oral discussion, and the manner in which the conversation, meeting, or oral discussion was conducted (e.g., face-to-face conversation, telephone, etc.)

20. "Identify" means to describe or explain when used in any other context.

21. The answers to these interrogatories, document requests and requests for admissions shall include such information and documents as are within KJRY's and/or Pioneer's custody, possession, or control, or are within the custody, possession, or control of any of KJRY's and/or Pioneer's consultants, accountants, attorneys, or other agents, or which are otherwise available to KJRY and/or Pioneer. In responding to these interrogatories and requests for admissions, KJRY and/or Pioneer are specifically instructed to review the personal files, records, notes, correspondence, daily calendars, and telephone logs or records of all persons who have knowledge of the information inquired about in each request.

22. If the answers or portions of answers to these interrogatories are supplied upon information and belief rather than upon actual knowledge, KJRY and/or Pioneer should so state and specifically describe or identify the source or sources of such information and belief.

23. Each interrogatory should be answered separately and fully in writing. The answers to these interrogatories should include, but not be limited to, an identification of each person having knowledge of the information provided in the answer, and of all documents (including calculations) and communications relating to that information.

24. If KJRY and/or Pioneer object to any interrogatory, document request or request for admission, KJRY and/or Pioneer must state in writing the reason for the objection.

25. These discovery requests are continuing in nature and should be amended and supplemented immediately if at any time any of the following occurs:

a. KJRY and/or Pioneer determine that the original answers to these discovery requests as of the time they were filed, for whatever reason, were incorrect;

b. new developments occur (such as the retaining of an expert, etc.) which, if KJRY's and/or Pioneer's answers were being filed as of the time of these new developments, would have to be disclosed in those answers;

c. new information is developed (such as the identification of additional witnesses or additional documents) which, if known at the time of the filing of the original answers, would have been required to have been disclosed in such answers.

26. Unless otherwise specified, the time period covered by these discovery requests is January 1, 2000, to the date of KJRY's and/or Pioneer's responses.

27. Each interrogatory, document request and request for admission herein stands independent of each and every other interrogatory, document request and request for admission. No interrogatory, document request or request for admission modifies, limits, or relates to any other interrogatory, document request or request for admission unless specifically stated in the interrogatory, document request or request for admission.

28. If any discovery request herein cannot be complied with in full, it shall be complied with to the extent possible with an explanation as to why full compliance is not possible.

29. If any document sought to be discovered is in the Application, Reply, or Supplement, then KJRY and/or Pioneer shall refer to the page number in the Application, Reply or Supplement where the document may be found.

INTERROGATORIES

1. Identify the definition used for relay rail.
2. Identify the definition used for scrap rail.
3. Identify the spur track, side track, yard track, interchange track, switching track industrial track, team track, and buildings included in the Valuation Study presented at page 179 of the Application.
4. Identify the annual gross and net revenue for Pioneer and each of Pioneer's railroad subsidiaries.
5. Identify the rehabilitation expenditures projected for three years that KJRY proposes to make to the Line, the Western Line and the Eastern Line.
6. Identify the banks referred to on page 8 of the Application.

7. Identify the amount paid by Pioneer to acquire each railroad identified on page 9 of the Application.
8. Identify the measure used to state that Pioneer is the second largest “short line railroad holding company in the country” on page 9 of the Application.
9. Identify the meaning of the term “full service capacity” as used on page 10 of the Application.
10. Identify the cost to implement the “full service capacity” referred to on page 10 of the Application.
11. Identify the sources of “current market prices obtained from discussions with a number of vendors” by Mr. Brown and referred to on page 12 of the Application.
12. Identify the companies with which Mr. Brown discussed the costs to dismantle rail, transport the rail and track materials to market, remove and transport ties” referred to on page 12 of the Application.
13. Identify the “rail material dealers” noted on page 13 of the Application with whom Mr. Gohmann or Mr. Lane had conversations.
14. Identify the definition used by Mr. Gohmann for “relay rail.”
15. Identify the definition used by Mr. Gohmann for “scrap rail.”
16. Identify the basis for Mr. Gohmann’s assumption that “OTM tonnage was estimated at 20% of rail tonnage” stated on page 14 of the Application.
17. Identify the source of the unit valuation information Mr. Gohmann used in preparing the Valuation Study.

18. Identify the components of the monthly operating cost of \$45,000 as stated on page 21 of the Application and provide an itemized list of the components with the expense for each.

19. Identify the specific materials, cost for the material (unit cost and total cost), and cost of labor of the \$200,000 expenditure to return the Line to Class 1 track condition as stated on page 21 of the Application.

20. Identify the conditions that KJRY may seek at a later time as stated on page 21 of the Application.

21. Identify the shippers on the Line that Ms. Busch had discussions with as stated on page 23 of the Application and whether those shippers are physically located on the Line.

22. Identify, for each shipper identified in Ms. Busch's verified statement, the location of the shipper and whether the shipper originates or terminates traffic on the Line or uses the Line for overhead service.

23. Identify all discussions between Pioneer and either UP or BNSF concerning use of the Line as a through route as stated by Mr. Brenkman on Page 35 of the Application.

24. Identify the other rail lines that Pioneer has acquired under 49 U.S.C. 10907 or the predecessor statute, 49 U.S.C. 10910.

25. Identify interest rate KJRY expects to pay under the National City Bank of Michigan/Illinois loan.

26. Identify amount of rehabilitation KJRY expects to expend on the Line.

27. Identify the age of data Mr. Brown used to calculate net liquidation value.

28. Identify the "shippers going out of business" as Ms. Busch stated on Page 119 of the Application.

29. Identify the costs for service frequency over the Line of "6-7times per week" as stated at page 165 of the Application.
30. Identify the other net liquidation value analyses that Mr. Gohmann and Mr. Lane have prepared for rail lines being acquired under 49 U.S.C. 10907 or former 49 U.S.C. 10910.
31. Identify the source of the track charts referred to on page 174 of the Application that were used by Mr. Gohmann in preparing the valuation.
32. Identify all employees of KJRY fired or disciplined within the last three years.
33. Identify how KJRY's employees will be tested and operate under the General Code of Operating Rules ("GCOR").
34. Identify KJRY's operating testing plan to ensure compliance to the GCOR.
35. Identify KJRY's drug and alcohol testing policy for incidents.
36. Identify the person who performs the random drug and alcohol testing for the KJRY and the location of those tests.
37. Identify whether TP&W will access to the random drug and alcohol testing records in the event of an incident.
38. Identify the schedule of operations by day of the week and times of the day.
39. Identify any unscheduled service parameters.
40. Identify whether KJRY will operate scheduled service over the Line.
41. Identify the types of locomotives KJRY will use in operating the Line.
42. Identify the number of cars per train.
43. Identify the maximum number of cars KJRY intends to pick-up or deliver at one time to any shipper on the Line.

44. Identify the location where KJRY's crews operating over the Line will go on duty.
45. Identify who will dispatch the KJRY trains on the Line.
46. Identify where dispatching of the KJRY trains on the Line will occur.
47. Identify the method of main track authority that KJRY will use to operate the Line.
48. Identify the person who will perform the mechanical inspections on cars and locomotives.
49. Identify the method that KJRY will use to participate in a joint operation testing program with TP&W to ensure TP&W and KJRY crews operating in joint areas are working within the GCOR.
50. Identify the training on hazardous material handling that will the KJRY crews receive.
51. Identify the training that KJRY employees will receive concerning safety, air brakes, and train handling for the Line.
52. Identify the source of revenues from car repairs.
53. Identify whether the anticipated additional revenues per car in Highly Confidential Exhibit 1 will be generated only because of the operation over the Line.

DOCUMENT REQUESTS

1. Produce Pioneer's Articles of Incorporation and By-Laws.
2. Produce all documents relied on or used by Mr. Gohmann in preparing the Valuation Study.
3. Produce all loan agreements between Pioneer, et al. and National City Bank of Michigan/Illinois and its predecessors.

4. Produce all land appraisals for the Line, the Western Line and Eastern Line.
5. Produce all requests made by Pioneer, et al. to TP&W to inspect the Line between February 1, 2003 and April 8, 2003.
6. Produce the "list of the quality and quantity of rail and track materials" identified on page 11 of the Application.
7. Produce Mr. Brown's notes, if any, of his conversations with companies concerning the costs to dismantle rail, transport the rail and track materials to market, remove and transport ties" referred to on page 12 of the Application.
8. Produce all loan agreements between Pioneer and National City Bank of Michigan/Illinois as referred to on page 50 of the Application by Mr. Carr.
9. Produce all correspondence between KJRY and National City Bank of Michigan/Illinois concerning acquisition of the Line by KJRY.
10. Produce all correspondence between Pioneer and National City Bank of Michigan/Illinois concerning acquisition of the Line by KJRY.
11. Produce all documents that Mr. Brenkman used to make "my investigation of this project" referred to on page 36 of the Application.
12. Produce the documents and underlying data Mr. Brown used to calculate net liquidation value.
13. Produce track charts used by Mr. Gohmann in preparing the Valuation Study.
14. Produce all documents used and created in Ms. Busch's "investigation of service on the Line" referred to on page 115 of the Application.

15. Produce all documents sent by Pioneer, et al. to the shippers identified on page 116 of the Application regarding this proceeding.
16. Produce all documents sent by the shippers identified on page 116 of the Application to Pioneer, et al. regarding this proceeding.
17. Produce for the shippers identified at page 116 of the Application all requests for railroad service made to TP&W since January 1, 2000.
18. Produce all documents used to determine that KJRY will “earn on average \$350 per car” “increasing to \$450 per car” as stated on page 119 of the Application.
19. Produce all documents used by Mr. Brown to perform the valuation study referred to on page 160 of the Application.
20. Produce “Pioneer’s strategic growth plan” as referred to on page 161 of the Application and all documents related thereto.
21. Produce all documents relating to the “estimates that it will cost \$45,000 per month for the first 12 months to operate the Line” referred to on page 164 of the Application.
22. Produce all documents relating to the “estimate \$200,000 will be required to restore the track structure to safe Class 1 track condition” referred to on page 164 of the Application.
23. Produce all studies concerning the time and cost of restoring the track structure, as referenced on page 164 of the Application to Class 2 track condition.
24. Produce all contracts between Gohmann and Associates, Inc. and Pioneer.
25. Produce the track charts referred to on page 174 of the Application used by Mr. Gohmann and Mr. Lane in preparing the Valuation Study on page 179 of the Application.
26. Produce the “stricter covenants” referred to by Mr. Carr at page 22 of the Reply.

27. Produce all safety related documents for Pioneer, et al. Since January 1, 2000, including, but not limited to, (a) a copy of all Operating Procedures Manuals complete with Time Table Special Instructions; (b) the required efficiency testing program, the test results, including the nature, extent and results of unannounced tests and/or observations; (c) a copy of any and all Federal Railroad Administration inspections including citations and deficiencies noted; (d) a copy of any and all training programs in use, including their training outlines test results and passing percentage; (e) the part 240 plan submitted to the Federal Railroad Administration, and any and all records pertaining thereto; (f) the drug and alcohol testing program, testing frequency rates, and percentage of positive test results; (g) any and all accident/incident/illness reports generated for all railroad reported accidents, including human factor and hazardous materials; (h) any and all personal injuries specifying the type and severity; (i) identify the person in charge of each of the aforementioned categories, and their qualifications; and (j) a copy of all track inspection reports, the defects noted, and the corrections made.

28. Produce the book cited at page seven of the Supplement in footnote 5 as Stringham, Paul H., *Toledo, Peoria & Western – Tried, Proven & Willing*, Deller Archive, Inc. 1993.

29. Produce all documents used to make the traffic projections referred to on page 99 of the Supplement.

30. Produce the income statement and balance sheet for Pioneer and each of its railroad subsidiaries.

31. Produce all agreements between Pioneer Railroad Services, Inc. and KJRY.

32. Produce all agreements between Pioneer Resources, Inc. and KJRY.

33. Produce all studies concerning rehabilitation of the Line.

34. Produce all agreements that Pioneer, et al. have entered for financing owned and leased railroad equipment.
35. Produce the marketing campaign referred to on page 10 of the Application.
36. Produce all documents relating to the Line being self-sustaining as discussed on page 10 of the Application.
37. Produce all studies of the net liquidation value and going concern value of the Line, the Western Line, and the Eastern Line prepared by or for Pioneer, et al. since January 1, 1999.
38. Produce all requests made by Pioneer, et al. for information concerning the real estate component of the Line since January 1, 1999.
39. Produce all documents used or referenced by Mr. Gohmann and Mr. Lane in preparing the Valuation Study.
40. Produce records of all real estate sales by KJRY and Pioneer Industrial Railway Co.

REQUESTS FOR ADMISSIONS

1. Admit or deny that no real estate appraisal was prepared.
2. Admit or deny that the valuation study prepared by Gohmann and Associates, Inc. contains the only valuation of real estate prepared for the Application, Supplement or Reply.
3. Admit or deny that Mr. B. Allen Brown did not physically inspect the Line after January 1, 2003.
4. Admit or deny that Mr. John W. Gohmann did not physically inspect the Line after January 1, 2003.
5. Admit or deny that Mr. Richard Lane did not physically inspect the Line after January 1, 2003.

6. Admit or deny that the shipper facilities of Hitchcock Scrap Yard, Inc. referred to in the letter at page 122 of the Application, are physically located on the Line.

7. Admit or deny that the shipper facilities of Colusa Elevator Company referred to in the letter at page 123 of the Application, are physically located on the Line.

8. Admit or deny that the shipper facilities of Central Iron & Metals referred to in the letter at page 124 of the Application, are located on the Line.

9. Admit or deny that the shipper facilities of Farmers Elevator Company of Scotia, IL referred to in the letter at page 125 of the Application, are physically located on the Line.

10. Admit or deny that the shipper facilities of Farmers Elevator Company of Scotia, IL referred to in the letter at page 126 of the Application, are physically located on the Line.

11. Admit or deny that the shipper facilities of United Paving & Construction referred to in the letter at page 127 of the Application, are physically located on the Line.

12. Admit or deny that the shipper facilities of Newton County Stone Company referred to in the letter at page 128 of the Application, are physically located on the Line.

13. Admit or deny that the shipper facilities of Elkem Carbon – Keokuk referred to in the letter at page 129 of the Application, are physically located on the Line.

14. Admit or deny that the shipper facilities of Blandinsville Elevator referred to in the letter at page 130 of the Application, are physically located on the Line.

15. Admit or deny that the shipper facilities of LaHarpe Elevator referred to in the letter at page 131 of the Application, are physically located on the Line.

16. Admit or deny that the shipper facilities of Roquette America, Inc. referred to in the letter at page 132 of the Application, are physically located on the Line.

17. Admit or deny that the shipper facilities of West Central FS, Inc. referred to in the letter at page 133 of the Application, are physically located on the Line.

18. Admit or deny that the shipper facilities of West Central FS, Inc. referred to in the letter at page 134 of the Application, are physically located on the Line.

19. Admit or deny that Mr. Gohmann did not physically inspect the Line.

20. Admit or deny that Mr. Lane did not physically inspect the Line.

21. Admit or deny that Mr. Brown did not physically inspect the Line.

22. Admit or deny that Mr. Carr did not physically inspect the Line.

23. Admit or deny that Pioneer, et al. did not request permission from TP&W to inspect the Line between February 1, 2003 and April 8, 2003.

24. Admit or deny that TP&W and the SF&L Railway, Inc. are different corporations.

25. Admit or deny that TP&W and the SF&L Railway, Inc. are not commonly controlled.

26. Admit or deny that KJRY acquired 12.1 miles of rail line from TP&W from milepost 194.5 near La Harpe, IL, to milepost 206.6 near Lomax, IL on or after December 19, 2001.

27. Admit or deny that as of April 9, 2003 none of the shippers identified on page 116 of the Application have filed a rate complaint with the Board concerning TP&W's rates over the Line.

28. Admit or deny that KJRY intends to operate the Line as a Federal Railroad Administration Class 1 line.

29. Admit or deny that, except for Mr. Gohmann, Pioneer, et al. have not prepared or had prepared a real estate appraisal of the Line, the Western Line or the Eastern Line.

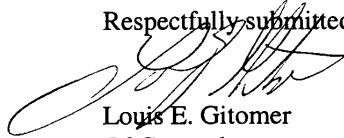
30. Admit or deny that KJRY and Pioneer Industrial Railway Co. would be able to directly interchange traffic if KJRY were to acquire the Line.

31. Admit or deny that KJRY's employees are not represented by a union.

32. Admit or deny that Pioneer Industrial Railway Co.'s employees are not represented by a union.

Gary A. Laakso, Esq.
Vice President Regulatory Counsel
RailAmerica, Inc.
5300 Broken Sound Boulevard N.W.
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(561) 994-6015

Respectfully submitted,



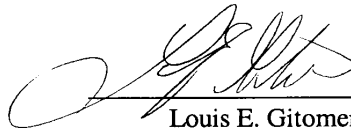
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(202) 638-3307

Attorneys for: TOLEDO, PEORIA AND
WESTERN RAILWAY CORPORATION

Dated: August 13, 2003

CERTIFICATE OF SERVICE

I hereby certify that I have caused the foregoing document to be served by hand on counsel for the Keokuk Junction Railway Company.



Louis E. Gitomer
August 13, 2003

ATTACHMENT B

CONFIDENTIAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

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

KEOKUK JUNCTION RAILWAY CO.'S AND PIONEER RAILCORP'S
RESPONSE TO TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION
FIRST SET OF DISCOVERY REQUESTS

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August 28, 2003

Attorneys for Keokuk Junction
Railway Co. and Pioneer Railcorp

CONFIDENTIAL
BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34335

KEOKUK JUNCTION RAILWAY CO.
-- FEEDER RAILROAD DEVELOPMENT APPLICATION --
LINE OF TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION
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KEOKUK JUNCTION RAILWAY CO. AND PIONEER RAILCORP'S
RESPONSE TO TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION
FIRST SET OF DISCOVERY REQUESTS

Pursuant to 49 C.F.R. §§ 1114.21-.31, Keokuk Junction Railway Co. and Pioneer Railcorp respond¹ to the discovery requests served by Toledo, Peoria & Western Railway Corporation ("TP&W") on August 13, 2003 (the "Requests") as follows:

GENERAL RESPONSES

Respondents hereby provide the following general objections to the August 13, 2003 discovery requests served by TP&W:

1. The use of "KJRY" in these responses shall include Keokuk Junction Railway Co.
2. The use of "Pioneer" in these responses shall mean Pioneer Railcorp.

¹ As per the Board's Protective Order in *Keokuk Junction Railway Co -- Feeder Line Acquisition -- Line of Toledo, Peoria and Western Railway Corporation between La Harpe and Hollis, IL*, STB Finance Docket No. 34335 (STB served May 16, 2003), KJRY and Pioneer designate all responses herein and documents attached hereto and made part hereof this Response as Confidential, as described in that Order.

3. KJRY and Pioneer are conducting a reasonable search for documents responsive to the requests. Except as objections are noted in the general objections and in response to each respective request, KJRY and Pioneer have materially responded by producing all currently available responsive documents pursuant to this Request.

4. Production of documents or information does not necessarily imply that they are relevant to this proceeding, and is not to be construed as waiving any objection stated herein.

GENERAL OBJECTIONS

KJRY and Pioneer hereby provide the following general objections to the August 13, 2003 discovery requests served by TP&W:

1. KJRY and Pioneer object to, and are not providing any information or documents in response to, requests that are vague, ambiguous, overly broad, unduly burdensome, irrelevant, not reasonably calculated to lead to the discovery of admissible evidence, require a special study, or are otherwise beyond the scope of permissible discovery.

2. KJRY and Pioneer object to, and are not providing any information or documents in response to, requests that seek to invade the attorney-client privilege or the work product doctrine.

3. KJRY and Pioneer object to, and are not providing any information or documents in response to, requests that seek documents or information that is not within KJRY's or Pioneer's custody or under their control.

4. KJRY and Pioneer object to, and are not providing any information or documents in response to, requests that seek information or documents that are within the public domain, or are within the possession, custody or control of TP&W, and are thus as readily available to

TP&W as KJRY or Pioneer. Notwithstanding this objection, KJRY and Pioneer may produce some responsive material of this kind, but KJRY and Pioneer will not attempt to produce all responsive material of this kind.

5. KJRY and Pioneer object to, and are not providing any information or documents in response to, requests that seek information or documents that are drafts or proposals of contracts or agreements, as such materials may never be executed, and have no relevance to this proceeding.

6. KJRY and Pioneer object to, and are not providing any information or documents in response to, requests that seek information or documents regarding negotiations of contracts or agreements on the grounds that a such request is overly broad, unduly burdensome, vague, ambiguous, and seeks documents and information that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Further, such a request seeks information that is of a highly sensitive commercial and proprietary nature, and no showing of compelling need for such materials has been made.

7. KJRY and Pioneer object to the “Definitions” and “Instructions” provided by TP&W on the grounds that they seek information and documents, or require efforts from KJRY and Pioneer, beyond that required by applicable regulations.

8. KJRY and Pioneer object to Definition No. 2 as overly broad and unduly burdensome.

9. KJRY and Pioneer object to Definition No. 3 as overly broad and unduly burdensome.

10. KJRY and Pioneer object to Definition No. 4 as overly broad and unduly burdensome.

Without waiver of the foregoing, KJRY and Pioneer respond to TP&W's Discovery Requests as follows:

INTERROGATORIES

1. Identify the definition used for relay rail.

Response: See Response to No. 14.

2. Identify the definition used for scrap rail.

Response: See Response to No. 15.

3. Identify the spur track, side track, yard track, interchange track, switching track industrial track, team track, and buildings included in the Valuation Study presented at page 179 of the Application.

Response: Definitions used are TP&W definitions (valuation based on their information).

4. Identify the annual gross and net revenue for Pioneer and each of Pioneer's railroad subsidiaries.

Response: Gross revenues for Pioneer Railcorp in 2002 were \$14,970,000 and for KJRY gross revenues were \$3,059,000 in 2002. Only revenues attributable to the Company are recorded, therefore no deduction is made to calculate net revenue.

5. Identify the rehabilitation expenditures projected for three years that KJRY proposes to make to the Line, the Western Line and the Eastern Line.

Response: KJRY and Pioneer object to TP&W's definition of a "Western" and an "Eastern" line. Notwithstanding this objection and not waiving it, KJRY and Pioneer submit that TP&W has refused KJRY and Pioneer access to the line for inspection, and as such, the

projections for rehabilitation expenditures are KJRY and Pioneer's educated estimates, based on KJRY and Pioneer's previous railroad startup experience and knowledge.

6. Identify the banks referred to on page 8 of the Application.

Response: National City Bank; Bank of America; TCF Leasing; and US Bancorp.

7. Identify the amount paid by Pioneer to acquire each railroad identified on page 9 of the Application.

Response: KJRY and Pioneer object to this Request as irrelevant.

8. Identify the measure used to state that Pioneer is the second largest "short line railroad holding company in the country" on page 9 of the Application.

Response: This statement is based upon Pioneer's estimate that it has the second largest number of rail lines in the country, which is based upon standard industry knowledge.

9. Identify the meaning of the term "full service capacity" as used on page 10 of the Application.

Response: Providing service to all customers on the Line.

10. Identify the cost to implement the "full service capacity" referred to on page 10 of the Application.

Response: KJRY and Pioneer submit that this information has been provided to TP&W in previous filings.

11. Identify the sources of "current market prices obtained from discussions with a number of vendors" by Mr. Brown and referred to on page 12 of the Application.

Response: Mr. Brown used his 15 years of experience and confirmed his estimates with Mr. Gary Smith of G.A. Smith Railway Company.

12. Identify the companies with which Mr. Brown discussed the costs to dismantle rail, transport the rail and track materials to market, remove and transport ties” referred to on page 12 of the Application.

Response: G. A. Smith Railway Company and Railworks Corporation.

13. Identify the “rail material dealers” noted on page 13 of the Application with whom Mr. Gohmann or Mr. Lane had conversations.

Response: ABC Rail, LB Foster and Progress Rail.

14. Identify the definition used by Mr. Gohmann for “relay rail.”

Response: “Relay rail” is rail that is of a general condition and it can be reused in the same or lesser application. An example of this would be mainline rail, which can be used as mainline rail in a similar application or as mainline rail that is worn to an extent that it may only be suitable for safe application in a yard or industrial track application.

15. Identify the definition used by Mr. Gohmann for “scrap rail.”

Response: Rail which has reached the point where it has been worn and used to the extent that it may have defects of various kinds, which only make it suitable for scrap.

16. Identify the basis for Mr. Gohmann’s assumption that “OTM tonnage was estimated at 20% of rail tonnage” stated on page 14 of the Application.

Response: These are historic averages based on the experience of Mr. Gohmann and Mr. Lane, that is, that Other Track Material such as plates, anchors, spikes, joint bars, etc., weighs 20% of the amount of comparable weight rail.

17. Identify the source of the unit valuation information Mr. Gohmann used in preparing the Valuation Study.

Response: Mr. Gohmann used valuations that were based on continuing historic pricing of such material.

18. Identify the components of the monthly operating cost of \$45,000 as stated on page 21 of the Application and provide an itemized list of the components with the expense for each.

Response: This information was presented in detail as pro forma operating plans in the application.

19. Identify the specific materials, cost for the material (unit cost and total cost), and cost of labor of the \$200,000 expenditure to return the Line to Class 1 track condition as stated on page 21 of the Application.

Response: KJRY and Pioneer based these estimates on TP&W claims that the track is currently Class I. In the application, \$200,000 was allocated, based upon KJRY's and Pioneer's previous start-up experience, which includes allocations for brush cutting, crossing work, bridge inspections, general maintenance of switches, signals, bolts, spot tie replacements and miscellaneous maintenance, none of which was completed while the line was out of service, nor does it appear to being done at this time.

20. Identify the conditions that KJRY may seek at a later time as stated on page 21 of the Application.

Response: KJRY and Pioneer object to this Request on the ground of vagueness. Notwithstanding this objection and not waiving it, KJRY and Pioneer do not anticipate any future conditions at this time.

21. Identify the shippers on the Line that Ms. Busch had discussions with as stated on page 23 of the Application and whether those shippers are physically located on the Line.

Response: See Response to No. 22, *below*.

22. Identify, for each shipper identified in Ms. Busch's verified statement, the location of the shipper and whether the shipper originates or terminates traffic on the Line or uses the Line for overhead service.

Response:

- (1) Hitchcock Scrap, on-line at Canton, Illinois, would originate traffic;
- (2) Colusa Elevator, on-line at Ferris, Illinois, would originate traffic;
- (3) Central Iron & Metals, off-line at Hamilton, Ill., would use line as overhead and perhaps terminate traffic on-line;
- (4) Farmer's Elevator of Sciota, on-line at Sciota, Ill., would originate traffic;
- (5) United Paving, d/b/a Rawalts, on-line at Canton, Ill., would terminate traffic;
- (6) Newton Co. Stone, off-line at Kentland, Ind., would terminate traffic (to United Paving on line);
- (7) Elkem Carbon, off-line at Keokuk, IA., would use the line as overhead;
- (8) Blandinsville Elevator, on-line at Blandinsville, Ill., would originate traffic;
- (9) LaHarpe Elevator, off-line at LaHarpe, Ill., would originate traffic, some of which would terminate on-line, some of which would be overhead;
- (10) Roquette America, Inc., off-line at Keokuk, IA., would terminate traffic from the line, and use the line for overhead;
- (11) West Central FS (previously McDonough FS), on-line at Bushnell, Ill., would terminate traffic; and

(12) West Central FS (previously McDonough FS), on-line at Sciota, Ill.,
would terminate traffic on-line.

23. Identify all discussions between Pioneer and either UP or BNSF concerning use of the Line as a through route as stated by Mr. Brenkman on Page 35 of the Application.

Response: KJRY and Pioneer object to this Request on the ground that there do not appear to be any references to such discussions on Page 35.

24. Identify the other rail lines that Pioneer has acquired under 49 U.S.C. 10907 or the predecessor statute, 49 U.S.C. 10910.

Response: None.

25. Identify interest rate KJRY expects to pay under the National City Bank of Michigan/Illinois loan.

Response: Currently, the rate is fixed at 6.255%.

26. Identify amount of rehabilitation KJRY expects to expend on the Line.

Response: See Response to No. 19, *above*.

27. Identify the age of data Mr. Brown used to calculate net liquidation value.

Response: The information was current, when it was prepared in approximately December 2002.

28. Identify the “shippers going out of business” as Ms. Busch stated on Page 119 of the Application.

Response: Keokuk Ferrosil and Smurfit-Stone.

29. Identify the costs for service frequency over the Line of “6-7 times per week” as stated at page 165 of the Application.

Response: The costs include the ordinary variable costs of operating trains, such as fuel, crew costs, miscellaneous supplies (sand, water, etc.) and trackage rights and similar fees.

30. Identify the other net liquidation value analyses that Mr. Gohmann and Mr. Lane have prepared for rail lines being acquired under 49 U.S.C. 10907 or former 49 U.S.C. 10910.

Response: Mr. Gohmann's customers are lending institutions, acquirers and sellers of railroad properties. Mr. Gohmann has not previously been asked by his clients to do a NLV for rail lines being acquired under 49 U.S.C. 10907 or the former 49 U.S.C. 10910.

31. Identify the source of the track charts referred to on page 174 of the Application that were used by Mr. Gohmann in preparing the valuation.

Response: Mr. Gohmann's source(s) was (were) former TP&W owner(s).

32. Identify all employees of KJRY fired or disciplined within the last three years.

Response: KJRY and Pioneer object to this Request as irrelevant.

33. Identify how KJRY's employees will be tested and operate under the General Code of Operating Rules ("GCOR").

Response: KJRY and Pioneer object to this Request as irrelevant.

34. Identify KJRY's operating testing plan to ensure compliance to the GCOR.

Response: KJRY and Pioneer object to this Request as irrelevant.

35. Identify KJRY's drug and alcohol testing policy for incidents.

Response: KJRY and Pioneer object to this Request as irrelevant.

36. Identify the person who performs the random drug and alcohol testing for the KJRY and the location of those tests.

Response: KJRY and Pioneer object to this Request as irrelevant.

37. Identify whether TP&W will access to the random drug and alcohol testing records in the event of an incident.

Response: KJRY and Pioneer object to this Request as irrelevant.

38. Identify the schedule of operations by day of the week and times of the day.

Response: KJRY and Pioneer submit that the exact schedules have not been determined yet, pending the Board's decision in this case, however, they anticipate that the schedules will be based upon shipper needs, and other operating factors.

39. Identify any unscheduled service parameters.

Response: KJRY and Pioneer object to this Request as vague.

40. Identify whether KJRY will operate scheduled service over the Line.

Response: KJRY will operate service commensurate with shipper needs.

41. Identify the types of locomotives KJRY will use in operating the Line.

Response: KJRY and its sister company, Pioneer Railroad Equipment Co., Ltd., own over 100 locomotives, including EMD GP-8, 9, 10, 16 and 20's and others, the same models that will be used on this line will be selected based upon train needs.

42. Identify the number of cars per train.

Response: KJRY and Pioneer submit that this will be determined based on customer needs.

43. Identify the maximum number of cars KJRY intends to pick-up or deliver at one time to any shipper on the Line.

Response: KJRY and Pioneer submit that this will be determined based on customer needs.

44. Identify the location where KJRY's crews operating over the Line will go on duty.

Response: At this time, KJRY anticipates Keokuk, IL and Peoria, IL.

45. Identify who will dispatch the KJRY trains on the Line.

Response: KJRY agent in Peoria, IL.

46. Identify where dispatching of the KJRY trains on the Line will occur.

Response: See Response to No. 45, *above*.

47. Identify the method of main track authority that KJRY will use to operate the Line.

Response: KJRY would use a dispatcher, train warrant, or other methods as needs may dictate.

48. Identify the person who will perform the mechanical inspections on cars and locomotives.

Response: KJRY and Pioneer object to this Request as irrelevant. Notwithstanding this objection and not waiving it, KJRY and Pioneer submit that such a person has not yet been selected pending the Board's decision in this litigation.

49. Identify the method that KJRY will use to participate in a joint operation testing program with TP&W to ensure TP&W and KJRY crews operating in joint areas are working within the GCOR.

Response: See Response to No. 51, *below*.

50. Identify the training on hazardous material handling that will the KJRY crews receive.

Response: *Id.*

51. Identify the training that KJRY employees will receive concerning safety, air brakes, and train handling for the Line.

Response: KJRY uses its Operating Rules and GCOR, and tests accordingly, and also has special bulletins and regular training programs.

52. Identify the source of revenues from car repairs.

Response: KJRY and Pioneer object to this Request as irrelevant.

53. Identify whether the anticipated additional revenues per car in Highly Confidential Exhibit 1 will be generated only because of the operation over the Line.

Response: KJRY and Pioneer object to this Request as irrelevant.

DOCUMENT REQUESTS

1. Produce Pioneer's Articles of Incorporation and By-Laws.

Response: Pioneer objects to this Request on the ground that the Articles of Incorporation are public record, and as such are as easily available to TP&W as they are to Pioneer. In addition, Pioneer objects to this Request on the ground that Pioneer's by-laws are not relevant.

2. Produce all documents relied on or used by Mr. Gohmann in preparing the Valuation Study.

Response: KJRY and Pioneer object to this Request as overly broad and on vagueness, as well as being unduly burdensome. Notwithstanding that objection and not waiving it, KJRY and Pioneer submit that they are still in the process of collecting information responsive to this Request and that it will be furnished to TP&W as soon as practicable.

3. Produce all loan agreements between Pioneer, et al. and National City Bank of Michigan/Illinois and its predecessors.

Response: KJRY and Pioneer object to this Request as irrelevant.

4. Produce all land appraisals for the Line, the Western Line and Eastern Line.

Response: KJRY and Pioneer submit that the refusal of RailAmerica to provide access to the most recent titles, updated track charts and title records within RailAmerica's possession for this line has precluded Gohmann and Associates from making any exact determination of reversionary versus clear title property. As such, the valuation in the Application is based on historic values from rural farm property in the geographic area

5. Produce all requests made by Pioneer, et al. to TP&W to inspect the Line between February 1, 2003 and April 8, 2003.

Response: KJRY and Pioneer object to this request as unduly burdensome in that the relevant e-mail correspondence is within TP&W's possession.

6. Produce the "list of the quality and quantity of rail and track materials" identified on page 11 of the Application.

Response: See Response to No. 2, *above*.

7. Produce Mr. Brown's notes, if any, of his conversations with companies concerning the costs to dismantle rail, transport the rail and track materials to market, remove and transport ties" referred to on page 12 of the Application.

Response: KJRY and Pioneer submit that to the best of their knowledge, no such materials exist.

8. Produce all loan agreements between Pioneer and National City Bank of Michigan/Illinois as referred to on page 50 of the Application by Mr. Carr.

Response: KJRY and Pioneer object to this Request on the grounds that it is vague and that it is irrelevant.

9. Produce all correspondence between KJRY and National City Bank of Michigan/Illinois concerning acquisition of the Line by KJRY.

Response: KJRY and Pioneer object on the ground of relevancy. Notwithstanding this objection and not waiving it, KJRY and Pioneer submit that there are no documents that respond to this request, rather, the communications were verbal.

10. Produce all correspondence between Pioneer and National City Bank of Michigan/Illinois concerning acquisition of the Line by KJRY.

Response: See Response to No. 9, *above*.

11. Produce all documents that Mr. Brenkman used to make “my investigation of this project” referred to on page 36 of the Application.

Response: Mr. Brenkman has independent knowledge of the line based upon personal experience as a TP&W crew member and based on an inspection trip he made a few years ago.

He has also reviewed documents of others, but has not produced any independently.

12. Produce the documents and underlying data Mr. Brown used to calculate net liquidation value.

Response: See Response to No. 7, *above*.

13. Produce track charts used by Mr. Gohmann in preparing the Valuation Study.

Response: See Response to No. 2, *above*.

14. Produce all documents used and created in Ms. Busch’s “investigation of service on the Line” referred to on page 115 of the Application.

Response: The only documents used by Ms. Busch were the shipper letters included in the Application. In addition, Ms. Busch had several oral conversations with shippers/receivers on the line that discussed problems with TP&W’s service, or lack thereof.

15. Produce all documents sent by Pioneer, et al. to the shippers identified on page 116 of the Application regarding this proceeding.

Response: KJRY and Pioneer object to this Request on the ground that it is vague, unduly burdensome and irrelevant. Notwithstanding this objection and not waiving it, KJRY and Pioneer submit that most contact with the shippers and/or receivers was made via telephone conversations. In addition, KJRY and Pioneer have produced e-mail correspondence from Ms. Busch to various shippers responsive to this Request.

16. Produce all documents sent by the shippers identified on page 116 of the Application to Pioneer, et al. regarding this proceeding.

Response: KJRY and Pioneer object to this Request on the grounds that it is unduly burdensome in that TP&W has copies in its possession or that they are publicly available via the STB website, due to being previously being produced as attachments to the Application or prior filings relating to this litigation.

17. Produce for the shippers identified at page 116 of the Application all requests for railroad service made to TP&W since January 1, 2000.

Response: KJRY and Pioneer object to this Request on the ground that the Requested materials are not in the possession, custody or control of KJRY or Pioneer and on the ground that it is unduly burdensome due to the fact that neither KJRY, nor Pioneer have access to TP&W's records, which are the best source for materials responsive to this Request.

18. Produce all documents used to determine that KJRY will "earn on average \$350 per car" "increasing to \$450 per car" as stated on page 119 of the Application.

Response: KJRY and Pioneer submit that there are no documents responsive to this request, but that Ms. Busch's determinations were based upon her experience and knowledge as

Director of Marketing for KJRY, and previous employment for nine years by TP&W, which included being market manager for joint moves involving KJRY/TP&W traffic.

19. Produce all documents used by Mr. Brown to perform the valuation study referred to on page 160 of the Application.

Response: See Response to No. 7, *above*.

20. Produce "Pioneer's strategic growth plan" as referred to on page 161 of the Application and all documents related thereto.

Response: KJRY and Pioneer object to this Request on the ground that it is not relevant and that it constitutes proprietary, non-public information.

21. Produce all documents relating to the "estimates that it will cost \$45,000 per month for the first 12 months to operate the Line" referred to on page 164 of the Application.

Response: KJRY and Pioneer submit that these estimates were based upon Mr. Carr's 10 years of industry experience in projecting and monitoring financial performance for railroad operations.

22. Produce all documents relating to the "estimate \$200,000 will be required to restore the track structure to safe Class 1 track condition" referred to on page 164 of the Application.

Response: KJRY and Pioneer submit that these estimates were based upon the combined experience and industry knowledge of individuals at KJRY and Pioneer, and as such, no documents responsive to this Request have been produced.

23. Produce all studies concerning the time and cost of restoring the track structure, as referenced on page 164 of the Application to Class 2 track condition.

Response: KJRY and Pioneer object to this request on the ground that it is unduly vague and as such a response cannot be provided.

24. Produce all contracts between Gohmann and Associates, Inc. and Pioneer.

Response: There are no written contracts.

25. Produce the track charts referred to on page 174 of the Application used by Mr. Gohmann and Mr. Lane in preparing the Valuation Study on page 179 of the Application.

Response: KJRY and Pioneer object to this Request on the ground that it is unduly burdensome due to the fact that documents responding to this Request have been previously produced to TP&W.

26. Produce the "stricter covenants" referred to by Mr. Carr at page 22 of the Reply.

Response: KJRY and Pioneer object to this Request as irrelevant.

27. Produce all safety related documents for Pioneer, et al. Since January 1, 2000, including, but not limited to, (a) a copy of all Operating Procedures Manuals complete with Time Table Special Instructions; (b) the required efficiency testing program, the test results, including the nature, extent and results of unannounced tests and/or observations; (c) a copy of any and all Federal Railroad Administration inspections including citations and deficiencies noted; (d) a copy of any and all training programs in use, including their training outlines test results and passing percentage; (e) the part 240 plan submitted to the Federal Railroad Administration, and any and all records pertaining thereto; (f) the drug and alcohol testing program, testing frequency rates, and percentage of positive test results; (g) any and all accident/incident/illness reports generated for all railroad reported accidents, including human factor and hazardous materials; (h) any and all personal injuries specifying the type and severity; (i) identify the person in charge

of each of the aforementioned categories, and their qualifications; and (j) a copy of all track inspection reports, the defects noted, and the corrections made.

Response: KJRY and Pioneer object to this request on the grounds that it is not relevant, it is overly burdensome, and contains proprietary business information (including the protected personnel files of current and former employees). Notwithstanding this objection and not waiving it, KJRY and Pioneer submit that all safety procedures meet or exceed all FRA requirements.

28. Produce the book cited at page seven of the Supplement in footnote 5 as Stringham, Paul H., *Toledo, Peoria & Western -- Tried, Proven & Willing*, Deller Archive, Inc. 1993.

Response: KJRY and Pioneer object to this Request on the ground that it is unduly burdensome and on the ground that the materials subject to this Request are publicly available.

29. Produce all documents used to make the traffic projections referred to on page 99 of the Supplement.

Response: KJRY and Pioneer submit that the traffic productions discussed on page 99 were based on the industry knowledge and experience of Ms. Busch.

30. Produce the income statement and balance sheet for Pioneer and each of its railroad subsidiaries.

Response: KJRY and Pioneer object to this Request on the ground that it is unduly burdensome due to the fact that Pioneer's statements are publicly available on its website (www.pioneer-railcorp.com). KJRY and Pioneer object to this Request on the ground that financial information relating to Pioneer's subsidiaries is irrelevant.

31. Produce all agreements between Pioneer Railroad Services, Inc. and KJRY.

Response: KJRY and Pioneer object to this Request as irrelevant.

32. Produce all agreements between Pioneer Resources, Inc. and KJRY.

Response: KJRY and Pioneer object to this Request as irrelevant.

33. Produce all studies concerning rehabilitation of the Line.

Response: KJRY and Pioneer object to this Request on the ground that it is irrelevant due to the fact that no specific studies were performed based on TP&W's refusal to allow either KJRY or Pioneer to inspect the line.

34. Produce all agreements that Pioneer, et al. have entered for financing owned and leased railroad equipment.

Response: KJRY and Pioneer object to this Request as irrelevant.

35. Produce the marketing campaign referred to on page 10 of the Application.

Response: KJRY and Pioneer object to this Request as irrelevant.

36. Produce all documents relating to the Line being self-sustaining as discussed on page 10 of the Application.

Response: KJRY and Pioneer object to this request as vague and as such cannot provide a response.

37. Produce all studies of the net liquidation value and going concern value of the Line, the Western Line, and the Eastern Line prepared by or for Pioneer, et al. since January 1, 1999.

Response: KJRY and Pioneer object to this Request on the ground that it is unduly burdensome due to the fact that all relevant information was previously provided to TP&W in the Application.

38. Produce all requests made by Pioneer, et al. for information concerning the real estate component of the Line since January 1, 1999.

Response: Only oral requests were made.

39. Produce all documents used or referenced by Mr. Gohmann and Mr. Lane in preparing the Valuation Study.

Response: See response to No. 2, *above*.

40. Produce records of all real estate sales by KJRY and Pioneer Industrial Railway Co.

Response: KJRY and Pioneer object to this Request as irrelevant.

REQUESTS FOR ADMISSIONS

1. Admit or deny that no real estate appraisal was prepared.

Admit.

2. Admit or deny that the valuation study prepared by Gohmann and Associates, Inc. contains the only valuation of real estate prepared for the Application, Supplement or Reply.

Admit.

3. Admit or deny that Mr. B. Allen Brown did not physically inspect the Line after January 1, 2003.

Admit.

4. Admit or deny that Mr. John W. Gohmann did not physically inspect the Line after January 1, 2003.

Admit.

5. Admit or deny that Mr. Richard Lane did not physically inspect the Line after January 1, 2003.

Admit.

6. Admit or deny that the shipper facilities of Hitchcock Scrap Yard, Inc. referred to in the letter at page 122 of the Application, are physically located on the Line.

Admit.

7. Admit or deny that the shipper facilities of Colusa Elevator Company referred to in the letter at page 123 of the Application, are physically located on the Line.

Admit.

8. Admit or deny that the shipper facilities of Central Iron & Metals referred to in the letter at page 124 of the Application, are located on the Line.

Deny.

9. Admit or deny that the shipper facilities of Farmers Elevator Company of Scotia, IL referred to in the letter at page 125 of the Application, are physically located on the Line.

Admit.

10. Admit or deny that the shipper facilities of Farmers Elevator Company of Scotia, IL referred to in the letter at page 126 of the Application, are physically located on the Line.

Admit.

11. Admit or deny that the shipper facilities of United Paving & Construction referred to in the letter at page 127 of the Application, are physically located on the Line.

Admit, based on the fact that they operate a trans-loading facility on the line.

12. Admit or deny that the shipper facilities of Newton County Stone Company referred to in the letter at page 128 of the Application, are physically located on the Line.

Deny.

13. Admit or deny that the shipper facilities of Elkem Carbon -- Keokuk referred to in the letter at page 129 of the Application, are physically located on the Line.

Deny.

14. Admit or deny that the shipper facilities of Blandinsville Elevator referred to in the letter at page 130 of the Application, are physically located on the Line.

Admit.

15. Admit or deny that the shipper facilities of LaHarpe Elevator referred to in the letter at page 131 of the Application, are physically located on the Line.

Deny.

16. Admit or deny that the shipper facilities of Roquette America, Inc. referred to in the letter at page 132 of the Application, are physically located on the Line.

Deny.

17. Admit or deny that the shipper facilities of West Central FS, Inc. referred to in the letter at page 133 of the Application, are physically located on the Line.

Admit.

18. Admit or deny that the shipper facilities of West Central FS, Inc. referred to in the letter at page 134 of the Application, are physically located on the Line.

Admit.

19. Admit or deny that Mr. Gohmann did not physically inspect the Line.

Admit.

20. Admit or deny that Mr. Lane did not physically inspect the Line.

Admit.

21. Admit or deny that Mr. Brown did not physically inspect the Line.

Deny.

22. Admit or deny that Mr. Carr did not physically inspect the Line.

Deny.

23. Admit or deny that Pioneer, et al. did not request permission from TP&W to inspect the Line between February 1, 2003 and April 8, 2003.

KJRY neither admits nor denies based upon the fact that KJRY requested permission to inspect, but is unsure of the exact date, which may have been between February 1, 2003 and April 8, 2003.

24. Admit or deny that TP&W and the SF&L Railway, Inc. are different corporations.

KJRY lacks sufficient information to either admit or deny this statement.

25. Admit or deny that TP&W and the SF&L Railway, Inc. are not commonly controlled.

KJRY lacks sufficient information to either admit or deny this statement.

26. Admit or deny that KJRY acquired 12.1 miles of rail line from TP&W from milepost 194.5 near La Harpe, IL, to milepost 206.6 near Lomax, IL on or after December 19, 2001.

Admit.

27. Admit or deny that as of April 9, 2003 none of the shippers identified on page 116 of the Application have filed a rate complaint with the Board concerning TP&W's rates over the Line.

KJRY lacks sufficient information to either admit or deny this statement.

28. Admit or deny that KJRY intends to operate the Line as a Federal Railroad Administration Class 1 line.

KJRY admits based upon TP&W's representation that the Line is Class I.

29. Admit or deny that, except for Mr. Gohmann, Pioneer, et al. have not prepared or had prepared a real estate appraisal of the Line, the Western Line or the Eastern Line.

Admit.

30. Admit or deny that KJRY and Pioneer Industrial Railway Co. would be able to directly interchange traffic if KJRY were to acquire the Line.

Deny.

31. Admit or deny that KJRY's employees are not represented by a union.

Admit.

32. Admit or deny that Pioneer Industrial Railway Co.'s employees are not represented by a union.

KJRY neither admits nor denies this statement because it is not relevant to this proceeding.

Respectfully submitted,



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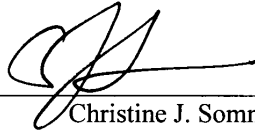
Attorneys for Keokuk Junction Railway Co.
and Pioneer Railcorp

August 28, 2003

CERTIFICATE OF SERVICE

I hereby certify that on August 28, 2003, I have caused the foregoing Response of Keokuk Junction Railway Co. and Pioneer Railcorp to Toledo, Peoria & Western Railway Corporation's First Set of Discovery Requests to be served by courier on:

Louis E. Gitomer
BALL JANIK LLP
1455 F Street, NW
Washington, DC 20005
TEL: (202) 638-3307

A handwritten signature in black ink, appearing to be 'CS' followed by a horizontal line, positioned above a horizontal line.

Christine J. Sommer