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209/35

October 16, 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:

Enclosed for filing are the original and ten copies of the two volume Toledo, Peoria and Western Railway Corporation Comments in Opposition to Application Filed Under 49 C.F.R. § 1151 and three diskettes. A separate volume containing "Highly Confidential" material is being filed under seal.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to be "Louis E. Gitomer".

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

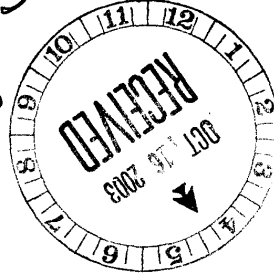
Enclosures

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ORIGINAL

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
COMMENTS IN OPPOSITION TO APPLICATION FILED UNDER 49 C.F.R. § 1151

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Dated: October 16, 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
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TOLEDO, PEORIA AND WESTERN RAILWAY CORPORATION
COMMENTS IN OPPOSITION TO APPLICATION FILED UNDER 49 C.F.R. § 1151

Toledo, Peoria and Western Railway Corporation (“TP&W”) respectfully requests that the Surface Transportation Board (the “Board”) deny the Feeder Line Application filed by the Keokuk Junction Railway Company (“KJRY”) on April 9, 2003 (the “Application”), as supplemented. KJRY seeks to adversely seize TP&W’s 76-mile line of railroad between La Harpe, IL, milepost 194.5, and Hollis, IL, milepost 118.5, including the Mapleton Spur (the “Line”) for substantially less than the constitutional minimum value of the Line.¹

KJRY failed to meet its heavy burden of proof that the public convenience and necessity require or permit the Board to order TP&W to sell KJRY the Line. KJRY failed to prove that it is financially responsible to pay to TP&W the constitutional minimum value of the Line and to operate the Line for at least three years.

OFFER

TP&W has offered to sell to KJRY the portion of the Line between La Harpe, milepost

¹ The portion of the Line between milepost 123.0 and milepost 194.5 is defined as the Western End. The portion of the Line between milepost 123.0 and milepost 118.5 is defined as the Eastern End. The spur line off of the Eastern End is defined as the Mapleton Spur.

194.5, and Bushnell, milepost 170.5 (the "Bushnell Line") for its net liquidation value, subject to certain conditions. See September 18, 2003 letter in Exhibit N. Upon further consideration, TP&W has decided to offer the Bushnell Line to KJRY for the net liquidation value as calculated by Mr. Garvin and Mr. Cecil of \$2,054,724, without the condition that KJRY withdraw the Application. The net liquidation value of track and materials for this 24.0-mile rail line is \$1,418,628, and for real estate is \$636,096.

SUMMARY

KJRY has failed to meet any of the statutory criteria under 49 U.S.C. § 10907. KJRY bears a heavy burden to convince the Board that each and every element of the public convenience and necessity standard has been met. KJRY relies on six pages in the Application to carry its burden. Indeed, KJRY does not even substantively address the criteria dealing with the financial and operational impact on TP&W. On the other criteria, KJRY's Application is superficial at best. In contrast, TP&W details the impact under each and every of the five public convenience factors to convincingly prove that KJRY has not carried its burden on any one factor, much less all five.

TP&W also uses its most recent data to calculate the constitutional minimum value of the Line. For the Eastern End, TP&W follows the Board's procedure to calculate the going concern value, which is \$ 7,841,020. For the Western End, TP&W calculates a net liquidation value, including on the ground inspections of the track and materials and real estate, instead of relying on documents of 1998 vintage. The net liquidation value of the Western Line is \$9,218,759. Thus, the constitutional minimum value of the Line is \$17, 059,779. KJRY has made no showing that it has the resources to pay the constitutional minimum value for the Line. All that KJRY has shown is that with wildly optimistic traffic estimates it can afford to pay about \$3.5

million for the Line and that it has a contingent \$7 million line of credit.

KJRY has failed to meet the statutory standards for acquiring the Line. KJRY has not offered the constitutional minimum value for the Line. KJRY has not shown itself to be financially responsible. Therefore, TP&W strongly urges the Board to deny the Application.

BACKGROUND

KJRY commenced this proceeding on April 9, 2003, by filing a Feeder Railroad Development Application under 49 U.S.C. § 10907, pursuant to the rules at 49 C.F.R. § 1151.² KJRY seeks to force TP&W to involuntarily sell to KJRY the line of railroad between La Harpe, IL, milepost 194.5, and Hollis, IL, milepost 118.5, a total distance of 76 miles (the "Line").³ Concurrently, KJRY served Discovery Requests (the "KJRY First Discovery") on TP&W. See Exhibit I. Nowhere in the Application did KJRY indicate that it was taking advantage of the provision of the Board's regulations at 49 C.F.R. § 1151.2(d)(1) allowing the filing of an incomplete application subject to the provision of additional information upon the completion of discovery.

On April 24, 2003, TP&W filed a combined Petition for Leave to File Petition to Reject Application and a Petition to Reject Application filed under 49 C.F.R. § 1151. The United Transportation Union-Illinois Legislative Board ("UTU") filed a comment supporting TP&W's

² As the applicant, KJRY has controlled the timing of this proceeding. It has been KJRY's haste that prevented it from inspecting the Line and using information provided in discovery.

³ In the Application, KJRY "offered" to grant TP&W trackage rights over the portion of the Line between Hollis and the Mapleton Spur for \$2.50 per car to give TP&W the opportunity to continue serving existing shippers. The Board determined that KJRY's "offer" was improper. After KJRY filed Supplemental Evidence Supporting the Feeder Railroad Development Program Application, the Board construed KJRY's Application as a purchase of the La Harpe to Hollis Line "with or without the Mapleton Spur." *Keokuk Junction Railway Company-Feeder Line Acquisition-Line of Toledo Peoria and Western Railway Corporation Between La Harpe and Hollis, IL*, STB Finance Docket No. 34335 (STB served September 25, 2003).

petition to reject on May 5, 2003. KJRY replied on May 7, 2003 (the “May 7th Reply”).⁴ The Board served a decision requiring KJRY to submit certain very specific information by June 8, 2003, or the Board would reject all or a part of the Application and discontinue all or part of the proceeding. *Keokuk Junction Railway Company—Feeder Line Acquisition—Line of Toledo Peoria and Western Railway Corporation Between La Harpe and Hollis, IL*, Finance Docket No. 34335 (STB served May 9, 2003) (the “May 9 Decision”).

TP&W also replied to the KJRY First Discovery on April 24, 2003. See Exhibit J (“TP&W’s First Discovery Response”). As explained in detail in Exhibit J, because KJRY failed to define the subject of discovery and for a variety of additional valid reasons, TP&W was unable to produce the information sought by KJRY. KJRY did not contact TP&W concerning discovery after TP&W filed its objections. Most interestingly, KJRY failed to file a motion to compel discovery as permitted under the Board’s rules. KJRY’s lack of action validates TP&W’s objections. It became apparent to TP&W at this time that KJRY was not interested in the facts or complying with the Board’s procedures, but merely with attempting to bully TP&W into selling the Line to KJRY at the price offered by KJRY.

On May 7, 2003, KJRY finally filed a request for a protective order. TP&W did not object to the request, and the Board granted a protective order. *Keokuk Junction Railway Company—Feeder Line Acquisition—Line of Toledo Peoria and Western Railway Corporation Between La Harpe and Hollis, IL*, Finance Docket No. 34335 (STB served May 16, 2003) (the “Protective Order”).

After receiving the *May 9 Decision*, KJRY served a Second Set of Discovery Requests

⁴ It is interesting to note that the May 7th Reply, at page 3, while arguing that the Application was complete still submitted another seven pages of evidence.

(the “KJRY Second Discovery”) on TP&W on May 15, 2003, and requested a response by May 30, 2003. See Exhibit K. As can be seen in Exhibit K, KJRY asked for extremely detailed and confidential information. TP&W responded on May 30, 2003, per the request of KJRY, and offered to provide all of the highly confidential documents to KJRY upon KJRY forwarding the undertaking required by the *Protective Order*, which KJRY had not previously done. See Exhibit L (the “TP&W Second Discovery Response”). One of KJRY’s counsel sent the undertaking to TP&W’s counsel and on the next business day, June 2, 2003, the highly confidential documents were delivered. See Exhibit M.⁵ “Where the answer to an interrogatory may be derived or ascertained from the business records of the party upon whom the interrogatory has been served ... and the burden of deriving or ascertaining the answer is substantially the same for the party serving the interrogatory as for the party served, it is sufficient answer to such interrogatory to specify the records from which the answer may be derived or ascertained and to afford to the party serving the interrogatory reasonable opportunity to examine, audit or inspect such records.” 49 C.F.R. § 1114.16(b). TP&W more than followed the Board’s rules. Not only did TP&W identify the records, but voluntarily provided copies of them to KJRY. KJRY should have known that such information would be considered highly confidential (see TP&W’s First Discovery Response and 49 U.S.C. § 11904).

KJRY filed Supplemental Evidence Supporting the Feeder Railroad Development Program Application of Keokuk Junction Railway Company on June 9, 2003 (the “Supplement”).⁶ TP&W submitted a Reply to Supplemental Evidence on June 24, 2003, asking

⁵ TP&W is not including the highly confidential documents in the Exhibit, especially since KJRY elected not to use them in preparing its response to the *May 9 Decision*.

⁶ KJRY ignored updated information provided by TP&W in the TP&W Second Discovery Response because KJRY refused to hire outside consultants to review the information. As will

the Board to reject the Application, as supplemented, for failure to comply with the requirements of the *May 9 Decision*. KJRY improperly replied on June 27, 2003.⁷ The Board accepted the Application. *Keokuk Junction Railway Company-Feeder Line Acquisition-Line of Toledo Peoria and Western Railway Corporation Between La Harpe and Hollis, IL*, STB Finance Docket No. 34335 (STB served July 9, 2003 and as modified by a late release on July 9, 2003) (the “*July 9 Decision*”).

On July 18, 2003, TP&W appealed the *July 9 Decision* and sought clarification concerning the Mapleton Spur (the “July 18 Appeal”). KJRY responded on August 1, 2003 (the “August 1 Reply”). Despite having claimed three times that the Application was complete, in the Application, the May 7th Reply, and the Supplement, KJRY filed another eight pages of evidence on August 1.⁸

TP&W filed discovery on KJRY on August 13, 2003. KJRY responded on August 28, 2003, causing TP&W to file a Motion to Compel Discovery Responses on September 5, 2003 (“September 5 Motion to Compel”). See Exhibit O. KJRY replied on September 15, 2003. To date, the Board has not ruled on the TP&W Motion to Compel.

In order to avoid being placed in its present position, TP&W filed a Motion to Hold Proceeding in Abeyance on September 2, 2003 while awaiting a Board ruling on the July 18 Appeal, and in advance of the September 5 Motion to Compel. The Board temporarily held the

be seen later, the need to retain outside consultants to review data did not dissuade KJRY from submitting projections of traffic, revenue, and financial statements as highly confidential, without further justification.

⁷ It is interesting to note the difference between the Supplement and the June 27 Reply concerning the information the Board required in the *May 9 Decision*. In the Supplement, KJRY submitted a going concern valuation for the Line, not just the Mapleton Spur. Supplement page 4. The June 27 Reply takes a contrary view stating that the Supplement filed a going concern value for the Mapleton Spur.

proceeding in abeyance. *Keokuk Junction Railway Company—Feeder Line Acquisition—Line of Toledo Peoria and Western Railway Corporation Between La Harpe and Hollis, IL*, Finance Docket No. 34335 (STB served September 5, 2003) (the “*Abeyance Decision*”). KJRY filed a letter on September 9, 2003 (the “September 9 Letter”) essentially appealing the *Abeyance Decision*. TP&W replied on September 12, 2003. The Board denied the July 18 Appeal and established a new schedule without ruling on the Motion to Compel. *Keokuk Junction Railway Company—Feeder Line Acquisition—Line of Toledo Peoria and Western Railway Corporation Between La Harpe and Hollis, IL*, Finance Docket No. 34335 (STB served September 26, 2003) (the “*Appeal Decision*”).⁹

HISTORY OF THE TP&W

KJRY suggests that the Board is bound by KJRY’s version of the history of the TP&W since its first predecessor was incorporated in 1849, to demonstrate that the Line is a unit. Not only does KJRY misstate history, but it fails to address other historic events, such as the Staggers Rail Act of 1980.

KJRY details a history of the TP&W beginning with the Peoria & Oquawka Railroad Company (the “P&O”) in 1849. Supplement 6-12. But a review of KJRY’s reference for the history of the TP&W leads to a completely different conclusion. As KJRY did, TP&W takes its quotations and synopses from Stringham, Paul H., *Toledo, Peoria & Western-Tried, Proven & Willing*, Deller Archive, Inc. 1993.

The P&O constructed a rail line between Peoria and East Burlington, via Galesburg, but went bankrupt in 1859. It was acquired by the Chicago, Burlington & Quincy Railroad, a

⁸ TP&W moved to strike the August 1 Reply on August 7. KJRY replied on August 11, 2003.

predecessor to today's BNSF, in 1862. Stringham, 1-4. The former P&O line is now part of the BNSF, not TP&W.

In 1853, construction of the eastern extension of the P&O began, with the goal of connecting Peoria with Effner, IN. Service over the Peoria to Effner line began in 1860. Stringham 5-10. The Toledo, Peoria & Warsaw Railway (the "Warsaw") acquired the eastern line of the P&O between Peoria and Effner in 1864. *Id.*, at 11-12.

In 1865, the Warsaw acquired the Mississippi & Wabash Railroad and began its effort to reach the Mississippi River from Peoria. The Warsaw decided that instead of building a parallel line, it would acquire trackage rights between Peoria and Hollis over the Peoria, Pekin & Jacksonville Railroad. At this time, Warsaw began building the line that would eventually connect Peoria with Lomax and Keokuk, to complete a line between Effner, IN and the Mississippi River. *Id.*, at 14-18. The line was opened for business on October 18, 1868. *Id.*

The history of the TP&W discloses a line that was built for the purpose of creating a line between Effner, IN and the Mississippi River. The original P&O became the BNSF, not TP&W's ancestor. The Line was not constructed separately from the rest of the TP&W as KJRY insinuates, but as an integral link in the ancient Warsaw. If there is any historical integrated line it is between the Mississippi River and Effner, IN, not limited to La Harpe to Hollis. The line between Effner and the Mississippi River has been broken by KJRY's acquisitions.

KJRY also relies on documents varying from 25 to 130 years old to show the unitary nature of the Line. Supplement at 9. These materials do not show that the Line is an unbroken line of railroad, but if there is one line, it is the TP&W between Logansport and Lomax or

⁹ The Board indicated that if it granted the Motion to Compel, TP&W would have an opportunity to submit supplemental evidence.

Keokuk.

The TP&W was acquired by the Atchison, Topeka and Santa Fe Railway Company ("ATSF") in 1981. *Atchison, T. S. F. Ry. Co. -Control*, 363 I.C.C. 715 (1980). At this time, TP&W was absorbed into a transcontinental railroad that wanted to preserve the TP&W service, not just service between Hollis and La Harpe. The ATSF sold the assets of the TP&W to a new shortline railroad and RailAmerica acquired control of TP&W in late 1999. TP&W agreed to sell the Western End to SF&L Railway, Inc. in December 2000, but SF&L did not commence operations until December 10, 2001. The Board ordered SF&L to reconvey the Western End to TP&W in October 2002, and it was reacquired by TP&W on February 10, 2003. KJRY was a competing bidder for the Western Line with SF&L, but lost in the bidding process. Hence, in 2000, KJRY sought to break what it now wrongly calls an historic unitary line.

As this brief review of history shows, the unitary line of the TP&W today runs between Logansport and La Harpe. The acquisition proposed by KJRY would break the historic line, not the bifurcation at milepost 123.0 used herein by TP&W.

THE STATUTE

The Application was filed under 49 U.S.C. § 10907, Railroad Development. The sections of the statute relevant to the proceeding before the Board provide:

- (a) In this section, the term "financially responsible person" means a person who -
 - (1) is capable of paying the constitutional minimum value of the railroad line proposed to be acquired; and
 - (2) is able to assure that adequate transportation will be provided over such line for a period of not less than 3 years. ...
- (b)(1) When the Board finds that -
 - (A)(i) the public convenience and necessity require or permit the sale of a particular railroad line under this section; and
 - (B) an application to purchase such line has been filed by a financially responsible

person, the Board shall require the rail carrier owning the railroad line to sell such line to such financially responsible person at a price not less than the constitutional minimum value.

(2) For purposes of this subsection, the constitutional minimum value of a particular railroad 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.

(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.

(2) In a proceeding under this subsection, 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. If the Board finds under this subsection that the public convenience and necessity require or permit the sale of a particular railroad line, the Board shall concurrently notify the parties of such finding and publish such finding in the Federal Register. ...

(e) The Board shall require, to the maximum extent practicable, the use of the employees who would normally have performed work in connection with a railroad line subject to a sale under this section.

The Railroad Development provisions were originally adopted in the Staggers Rail Act of 1980, Pub. L. 96-448 ("Staggers Act"). To approve KJRY's Application, the Board must determine that the public convenience and necessity ("PC&N") require or permit the sale of the Line, section 10907(c)(1), must determine the constitutional minimum value of the Line, section 10907(b)(2), and must determine that KJRY is financially responsible, section 10907(a). KJRY has the burden of proof under section 10907(c)(2).

There are five criteria the Board must use in deciding whether KJRY has met the PC&N

test. The Board “must affirmatively determine the existence of the conditions set forth in **all** five criteria as a prerequisite to the sale of a railroad line under this section. **The burden of proving inadequacy of service is on the person filing to acquire the rail line.**” H. Rept. 96-1430, 96th Cong., 2d sess. 124 (1980) (emphasis added). Not only is there a burden on KJRY, but “an opportunity is given for the [Board] to allow a rail carrier a reasonable time to make the necessary efforts to provide adequate service to shippers who transport traffic over a line in question.” *Id.*, at 124-125. See *Appeal Decision* at 5 (“KJRY has the burden of proof and the burden of developing a record to support the relief it seeks. TP&W need only point out the deficiencies in KJRY’s presentation.”)

In the Application, as supplemented, KJRY has failed to meet its burden of proof under 49 U.S.C. § 10907.¹⁰

THE PC&N DOES NOT REQUIRE OR PERMIT THE SALE OF THE LINE

KJRY has failed to meet its burden of proof on all five of the PC&N criteria. Indeed, KJRY has failed to even address two of the factors, the adverse financial impact and adverse operational impact on TP&W. Section 10907(c)(1)(C and D). On that basis alone the Board should deny the Application.¹¹

A. TP&W has not refused within a reasonable time to make the necessary efforts to provide adequate service to shippers who transport traffic over the line.

As demonstrated in the history of the TP&W above and the verified statements of Mr.

¹⁰ TP&W fully expects KJRY to attempt to rehabilitate its position with new evidence that should have been submitted with the Application and Supplement on rebuttal, thereby denying TP&W its right to respond. TP&W will be diligent and seek to strike any such evidence. *Duke Energy Corporation v. CSX Transportation, Inc.*, STB Docket No. 42970 (Stb Served March 25, 2003).

Satunas and Mr. Klass, TP&W has not refused service to any shipper who transports traffic over the Line. Indeed, over the Mapleton Spur, TP&W provides service five days per week.

TP&W operated the Line until December 10, 2001, at which time the Western End was transferred to the SF&L, and SF&L began operations. TP&W was not required to reacquire the Western End until February 10, 2003. During the time between December 10, 2001 and February 10, 2003, TP&W was not a rail carrier on the Western End, had no control over SF&L or the Western End or SF&L operations over the Western End. Upon reacquiring the Western End on February 10, 2003, the embargo imposed on October 18, 2002 by SF&L was terminated, TP&W performed repairs on the Western End, TP&W quoted rates to KJRY for shipments over the Line, and the Western End was available to serve any shippers requesting service.

It is important to note no shipper asked TP&W to quote rates for service over the Western End. Since no shipper requested rates from TP&W, there was no one to negotiate rates and volume commitments. Only KJRY asked TP&W to quote rates and KJRY never indicated that it had authority to make commitments for shippers. See Exhibit P.

KJRY tries to color TP&W with the failures of the SF&L. But TP&W is not SF&L. None of the letters submitted by KJRY in the Application or the August 11 Reply are addressed to TP&W and none ask TP&W to provide rail service. It is TP&W's belief that problems are usually resolved by discussions between the parties. The Board is invited to look at the unverified letters on pages 122-144 of the Application and pages 23-27 of the August 11 Reply.¹² All but one of the cookie cutter letters in the Application or August 11 Reply is addressed to the

¹¹ The Board certainly should not permit KJRY to present evidence on these issues for the first time on rebuttal.

¹² The letters at pages 135-144 of the Application refer to the period of SF&L ownership and should be accorded no weight in this proceeding.

Board. The other letter is addressed to KJRY. These letters are not intended to work with TP&W to resolve service issues, but are intended merely for purposes of litigation. All of the letters complain about the rates quoted by TP&W, but none of the letters indicate that the shipper requested service from TP&W or tried to negotiate rates, volume commitments or other terms and conditions of rail service normally established when requesting service. There have been no rate complaints filed against TP&W.

Rail service problems are resolved between the parties, not by joining a bandwagon opportunist like KJRY. TP&W is the subsidiary of RailAmerica, Inc. ("RailAmerica"). Another RailAmerica subsidiary, the San Joaquin Valley Railroad ("SJVR") also faced service issues with its shippers. Instead of joining in ill-conceived litigation, these shippers joined with SJVR to solve the problem.

October 10, 2003, marked the successful completion of the Cross Valley Rail Corridor freight train project, which was created to restore and upgrade 45 miles of track between Huron and Visalia, CA. The concept was simple, but has potentially significant impact. As a result of the completion of this project, commercial and industrial customers along the corridor will experience improved freight service and an increased opportunity for industrial development. The upgraded rail will now accommodate 286,000-pound railcars along the entire corridor.

The Cross Valley Rail Corridor Project was led by the Joint Powers Authority (JPA), which was formed by the cities of Lemoore, Huron and Visalia, who in turn partnered with the SJVR and 11 other funding agencies to raise a total of \$14.2 million to complete the project.

Congress has directed the Board to give TP&W a reasonable opportunity to make necessary efforts to provide adequate service. 49 U.S.C. § 10907(c)(1)(A) and (c)(2). As can be seen from the SJVR example above, RailAmerica's subsidiaries are willing to work with the

customers and communities they serve. But not subject to the threat of litigation and involuntary seizure of property at below market value.

KJRY has not met its burden of proving that TP&W has refused to provide adequate service. All that KJRY has shown is that, at KJRY's urging, shippers are willing to complain to the Board about rates, but apparently not willing to make arrangements for service with the party that can help them, the TP&W. Shippers must also realize that the cost basis for rail rates changes when lengthy rail lines no longer carry overhead traffic.

There is no evidence of any shipper requesting service over the Western End after it was reacquired by TP&W. Absent a request for service there can be no failure to provide service. *PSI Energy, Inc.-Feeder Line-Norfolk Southern Corp.*, 7 I.C.C.2d 227, 231 (1991) (Feeder application was dismissed pending a request by shippers to reactivate the line). KJRY has failed to meet its burden of showing that TP&W has provided inadequate service.

B. The transportation over the line is adequate for the majority of shippers who transport traffic over the line.

TP&W contends that the only reasonable interpretation of 49 U.S.C. § 10907(c)(1)(B) is to only consider the shippers physically located on the Line. Overhead shippers or other shippers that can use the Line but are not located on it should not to be included.¹³ Certainly the *Caddo Antoine* opinion, which KJRY has nearly deified, only counted the six shippers actually located on that stub end line. TP&W contends that the Line is capable of handling overhead traffic between the east coast and the west coast. If the Board considers potential shippers of overhead traffic on the Line, then there are thousands of shippers who could route traffic over the Line between points west of La Harpe and east of Hollis. Using a definition of shippers that includes

overhead shippers leads to the conclusion that KJRY has failed to prove that there is inadequate service for a majority of shippers who could transport traffic over the Line by filing letters addressed to the Board from a dozen people.

TP&W urges the Board to consider only those shippers actually located on the Line and will now turn to the task of identifying those shippers. "Congress did not intend for the feeder line development program to be used to create additional competition, as opposed to *preserving* service." *PSI Energy, Inc.-Feeder Line-Norfolk Southern Corp.*, 7 I.C.C.2d 227, 233 (1991). By considering only shippers physically located on the Line the Board will look at preserving service instead of creating additional competition. KJRY has listed only 18 entities that might be shippers. Application at 116. The question to be answered is how many of those shippers are actually located on the Line. KJRY admits that six of the shippers listed on page 116 of the Application (Elkem Carbon-Keokuk, Roquette America, Griffin Wheel, Center Iron & Metals, LaHarpe Elevator, and Colusa Elevator Co.) are overhead shippers and have not requested service from TP&W since February 10, 2003. In the First KJRY Discovery Response, KJRY admits that Rogers Group/Newton County Stone Company (Interrogatory No. 22(6) and Admission No. 12) and United Paving (Admission No. 11)¹⁴ are not located on the Line. KJRY tries to claim that Colusa Elevator Co.'s facility at Ferris, IL is on the Line (Interrogatory No. 22(2)). KJRY is wrong. Ferris, IL is southwest of LaHarpe, the western terminus of the Line. Colusa, IL, another location of Colusa is also west of LaHarpe. Hence, Colusa is not a shipper

¹³ No overhead shippers have requested service from TP&W over the Line since February 10, 2003.

¹⁴ Admission No. 11 admits that United Paving only uses the Line for transload purposes. A transload operation can be located at almost any location and cannot be relied on to produce traffic for a line. *CSX Transportation, Inc.-Discontinuance-At Memphis, In Shelby County, TN*, STB Docket No. AB-55 (Sub-No. 618) (STB served October 28, 2002).

on the Line. Using KJRY's count, there are 10 shippers on the Line. They are Blandinsville Elevator, West Central FS, Farmers Elevator Company, Archer Daniels Midland, West Central FS, Hitchcock Scrap Yard, CF Industries, Caterpillar Foundry, Degussa, and Lonza Group. TP&W disagrees with KJRY. There are five shippers at Mapleton, not four as listed on page 116 of the Application, and not a single one of them has supported KJRY. Instead of Degussa, TP&W serves Goldschmidt and SPI Polyols at Mapleton. Hence there are 11 shippers on the Line, and only five have submitted letters in support of KJRY, less than a majority.

TP&W does not agree with KJRY that shippers on the Line are those entities that might want to use rail service. Instead, TP&W believes that to be counted as shippers, an entity must have recently used the Line for rail service, or at least recently requested rail service from the carrier that owns the line. TP&W has reviewed its records for the years 2000 and 2001 to determine the active shippers located on the Line. The following table shows the shippers on the Line and the volume shipped in 2000 and 2001.

Shipper	Location	Carloads by Year	
		2000	2001
Blandinsville Elevator	Blandinsville	192	5
West Central FS	Sciota	0	0
Farmers Elevator	Sciota	413	67
Archer Daniels Midland	Bushnell	96	78
West Central FS	Bushnell	0	0
Hitchcock Scrap Yard	Canton	0	0
Goldschmidt	Mapleton	433	467
Lonza	Mapleton	424	429

SPI Polyoils	Mapleton	68	141
CF Industries	Mapleton	2,306	2,047
Caterpillar	Mapleton	391	171

Eight of the 11 shippers located on the Line have used rail service since 2000. Of these eight shippers that have recently used rail service on the TP&W, only two claim that there is inadequate service, but have not requested service from TP&W since it reacquired the Western End on February 10, 2003.¹⁵ The other six have not complained.

Another measure that TP&W urges the Board to consider is the volume of traffic involved. It is clear that the shippers who are satisfied with service provide by far the majority of traffic over the Line. Indeed, on the East End and the Mapleton Spur, none of the shippers are dissatisfied since TP&W provides five day per week service and a dedicated locomotive.

By eliminating overhead shippers and other shippers not located on the Line, it is clear that there is not a majority that contend that service is inadequate. Whether the measure is a mere head-count, a count of the shippers that have used rail service recently, or the volume of shipments, the majority of shippers on the Line do not find service to be inadequate.

C. The sale of the line will have a significantly adverse financial effect on TP&W.

KJRY does not meet its high burden of proof to show that the sale of the “line will not have a significantly adverse financial effect” on TP&W. 49 U.S.C. § 10907(c)(1)(C). KJRY barely mentions this statutory element. For that reason alone, the Application must be denied.

KJRY claims that there will be no financial harm to TP&W because TP&W wants to dispose of the Western End. Application 24-25. TP&W has proposed disposing of the Western

¹⁵ As noted above, the claims were directed to the Board, not TP&W and were limited to objections to TP&W’s rates.

End at fair market value, not the price offered by KJRY. *See, infra* Offer. KJRY is offering far below the value of the Western End. *Id.* Even if TP&W were forced to sell the Western End at a price below market value, under its financing arrangement TP&W would be compelled to supply replacement collateral or use cash to pay down its debt. Either way, KJRY's acquisition of the Western End at the offered price would reduce TP&W's liquidity. Reduced liquidity would have a significant adverse financial effect on TP&W according to Mr. Conklin.

As noted above, the Board has construed the Application as acquiring the Western End "with or without" the Mapleton Spur. KJRY did not address the financial effect of the loss of the Mapleton Spur on TP&W, so KJRY's with alternative must fail. On KJRY's "without" alternative, KJRY offered to allow TP&W to retain the Mapleton Spur with access over KJRY from Hollis to the Mapleton Spur, with no trackage rights fee. However, KJRY would foist on TP&W half of the costs for the line, most of which would not be incurred absent the presence of KJRY. Supplement at 20-21 and August 11 Reply at 19-20. KJRY's proposal is merely a trackage rights fee framed in the guise of a cost sharing arrangement. The Board rejected this approach five months ago. *May 9 Decision*, at 4.

Based on the attached Verified Statement for Warren C. Wilson, Senior Manager - Rail Line Planning for Union Pacific Railroad Company, Exhibit A, TP&W expects to lose all of the business it has at Mapleton, if KJRY's Application is granted, with or without the Mapleton Spur. If KJRY acquires the Western End, UP has stated that it will exercise its trackage rights to enter the Mapleton Spur and directly serve all of the shippers, and not use KJRY as a switching railroad as it does TP&W. UP's direct service at Mapleton will not only eliminate all revenue that TP&W is receiving, but will also eliminate the switch revenue that KJRY was counting on to be able to afford the Line. If there are two railroads operating west of Hollis, UP has also stated

that it will exercise its trackage rights and directly serve Mapleton, with the same result, no Mapleton revenue for TP&W or KJRY (including from switching).

The traffic and revenue from the Mapleton Spur are critical to TP&W. The most current and accurate data are the revenues and expenses for the Mapleton Spur for the first nine months of 2003. As explained in the verified statement of Mr. Klass, the Mapleton Spur is a highly profitable. For the first nine months of 2003 the Mapleton Spur generated \$576,315 in operating income, annualized to \$ 768,420. Without the revenue from the Mapleton Spur, TP&W would have shown a loss of \$301,912 for the first nine months of 2003, an annualized loss of \$ 402,549. As Mr. Conklin notes such a loss raises serious questions as to the continued viability of the entire TP&W. TP&W cannot sustain an annual loss of \$400,000. TP&W would be faced with deferring maintenance, abandoning portions or all of its remaining property (thereby terminating the overhead route that KJRY claims it wants to preserve), and seeking purchases at a distress sale. Such actions would undermine the viability of other RailAmerica rail subsidiaries that would have to supply assets or cash otherwise needed for maintenance and service improvements to service debt. See the verified statements of Mr. Klass, Exhibit D, and Mr. Conklin, Exhibit G.

KJRY's acquisition of the Line would have a significant adverse affect on TP&W.

D. The sale of the line will have an adverse effect on the overall operational performance of TP&W.

KJRY superficially addressed this very important issue. Application at 26. Without the Mapleton Spur, TP&W will begin a financial spiral. To reduce its losses, TP&W will be forced to reduce operations and service to shippers other than those served by KJRY. TP&W will have to reduce maintenance along its entire property and to its equipment. TP&W will most likely have to reduce its workforce, resulting in worsened labor relations.

As volume declines, reduced service will also lead to strained relations with TP&W's Class I interchange partners. TP&W retains highly competitive interchange traffic because of service it has provided. As service deteriorates, TP&W's Class I interchange partners will invariably look to other options, causing a further decline in traffic over the TP&W.

Contrary to the unsupported claim of KJRY, the forced sale of the Line will substantially harm TP&W's operations and reduce service to its shippers. See verified statement of Mr. Conklin, Exhibit G.

E. The sale of the line will not be likely to result in improved railroad transportation for shippers who transport traffic over the line.

KJRY claims that its operation of the Line will provide service to shippers and competition on the Mapleton Spur. KJRY's support for its position is a two year letter (Exhibit 7 to the Application) containing the names of over 100 residents in Western Illinois that was previously submitted in the SF&L proceeding for the purpose of disputing the sale from TP&W to SF&L. It warrants no weight in this proceeding, which is for a completely different purpose.

In addition, KJRY is an unsafe operator. As seen in the verified statement of Mr. Arthur F. Dowd, an expert in railroad safety, KJRY has violated very serious operating rules, and did not even have the courage to appear at the investigation. See Exhibit B. The Illinois Commerce Commission investigated on behalf of the Federal Railroad Administration and determined that KJRY's trespass and unauthorized operation over TP&W was so egregious that it concluded that one more violation by KJRY or any member of Pioneer's corporate family would lead FRA to ban Pioneer and its management from operating any railroad in the United States. Since KJRY refused to provide any safety information to TP&W in discovery and the Board has not ruled on TP&W's motion to compel, TP&W has requested the investigation report from FRA under the

Freedom of Information Act and will submit it for the record upon receipt. It is now obvious why KJRY has refused to produce any information in discovery on its safety record. KJRY is not a safe railroad.

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 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*.

The Board cannot defer to FRA in this proceeding. It is the Board that either grants or denies KJRY’s application to expand its unsafe operations. The Board should consider KJRY’s shameful safety record and deny this application. Mr. Dowd recommends not allowing the expansion of KJRY based on its safety record. As with all of the PC&N criteria, KJRY bears the burden of proof under the statute. KJRY has failed to address its safety record despite TP&W’s efforts to probe that record on discovery.

Indeed, the Board should take KJRY to task for its cavalier statement that “the safety practices of KJRY ... [are] irrelevant and clearly outside the purview of this proceeding because it is FRA that oversees safety issues relating to rail carriers, not TP&W.” September 15 Reply at 14. TP&W is not overseeing the safety practices of KJRY, although this attitude may explain why the employees and management of KJRY did not appear at the investigation hearing into

KJRY's unlawful operation on TP&W's property.

KJRY indicates that it will provide service only three to four days per week (Application at 20), while the shippers at Mapleton require and receive service five days per week. Hence, KJRY is proposing less service to the active shippers on the Line.

KJRY also claims that it will improve service by increasing the number of competitors at Mapleton. KJRY is wrong. As is seen in KJRY's financial projections, KJRY is seeking to become the only railroad serving the Mapleton Spur, by substituting for TP&W. However, if KJRY is successful in acquiring the Line, neither KJRY nor TP&W will have a need to operate over the Mapleton Spur. UP will exercise its trackage rights and serve all of the shippers, negating the additional competition KJRY proposed.

KJRY has not presented an operating plan. In the August 1 Reply at 18, KJRY stated that it had provided an operating plan in the Supplement at pages 85-96. A review of Highly Confidential pages 85-96 of the Supplement does not reveal an operating plan. Instead, there are financial projections, carload projections (without any support from the shippers), and then there are notes to the financial statements showing number of employees, wages, hours per week of work, and gallons per hour for locomotives. KJRY did not submit an operating plan. The Line is 76 miles long. It is a 10 mile per hour railroad line. The FRA hours of service rules limit employees to 12 hours per day. It is impossible for a train crew to make a round trip on the Line within 12 hours at 10 miles per hour, and that does not include time to inspect cars and locomotives, as required by FRA, time to pick-up and drop off cars for customers, time to interchange with other railroads, and all other time involved in operating the Line.

KJRY claims that it will provide overhead service. KJRY will compete with BNSF and UP. KJRY does not explain how it will even move its trains and crews between La Harpe and

Hollis, much less compete with trains traveling at 40-70 miles per hour when it can only travel at 10 miles per hour. KJRY will not be able to generate any time sensitive overhead traffic, when there are more efficient lower cost options available.

KJRY has not submitted an operating plan. KJRY states that “exact schedules have not been determined yet.” Response to Interrogatory No. 38. Indeed, there are no schedules, and any costs of operations are merely guesses without detailed operating plans. KJRY’s vision of the Line is based on Mr. Brenkman’s Verified Statement. Application 34-37. But this vision is not based on any study. TP&W sought the documents used in Mr. Brenkman’s study, and were told that he produced none and reviewed documents of others. Document Response No. 11. In the September 15 Reply at 13, KJRY admitted that “the only document that has been found in KJRY’s possession or control that was used for this purpose is the TP&W track charts.”

Obviously, there is no factual background to Mr. Brenkman’s study, it is based on the assumption he and his employees made, without regard to any data other than a five year old track chart.

Even more egregious are the traffic projections created by KJRY. Even a superficial review of the Application, the Supplement and all of the other documents submitted by KJRY in this proceeding find a lack of any actual projections of rail traffic by shippers. The traffic projections have solely been made by Ms. Busch. See Document Request Response No. 29. Such projections have been found unreliable. *Cheney Railroad Company—Feeder Line Application—CSX Transportation, Inc. Line Between Greens and Ivalee, AL*, ICC Finance Docket No. 31102 (ICC served January 30, 1989), at 11. The Board should give no weight to Ms. Busch’s traffic and revenue per car projections and the financial statements constructed from those unsupported projections. See Mr. Claytor’s verified statement in Exhibit H (redacted and highly confidential versions).

Mr. Claytor also conducted an independent analysis and sensitivity analysis of the KJRY Highly Confidential Pro Forma Statements. TP&W directs the Board to Mr. Claytor's verified statement, which concludes that the Pro Forma Statements are fundamentally flawed and that KJRY will not be viable.

KJRY also will not be able to hire any needed TP&W employees as required by section 10907(e) (maximum extent practicable). Instead, KJRY has told TP&W employees that it will accept applications from displaced employees, accord them priority over equally-qualified applicants, "and be willing to accept employment under terms and conditions available to KJRY's employees." Application at 29. TP&W's employees belong to a union. KJRY's do not. Under the terms suggested by KJRY, it is TP&W's conclusion that KJRY will not be able to comply with section 10907(e) and hire TP&W's employees who would normally perform the work to the maximum extent practicable.

KJRY has presented no evidence, other than its own projections, to support its ability to provide improved service over the Line. When viewed in light of UP's plan to divert all traffic from the Mapleton Spur, KJRY will not have the traffic it claims that it needs to afford to operate the Line. KJRY has failed to meet its high burden of proof that it can provide improved service.

KJRY also postulated a flawed vision for the Line. Mr. Brenkman believes that with access to Peoria, KJRY will be able to use the Line as part of a transcontinental route. Application 35-36. Unfortunately for KJRY's vision, it will not obtain access to Peoria. Moreover, Mr. Wilson has stated that UP will not grant KJRY trackage rights to Peoria. Finally, it is difficult to imagine a rail line with a top speed of 10 miles per hour, like the Line, being an integral part of a transcontinental move where shippers and other railroads can make use of lines authorized for 60 mile per hour service and without having to make the two costly and time

consuming interchanges with KJRY at Hollis (although no one explains how these trains will reach Hollis) and Keokuk, in order to use less than 100 miles of slow track. Moreover, KJRY does not explain how it will up grade the Line to competitive speeds or where the funds will come from for the upgrade. As with the rest of the KJRY Application, the “vision” is not based on realistic estimates or feasible operations.

CONSTITUTIONAL MINIMUM VALUE

A. Introduction.

KJRY claims that the Board must follow the precedent of *Caddo Antoine* in this proceeding and that the ruling in that decision is immutable black letter law. Based on that conclusion, KJRY argues that the Board must select either the GCV or the NLV for the entire Line. The Board has not acquiesced in KJRY’s argument. *May 9th Decision*, at 6. TP&W contends that KJRY is wrong and that *Caddo Antoine* does not govern this proceeding.

1. The *Caddo Antoine* case is clearly distinguishable from the facts at hand.

KJRY improperly relies upon the decision of the Eighth Circuit Court of Appeals in *Caddo Antoine II*¹⁶ as justification for the “public convenience and necessity” (PC&N) arguments in its Application. Indeed, KJRY attempts to use the narrow and distinguishable facts of *Caddo Antoine II*, and subsequent Board decisions in that proceeding, as an absolute bar to any determinations regarding the Western End and Eastern End other than those it deems appropriate.

In *Caddo Antoine II*, the Eighth Circuit held that a listing for abandonment of one rail line segment did not preclude consideration of a feeder line application for the entire line under the

¹⁶ *Caddo Antoine and Little Missouri Railroad Company, et al. v. STB, et al.*, 95 F.3d 740 (8th Cir. 1996) (hereinafter “*Caddo Antoine II*”).

PC&N standard. Following storm damage to a segment of the rail line in question, the rail owner in *Caddo Antoine II* announced an embargo of service to five of six shippers along the northern segment, and refused to make repairs of any kind to the line.¹⁷ While continuing service to the lone shipper on the southernmost segment of the line, the rail owner listed the remaining portion of the line as a candidate for immediate abandonment.¹⁸ In its holding – finding that a listing for abandonment would not necessarily preclude consideration of a feeder line application of the entire line – the Court noted the unitary status of the particular rail line in question: “Since its completion in the early part of this century, the Norman Branch has been operated as a single line of railroad”¹⁹ The Court, however, left the door open for future cases in which abandonment proceedings might forestall competing feeder line applications:

Whether the difference between the descriptive terms “a particular railroad line,” as set forth in section 10910(b)(1)(A)(i), and “any part,” “portion,” or “part,” as used in the other statutes cited above [sections 10903 and 10904], would be controlling in the absence of further circumstances, we need not say. Rather, as we conclude below, when viewed in the light of the history of the operation of the Norman Branch, the circumstances under which Arkansas Midland and the Commission bifurcated the line, and the legislative history of the feeder line development program, the term “a particular railroad line” *in the circumstances of this case* includes the Norman Branch in its entirety.²⁰

The Court reemphasized the limited reach of its decision when it stated: “[W]e are satisfied that our holding, *narrow as it is*, will not result in the widespread depredation of the weak by the strong in the short line railroad industry.”²¹

In its filings, KJRY has improperly attempted to fashion the Eighth Circuit’s narrow and fact-specific holding in *Caddo Antoine II* into a weapon of judicial fiat – one which would limit

¹⁷ *Caddo Antoine II*, at 741-42.

¹⁸ *Id.* at 742.

¹⁹ *Id.* at 741.

²⁰ *Id.* at 745 (emphasis added).

the Board's discretion and mandate the outcome in all future feeder line application cases. "The statute and precedent require the Board to treat the Line as a unit for purposes of this application," states KJRY. "If the Board fails to treat the Line as a single route, it would violate *Caddo Antoine II*" ²² Such proclamations force the fact-specific holding in *Caddo Antoine II* into an ill-fitting role as black-letter law, and ignore the Court's own admonition to view its decision narrowly.

a. The Western and Eastern Lines are not sufficiently unitary to describe "a particular railroad line."

Unlike the Norman Branch at issue in *Caddo Antoine II*, which "had historically been operated as a unitary operation," ²³ the Western End and Eastern End are merely portions of a rail line that have, at times, served as part of a larger overhead route between Logansport, IN and Lomax, IL. These segments between La Harpe and Hollis were not built as a unitary service line in and of themselves, as was the Norman Branch in *Caddo Antoine II*; rather, they simply linked intermediate points falling within larger overhead routes. Yet, KJRY has ascribed to these segments of rail an operational unity and significance that is truly historic in nature: touting forty-year-old marketing materials, KJRY attempts to imbue the segments with the import of a vital transcontinental link. In truth, however, shifting transportation demands, route competition and financial realities have long-since removed any noteworthy value of the segments between Hollis and La Harpe as part of viable, larger overhead routes. Any economic significance of the segments today rests solely in the traffic originating from the Mapleton Spur – traffic that relies on portions of the Eastern End, but not the Western End. Traffic from the Mapleton Spur is not

²¹ *Id.* at 749 (emphasis added).

²² Supplement, at 12.

²³ *Caddo Antoine II*, at 747.

routed westbound over the Western End, but over either the higher speed routes of UP or BNSF. Far from illustrating a single, unified railroad line, these facts show a stark contrast in shipping traffic needs and rail line usage between the two segments. Presently, the Eastern End is used and the Western End is not.

Rather than accept the effect of these changing market forces, KJRY strains to find a blameworthy party, accusing TP&W of having “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.”²⁴ Any action by the Board to bifurcate the Western and Eastern Ends, KJRY continues, “would interpose TP&W in the middle of an historic route, dooming the line to abandonment.”²⁵ KJRY fails to note its own hand in the alleged “destruction” of the character of the route, however – through its acquisition of portions of rail between Lomax and La Harpe in 1986, KJRY itself has played a part in the truncation of historic overhead routes across the Western End and Eastern End.²⁶ Indeed, KJRY had further entered into negotiations with TP&W to purchase the Western End itself, prior to the filing of KJRY’s Application. Had KJRY been the successful bidder for the Western End, KJRY would have broken the line for a third time. These negotiations failed because KJRY was unwilling to reach an agreement on a net liquidation value-based price for this segment. To now assert that TP&W alone is responsible for “destroying” the segments’ “historic character” ignores the economic realities of dynamic shipping demand and begs the Board to turn a blind eye to KJRY’s own line purchases.

²⁴ Supplement, at 11.

²⁵ May 7 Reply, at 16.

²⁶ Indeed, KJRY acquired the portion west of the Line on December 19, 2001. That acquisition closed the infamous one-mile gap between KJRY and SF&L that existed for nine whole days. *Keokuk Junction Railway Co.-Acquisition and Operation Exemption-West End of Toledo, Peoria*

Moreover, it has become commonplace in the railroad industry for rail carriers to break historic lines either through abandonment or sale of segments. The historic significance of rail lines and routes was rewritten by the Staggers Act which replaced a century old regulatory regime with a market based plan providing limited government protection. Were the Board to adopt KJRY's argument that rail lines cannot be sold in pieces for historical purposes, then the Board's solutions to the failure of the Milwaukee Road and Rock Island through piecemeal sales would have to be undone. KJRY is just wrong. Indeed, the freedom of railroads to reroute overhead traffic to increase density and rationalize their systems has been a firm tenet of railroad regulation since the Staggers Act. The railroad industry has changed since the TP&W was built in the mid-1800's, and especially since 1980.

More importantly, there does not exist the same unity of operation between the Western End and Eastern End that existed on the Norman Branch in *Caddo Antoine II*, sufficient to find that the segments before the Board in this case meet the test of "a particular railroad line" under 49 U.S.C. § 10907(b)(1)(A)(i).

b. There has been no abandonment of the Western End or Eastern End.

In *Caddo Antoine II*, the rail owner announced an embargo of service to five of its six shippers, refused to make necessary repairs to the line, and listed a segment of the line for abandonment. In analyzing the facts before it, the Eighth Circuit acknowledged the case's "ultimate issue": " 'whether abandonment of one segment would foreclose the viability of

and Western Railway Corporation, STB Finance Docket No. 34143 (STB served January 11, 2002).

continuous segments, making their eventual abandonment a foregone conclusion.’ ”²⁷ In the case now before the Board, however, there exists no abandonment listing or proceeding. Shippers along the Mapleton Spur continue to receive service from TP&W, and KJRY has presented no evidence to suggest that this service is anything but adequate. Further, there exists no embargo of service to the shippers on the Western End. While KJRY alleged that “rates offered by TP&W for service on the Line prevent the shippers from using the Line as a cost-effective means of transportation,”²⁸ TP&W remains willing and able to provide service to these customers. Contrary to the wishes of KJRY, disagreement on rates does not amount to abandonment of service.

In an attempt to further its tenuous reliance upon *Caddo Antoine II* as precedent, KJRY argues: “TP&W effectively abandoned the local shippers on this Line in December 2000, if not before, by selling the West End to SF&L Railway, Inc.”²⁹ KJRY trots out a litany of affronts perpetrated by SF&L – reductions in service frequency, price increases, demands for multi-car blocks – and then seeks to impute these actions to TP&W. “SF&L was intent upon abandoning” the Western End, KJRY argues, then adds: “TP&W knew this, yet sold the segment to SF&L anyway.”³⁰ TP&W “was complicit in SF&L’s plan,” it ominously asserts elsewhere.³¹ KJRY presents no evidence for these allegations. Rather, it is clear from KJRY’s own words that responsibility for any actions taken by SF&L rests with SF&L alone: “SF&L failed to acquire sufficient track to connect directly with KJRY at La Harpe. . . . *This alone* was responsible for a

²⁷ *Caddo Antoine II*, at 748 (quoting *Central Michigan Railway Co. – Abandonment – East of Ionia to West of Owosso – In Michigan*, 8 I.C.C.2d 166, 173 (1991)).

²⁸ August 1 Reply, at 6-7.

²⁹ Application, at 16.

³⁰ *Id.* at 18.

³¹ *Id.* at 23.

considerable loss of traffic that formerly moved on the Line as overhead traffic.”³² Elsewhere, it submits: “[A]s shown by KJRY, that loss of [overhead] traffic stemmed from SF&L’s unwillingness to enter into rate and service arrangements with shippers and with KJRY that would allow economical and efficient interchange of such traffic for movement over the Line.”³³ Given the absence of any evidence linking SF&L’s actions to TP&W, the Board should treat KJRY’s allegations for what they are: desperate, and groundless, attempts to piggyback arguments of TP&W service abandonment on actions by a previous owner of the Western End.

As if recognizing the futility of its argumentation, KJRY then turns to TP&W’s business negotiations – subsequent to reacquisition of the Western End from SF&L – to search for abandonment of the type found in *Caddo Antoine II*. TP&W’s “vastly increased rates” have “dried up traffic on the line,” KJRY argues, “in order to pursue abandonment of the West End in its own name.”³⁴ It points to a grain tariff for Western End shipping as a “clear indication that TP&W does not want to attract traffic over the Line.”³⁵ With an almost discernible sibilance, KJRY brands these actions an “economic embargo.”³⁶ Where the fanciful executives of KJRY see one more menacing step in a sinister plan of abandonment, however, there exists only financial reality: the rates quoted by TP&W reflect the increased costs of shipping along the Western End, given the loss of past overhead traffic. It is almost reflexive that the Western End, an FRA Class I 10-mile-per-hour line, will not attract overhead traffic sufficient to reduce shipping costs to historic levels while competing Class I lines, with speeds authorized up to 79

³² *Id.* at 118 (emphasis added). But as noted previously, it was only nine days from the time that SF&L started operating until KJRY acquired the rail line necessary to close that gap.

³³ *Id.* at 17-18, n.12.

³⁴ *Id.* at 23.

³⁵ *Id.* at 25.

³⁶ *Id.* at 118.

miles an hour, exist. In its own filings, KJRY acknowledges that it “will need to undertake significant marketing initiatives over a sustained period to attract overheard traffic back to the Line.”³⁷ Although grossly optimistic in its assessment for success, this statement belies KJRY’s accusations that rate levels alone indicate an intent by TP&W to abandon the Western End. TP&W has not sought to abandon this line, and remains willing and able to provide service to the shippers located on it.

c. Conclusion.

KJRY’s optimistic reliance on the Eighth Circuit Court of Appeal’s decision *Caddo Antoine II* to plug deficiencies in its own PC&N arguments is inapposite, at best. Where there existed in *Caddo Antoine II* an historically unitary rail line, here there exist two separate, distinct rail segments joined only by geographic proximity. Where there existed in *Caddo Antoine II* an active effort to abandon an unprofitable rail segment, here there exists an offer and willingness to serve customers, even in the face of formidable competition. Despite its best efforts to do so, KJRY cannot spread the narrow, fact-specific holding of *Caddo Antoine II* so wide as to provide itself an aegis from which to shield its spurious arguments from scrutiny.

2. KJRY has failed to provide evidence identifying the constitutional minimum value for the line.

a. The decision in *Caddo Antoine* does not prohibit segmentation of the Western End and Eastern End for purposes of determining constitutional minimum value.

In furtherance of its efforts to procure the Western End and Eastern End at less than the minimum value mandated by 49 U.S.C. § 10907, KJRY boldly decrees: “[T]he Board must determine the constitutional minimum value – GCV or NLV – of the entire line sought under a

³⁷ *Id.* at 119.

single methodology. . . . The Board cannot request KJRY to present a GCV for the Mapleton segment and a NLV for the western segment.”³⁸ As the basis for its proclamation – which directly contravened the directive of the Board in the *May 9 Decision* – KJRY again attempts to hide behind the inapposite ruling of *Caddo Antoine II*. Pointing to the actions of the Board upon remand of the Eighth Circuit’s decision in *Caddo Antoine II*, KJRY notes that the entire rail line at issue was valued at NLV, rather than adding the NLV of the embargoed northern segment to the GCV of the profitably operating southern segment.³⁹ KJRY declares as decisive and controlling the Board’s statement that: “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.”⁴⁰ In so doing, KJRY robs the Board’s quote of all context, creating a straw man the likes of which have not been seen since the Scarecrow in *The Wizard of Oz*.

The Board did not rest its decision of the line’s constitutional minimum value upon some imagined directive of the Eighth Circuit, as KJRY has argued; rather, the Board pointed to the absence of a complete record as the basis for its valuation of the Norman Branch at its NLV. In evaluating this holding, it is instructive to look at the Board’s quotations in their entirety, rather than through KJRY’s selective extraction:

For the reasons stated in the August 1999 Decision, AMR normally would be entitled to the GCV for the portion of the line on which it is actively serving IP to compensate for the loss of IP’s traffic. Thus, based on the evidence of record at that time, the Board determined the GCV for that portion. However, the parties’ supplemental evidence raises *questions of accuracy with respect to the previous*

³⁸ Supplement, at 14-15.

³⁹ *Id.* at 14.

⁴⁰ *Id.* (quoting *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, (served May 5, 2000), at 14)(hereinafter “*Caddo Antoine III*”).

record, and thus we are persuaded that the record now simply does not contain the information we need to compute a GCV for the southern portion of the line with any degree of accuracy. Moreover, upon reconsideration, 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 that, for sale purposes, the Norman Branch must be treated as a single entity. Inasmuch as the parties have not provided any acceptable evidence as to GCV for the entire Norman Branch, the only meaningful evidence in the record of the constitutional minimum value for the line is the NLV for the entire Norman Branch. . . . [E]ven with AMR's additional data, *it still is not possible to develop a meaningful GCV for the southern portion of the line.*⁴¹

. . .

Thus, after fully considering the parties' supplemental evidence, we must conclude that *there is not enough evidence in the record to allow us to compute a meaningful GCV for the southern portion of the line.* . . . [U]pon reconsideration it is clear that not all costs and revenues were properly accounted for in our attempt to develop a GCV in the August 1999 Decision. Thus, it would be inappropriate to use the GCV in our prior decision in setting the constitutional minimum value of this line. On reconsideration, *the parties also have not given us the evidence we would need to restate the GCV for the southern portion of the line with any degree of accuracy.*⁴²

. . .

As discussed above, however, *the GCV evidence we have before us is incomplete and unverifiable.* In the absence of acceptable GCV evidence, or sufficient data to allow us to compute a meaningful GCV, we will set the constitutional minimum value for the entire Norman Branch at its NLV. . . .⁴³

Thus, no less than five times in its decision did the Board note the absence of complete, accurate evidence upon which to value the GCV of the southern, profitable rail segment. In a later review of the case, the Board again reiterated the basis for its holding:

After carefully considering the parties' supplemental evidence, however, *[the Board] concluded that the record did not contain the information needed to compute a meaningful GCV for the southern portion of the line, and that not all costs and revenues were properly accounted for in the August 1999 Decision. . . . Inasmuch as the parties had not provided any acceptable evidence as to GCV for the entire Norman Branch, despite ample opportunity to provide evidence on GCV, the Board found that the only meaningful evidence in the record of the constitutional minimum value for the line is the NLV for the entire Norman*

⁴¹ *Caddo Antoine III*, May 5, 2000, at 17 (emphasis added).

⁴² *Id.*, at 20 (emphasis added).

⁴³ *Id.*, at 21 (emphasis added).

Branch.”⁴⁴

KJRY utterly ignores the weight of the Board’s statements about the incomplete evidentiary record and instead carefully selects the Board’s sole reference to the Eighth Circuit’s holding in *Caddo Antoine II* – calling for unity of the rail line at issue for sale purposes – upon which to hang its argumentative hat.

Even this citation, though, undercuts KJRY’s own argument: the Board in *Caddo Antoine III* simply stated that “it is not clear” whether the Eighth Circuit’s finding of a unitary rail line for its PC&N analysis would also mandate a single methodology for determining constitutional minimum value. It is TP&W’s contention that the Eighth Circuit’s finding did not do so; rather, the Court confined its holding to the unitary nature of the rail line for purposes of determining whether the public convenience and necessity permitted consideration of the feeder line application. In the Court’s own words, it directed the Board on remand to consider the entire rail line at issue “under the provisions of *section 10910(b)(1)(A)(i)*”⁴⁵ – namely, whether the public convenience and necessity required or permitted the sale itself. Had the Court wished the Board to consider the rail segments as unitary for purposes of determining constitutional minimum value, it simply could have made its directive more broad, by citing Section 10910(b)(1) in its entirety. Alternatively, the Court could have made specific citation of Section 10910(b)(2), which speaks to evaluations of net liquidation value versus going concern value. The Court, however, did neither. Its holding guided the Board to consider the Norman Branch as unitary *only* for the purposes of its PC&N analysis, contrary to the assertions of KJRY in the case at

⁴⁴ *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 (served June 26, 2000), at 3 (emphasis added) (hereinafter “*Caddo Antoine IV*”).

⁴⁵ *Caddo Antoine II*, at 749 (emphasis added).

hand.

It should be noted further that the Board's pronouncement in *Caddo Antoine III*, upon which KJRY relies, was as narrowly tailored as the original Eighth Circuit decision. The Board stated that "*the Norman Branch* must be treated as a single entity."⁴⁶ Regardless of how much KJRY might wish otherwise, the Board confined its holding to a determination of the specific rail line segments in that case, and that case only.

Accordingly, KJRY's conclusory assertion that the Eighth Circuit Court of Appeals' decision in *Caddo Antoine II* prohibits a valuation of the Western End at its NLV and the Eastern End at its GCV, is grossly incorrect.

b. KJRY has failed to provide an estimate of GCV for the Eastern Line

In the *May 9 Decision*, the Board found as deficient KJRY's Application to acquire the Western End and Eastern End, to the extent that it had failed to submit an estimate of the GCV for the profitably operating Eastern End. The Board offered KJRY the opportunity to submit "a GCV estimate along with supporting data for the Mapleton Segment of the Line" as part of a supplemental evidence filing.⁴⁷ On June 9th, KJRY made a filing of supplemental evidence, but included no GCV for the Eastern Line as the Board had directed it to do. Rather, KJRY presented a novel interpretation of the Board's directive – it claimed that the phrase "a GCV estimate along with supporting data for the Mapleton Segment of the Line" contained a nonexistent subordinate clause which freed KJRY from the obligation of submitting a GCV of the Eastern Line as a self-supporting segment. In effect, it read the Board as directing it to file "a

⁴⁶ *Id.*, at 17 (emphasis added).

⁴⁷ *Id.* at 5-6.

GCV estimate, *along with supporting data for the Mapleton Segment*, of the Line.”⁴⁸ In support of its position, KJRY hid behind its overly generous readings of *Caddo Antoine II* and *Caddo Antoine III* to assert that the Board was prohibited from using the NLV of the Western End and the GCV of the Eastern End in its valuation, as discussed above.

To hold that KJRY need not submit evidence as to the GCV for the Eastern End would invite the very same absence of a complete evidentiary record that was recognized by the Board in *Caddo Antoine II*. More importantly, however, should the Board determine that the sale of the line in its entirety is required or permitted by the public convenience and necessity, the absence of evidence as to the GCV of the Eastern End would deny TP&W the constitutional minimum value for the line to which it is statutorily entitled.

B. The Board must apply different measures of valuation to different segments of the Line.

KJRY is attempting to force TP&W to sell the Line for substantially less than the constitutional minimum value. KJRY claims that the Board must value the Line at either the NLV or the GCV, but cannot divide the Line and value the Western End at its NLV and the Eastern End at GCV. KJRY’s NLV is \$3,393,363 and GCV is \$3,461,434. Supplement at 20 and 21. Both calculations are based on five year old data and have been made without the benefit of an inspection of the Line or use of the latest data.

The Board is required to calculate the constitutional minimum value of the Line. KJRY claims that it must be either the NLV or GCV of the entire Line. TP&W contends that since the Line is clearly two easily severable properties, that the Board can and must apply the NLV to the Western End and the GCV to the Eastern End, which includes the Mapleton Spur. Separately,

⁴⁸ August 1 Reply, at 7.

even under KJRY's unsupported low-ball valuations, the Line is worth \$6,854,797. This may explain why KJRY arranged for a \$7,000,000 line of credit from its bank. August 1 Reply at 29. But as TP&W demonstrates, KJRY's estimates are less than even the GCV of the Eastern End.

C. KJRY took no steps to inspect the Line after February 10, 2003.

From December 10, 2001 until February 10, 2003, TP&W did not own the Western End, it was owned by SF&L. Therefore, any requests made by anyone to TP&W to inspect the Western End during that time were turned down by TP&W since TP&W did not own the Western End and could not grant permission for someone to trespass and inspect property owned by someone else. Especially since TP&W was involved in heated litigation with SF&L after October 2002.

Inspection of the Line has been a sore spot with KJRY. KJRY continues to blame TP&W for KJRY's failure to inspect the Line. However, KJRY never asked TP&W for permission to inspect the Line after TP&W reacquired the Line from SF&L on February 10, 2003. Every time TP&W has asked KJRY to provide some evidence of a request to inspect the Line after TP&W reacquired it from SF&L on February 10, 2003, KJRY stonewalls TP&W. See Document Request Response No. 5, and Admission Response Nos. 4, 5, 19, 20, and 23. KJRY did not inspect the Line prior to calculating NLV. On the other hand, Mr. Cecil and Mr. Garvin conducted extensive inspections of the Line in making their valuations.

KJRY could have waited several weeks before filing the Application to request and receive permission from TP&W to inspect the Line. KJRY chose not to wait. The failure to inspect the Line falls squarely on KJRY's shoulders.

D. Net liquidation value of the Western End.

As stated, in making their valuations of the Line Mr. Cecil (See Exhibit F) and Mr.

Garvin (See Exhibit E) conducted on site boots on the ground inspections. Mr. Cecil also conducted an aerial inspection of the real estate. "... a physical inspection provides more accurate evidence of the condition of track and materials than company records." *Cheney Railroad Company—Feeder Line Application—CSX Transportation, Inc. Line Between Greens and Ivalee, AL*, ICC Finance Docket No. 31102 (ICC served January 30, 1989), at 19.

In valuing the track and materials, KJRY used five-year old track charts to determine the quantity of material involved. Application page 180. There is no independent verifiable data for the value of the material, it is based only on KJRY's employees and hired consultants experience and telephone conversations, of which no notes were taken. See Interrogatory Response Nos. 11, 12, 13, and Document Request Responses No. 7, 12, and 19. Moreover, KJRY has not produced any documents it claimed were used in the track appraisal. Document Request Response Nos. 2 and 39.

TP&W's track appraisal is based on current data and an inspection made September 8 and 9, 2003. The valuation of each item is based on written quotes from buyers and sellers of railroad track and material. See the verified statement of Mr. Gavin.

KJRY's track and materials valuation is based on a five year old track chart, no inspection, and no recorded evidence of recent prices for rail, ties, or other track material. TP&W's track and materials valuation is based on the most recent information available, an on-site inspection, and readily verifiable written quotes of recent prices for rail, ties, or other track material. TP&W's railroad track and material valuation prepared by Mr. Gavin is far superior to that of KJRY. TP&W urges the Board to adopt Mr. Gavin's valuation of \$4,410,920.

With regard to the land valuation, KJRY made no appraisal. Admission Nos. 1 and 2. Moreover, KJRY did not inspect the property. KJRY certainly could have reviewed the property

by air, as was done by TP&W. KJRY could have obtained maps from the Library of Congress and used them to obtain local deeds as TP&W did. KJRY could even have acquired lists of comparable sales as TP&W did. See Mr. Cecil's verified statement. But KJRY did none of this. KJRY just pulled the number \$100,000 out of thin air or elsewhere. Application at 176. TP&W expects that KJRY is merely sitting back waiting to attack the appraisal prepared by TP&W. TP&W urges the Board to reject any appraisal or even attack upon TP&W's appraisal since KJRY failed to even attempt to produce a land valuation. TP&W urges the Board to accept TP&W's valuation without change.

TP&W conducted two real estate valuations of the Line. First, TP&W prepared a typical real estate appraisal used by the Board in calculating the NLV of a line that has been approved for abandonment. However, the Line has not been approved for abandonment. TP&W has not filed an application to abandon the Line. Indeed, KJRY claims that the Line has considerable value as a rail corridor.

TP&W asks the Board to reconsider its longstanding analysis of real estate valuation in feeder line cases. TP&W has reviewed the precedent and believes that it was based on the theory that the line under consideration was going to be abandoned and therefore was analogous to the NLV process for offers of financial assistance. 49 U.S.C. § 10904. The first feeder line case was based on a line that was on a railroad's system diagram map. *Indiana Hi-Rail Corp.—Feeder Line Acq.*, 366 I.C.C. 42 (1981). The same was true for most of the other early feeder line cases, they were filed for a line on the system diagram map. Since the conclusion was that these lines would be abandoned, the ICC adopted the NLV calculation from its abandonment cases.

Here, however, is a line that is not subject to abandonment. TP&W sold the Western End to SF&L as a going concern railroad, and has offered to sell a substantial portion of the Western

End to KJRY as a going concern railroad. Clearly the Western End has value as a corridor. Mr. Cecil has also justified valuing the Western End as a corridor, as does the literature referred to by Mr. Cecil. The corridor value of the real estate on the Western End is \$7,009,497.

The traditional valuation of the Western End performed by Mr. Cecil resulted in a value for real estate of \$2,863,173. Mr. Cecil reviewed all of the deeds for the real estate to determine the acreage owned by TP&W in fee simple. Mr. Cecil then determined the highest and best use of the adjacent property. Having done this, Mr. Cecil obtained comparable valuations and applied them to TP&W's real estate. He reduced the value of the property by the adjustments he normally sees in the sell-off of a rail corridor and by the time necessary to sell the property. Although Mr. Cecil has sold similar corridors in two years, in keeping with his conservative approach, he adopted a three year sell-off period. As a result, Mr. Cecil arrived at a valuation of \$2,863,173.

TP&W has also calculated an NLV for the Eastern End using the same methodology used for the Western End, which is \$1,906,031. The NLV for the Eastern End is \$957,142.

E. Going concern value of the Eastern End.

Even KJRY agrees that the Eastern End is highly profitable. However, KJRY's GCV is based on Ms. Busch's assumptions of the traffic on the Eastern End from 1998. Supplement at 16-17. KJRY then used TP&W's and RailAmerica's system average costs as a percentage of revenues based on five-year old information to come up with a 75% operating ratio.⁴⁹ Supplement at 17-19. Using these guesses and a rate of return of 10.2%, KJRY calculated the GCV of the Eastern End to be \$3,461,434.

⁴⁹ KJRY was provided the most recent revenue and cost information in discovery on May 30, 2003. KJRY chose not to use the information.

Mr. Klass calculated the GCV using TP&W's most recent information, the first nine months of 2003.⁵⁰ TP&W's revenue less variable costs for the Eastern End for the first nine months of 2003 was \$576,315.⁵¹ Annualizing this revenue results in annual operating income of \$768,420.

The current railroad industry cost of capital is 9.8%. Applying the cost of capital to operating revenue yields a GCV of \$7,841,000.

F. Summary of value of Line.

TP&W contends that the Western End has an NLV of \$9,218,759, and the Eastern End has a GCV of \$7,841,000. The constitutional minimum value of the Line is \$17, 059,779.

KJRY IS NOT FINANCIALLY RESPONSIBLE

KJRY has submitted a loan commitment of \$7,000,000 to acquire the Line. However, the constitutional minimum value of the Line is more than twice that amount and is greater than the operating revenue of Pioneer's railroad subsidiaries. September 15 Reply at 11. Pioneer has submitted no other evidence of financial responsibility, and no evidence to show that it could carry debt of \$17, 059,779 and operate the Line, without charging the shippers rates in excess of those offered by TP&W. Based on UP's position, KJRY also has no hope of augmenting it traffic with any traffic from the Mapleton Spur, including switch traffic. It is no wonder that KJRY is so anxious to acquire the Line for less than \$3.5 million, less than one-fourth the constitutional minimum value. Based on a realistic constitutional minimum value, KJRY is not

⁵⁰ TP&W's data is actual data that is barely two weeks old compared to KJRY's numbers that are a five year old guess.

⁵¹ As can be seen from Mr. Klass's verified statement, the operating ration for this traffic is 30.9%. Clearly KJRY wants to obtain the Eastern End to cross-subsidize the overhead operations it is proposing.

financially responsible.

CONCLUSION

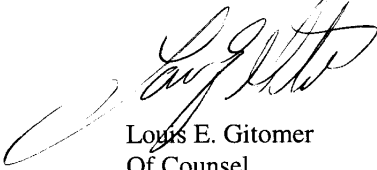
KJRY has failed to carry its burden of proof on any of the PC&N criteria. KJRY is not required to carry its burden on just one or some of the PC&N criteria, but on all of them. 49 U.S.C. § 10907(c)(2). Therefore, TP&W respectfully requests that the Board deny the Application.

Even if KJRY has met its burden of proof for the Western End, which it has not, KJRY has utterly failed to carry its burden of proof for the Eastern End and, in the alternative, TP&W respectfully requests that the Application to acquire the Eastern End be denied.

Finally, TP&W respectfully requests the Board, in the unlikely event that it determines that KJRY has carried its burden of proof for all or any portion of the Line, to establish the constitutional minimum value at the amount determined by TP&W of \$17,059,779.

Respectfully submitted,

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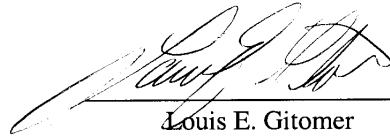
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Attorneys for: TOLEDO, PEORIA AND
WESTERN RAILWAY CORPORATION

Dated: October 16, 2003

CERTIFICATE OF SERVICE

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



Louis E. Gitomer
October 16, 2003

EXHIBIT A

VERIFIED STATEMENT OF WARREN C. WILSON

Finance Docket No. 34335

My name is Warren C. Wilson, Senior Manager - Rail Line Planning for Union Pacific Railroad Co. ("UP") in Omaha, NE. In my position, I am responsible for branch line analysis for UP as well as relations with UP's 200 short line and switch carrier connections. I have worked in Marketing & Sales and Operating Departments for the Pennsylvania Railroad Co., Missouri Pacific, and Union Pacific for the last 35 years.

In this proceeding, Keokuk Junction Railway Company ("KJRY") is proposing to acquire two track segments owned by the Toledo, Peoria & Western Railway Corporation ("TP&W"). The first segment extends from a connection with KJRY and TP&W milepost 194.5 near La Harpe, IL, to TP&W milepost 123.0 near Mapleton, IL (the "La Harpe segment"). The second segment extends 4.5 miles from TP&W milepost 123.0 near Mapleton, IL, to a connection with UP at TP&W milepost 118.5 near Hollis, IL (the "Mapleton segment"). UP has no objection to KJRY's acquisition of the La Harpe segment.¹ However, UP strongly objects to KJRY's acquisition of the Mapleton segment.

¹ While we do not oppose KJRY's acquisition of the La Harpe segment, we question the segment's viability. When Rail America acquired TP&W, there were three major components to the traffic base on the La Harpe segment, all of which appear to have been irretrievably lost in the intervening years. The first was intermodal traffic moving from Hoosier Lift, IN, to BNSF at Fort Madison, IA. We understand this traffic was subsequently rerouted from the La Harpe segment to BNSF at Galesburg, IL. The second component was UP interchange traffic for Roquette America at Keokuk, IA. This traffic was completely lost to TP&W when it was rerouted, at the request of the customer, to a routing involving KJRY between Keokuk and Fort Madison, IA, and BNSF haulage (for UP) beyond, see FD 32549 (Sub-No. 22), BNSF – Control & Merger – ATSF [Petition to Reopen – Roquette America, Inc.], May 18, 2000. The third component was UP company material traffic moved to/from Griffin Wheel at Keokuk. This traffic has rerouted to the Fort Madison routing because, once TP&W lost the Roquette America traffic, the remaining traffic could not support a regular train operation.

BACKGROUND

It may be useful to describe the current arrangements between TP&W and UP in the Peoria area. UP has trackage rights over about 4 miles of the TP&W Mapleton segment, including rights to directly serve all of the active rail customers at Mapleton. Since 1959, TP&W has provided switching service for UP to and from Mapleton industries in lieu of UP direct service. TP&W, in turn, has trackage rights over 5.9 miles of UP, including rights to directly serve rail customers on UP. In addition, TP&W has the right to operate over UP between the TP&W-UP connection at Hollis, IL (TP&W / UP milepost 118.6) and the UP-Peoria and Pekin Union Railway ("PPU") connection at Iowa Junction, UP milepost 113.9. TP&W utilizes these trackage rights to interchange traffic with UP and (together with TP&W's trackage rights over PPU) to connect the segments of TP&W's railroad running east and west of Peoria.

REASONS FOR UP'S OPPOSITION

UP opposes KJRY's acquisition of the Mapleton segment for essentially two reasons:

- First, UP is satisfied with TP&W's switching and interchange services. We have received no complaints about TP&W from the Mapleton customers served by TP&W's switching service. UP has excellent working relationships with both TP&W and its parent company, Rail America. We have already advised KJRY that we would not use it for the services now performed by TP&W. Instead, if TP&W's service were no longer available, we would commence direct trackage rights operation to Mapleton.
- Second, under KJRY's proposal, there would be two carriers rather than one serving the same industries on the Mapleton segment. This would require UP's

operating personnel to perform extra switching at Peoria to separate cars for each carrier and would inevitably lead to endless disputes as to whether we had interchanged traffic to one road that should have been interchanged to another. All of this would add cost but no benefit to rail service.

This is not merely speculation. UP previously had a similar, and highly unsatisfactory, experience at Rochelle, IL, where a dispute between the City of Rochelle (the owner of a 2.6-mile track segment) and its tenant, the Rochelle Railroad Co. ("RRC") resulted in a period of 11 months in which both the City and RRC provided rail service to industries served by the track, see Docket No. AB-589, City of Rochelle – Adverse Discontinuance – Rochelle Railroad Company, May 27, 1999. This required unnecessary, extra switching by UP to separate interchange traffic between the two carriers and led to repeated disputes as to whether we had interchanged traffic with, or paid, the proper carrier. We have absolutely no desire to have a replay at Peoria of our unhappy experiences at Rochelle.

Finally, since KJRY's acquisition of the Mapleton segment would adversely affect UP, I should make clear how UP would likely respond to protect its interests. First, as I stated above, we are not going to subject ourselves to another Rochelle situation. To address this problem, we would likely commence direct trackage rights operations to the Mapleton shippers and terminate the switching arrangement with TP&W, which should greatly reduce the need to sort traffic between the two carriers. I anticipate that this would cause all of the Mapleton traffic to be lost to both TP&W and KJRY. I stress that we do not want to take this step, since we are satisfied with TP&W's service. However, given the alternative, we would likely have no choice. Second, I anticipate that,

following a KJRY acquisition, KJRY would seek trackage rights over UP between Hollis and Iowa Junction, similar to the rights TP&W now has. To avoid any possible misunderstandings, it should not be assumed that UP would agree to two tenant roads on this segment.

VERIFICATION

Warren C. Wilson, under penalty of perjury, declares and verifies that he has read the foregoing document in Finance Docket No. 34335, knows the facts stated therein, and that said facts are true as stated.

Dated: October 10, 2003


Warren C. Wilson

EXHIBIT B

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

VERIFIED STATEMENT OF ARTHUR F. DOWD

My name is Arthur F. Dowd. I worked for Conrail and its predecessors for 34 years, until my retirement. As part of my duties I investigated freight, passenger, and commuter accidents, as a member of committees and as a supervisor for 23 years. I was also Conrail's Manager of Operating Rules for the Albany Division. My resume is attached.

I have been asked to review the safety record of the Keokuk Junction Railway Company ("KJRY"). My review has been hampered by KJRY's refusal to produce any information concerning its safety compliance and training programs. Based on my experience, the reluctance of KJRY to provide such information set off alarms. Based on my review of available documents and numerous discussions, I would not recommend that KJRY be permitted to operate over the line of another railroad.

I have reviewed available documents and interviewed Mr. Al Satunas, President of the Toledo, Peoria and Western Railway Corporation ("TP&W") and Mr. Scott Hulstrom, Vice President of TP&W. I have also spoken to Mr. Jeffrey Lehman, O.P. Specialist for the Federal Railroad Administration ("FRA") in Chicago, IL.

On August 23, 2001 a crew of the KJRY operated over the TP&W east of La Harpe, IL, the eastern terminus of KJRY, to Blandinsville, IL. The KJRY crew did not ask for permission to enter or obtain clearance to enter TP&W property from TP&W.

The KJRY crew operated beyond the scope of their qualifications and operated on main track without a mandatory directive. TP&W was still operating over that part of the rail line at that time. KJRY's unauthorized incursion did result in a dangerous situation, and could have resulted in a collision.

The KJRY employees charged with these violations were: Peggy Burford, engineer, James Dean, conductor, and Paul Loften, operator of the high rail vehicle. TP&W scheduled an investigation at 10:00 am on Friday September 21, 2001, to be held jointly with KJRY management. KJRY management and the three individuals did not appear at the hearing despite sufficient notice. As a result, Ms. Burford, Mr. Dean, and Mr. Loften were barred from operating on TP&W's property and ordered to attend a training class. They did not attend the class.

The Illinois Commerce Commission (the "ILCC") conducted an investigation and prepared a report of the incident and filed it with FRA. I understand that the report recommends that if there is one more incident involving the KJRY, that KJRY and Pioneer Railcorp., KJRY's parent, be barred from operating a railroad and required to divest its railroad assets. I understand that KJRY turned down TP&W's request for all safety related documents, and that TP&W has asked for this report from FRA under the Freedom of Information Act.

A potential collision exists whenever a main track is entered without authority, as was done by KJRY. A mandatory directive is required to enter a main track outside yard limits. KJRY did not ask for a mandatory directive and did not receive one. Even if KJRY had received authority, the crew operated beyond the limits of their qualifications. When a train is operated over territory that the operator is not qualified to operate over,

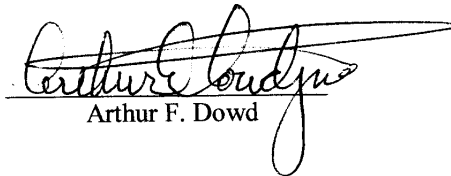
the operator cannot be aware of any restrictions that are in place such as: stop and protect highway crossings, authorized construction equipment blocking the track, track work or missing rails. The potential for an accident is too great for a railroad to allow the offending employees to continue in service undisciplined. However, because KJRY and its employees failed to even appear at the hearing, it is unknown whether the employees were disciplined. I consider this incident to be a violation of TP&W's operating rules and 49 C.F.R. Part 240.

The number of accidents on KJRY have risen since it was acquired by Pioneer Railcorp ("Pioneer"). On the date Pioneer acquired control of KJRY, March 13, 1996, KJRY had 20 employees. It is my understanding that only two of those 20 are employed by KJRY today. According to the attached report of FRA, the total of casualties has grown dramatically since Pioneer acquired KJRY. In 1995, the year prior to Pioneer's control of KJRY, there was one casualty. After Pioneer control, there were eight casualties in 1996, four in 1997, and three in 1998. Hence, over a three year period, 75 percent of KJRY's employees were injured on the job. That is an outrageous lack of concern for safety. The escalation of the accident/injury frequency rates calls into serious question Pioneer's safety policy, training, monitoring and safety rule enforcement.

Based on KJRY's violation of TP&W's track and the escalating accidents and injuries, I do not believe that KJRY is fit to operate over the TP&W, whether it is for three miles or 76 miles.

VERIFICATION

I, Arthur F. Dowd, declare under penalty of perjury that to the best of my knowledge the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement. Executed this 9th day of October 2003.


Arthur F. Dowd

Arthur F. Dowd

6908 Cohasset Circle
Riverview, Florida 33569

Phone: 813-672-9781

Fax: 813-672-3261

Email: RailDowd@aol.com

Professional Experience***1994-Present Railroad Transportation Consultant and Expert***

Services provided include: Evaluation of independent operations and making recommendations to comply with Federal Rules and Regulations, constructing timetables and exams, instructing and testing in areas of NORAC Operating Rules, Safety Rules, New Hire Orientation, Type II Locomotive Simulators and Engineer Certification Program, instruction and testing in the classroom and on equipment: air brake, train handling, hazardous materials, and mechanical and timetable special instructions.

Instructed at: Conrail Engineer Training Facility; Conway, Pennsylvania

Consultant: Link Simulator Company; Binghamton, New York

1990-1994***Manager of Operating Rules; Conrail, Albany Division; Albany, New York***

Job duties entailed: the interpretation of rules, timetable special instructions and Federal Regulations. Perform periodic testing for compliance with Federal Regulations; answer citations from the FRA and recommend and oversee the appropriate corrective measures; conduct all major investigations for the transportation department and other selected disciplinary hearings. Conduct seminars on how to be a witness and/or hearing officer at disciplinary proceedings.

Conrail and Metro-North Certified Locomotive Engineer

Designated Supervisor of Locomotive Engineers

1971-1990***Road Foreman of Engines; Conrail/Penn Central/Grand Central Terminal; Selkirk, New York ; Indianapolis, Indiana ; New Haven, Connecticut***

Job duties entailed: the instruction and supervision in the use of radar and speed tapes; instructed and tested on M-1 Commuter Cars, GG1's, FL-9's, steam generators, AC/DC Commuter Cars, rail diesel cars, M-2 Cosmopolitan Cars, and the territories within assigned divisions; instructed and created an exam for air brake classes; instructed Progressive Series Exams (the forerunners of Engineer's Training School); surprise speed and signal radar tests and emergency evacuation procedures. Served on investigating committees in evaluating the causes of accident/incidents, derailments and personal injuries. Served as hearing officer and/or witness at disciplinary hearings and expert witness on injury cases.

Made recommendation for the M-2 Commuter Car which was implemented on the entire fleet. Developed the first trouble shooting chart for the M-2 Commuter Car and SPV 2000.

1968-1971

Locomotive Engineer; Penn Central Railroad

Qualified in GCT, Middletown Secondary-New Caanan Branch, South Station-Boston, Fremont LIRR Interchange, Springfield, Holyoke. Qualified on self-propelled rail diesel cars, AC/DC Commuter Cars, Metroliners, Turbo Trains, GG-1's, FL-9's

1960-19168

Locomotive Fireman; New York, New Haven & Hartford Railroad

Qualified in GCT, Penn Station, South Station-Boston
Qualified on steam generators and hostile engines

UNION EXPERIENCE

1968 Elected Vice-Local Chairman of the Brotherhood of Locomotive Firemen and Engineers

1970 Elected Local Chairman of United Transportation Union

CASUALTIES (DEATHS AND NONFATAL INJURIES AND ILLNESSES), DISPLAYED IN DESCENDING FREQUENCY

	Total		Total Year			Total Year Rates			YTD Counts Jan -		YTD Rates To	
	Cases	Pct of Total	1995	1996	1997	1995	1996	1997	1997	1998	1997	1998
-----GRAND TOTAL-----	16	100.0	1	8	4	5.00	41.34	20.66	4	3	20.66	16.46
30 Cut/abrasion	4	25.0	.	2	2	.	10.33	10.33	2	.	10.33	.
10 Bruise/contusion	2	12.5	.	1	.	.	5.17	.	.	1	.	5.49
206 Sprain/Str.,torso	2	12.5	1	1	.	5.00	5.17	.	.	.	.	.
201												
Sprain/Str.,arm/hand	1	6.3	.	.	1	.	.	5.16	1	.	5.16	.
203 Sprain/Str.,leg/foot	1	6.3	.	1	.	.	5.17	.	.	.	.	.
50 Other burn	1	6.3	.	1	.	.	5.17	.	.	.	.	.
701 Fracture,arm/hand	1	6.3	.	.	1	.	.	5.16	1	.	5.16	.
706 Fracture,torso	1	6.3	.	.	.	.	.	.	.	1	.	5.49
801												
Amputation,arm/hand	1	6.3	.	1	.	.	5.17	.	.	.	.	.
95 Internal injury	1	6.3	.	1	.	.	5.17	.	.	.	.	.
99 Unspecified injury	1	6.3	.	.	.	.	.	.	.	1	.	5.49

Oct 10 03 10:08a Arthur Dowd
AUG-27-2009 THU 11:17 AM TPW RAILROAD

813 672 3261
FAX NO. 3096982679

P. 09 P. 10

ON TPW LETTERHEAD

September 13, 2001

Advance via Fax 309-697-5387
US Mail Certified - RRR

Mr. B. Allen Brown,
Chief Operating Officer
Keokuk Junction Railway Company
1318 South Johanson Road
Peoria, IL 61607

Dear Mr. Brown:

Representatives of the Keokuk Junction Railway Company (KJRY) have advised our parent corporation that ~~on August 28, 2001, a crew of the KJRY operated upon the tracks of the TPW Railway between LaHarpe, IL and Blandinsville, IL.~~

Carrier records of the TPW Railway indicate that in the first instance crews of the KJRY are not qualified beyond MP 194.0 (Blandinsville is located at MP 189.4, a distance of nearly 4 miles east of KJRY limits), and secondly that TPW Dispatcher records do not indicate any communication for authority to occupy the ~~line~~ on that date by KJRY personnel.

The TPW Railway intends to convene an investigation into this matter, and under separate cover a notice will be sent to employees that are alleged to be involved. Further, due to the serious nature of this operation by KJRY, the TPW is barring from operation onto the TPW tracks the KJRY train crewmembers pending classroom instruction and observational testing by TPW officers.

Effective immediately and until such time as employees of the KJRY are certified as having attended and successfully completed operational instruction by the TPW, I have instructed TPW Dispatchers to withhold authority to KJRY crews to occupy the TPW Railway. In the interim the interchange between our respective roads can be conducted on the KJRY rail line at LaHarpe, IL or you can arrange to have your crew meet our crew at LaHarpe, IL.

B. Allen Brown
September 13, 2001
Page 2

Too avoid excessive delays in handling interchange between our respective carriers; please contact me at my office number 698-2600 ext. 226 to establish the class date and time. We will require KJRY personnel who will be operating on TPW track to attend, and should any need copies of the General Code of Operating Rules, applicable TPW Safety, Train Handling or Hazardous Material Rules, or TPW Timetable and Special Instruction these materials shall be distributed and invoiced to the KJRY. Upon completion of the 8-hour class, a list of all qualified personnel will be provided to the TPW Dispatcher, individuals not qualified will not be permitted to operate on the TPW track.

TPW officials will conduct field-testing and observations after the class training to verify compliance with rules and occupancy limits.

This training and testing is separate from the investigation that will be conducted regarding the alleged operation on August 23, 2001. Should the results of that investigation indicate a violation of rules or federal law by individual(s) of the KJRY, appropriate discipline will be issued.

I am hopeful that we can work together to restore confidence in the safe operation of our respective personnel at LaHarpe, Illinois.

Sincerely,

Allan J. Satunas,
General Manager

**Toledo, Peoria and Western Railway Corporation**

1990 East Washington Street, East Peoria, Illinois 61611 - 2961
(309) 698-2600 • Fax (309) 698-2679

September 14, 2001

Mr. B. Allen Brown,
Chief Operating Officer
Keokuk Junction Railway Company
1318 South Johanson Road
Peoria, IL 61607

Dear Mr. Brown:

Representatives of the Keokuk Junction Railway Company (KJRY) have advised our parent corporation that on August 23^{rd, 2001} employee's of the KJRY operated on the TPW Main Track between LaHarpe, IL and Blandinsville, IL.

TPW records do not indicate any KJRY engineers are qualified beyond MP 194.0 (Blandinsville is located at MP 189.4; a distance of nearly 4 miles east of the KJRY limits). Secondly, the TPW Dispatcher records do not indicate Main Track authority had been issued to the involved KJRY personnel.

The TPW intends to convene an investigation into this matter on September 21, 2001 and the notice of the investigation is attached for you to provide to each involved employee. It is our desire for this investigation to be conducted jointly with a KJRY Operating manager and a TPW Operating manager. Further, due to the serious nature of this alleged incident, TPW is barring this KJRY train crew and operator of the Hi-Rail vehicle from operation on the TPW, pending results of the investigation. I would appreciate your providing the names of the involved employees. We also require these employees complete the appropriate rules training and examination prior to operating again on the TPW. This training and testing is separate from the investigation that will be conducted. Should the results of that investigation indicate a violation of rules or federal law by any of the employees, we assume appropriate actions will be taken by KJRY.

I am hopeful that we can work together to restore confidence in the safe operation of our respective personnel.

Sincerely,


Alan J. Satunas,
General Manager

A RailAmerica Company

Encl (5)



Toledo, Peoria and Western Railway Corporation

1990 East Washington Street, East Peoria, Illinois 61611 - 2961
(309) 698-2600 • Fax (309) 698-2679

September 14, 2001

(Name) , Engineer, Keokuk Junction Railway Company

(Name) , Conductor, Keokuk Junction Railway Company

(Name) , Operator Hi-Rail Vehicle, Keokuk Junction Railway Company

Attend the investigation in the TPW Training Room, 1990 East Washington Street, East Peoria, Illinois, at 10:00 a.m. Central Time, on Friday, September 21, 2001, for the purpose of ascertaining the facts and determining responsibility, if any, in connection with your alleged failure to receive proper authority to occupy the TPW Main Track between LaHarpe, Illinois and Blandinsville, Illinois, approximately Mile Post 194 and Mile Post 189 on the TPW Illinois West Subdivision, at about (time _____) on August 23, 2001.

Arrange for witnesses to give testimony on your behalf, if so desired.

This investigation may be conducted jointly with management from the Keokuk Junction Railway Company and the TPW.

Please acknowledge receipt of this letter by affixing your signature in the space provided below on the copy of this letter.

David Smoot
Vice President, Southeast Region

cc: Alan J. Satunas, TPW General Manager - (arrange to attend and provide testimony)
Steve Lee, TPW Track Inspector - (arrange to attend and provide testimony)

Note: You will continue to be barred from operating on the TPW Railroad, pending the results of this investigation and successfully completing the required rules training, as specified in the letter provided to Mr. B. Allen Brown, dated September 14, 2001.

(Signature)

(Date)

A RailAmerica Company



Toledo, Peoria and Western Railway Corporation

September 18, 2001
1997 East Washington Street, East Peoria, Illinois 61611 - 2961
(309) 698-2600 • Fax (309) 698-2679

NECR/TPW Train Dispatchers

Effective 1730 Hours Tuesday, September 18, 2001 the following Keokuk Junction Railway Company Employees have been barred from operating on the Toledo, Peoria & Western Railways Main Track at LaHarpe, Illinois between MP 194 and MP 196 as stated in the Illinois West Subdivision Timetable, Section 4 Joint Operations:

Peggy Bedford
James Dcan
Paul Loftin

The above named employees of the Keokuk Junction Railway Company will be barred until further notice pending the results of a formal investigation and their successful completion of the TPW book of rules and timetable examination.

Should any of the above named employees attempt to obtain main track authorization, I am to be contacted immediately prior to giving any instructions.

Alan J. Satunas
General Manager

Oct 10 03 10:06a Arthur Dowd

AUG-27-2009 THU 11:15 AM TPW RAILROAD

813 672 3261

FAX NO. 3096882679

P. 04

P. 3



Toledo, Peoria and Western Railway Corporation

1990 East Washington Street, East Peoria, Illinois 61611 - 2961
(309) 698-2600 • Fax (309) 698-2679

September 19, 2001

Revised Notice

Not delivered
to Allen Brown 9-19-01
1500 HRS

Exh. (1)

Peggy Burford , Engineer, Keokuk Junction Railway Company
James Dean , Conductor, Keokuk Junction Railway Company
Paul Lofton , Operator Hi-Rail Vehicle, Keokuk Junction Railway Company

Attend the investigation in the TPW Training Room, 1990 East Washington Street, East Peoria, Illinois, at 10:00 a.m. Central Time, on Friday, September 21, 2001, for the purpose of ascertaining the facts and determining responsibility, if any, in connection with your alleged failure to receive proper authority to occupy the TPW Main Track between LaHarpe, Illinois and Blandinsville, Illinois, approximately Mile Post 194 and Mile Post 189 on the TPW Illinois West Subdivision, at about (2:15 pm) on August 23, 2001.

Arrange for witnesses to give testimony on your behalf, if so desired.

This investigation may be conducted jointly with management from the Keokuk Junction Railway Company and the TPW.

Please acknowledge receipt of this letter by affixing your signature in the space provided below on the copy of this letter.

David Smoot
Vice President, Southeast Region

cc: Alan J. Satunas, TPW General Manager - (arrange to attend and provide testimony)
Steve Lee, TPW Track Inspector - (arrange to attend and provide testimony)

Note: You will continue to be barred from operating on the TPW Railroad, pending the results of this investigation and successfully completing the required rules training, as specified in the letter provided to Mr. B. Allen Brown, dated September 14, 2001.

(Signature)

(Date)

A RailAmerica Company

Oct 10 03 10:08a Arthur Dowd

813 672 3261

P. 9

AUG-27-2009 THU 11:16 AM TPN RAILROAD

FAX NO. 3096982679

P. 06

09/19/2001 18:59 1-802-527-3486

DISPATCHERS

PAGE 02

Ex (2)

RailAmerica
ARDC
September 19, 2001

Mr. Satunas:

According to the records kept at the Atlantic Region Dispatching Center the ~~Kentucky~~
~~Union Railway~~ ~~received no mandate~~ ~~dismissive to enter the TPN~~ ~~in~~ ~~the~~ ~~area~~
August 23, AD 2001. Prior to this date the last authorized main track occupation by the
KJRY was on August 20, AD 2001 at 1437. Attached is a copy of the RailAmerica track
warrant.

Thomas R. Murphy

19
RT +

EXHIBIT C

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

VERIFIED STATEMENT OF ALAN J. SATUNAS

My name is Alan J. Satunas, and I am President and General Manager of the Toledo, Peoria & Western Railway Corp. ("TP&W"). I began my railroad career in 1992 as a trainman with Southern Pacific Transportation Company's ("SPT") affiliates. In 1994, I became a locomotive engineer and later that year a Trainmaster for the SPCSL Railway. When the Union Pacific Railroad Company ("UP") acquired SPT, I was serving as Terminal Manager in Chicago. In 1997, I started with the Peoria & Pekin Union Railway ("P&PU") at Creve Coeur, Illinois, as Assistant Superintendent. I became the Superintendent of P&PU in 1998. I became General Manager of the TP&W in 2001, and on September 25, 2002, I became President and retained the title General Manager. I am responsible for the operations of TP&W and its profitability.

I am very familiar with the recent history of the Western Line from MP 194.5 at LaHarpe to MP 123.0 and the Eastern Line from MP 118.5 to MP 123.0. Likewise, I am familiar with the portion of the Line from MP 194.5 at LaHarpe to MP 170.5 at Bushnell ("Bushnell Line") that TP&W has offered to sell to the Keokuk Junction Railway Company, Inc. (KJRY"). The Western Line has had no request for car service since it was reacquired from SL&L Railway Company on February 10, 2003. Any request for service would have been received either in the East Peoria office of TP&W where I work or with our Marketing Department that would have passed along the request.

Conversely, the Mapleton Industrial Park area is served five (5) days per week, Monday through Friday. The Mapleton switching operation starts with the union crew (TP&W is a union carrier, unlike KJRY) reporting for duty at the Kolbe Depot at

approximately MP 121.5. The Kolbe Job is responsible for service to the four major customers: Lonza, Caterpillar, Goldschmidt, CFI, and their subtenants. Interchange of cars takes place with UP at Collier Yard at MP 115.0, which is east of Hollis, so that KJRY would not be able to make the optimally efficient and preferred interchange required by UP if it acquired the Line. This is the same location that TP&W cars for Mapleton are received in interchange. Those cars reach Collier in the following manner: (1) the cars are initially blocked at the TP&W Yard in East Peoria and move with the East Peoria crew; (2) the block is moved from East Peoria Yard (MP 108) to P&PU Junction (MP 109.4); (3) from there they move over P&PU to Iowa Junction (MP 113.9); (4) at Iowa Junction, TP&W is moving on trackage rights over the UP to Collier Yard (MP 115.0) and from there to the change in ownership at Hollis (MP 118.6); (5) at Hollis (MP 118.6), the TP&W cars are back on TP&W trackage to Mapleton (MP 123.0; and (6) the final 1.5 miles of the Mapleton Industrial Park. Thus, if KJRY were to purchase into Hollis, it would have no connection to P&PU or any eastern railroad. Its sole connection would be UP.

Mapleton Industrial Park cars are interchanged with UP three to five times per week at Collier Yard depending on the volume of cars. On some occasions, interchange with UP is handled at Watseka, Illinois (MP 11.1). Interchange with The Burlington Northern and Santa Fe Railway Company ("BNSF") is made at P&PU three to five times per week, depending on the volume of traffic. Interchange with Canadian National Railway Company ("CN") is made at P&PU or at Gilman, Illinois (MP 24.8) and is also three to five times per week depending on demand. Interchange to CSX Transportation, Inc. ("CSXT") is made on the east end of TP&W at Reynolds, Indiana, and with Norfolk Southern Railway Company ("NS") at P&PU or at Logansport, Indiana. In both instances, the interchange is made three to five times per week, depending on the demand.

Mapleton Industrial Park is the largest concentration of traffic on TP&W and its retention by TP&W is absolutely essential for TP&W's survival.

KJRY has disparaged TP&W by asserting that it does not care for its customers or provide service demanded by its customers. As noted on the Western Line, there has been no request for service by anyone on that line. Accordingly, I have conserved capital resources at TP&W to provide the best service for its customers. The Western Line did not receive any vegetation control by SF&L when it owned the Line and until service is required, there is no need to do so. TP&W can provide service on the Line and it has been hyrailed recently by Mark Garvin and others. TP&W's marketing services are award winning.

In May of this year, the American Short Line and Regional Railroad Association ("ASLRRA") honored TP&W for marketing excellence for its innovative intermodal solution to transport contaminated soil from Barrie Park in Oak Park, Illinois. TP&W, in conjunction with its Class 1 connection, safely transported the contaminated soil a distance of 142 miles to the East Peoria Intermodal Ramp for furtherance to Peoria Disposal Company, a qualified landfill in Peoria, Illinois. The complete logistics package included the inbound rail movement and the backhaul of "replacement" soil, intermodal operations and roundtrip moves.

Attached hereto as my Exhibit A is the documentation for the KJRY crew that operated a locomotive and grain covered hopper car over TP&W without permission or notification to TP&W on August 23, 2002 to deliver a car to a TP&W customer at MP 189 . This action was a flagrant violation of virtually every safety rule in the railroad industry. KJRY never acknowledged its actions and did not provide any witnesses or statements. Those KJRY employees are banned from ever operating over TP&W property. KJRY's actions here were very dangerous and violate the most basic industry safety requirements.

As I understand the KJRY operating plan, its crews originate at Keokuk and operate through to Mapleton and Hollis. The trackage is FRA Class 1, so the maximum speed is 10 mph. The mileage between Keokuk and Mapleton and Hollis is such that even with minimal switching (there are only customers at LaHarpe, two grain elevators, and a stone receiving siding at Canton) one crew is not likely to complete the run under

the Hours of Service Act. If KJRY tries to serve all of the local customers noted at page 116 of the Application, it will need two crews to complete every round trip. The most frequent scenario will be two crews and the attendant costs for transporting the crews and perhaps lodging them. While KJRY is a non-union operation and TP&W a union operation, that status does not impact the time, distance and switching times required to move between these points.

EXHIBIT D

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

VERIFIED STATEMENT OF MICHAEL J. KLAS

I am Michael J. Klass, the Director of Marketing and Sales for Rail America Operations Support Group with responsibility for the Toledo, Peoria and Western Railway Corporation (“TP&W”). I have held this position since September 2000. The purpose of this statement is to explain that I have received only one preliminary inquiry into the TP&W providing service on the 71.5-mile line between LaHarpe, milepost 194.5, and west of Mapleton, milepost 123.0 (the “Western Line”), since February 10, 2003. I will also explain how TP&W determined the operating revenue for the Mapleton Spur and the impact of losing the Mapleton Spur on TP&W.

SERVICE REQUESTS

Any shipper that wants service from the TP&W, contacts TP&W’s customer service department by phone, fax, or email requesting such service. If the request involves the Mapleton to La Harpe section of the railroad, the request is then relayed to me, and I personally ensure that a rate is in place to move the traffic and that the shipper is aware of the rate. If there is no rate in place, I discuss the transportation particulars with the shipper, and develop a proposed rate. If the customer accepts the rate, transportation arrangements will be made by TP&W’s operating department. A TP&W rail crew then provides service to the shipper. A record of the service request is maintained and called a Car order.

I have reviewed TP&W's records and found one request for service over the Western Line since it was reacquired by TP&W on February 10, 2003. The customer requesting the service was Farmers Grain in Sciota, IL. Farmers Grain requested 18 cars for shipment of corn from Sciota to LaHarpe, IL for interchange to the Keokuk Junction Railroad Company ("KJRY"). I advised Mr. Bill Edwards of Farmers Grain that our grain rates were in Tariff TPW 4101, which was available on the internet at our web site. During that telephone conversation, I also quoted the applicable rates. Subsequent to that telephone conversation, Farmers Grain canceled their car order.

TP&W was willing and able to supply the cars that Farmers Grain requested and complete the move from Sciota to interchange with KJRY at La Harpe. However, Farmers Grain canceled the car order.

TP&W has received no other requests for service over the Western Line.

REVENUE FROM THE MAPLETON SPUR

TP&W, as one of the subsidiaries of RailAmerica, Inc. ("RailAmerica"), uses two data base systems to keep track of revenues and costs, the INFO System for detailed revenue information and the SAP System for detailed costs.

Our INFO System records specific revenues by customer, location, and type of business for that customer. In order to determine the revenues for TP&W's customers on the Mapleton Spur for the first nine months of 2003, we requested interline revenue, switching revenue, demurrage, weighing, and miscellaneous charges. Those revenues are reflected in Exhibit A. The only revenues not maintained in the INFO System are the lease and license revenues, which were provided by the RailAmerica real estate department.

The SAP System maintains costs for TP&W on a system average basis. TP&W does not maintain expense records on a movement specific basis. To generate the costs for providing service to the customers on the Mapleton Spur, we identified the number of crew members per train, the hours worked per day, the number of days worked, the type of locomotive used, the length of time the locomotive operated, and the length of the track served (taking into consideration the volume of traffic on the line). Using the SAP System, we calculated the costs in Exhibit A. TP&W does maintain car hire cost records because of the need to settle with other railroads. Therefore, the car hire costs are based on the specific foreign cars used on the Mapleton Spur.

The most recent and accurate data available to TP&W is for the first nine months of 2003. They reflect the most current revenue and expense levels, as well as the current economy.

For the first nine months of 2003, the Mapleton Spur generated Operating Income of \$576,315. Annualized this would amount to \$768,420. I understand that the current cost of capital for the railroad industry is 9.8%, and that the Surface Transportation Board calculates the going concern value of an asset by dividing the operating income by the cost of capital. Following that methodology yields a going concern value for the Mapleton Spur of \$ 7,841,020.

We also determined the effect on the TP&W if it were to lose all of the traffic on the Mapleton Spur. Again we used the first nine months of 2003. This time, we deducted the Mapleton revenues from the total TPW revenue reported by INFO. Similarly, we deducted the Mapleton expenses from the total TPW expenses reported by SAP. As is seen in my Exhibit B, for the first nine months of 2003, TP&W would have lost \$301,912 without the Mapleton Spur. The annualized loss would be \$402,549.

With losses at that level, TP&W would not be able to continue to operate and serve all of its customers. TP&W would be required to curtail operations on the rest of its line and/or increase rates to customers, some of whom are price sensitive and some of whom have competitive options. I find it ironic that KJRY is willing to seize TP&W's Mapleton Spur, along with the remainder of the line between La Harpe and Hollis to serve its few existing customers and several highly speculative future customers at the expense of TP&W's current customers.

EXHIBIT A

Toledo Peoria & Western Railway
Mapleton Revenue and Incremental Costs

1st 9 months '03

Interline	
Goldschmidt	208,165
Lonza	68,015
SPI Polyols	5,258
CF Industries	196,606
Caterpillar	53,569
Interline Sub-total	531,613

Switching	
Goldschmidt	44,517
Lonza	9,170
SPI Polyols	0
CF Industries	130,200
Caterpillar	10,048
Switching Sub-Total	193,935
Freight Revenue	725,548

Non-Freight Revenue	
Caterpillar Demurrage	63,240
Caterpillar Misc	0
Goldschmidt Weighing	27,400
Goldschmidt Switching	13,500
Lonza Weighing	0
Lonza Switching	2,208
Leases & Licenses	2,433
Non-Freight Revenue	108,781

Total Revenue	834,329
---------------	---------

Operating Expenses	
Crew	135,751
Locomotive	36,072
Fuel	34,200
Track Maintenance	25,103
Car Hire	26,888
Taxes	
Operating Expenses	258,014

Operating Income	576,315
------------------	---------

Operating Ratio	30.9%
-----------------	-------

EXHIBIT B

Toledo Peoria & Western Railway
ProForma Results without Mapleton Revenue and Costs

	1st 9 months '03	9mo '03 w/o PDC
Freight Revenue	8,873,543	7,010,381
Interline Adjustments		
Goldschmidt	208,165	208,165
Lonza	68,015	68,015
SPI Polyols	5,258	5,258
CF Industries	196,606	196,606
Caterpillar	53,569	53,569
Interline Sub-total	531,613	531,613
UP Switching Adjustments		
Goldschmidt	44,517	44,517
Lonza	9,170	9,170
SPI Polyols		
CF Industries	130,200	130,200
Caterpillar	10,048	10,048
UP Switching Sub-Total	193,935	193,935
Adjusted Freight Revenue	8,147,995	6,284,833
Non-Freight Revenue	1,075,838	728,005
Adjustments		
Caterpillar Demurrage	63,240	63,240
Caterpillar Misc		
Goldschmidt Weighing	27,400	27,400
Goldschmidt Switching	13,500	13,500
Lonza Weighing		0
Lonza Switching	2,208	2,208
Leases & Licenses	2,433	2,433
PDC Lifts		246,375
Adjusted Non-Freight Revenue	967,057	372,849
Total Revenue	9,949,381	7,738,386
Adjusted Total Revenue	9,115,052	6,657,682
Operating Expenses	7,648,637	7,648,637
Adjustments		
Crew reduction	135,751	275,751
Locomotive reduction	36,072	202,101
Fuel	34,200	34,200
Track Maintenance	25,103	25,103
Car Hire	26,888	116,888
Taxes		
Intermodal Labor		35,000
Adjusted Operating Expenses	7,390,623	6,959,594
Operating Income	2,300,744	
Adjusted OI	1,724,429	-301,912
Operating Ratio	0.7688	

Adjusted OR

0.8108

1.0453

Toledo Peoria & Western Railway

Traffic Diverted by loss of Mapleton

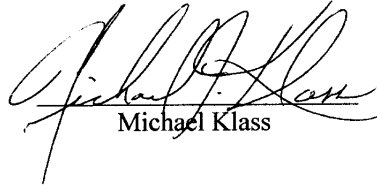
2003 9 mo

	Carloads	Revenue
BNSF	340	157,956
UP interline***	133	60,988
Total	473	218,944

*** This is Interline traffic that TPW handles in conjunction with the UP to and from Mapleton.
This is in addition to the traffic handled as a switch carrier for UP at Mapleton.

VERIFICATION

I, Michael Klass declare under penalty of perjury that to the best of my knowledge the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement. Executed this 14th day of October 2003.



Michael Klass

EXHIBIT E

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

VERIFIED STATEMENT OF MARK D. GARVIN

My name is Mark D. Garvin, and I am Chief Engineer for the railroads controlled by RailAmerica, Inc. ("RA"), a short-line holding company that owns the Toledo, Peoria & Western Railway Corporation ("TP&W"). I have a B.S. in Civil Engineering from Michigan Technological University. My engineering work in the rail industry began some 18 years ago on Conrail, as a management trainee. I soon became an assistant track supervisor in charge of track maintenance. I joined Grand Trunk Western Railroad Company as a track supervisor in charge of system track gangs performing capital projects. I joined Huron and Eastern Railway Company, Inc., a subsidiary of RA as a Project Manager and became Chief Engineer in January 1997. My title has been Chief Engineer since 1997 for RA railroads.

I am part of the System Engineering Group covering North America. I develop the capital cost estimates each year, develop engineering standards and safety alerts, maintain the engineering website, monitor capital funds through the year making changes as they are needed, do engineering reviews for public works projects, monitor and develop the Engineering Group operating budget, develop and monitor the rail test cars and participate in due diligence of new acquisitions and calculate the Net Liquidation

Value ("NLV") of track and materials for rail line purchases and sales.

I am very familiar with TP&W having been part of the due diligence team that evaluated it prior to its acquisition in 1999 by RA. I have hyrailed TP&W many times, most recently the Western Portion of the line from MP 123.0 to LaHarpe at MP 194.5 ("Western Line"), as well as the Mapleton Segment from MP 123.0 to MP 118.5 at Hollis ("Eastern Line") on September 8 and 9, 2003. The Western Line includes the portion from LaHarpe, MP 194.5, to Bushnell, MP 170.5 (the "Bushnell Line") that TP&W is willing to sell to Keokuk Junction Railway Company ("KJRY") at its full NLV for track and real estate. I will call the Bushnell to Hollis line the "Middle Line". The Western Line and Eastern Line will be referred to as the "Line." The Western Line consists of the Bushnell Line and the Middle Line.

The Western Line, the Eastern Line, the Middle Line and the Bushnell Line are all at Federal Railroad Administration (FRA) class 1 standards. Since there have been no requests for service on the Western Line since it was reacquired from the SF&L Railway, Inc., on February 10, 2003, by TP&W, no vegetation control has been applied to the Line. This did not prevent my hyrail inspection of the Line nor would it prevent service should rail service be requested. Attached hereto are tables showing the track and materials NLV for the Eastern Line (Exhibit 1), the Western Line (Exhibit 2), the Bushnell Line (Exhibit 3), and the Middle Line (Exhibit 4). Each exhibit provides the quantity and quality of track and material on each of the lines based on my inspection of TP&W's most recent records and my physical inspection of the Line. TP&W adopts the valuation for ties and ballast calculated in the Gohmann valuation in the Application at page 187. The difference between those calculations and TP&W's is negligible. In

order to reduce the issues in controversy and follow a conservative approach, TP&W is adopting KJRY's tie valuation of \$343,308 and ballast valuation of \$348,221. Our only disagreement with KJRY is that there is substantial demand for used ballast in western Illinois.¹

I used the same approach to determine the NLV for each Line Segment.² The latest track charts were used to determine the amount of material on each Line Segment. I determined the quality and confirmed the quantity of each item after the hyrail inspection of the Line.

For instance, in Exhibit 1, the top portion shows that the Eastern Line has 4.5 miles of 115 lb. jointed rail. Of this, 4.5 miles, from my hyrail inspection, I determined that 4 miles are relay and the rest is reroll. Relay rail could and would be reused by TP&W for other locations. Reroll rail is a classification one grade better than scrap. Reroll rail would be sold to reroll mills for making fence posts or rebar, which is used to reinforce concrete. The reroll rail weighs 96.14 tons while the rail weighs 769.12 net tons for a combined 865.26 net tons. The unit price of \$400.00 dollars per ton shown on Exhibit 1 is the price that similar 115 lb. weight rail is being sold for in the area. The reroll rail unit price is \$158.00 per ton. Also from recent sales in the local western Illinois area. The combined scrap and reroll rail value is \$321,211.

The next portion of Exhibit 1 is the other track material ("OTM"), which includes: tie plates, spikes, joinders that connect rail lengths, and gauge bars. This material's weight is a function of the rail weight and in this instance there are 378.90 tons of OTM,

¹ Unless otherwise noted, all values for track and material are based on local costs for the material which TP&W has recently purchased or inquired about purchasing.

² I used a mileage prorated to value ties and ballast for each segment of the Line.

all of which I classify as relay, valued at 185.00/ton or \$70,097. The \$185.00 unit price is the price TP&W has recently paid for such material. The value of the OTM is \$70,097.

The next portion of Exhibit 1 is turnouts of which there are 19 on the Eastern Line, three of which are No. 8s, used for industrial trackage; the remainder are No. 10s of 100 lb., 112 lb. and 115 lb. rail size. Five of the turnouts I classify as scrap, weighing 19.00 tons. The remaining 14 turnouts could and would be used on TP&W with the 115 lb. turnouts valued at \$3,500 each and the 112 lb. turnouts at \$3,000 each. These are prices that TP&W has paid. The scrap is valued at \$110/ton or \$1,964.00. The combined value is \$49,464.

The next portion of Exhibit 1 are signal appliances at road crossings with the three light crossings valued at \$6,000.00.

The gross liquidation value shown on Exhibit 1 is \$484,711, exclusive of ties and ballast. To determine NLV, the removal and transportation costs of each item in the gross liquidation value was determined. The cost to remove the jointed rail and OTM is \$45.00 per ton determined from recent bids in the area of \$55,987.20. The removal costs for the relay turnouts are \$1,000 each, the crossing signal removal costs are \$1,000, and the cost to restore the seven road crossing is \$7,000.

I included \$15.00/ton for their movement to market in Chicago, Illinois. This transportation cost came from recent TP&W quotes. The combined removal and transportation costs are \$104,899, exclusive of ties and ballast.

The mileage prorated NLV of ties and ballast of \$37,939 is included. The NLV for the Eastern Line is \$379, 813.

Exhibit 2 is the Western Line with an NLV of \$4,410,920 of which the material is

valued at \$5,155,509, excluding ties and ballast. Removal and transportation costs are \$1,397,654, excluding ties and ballast. The methodology is the same as shown in the other Exhibits. The rail is valued (scrap, reroll and relay) at \$4,028,574. The OTM scrap and relay weigh 5,875.21 tons with a value of \$983,094. The turnouts both fit for use on TP&W and scrap are valued at \$71,841.

The removal costs (including restoring grade crossings) and transportation to Chicago are \$1,397,655. The prorated NLV of ties and ballast is \$653,065. The NLV is \$4,410,920.

Turning now to Exhibit 3, the Bushnell Line NLV is \$1,418,628. In the first portion of the Exhibit dealing with rail, there are 12 different rail classifications on this Line. While most are based upon weight, the CWR abbreviation used means Continuous Welded Rail. This is a single piece of rail that is usually 1/4 mile in length when installed. As shown on Exhibit 3, this Segment has 1.5 miles of 115 lb. CWR weighing 288.42 tons with a market price of \$450/ton for reuse on TP&W. The \$450 number is the going value for 115 lb. relay rail. This rail would be reused on TP&W so it is classified as relay. The same is true for the jointed 112 lb. rail and 131 lb. rail of which there are 9.67 miles of 112 lb. and 4.6 miles of 131 lb. jointed rail. The combined rail value is \$1,279,274 for this Segment.

The second part of Exhibit 3 is the OTM and here all the double-shouldered tie plates 7/12 x 11 or 12 inch, along with the 7-3/4 x 14 inch main line track tie plates are classified as relay on the 131, 115, 112 and 100 lb rail, even if the rail they supported is classified as scrap or reroll, since they could be reused even if the rail could not. The single shoulder tie plates are deemed scrap due to low market demand. If the rail were

reused as relay, joint bars and rail anchors were reused while if the retail is scrap, the joint bars and rail anchors are also scrap. The nuts, bolts, washers and spikes are valued as scrap. The combined OTM is \$349,948.

The Bushnell Line has 10 signal lighted crossings that were valued at \$2,000 each or \$20,000. This value is based upon past experience and similar projects.

The turnout section shows a total of 15 turnouts, 3 No. 10 with 112 lb. rail; 4 No. 10 with 100 lb. rail; 3 No. 8 with 70 lb. rail; and 5 No. 10 with 115 lb. rail. The combined net tonnage is 59.45. The 115 lb. rail turnouts and the 112 lb. rail turnouts can be reused at TP&W and are valued at \$3,500 each for the 115 lb. rail and \$3,000 for the 112 lb. rail. The scrap prices are the same as other scrap rail: \$110/ton. The turnout value is \$28,787 for both the relay and scrap.

Finally, the removal and transportation costs are \$482,661, exclusive of ties and ballast. These include the removal of track from public crossings and signal removal. The prorated NLV of ties and ballast is \$223,279. The NLV for the Bushnell Line is \$1,418,628.

Exhibit 4 is the NLV for the Middle Line from Bushnell 170.5 to MP 123. The first portion of the Exhibit shows the total rail (scrap, reroll and relay) of \$2,749,300. The OTM value (both scrap and relay) is \$633,146. The crossing lights valued at \$52,000 for 26 crossings. There are 15 turnouts on this line of which 12 would be reused on TP&W with 3 scrapped. The turnout value is \$43,054. The combined gross liquidation value is \$3,907,312, excluding ties and ballast. The removal and transportation costs for the material are \$914,994, excluding ties and ballast. The prorated NLV of ties and ballast is \$429,812. The NLV is \$2,992,318.

The KJRY NLV track calculations were made by John W. Gohmann based upon a five-year-old track chart and assumptions like OTM is 20% of rail weight. The rail weight assumptions used by Gohmann contain a number of errors shown in the table below:

Rail MP 194.5 to MP 118.5

Rail Weight	Actual	Pioneer
70	2.98	0.00
80	0.26	8.70
90	1.50	0.50
100	15.04	14.40
105	1.40	1.30
112	14.65	14.60
112W	4.80	4.70
115	27.63	26.90
115W	3.6	3.60
131	11.5	11.30
131W	1.1	1.00
Total	84.46	87.00

The format of the appraisal makes comparison difficult. On page 183, Gohmann reduced the inventory of 131 lb CWR by 5% to account for the higher removal costs while keeping the unit costs close to jointed 131 lb rail. The result is 131 lb CWR is

worth less than jointed 131 lb rail! That is simply not the case. The combination of the incorrect inventory of rail and the methodology that underestimates the value of relay rail results in a rail NLV of \$2,103,000.00 when it should be the \$2,773,919.70 net rail value developed by subtracting the rail removal and transportation costs from the gross rail value, all of which are shown on my Exhibit 4. Additionally, the rail NLV for the Eastern Line is \$245,312.20 using the same subtractions from the rail values.

On OTM, Gohmann assumed OTM was 20% of rail weight and made his calculations using that formula. Using the actual inventory based upon the miles of track for each weight of rail and the tie spacing which affects the number of spikes, plates, joint bars, washers, plates and anchors. For each item of OTM, the number and weight of each item was used to calculate an average weight of OTM per mile of the different weights of rail. The OTM in my Exhibit 4 is 5,875.21 tons and rail weight is 14,367.78 tons or 40.8%, or twice the Gohmann estimate. I cannot determine what adjustment, if any, to OTM was made by Gohmann for turnouts that add significant OTM weight. My value for OTM on the Western Line is \$983,094 plus \$70,097 on the Eastern Line. Gohmann's OTM is \$421,000.

EXHIBIT 1

Liquidation Value of Railroad Asset
TPW - MP 123 - MP 118.5

Rail										
Weight	Jnt./CWR	Miles	NT/Mile	Total NT	Total GT	Class	Price NT	Price GT	Total \$ NT	Total \$ GT
115lb	Jnt	4	192.28	769.12	686.71	Relay	\$400		\$307,648	
115lb	Jnt	0.5	192.28	96.14	85.84	Reroll		\$158		\$13,563
Totals		4.5		865.26	772.55	Total Rail Value			\$321,211	

OTM										
Weight	Jnt./CWR	Miles	NT/Mile	Total NT	Total GT	Class	Price NT	Price GT	Total \$ NT	Total \$ GT
115lb	Jnt	4.5	84.2	378.90	338.30	Relay	\$185		\$70,097	
Totals		4.5		378.90	338.30	Total OTM Value			\$70,097	

Ties (Removal & Market)						Signal Appliances			
Class	%	Miles	Total Ties	Price Ea.	Total	Type	Quantity	Unit Price	Total
#1 Relay	0%	4.5		\$8		Lights	3	\$2,000	\$6,000
#2 Relay	0%	4.5		\$6		Gates			
Landscape	0%	4.5		\$4		Total all Signals			\$6,000
Scrap	0%	4.5		\$0					
Total Tie Value					\$0				

Turnouts										
Weight	Type	Qty.	NT/TO	Total NT	Total GT	Class	Price EA	Price GT	Total \$ Each	Total \$ GT
115lb	No 10	11	4.52	49.72	44.39	relay	\$3,500		\$38,500	
100lb	No 8	3	3.70	11.10	9.91	scrap		\$110		\$1,090
100lb	No 10	2	4.45	8.90	7.95	scrap		\$110		\$874
112lb	No 10	3	4.52	13.56	12.11	relay	\$3,000		\$9,000	
Totals		19		83.28	74.36	Total OTM Value			\$49,464	

Liquidation Costs				
	Unit	Cost	Quantity	Total
Dismantle Track (CWR)	NT	\$60		
Dismantle Trk (Jointed)	NT	\$45	1244 NT	\$55,987.2
Transport Rail & OTM	NT	\$15	1327 NT	\$19,911.6
Remove Ties	EA	\$1		
Transport Ties	EA	\$2		
Remove Relay Turnouts	EA	\$1,000	19	\$19,000.0
Remove Crossing Signal	EA	\$1,000	3	\$3,000.0
Restore Crossings	EA	\$1,000	7	\$7,000.0

Gross Liquidation Value	\$484,711
Total Liquidation Costs	\$104,899
Net Liquidation Value	\$379,813

EXHIBIT 2

Liquidation Value of Railroad Asset

TPW - MP 123 to MP 194.5

Rail										
Weight	Jnt./CWR	Miles	NT/Mile	Total NT	Total GT	Class	Price NT	Price GT	Total \$ NT	Total \$ GT
131lb	CWR	1.1	219.03	240.94	215.12	Relay	\$375		\$90,351	
115lb	CWR	3.6	192.28	692.21	618.04	Relay	\$450		\$311,494	
115lb	Jnt	15.74	192.28	3026.49	2702.22	Relay	\$400		\$1,210,595	
115lb	Jnt	3.69	192.28	709.51	633.49	Reroll		\$158		\$100,092
115lb	Jnt	1.2	186.21	223.45	199.51	Scrap		\$102		\$20,350
112lb	CWR	4.8	187.26	898.87	802.56	Relay	\$385		\$346,064	
100lb	Jnt	6.82	167.20	1140.30	1018.13	Reroll		\$158		\$160,864
100lb	Jnt	3.22	161.92	521.38	465.52	Scrap		\$102		\$47,483
112lb	Jnt	9.67	187.26	1810.84	1616.82	Relay	\$350		\$633,795	
112lb	Jnt	3	187.26	561.79	501.60	Reroll		\$158		\$79,253
112lb	Jnt	1.98	181.35	359.07	320.60	Scrap		\$102		\$32,701
131lb	Jnt	9.5	219.03	2080.80	1857.86	Relay	\$300		\$624,241	
131lb	Jnt	2	219.03	438.06	391.13	Reroll		\$158		\$61,798
105lb	Jnt	1.4	170.02	238.02	212.52	Scrap		\$102		\$21,677
90lb	Jnt	1.5	145.73	218.59	195.17	Scrap		\$102		\$19,907
100lb	Jnt	5	167.20	836.00	746.43	Relay	\$280		\$234,080	
80lb	Jnt	0.26	129.54	33.68	30.07	Scrap		\$102		\$3,067
70lb	Jnt	2.98	113.34	337.77	301.58	Scrap		\$102		\$30,761
Totals		77.46		14367.78	12828.38			Total Rail Value	\$4,028,574	

OTM										
Weight	Jnt./CWR	Miles	NT/Mile	Total NT	Total GT	Class	Price NT	Price GT	Total \$ NT	Total \$ GT
100lb	Jnt	10.04	55.3	555.21	495.73	Scrap		\$110		\$54,530
90lb	Jnt	1.5	50.0	75.00	66.96	Scrap				
115lb	Jnt	1.2	84.2	101.04	90.21	Scrap		\$110		\$9,924
70lb	Jnt	2.98	40.0	119.20	106.43	Scrap		\$110		\$11,707
80lb	Jnt	0.26	57.0	14.82	13.23	Scrap		\$110		\$1,456
105lb	Jnt	1.4	57.0	79.80	71.25	Scrap		\$110		\$7,838
112lb	Jnt	1.98	84.0	166.32	148.50	Scrap		\$110		\$16,335
112lb	CWR	4.8	74.0	355.20	317.14	Relay	\$185		\$65,712	
112lb	Jnt	12.67	84.0	1064.28	950.25	Relay	\$185		\$196,892	
115lb	CWR	3.6	74.8	269.28	240.43	Relay	\$185		\$49,817	
115lb	Jnt	19.43	84.2	1636.01	1460.72	Relay	\$185		\$302,661	
131lb	Jnt	11.5	93.2	1071.80	956.96	Relay	\$185		\$198,283	
131lb	CWR	1.1	82.5	90.75	81.03	Relay	\$185		\$16,789	
100lb	Jnt	5	55.3	276.50	246.88	Relay	\$185		\$51,153	
Totals		77.46		5875.21	5245.72			Total OTM Value	\$983,094	

Ties (Removal & Market)						Signal Appliances			
Class	%	Miles	Total Ties	Price Ea.	Total	Type	Quantity	Unit Price	Total
#1 Relay	0%	77.5		\$8		Lights	36	\$2,000	\$72,000
#2 Relay	0%	77.5		\$6		Gates			
Landscape	0%	77.5		\$4					
Scrap	0%	77.5							
Total Tie Value					\$0	Total all Signals			
						\$72,000			

Turnouts										
Weight	Type	Qty.	NT/TO	Total NT	Total GT	Class	Price EA	Price GT	Total \$ Each	Total \$ GT
131lb	No 10	0	4.65			relay	\$3,500			
0lb		0	4.65			scrap				
112lb	No 10	3	4.52	13.56	12.11	relay	\$3,000		\$9,000	
100lb	No 10	6	4.45	26.70	23.84	scrap		\$110		\$2,622
70lb	No 8	4	1.83	7.32	6.54	scrap		\$110		\$719
115lb	No 10	17	4.52	76.84	68.61	relay	\$3,500		\$59,500	
Totals		30		124.42	111.09				Total Turnouts Value	\$71,841

Liquidation Costs				
	Unit	Cost	Quantity	Total
Dismantle Track (CWR)	NT	\$60	2547 NT	\$152,834
Dismantle Trk (Jointed)	NT	\$45	17696 NT	\$796,309
Transport Rail & OTM	NT	\$15	20367 NT	\$305,511
Remove Ties	EA	\$1		
Transport Ties	EA	\$2		
Remove Relay Turnouts	EA	\$1,000	30	\$30,000
Remove Crossing Signal	EA	\$1,000	36	\$36,000
Restore Crossings	EA	\$1,000	77	\$77,000

Gross Liquidation Value	\$5,808,574
Total Liquidation Costs	\$1,397,654
Net Liquidation Value	\$4,410,920

EXHIBIT 3

Liquidation Value of Railroad Asset
TPW - MP 170.5 to MP 194.5

Rail										
Weight	Jnt./CWR	Miles	NT/Mile	Total NT	Total GT	Class	Price NT	Price GT	Total \$ NT	Total \$ GT
131lb	CWR	0	219.03			Relay	\$375			
115lb	CWR	1.5	192.28	288.42	257.52	Relay	\$450		\$129,789	
115lb	Jnt	0	192.28			Relay	\$400			
115lb	Jnt	0	192.28			Reroll		\$158		
115lb	Jnt	0	186.21			Scrap		\$102		
112lb	CWR	0	187.26			Relay	\$385			
100lb	Jnt	1.2	167.20	200.64	179.14	Reroll		\$158		\$28,305
100lb	Jnt	0.58	161.92	93.91	83.85	Scrap		\$102		\$8,553
112lb	Jnt	9.67	187.26	1810.84	1616.82	Relay	\$350		\$633,795	
112lb	Jnt	3	187.26	561.79	501.60	Reroll		\$158		\$79,253
112lb	Jnt	1.8	181.35	326.43	291.46	Scrap		\$102		\$29,729
131lb	Jnt	4.6	219.03	1007.55	899.60	Relay	\$300		\$302,264	
131lb	Jnt	0.8	219.03	175.23	156.45	Reroll		\$158		\$24,719
105lb	Jnt	1.4	170.02	238.02	212.52	Scrap		\$102		\$21,677
90lb	Jnt	0.3	145.73	43.72	39.03	Scrap		\$102		\$3,981
100lb	Jnt	0	167.20			Relay	\$280			
80lb	Jnt	0.26	129.54	33.68	30.07	Scrap		\$102		\$3,067
70lb	Jnt	1.37	113.34	155.28	138.64	Scrap		\$102		\$14,142
Totals		26.48		4935.51	4406.71			Total Rail Value	\$1,279,274	

OTM										
Weight	Jnt./CWR	Miles	NT/Mile	Total NT	Total GT	Class	Price NT	Price GT	Total \$ NT	Total \$ GT
100lb	Jnt	1.78	55.3	98.43	87.89	Scrap		\$110		\$9,668
90lb	Jnt	0.3	50.0	15.00	13.39	Scrap				
115lb	Jnt	0	84.2			Scrap		\$110		
70lb	Jnt	1.37	40.0	54.80	48.93	Scrap		\$110		\$5,382
80lb	Jnt	0.26	57.0	14.82	13.23	Scrap		\$110		\$1,456
105lb	Jnt	1.4	57.0	79.80	71.25	Scrap		\$110		\$7,838
112lb	Jnt	1.8	84.0	151.20	135.00	Scrap		\$110		\$14,850
112lb	CWR	0	74.0			Relay	\$185			
112lb	Jnt	12.67	84.0	1064.28	950.25	Relay	\$185		\$196,892	
115lb	CWR	1.5	74.8	112.20	100.18	Relay	\$185		\$20,757	
115lb	Jnt	0	84.2			Relay	\$185			
131lb	Jnt	5.4	93.2	503.28	449.36	Relay	\$185		\$93,107	
131lb	CWR	0	82.5			Relay	\$185			
100lb	Jnt	0	55.3			Relay	\$185			
Totals		26.48		2093.81	1869.48			Total OTM Value	\$349,948	

Ties (Removal & Market)						Signal Appliances			
Class	%	Miles	Total Ties	Price Ea.	Total	Type	Quantity	Unit Price	Total
#1 Relay	0%	26.5		\$8		Lights	10	\$2,000	\$20,000
#2 Relay	0%	26.5		\$6		Gates			
Landscape	0%	26.5		\$4					
Scrap	0%	26.5							
Total Tie Value					\$0	Total all Signals			
						\$20,000			

Turnouts										
Weight	Type	Qty.	NT/TO	Total NT	Total GT	Class	Price EA	Price GT	Total \$ Each	Total \$ GT
131lb	No 10	0	4.65			relay	\$3,500			
0lb		0	4.65			scrap				
112lb	No 10	3	4.52	13.56	12.11	relay	\$3,000		\$9,000	
100lb	No 10	4	4.45	17.80	15.89	scrap		\$110		\$1,748
70lb	No 8	3	1.83	5.49	4.90	scrap		\$110		\$539
115lb	No 10	5	4.52	22.60	20.18	relay	\$3,500		\$17,500	
Totals		15		59.45	53.08				Total Turnouts Value	\$28,787

Liquidation Costs				
	Unit	Cost	Quantity	Total
Dismantle Track (CWR)	NT	\$60	401 NT	\$24,037.2
Dismantle Trk (Jointed)	NT	\$45	6629 NT	\$298,291.8
Transport Rail & OTM	NT	\$15	7089 NT	\$106,331.7
Remove Ties	EA	\$1		
Transport Ties	EA	\$2		
Remove Relay Turnouts	EA	\$1,000	15	\$15,000.0
Remove Crossing Signal	EA	\$1,000	10	\$10,000.0
Restore Crossings	EA	\$1,000	29	\$29,000.0

Gross Liquidation Value	\$1,901,288
Total Liquidation Costs	\$482,661
Net Liquidation Value	\$1,418,628

EXHIBIT 4

Liquidation Value of Railroad Asset

TPW - MP 123 to MP170.5

Rail										
Weight	Jnt./CWR	Miles	NT/Mile	Total NT	Total GT	Class	Price NT	Price GT	Total \$ NT	Total \$ GT
131lb	CWR	1.1	219.03	240.94	215.12	Relay	\$375		\$90,351	
115lb	CWR	2.1	192.28	403.79	360.53	Relay	\$450		\$181,705	
115lb	Jnt	15.74	192.28	3026.49	2702.22	Relay	\$400		\$1,210,595	
115lb	Jnt	3.69	192.28	709.51	633.49	Reroll		\$158		\$100,092
115lb	Jnt	1.2	186.21	223.45	199.51	Scrap		\$102		\$20,350
112lb	CWR	4.8	187.26	898.87	802.56	Relay	\$385		\$346,064	
100lb	Jnt	5.62	167.20	939.66	838.99	Reroll		\$158		\$132,560
100lb	Jnt	2.64	161.92	427.47	381.67	Scrap		\$102		\$38,930
112lb	Jnt	0	187.26			Relay	\$350			
112lb	Jnt	0	187.26			Reroll		\$158		
112lb	Jnt	0.18	181.35	32.64	29.15	Scrap		\$102		\$2,973
131lb	Jnt	4.9	219.03	1073.26	958.27	Relay	\$300		\$321,977	
131lb	Jnt	1.2	219.03	262.84	234.68	Reroll		\$158		\$37,079
105lb	Jnt	0	170.02			Scrap		\$102		
90lb	Jnt	1.2	145.73	174.87	156.14	Scrap		\$102		\$15,926
100lb	Jnt	5	167.20	836.00	746.43	Relay	\$280		\$234,080	
80lb	Jnt	0	129.54			Scrap		\$102		
70lb	Jnt	1.61	113.34	182.48	162.93	Scrap		\$102		\$16,619
Totals		50.98		9432.27	8421.67			Total Rail Value	\$2,749,300	

OTM										
Weight	Jnt./CWR	Miles	NT/Mile	Total NT	Total GT	Class	Price NT	Price GT	Total \$ NT	Total \$ GT
100lb	Jnt	8.26	55.3	456.78	407.84	Scrap		\$110		\$44,862
90lb	Jnt	1.2	50.0	60.00	53.57	Scrap				
115lb	Jnt	1.2	84.2	101.04	90.21	Scrap		\$110		\$9,924
70lb	Jnt	1.61	40.0	64.40	57.50	Scrap		\$110		\$6,325
80lb	Jnt	0	57.0			Scrap		\$110		
105lb	Jnt	0	57.0			Scrap		\$110		
112lb	Jnt	0.18	84.0	15.12	13.50	Scrap		\$110		\$1,485
112lb	CWR	4.8	74.0	355.20	317.14	Relay	\$185		\$65,712	
112lb	Jnt	0	84.0			Relay	\$185			
115lb	CWR	2.1	74.8	157.08	140.25	Relay	\$185		\$29,060	
115lb	Jnt	19.43	84.2	1636.01	1460.72	Relay	\$185		\$302,661	
131lb	Jnt	6.1	93.2	568.52	507.61	Relay	\$185		\$105,176	
131lb	CWR	1.1	82.5	90.75	81.03	Relay	\$185		\$16,789	
100lb	Jnt	5	55.3	276.50	246.88	Relay	\$185		\$51,153	
Totals		50.98		3781.39	3376.24			Total OTM Value	\$633,146	

Ties (Removal & Market)						Signal Appliances			
Class	%	Miles	Total Ties	Price Ea.	Total	Type	Quantity	Unit Price	Total
#1 Relay	0%	51.0		\$8		Lights	26	\$2,000	\$52,000
#2 Relay	0%	51.0		\$6		Gates			
Landscape	0%	51.0		\$4					
Scrap	0%	51.0							
Total Tie Value					\$0	Total all Signals			\$52,000

Turnouts										
Weight	Type	Qty.	NT/TO	Total NT	Total GT	Class	Price EA	Price GT	Total \$ Each	Total \$ GT
131lb	No 10	0	4.65			relay	\$3,500			
0lb		0	4.65			scrap				
112lb	No 10	0	4.52			relay	\$3,000			
100lb	No 10	2	4.45	8.90	7.95	scrap		\$110		\$874
70lb	No 8	1	1.83	1.83	1.63	scrap		\$110		\$180
115lb	No 10	12	4.52	54.24	48.43	relay	\$3,500		\$42,000	
Totals		15		64.97	58.01				Total Turnouts Value	\$43,054

Liquidation Costs				
	Unit	Cost	Quantity	Total
Dismantle Track (CWR)	NT	\$60	2147 NT	\$128,797.2
Dismantle Trk (Jointed)	NT	\$45	11067 NT	\$498,016.9
Transport Rail & OTM	NT	\$15	13279 NT	\$199,179.5
Remove Ties	EA	\$1		
Transport Ties	EA	\$2		
Remove Relay Turnouts	EA	\$1,000	15	\$15,000.0
Remove Crossing Signal	EA	\$1,000	26	\$26,000.0
Restore Crossings	EA	\$1,000	48	\$48,000.0

Gross Liquidation Value	\$3,907,312
Total Liquidation Costs	\$914,994
Net Liquidation Value	\$2,992,318

VERIFICATION

I, MARK D. GARVIN, declare 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. Executed this 14th day of October 2003.

Mark D. Garvin

Mark D. Garvin

EXHIBIT F

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

VERIFIED STATEMENT OF
TODD N. CECIL

My name is Todd N. Cecil. I am employed as Vice President, Real Estate, for RailAmerica, Inc., and the Toledo, Peoria & Western Railway Corporation ("TP&W"). This statement is the appraisal of the value of the real estate on the Line, and a critique of the valuation presented by the Keokuk Junction Railway Company ("KJRY").

My office address is 4040 Broadway, Suite 200, San Antonio, Texas 78209. I have been employed by RailAmerica since its acquisition of RailTex, Inc. in February 2000. Prior to that time I was employed by RailTex for seven years (since February 1993), most recently in the position of Vice President – Real Estate.

My current duties and responsibilities include the management, development and disposition of the various real estate interests included within RailAmerica's international railroad portfolio. These real estate interests are located all throughout the U.S., Canada and Chile. Included in my duties are the appraising of various interests in railroad-owned real estate, reviewing the appraisals of others, and handling negotiations for sales, leases, acquisitions and other real estate transactions.

My prior railroad-related real estate experience consists of ten years with various subsidiaries of CSX Transportation, Inc. (including Chessie Resources, Inc., CSX Resources, Inc., Chessie Systems, and CSX Real Property, Inc.) between 1980 and 1990.

During this period I rose through the corporate ranks to the level of Regional Manager, Great Lakes, with responsibility for the management of all CSX real estate holdings in Michigan, Ontario, and portions of Indiana and Illinois (including Chicago).

Also, for three years between my employment with CSX and RailTex (1990-1993), I was employed by Trerice Tosto, a metro-Detroit full-service real estate company in the position of Vice-President of the Appraisal and Consulting Division. During this time I was involved in the appraisal of many types of income producing properties (including industrial, commercial, residential and special purpose properties), and also provided corridor and other real estate valuation consulting services to railroad and utility companies.

I am a 1977 graduate of Bowling Green State University (Bowling Green, Ohio) with a Bachelor of Arts Degree in Geography (Regional Planning). I also earned a Master of Arts Degree in Geography from the same university in 1980.

I have successfully completed numerous real estate appraisal courses offered by the Appraisal Institute (formerly the American Institute of Real Estate Appraisers) including:

- Real Estate Appraisal Principles
- Basic Valuation Procedures
- Capitalization Theory and Technique - Part 1
- Capitalization Theory and Technique - Part 2
- Capitalization Theory and Technique - Part 3
- Case Studies in Real Estate Valuation
- Valuation Analysis and Report Writing
- Investment Analysis
- Standards of Professional Practice
- Real Estate Disclosure

Litigation Valuation

Internet Search Techniques for Real Estate Appraisers

GIS Applications for Real Estate Appraisal

In summary, my professional railroad real estate experience includes over 20 years of appraising, selling, leasing, and managing railroad properties. Included in this experience are numerous railroad corridor valuation and disposition projects. These properties include numerous railroad corridors and railroad corridor segments (including urban, suburban, and rural) running through diverse neighborhood types and consisting of a wide spectrum of highest and best uses.

I have also prepared and reviewed appraisals and valuation studies of virtually all types of property (commercial, industrial, residential, special purpose, railroad corridors, etc.) located in over twenty (20) states located throughout the country, in Canada, and in Chile.

In addition, over the years I have been involved in negotiating hundreds of purchase and sale transactions involving railroad real estate properties. This experience has provided me with unique insight into the value potential of railroad real estate, the potential motivations of purchasers for these properties, as well as a feel for the marketability of railroad properties of nearly all potential land uses.

KJRY filed an Application under 49 U.S.C. § 10907 and 49 C.F.R. § 1151 to force the sale of TP&W's 76-mile line of railroad between La Harpe, IL, milepost 194.5, and Hollis, IL, milepost 118.5 (the "Line") on April 9, 2003, as supplemented. I have reviewed the Application and Supplements, paying special attention to the real estate valuation.

In response to the real estate valuation presented in the Application, I have appraised the operating rail corridor comprising the Line. I will also critique the valuation included in the Application. This 76.0 mile-long corridor, which varies in width from 40 feet to 100 feet (except for wider spots at the station grounds), is shown on the maps attached hereto as Exhibit A. It begins on its eastern end in the southwestern outskirts of Peoria, Illinois, and runs generally westward through a variety of land uses to its western terminus in western Illinois.

The breakdown of counties traversed by the corridor is as follows:

Peoria County - 12.1 miles (Mile Posts 118.5 – 130.6)

Fulton County – 33.6 miles (Mile Posts 130.6 – 164.2)

McDonough County – 27.7 miles (Mile Posts 164.2 – 191.9)

Hancock County – 2.6 miles (Mile Posts 191.9 – 194.5)

(Not included in the above list of mileage breakdowns along the TPW main line is the 2.5 mile-long Mapleton Industrial Track. This track curves southeasterly off the TPW main track at Mile Post 121.6 (Kolbe) and runs through an area of intensive rail-served industrial development.)

I physically inspected the subject corridor “on-the-ground” on August 12 and 13, 2003. Then, on August 14th, I again inspected the corridor end-to-end, this time by helicopter, in order to gain a thorough perspective of its locational relationship to adjacent land uses and the comparable sales used in this analysis. From the helicopter, the subject property was video-taped, and this tape was used as a valuable reference tool in the preparation of this report.

At this time I also took digital photos of the Line and gathered zoning maps, comparable sale data, and compiled other reference materials used in the preparation of this analysis.

In addition, a complete inventory of USGS topographic maps was obtained and used with the valuation maps of the Line during the physical inspection process. Also, comparable sales were plotted on these maps to provide a useful basis of comparison to the subject property.

All of the above-described reference materials and data, along with extensive title documentation detailed later in this report, were utilized as work papers in the preparation of this report.

Generally, the character of the region becomes more and more rural the further west one travels along the Line. Beginning at Glasford (Mile Post 127) and moving westward the local economic base becomes highly agricultural. The general trend is for agricultural land to be more valuable in McDonough and Hancock Counties, as one moves westward along the subject corridor.

Beginning in Hollis (Mile Post 118.5), a location on the opposite side of the Illinois River from Pekin, the subject corridor runs generally along U.S. Route 24 through a mixture of industrial, residential and commercial land uses (including the intersection of Route 24 and State Route 9) for a distance of roughly four miles to the junction of the Mapleton industrial lead track, at Mile Post 121.8. This three mile-long track segment cuts off the main line and into an area of heavy industrial uses.

Just west of the community of Mapleton (Mile Post 123), the main Line veers away from Route 24 and runs westward through an area of wooded cover and rolling

topography, following generally the path of Lamarsh Creek and its tributaries to Mile Post 125.8 (east of Glasford). From this point the Line runs through more open, agricultural property until it reaches the community of Glasford (Mile Post 127).

From Glasford, the Line extends across the Peoria–Fulton County line through another area of more rolling and wooded terrain until it reaches the outskirts of Canton (Mile Post 140), the Fulton County seat, and the largest community through which the subject corridor runs.

West of Canton, and on to the small community of Cuba (Mile Post 149), the Line crosses through an area containing a combination of agricultural and recreational land uses. This is an area of former intensive coal strip-mining (no longer active due to the high sulfur content of the coal). Areas along the tracks that were once mined have been nicely reclaimed for a combination of agricultural, pasture, and recreational uses. This is an area of many hunting clubs, and we have learned that there is a considerable demand for land in this area due to assemblage and privacy motivations by these clubs. Many of the dug-out strips left behind by the mining operations have been converted to fresh water lakes, and these are used extensively for both fishing and waterfowl hunting purposes.

From Cuba to Smithfield (Mile Post 154.5), the properties are relatively level and used for primarily agricultural purposes. Then, west of Smithfield, the Line begins running through the dendritic drainage network of the Spoon River, and continues to do so until just east of the Fulton-McDonough county line as the Line approaches the community of New Philadelphia (Mile Post 165.5).

Throughout McDonough County the Line traverses almost exclusively level to fairly level topography. The vast majority of adjacent land uses in this area are cultivated

fields of soybeans and corn. The soils in this area are renowned for their high agricultural yields. Some of the communities through which the corridor runs in this area are Bushnell (Mile Post 171), Good Hope (Mile Post 179), Sciota (Mile Post 183.5) and Blandinsville (Mile Post 189.5), all of which have economies that are highly dependent upon agribusiness.

Finally, the Line moves westward into Hancock County to its terminus at Mile Post 194.5 (just east of LaHarpe). This area, like McDonough County, has basically flat topography with large cultivated fields of soybeans and corn.

Corridor Valuation

The subject property is a continuous, assembled corridor which has been used for railroad transportation purposes by TP&W. Given this current use, and in light of the demonstrated demand for this use reflected in the prior sale to SF&L Railway, Inc., the negotiations with KJRY, and the current application made by Pioneer to acquire the line for continued rail transportation use, the “highest and best use” of this property is obviously as an assembled corridor. Highest and best use is defined as being:

“The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.” The Dictionary of Real Estate Appraisal, Second Edition (American Institute of Real Estate Appraisers, 1989)

Also supporting this “assembled corridor” highest and best use valuation is the fact that other revenue-generating ancillary uses can be made of the corridor without interfering with its use for rail purposes. Uses such as electric power lines,

telecommunications facilities, water, storm and sanitary sewer pipe lines and other miscellaneous occupancies along the corridor, for which fees are paid to the corridor owner, contribute to the economic viability of the corridor for rail use.

As it is clear that the property should be valued as an assembled corridor, it is just as clear, then, that the valuation of the property should follow a methodology recognized as being appropriate for the valuation of assembled corridors. A fundamental economic principle in valuing such a corridor property is the principle of substitution. Using this principle, the assumption is made that, in order to estimate the value of the corridor in place, the cost of assembling the corridor in its current location needs to be estimated. This approach is actually a modified version of the sales comparison approach to value, and it begins with an analysis of the value of vacant land parcels through which the subject corridor runs. This “across the fence value” analysis is defined by the The Dictionary of Real Estate Appraisal, Second Edition (American Institute of Real Estate Appraisers, 1989) as:

“a means of estimating the price or value of the land adjacent to or across the fence from a railroad, pipeline, highway or other corridor real estate, as distinguished from valuing the land as a separate entity.”

In a typical ATF analysis, available sales, offerings, and rentals of comparable properties in the subject vicinity are considered. In this analysis, due to the availability of numerous recent comparable sales, less emphasis was placed upon an analysis of existing land leases involving portions of the subject corridor (although, had we placed more emphasis on these leases, our value estimate would have been much higher). The subject corridor is divided into land parcels reflecting the zoning or land use patterns adjacent to the individual segmented parcels (which we did – see Exhibit B). Comparables are then

examined and adjustments are made to them for changes in market conditions over time, location, and natural topography (also see Exhibit B). Since ATF assumes continued corridor use, no appraisal adjustments for shape or access are considered.

Upon arriving at an ATF value, the final step is to consider an enhancement value to the property reflecting its status as an assembled corridor. This is the estimated value over and above the ATF value, reflecting the added increment of the purchaser being able to buy the entire corridor from one seller at one time. Transportation corridors, like the Line, are unique in that they provide a continuous linkage of two distant points with property rights owned by a single party. In order to duplicate the corridor, the railroad would be required to spend considerable time to purchase the line at a cost reflecting not only the sum of the ATF values of the numerous parcels comprising the corridor, but also costs associated with increased legal fees and other condemnation related costs, payment of premiums to parcel owners to avoid litigation, handling resistance from local community groups, the time value of money, etc. Therefore, by acquiring a ready-made, assembled corridor, the purchaser is able to avoid these considerable costs over and above ATF value.

The benefit attributable to a property that is a direct result of this avoidance of cost is referred to as an "Enhancement Factor". Enhancement factors (EF) are measured as follows:

$$EF = \text{Total cost to replicate a given corridor property} / \text{ATF}$$

Enhancement factors, therefore, represent the value attributable to the avoidance of cost and time delay, and are multiplied by the ATF value to derive the total value of an assembled corridor.

A chart detailing our ATF valuation conclusions is attached as Exhibit B. The first nine columns of Exhibit B identify each parcel. The next column titled "Acres" provides the acreage of each parcel.

The next two columns identify the existing zoning and my analysis of the highest and best use of that parcel based on the zoning and my inspection of the Line and adjacent area. In most instances I have selected the existing zoning of the adjacent property as the highest and best use. In most instances, where the highest and best use is different than the adjacent zoning, in keeping with the conservative approach of this appraisal, I have adopted a lower value use. Some examples are where there is adjacent industrial and residential zoning, I have used residential values, and where land is zoned agricultural, but has an adjacent recreational facility (hunt or gun club), I have valued the parcel as recreational, even though such value is less than the value of agricultural land.

The next column contains the "A.T.F. Value Per Acre" based on my analysis of the comparable sales (as set out in Exhibit C along with maps showing their relative location to the Line). These ATF values were developed through a comparison of the properties through which the individual corridor segments run to comparable properties which have been recently sold (the sales listed in Exhibit C). For example, the ATF value of a corridor segment running through an agricultural area would correspond closely to the per acre values reflected by sales of similarly-sized properties also used for agricultural purposes, while the same would apply for industrial, residential, recreational and commercial properties. Among other factors considered in this comparative analysis was the location of the sales in relation to the subject corridor ATF parcels.

Based upon my experience, as confirmed by discussions with local appraisers and others knowledgeable of trends in local land values, we applied time adjustments to each of the comparable sales at a rate of +5% per year.

The "Total A.T.F. Value" is calculated in the last column in Exhibit B by multiplying the number of acres times the A.T.F. Value Per Acre. (At this point it is quite worthy to note that in KJRY's estimate of land value there was apparently no comparable sale analysis undertaken, making their estimate completely invalid.)

The total ATF value of the entire assembled corridor is \$5,579,145.

The general rule of thumb in the industry is that enhancement factors for corridors fall generally into the range of 1.1-2.0, depending upon a number of factors including the length of the corridor, the sizes of the typical land parcels through which the corridor runs (reflecting the intensity of adjacent development), the nature of land uses adjacent to the corridor, and others). Our research uncovered numerous comparable sales of railroad corridor rights which assisted us in estimating an appropriate enhancement factor for the subject property. Our analysis confirmed that the trend is for enhancement factors to be generally higher in more urban and suburban areas. In these situations enhancement factors in the 1.5 to 2.0 range (and even higher) are common.

Enhancement factors for more rural areas tended to be somewhat less than those for more urban corridors, generally in the 1.1 to 1.4 range.

In the case of the subject, corridor enhancement factor is estimated as follows:

MP 118.5 (Hollis) to MP 123.0 (Mapleton) - More suburban in character than the remaining part of the line. Estimated EF = 1.4

MP 123.0 to MP 194.5 (LaHarpe) – 71.5 miles of corridor running through largely rural areas. Estimated EF = 1.2

Therefore, the estimated corridor value of the subject property as of August 14, 2003 is represented as follows:

Hollis to Mapleton	\$1,572,613 X 1.4 = \$2,201,658
Mapleton to LaHarpe	\$4,006,533 X 1.2 = <u>\$4,807,839</u>
Total Value	\$7,009,497

It is noted that this value is based upon the assumption that all rail improvements (track, ties, and other track material) are removed from the subject property.

Our position that the assembled corridor (ATF plus enhancement factor) methodology is entirely appropriate in a situation where the ownership of the corridor is proposed to be transferred to another carrier or rail use organization is well documented in contemporary appraisal literature. Examples of supporting articles include:

- Seymour, Charles F. - “The Continuing Evolution of Corridor Appraising (Back to Basics)”, *Right of Way (May-June 2002)*
- Zoll, Clifford A. - “Rail Corridor Markets and Sale Factors”, *The Appraisal Journal (October 1991)*

This methodology is, in fact, the only correct methodology which provides a market based estimate of the value of an assembled corridor to be used for continued corridor use.

Non-Corridor (or Piecemeal) Valuation

In certain situations the STB estimates the “net liquidation value”, or “NLV”, of a corridor, on a piecemeal basis, as is required under the provisions of 49 C.F.R Section

1152.34(c). In affect, such an NLV calculation represents the value of a corridor for non-rail (or non-corridor) purposes (referred to as “Abandonment NLV”). Therefore, it is assumed in the definition of Abandonment NLV that rail service would be discontinued and the various parcels of real estate comprising the corridor be sold off. However, the Application involves a proposed transfer of ownership of an intact operating rail corridor. Therefore, Abandonment NLV (as it is typically defined for STB proceeding purposes) is, in the appraiser’s opinion, not relevant since it assumes a land liquidation scenario that is not contemplated by the ultimate corridor user, and is therefore inconsistent with the highest and best use of the subject property.

Nevertheless, despite the inapplicability of this valuation model to the existing highest and best use scenario, we prepared an Abandonment NLV estimate because of the STB’s familiarity with it and to provide a basis of comparison to the more appropriate estimate of assembled corridor value provided earlier.

Under the Abandonment NLV valuation methodology, those portions of the assembled corridor that are owned in fee (see Exhibit D) are valued separately and aggressively marketed for sale. (Our determination of which parcels are owned in fee is based upon the comprehensive review of title described below.) Similar to the adjustment process described in the Corridor Valuation section of this verified statement, comparisons are made using the time-adjusted values reflected by the comparable sales shown in Exhibit C, but in this case the various fee-owned parcels are compared separately, in and of themselves, to the comparable sales, to arrive at adjusted values for each of the individual parcels. These are found in the column entitled “Adjusted Value Per Acre in Exhibit D. Comparisons are made between the subject parcels and the

comparables, and when appropriate, adjustments are made to the indicated unit value ranges reflected by the comparable for differences in factors such as location, shape, size, access, physical orientation to adjacent properties, topography, and other factors (called “elements of comparison”). It is noteworthy that some parcel’s unit values were adjusted, and some were not. This is because some parcels, due to specific and unique locational and physical characteristics, are impacted by differences in the elements of comparison, while others are not.

A discounted cash flow model is then utilized at the end of Exhibit D to take into consideration the estimated marketing time of the entire inventory of parcels, as well as projected costs of sale.

An exhaustive, comprehensive review of TPW’s title to the corridor was undertaken. Included in this process was the acquisition from the Library of Congress in Washington D.C. (at a cost of over \$10,000) the original 1917-version valuation maps including land schedules providing information as to the TPW’s derivation of title. A complete list of the over 200 title documents involving the subject corridor was prepared, and copies of these documents (many of the 1860-1870 vintage) were obtained. These documents were then reviewed to determine which segments of the corridor are owned by TPW in fee title. (A copy of each of the documents is included in the addenda to this report.) In completing this review of the title documentation we relied upon our extensive experience and familiarity with railroad titles. At this point it is appropriate to note that in KJRY’s estimate of land value there was apparently absolutely no title review undertaken, another reason that their estimate of value is completely without foundation or merit.

For the purposes of this analysis we have included an allowance of 8% for sales commissions, administrative costs, advertising, and promotion. This estimate falls within an “industry-standard” range of approximately 6%-10% and is consistent with my experience in selling and appraising similar properties.

There has been considerable recent interest expressed on the part of local concerns in acquiring various portions of the corridor in the event of abandonment. Also, the subject parcels have an overall favorable physical orientation with adjacent properties so as to promote interest from adjacent owners in assembling the railroad parcels with their existing ownership. These factors tend to indicate that much of the property is very marketable and would therefore likely sell within a short period from the time of abandonment. Maintaining a very conservative approach, it is therefore estimated that the saleable parcels in the inventory would be sold off over a three year period, with 65% of the land sold off in the first year, 25% in the second year, and 5% in the third year. For the purposes of this analysis it is assumed that 5% of the fee parcels are not marketable, and therefore no value at all is allocated to this portion of the land inventory.

The application of a discount rate of 5% reflects the “cost of money” and the risk inherent in having to hold properties over time. The discount is applied on an end-of-year (EOY) basis, although the cash flows from the sale process would be realized throughout each proceeding year. Therefore, our estimate of value under this valuation technique is slightly negatively skewed, another indication of our conservative approach to this appraisal.

A chart detailing our adjusted ATF valuation conclusions (including only fee-owned parcels) is attached as Exhibit D. The total adjusted ATF value for NLV purposes

is estimated to be \$4,122,082. Using the discounted cash flow procedure described above, the land NLV of the subject corridor as of August 14, 2003 is conservatively estimated to be:

Two Million Eight Hundred Sixty-Three Thousand Dollars (\$2,863,000)

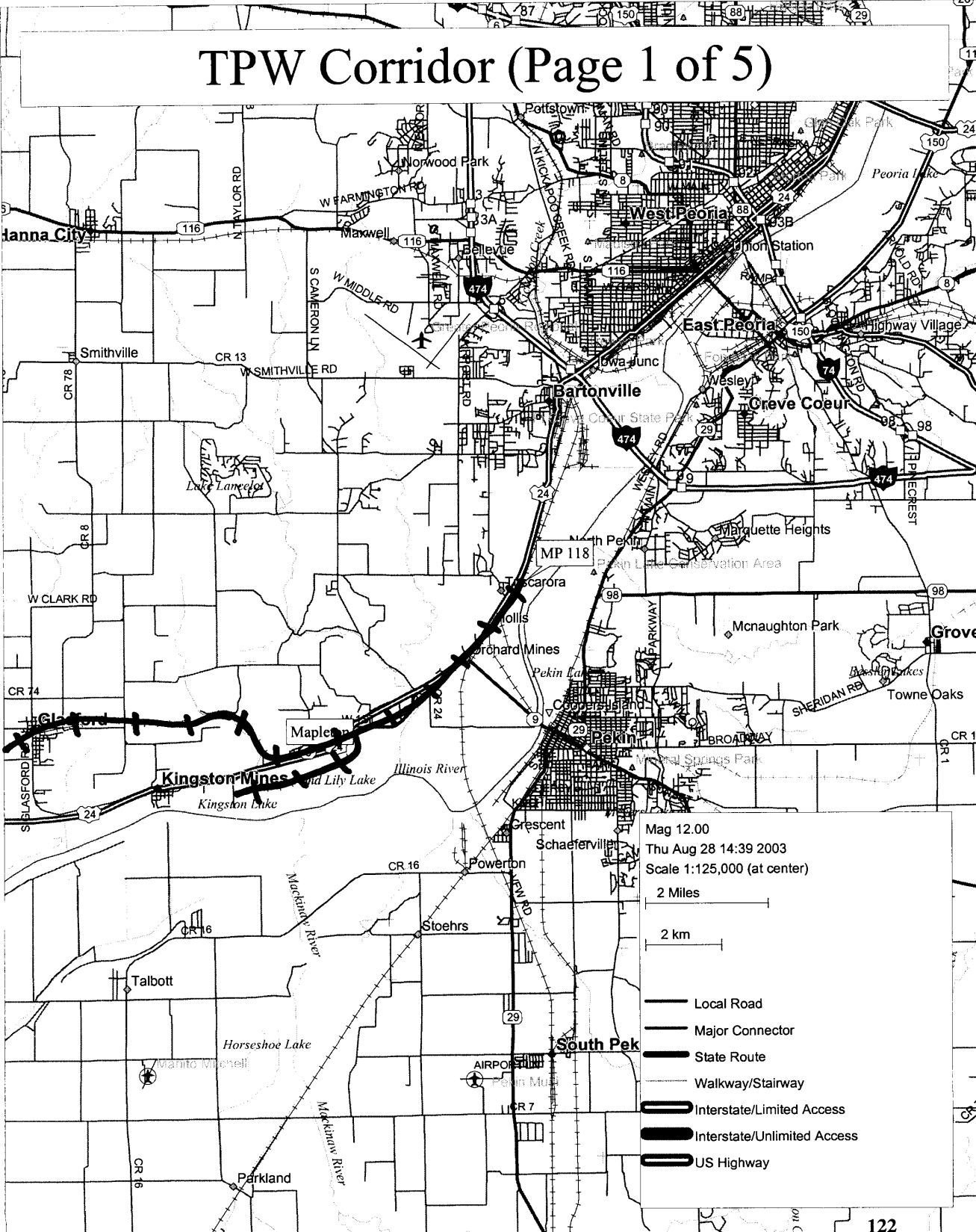
Again it is noted that this value is based upon the assumption that all rail improvements (track, ties, and other track material) are removed from the subject property. I have also calculated the NLV for the portion of the Western Line between La Harpe, milepost 194.5, and Bushnell, milepost 170.5, using the same assumptions and methodology. The NLV for that portion of the Line is \$636,096. The NLV for the Western Line is \$1,906,031 and for the Eastern Line is \$957,142.

With reference to my opinion of both assembled corridor value and net liquidation value of the subject property(ies), I hereby certify that I have no interest, present or prospective, in the property(ies) being valued, and that my opinion of value is in no way contingent upon the basis of my employment.

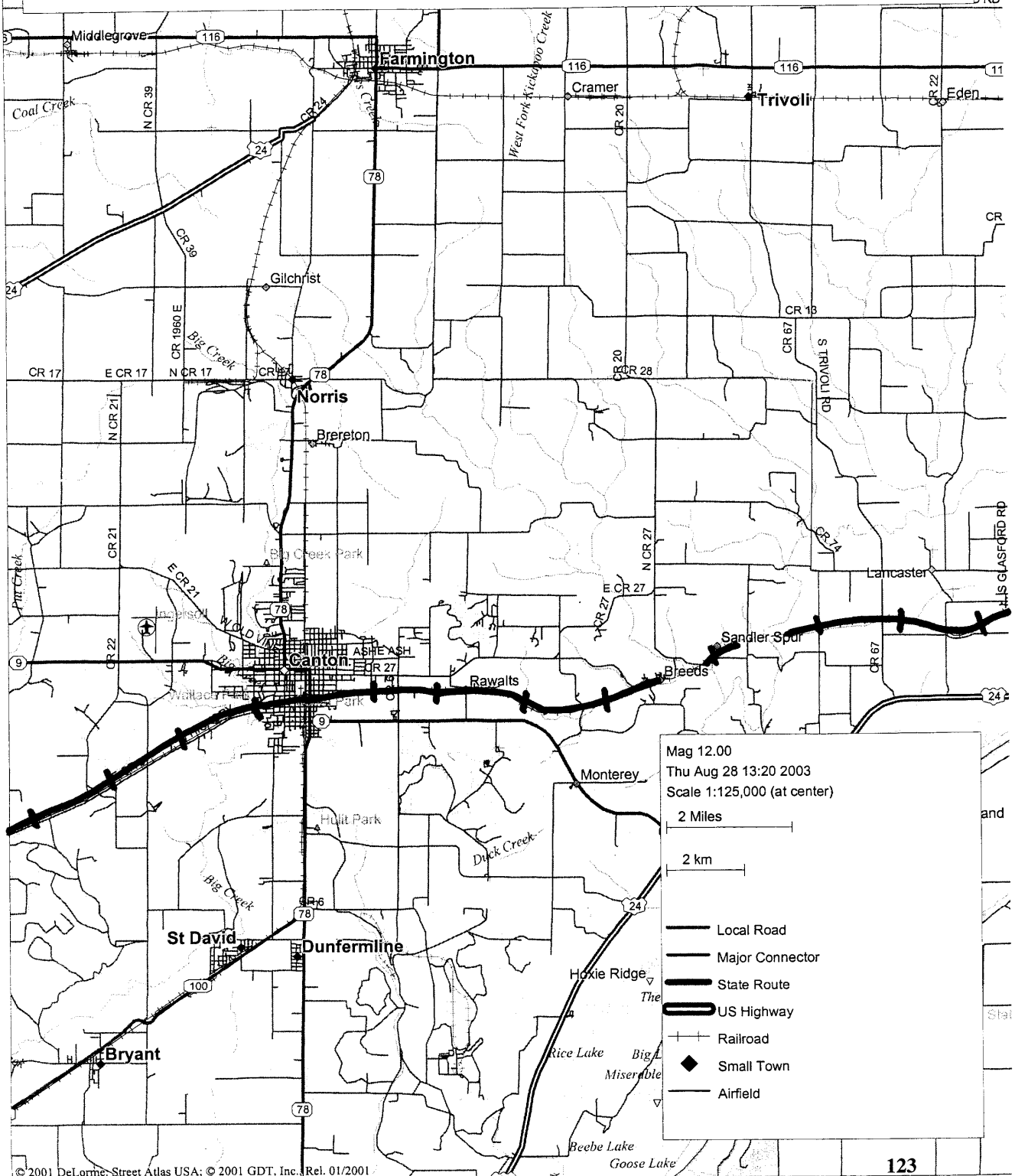
EXHIBIT A

MAP OF TPW CORRIDOR

TPW Corridor (Page 1 of 5)



TPW Corridor (Page 2 of 5)



TPW Corridor (Page 3 of 5)

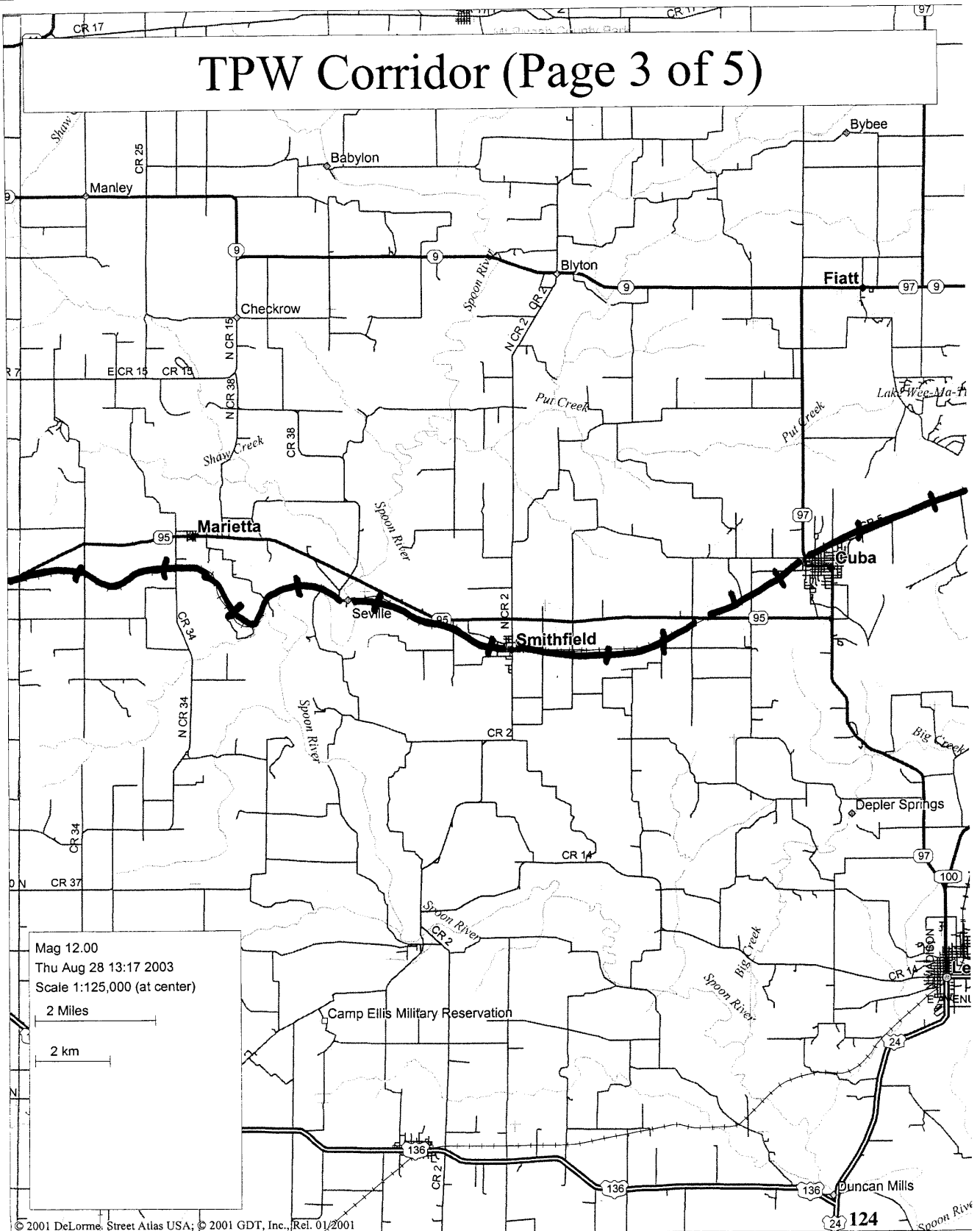


EXHIBIT "A"

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EXHIBIT "A"

TPW Corridor (Page 5 of 5)

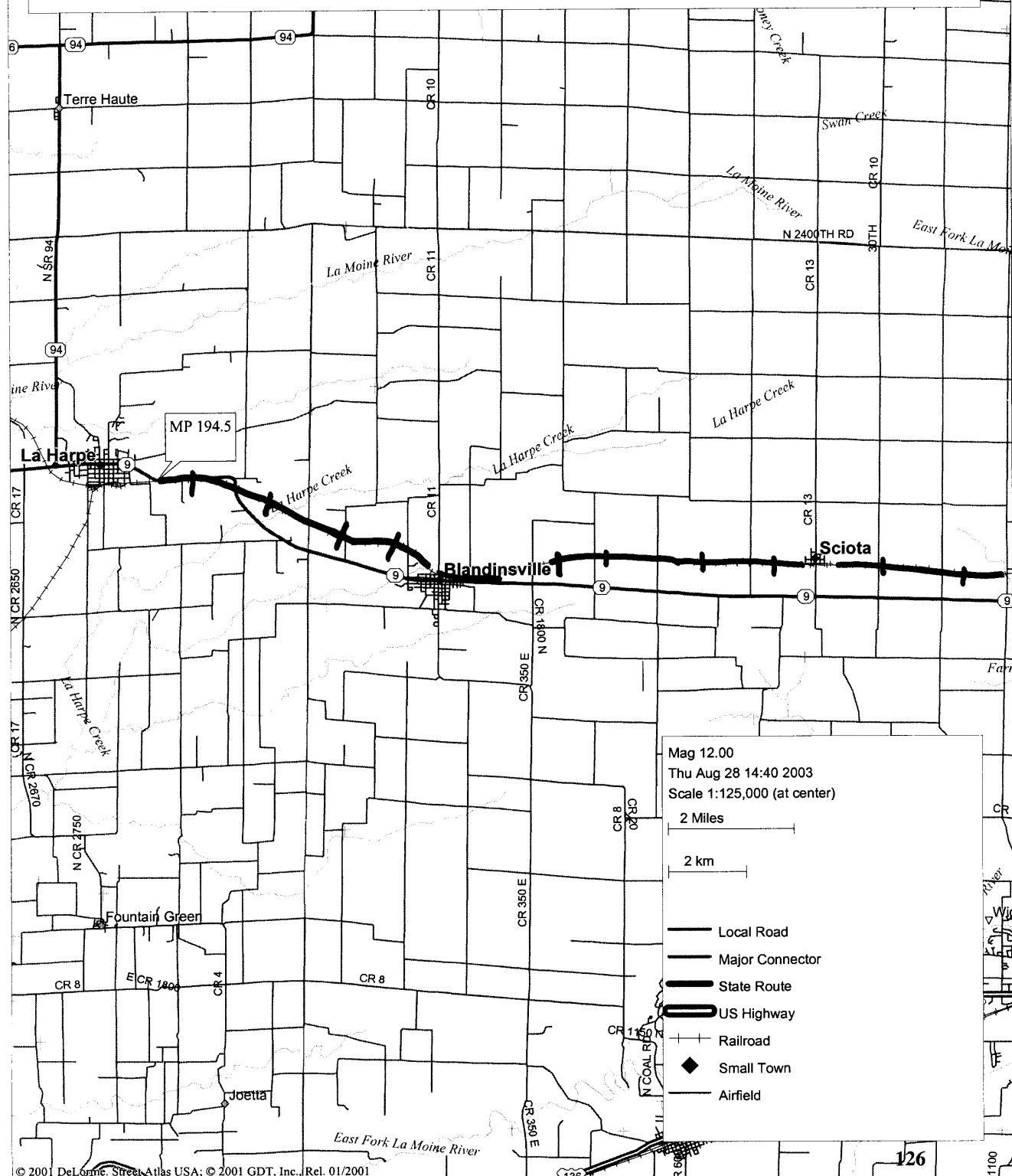


EXHIBIT B

ATF Valuation Chart

TPW Corridor Valuation Analysis

Val. Sec	Map	Town	Range	Sec	Location	Parcel No.	MP To	MP From	Acres	Zoning	Highest & Best Use	A.T.F. Value Per Acre	Total A.T.F. Value
Peoria Co.													
V3-III	1	T7N	R7E	S11	Hollis Twp.	1	118.5	118.7	1.070	Indus.	Indus.	15,000	16,050
V3-III	1	T7N	R7E	S11	Hollis Twp.	2	118.7	118.8	1.440	Indus.	Indus.	15,000	21,600
V3-III	1	T7N	R7E	S14	Hollis Twp.	3	118.8	119.4	6.000	Indus.	Indus.	15,000	90,000
V3-III	1	T7N	R7E	S14	Hollis Twp.	4	118.8	119.4	1.970	Indus.	Indus.	15,000	29,550
V3-III	1	T7N	R7E	S15	Hollis Twp.	5	119.4	120.1	7.080	Indus.	Indus.	15,000	106,200
V3-III	1	T7N	R7E	S15	Hollis Twp.	6	120.1	120.2	1.410	Indus.	Indus.	15,000	21,150
V3-III	1	T7N	R7E	S22	Hollis Twp.	7	120.2	120.5	6.140	R-2	Resid.	12,500	76,750
V3-III	1	T7N	R7E	S11	Hollis Twp.	8	120.5	120.5	0.083	R-2	Resid.	12,500	1,038
V3-III	2	T7N	R7E	S22	Hollis Twp.	1	120.5	120.7	5.660	R-2	Resid.	12,500	70,750
V3-III	2	T7N	R7E	S21	Hollis Twp.	2	120.7	121.3	6.540	R-1, A-2	Resid.	12,500	81,750
V3-III	2	T7N	R7E	S21	Hollis Twp.	3	121.3	121.3	0.160	I-2	Indus.	15,000	2,400
V3-III	2	T7N	R7E	S21	Hollis Twp.	4	121.3	121.7	6.420	A-2	Agric.	15,000	96,300
		T7N	R7E	S21	Mpltn. Ind. Track		end	121.6	30.300	Indus.	Indus.	25,000	757,500
V3-III	2	T7N	R7E	S20	Mapleton	5	121.7	122.0	3.160	R-1	Resid.	12,500	39,500
V3-III	2	T7N	R7E	S20	Mapleton	6	122.1	122.5	7.600	I-1	Resid.	15,000	114,000
V3-III	3	T7N	R7E	S20	Mapleton	1	122.6	122.8	2.345	I-2, R-1	Resid.	15,000	35,175
V3-III	3	T7N	R7E	S20	Mapleton	2	122.6	122.9	0.860	I-2, R-1	Resid.	15,000	12,900
V3-III	3	T7N	R7E	S19	Hollis Twp.	3	122.9	123.1	2.850	A-2, I-2	Recr.	1,500	4,275
V3-III	3	T7N	R7E	S19	Hollis Twp.	4	123.2	123.5	4.250	A-2	Recr.	1,500	6,375
V3-III	3	T7N	R7E	S19	Hollis Twp.	5	123.6	123.6	1.340	A-2	Recr.	1,500	2,010
V3-III	3	T7N	R7E	S19	Hollis Twp.	6	123.7	123.8	2.630	A-2	Recr.	1,500	3,945
V3-III	3	T7N	R7E	S19	Hollis Twp.	7	123.9	125.1	3.330	A-2	Recr.	1,500	4,995
V3-III	3	T7N	R6E	S24	Timber Twp.	8	124.2	124.5	5.950	A-2	Recr.	1,500	8,925
V3-III	3	T7N	R6E	S24	Timber Twp.	9	124.5	124.5	0.081	A-2	Recr.	1,500	121
V3-III	4	T7N	R6E	S24	Timber Twp.	1	124.5	124.7	2.420	A-2	Recr.	1,500	3,630
V3-III	4	T7N	R6E	24	Timber Twp.	2	124.7	125.2	5.000	A-2	Recr.	1,500	7,500
V3-III	4	T7N	R6E	23	Timber Twp.	3	125.2	125.7	5.570	A-1	Recr.	1,500	8,355
V3-III	4	T7N	R6E	23	Timber Twp.	4	125.7	125.9	3.120	A-2	Recr.	1,500	4,680
V3-III	4	T7N	R6E	23	Timber Twp.	5	126.0	126.4	9.030	A-1	Agr.	2,500	22,575
V3-III	5	T7N	R6E	22	Glasford	1	126.5	126.6	1.340	A-1	Agr.	2,500	3,350
V3-III	5	T7N	R6E	22	Glasford	2	126.7	126.7	0.300	A-1	Agr.	2,500	750
V3-III	5	T7N	R6E	22	Glasford	3	126.8	126.9	3.700	Res	Res.	18,500	68,450
V3-III	5	T7N	R6E	22	Glasford	4	126.9	127.2	2.420	Comm/Res	Res.	18,500	44,770
V3-III	5	T7N	R6E	21	Glasford	5	127.3	127.5	3.380	Res	Res.	18,500	62,530
V3-III	5	T7N	R6E	21	Glasford	6	127.6	127.6	0.470	Res	Res.	18,500	8,695
V3-III	5	T7N	R6E	21	Timber Twp.	7	127.6	127.9	3.280	A-2	Agr.	2,500	8,200
V3-III	5	T7N	R6E	21	Timber Twp.	8	127.9	128.1	2.330	A-2	Agr.	2,500	5,825
V3-III	5	T7N	R6E	21	Timber Twp.	9	128.1	128.2	1.120	A-2	Agr.	2,500	2,800
V3-III	5	T7N	R6E	21	Timber Twp.	10	128.2	128.3	1.400	AG	Recr.	1,500	2,100
V3-III	5	T7N	R6E	21	Timber Twp.	11	128.3	128.4	1.160	AG	Recr.	1,500	1,740
V3-III	5	T7N	R6E	21	Timber Twp.	12	128.4	128.4	0.370	AG	Recr.	1,500	555
V3-III	5	T7N	R6E	21	Timber Twp.	13	128.5	128.5	3.340	AG	Recr.	1,500	5,010
V3-III	5	T7N	R6E	21	Timber Twp.	14	127.3	127.3	3.200	Res	Res.	18,500	59,200
V3-III	5	T7N	R6E	21	Timber Twp.	15	127.3	127.3	0.033	Res	Res.	18,500	611
V3-III	6	T7N	R6E	20	Timber Twp.	1	128.5	128.6	1.560	A-2	Agr.	1,500	2,340
V3-III	6	T7N	R6E	20	Timber Twp.	2	128.7	129.5	9.920	A-2	Agr.	1,500	14,880
V3-III	6	T7N	R6E	19	Timber Twp.	3	129.6	129.7	3.100	AG	Agr.	1,500	4,650
V3-III	6	T7N	R6E	19	Timber Twp.	4	129.7	129.8	3.000	AG	Agr.	1,500	4,500
V3-III	6	T7N	R6E	19	Timber Twp.	5	130.1	130.5	6.260	AG	Agr.	1,500	9,390
V3-III	7	T7N	R6E	19	Timber Twp.	1	130.5	130.6	1.560	AG	Agr.	1,500	2,340
Fulton Co.													
V3-III	7	T7N	R5E	25	Orion Twp.	2	130.6	130.7	1.560	AG	Agr.	1,500	2,340
V3-III	7	T7N	R5E	25	Orion Twp.	3	130.7	131.3	9.160	AG	Agr.	1,500	13,740
V3-III	7	T7N	R5E	25	Orion Twp.	4	131.4	131.6	3.050	AG	Agr.	1,500	4,575
V3-III	7	T7N	R5E	26	Orion Twp.	5	131.6	131.9	3.040	AG	Agr.	1,500	4,560
V3-III	7	T7N	R5E	26	Orion Twp.	6	131.9	132.1	1.400	AG	Agr.	1,500	2,100
V3-III	7	T7N	R5E	26	Orion Twp.	7	131.1	131.1	1.920	AG	Agr.	1,500	2,880
V3-III	7	T7N	R5E	26	Orion Twp.	8	131.3	131.4	1.660	AG	Agr.	1,500	2,490
V3-III	7	T7N	R5E	26	Orion Twp.	9	132.0	132.5	9.080	AG	Agr.	1,500	13,620
V3-III	8	T7N	R5E	26	Orion Twp.	1	132.5	132.8	4.400	AG	Agr.	1,500	6,600
V3-III	8	T7N	R5E	27	Orion Twp.	2	132.8	133.2	2.640	AG	Agr.	1,500	3,960
V3-III	8	T7N	R5E	27	Breeds	3	133.2	133.5	4.545	R-1	Res.	5,000	22,725
V3-III	8	T7N	R5E	27	Breeds	4	133.5	133.7	4.070	R-1	Res.	5,000	20,350
V3-III	8	T7N	R5E	27	Breeds	5	133.7	133.9	2.530	R-1	Res.	5,000	12,650
V3-III	8	T7N	R5E	27	Orion Twp.	6	133.9	134.0	1.950	AG	Agr.	1,500	2,925
V3-III	8	T7N	R5E	28	Orion Twp.	7	134.0	134.4	6.590	AG	Agr.	1,500	9,885
V3-III	9	T7N	R5E	33	Orion Twp.	1	134.4	134.5	1.550	AG	Agr.	1,500	128 2,325

Val	Sec	Map	Town	Range	Sec	Location	Parcel No.	MP To	MP From	Acres	Zoning	Highest & Best Use	A.T.F. Value Per Acre	Total A.T.F. Value
V3-III	9	T7N	R5E	33		Orion Twp.	2	134.5	134.75	3.520	AG	Agr.	1,500	5,280
V3-III	9	T7N	R5E	33		Orion Twp.	3	134.8	135.0	3.060	AG	Agr.	1,500	4,590
V3-III	9	T7N	R5E	32		Orion Twp.	4	135.0	135.1	1.560	AG	Agr.	1,500	2,340
V3-III	9	T7N	R5E	32		Orion Twp.	5	135.1	135.2	1.550	AG	Agr.	1,500	2,325
V3-III	9	T7N	R5E	32		Orion Twp.	6	135.2	135.5	3.220	AG	Agr.	1,500	4,830
V3-III	9	T7N	R5E	32		Orion Twp.	7	135.5	135.9	3.850	AG	Agr.	1,500	5,775
V3-III	9	T7N	R5E	32		Orion Twp.	8	135.9	136.2	3.500	AG	Agr.	1,500	5,250
V3-III	9	T7N	R5E	31		Orion Twp.	9	136.2	136.3	0.330	AG	Agr.	1,500	495
V3-III	9	T7N	R5E	31		Orion Twp.	10	136.3	136.4	8.800	AG	Agr.	1,500	13,200
V3-III	10	T7N	R5E	31		Orion Twp.	1	136.4	136.6	3.520	AG	Agr.	1,500	5,280
V3-III	10	T7N	R5E	30		Orion Twp.	2	136.4	136.6	0.220	AG	Agr.	1,500	330
V3-III	10	T7N	R5E	31		Rawalts	3	137.0	137.4	2.540	R-1	Res.	5,000	12,700
V3-III	10	T7N	R5E	31		Rawalts	4	136.7	137.5	0.750	R-1	Res.	5,000	3,750
V3-III	10	T7N	R5E	31		Rawalts	5	137.0	137.4	1.010	R-1	Res.	5,000	5,050
V3-III	10	T7N	R4E	36		Canton Twp.	6	137.4	137.8	0.270	AG	Agr.	3,000	810
V3-III	10	T7N	R4E	36		Canton Twp.	7	137.4	137.8	1.520	AG	Agr.	3,000	4,560
V3-III	10	T7N	R4E	36		Canton Twp.	8	137.6	137.8	2.160	AG	Agr.	3,000	6,480
V3-III	10	T7N	R4E	36/25		Canton	9	137.8	138.4	2.440	R-1	Agr.	3,500	8,540
V3-III	10	T7N	R4E	35		Canton	10	138.4	138.7	2.450	R-2, I-1, B-2	Res.	20,000	49,000
V3-III	11	T7N	R4E	35		Canton	1	138.7	138.8	0.485	I-1-R-1	Res.	20,000	9,697
V3-III	11	T7N	R4E	34		Canton	2	138.8	139.0	0.825	I-1-R-1	Res.	20,000	16,500
V3-III	11	T7N	R4E	34		Canton	3	139.0	139.1	0.150	I-1-R-1	Res.	20,000	3,000
V3-III	11	T7N	R4E	34		Canton	4	139.1	139.3	1.190	I-1	Indus.	38,000	45,220
V3-III	11	T7N	R4E	34		Canton	5	139.3	139.32	0.016	I-1, B-2	Indus.	38,000	612
V3-III	11	T7N	R4E	34		Canton	7	139.3	139.3	0.142	I-1, B-2	Indus.	38,000	5,377
V3-III	11	T7N	R4E	34		Canton	8	139.3	139.3	0.036	I-1, B-2	Indus.	38,000	1,382
V3-III	11	T7N	R4E	34		Canton	9	139.4	139.4	0.018	I-1, B-2	Indus.	38,000	685
V3-III	11	T7N	R4E	34		Canton	10	139.4	139.4	0.180	I-1, B-2	Indus.	38,000	6,844
V3-III	11	T7N	R4E	34		Canton	11	139.5	139.5	0.074	I-1	Indus.	38,000	2,796
V3-III	11	T7N	R4E	34		Canton	12	139.5	139.9	4.976	I-1, I-2	Indus.	38,000	189,088
V3-III	11	T7N	R4E	34		Canton	13	139.5	139.5	0.216	I-1, I-2	Indus.	38,000	8,208
V3-III	11	T7N	R4E	34		Canton	14	139.5	139.5	0.216	I-1, I-2	Indus.	38,000	8,208
V3-III	11	T7N	R4E	34		Canton	15	139.9	140.1	0.515	R-3, R-2	Res.	20,000	10,300
V3-III	11	T7N	R4E	34		Canton	16	139.9	140.1	0.797	R-3, R-2	Res.	20,000	15,940
V3-III	11	T7N	R4E	34		Canton Twp.	17	140.1	140.2	1.244	AC	Agr.	3,000	3,732
V3-III	11	T7N	R4E	34		Canton Twp.	18	140.2	140.3	0.732	AC	Agr.	3,000	2,196
V3-III	11	T7N	R4E	34		Canton Twp.	19	140.3	140.4	1.217	AC	Agr.	3,000	3,651
V3-III	11	T7N	R4E	33		Canton Twp.	20	140.4	140.5	3.032	AC	Agr.	3,000	9,096
V3-III	11	T7N	R4E	33		Canton	21	139.4	139.5	2.525	I-1, I-2	Indus.	38,000	95,960
V3-III	12	T7N	R4E	33		Canton Twp.	1	140.5	140.8	2.360	AC	Agr.	3,000	7,080
V3-III	12	T7N	R4E	33		Canton Twp.	2	140.8	140.9	1.208	AC	Agr.	3,000	3,624
V3-III	12	T7N	R4E	33		Canton Twp.	3	140.9	141.5	6.990	AC	Agr.	3,000	20,970
V3-III	12	T7N	R4E	33		Canton Twp.	4	141.4	141.5	0.292	AC	Agr.	3,000	876
V3-III	12	T7N	R4E	32		Buckhart Twp.	5	141.5	141.8	1.322	AC	Agr.	3,000	3,966
V3-III	12	T6N	R4E	5		Buckhart Twp.	"6"	141.8	142.2	3.617	AC	Agr.	3,000	10,851
V3-III	12	T6N	R4E	5		Buckhart Twp.	7	142.2	142.5	3.741	AC	Agr./Rec.	2,000	7,482
V3-III	13	T6N	R4E	5		Buckhart Twp.	1	142.5	142.6	0.720	AC	Agr./Rec.	2,000	1,440
V3-III	13	T6N	R4E	5		Buckhart Twp.	2	142.6	142.7	1.725	AC	Agr./Rec.	2,000	3,450
V3-III	13	T6N	R4E	5		Buckhart Twp.	3	142.7	142.8	0.846	AC	Agr./Rec.	2,000	1,692
V3-III	13	T6N	R4E	5		Buckhart Twp.	4	142.8	143.3	5.733	AC	Agr./Rec.	2,000	11,466
V3-III	13	T6N	R4E	6		Putman Twp.	5	143.3	143.8	4.505	AC	Agr./Rec.	2,000	9,010
V3-III	13	T6N	R4E	1		Putman Twp.	"6"	-	-	2.500	AC	Agr./Rec.	2,000	5,000
V3-III	13	T6N	R4E	1		Putman Twp.	7	144.0	144.4	3.900	AC	Agr./Rec.	2,000	7,800
V3-III	13	T6N	R4E	1		Putman Twp.	8	144.4	144.5	2.605	AC	Agr./Rec.	2,000	5,210
V3-III	13	T6N	R4E	1		Putman Twp.	9	144.4	144.8	5.428	AC	Agr./Rec.	2,000	10,856
V3-III	14	T6N	R4E	11		Putman Twp.	2	144.8	144.9	1.146	AC	Agr./Rec.	2,000	2,292
V3-III	14	T6N	R4E	11		Putman Twp.	3	144.9	145.1	2.293	AC	Agr./Rec.	2,000	4,586
V3-III	14	T6N	R4E	11		Putman Twp.	"4"	-	-	1.476	AC	Agr./Rec.	2,000	2,952
V3-III	14	T6N	R4E	11		Putman Twp.	5	145.3	145.4	1.810	AC	Agr./Rec.	2,000	3,620
V3-III	14	T6N	R4E	11		Putman Twp.	6	145.4	145.6	3.321	AC	Agr./Rec.	2,000	6,642
V3-III	14	T6N	R4E	11		Putman Twp.	"7"	145.6	145.9	3.321	AC	Agr./Rec.	2,000	6,642
V3-III	14	T6N	R4E	10		Putman Twp.	8	145.9	146.1	1.082	AC	Agr./Rec.	2,000	2,164
V3-III	14	T6N	R4E	10		Putman Twp.	9	146.1	146.1	0.063	AC	Agr./Rec.	2,000	126
V3-III	14	T6N	R4E	10		Putman Twp.	10	146.1	146.5	5.437	AC	Agr./Rec.	2,000	10,874
V3-III	15	T6N	R4E	10		Putman Twp.	2	145.5	145.6	1.196	AC	Agr./Rec.	2,000	2,392
V3-III	15	T6N	R4E	15		Putman Twp.	3	145.6	147	5.407	AC	Agr./Rec.	2,000	10,814
V3-III	15	T6N	R4E	15		Putman Twp.	4	147	147.2	1.512	AC	Agr./Rec.	2,000	3,024
V3-III	15	T6N	R3E	16		Putman Twp.	5	147.2	147.3	0.717	AC	Agr./Rec.	2,000	1,434
V3-III	15	T6N	R3E	16		Putman Twp.	6	147.3	147.5	3.256	AC	Agr./Rec.	2,000	6,512

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Exhibit "B"

Val	Sec	Map	Town	Range	Sec	Location	Parcel No.	MP To	MP From	Acres	Zoning	Highest & Best Use	A.T.F. Value Per Acre	Total A.T.F. Value
V3-III	15	T6N	R3E	16	Putnam Twp.	7		147.5	147.9	2.456	AC	Agr./Rec.	2,000	4,912
V3-III	15	T6N	R3E	16	Putnam Twp.	8		147.9	148.1	3.167	AC	Agr./Rec.	2,000	6,334
V3-III	15	T6N	R3E	17	Putnam Twp.	9		148.1	148.3	2.205	AC	Agr./Rec.	2,000	4,410
V3-III	15	T6N	R3E	17	Putnam Twp.	10		148.3	148.4	2.141	AC	Agr./Rec.	2,000	4,282
V3-III	16	T6N	R3E	17	Putnam Twp.	1		148.4	148.6	2.205	AC	Agr./Rec.	2,000	4,410
V3-III	16	T6N	R3E	17	Cuba	2		148.6	148.9	1.663	R-2/AC	Agr.	3,000	4,989
V3-III	16	T6N	R3E	17	Cuba	3		148.9	149.2	2.537	R-2	Res.	20,000	50,740
V3-III	16	T6N	R3E	17	Cuba	4		148.9	149.2	4.774	R-2	Res.	20,000	95,480
V3-III	16	T6N	R3E	17	Cuba	5		149.2	149.3	0.752	C-3	Comm.	20,000	15,040
V3-III	16	T6N	R3E	18	Putnam Twp.	6		149.3	149.8	7.460	AC	Agr.	3,000	22,380
V3-III	16	T6N	R3E	19	Putnam Twp.	7		149.8	150.1	2.233	AC	Agr.	3,000	6,699
V3-III	16	T6N	R3E	19	Putnam Twp.	8		150.1	150.3	2.539	AC	Agr.	3,000	7,617
V3-III	16	T6N	R3E	24	Cass Twp.		"9"	150.3	150.5	3.417	AC	Agr.	3,000	10,251
V3-III	16	T6N	R2E	24	Cuba	10		148.9	148.9	0.021	AC	Agr.	3,000	62
V3-III	16	T6N	R2E	24	Cass Twp.	11		149.5	149.6	0.046	AC	Agr.	3,000	138
V3-III	17	T6N	R2E	24	Cass Twp.	1		150.5	150.6	1.210	AC	Agr.	3,000	3,630
V3-III	17	T6N	R2E	24	Cass Twp.	3	"2"	150.6	150.7	0.491	AC	Agr.	3,000	1,473
V3-III	17	T6N	R2E	24	Cass Twp.		"3"	150.7	150.8	1.477	AC	Agr.	3,000	4,431
V3-III	17	T6N	R2E	24	Cass Twp.		"4"	150.8	151.1	1.966	AC	Agr.	3,000	5,898
V3-III	17	T6N	R2E	25	Cass Twp.	5		151.1	151.1	0.090	AC	Agr.	3,000	270
V3-III	17	T6N	R2E	26	Cass Twp.	6		151.1	151.7	4.045	AC	Agr.	3,000	12,135
V3-III	17	T6N	R2E	26	Cass Twp.	7		151.7	152.4	7.877	AC	Agr.	3,000	23,631
V3-III	17	T6N	R2E	27	Cass Twp.	8		152.4	152.5	1.821	AC	Agr.	3,000	5,463
V3-III	18	T6N	R2E	27	Cass Twp.	1		152.45	152.7	1.960	AC	Agr.	3,000	5,880
V3-III	18	T6N	R2E	27	Cass Twp.	2		152.7	152.9	1.980	AC	Agr.	3,000	5,940
V3-III	18	T6N	R2E	27	Cass Twp.	3		152.9	152.9	0.005	AC	Agr.	3,000	15
V3-III	18	T6N	R2E	27	Cass Twp.	4		152.9	153.4	2.658	AC	Agr.	3,000	7,974
V3-III	18	T6N	R2E	27	Cass Twp.	5		153	153.2	0.331	AC	Agr.	3,000	993
V3-III	18	T6N	R2E	27	Cass Twp.	6		153.2	153.4	0.922	AC	Agr.	3,000	2,766
V3-III	18	T6N	R2E	28	Cass Twp.	7		153.4	153.9	4.019	AC	Agr.	3,000	12,057
V3-III	18	T6N	R2E	28	Cass Twp.		"8"	153.4	153.5	0.098	AC	Agr.	3,000	294
V3-III	18	T6N	R2E	28	Cass Twp.	9		153.4	154.2	1.637	AC	Agr.	3,000	4,911
V3-III	18	T6N	R2E	28	Smithfield	10		154.2	154.4	2.332	B, I	Indus.	10,000	23,320
V3-III	18	T6N	R2E	28	Smithfield	12		154.4	154.7	3.134	R-1	Resid.	20,000	62,680
V3-III	18	T6N	R2E	28	Smithfield	13		154.4	154.4	0.487	B, I	Comm.	25,000	12,179
V3-III	19	T6N	R2E	29	Cass Twp.		"3"	154.7	155.5	8.177	AC	Agr.	3,000	24,531
V3-III	19	T6N	R2E	30	Cass Twp.	4		155.5	156.1	5.593	AC	Agr.	3,000	16,779
V3-III	19	T6N	R2E	19	Cass Twp.		"6"	156.2	156.4	2.250	AC	Agr.	3,000	6,750
V3-III	19	T6N	R2E	19	Cass Twp.	5		156.1	156.2	1.390	AC	Agr.	3,000	4,170
V3-III	19	T6N	R2E	19	Cass Twp.	7		156.4	156.5	4.901	AC	Agr.	3,000	14,703
V3-III	19	T6N	R2E	30	Cass Twp.	8		156	156.1	0.007	AC	Agr.	3,000	21
V3-III	20	T6N	R2E	19	Cass Twp.	1		156.5	156.8	3.800	AC	Agr-Rec.	1,500	5,700
V3-III	20	T6N	R1E	24	Cass Twp.	2		156.8	157.4	5.608	AC	Agr-Rec.	1,500	8,412
V3-III	20	T6N	R1E	24	Cass Twp.		"3"	157.4	157.5	1.227	AC	Agr-Rec.	1,500	1,841
V3-III	20	T6N	R1E	24	Harris Twp.	4		157.5	157.9	6.600	AC	Agr-Rec.	1,500	9,900
V3-III	20	T6N	R1E	23	Harris Twp.	5		157.9	158.4	5.546	AC	Agr-Rec.	1,500	8,319
V3-III	20	T6N	R1E	23	Harris Twp.	6		158.4	158.4	4.454	AC	Agr-Rec.	1,500	6,681
V3-III	21	T6N	R1E	23	Harris Twp.	1		158.4	158.8	4.840	AC	Agr-Rec.	1,500	7,260
V3-III	21	T6N	R1E	23	Harris Twp.	2		158.8	159.0	1.254	AC	Agr-Rec.	1,500	1,881
V3-III	21	T6N	R1E	22	Harris Twp.	3		159.0	159.2	1.732	AC	Agr-Rec.	1,500	2,598
V3-III	21	T6N	R1E	22	Harris Twp.	4		159.2	159.4	3.211	AC	Agr-Rec.	1,500	4,817
V3-III	21	T6N	R1E	27	Harris Twp.	5		159.4	159.5	1.766	AC	Agr-Rec.	1,500	2,649
V3-III	21	T6N	R1E	27	Harris Twp.	6		159.5	159.8	3.912	AC	Agr-Rec.	1,500	5,868
V3-III	21	T6N	R1E	22	Harris Twp.	7		159.8	160.4	13.086	AC	Agr-Rec.	1,500	19,629
V3-III	22	T6N	R1E	22	Harris Twp.	1		160.4	160.8	4.840	AC	Agr-Rec.	1,500	7,260
V3-III	22	T6N	R1E	21	Harris Twp.	2		160.8	161.9	7.835	AC	Agr-Rec.	1,500	11,753
V3-III	22	T6N	R1E	21	Harris Twp.	3		161.9	162.1	1.839	AC	Agr-Rec.	1,500	2,759
V3-III	22	T6N	R1E	20	Harris Twp.	4		162.1	162.3	1.943	AC	Agr-Rec.	1,500	2,915
V3-III	22	T6N	R1E	20	Harris Twp.	5		162.3	162.5	2.900	AC	Agr-Rec.	1,500	4,350
V3-III	22	T6N	R1E	20	Harris Twp.	6		161.7	161.9	1.137	AC	Agr-Rec.	1,500	1,706
V3-III	23	T6N	R1E	20	Harris Twp.	1		162.4	162.5	0.632	AC	Agr-Rec.	1,500	948
V3-III	23	T6N	R1E	20	Harris Twp.	2		162.4	162.5	0.632	AC	Agr-Rec.	1,500	948
V3-III	23	T6N	R1E	20	Harris Twp.	3		162.5	162.7	1.787	AC	Agr-Rec.	1,500	2,681
V3-III	23	T6N	R1E	19	Harris Twp.	4		162.7	163.1	5.241	AC	Agr-Rec.	1,500	7,862
V3-III	23	T6N	R1E	19	Harris Twp.	5		163.1	163.6	6.360	AC	Agr-Rec.	1,500	9,540
V3-III	23	T6N	R1E	19	Harris Twp.	6		163.6	164.2	7.112	AC	Agr-Rec.	1,500	10,668
McDonough Co.														
V3-III	23	T6N	R1E	19	Mound Twp.	7		164.2	164.5	12.751		Agr.	3,300	42,078
V3-III	24	T6N	R1W	19 24	Mound Twp.	1		164.5	165.2	0.632		Agr.	3,300	2,086

Exhibit "B"

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Val.	Sec.	Map	Town	Range	Sec.	Location	Parcel No.	MP To	MP From	Acres	Zoning	Highest & Best Use	A.T.F. Value Per Acre	Total A.T.F. Value
V3-III	24	T6N	R1W	23		New Philadelphia	2	165.2	165.8	11.565		Indus.	10,000	115,650
V3-III	24	T6N	R1W	23		New Philadelphia	3	165.8	166.0	3.254		Agr.	3,300	10,738
V3-III	24	T6N	R1W	24		Harris Twp.	4	166.0	166.4	4.022		Agr.	3,300	13,273
V3-III	24	T6N	R1W	22		Harris Twp.	5	166.4	166.5	3.884		Agr.	3,300	12,817
V3-III		T6N	R1W	22		Harris Twp.	1	166.5	166.7	3.110		Agr.	3,300	10,263
V3-III	25	T6N	R1W	22		Harris Twp.	2	166.7	166.9	2.723		Agr.	3,300	8,986
V3-III	25	T6N	R1W	15		Harris Twp.	3	166.9	167	1.210		Agr.	3,300	3,993
V3-III	25	T6N	R1W	15		Harris Twp.	4	167	167.3	4.036		Agr.	3,300	13,319
V3-III	25	T6N	R1W	15		Harris Twp.	5	167.3	167.6	3.707		Agr.	3,300	12,233
V3-III	25	T6N	R1W	15		Harris Twp.	6	167.6	168.0	3.959		Agr.	3,300	13,065
V3-III	25	T6N	R1W	16		Harris Twp.	7	168.0	168.1	2.191		Agr.	3,300	7,230
V3-III	25	T6N	R1W	9		Harris Twp.	8	168.1	168.6	4.985		Agr.	3,300	16,451
V3-III	26	T6N	R1W	9		Harris Twp.	2	168.6	169.2	4.988		Agr.	3,300	16,460
V3-III	26	T6N	R1W	4		Harris Twp.	3	169.2	169.5	2.457		Agr.	3,300	8,108
V3-III	26	T6N	R1W	4		Harris Twp.	4	169.5	169.6	2.434		Agr.	3,300	8,032
V3-III	26	T6N	R1W	4		Bushnell	5	169.6	170.7	9.586		Indus/Com	12,500	119,825
V3-III	27	T7N	R1W	33		Bushnell	2	170.7	170.8	1.556		Indus.	20,000	31,120
V3-III	27	T7N	R1W	33		Bushnell	3	170.8	170.8	0.041		Indus.	20,000	820
V3-III	27	T7N	R1W	33		Bushnell	"4"	170.9	171.4	15.500		Indus.	20,000	310,000
V3-III	27	T7N	R1W	33		Bushnell	5	170.9	170.9	0.096		Indus.	20,000	1,928
V3-III	27	T7N	R1W	33		Bushnell	6	170.9	170.9	0.186		Indus.	20,000	3,719
V3-III	27	T7N	R1W	33		Bushnell	7	170.9	170.9	0.046		Indus.	20,000	918
V3-III	27	T7N	R1W	33		Bushnell	8	170.9	170.9	0.046		Indus.	20,000	918
V3-III	27	T7N	R1W	33		Bushnell	9	170.9	170.9	0.010		Indus.	20,000	207
V3-III	27	T7N	R1W	33		Bushnell	10	170.9	170.9	0.030		Indus.	20,000	603
V3-III	27	T7N	R1W	33		Bushnell	11	170.9	170.9	0.092		Indus.	20,000	1,837
V3-III	27	T7N	R1W	32		Bushnell Twp.	12	171.4	172.0	6.143		Agr.	3,300	20,272
V3-III	27	T7N	R1W	32		Bushnell Twp.	13	172.0	172.3	3.079		Agr.	3,300	10,161
V3-III	27	T7N	R1W	32		Bushnell Twp.	14	172.3	172.6	3.065		Agr.	3,300	10,115
V3-III	28	T7N	R1W	31		Bushnell Twp.	2	172.6	173.0	6.242		Agr.	3,300	20,599
V3-III	28	T7N	R2W	31		Bushnell Twp.	3	173.0	173.5	5.087		Agr.	3,300	16,787
V3-III	28	T7N	R2W	36		Walnut Grove Twp	4	173.5	173.9	6.428		Agr.	3,300	21,212
V3-III	28	T7N	R2W	36		Walnut Grove Twp	5	173.9	174.5	6.023		Agr.	3,300	19,876
V3-III	29	T7N	R2W	35		Walnut Grove Twp	2	174.5	175.0	6.226		Agr.	3,300	20,546
V3-III	29	T7N	R2W	35		Walnut Grove Twp	3	175.0	175.3	3.144		Agr.	3,300	10,375
V3-III	29	T7N	R2W	35		Walnut Grove Twp	4	175.3	175.5	3.167		Agr.	3,300	10,451
V3-III	29	T7N	R2W	35		Walnut Grove Twp	5	173.3	175.7	4.694		Agr.	3,300	15,490
V3-III	29	T7N	R2W	34		Walnut Grove Twp	6	175.5	176.0	6.230		Agr.	3,300	20,559
V3-III	29	T7N	R2W	34		Walnut Grove Twp	7	176.0	176.5	6.170		Agr.	3,300	20,361
V3-III	30	T7N	R2W	33		Walnut Grove Twp	2	176.5	176.8	3.077		Agr.	3,300	10,154
V3-III	30	T7N	R2W	33		Walnut Grove Twp	3	176.8	177.0	3.098		Agr.	3,300	10,223
V3-III	30	T7N	R2W	33		Walnut Grove Twp	4	177.0	177.5	6.115		Agr.	3,300	20,180
V3-III	30	T7N	R2W	32		Walnut Grove Twp	5	177.5	177.8	3.019		Agr.	3,300	9,963
V3-III	30	T7N	R2W	32		Walnut Grove Twp	6	177.8	178.0	3.159		Agr.	3,300	10,425
V3-III	30	T7N	R2W	32		Walnut Grove Twp	7	178.0	178.3	3.076		Agr.	3,300	10,151
V3-III	30	T7N	R2W	32		Walnut Grove Twp	8	178.3	178.5	3.108		Agr.	3,300	10,256
V3-III	31	T7N	R2W	32/31		Walnut Grove Twp	1	178.5	179.1	3.070		Agr.	3,300	10,131
V3-III	31	T7N	R2W	31		Walnut Grove Twp	2	178.6	179.0	3.070		Agr.	3,300	10,131
V3-III	31	T7N	R2W	31		Good Hope	3	179.0	179.4	4.598		Resid.	10,000	45,980
V3-III	31	T7N	R2W	36		Good Hope	4	179.4	179.9	15.853		Indus.	15,000	237,795
V3-III	31	T7N	R2W	36		Sciota Twp.	5	179.9	180.5	6.235		Agr.	3,500	21,823
V3-III	32	T7N	R2W	35		Sciota Twp.	2	180.5	181	6.355		Agr.	3,500	22,243
V3-III	32	T7N	R2W	35		Sciota Twp.	3	181	181.2	3.122		Agr.	3,500	10,927
V3-III	32	T7N	R2W	35		Sciota Twp.	4	181.3	181.5	3.131		Agr.	3,500	10,959
V3-III	32	T7N	R2W	34		Sciota Twp.	5	181.5	181.9	4.457		Agr.	3,500	15,600
V3-III	32	T7N	R2W	27		Sciota Twp.	6	181.8	182.0	0.790		Agr.	3,500	2,765
V3-III	32	T7N	R2W	27/34		Sciota Twp.	7	182.0	184.5	22.479		Agr.	3,500	78,677
V3-III	33	T7N	R2W	33		Sciota Twp.	2	182.4	183.0	2.370		Agr.	3,500	8,295
V3-III	33	T7N	R2W	33		Sciota Twp.	3	183.0	183.3	1.226		Agr.	3,500	4,291
V3-III	33	T7N	R2W	33		Sciota	4	183.3	183.5	4.436		Res./Ind.	15,000	66,540
V3-III	33	T7N	R2W	32		Sciota	5	183.5	184	3.115		Resid.	15,000	46,725
V3-III	34	T7N	R2W	32/31		Sciota Twp.	1	184.5	184.9	3.600		Agr.	3,500	12,600
V3-III	34	T7N	R2W	31/30		Sciota Twp.	2	184.8	185.1	2.349		Agr.	3,500	8,223
V3-III	34	T7N	R3W	30		Sciota Twp.	"3"	185.1	185.5	5.656		Agr.	3,500	19,796
V3-III	34	T7N	R4W	25		Blandinsville Twp.	4	185.5	186.1	1.837		Agr.	3,500	6,430
V3-III	34	T7N	R4W	36/25		Blandinsville Twp.	5	185.5	186.1	3.467		Agr.	3,500	12,135
V3-III	34	T7N	R4W	36/25		Blandinsville Twp.	6	186.1	186.4	4.230		Agr.	3,500	14,805
V3-III	34	T7N	R4W	36/25		Blandinsville Twp.	7	186.1	187.6	12.886		Agr.	3,500	45,101
V3-III	35	T7N	R4W	34		Blandinsville Twp	3	187.6	188.1	6.008		Agr.	3,500	21,028

Exhibit "B"

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Val.	Sec	Map	Town	Range	Sec.	Location	Parcel No.	MP To	MP From	Acres	Zoning	Highest & Best Use	A.T.F. Value Per Acre	Total A.T.F. Value
V3-III	35	T7N	R4W	34	Blandinsville Twp.	4		188.1	188.5	6.212		Agr.	3,500	21,742
V3-III	36	T7N	R4W	33	Blandinsville Twp.	2		188.5	188.8	3.104		Agr.	3,500	10,864
V3-III	36	T7N	R4W	33	Blandinsville	4		189.1	189.5	4.488		Res./Indus.	10,000	44,880
V3-III	36	T7N	R4W	33	Blandinsville	5		189.5	189.5	0.076		Res./Indus.	10,000	758
V3-III	36	T7N	R4W	33	Blandinsville	6		189.5	189.7	0.450		Res./Indus.	10,000	4,500
V3-III	36	T7N	R4W	32	Blandinsville Twp.	7		189.7	190.3	7.200			3,500	25,200
V3-III	36	T7N	R4W	32	Blandinsville Twp.	8		190.3	190.5	11.446			3,500	40,061
V3-III	36	T7N	R4W	32	Blandinsville	10		189.5	189.5	0.143			3,500	501
V3-III	37	T7N	R4W	30	Blandinsville Twp.	3		191.3	191.6	2.745			3,500	9,608
V3-III	37	T7N	R4W	30	Blandinsville Twp.	4		191.6	191.8	2.024			3,500	7,084
V3-III	37	T7N	R4W	30	Blandinsville Twp.	5		191.8	192	1.617			3,500	5,660
Hancock Co.														
V3-III	37	T7N	R5W	25	LaHarpe Twp.	6		192	192.5	6.464			3,500	22,624
V3-III	38	T7N	R5W	25	LaHarpe Twp.	2		192.4	192.5	0.181			3,500	633
V3-III	38	T7N	R5W	25	LaHarpe Twp.	3		192.5	192.5	0.009			3,500	32
V3-III	38	T7N	R5W	25	LaHarpe Twp.	4		192.5	192.9	3.715			3,500	13,003
V3-III	38	T7N	R5W	25	LaHarpe Twp.	5		192.9	193.1	2.288			3,500	8,008
V3-III	38	T7N	R5W	26	LaHarpe Twp.	6		193.1	193.7	6.642			3,500	23,247
V3-III	38	T7N	R5W	26	LaHarpe Twp.	7		193.7	193.7	0.110			3,500	386
V3-III	38	T7N	R5W	26	LaHarpe Twp.	8		193.7	193.7	0.262			3,500	917
V3-III	38	T7N	R5W	26	LaHarpe Twp.	9		193.7	194.3	4.224			3,500	14,784
V3-III	38	T7N	R5W	27	LaHarpe Twp.	10		194.3	194.4	1.884			3,500	6,594
V3-III	38	T7N	R5W	27	LaHarpe Twp.	11		194.4	194.5	1.806			3,500	6,321
													Total	\$ 5,579,145

EXHIBIT C

Comparable Sales (listed)

**TPW Western Segment
Land Comps
Exhibit C**

Sale Twp.	County	Buyer	Date	Sale Price	Total Acres	Timb. Acres	Pasture Acres	Woods %	Time Adj. \$/acre	Months since sale	Total Time Adj.
71 Farmers	Fulton	Horweedel	December-02	\$ 128,000	40.00			0%	3,200	9	4%
72 Lee	Fulton	Peterson	December-02	\$ 182,733	43.51			0%	4,200	9	4%
70 Farmers	Fulton	Danner	December-02	\$ 159,750	45.00			0%	3,550	9	4%
73 Putman	Fulton	Jacobus	March-03	\$ 258,472	79.53	6.00		8%	3,250	6	3%
10 Farmers	Fulton	Farr	December-01	\$ 204,800	80.00			0%	2,560	21	9%
54 Sciota	McDonough	Barns	June-03	\$ 111,000	37.00		2.00	5%	3,000	3	1%
61 Hire	McDonough	Shimshock	May-03	\$ 132,000	40.00			0%	3,355	4	2%
13 Hire	McDonough	Constitine	February-02	\$ 112,000	40.00			0%	2,800	19	8%
24 Sciota	McDonough	Cook	March-02	\$ 140,556	41.34			0%	3,400	18	8%
2 Sciota	McDonough	Cook	November-00	\$ 137,115	41.55			0%	3,300	34	14%
57 Sciota	McDonough	Huston	December-02	\$ 133,000	42.19			0%	3,152	9	4%
52 Walnut Grove	McDonough	Shimshock	February-03	\$ 130,027	46.11			0%	2,820	7	3%
22 Sciota	McDonough	Ward	March-02	\$ 123,275	49.31			0%	2,500	18	8%
8 Mound	McDonough	Jones	August-01	\$ 146,520	52.81			0%	2,774	25	10%
20 Blandinsville	McDonough	Thompson	February-02	\$ 155,386	54.81			0%	2,835	19	8%
4 Bushnell	McDonough	Paul	January-01	\$ 165,000	55.00			0%	3,000	32	13%
58 Sciota	McDonough	Mansir	December-02	\$ 179,000	55.08			0%	3,250	9	4%
59 Sciota	McDonough	Shimshock	December-02	\$ 232,238	68.63			0%	3,384	9	4%
17 Blandinsville	McDonough	Hunt	February-02	\$ 174,984	76.08			0%	2,300	19	8%
31 Prairie City	McDonough	Ogle	October-01	\$ 234,000	78.00			0%	3,000	23	10%
37-80 acres		Median	Average	3,267				5%			
McDonough		3,304		3,191							
Fulton		3,331		3,495							
12 Farmers	Fulton	Churchill	December-01	\$ 191,250	85.00			0%	2,250	21	9%
35 Walnut Grove	McDonough	Schwanz	February-02	\$ 241,900	82.00			0%	2,950	19	8%
28 Sciota	McDonough	Brown	April-02	\$ 288,217	82.94			0%	3,475	17	7%
3 Sciota	McDonough	Rennegarbe	November-00	\$ 216,554	83.29			0%	2,600	34	14%
27 Mound	McDonough	Kost	March-02	\$ 276,507	87.78			0%	3,150	18	8%
30 Emmet	McDonough	HEW Farms	March-02	\$ 250,000	89.20			0%	2,803	18	8%
32 Sciota	McDonough	Reibling	January-02	\$ 237,500	92.90			0%	2,557	20	8%
9 Prairie City	McDonough	Blout/Mahr	October-01	\$ 340,000	105.00			0%	3,238	23	10%
14 Hire	McDonough	Bolin	February-02	\$ 315,650	107.00			0%	2,950	19	8%
16 Hire	McDonough	Cox	February-02	\$ 336,000	120.00			0%	2,800	19	8%
80-120 acres		Median	Average	3,103							
McDonough		3,184		3,199							
Fulton		2,447		2,447							

**TPW Western Segment
Land Comps
Exhibit C**

Sale Typ.	County	Buyer	Date	Sale Price	Total Acres	Woods			% Woods	\$/acre	Time Adj. \$/acre	Months	
						Timb. Acres	Pasture Acres	Woods Acres				since sale	Total Time Adj.
1 Orion	Fulton	Dare	December-00	\$ 293,216	123.72		3.62	3%	2,370	2,696	33	14%	
5 Canton	Fulton	Morgan	September-00	\$ 372,589	136.73			0%	2,725	3,134	36	15%	
36 Blandinsville	McDonough	Otto Ullrich Trus	January-02	\$ 644,000	281.87	25.00		9%	2,285	2,475	20	8%	
15 Hire	McDonough	Cox	February-02	\$ 315,875	133.00	7.00		5%	2,375	2,563	19	8%	
60 Blandinsville	McDonough	Smith/Denver G	February-03	\$ 430,227	162.35		12.00	7%	2,650	2,727	7	3%	
34 Walnut Grove	McDonough	Chipman	February-02	\$ 455,000	163.32			0%	2,786	3,006	19	8%	
56 Mound	McDonough	J.L. Hopkins, LLO	October-02	\$ 544,500	165.13			0%	3,297	3,449	11	5%	
121+ acres					Median	2,727	Average	2,864					
McDonough					2,727			2,844					
Fulton					2,915								
77 Canton, IL	Fulton	Les Carl	December-02	\$ 15,000	7.00				2,143	2,232	10	4%	
74 Lee	Fulton	HR243, LLC (T	December-02	\$ 246,222	127.91	127.91		100%	1,925	1,997	9	4%	
75 Lee	Fulton	HR243, LLC (T	December-02	\$ 248,000	160.00	140.00		88%	1,550	1,608	9	4%	
51 Mound	McDonough	Waller	November-00	\$ 51,266	75.95	48.00		63%	675	771	34	14%	
18 Blandinsville	McDonough	Johnson	February-02	\$ 64,343	55.95		17.00	30%	1,150	1,241	19	8%	
33 Sciota	McDonough	Reibling	March-02	\$ 110,000	59.00	13.00		22%	1,864	2,004	18	8%	
65 Fountain Green	Hancock	Little	February-03	\$ 87,500	100.00	25.00	35.00	60%	875	901	7	3%	
50 Fountain Green	Hancock	Gillum	October-00	\$ 30,400	38.00	15.00		39%	800	917	35	15%	
Combin. Uses					Median	1,425	Average	1,459					
Fulton					1,997			1,946					
McDonough					1,241								
Hancock					909								
76 Glasford, IL	Fulton	Glasford Milling	January-01	\$ 31,000	4.55		Ind.		6,813	7,750	33	14%	
84 Washington, IL	Tazewell	Cruger Road	June-02	\$ 260,150	21.00	Rural	comm.		12,388	13,162	15	6%	
79 Glasford, IL	Fulton	Robt Whelchel	January-02	\$ 10,000	0.59		Res/Ind		16,949	18,432	21	9%	
78 Canton, IL	Fulton	Les Carl	December-02	\$ 90,000	2.90		Ind.		31,034	32,328	10	4%	
83 East Peoria, IL	Tazewell	Carver Lane	March-02	\$ 98,000	2.95		Ind.		33,220	35,712	18	8%	
81 Canton, IL	Fulton	Mt. Carmel Bap	September-02	\$ 25,000	0.70		Ind.		35,714	37,649	13	5%	
80 Canton, IL	Fulton	Canton Am. Leg	January-02	\$ 34,000	0.96		Ind.		35,417	38,516	21	9%	
82 Sciota	McDonough	Sciota Elevator	June-02	\$ 75,000	1.74	Rural	comm.		43,103	45,797	15	6%	
85 Washington, IL	Tazewell	1204 Independ.	April-02	\$ 115,000	2.00		comm.		57,500	61,573	17	7%	

Exhibit No: C

COMPARABLE SALES

Sale No: 1	Sale No: 2
County: Fulton Location: Orion Twp. Date: December - 00 Grantor: Roscoe Raker Est Grantee: Henry Dare Acres: 123.72 Consideration: \$293,216 \$/Acre: \$2,370 H & B Use: Agriculture	County: McDonough Location: Sciota Twp. Date: November - 2000 Grantor: Esther E. Barker Trust Grantee: Dean Cook Acres: 41.55 Consideration: \$137,115 \$/Acre: \$3,300 H & B Use: Agriculture
Sale No: 3	Sale No: 4
County: McDonough Location: Sciota Twp. Date: November - 00 Grantor: Esther E. Barker Estate Grantee: Mel Rennegarbe Acres: 83.29 Consideration: \$216,554 \$/Acre: \$2,600 H & B Use: Agriculture	County: McDonough Location: Bushnell Twp. Date: January - 01 Grantor: Bushnell Development Corp. Grantee: George Paul Acres: 55.00 Consideration: \$165,000 \$/Acre: \$3,000 H & B Use: Agriculture
Sale No: 5	Sale No: 8
County: Fulton Location: Canton Twp. Date: September - 00 Grantor: RJ & RJS Inc. Grantee: Ron Morgan Acres: 136.73 Consideration: \$372,589 \$/Acre: \$2,725 H & B Use: Agriculture	County: McDonough Location: Mound Twp. Date: August - 01 Grantor: Steve Toland Grantee: John Jones Acres: 52.81 Consideration: \$146,520 \$/Acre: \$2,774 H & B Use: Agriculture
Sale No: 9	Sale No: 10
County: McDonough Location: Prairie City Twp. Date: October - 01 Grantor: Caroline Mensink Grantee: Aaron Bout & Danny Mahr Acres: 105.00 Consideration: \$340,000 \$/Acre: \$3,238 H & B Use: Agriculture	County: Fulton Location: Farmers Twp. Date: December - 01 Grantor: Kermit Danner Grantee: Randy Farr Acres: 80.00 Consideration: \$204,800 \$/Acre: \$2,560 H & B Use: Agriculture
Sale No: 12	Sale No: 13
County: Fulton Location: Farmers Twp. Date: December - 01 Grantor: Kermit Danner Grantee: Ed Churchill Acres: 85.00 Consideration: \$191,250 \$/Acre: \$2,250 H & B Use: Agriculture	County: McDonough Location: Hire Twp. Date: February - 02 Grantor: Rena Claire Irish Estate Grantee: Bob Constitine Acres: 40.00 Consideration: \$112,000 \$/Acre: \$2,800 H & B Use: Agriculture

Exhibit No: C

COMPARABLE SALES

Sale No: 14	Sale No: 15
County: McDonough Location: Hire Twp. Date: February - 02 Grantor: Rena Claire Irish Estate Grantee: Jerry Bolin Acres: 107.00 Consideration: \$315,650 \$/Acre: \$2,950 H & B Use: Agriculture	County: McDonough Location: Hire Twp. Date: February - 02 Grantor: Rena Claire Irish Estate Grantee: Gene Cox Acres: 133.00 Consideration: \$315,875 \$/Acre: \$2,375 H & B Use: Agriculture
Sale No: 16	Sale No: 17
County: McDonough Location: Hire Twp. Date: February - 02 Grantor: Rena Claire Irish Estate Grantee: Gene Cox Acres: 120.00 Consideration: \$336,000 \$/Acre: \$2,800 H & B Use: Agriculture	County: McDonough Location: Blandinsville Twp. Date: February - 02 Grantor: Callahan Grantee: David Hunt Acres: 76.08 Consideration: \$174,984 \$/Acre: \$2,300 H & B Use: Agriculture
Sale No: 18	Sale No: 20
County: McDonough Location: Blandinsville Twp. Date: February - 02 Grantor: Callahan Grantee: Roger Johnson Acres: 55.95 Consideration: \$64,343 \$/Acre: \$1,150 H & B Use: Agriculture	County: McDonough Location: Blandinsville Twp. Date: February - 02 Grantor: Callahan Grantee: Ron Thompson Acres: 54.81 Consideration: \$155,386 \$/Acre: \$2,835 H & B Use: Agriculture
Sale No: 22	Sale No: 24
County: McDonough Location: Sciota Twp. Date: March - 02 Grantor: Dorothy Bycroft Estate Grantee: Everett Ward Acres: 49.31 Consideration: \$123,275 \$/Acre: \$2,500 H & B Use: Agriculture	County: McDonough Location: Sciota Twp. Date: March - 02 Grantor: Bernice Robinson Estate Grantee: Ottie Kost Acres: 41.34 Consideration: \$140,556 \$/Acre: \$3,400 H & B Use: Agriculture
Sale No: 27	Sale No: 28
County: McDonough Location: Mound Twp. Date: March - 02 Grantor: Bernice Robinson Estate Grantee: Ottie Kost Acres: 87.78 Consideration: \$276,507 \$/Acre: \$3,150 H & B Use: Agriculture	County: McDonough Location: Sciota Twp. Date: April - 02 Grantor: Della A. Elder Grantee: Leroy Brown Acres: 82.94 Consideration: \$288,217 \$/Acre: \$3,475 H & B Use: Agriculture

Exhibit No: C

COMPARABLE SALES

Sale No: 30	Sale No: 31
County: McDonough Location: Emmet Twp. Date: March - 02 Grantor: Hildred Thompson Estate Grantee: HEW Farms Acres: 89.20 Consideration: \$250,000 \$/Acre: \$2,803 H & B Use: Agriculture	County: McDonough Location: Prairie City Twp. Date: October - 01 Grantor: Lily Hoyt, et al. Grantee: Charles Ogle Acres: 78.00 Consideration: \$234,000 \$/Acre: \$3,000 H & B Use: Agriculture
Sale No: 32	Sale No: 33
County: McDonough Location: Sciota Twp. Date: January - 02 Grantor: Harold & Mary Askew Grantee: Ron Riebling Acres: 92.90 Consideration: \$237,500 \$/Acre: \$2,557 H & B Use: Agriculture	County: McDonough Location: Sciota Twp. Date: March - 02 Grantor: Wanda Peterson Grantee: Ron Riebling Acres: 59.00 Consideration: \$110,000 \$/Acre: \$1,864 H & B Use: Agriculture
Sale No: 34	Sale No: 35
County: McDonough Location: Walnut Grove Twp. Date: February - 02 Grantor: Jeffrey Moore, et al. Grantee: Duane Chipman Acres: 163.32 Consideration: \$455,000 \$/Acre: \$2,786 H & B Use: Agriculture	County: McDonough Location: Walnut Grove Twp. Date: February - 02 Grantor: Gerald Finn Grantee: Richard Schwanz Acres: 82.00 Consideration: \$241,900 \$/Acre: \$2,950 H & B Use: Agriculture
Sale No: 36	Sale No: 50
County: McDonough Location: Blandinsville Twp. Date: January - 02 Grantor: Blandinsville Properties Grantee: Otto Ullrich Trust Acres: 281.87 Consideration: \$644,000 \$/Acre: \$2,285 H & B Use: Agriculture	County: Hancock Location: Fountain Green Twp. Date: October - 00 Grantor: Kimler Service Grantee: Loren Gillum Acres: 38.00 Consideration: \$30,400 \$/Acre: \$800 H & B Use: Agriculture
Sale No: 51	Sale No: 52
County: McDonough Location: Mound Twp. Date: November - 00 Grantor: Wayne Danner Grantee: Dave Waller Acres: 75.95 Consideration: \$51,266 \$/Acre: \$675 H & B Use: Agriculture	County: McDonough Location: Walnut Grove Twp. Date: February - 03 Grantor: Runyan Farms, Inc. Grantee: Shimshock Acres: 46.11 Consideration: \$51,266 \$/Acre: \$2,820 H & B Use: Agriculture

Exhibit No: C

COMPARABLE SALES

Sale No: 54	Sale No: 56
County: McDonough Location: Sciota Twp. Date: June - 03 Grantor: Burdette R. Knappenberger Grantee: Charlie Barns Acres: 37.00 Consideration: \$111,000 \$/Acre: \$3,000 H & B Use: Agriculture	County: McDonough Location: Mound Twp. Date: October - 02 Grantor: Willis & Betty Chase Grantee: J.L. Hopkins, LLC Acres: 165.13 Consideration: \$544,500 \$/Acre: \$3,297 H & B Use: Agriculture
Sale No: 57	Sale No: 58
County: McDonough Location: Sciota Twp. Date: December -02 Grantor: Ina Hanson Estate Grantee: Thomas T. Huston Acres: 42.19 Consideration: \$133,000 \$/Acre: \$3,152 H & B Use: Agriculture	County: McDonough Location: Sciota Twp. Date: December -02 Grantor: Ina Hanson Estate Grantee: Arbon & Vildrac Mansir Acres: 55.08 Consideration: \$179,000 \$/Acre: \$3,250 H & B Use: Agriculture
Sale No: 59	Sale No: 60
County: McDonough Location: Sciota Twp. Date: December -02 Grantor: Nancy Shoemate Grantee: William Shimshok Acres: 68.63 Consideration: \$232,238 \$/Acre: \$3,384 H & B Use: Agriculture	County: McDonough Location: Blandinsville Twp. Date: February - 03 Grantor: Kennedy & Bellman Grantee: William R. Smith/Denver Games Acres: 162.35 Consideration: \$430,227 \$/Acre: \$2,650 H & B Use: Agriculture
Sale No: 61	Sale No: 65
County: McDonough Location: Hire Twp. Date: May - 03 Grantor: Johnny Kline Grantee: William J. Shimshok Acres: 40.00 Consideration: \$132,000 \$/Acre: \$3,300 H & B Use: Agriculture	County: Hancock Location: Fountain Green Twp. Date: February - 03 Grantor: Cellar Farms Grantee: Little Acres: 100.00 Consideration: \$87,500 \$/Acre: \$875 H & B Use: Agriculture
Sale No: 70	Sale No: 71
County: Fulton Location: Farmers Twp. Date: December - 02 Grantor: Steele Family Trust Grantee: Stan Danner Acres: 45.00 Consideration: \$159,750 \$/Acre: \$3,550 H & B Use: Agriculture	County: Fulton Location: Farmers Twp. Date: December - 02 Grantor: Steele Family Trust Grantee: Horweedel Acres: 40.00 Consideration: \$128,000 \$/Acre: \$3,200 H & B Use: Agriculture

Exhibit No: C

COMPARABLE SALES

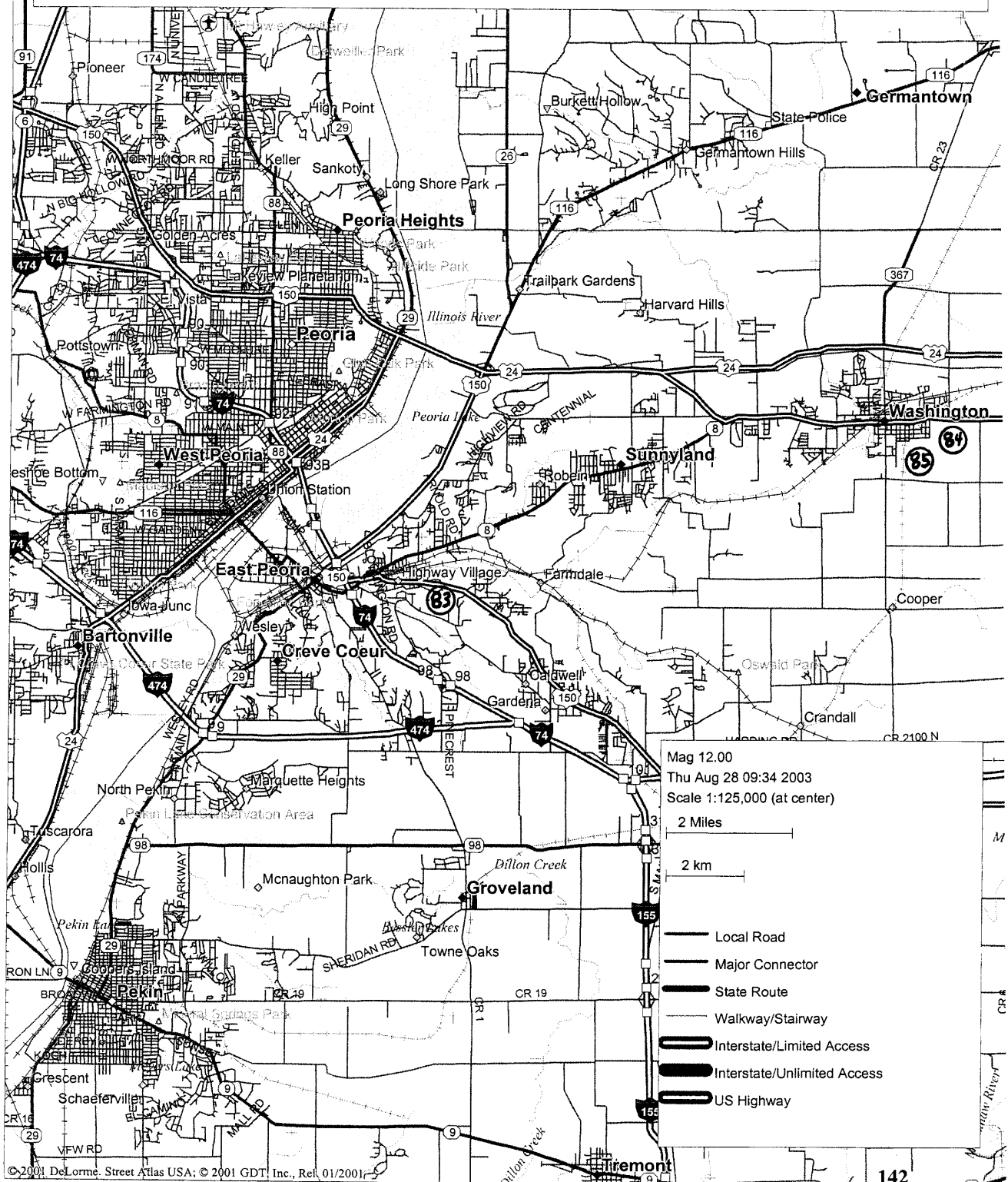
Sale No: 72	Sale No: 73
County: Fulton Location: Lee Twp. Date: December - 02 Grantor: Kelly Frederick Estate Grantee: James Peterson Acres: 43.5078 Consideration: \$182,733 \$/Acre: \$4,200 H & B Use: Agriculture	County: Fulton Location: Putman Twp. Date: March - 03 Grantor: Mary J. Matthews Estate Grantee: Jacobus Acres: 79.53 Consideration: \$258,472 \$/Acre: \$3,250 H & B Use: Agriculture
Sale No: 74	Sale No: 75
County: Fulton Location: Lee Twp. Date: December - 02 Grantor: Kelly Frederick Estate Grantee: HR243, LLC (Jim Thome) Acres: 127.9074 Consideration: \$246,222 \$/Acre: \$1,925 H & B Use: Agriculture	County: Fulton Location: Lee Twp. Date: December - 02 Grantor: Kelly Frederick Estate Grantee: HR243, LLC (Jim Thome) Acres: 160.00 Consideration: \$248,000 \$/Acre: \$1,550 H & B Use: Agriculture
Sale No: 76	Sale No: 77
County: Peoria Location: Glasford Date: January - 01 Grantor: Toledo, Peoria & Western Railway Grantee: Glasford Grain & Milling Company Acres: 4.55 Consideration: \$31,000 \$/Acre: \$6,813 H & B Use: Industrial	County: Fulton Location: Canton Twp. Date: December - 02 Grantor: Toledo, Peoria & Western Railway Grantee: Les Carl Acres: 7.00 Consideration: \$15,000 \$/Acre: \$2,143 H & B Use:
Sale No: 78	Sale No: 79
County: Fulton Location: Canton Date: December - 02 Grantor: Toledo, Peoria & Western Railway Grantee: Les Carl Acres: 2.90 Consideration: \$90,000 \$/Acre: \$31,034 H & B Use: Industrial	County: Fulton Location: Glasford Date: January - 02 Grantor: Toledo, Peoria & Western Railway Grantee: Robert Welchel Acres: 0.59 Consideration: \$10,000 \$/Acre: \$16,949 H & B Use: Residential/Industrial
Sale No: 80	Sale No: 81
County: Fulton Location: Canton Date: January - 02 Grantor: Toledo, Peoria & Western Railway Grantee: American Legion Acres: 0.96 Consideration: \$34,000 \$/Acre: \$35,417 H & B Use: Industrial	County: Fulton Location: Canton Date: September - 02 Grantor: Toledo, Peoria & Western Railway Grantee: Mt. Carmel Baptist Church Acres: 0.70 Consideration: \$25,000 \$/Acre: \$35,714 H & B Use: Industrial

Exhibit No: C

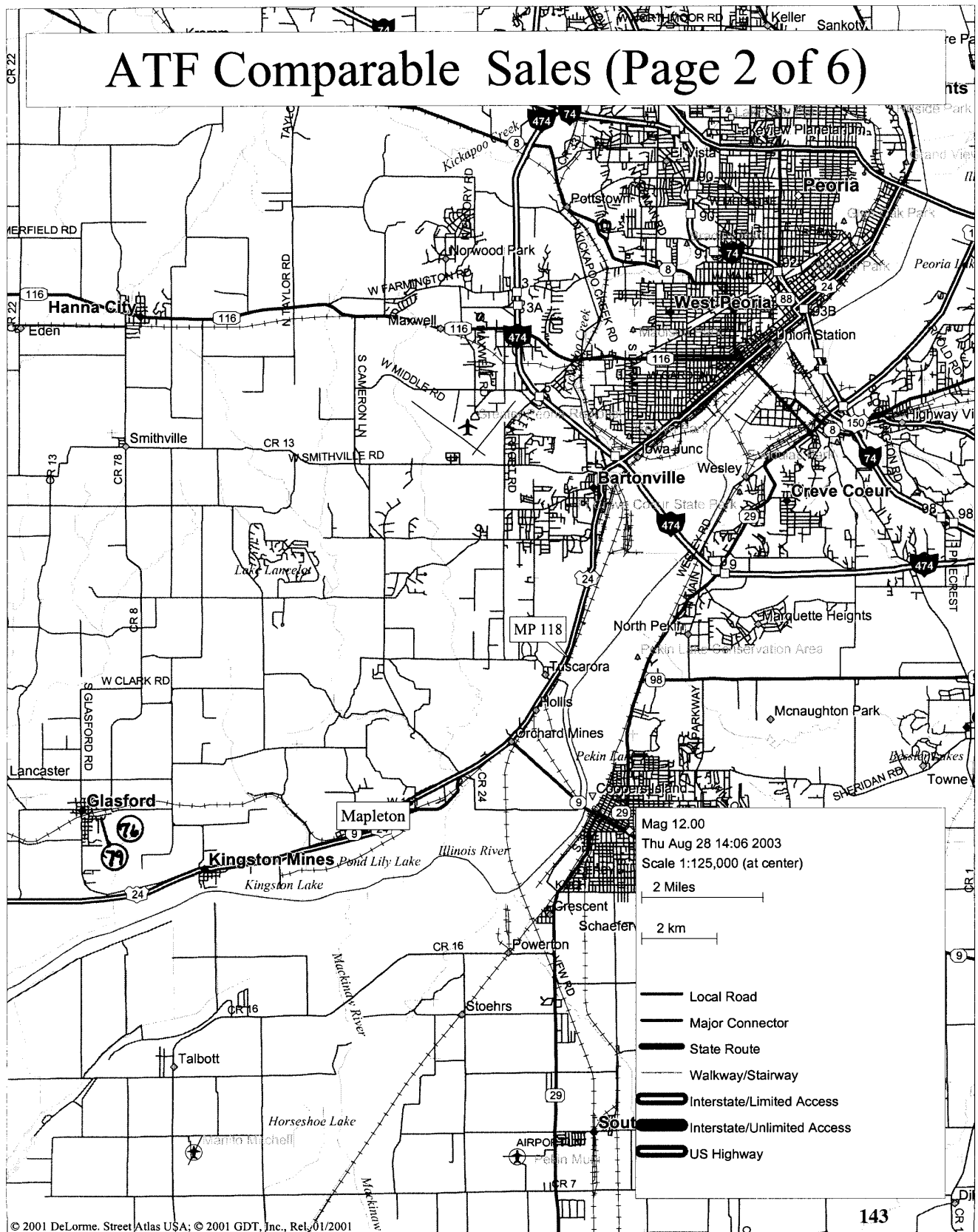
COMPARABLE SALES

Sale No: 82	Sale No: 83
County: McDonough Location: Sciota Twp. Date: June - 02 Grantor: Toledo, Peoria & Western Railway Grantee: Farmers Elevator of Sciota Acres: 1.74 Consideration: \$75,000 \$/Acre: \$43,103 H & B Use: Rural Commercial	County: Tazewell Location: East Peoria Date: March - 02 Grantor: Toledo, Peoria & Western Railway Grantee: Carver Lane Acres: 2.95 Consideration: \$98,000 \$/Acre: \$33,220 H & B Use: Industrial
Sale No: 84	Sale No: 85
County: Tazewell Location: Washington Date: June - 02 Grantor: Toledo, Peoria & Western Railway Grantee: Cruger Road Acres: 21.00 Consideration: \$260,150 \$/Acre: \$12,388 H & B Use: Rural Commercial	County: Tazewell Location: Washington Date: April - 02 Grantor: Toledo, Peoria & Western Railway Grantee: 1204 Independence Acres: 2.95 Consideration: \$115,00 \$/Acre: \$57,500 H & B Use: Commercial

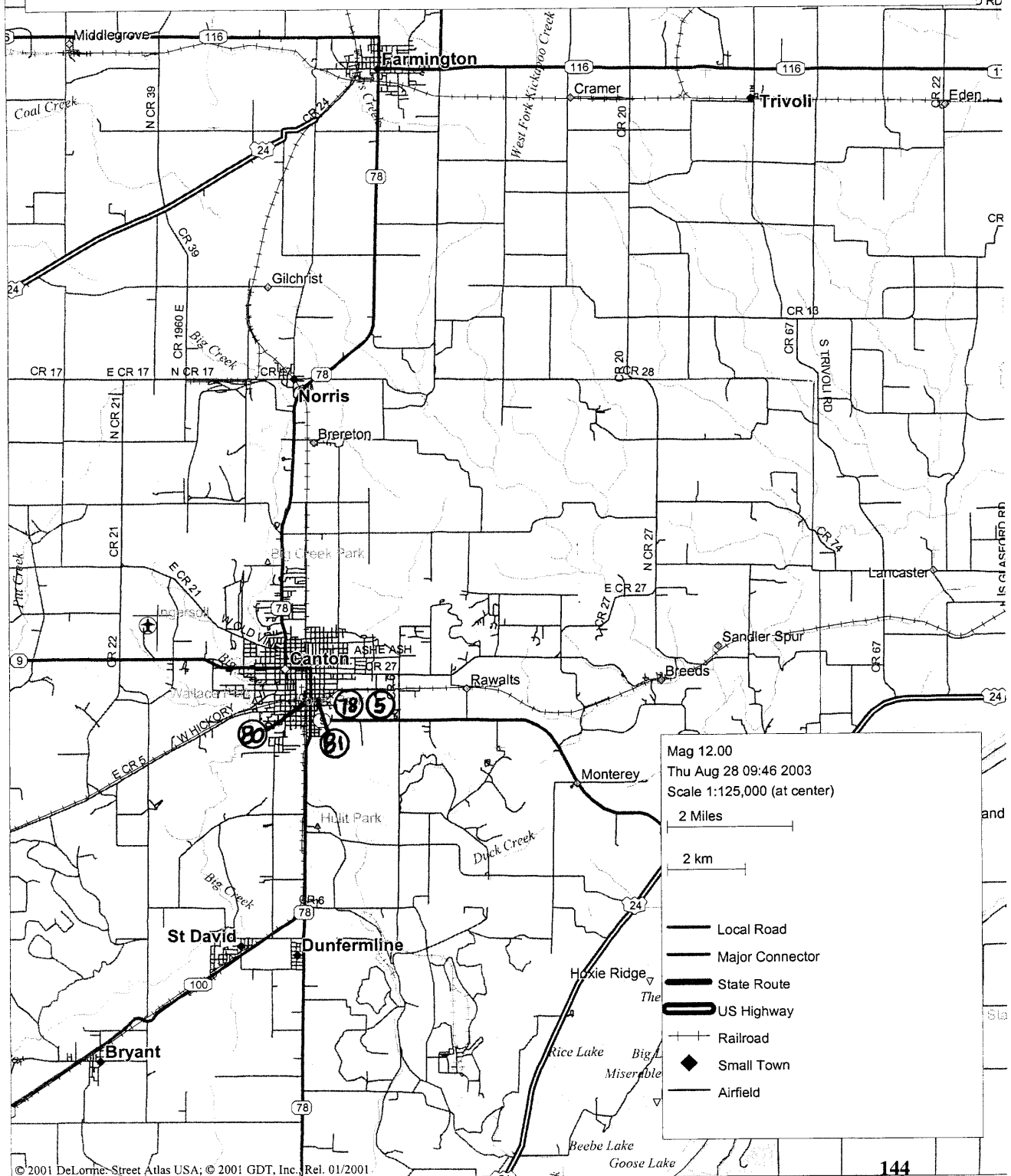
ATF Comparable Sales (Page 1 of 6)



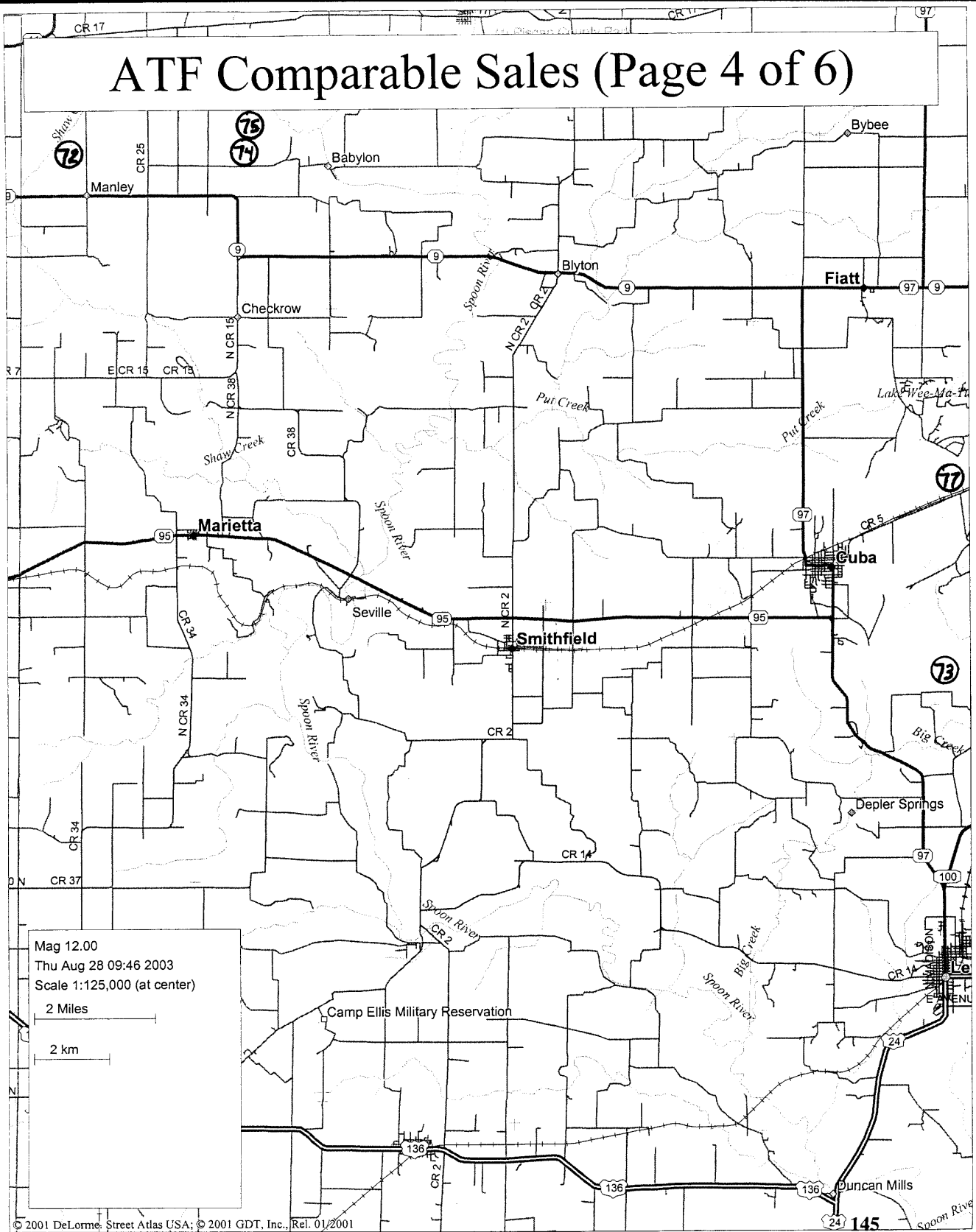
ATF Comparable Sales (Page 2 of 6)



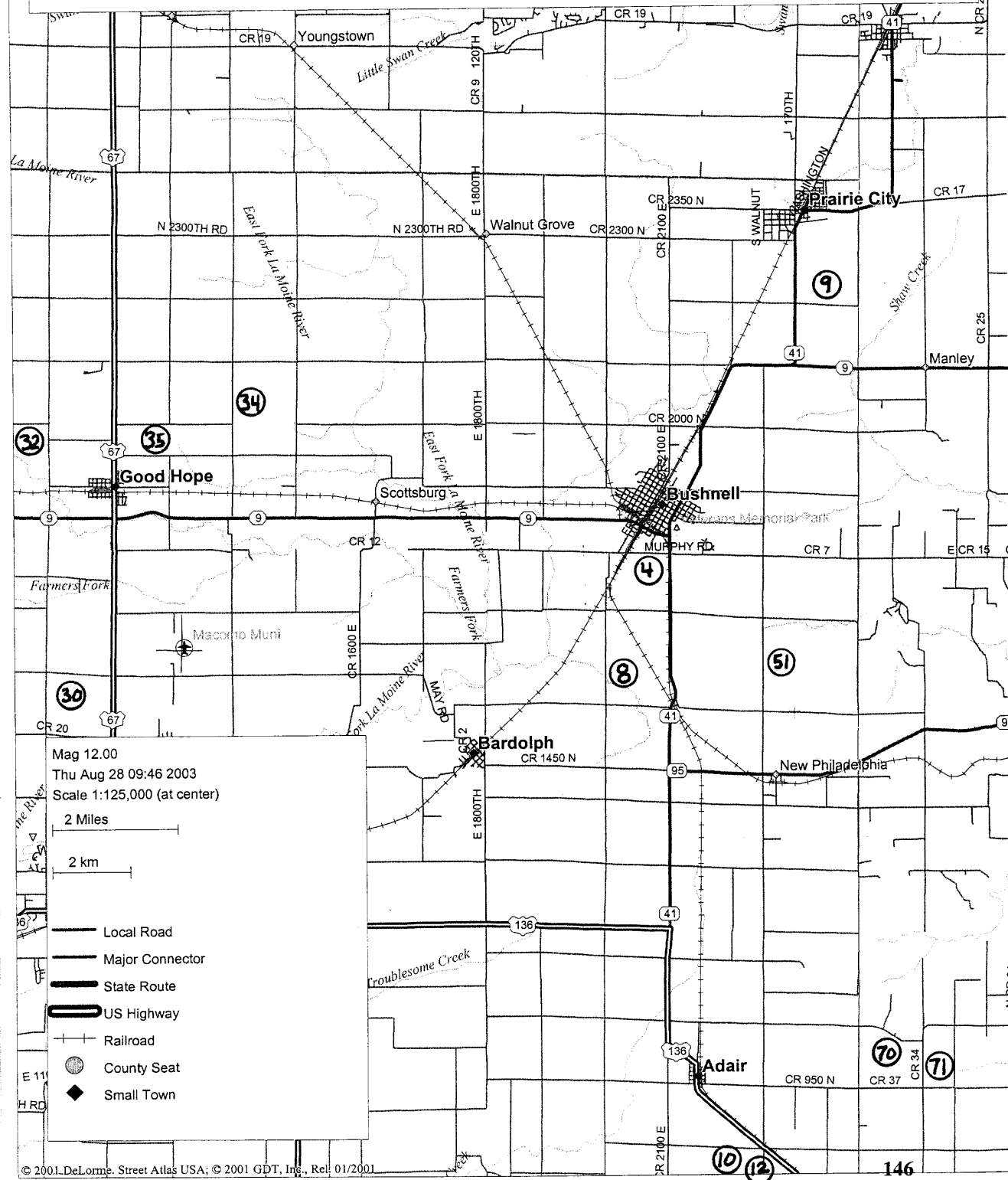
ATF Comparable Sales (Page 3 of 6)



ATF Comparable Sales (Page 4 of 6)



AFT Comparable Sales (Page 5 of 6)



ATF Comparable Sales (Page 6 of 6)

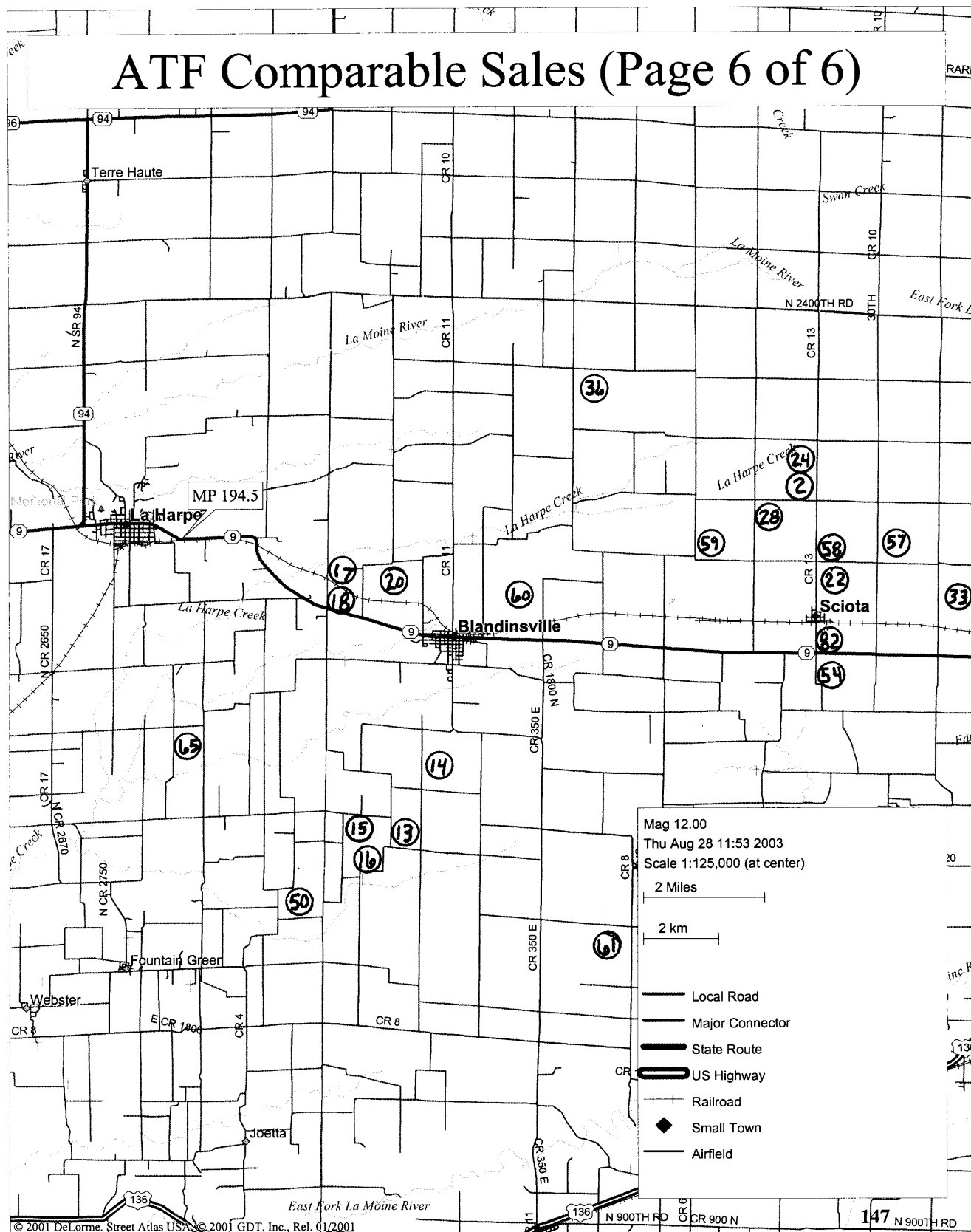


EXHIBIT D

NLV valuation chart

TPW Piecemeal Valuation

Val	Sec	Map	Location	Parcel No.	MP To	MP From	Gross Acres	Less Reversions	Less Roads, Streets	Net Acres	Zoning	Highest & Best Use	ATF Value Per Acre	Adjusted Value Per Acre	Adj. Pre-Discount Value	Total Discount Value	Pre-Discount Value
Peoria Co.																	
V3-III	1		Hollis Twp.	1	118.5	118.7	1.070	1.070		0.080	Indus.	Indus.	15,000	12,000	-	-	-
V3-III	1		Hollis Twp.	2	118.7	118.8	1.440	1.440			Indus.	Indus.	15,000	12,000	-	-	-
V3-III	1		Hollis Twp.	3	118.8	119.4	6.000	6.000			Indus.	Indus.	15,000	12,000	-	-	-
V3-III	1		Hollis Twp.	4	118.8	119.4	1.970				Indus.	Indus.	15,000	12,000	-	-	-
V3-III	1		Hollis Twp.	5	119.4	120.1	7.080		0.080	1.890	Indus.	Indus.	15,000	12,000	22,680	28,350	-
V3-III	1		Hollis Twp.	6	120.1	120.2	1.410			7.080	Indus.	Indus.	15,000	12,000	84,960	106,200	-
V3-III	1		Hollis Twp.	7	120.2	120.5	6.140	6.140	0.070	0.000	R-2	Resid.	12,500	10,000	-	-	-
V3-III	1		Hollis Twp.	8	120.5	120.5	0.083	0.083		0.000	R-2	Resid.	12,500	10,000	-	-	-
V3-III	2		Hollis Twp.	1	120.5	120.7	5.660			5.660	R-2	Resid.	12,500	10,000	56,600	70,750	-
V3-III	2		Hollis Twp.	2	120.7	121.3	6.540			6.540	R-1, A-2	Resid.	12,500	10,000	65,400	81,750	-
V3-III	2		Hollis Twp.	3	121.3	121.3	0.160			0.160	I-2	Indus.	15,000	12,000	1,920	2,400	-
V3-III	2		Hollis Twp.	4	121.3	121.7	6.420			6.420	A-2	Agric.	15,000	12,000	77,040	96,300	-
V3-III	2		Mapleton	5	121.7	122.0	3.160			3.160	R-1	Resid.	12,500	11,250	35,550	39,500	-
V3-III	2		Mapleton	6	122.1	122.5	7.600			7.600	I-1	Resid.	15,000	13,500	102,600	114,000	-
V3-III	3		Mpltn. Ind track		121.6	end	30.300			30.300	I-1	Indus.	25,000	22,500	681,750	757,500	-
V3-III	3		Mapleton	1	122.6	122.8	2.345		0.070	2.275	I-2, R-1	Resid.	15,000	13,500	30,713	34,125	-
V3-III	3		Mapleton	2	122.6	122.9	0.860			0.860	I-2, R-1	Resid.	15,000	13,500	11,610	12,900	-
V3-III	3		Hollis Twp.	3	122.9	123.1	2.850			2.850	A-2, I-2	Recr.	1,500	1,200	3,420	4,275	-
V3-III	3		Hollis Twp.	4	123.2	123.5	4.250	4.250		0.000	A-2	Recr.	1,500	1,200	-	-	-
V3-III	3		Hollis Twp.	5	123.6	123.6	1.340			1.340	A-2	Recr.	1,500	1,200	1,608	2,010	-
V3-III	3		Hollis Twp.	6	123.7	123.8	2.630	2.630		0.000	A-2	Recr.	1,500	1,200	-	-	-
V3-III	3		Hollis Twp.	7	123.9	125.1	3.330			3.330	A-2	Recr.	1,500	1,200	3,996	4,995	-
V3-III	3		Timber Twp.	8	124.2	124.5	5.950			5.950	A-2	Recr.	1,500	1,200	7,140	8,925	-
V3-III	3		Timber Twp.	9	124.5	124.5	0.081			0.081	A-2	Recr.	1,500	1,200	97	121	-
V3-III	4		Timber Twp.	1	124.5	124.7	2.420			2.420	A-2	Recr.	1,500	1,200	2,904	3,630	-
V3-III	4		Timber Twp.	2	124.7	125.2	5.000	5.000		0.000	A-2	Recr.	1,500	1,200	-	-	-
V3-III	4		Timber Twp.	3	125.2	125.7	5.570			5.570	A-1	Recr.	1,500	1,200	6,684	8,355	-
V3-III	4		Timber Twp.	4	125.7	125.9	3.120	3.120	0.070	0.000	A-2	Recr.	1,500	1,200	-	-	-
V3-III	4		Timber Twp.	5	126.0	126.4	9.030			9.030	A-1	Agr.	2,500	2,000	18,060	22,575	-
V3-III	5		Glasford	1	126.5	126.6	1.340		0.080	1.260	A-1	Agr.	2,500	2,500	3,150	3,150	-
V3-III	5		Glasford	2	126.7	126.7	0.300			0.300	A-1	Agr.	2,500	2,500	750	750	-
V3-III	5		Glasford	3	126.8	126.9	3.700			3.700	Res	Res.	18,500	18,500	68,450	68,450	-
V3-III	5		Glasford	4	126.9	127.2	2.420			2.420	Com/Res	Res.	18,500	18,500	44,770	44,770	-
V3-III	5		Glasford	5	127.3	127.5	3.380		0.080	3.300	Res	Res.	18,500	18,500	61,050	61,050	-
V3-III	5		Glasford	6	127.6	127.6	0.470			0.470	Res	Res.	18,500	18,500	8,695	8,695	-
V3-III	5		Timber Twp.	7	127.6	127.9	3.280			3.280	A-2	Agr.	2,500	2,000	6,560	8,200	-
V3-III	5		Timber Twp.	8	127.9	128.1	2.330			2.330	A-2	Agr.	2,500	2,000	4,660	5,825	-
V3-III	5		Timber Twp.	9	128.1	128.2	1.120			1.120	A-2	Agr.	2,500	2,000	2,240	2,800	-
V3-III	5		Timber Twp.	10	128.2	128.3	1.400			1.400	AG	Recr.	1,500	1,200	1,680	2,100	-
V3-III	5		Timber Twp.	11	128.3	128.4	1.160			1.160	AG	Recr.	1,500	1,200	1,392	1,740	-
V3-III	5		Timber Twp.	12	128.4	128.4	0.370		0.070	0.300	AG	Recr.	1,500	1,200	360	450	-
V3-III	5		Timber Twp.	13	128.5	128.5	3.340			3.340	AG	Recr.	1,500	1,200	4,008	5,010	-
V3-III	5		Timber Twp.	14	127.3	127.3	3.200	3.200		0.000	Res	Res.	18,500	14,800	-	-	-
V3-III	5		Timber Twp.	15	127.3	127.3	0.033	0.033		0.000	Res	Res.	18,500	14,800	-	-	-
V3-III	6		Timber Twp.	1	128.5	128.6	1.560			1.560	A-2	Agr.	1,500	1,200	1,872	2,340	-
V3-III	6		Timber Twp.	2	128.7	129.5	9.920		0.080	9.840	A-2	Agr.	1,500	1,200	11,808	14,760	-
V3-III	6		Timber Twp.	3	129.6	129.7	3.100			3.100	AG	Agr.	1,500	1,200	3,720	4,650	-
V3-III	6		Timber Twp.	4	129.7	129.8	3.000			3.000	AG	Agr.	1,500	1,200	3,600	4,500	-
V3-III	6		Timber Twp.	5	130.1	130.5	6.260	6.260		0.000	AG	Agr.	1,500	1,200	-	-	-
V3-III	7		Timber Twp.	1	130.5	130.6	1.560	1.560		0.000	AG	Agr.	1,500	1,200	-	-	-
V3-III	7		Orion Twp.	2	130.6	130.7	1.560			1.560	AG	Agr.	1,500	1,200	1,872	2,340	-
V3-III	7		Orion Twp.	3	130.7	131.3	9.160			9.160	AG	Agr.	1,500	1,200	10,992	13,740	-
V3-III	7		Orion Twp.	4	131.4	131.6	3.050			3.050	AG	Agr.	1,500	1,200	3,660	4,575	-
V3-III	7		Orion Twp.	5	131.6	131.9	3.040	3.040		0.000	AG	Agr.	1,500	1,200	-	-	-
V3-III	7		Orion Twp.	6	131.9	132.1	1.400			1.400	AG	Agr.	1,500	1,200	1,680	2,100	-
V3-III	7		Orion Twp.	7	131.1	131.1	1.920			1.920	AG	Agr.	1,500	1,200	2,304	2,880	-
V3-III	7		Orion Twp.	8	131.3	131.4	1.660			1.660	AG	Agr.	1,500	1,200	1,992	2,490	-
V3-III	7		Orion Twp.	9	132.0	132.5	9.080			9.080	AG	Agr.	1,500	1,200	10,896	13,620	-
V3-III	8		Orion Twp.	1	132.5	132.8	4.400			4.400	AG	Agr.	1,500	1,200	5,280	6,600	-
V3-III	8		Orion Twp.	2	132.8	133.2	2.640			2.640	AG	Agr.	1,500	1,200	3,168	3,960	-
V3-III	8		Breeds	3	133.2	133.5	4.545	4.545		0.000	R-1	Res.	5,000	5,000	-	-	-
V3-III	8		Breeds	4	133.5	133.7	4.070			4.070	R-1	Res.	5,000	5,000	20,350	20,350	-
V3-III	8		Breeds	5	133.7	133.9	2.530		0.070	2.460	R-1	Res.	5,000	5,000	12,300	12,300	-
V3-III	8		Orion Twp.	6	133.9	134.0	1.950			1.950	AG	Agr.	1,500	1,200	2,340	2,925	-
V3-III	8		Orion Twp.	7	134.0	134.4	6.590	6.590		0.000	AG	Agr.	1,500	1,200	-	-	-
V3-III	9		Orion Twp.	1	134.4	134.5	1.550			1.550	AG	Agr.	1,500	1,200	1,860	2,325	-
V3-III	9		Orion Twp.	2	134.5	134.75	3.520			3.520	AG	Agr.	1,500	1,200	4,224	5,280	-
V3-III	9		Orion Twp.	3	134.8	135.0	3.060			3.060	AG	Agr.	1,500	1,200	3,672	4,590	-
V3-III	9		Orion Twp.	4	135.0	135.1	1.560			1.560	AG	Agr.	1,500	1,200	1,872	2,340	-
V3-III	9		Orion Twp.	5	135.1	135.2	1.550			1.550	AG	Agr.	1,500	1,200	1,860	2,325	-
V3-III	9		Orion Twp.	6	135.2	135.5	3.220			3.220	AG	Agr.	1,500	1,200	3,864	4,830	-
V3-III	9		Orion Twp.	7	135.5	135.9	3.850			3.850	AG	Agr.	1,500	1,200	4,620	5,775	-
V3-III	9		Orion Twp.	8	135.9	136.2	3.500			3.500	AG	Agr.	1,500	1,200	4,200	5,250	-
V3-III	9		Orion Twp.	9	136.2	136.3	0.330	0.330		0.000	AG	Agr.	1,500	1,200	-	-	-
V3-III	9		Orion Twp.	10	136.3	136.4	8.800	8.800		0.000	AG	Agr.	1,500	1,200	-	-	-
V3-III	10		Orion Twp.	1	136.4	136.6	3.520			3.520	AG	Agr.	1,500	1,200	4,224	5,280	-
V3-III	10		Orion Twp.	2	136.4	136.6	0.220			0.220	AG	Agr.	1,500	1,200	264	330	-
V3-III	10		Rawlts	3	137.0	137.4	2.540			2.540	R-1	Res.	5,000	4,000	10,160	12,700	-
V3-III	10		Rawlts	4	136.7	137.5	0.750		0.070	0.680	R-1	Res.	5,000	4,000	2,720	3,400	-
V3-III	10		Rawlts	5	137.0	137.4	1.010			1.010	R-1	Res.	5,000	4,000	4,040	5,050	-
V3-III	10		Canton Twp.	6	137.4	137.8	0.270			0.270	AG	Agr.	3,000	2,400	648	810	-
V3-III	10		Canton Twp.	7	137.4	137.8	1.520			1.520	AG	Agr.	3,000	2,400	3,648	4,560	-
V3-III	10		Canton Twp.	8	137.6	137.8	2.160			2.160							

Val	Sec	Map	Location	Parcel No.	MP To	MP From	Gross Acres	Less Reversions	Less Roads, Streets	Net Acres	Zoning	Highest & Best Use	ATF Value Per Acre	Adjusted Value Per Acre	Adj. Pre-Discount Value	Total Discount Value	Pro
V3-III	11		Canton	3	139.0	139.1	0.150			0.150	I-1-R-1	Res	20,000	16,000	2,400	3,000	
V3-III	11		Canton	4	139.1	139.3	1.190		0.050	1.140	I-1	Indus.	38,000	30,400	34,656	43,320	
V3-III	11		Canton	5	139.3	139.32	0.016			0.016	I-1, B-2	Indus.	38,000	30,400	490	612	
V3-III	11		Canton	7	139.3	139.3	0.142			0.142	I-1, B-2	Indus.	38,000	30,400	4,302	5,377	
V3-III	11		Canton	8	139.3	139.3	0.036		0.036	0.000	I-1, B-2	Indus.	38,000	30,400	11	14	
V3-III	11		Canton	9	139.4	139.4	0.018			0.018	I-1, B-2	Indus.	38,000	30,400	548	665	
V3-III	11		Canton	10	139.4	139.4	0.180			0.180	I-1, B-2	Indus.	38,000	30,400	5,475	6,844	
V3-III	11		Canton	11	139.5	139.5	0.074			0.074	I-1	Indus.	38,000	30,400	2,237	2,796	
V3-III	11		Canton	12	139.5	139.9	4.976		0.250	4.726	I-1, I-2	Indus.	38,000	38,000	179,588	179,588	
V3-III	11		Canton	13	139.5	139.5	0.216			0.216	I-1, I-2	Indus.	38,000	38,000	8,208	8,208	
V3-III	11		Canton	14	139.5	139.5	0.216			0.216	I-1, I-2	Indus.	38,000	38,000	8,208	8,208	
V3-III	11		Canton	15	139.9	140.1	0.515	0.515		0.000	R-3, R-2	Res.	20,000	16,000	-	-	
V3-III	11		Canton	16	139.9	140.1	0.797	0.797		0.000	R-3, R-2	Res.	20,000	16,000	-	-	
V3-III	11		Canton Twp.	17	140.1	140.2	1.244			0.000	AC	Ag.	3,000	2,400	-	-	
V3-III	11		Canton Twp.	18	140.2	140.3	0.732			0.000	AC	Ag.	3,000	2,400	-	-	
V3-III	11		Canton Twp.	19	140.3	140.4	1.217			0.000	AC	Ag.	3,000	2,400	-	-	
V3-III	11		Canton Twp.	20	140.4	140.5	3.032	3.032		0.000	AC	Ag.	3,000	2,400	-	-	
V3-III	11		Canton	21	139.4	139.5	2.525			2.525	I-1, I-2	Indus.	38,000	38,000	95,960	95,960	
V3-III	12		Canton Twp.	1	140.5	140.8	2.360			2.360	AC	Ag.	3,000	2,400	5,664	7,080	
V3-III	12		Canton Twp.	2	140.8	140.9	1.208	1.208		0.000	AC	Ag.	3,000	2,400	-	-	
V3-III	12		Canton Twp.	3	140.9	141.5	6.990	6.990		0.000	AC	Ag.	3,000	2,400	-	-	
V3-III	12		Canton Twp.	4	141.4	141.5	0.292			0.292	AC	Ag.	3,000	2,400	701	876	
V3-III	12		Buckhart Twp.	5	141.5	141.8	1.322			1.322	AC	Ag.	3,000	2,400	3,173	3,966	
V3-III	12		Buckhart Twp.	"6"	141.8	142.2	3.617			3.617	AC	Ag.	3,000	2,400	8,681	10,851	
V3-III	12		Buckhart Twp.	7	142.2	142.5	3.741	3.741		0.000	AC	Ag./Rec.	2,000	1,600	-	-	
V3-III	13		Buckhart Twp.	1	142.5	142.6	0.720			0.720	AC	Ag./Rec.	2,000	1,600	1,152	1,440	
V3-III	13		Buckhart Twp.	2	142.6	142.7	1.725			1.725	AC	Ag./Rec.	2,000	1,600	2,760	3,450	
V3-III	13		Buckhart Twp.	3	142.7	142.8	0.846	0.846		0.000	AC	Ag./Rec.	2,000	1,600	-	-	
V3-III	13		Buckhart Twp.	4	142.8	143.3	5.733		0.080	5.653	AC	Ag./Rec.	2,000	1,600	9,045	11,306	
V3-III	13		Putman Twp.	5	143.3	143.8	4.505			4.505	AC	Ag./Rec.	2,000	1,600	7,208	9,010	
V3-III	13		Putman Twp.	"6"	-	-	2.500	2.500		0.000	AC	Ag./Rec.	2,000	1,600	-	-	
V3-III	13		Putman Twp.	7	144.0	144.4	3.900			3.900	AC	Ag./Rec.	2,000	1,600	6,240	7,800	
V3-III	13		Putman Twp.	8	144.4	144.5	2.605			2.605	AC	Ag./Rec.	2,000	1,600	4,168	5,210	
V3-III	13		Putman Twp.	9	144.4	144.8	5.428			5.428	AC	Ag./Rec.	2,000	1,600	8,685	10,856	
V3-III	14		Putman Twp.	2	144.8	144.9	1.146	1.146		0.000	AC	Ag./Rec.	2,000	1,600	-	-	
V3-III	14		Putman Twp.	3	144.9	145.1	2.293	2.293		0.000	AC	Ag./Rec.	2,000	1,600	-	-	
V3-III	14		Putman Twp.	"4"	-	-	1.476			1.476	AC	Ag./Rec.	2,000	1,600	2,362	2,952	
V3-III	14		Putman Twp.	5	145.3	145.4	1.810	1.810		0.000	AC	Ag./Rec.	2,000	1,600	-	-	
V3-III	14		Putman Twp.	6	145.4	145.6	3.321	3.321		0.000	AC	Ag./Rec.	2,000	1,600	-	-	
V3-III	14		Putman Twp.	"7"	145.6	145.9	3.321			3.321	AC	Ag./Rec.	2,000	1,600	5,314	6,642	
V3-III	14		Putman Twp.	8	145.9	146.1	1.082	1.082		0.000	AC	Ag./Rec.	2,000	1,600	-	-	
V3-III	14		Putman Twp.	9	146.1	146.1	0.063			0.063	AC	Ag./Rec.	2,000	1,600	101	126	
V3-III	14		Putman Twp.	10	146.1	146.5	5.437			5.437	AC	Ag./Rec.	2,000	1,600	8,699	10,874	
V3-III	15		Putman Twp.	2	145.5	145.6	1.196			1.196	AC	Ag./Rec.	2,000	1,600	1,914	2,392	
V3-III	15		Putman Twp.	3	145.6	147	5.407	5.407		0.000	AC	Ag./Rec.	2,000	1,600	-	-	
V3-III	15		Putman Twp.	4	147	147.2	1.512	1.512		0.000	AC	Ag./Rec.	2,000	1,600	-	-	
V3-III	15		Putman Twp.	5	147.2	147.3	0.717			0.717	AC	Ag./Rec.	2,000	1,600	1,147	1,434	
V3-III	15		Putman Twp.	6	147.3	147.5	3.256			3.256	AC	Ag./Rec.	2,000	1,600	5,210	6,512	
V3-III	15		Putman Twp.	7	147.5	147.9	2.456	2.456		0.000	AC	Ag./Rec.	2,000	1,600	-	-	
V3-III	15		Putman Twp.	8	147.9	148.1	3.167	3.167		0.000	AC	Ag./Rec.	2,000	1,600	-	-	
V3-III	15		Putman Twp.	9	148.1	148.3	2.205	2.205		0.000	AC	Ag./Rec.	2,000	1,600	-	-	
V3-III	15		Putman Twp.	10	148.3	148.4	2.141	2.141		0.000	AC	Ag./Rec.	2,000	1,600	-	-	
V3-III	16		Putnam Twp.	1	148.4	148.6	2.205			2.205	AC	Ag./Rec.	2,000	1,600	3,528	4,410	
V3-III	16		Cuba	2	148.6	148.9	1.663	1.663	0.140	0.000	R-2/AC	Ag.	3,000	2,400	-	-	
V3-III	16		Cuba	3	148.9	149.2	2.537	2.537	0.030	0.000	R-2	Res.	20,000	16,000	-	-	
V3-III	16		Cuba	4	148.9	149.2	4.774		0.100	4.674	R-2	Res.	20,000	16,000	74,784	93,840	
V3-III	16		Cuba	5	149.2	149.3	0.752			0.752	C-3	Comm.	20,000	20,000	15,040	15,040	
V3-III	16		Putnam Twp.	6	149.3	149.8	7.460		0.180	7.280	AC	Ag.	3,000	2,400	17,472	21,840	
V3-III	16		Putnam Twp.	7	149.8	150.1	2.233	2.233		0.000	AC	Ag.	3,000	2,400	-	-	
V3-III	16		Putnam Twp.	8	150.1	150.3	2.539			2.539	AC	Ag.	3,000	2,400	6,094	7,617	
V3-III	16		Cass Twp.	9	-	-	0.000			0.000	AC	Ag.	3,000	2,400	-	-	
V3-III	16		Cass Twp.	"9"	150.3	150.5	3.417			3.417	AC	Ag.	3,000	2,400	8,201	10,251	
V3-III	16		Cuba	10	148.9	148.9	0.021			0.021	AC	Ag.	3,000	2,400	50	63	
V3-III	16		Cass Twp.	11	149.5	149.6	0.046		0.080	-0.034	AC	Ag.	3,000	2,400	(82)	(102)	
V3-III	17		Cass Twp.	1	150.5	150.6	1.210			1.210	AC	Ag.	3,000	2,400	2,904	3,630	
V3-III	17		Cass Twp.	3	"2"	150.6	150.7	0.491	0.491	0.000	AC	Ag.	3,000	2,400	-	-	
V3-III	17		Cass Twp.	"3"	150.7	150.8	1.477			1.477	AC	Ag.	3,000	2,400	3,545	4,431	
V3-III	17		Cass Twp.	"4"	150.8	151.1	1.966			1.966	AC	Ag.	3,000	2,400	4,718	5,898	
V3-III	17		Cass Twp.	5	151.1	151.1	0.090	0.090		0.000	AC	Ag.	3,000	2,400	-	-	
V3-III	17		Cass Twp.	6	151.1	151.7	4.045		0.180	3.865	AC	Ag.	3,000	2,400	9,276	11,595	
V3-III	17		Cass Twp.	7	151.7	152.4	7.877			7.877	AC	Ag.	3,000	2,400	18,905	23,631	
V3-III	17		Cass Twp.	8	152.4	152.5	1.821	1.821		0.000	AC	Ag.	3,000	2,400	-	-	
V3-III	18		Cass Twp.	1	152.45	152.7	1.960			1.960	AC	Ag.	3,000	2,400	4,704	5,880	
V3-III	18		Cass Twp.	2	152.7	152.9	1.980	1.980		0.000	AC	Ag.	3,000	2,400	-	-	
V3-III	18		Cass Twp.	3	152.9	152.9	0.005			0.005	AC	Ag.	3,000	2,400	12	15	
V3-III	18		Cass Twp.	4	152.9	153.4	2.658			2.658	AC	Ag.	3,000	2,400	6,379	7,974	
V3-III	18		Cass Twp.	5	153	153.2	0.331			0.331	AC	Ag.	3,000	2,400	794	993	
V3-III	18		Cass Twp.	6	153.2	153.4	0.922	0.922	0.070	0.000	AC	Ag.	3,000	2,400	-	-	
V3-III	18		Cass Twp.	7	153.4	153.9	4.019	4.019	0.070	0.000	AC	Ag.	3,000	2,400	-	-	
V3-III	18		Cass Twp.	"8"	153.4	153.5	0.098			0.098	AC	Ag.	3,000	2,400	235	294	
V3-III	18		Cass Twp.	9	153.4	154.2	1.637			1.637	AC	Ag.	3,000	2,400	3,929	4,911	
V3-III	18		Smithfield	10	154.2	154.4	2.332			2.332	B-1	Indus.	10,000	8,000	18,656	23,320	
V3-III	18		Smithfield	12	154.4	154.7	3.134	3.134	0.080	0.000	R-1	Resid.	20,000	16,000	-	-	
V3-III	18		Smithfield	13	154.4	154.4	0.487			0.487	B-1	Comm.	25,000	25,000	12,179	12,179	
V3-III	19		Cass Twp.	"3"	154.7	155.5	8.177		0.070	8.107	AC	Ag.	3,000	2,400	19,457	24,321	
V3-III	19		Cass Twp.	4	155.5	156.1	5.593	5.59									

Val	Sec	Map	Location	Parcel No.	MP To	MP From	Gross Acres	Less Reversions	Less Roads, Streets	Net Acres	Zoning	Highest & Best Use	ATP Value Per Acre	Adjusted Value Per Acre	Adj. Pre-Discount Value	Total Pre-Discount Value
V3-III	20		Cass Twp.	2	156.8	157.4	5.608			5.608	AC	Agr-Rec.	1,500	1,200	6,730	8,412
V3-III	20		Cass Twp.	3	157.4	157.5	1.227			1.227	AC	Agr-Rec.	1,500	1,200	1,472	1,841
V3-III	20		Harris Twp.	4	157.5	157.9	6.600	6.600		0.000	AC	Agr-Rec.	1,500	1,200	-	-
V3-III	20		Harris Twp.	5	157.9	158.4	5.546	5.546	0.070	0.000	AC	Agr-Rec.	1,500	1,200	-	-
V3-III	20		Harris Twp.	6	158.4	158.4	4.454			4.454	AC	Agr-Rec.	1,500	1,200	5,345	6,681
V3-III	21		Harris Twp.	1	158.4	158.8	4.840			4.840	AC	Agr-Rec.	1,500	1,200	5,808	7,260
V3-III	21		Harris Twp.	2	158.8	159.0	1.254			1.254	AC	Agr-Rec.	1,500	1,200	1,505	1,881
V3-III	21		Harris Twp.	3	159.0	159.2	1.732			1.732	AC	Agr-Rec.	1,500	1,200	2,078	2,598
V3-III	21		Harris Twp.	4	159.2	159.4	3.211			3.211	AC	Agr-Rec.	1,500	1,200	3,853	4,817
V3-III	21		Harris Twp.	5	159.4	159.5	1.766			1.766	AC	Agr-Rec.	1,500	1,200	2,119	2,649
V3-III	21		Harris Twp.	6	159.5	159.8	3.912			3.912	AC	Agr-Rec.	1,500	1,200	4,694	5,868
V3-III	21		Harris Twp.	7	159.8	160.4	13.086			13.086	AC	Agr-Rec.	1,500	1,200	15,703	19,629
V3-III	22		Harris Twp.	1	160.4	160.8	4.840			4.840	AC	Agr-Rec.	1,500	1,200	5,808	7,260
V3-III	22		Harris Twp.	2	160.8	161.9	7.835	7.835	0.070	0.000	AC	Agr-Rec.	1,500	1,200	-	-
V3-III	22		Harris Twp.	3	161.9	162.1	1.839			1.839	AC	Agr-Rec.	1,500	1,200	2,207	2,759
V3-III	22		Harris Twp.	4	162.1	162.3	1.943			1.943	AC	Agr-Rec.	1,500	1,200	2,332	2,915
V3-III	22		Harris Twp.	5	162.3	162.5	2.900			2.900	AC	Agr-Rec.	1,500	1,200	3,480	4,350
V3-III	22		Harris Twp.	6	161.7	161.9	1.137			1.137	AC	Agr-Rec.	1,500	1,200	1,364	1,706
V3-III	23		Harris Twp.	1	162.4	162.5	0.632			0.632	AC	Agr-Rec.	1,500	1,200	758	948
V3-III	23		Harris Twp.	2	162.4	162.5	0.632			0.632	AC	Agr-Rec.	1,500	1,200	758	948
V3-III	23		Harris Twp.	3	162.5	162.7	1.787			1.787	AC	Agr-Rec.	1,500	1,200	2,144	2,681
V3-III	23		Harris Twp.	4	162.7	163.1	5.241		0.080	5.161	AC	Agr-Rec.	1,500	1,200	6,193	7,742
V3-III	23		Harris Twp.	5	163.1	163.6	6.360			6.360	AC	Agr-Rec.	1,500	1,200	7,632	9,540
V3-III	23		Harris Twp.	6	163.6	164.2	7.112	7.112		0.000	AC	Agr-Rec.	1,500	1,200	-	-
V3-III	23		Mound Twp.	7	164.2	164.5	12.751			12.751		Agr.	3,300	2,640	33,663	42,078
V3-III	24		Mound Twp.	1	164.5	165.2	0.632		0.070	0.562		Agr.	3,300	2,640	1,484	1,855
V3-III	24		New Philadelphia	2	165.2	165.8	11.565		0.170	11.395		Indus.	10,000	9,600	102,555	113,950
V3-III	24		New Philadelphia	3	165.8	166.0	3.254		0.080	3.174		Agr.	3,300	2,640	8,379	10,474
V3-III	24		Harris Twp.	4	166.0	166.4	4.022		0.140	3.882		Agr.	3,300	2,640	10,248	12,811
V3-III	24		Harris Twp.	5	166.4	166.5	3.884			3.884		Agr.	3,300	2,640	10,254	12,817
V3-III	24		Harris Twp.	1	166.5	166.7	3.110			3.110		Agr.	3,300	2,640	8,210	10,263
V3-III	25		Harris Twp.	2	166.7	166.9	2.723			2.723		Agr.	3,300	2,640	7,189	8,986
V3-III	25		Harris Twp.	3	166.9	167	1.210			1.210		Agr.	3,300	2,640	3,194	3,993
V3-III	25		Harris Twp.	4	167	167.3	4.036			4.036		Agr.	3,300	2,640	10,655	13,319
V3-III	25		Harris Twp.	5	167.3	167.6	3.707			3.707		Agr.	3,300	2,640	9,786	12,233
V3-III	25		Harris Twp.	6	167.6	168.0	3.959			3.959		Agr.	3,300	2,640	10,452	13,065
V3-III	25		Harris Twp.	7	168.0	168.1	2.191			2.191		Agr.	3,300	2,640	5,784	7,230
V3-III	25		Harris Twp.	8	168.1	168.6	4.985			4.985		Agr.	3,300	2,640	13,160	16,451
V3-III	26		Harris Twp.	2	168.6	169.2	4.988			4.988		Agr.	3,300	2,640	13,168	16,460
V3-III	26		Harris Twp.	3	169.2	169.5	2.457		0.080	2.377		Agr.	3,300	2,640	6,275	7,844
V3-III	26		Harris Twp.	4	169.5	169.6	2.434			2.434		Agr.	3,300	2,640	6,426	8,032
V3-III	26		Bushnell	5	169.6	170.7	9.586		0.080	9.506		Ind/Com	12,500	10,000	95,060	118,825
V3-III	27		Bushnell	2	170.7	170.8	1.556	1.556	0.070	0.000		Indus.	20,000	16,000	-	-
V3-III	27		Bushnell	3	170.8	170.8	0.041	0.041		0.000		Indus.	20,000	16,000	-	-
V3-III	27		Bushnell	4	170.9	171.4	15.500	15.500	0.070	0.000		Indus.	20,000	16,000	-	-
V3-III	27		Bushnell	5	170.9	170.9	0.096			0.096		Indus.	20,000	16,000	1,543	1,928
V3-III	27		Bushnell	6	170.9	170.9	0.186			0.186		Indus.	20,000	16,000	2,975	3,719
V3-III	27		Bushnell	7	170.9	170.9	0.046			0.046		Indus.	20,000	16,000	735	918
V3-III	27		Bushnell	8	170.9	170.9	0.046	0.046		0.000		Indus.	20,000	16,000	-	-
V3-III	27		Bushnell	9	170.9	170.9	0.010	0.010		0.000		Indus.	20,000	16,000	-	-
V3-III	27		Bushnell	10	170.9	170.9	0.030			0.030		Indus.	20,000	16,000	483	603
V3-III	27		Bushnell	11	170.9	170.9	0.092			0.092		Indus.	20,000	16,000	1,469	1,837
V3-III	27		Bushnell Twp.	12	171.4	172.0	6.143			6.143		Agr.	3,300	2,640	16,218	20,272
V3-III	27		Bushnell Twp.	13	172.0	172.3	3.079			3.079		Agr.	3,300	2,640	8,129	10,161
V3-III	27		Bushnell Twp.	14	172.3	172.6	3.065			3.065		Agr.	3,300	2,640	8,092	10,115
V3-III	28		Bushnell Twp.	2	172.6	173.0	6.242		0.070	6.172		Agr.	3,300	2,640	16,294	20,368
V3-III	28		Bushnell Twp.	3	173.0	173.5	5.087			5.087		Agr.	3,300	2,640	13,430	16,787
V3-III	28		Walnut Grove Twp.	4	173.5	173.9	6.428		0.070	6.358		Agr.	3,300	2,640	16,785	20,981
V3-III	28		Walnut Grove Twp.	5	173.9	174.5	6.023			6.023		Agr.	3,300	2,640	15,901	19,876
V3-III	29		Walnut Grove Twp.	2	174.5	175.0	6.226			6.226		Agr.	3,300	2,640	16,437	20,546
V3-III	29		Walnut Grove Twp.	3	175.0	175.3	3.144			3.144		Agr.	3,300	2,640	8,300	10,375
V3-III	29		Walnut Grove Twp.	4	175.3	175.5	3.167		0.070	3.097		Agr.	3,300	2,640	8,176	10,220
V3-III	29		Walnut Grove Twp.	5	173.3	175.7	4.694			4.694		Agr.	3,300	2,640	12,392	15,490
V3-III	29		Walnut Grove Twp.	6	175.5	176.0	6.230			6.230		Agr.	3,300	2,640	16,447	20,559
V3-III	29		Walnut Grove Twp.	7	176.0	176.5	6.170			6.170		Agr.	3,300	2,640	16,289	20,361
V3-III	30		Walnut Grove Twp.	2	176.5	176.8	3.077		0.070	3.007		Agr.	3,300	2,640	7,938	9,923
V3-III	30		Walnut Grove Twp.	3	176.8	177.0	3.098			3.098		Agr.	3,300	2,640	8,179	10,223
V3-III	30		Walnut Grove Twp.	4	177.0	177.5	6.115		0.070	6.045		Agr.	3,300	2,640	15,959	19,949
V3-III	30		Walnut Grove Twp.	5	177.5	177.8	3.019	3.019		0.000		Agr.	3,300	2,640	-	-
V3-III	30		Walnut Grove Twp.	6	177.8	178.0	3.159	3.159		0.000		Agr.	3,300	2,640	-	-
V3-III	30		Walnut Grove Twp.	7	178.0	178.3	3.076	3.076		0.000		Agr.	3,300	2,640	-	-
V3-III	30		Walnut Grove Twp.	8	178.3	178.5	3.108			3.108		Agr.	3,300	2,640	8,205	10,256
V3-III	31		Walnut Grove Twp.	1	178.5	179.1	3.070		0.070	3.000		Agr.	3,300	2,640	7,920	9,900
V3-III	31		Walnut Grove Twp.	2	178.6	179.0	3.070	3.070		0.000		Agr.	3,300	2,640	-	-
V3-III	31		Good Hope	3	179.0	179.4	4.598	4.598		0.000		Resid.	10,000	8,000	-	-
V3-III	31		Good Hope	4	179.4	179.9	15.853		0.170	15.683		Indus.	15,000	12,000	188,196	235,245
V3-III	31		Sciota Twp.	5	179.9	180.5	6.235		0.070	6.165		Agr.	3,500	2,800	17,262	21,578
V3-III	32		Sciota Twp.	2	180.5	181	6.355			6.355		Agr.	3,500	2,800	17,794	22,243
V3-III	32		Sciota Twp.	3	181	181.2	3.122	3.122	0.070	0.000		Agr.	3,500	2,800	-	-
V3-III	32		Sciota Twp.	4	181.3	181.5	3.131	3.131		0.000		Agr.	3,500	2,800	-	-
V3-III	32		Sciota Twp.	5	181.5	181.9	4.457	4.457	0.070	0.000		Agr.	3,500	2,800	-	-
V3-III	32		Sciota Twp.	6	181.8	182.0	0.790			0.790		Agr.	3,500	2,800	2,212	2,765
V3-III	32		Sciota Twp.	7	182.0	184.5	22.479		0.070	22.409		Agr.	3,500	2,800	62,745	78,432
V3-III	33		Sciota Twp.	2	182.4	183.0	2.370			2.370		Agr.	3,500	2,800	6,636	8,295
V3-III	33		Sciota Twp.	3	183.0	183.3	1.226			1.226		Agr.	3,500	2,800	3,433	4,291
V3-III	33		Sciota	4	183.3	183.5	4.436	4.436		0.000		Res./Ind.	15,000	12,000	-	-
V3-III	33		Sciota	5	183.5	184	3.115	3.115		0.000		Resid.	15,000	12,000	-	-
V3-III	34		Sciota Twp.	1	184.5	184.9	3.600		0.070	3.530		Agr.				

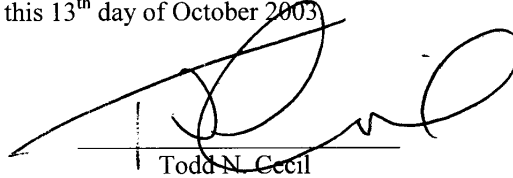
Val	Sec	Map	Location	Parcel No.	MP To	MP From	Gross Acres	Less Reversions	Less Roads, Streets	Net Acres	Zoning	Highest & Best Use	ATP Value Per Acre	Adjusted Value Per Acre	Adj. Price Discount Value	Total Discount Value	Price
V3-III	34		Blandinsville Twp.	5	185.5	186.1	3.467			3.467		Agr.	3,500	2,800	9,708	12,135	
V3-III	34		Blandinsville Twp.	6	186.1	186.4	4.230	4.230	0.070	0.000		Agr.	3,500	2,800	-	-	
V3-III	34		Blandinsville Twp.	7	186.1	187.6	12.886			12.886		Agr.	3,500	2,800	36,081	45,101	
V3-III	35		Blandinsville Twp.	3	187.6	188.1	6.008	6.008		0.000		Agr.	3,500	2,800	-	-	
V3-III	35		Blandinsville Twp.	4	188.1	188.5	6.212	6.212	0.070	0.000		Agr.	3,500	2,800	-	-	
V3-III	36		Blandinsville Twp.	2	188.5	188.8	3.104		0.070	3.034		Agr.	3,500	2,800	8,495	10,619	
V3-III	36		Blandinsville	4	189.1	189.5	4.488			4.488		Res./Ind.	10,000	8,000	35,904	44,880	
V3-III	36		Blandinsville	5	189.5	189.5	0.076			0.076		Res./Ind.	10,000	8,000	606	758	
V3-III	36		Blandinsville	6	189.5	189.7	0.450	0.450	0.070	0.000		Res./Ind.	10,000	8,000	-	-	
V3-III	36		Blandinsville Twp.	7	189.7	190.3	7.200		0.180	7.020		Agr.	3,500	2,800	19,656	24,570	
V3-III	36		Blandinsville Twp.	8	190.3	190.5	11.446			11.446		Agr.	3,500	2,800	32,049	40,061	
V3-III	36		Blandinsville	10	189.5	189.5	0.143			0.143		Res./Ind.	3,500	2,800	401	501	
V3-III	37		Blandinsville Twp.	3	191.3	191.6	2.745		0.070	2.675		Agr.	3,500	2,800	7,490	9,363	
V3-III	37		Blandinsville Twp.	4	191.6	191.8	2.024			2.024		Agr.	3,500	2,800	5,667	7,084	
V3-III	37		Blandinsville Twp.	5	191.8	192	1.617			1.617		Agr.	3,500	2,800	4,528	5,660	
V3-III	37		LaHarpe Twp.	6	192	192.5	6.464			6.464		Agr.	3,500	2,800	18,099	22,624	
V3-III	38		LaHarpe Twp.	2	192.4	192.5	0.181			0.181		Agr.	3,500	2,800	506	633	
V3-III	38		LaHarpe Twp.	3	192.5	192.5	0.009			0.009		Agr.	3,500	2,800	26	32	
V3-III	38		LaHarpe Twp.	4	192.5	192.9	3.715			3.715		Agr.	3,500	2,800	10,402	13,003	
V3-III	38		LaHarpe Twp.	5	192.9	193.1	2.288			2.288		Agr.	3,500	2,800	6,406	8,008	
V3-III	38		LaHarpe Twp.	6	193.1	193.7	6.642		0.230	6.412		Agr.	3,500	2,800	17,954	22,442	
V3-III	38		LaHarpe Twp.	7	193.7	193.7	0.110			0.110		Agr.	3,500	2,800	309	386	
V3-III	38		LaHarpe Twp.	8	193.7	193.7	0.262	0.262		0.000		Agr.	3,500	2,800	-	-	
V3-III	38		LaHarpe Twp.	9	193.7	194.3	4.224	4.224		0.000		Agr.	3,500	2,800	-	-	
V3-III	38		LaHarpe Twp.	10	194.3	194.4	1.884	1.884		0.000		Agr.	3,500	2,800	-	-	
V3-III	38		LaHarpe Twp.	11	194.4	194.5	1.806			1.806		Agr.	3,500	2,800	5,057	6,321	
Total															3,512,603	\$ 4,122,082	

Discounted Cash Flow

Costs of sales		8%															PV of
Discount rate		5%															Net Sale
			Land				Costs of				Discount						Proceeds
			sold				sale factor				factor						
Yr1	\$	3,512,603	X	65%	=	2,283,192	X	0.92	=	2,100,536	X	0.950	=	1,995,510			
Yr2	\$	3,512,603	X	25%	=	878,151	X	0.92	=	807,899	X	0.903	=	729,129			
Yr3	\$	3,512,603	X	5%	=	175,630	X	0.92	=	161,580	X	0.857	=	138,534			
																	\$ 2,863,173
																	total

VERIFICATION

I, Todd N. Cecil, declare under penalty of perjury that to the best of my knowledge the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement. Executed this 13th day of October 2003



Todd N. Cecil

EXHIBIT G

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

VERIFIED STATEMENT OF RODNEY J. CONKLIN

I am Rodney J. Conklin, Senior Vice President Eastern Corridor of RailAmerica, Inc. ("RailAmerica").¹ My responsibilities include the overall supervision of the Toledo, Peoria & Western Railway Corp. ("TP&W"), including review of its annual budget, and monitoring of its performance against the budget.

I have reviewed the feeder line application of Keokuk Junction Railway Company ("KJRY") covering TP&W's line of railroad from LaHarpe, IL (milepost 194.5) to Hollis, IL (milepost 118.5).² The purposes of this verified statement are (i) to explain why the forced sale of the LaHarpe-Hollis line would have a serious adverse financial effect on TP&W and (ii) to explain why KJRY's plan to run an intermodal service over the LaHarpe-Hollis line is not feasible.

¹ My personal familiarity with the TP&W goes back many years. In 1999, I joined RailTex, Inc., which merged with RailAmerica in 2000. Before RailTex, I worked for The Burlington Northern and Santa Fe Railway Company ("BNSF"), where I served as Division Superintendent and my territory included northern Illinois.

² I will refer to the line from MP 194.5 to MP 123.00 as the "Western Line" and the line from MP 123.0 to MP 118.5 as the "Eastern Line".

Background

When RailAmerica acquired the stock of TP&W in the Fall of 1999,³ it operated about 369 miles of line, from Logansport, IN to Lomax, IL, of which 283.2 were owned and 85.8 were operated under trackage rights on, among other lines, (i) two branch lines east of Logansport, IN, (ii) between segments of its main line on the line Farmdale to Sommer, IL (iii) between Lomax and Fort Madison, IA. TP&W was then, and remains now, a Class III railroad generating less than \$20 million in annual operating revenue.

The Union Pacific Railroad Company ("UP") has overhead trackage rights on the Eastern Line to reach the core TP&W customer base at the industrial complex at Mapleton, IL (the "Mapleton Spur"). Presently UP does not exercise its trackage rights and TP&W performs switch services for UP in Mapleton.

Importance Of The Mapleton Spur

As noted above, KJRY seeks a forced sale of the LaHarpe-Hollis line. Although review of KJRY's submissions to the STB does not show precisely what KJRY proposes to acquire, the best interpretation appears to be that KJRY seeks acquisition of the LaHarpe-Hollis line, with or without the Mapleton Spur. Obviously, under the first alternative, TP&W would lose all operating income attributable to the Mapleton Spur.

Significantly, TP&W also would lose all operating income attributable to the Mapleton Spur under the second alternative. Under the second alternative, TP&W would retain ownership of the Mapleton Spur. However, KJRY would own the Eastern Line, which runs from the connection of the Mapleton Spur (at milepost 123) to Hollis

³ Finance Docket No. 33777, *RailAmerica, Inc.—Control Exemption—Florida Rail Lines, Inc., Toledo, Peoria and Western Railroad Corporation, Marksman Corporation and Toledo, Peoria & Western Railway Corporation*, STB Finance Docket No. 33777 (served September 17, 1999).

(milepost 118.5). As noted above, UP has overhead trackage rights on the Eastern Line to reach the Mapleton Spur. UP has explained that in the event TP&W retains the Mapleton Spur, but KJRY acquires and operates the Eastern Line, two carriers would be bringing cars to Union Pacific east of Hollis (which is just west of Peoria). Warren Wilson V.S. at 2-3. Mr. Wilson has explained that this is an unacceptable outcome for UP. Id. at 3. Mr. Wilson also explained that UP had a “similar, and highly unsatisfactory, experience at Rochelle, IL,” involving dual service on a short segment of track. Mr. Wilson notes that one of the railroads involved in that situation was Rochelle Railroad Co. Id. I note that Rochelle Railroad Co., like KJRY, is an operating subsidiary of Pioneer. UP has no desire to have a “replay at Peoria of [its] unhappy experiences at Rochelle.” Id. If faced with one railroad serving shippers on the Mapleton Spur and another serving shippers on the Eastern Line, UP intends to exercise its existing overhead trackage rights on the Eastern Line to reach the Mapleton Spur. Id. In that case, TP&W would lose the revenue from switching UP traffic on the Mapleton Spur. Thus, whether KJRY acquires the LaHarpe-Hollis line, with or without the Mapleton Spur, TP&W will lose the Mapleton Spur business.

I have reviewed the Verified Statement of Michael J. Klass, the Director of Marketing and Sales for TP&W. As Mr. Klass explains, TP&W would have lost \$301,912 without the Mapleton Spur during the first nine months of 2003. The annualized loss would be \$402,549. Klass V.S. at 3. Mr. Klass explains that a loss of income of that magnitude would require TP&W to curtail operations on the rest of its lines or increase rates to customers. I would only add that in the event of an annual loss of approximately \$400,000 on the TP&W, I would recommend without hesitation to

management at RailAmerica that TP&W be sold at once. Without the rich revenue from the Mapleton Spur, the TP&W does not have enough business to remain viable.

KJRY Plan To Operate Intermodal Service

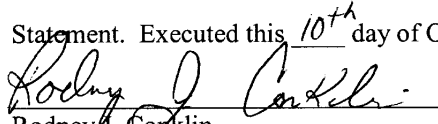
As a Division Superintendent for BNSF, I was responsible for the movement of intermodal traffic on the BNSF transcontinental mainline. At BNSF I learned first-hand that railroad intermodal operations are subject to significant competition. Intermodal competition means downward pressure on prices, and requires constant attention to service and fast shipment times. If the rail segment of an intermodal move is too slow, the customer simply finds an alternative rail facility or shifts to an all-truck move. TP&W's intermodal business operates in a very competitive environment with razor thin margins. TP&W has an intermodal facility in East Remington, IN. In 2000, TP&W handled 16,995 intermodal containers at East Remington. In 2001, TP&W handled 16,674 intermodal containers at East Remington. In late 2002, BNSF opened a new "super terminal" for intermodal traffic in Joliet, IL. The competing BNSF facility and Isuzu's shutdown of its Lafayette plant have caused a dramatic reduction in volume at TP&W's East Remington Facility. In 2002, TP&W handled 10,887 containers at East Remington; containers for the first eight months of 2003, plus projected loads for the balance of the year total only approximately 9,000 containers. Thus, comparing actual business in 2000 with eight months' actual volume and the forecast for the remainder of 2003, business is down 47.1% (from 16,995 in 2000 and to about 9,000 in 2003). As a result of the significant volume reductions, TP&W will be closing its intermodal facility in East Remington, IN.

Based on my experience in the intermodal sector, including our struggle to establish East Remington, I can attest that KJRY's plan to promote intermodal service traffic moving over Western Line on 10 MPH FRA Class 1 track⁴ is not feasible.

⁴ KJRY plans to restore and thereafter maintain the Western Line at FRA Class 1 standards. Application at 21.

VERIFICATION

I, Rodney J. Conklin, declare 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. Executed this 10th day of October 2003.


Rodney J. Conklin

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EXHIBIT H

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

VERIFIED STATEMENT OF W. GRAHAM CLAYTOR

REDACTED

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

VERIFIED STATEMENT OF W. GRAHAM CLAYTOR

My name is W. Graham Claytor. I have over 25 years experience in all facets of railway operations including train operations, maintenance of way, maintenance of equipment, economics, management and senior management. I was formerly Chief Executive Officer of a Chilean Railway, Senior Vice President with RailAmerica, Inc. in charge of operations and acquisitions and later International Operations, Director of a profitable Australian transcontinental passenger company (Great Southern Railway), Managing Director for Southern Pacific Transportation Company in charge of branch line economics, leases and sales and have held various operating positions on Norfolk Southern Railroad, Norfolk and Western Railroad and Southern Railway. I was formerly on the Board of Directors of Ferronor, a Chilean Railway, Freight Australia (one of the three largest railways in Australia) and a Director of the San Diego and Arizona Eastern Railroad.

I have been asked to review the Highly Confidential pro forma financial statements prepared by the Keokuk Junction Railway Company, and the baseless inflated traffic projections.

Overview

The Pro Forma provided by Keokuk Junction Railway (KJRY) indicates a view of the economics of a single branch operation attempted to be taken on a stand-alone basis. But what the Pro Forma relies upon is that the branch will receive some form of cross subsidy from the parent railroad. This is demonstrated by the complete lack of costing for any supervisory personnel. Certainly no one could operate a stand-alone railroad in that fashion (or with one crew working sixty hours a week for fifty two weeks). And once shorn of major costs, this property according to the Pro Forma apparently earns good money.

It is my opinion that the Pro Forma provided by KJRY is extremely flawed and unworkable, even from a fundamental approach. Another primary issue is that a three-day a week service plan (one day out and the next day back) does run a train every day, but it does not provide daily service. A large shipper, as in this case, handling over 4,000 cars per year is generally not going to be happy sending and receiving its freight every other day. Given the 10 MPH track speed and the 76-mile distance (from mile post 118.5) it is not possible to make a round trip. This type of service will increase car hire charges and other expenses. Three day a week service is not service when the customer is trying to reduce its inventory expenses. It further jeopardizes the business plan by casting doubt on whether the carload levels envisioned can actually be achieved.

While service is critical, a number of other areas were overlooked. There were no track access charges for Hollis used in the Pro Forma. Fuel, labor and other costs were lower than normal. No department had any contingency funds (i.e. Miscellaneous). There was no supervisory time allocated to this line. Taken together with the capital costs in a start up, the line fails to generate a profit until the speculative third year, when

carloads increase over a thousand from the base year, while the average per car rate zooms from \$XXX to \$XXX.

Assumptions

(Hollis Interchange excluding Mapleton Spur)

We are assuming that the carload revenues in the Pro Forma will indeed occur for part of this analysis.

We are assuming that demurrage revenue will be greater than zero, assigning \$XXXXXX the first year, \$XXXXXX the second year and \$XXXXXX the third year.

We are assuming that real estate income is greater than zero, assigning a flat \$XXXXXX a year for each of the three years.

We are assuming a trackage rights charge for accessing Hollis of \$XXXX per car mile.

We are assuming that the car repair income will be \$XXXXXX not \$XXXXXXXX (see Maintenance of Equipment Section for details).

Track conditions are fair to poor.

As a result of the assumptions, revenues are decreased from \$XXXXXXXXXX in the first year to \$XXXXXXXXXX. Expenses for XXXXX cars over 4.5 miles increase some \$XXXXXX and car repair income is reduced \$XXXXXX.

Maintenance of Way

MofW totals some \$XXXXXXXX, which equals some \$XXXXXXXX per mile for the 71.5 miles from MP 194.5 to MP 123.0. Ordinary rule of thumb for a sustainable railway operation requires a generally accepted minimum of \$10,000 per mile. Assuming that KJRY pays less for labor than other shortlines, it is possible that \$8,000 a mile in

Maintenance of Way is achievable on a sustainable basis. Therefore, we should apply a minimum of \$572,000 to the MofW costs.

In addition, there is no evidence that any of the three employees are supervisors, as each makes \$XXXXXX an hour. Qualified employees are required to perform track inspections to ensure compliance with FRA standards. There is no allocation for culvert clearing, bridge repair, snow removal and only a minimal allocation for crossing signals at \$XXXXXX. The \$8,000 per mile corrects these defects.

While this is higher than the average for a Pioneer-owned property, it is needed to make for deficient maintenance in the past.

New MofW Total: \$572,000

Maintenance of Equipment

Maintenance of Equipment costs are simply not credible. The Pro Forma assumes \$XXXXXXXX in car repair income, yet only incurs \$XXXXXXXX in equipment expenses. Of that, parts (and supplies) totals \$XXXXXXXX. It is not possible to legally earn \$XXXXXXXX in car repair income on \$XXXXXXXX in labor and some \$XXXXXXXX in parts (and supplies). And also based upon footnote D, this labor represents XXX employee working XX hours a week.

Car repair income is also not credible since in responding to discovery, KJRY did not justify the source of revenue from car repairs, claiming it was irrelevant.

Interrogatory Response No. 52.

In addition, not all car repairs can be handled by a single employee. Indeed, to stock the usual necessary car repair parts carries an inventory or capital investment not reflected in the cash statement. Many car repairs require the use of a shop facility, drop

table, cranes, pits or jacks. There is no evidence that there is any capital expense associated with car repair and to assume \$XXXXXXX in income attributable to this line and only \$XXXXXXX in expense is not believable. Few shortlines indulge in the car repair business absent a significant shop facility (even at AAR rates) because of the paperwork, parts inventory and car detention issues. One tiny paperwork error can literally wipe out all the car repair income for the year. Finally, one employee, whom we must assume is more highly skilled as a diesel locomotive technician is not likely to have car repair skills as well or perhaps the time to pursue such activity. This is simply not realistic.

It is more likely that car repair income will be strictly on an emergency basis and more to the order of \$XXXXXX than \$XXXXXXX. However, the cost of equipment maintenance is still low at \$XXXXXXX. Equipment maintenance usually hovers around 10% of revenues, somewhat higher on larger properties. Pioneer Railcorp, the owner of KJRY, reports that its mechanical costs are 9% of revenues. KJRY has proposed equipment maintenance of around 4% of its revenues (and that is using the revenues adjusted for car repair income).

Bringing this more in alignment with industry experience, assigning a \$XXXXXXX increase to mechanical is appropriate for the locomotives assigned to this job will eventually operate, at a minimum, some 46,512 miles a year (76 miles each way, 6 days a week, 51 weeks a year). Breaking that down, we find around \$XXXXXXX a year in parts (up from \$XXXXXXX), \$XXXXXXX in contract services, \$XXXXXXX in locomotive rental and \$XXXXXXX in miscellaneous. In addition, there is no MofE supervision or allocation. At least \$XXXXXXX should be allocated to provide for this.

Total M of E: Less \$XXXXXXXX repair revenue, increase in expense to \$XXXXXXXX. Even with these adjustments, the percentage of revenues for Mechanical is only 7.5%.

Transportation

The transportation expense appears low. It is based upon two employees working XX hours a week at \$XXXXXX per hour. There appears no adjustment for the XXXXXX hours of overtime required by this job. It is patently unrealistic to believe that two train crewmen will work XX hours per week without relief or vacation. However, even if this job is rotated with other KJRY jobs, the overtime will still accrue to West End Segment. Salaries should increase to \$XXXXXXXX and benefits to \$XXXXXXX.

Further, the transportation costs need to be adjusted for realistic dormitory (layover) expenses including taxi service (or vehicle expense) to the motel and food expenses. In addition, Payroll should be adjusted to compensate employees for overtime pay. Food expense would be limited to two meals at the away from home terminal at \$XXXXXX per employee per day. The two employees would consume \$XXXXXX in meals and around \$XXXXXX in vehicle expense.

Fuel is listed at simply XX gallons an hour for XX hours per week, XX weeks a year at \$XXXXX a gallon. In practice, it is likely to be found that fuel consumption will be higher. For example, in the absence of any electrical expense or miscellaneous fuel expense (for an on-board heater) the locomotive must be idled in winter months to prevent freezing. So from November to March, in the absence of additional locomotive warming devices (and expenses) fuel consumption increases. This would add a minimum of \$5,880 to the fuel costs.

Train length could reach around 40 cars (loaded and empty) and either the business plan should consider a higher horsepower unit, consider using two units for reliability or consider the increased throttle position for handling 40 cars. This consumption rate should be increased to XX gallons an hour (\$XXXXXX).

Fuel remaining at a \$XXXX a gallon for the full three years is unlikely. An increase to \$XXXX and \$XXXX per gallon in year three would be more realistic. There is no lube oil expense and locomotive parts are located in the Transportation section, not in the Mechanical.

Track access to Hollis is not free and we have assumed \$XXXX per car mile for the 4.5-mile movement and XXXXX cars for a total of \$XXXXXX. In addition, there is no supervision, dispatching or other employees. Locomotive engineers must be trained and certified. Rules compliance must be tested and reported. These functions would require at least a \$XXXXXX allocation, assuming there is spare time available on the existing KJRY dispatchers and supervisors.

Car hire costs are listed at \$XXXXXX. Car hire will be an issue except for around XXXXX tank cars. Thus XXXXX cars are likely to earn car hire charges. Now with three day a week service, the connecting road can make deliveries after the KJRY train has departed. In turn, the KJRY would not be back to interchange until two days later (three on a weekend). This, plus the time the customer holds the car, can really add up. A fairer assessment is that the dwell time more than doubles what is projected to \$XXXXXX. This new expense totals some XX% of revenues versus XXXX% for Pioneer.

Thus Transportation expenses increase from \$XXXXXXXX to \$XXXXXXXX.

Administration Expense

KJRY shows XXXX management expense, XXXX benefits, XXXX marketing and XXXX travel. It is not realistic to believe that a 76-mile extension will require no extra costs in this area. For example, there are new employees that are going to require supervision. Clearly, a new line needs marketing. There will have to be supervisory travel associated with the new service. There is also one-time start up expenses for training. The CEO of the holding company that owns KJRY receives a bonus based upon the number of miles added (also a one-time cost). All of these expenses should be allocated. Finally, \$XXXXXXX for real estate taxes on a 71.5-mile line appears low. \$XXXXXXX would be a safer estimate.

In addition there is no category for loss and damage (\$XXXXXX), legal and the miscellaneous category is found under "Office Supplies." Ordinary Legal will likely consume some \$XXXXXXX. Thus we find: Marketing – allocation of \$XXXXXXX. Management and Corporate – allocation of \$XXXXXXX. Corporate Travel – allocation of \$XXXXXX. With the inclusion of these costs, the Pro Forma for Administration hits XX% of revenues compared to XX% for the owning parent. Total for Administrative expenses (absent start-up costs): \$XXXXXXX.

The Problem of the Absent Capital

In addition, there are the start-up costs that are usually capitalized, but do affect cash flow. This includes opening the track, clearing the flange ways at grade crossings, negotiating new contracts with connecting carriers (upon which the projected business is predicated), finding, screening and FRA Drug-Testing potential new employees, positioning equipment, restoring the track, cutting brush to allow sight distance at grade

crossings, weed control and more. The assumption is the track conditions are fair even though it has been out of service. As a result, these costs should not exceed \$XXXXXXX.

In the course of the three year period, there will likely be a need for some further capital investment and we should be aware that such contingencies will arise. Railroads are capital-intensive businesses and no prudent operator would fail to reserve for capital planning. One rule that this consultant has used is X% of revenues or \$XXXXXX.

Thus we can now visit the revised Prof Forma, which was fundamentally flawed at the beginning. Schedule One takes a look at the revised Pro Forma and applies a sensitivity test to the carloads. It demonstrates that if the business does not materialize exactly as forecast, then the line is in trouble. It serves to highlight this forecast to note that the largest growth in both carloads and rates occurs in the furthest out year. Interestingly enough, in the forecast business, the further away one is in time, the less accurate the forecast.

Therefore, in the revised numbers, going forward it is assumed that there will be a X% increase in costs, except for fuel. Further, in the slow growth version, both trackage rights and per diem and other costs were reduced based upon the fewer number of carloads involved.

We have also assumed that KJRY will not be able to obtain the 76-mile rail line for the net liquidation value or going concern value it offered, but for the going concern value for the Hollis portion of about \$7,841,000 and the net liquidation value for the Western End of \$9,218,000, a total of \$17,059,000. I calculated KJRY's interest rate at 6.255% (Interrogatory Response No. 25). Using this acquisition cost, KJRY is not

viable. From the NLV viewpoint, even assuming the Pro Forma revenues and costs, the KJRY is cash flow negative based upon the purchase price of \$9,218,000. If the Pro Forma were adjusted to take in account the erroneous and missing costs, then an NLV purchase at the KJRY proposed price would be questionable.

Hollis Interchange Including Mapleton Spur Scenario

This analysis is based upon study of the second part of the Keokuk Junction Railway's (KJRY) Pro Forma, styled as "GCV Cash Operating Statement Detail." This second Pro Forma purports to be a Going Concern Value document, but has little to offer in the way of facts. That is to say, comparing the two documents does not lead to observing a meaningful difference in Going Concern Value (GCV) versus Net Liquidation Value (NLV). Further, it is based upon partial, outdated and assumed information.

This GCV document builds on the previous one (NLV Cash Operating Statement Detail), adds certain traffic thought to be on the Mapleton Spur based upon a 1998 document that predicted revenues for the full year beyond June. It also assumes XXXXX cars a year switched for the benefit of the Union Pacific at an assumed rate of \$XXXXXX per car. It then includes the same \$XXXXXXXX of car repair income (as in the NLV) even though traffic has supposedly increased by XXXXX carloads and XXXXX cars at a switch rate. I note that Union Pacific has said that it will not switch any cars to KJRY.

Illogically, the same car repair person is still working alone with the same budget he had when there was only one train to look after and XXXXX carloads fewer.

The Transportation section assumes an hourly wage \$XXXXXX, two employees working XX hours a week and three working XX hours, with no overtime component.

And all of this activity is still being accomplished with no allocation for supervisory or corporate costs.

The fact is this document is even more dubious than the previous one. This consultant could not honestly recommend that *anyone* use this Pro Forma to value the Mapleton Spur. It is simply not an accurate measure of the GCV for a willing buyer and it in no way addresses the GCV that certainly exists for an unwilling seller.

Conclusions

I stand by the previous criticisms of the NLV document and observe that this second document, which is built from the first, simply widens the error vector with suppositions of revenues and erroneous costs. Thus, there is no point in completing a detailed analysis of this document.

Traffic projections

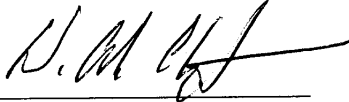
KJRY bases its traffic projections on assumptions made by Ms. Busch. There is no evidence indicating that shippers were contacted or had any input into the level of traffic that would move on the line. I have reviewed the actual local traffic handled on the line by TP&W in 1999, 2000, and 2001, and find KJRY's projections to be outlandish both as far as volume and number of shippers. From 1999-2001, TP&W served three local shippers on the line, Blandinsville Elevator, Farmers Elevator, and Archer Daniels Midland ("ADM"). ADM has diverted all of its traffic to truck and will not use rail service. Blandinsville Elevator shipped 178 cars in 1999, 192 cars in 2000, and five cars in 2001. Farmers Elevator shipped 208 cars in 1999, 413 cars in 2000, and 67 cars in 2001. No other local shipper used the line in those three years.

KJRY projects about XXXXX cars of local traffic from the line. Even assuming the maximum levels the Blandinsville Elevator and Farmers Elevator shipped between 1999-2001, they only accounted for about 615 cars, not XXXXX. None of the other shippers noted by KJRY used the line for local rail service. The projection is a fantasy.

I am also amazed that KJRY believes that it can divert the Roquette America traffic from BNSF over a 76-mile 10 mile per hour line, when BNSF operates over an equivalent distance between the same points at speeds exceeding 40 mph. KJRY will not be able to divert XXXXX cars away from BNSF unless it prices its service far below the revenue requirements of the line. KJRY will certainly not be able to obtain the net revenues of between \$XXX and \$XXX per car based on gross revenues of \$XXX and \$XXX per car that it claims. If these revenue levels were available, TP&W would be operating at least one train per day over the line, especially if KJRY's fanciful volumes were also available. The revenues relied on by KJRY in the Pro Forms are without justification and have no basis. I would not give the revenue projections any credibility were I performing due diligence on the line. Indeed, I would limit myself to the 615 cars of local traffic. In addition, KJRY will not obtain any traffic from the Mapleton Spur. Union Pacific has stated that it will exercise its trackage rights and serve all of the Mapleton shippers and terminate switch service if KJRY acquires TP&W's line between milepost 194.5 at La Harpe and milepost 118.5 at Hollis. Therefore, I conclude that KJRY's projected revenue is overstated by at least \$XXXXXXXXXX.

VERIFICATION

I, W. Graham Claytor declare under penalty of perjury that to the best of my knowledge the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement. Executed this 14th day of October 2003.



W. Graham Claytor

EXHIBIT I

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

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**

DISCOVERY REQUESTS

**WILLIAM A. MULLINS
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DATED: April 9, 2003

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

FINANCE DOCKET NO. 34335

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

DISCOVERY REQUESTS

Comes now the Keokuk Junction Railway Company ("KJRY" or "Applicant"), by its counsel, and pursuant to 49 C.F.R. §§ 1114.26, 1114.27, 1114.30 and 1151.2.(d), hereby requests that the Toledo, Peoria and Western Railway Corporation ("TP&W") answer interrogatories and produce documents as set forth below. Each discovery request should be answered separately and fully in writing, unless all or a portion of it is objected to, in which event the reasons for objecting to the portion objected to should be stated, and the remainder of the request should be answered separately and fully in writing. The answers are to be signed under oath by the person making them. Respondents are requested to serve responses to this discovery within 15 days of the date of service hereof unless the parties otherwise agree. Respondents should contact the undersigned expeditiously to discuss any objections or questions regarding these requests.

DEFINITIONS

1. "KJRY" means Keokuk Junction Railway Co.
2. "TP&W" means the Toledo, Peoria and Western Railway Corporation.
3. "RailAmerica" means RailAmerica, Inc.
4. "STB" means the Surface Transportation Board.
5. "Rail Line" means the rail, ties, and other track material, and right-of-way, owned or used by TP&W between Milepost 194.5 at La Harpe and Milepost 118.5 at or near Hollis, Illinois, including the spur at or near Mapleton.
6. "Document" means any writing or other compilation of information, whether printed, typed, handwritten, recorded or produced or reproduced by any other process, including but not limited to letters; other correspondence; notes; memoranda; telegrams; papers; articles; books; periodicals; notebooks; contracts; instruments; studies; analyses; intra-company or other communications; records or reports of negotiations between TP&W or RailAmerica or any other person; transcripts; summaries; minutes or other records of, or lists of other records of persons attending or participating in, meetings, conferences, conversations, telephone calls, interviews or communications of any nature; diaries; calendars; appointment books; video or sound records; disks, tapes, computer memories and other data storage devices; computer programs; computer printouts; models; mathematical or statistical data, formulas or statements; graphs; charts; diagrams; plans; drawings; maps; photographs; expressions or statements of policy; brochures; pamphlets; circulars; trade letters; press releases; financial statements; accounting records; accountants' and other worksheets; invoices; receipts; and any other physical object containing, or permitting the production, writing, or printing of a visible image or sound. Further, the term "document" includes:

- (a). both basic records and summaries of basic records, such as computer runs;
- (b). both original versions and copies that differ in any respect from original versions, including by handwritten notes, editing, interlineations or blind copies; and
- (c). both documents that are or have been in the possession, custody or control of TP&W or its affiliates and documents that are or have been in the possession, custody or control of consultants or others that have assisted TP&W in connection with this proceeding.

7. "Identify," when used in relation to an individual, corporation, partnership, or other entity, means to state the name, address and telephone number thereof. "Identify," when used in relation to a document, means to:

- (a). state the nature of the document (*e.g.*, letter, memorandum, etc.);
- (b). state the author, his or her address, each addressee, each recipient, date, number of pages, and title of the document; and
- (c). provide a brief description of the contents of the document.

8. "Produce" means to provide legible, complete, and exact copies of responsive documents so long as the original responsive documents themselves are retained in files of TP&W, its affiliates (including RailAmerica), its counsel, or the consultants or others who have assisted TP&W in connection with this proceeding, and will be made available if requested. The copies should be sent, via expedited delivery, to the undersigned attorneys. KJRY will pay all reasonable costs for duplication and expedited delivery of documents to its attorneys. To the extent reasonably possible in the particular circumstances, TP&W should identify the interrogatory or document request to which a particular document is responsive.

9. "Provide," "set forth," "state," "list," or "describe" means to supply a narrative response in accordance with 49 C.F.R. § 1114.26. If the information sought in a particular request is contained in a pre-existing document, that document may be produced in accordance with 49 C.F.R. § 1114.30 as an alternative to supplying a narrative response.

10. "Relating to" or "regarding" a subject means making a statement about, referring to, discussing, describing, reflecting, dealing with, consisting of, constituting, comprising, recording, or in any other way pertaining to the subject, either in whole or in part and either directly or indirectly.

INSTRUCTIONS

1. References to companies include: parent companies, holding companies, subsidiaries, predecessor firms, divisions, subdivisions, components, units, instrumentalities, partnerships, joint ventures, officers, directors, employees, agents, representatives, attorneys, accountants, or consultants.

2. Where knowledge or information in TP&W's possession is requested, such requests include knowledge of TP&W's agents, representatives, contractors, consultants, and attorneys.

3. All uses of the conjunctive include the disjunctive and vice versa. Words in the singular include the plural and vice versa.

4. If TP&W cannot supply exact data in answering any discovery request that calls for a numerical response, TP&W should provide its best estimate of the data called for, indicate that it has provided its best estimate by making the notation "(est.)" in its response, and describe the basis upon which the estimate was derived.

5. If TP&W cannot answer any part of any discovery request in full, after exercising due diligence to secure the information to do so, it should so state and answer to the extent possible, specifying its inability to answer the remainder, and stating whatever information or knowledge it has of each unanswered part.

6. If TP&W claims that any document requested herein is privileged from disclosure, TP&W should:

- (a). state the basis for such claim of privilege;
- (b). state the nature of the information or document withheld;
- (c). state the facts upon which the claim of privilege or other exclusion is based;
- (d). provide the number of such documents that are being withheld from the production on a claim of privilege along with an identification of each such document (author, any addressee, date, length in pages and subject(s)); and
- (e). answer any remaining part of the discovery request for which such claim is not made.

7. These interrogatories and requests for production of documents are continuing in nature and responses should be supplemented promptly as more documents or information responsive to a request become available.

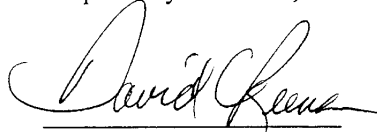
8. A request cannot be denied for lack of information or knowledge unless the answering party states that it has made reasonable inquiry and that the information known or readily obtainable is insufficient to enable an admission or denial.

REQUESTS

In accord with the foregoing definitions and instructions, please produce the following information:

1. All records demonstrating the origin, destination, commodity, car type, car ownership shipment weight, number of shipments, and routing of all shipments tendered to TP&W for movement to or from any point on the Line east of Milepost 123.0.
2. All valuation maps, real estate records, deeds, track charts, maintenance records, hi-rail and other inspection records with respect to the Line.
3. All agreements, court orders, and other documents relating to crossings of the Line over, under or at-grade with any public or private road or drive, and any stream, river or other body of water.
4. A list of the names and mailing addresses of all shippers who have originated or received shipments at points on the Line during the 12 months preceding the date of these requests.
5. All records concerning any complaint about the provision of rail service on the Line made or received by TP&W or any of its affiliates within the 5 years preceding the date of these requests.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "David C. Reeves", written over a horizontal line.

William A. Mullins

David C. Reeves

TROUTMAN SANDERS LLP

401 Ninth Street, N.W.

Suite 1000

Washington, D.C. 20004-2134

Telephone: (202) 274-2950

Facsimile: (202) 654-5621

Dated: April 9, 2003

CERTIFICATE OF SERVICE

I, David C. Reeves, hereby certify that on April 9, 2003, I caused a copy of the foregoing discovery requests to be served by first class mail, postage prepaid, or by more expeditious service upon Toledo, Peoria and Western Railway Corporation and its counsel, addressed as follows:

Toledo, Peoria & Western Railway Company
1990 East Washington Street
East Peoria, IL 61611-2961

Louis E. Gitomer
Ball Janik LLP
1455 F Street, N.W. Suite 225
Washington, DC 20005

A handwritten signature in cursive script, reading "David C. Reeves", written over a horizontal line.

David C. Reeves

EXHIBIT J

BALL JANIK LLP

A T T O R N E Y S

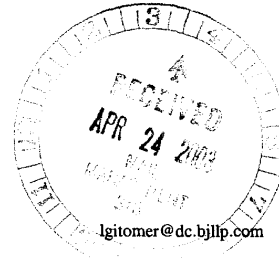
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WASHINGTON, D.C. 20005

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TELEPHONE 202-638-3307

FACSIMILE 202-783-6947

LOUIS E. GITOMER
OF COUNSEL
(202) 466-6532



April 24, 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:

Enclosed for filing are the original and ten copies of the Responses to Discovery Requests of Keokuk Junction Railway Company by the Toledo, Peoria and Western Railway Corporation, and three diskettes with the file Discovery Response.doc.

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

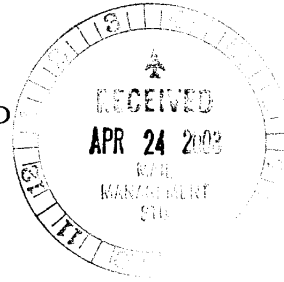
Respectfully submitted,

Louis E. Gitomer

Enclosures

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 RESPONSES TO
DISCOVERY REQUESTS OF KEOKUK JUNCTION RAILWAY COMPANY

Gary A. Laakso, Esq.
Vice President Regulatory Counsel
RailAmerica, Inc.
5300 Broken Sound Boulevard N.W.
Second Floor
Boca Raton, FL 33487
(561) 994-6015

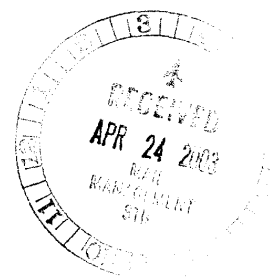
Louis E. Gitomer
Of Counsel
BALL JANIK LLP
1455 F Street, N.W., Suite 225
Washington, D.C. 20005
(202) 638-3307

Attorneys for: TOLEDO, PEORIA AND
WESTERN RAILWAY CORPORATION

Dated: April 24, 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 RESPONSES TO
DISCOVERY REQUESTS OF KEOKUK JUNCTION RAILWAY COMPANY

Toledo, Peoria and Western Railway Corporation (“TP&W”) responds to the Discovery Requests of Keokuk Junction Railway Company (“KJRY”) served on April 9, 2003 and received on April 10, 2003 (the “Discovery Request”).

GENERAL RESPONSES

The following general responses are made with respect to all of the discovery requests.

1. TP&W has conducted a reasonable search for responsive documents and information to respond consistent with the stated objections.¹
2. Where objections have been raised to the scope of the request, TP&W is willing to discuss searching for and producing documents or information covered by a more limited request taking into account the stated objection.
3. Production of information or documents does not necessarily imply that they are relevant to this proceeding, and is not to be construed as waiving any applicable objection.

¹ Thus, any response that states that responsive documents are being produced is subject to the General Objections, so that, for example, any documents subject to attorney-client privilege or the work product doctrine are not being produced.

GENERAL OBJECTIONS

The following general objections are made with respect to all of the discovery requests. Any additional specific objections are stated at the beginning of the response to each discovery request.

1. TP&W objects to production of, and is not producing, documents or information subject to the attorney-client privilege, the work product doctrine, or administratively confidential documents or information.
2. TP&W objects to production of, and is not producing, documents prepared in connection with, or information relating to, possible settlement of this or any other matter.
3. TP&W objects to production of, and is not producing, public documents or information that is readily available, including but not limited to documents on public file at the Surface Transportation Board ("STB"), the Securities and Exchange Commission, or any other government agency or court, or that have appeared in newspapers or other public media.
4. TP&W objects to the production of, and is not producing, information or documents that are as readily attainable by the KJRY from its own files.
5. TP&W objects to the production of, and is not producing, information or documents containing confidential or sensitive commercial information, including information subject to disclosure restrictions imposed by law in other proceedings or by contractual obligation to third parties, and that is of insufficient materiality to warrant production here even under a protective order.

6. TP&W objects to the production of, and is not producing, information or documents to the extent they are sought in a form not maintained by TP&W in the regular course of business and are not readily available in the form requested, on the ground that such documents or information could only be developed, if at all, through unduly burdensome and oppressive special studies, which are not ordinarily required and which TP&W objects to performing.

7. TP&W objects to the discovery requests as overbroad and unduly burdensome to the extent that they seek information or documents for indeterminate periods of time and periods prior to February 10, 2003, the date TP&W reacquired the 71.5-mile line of railroad between La Harpe, IL, milepost 194.5, and west of Peoria, IL, milepost 123.0.

8. TP&W objects to KJRY' Definitions and Instructions to the extent that they seek to impose requirements that exceed those specified in the applicable discovery rules and guidelines.

DISCOVERY REQUESTS

In accord with the foregoing definitions and instructions, please produce the following information:

DISCOVERY REQUEST NO. 1

All records demonstrating the origin, destination, commodity, car type, car ownership, shipment weight, number of shipments, and routing of all shipments tendered to TP&W for movement to or from any point on the Line east of Milepost 123.0.

Response:

TP&W objects to Discovery Request No. 1 as being overly broad and unduly burdensome; as requesting confidential or other information that is either not relevant or reasonably calculated to lead to the discovery of admissible evidence or is insufficiently relevant to warrant search and production; and as being vague and ambiguous.

TP&W objects to Discovery Request No. 1 in that it is impossible from KJRY's Definitions and Discovery Request No. 1 for TP&W to determine the location, in that KJRY did not define the term "Line" in the Definitions. TP&W further objects to Discovery Request No. 1 in that it requests TP&W to subject itself to a fine and to violate 49 U.S.C. § 11904(b) by providing "information about the nature, kind, quantity, destination, consignee, or routing of property tendered or delivered to" it "for transportation." TP&W further objects to Discovery Request No. 1 in that KJRY has solicited (49 U.S.C. § 11904(a)(2)) "information about the nature, kind, quantity, destination, consignee, or routing of property tendered or delivered to" TP&W "for transportation" in violation of 49 U.S.C. § 11904(b). TP&W further objects to Discovery Request No. 1 in that it is overly broad and burdensome since it is an open ended request with no limit on the time period for which TP&W must respond. TP&W further objects to Discovery Request No. 1 in that it is not relevant to the case-in-chief presented by KJRY which rejects the calculation of going concern value based upon KJRY's novel, unconstitutional, unsubstantiated, and unjustified trackage rights theory.

DISCOVERY REQUEST NO. 2

All valuation maps, real estate records, deeds, track charts, maintenance records, hi-rail and other inspection records with respect to the Line.

Response:

TP&W objects to Discovery Request No. 2 as being overly broad and unduly burdensome and as being vague and ambiguous.

TP&W objects to Discovery Request No. 2 in that it is impossible from KJRY's Definitions and Discovery Request No. 2 for TP&W to determine the location, in that KJRY did not define the term "Line" in the Definitions. TP&W further objects to Discovery Request No. 2

in that any valuation maps, real estate records, and deeds are matters of public record and readily available to KJRY. TP&W further objects to Discovery Request No. 2 in that KJRY either possesses or has access to the track charts that it believes are relevant based on the application (page 13) and Mr. Gohmann's verified statement (pages 174-175 and 180). TP&W further objects to Discovery Request No. 2 in that it is overly broad and burdensome since it is an open ended request with no limit on the time period for which TP&W must respond.

DISCOVERY REQUEST NO. 3

All agreements, court orders, and other documents relating to crossings of the Line over, under or at-grade with any public or private road or drive, and any stream, river or other body of water.

Response:

TP&W objects to Discovery Request No. 3 as being overly broad and unduly burdensome; as requesting confidential or other information that is either not relevant or reasonably calculated to lead to the discovery of admissible evidence or is insufficiently relevant to warrant search and production; and as being vague and ambiguous.

TP&W objects to Discovery Request No. 3 in that it is impossible from KJRY's Definitions and Discovery Request No. 3 for TP&W to determine the location, in that KJRY did not define the term "Line" in the Definitions. TP&W objects to Discovery Request No. 3 in that this information is publicly available to KJRY through observation and the use of publicly available maps. TP&W further objects to Discovery Request No. 3 in that it is overly broad and burdensome since it is an open ended request with no limit on the time period for which TP&W must respond. TP&W further objects to Discovery Request No. 3 in that it request material containing confidential or sensitive commercial information.

DISCOVERY REQUEST NO. 4

A list of the names and mailing addresses of all shippers who have originated or received shipments at points on the Line during the 12 months preceding the date of these requests.

Response:

TP&W objects to Discovery Request No. 4 as being overly broad and unduly burdensome; as requesting confidential or other information that is either not relevant or reasonably calculated to lead to the discovery of admissible evidence or is insufficiently relevant to warrant search and production; and as being vague and ambiguous.

TP&W objects to Discovery Request No. 4 in that it is impossible from KJRY's Definitions and Discovery Request No. 4 for TP&W to determine the location, in that KJRY did not define the term "Line" in the Definitions. TP&W further objects to Discovery Request No. 4 in that it requests TP&W to subject itself to a fine and to violate 49 U.S.C. § 11904(b). TP&W further objects to Discovery Request No. 4 in that it is overly broad and burdensome since it is an open ended request with no limit on the time period for which TP&W must respond. TP&W further objects to Discovery Request No. 4 in that KJRY apparently has such information in its possession as evidenced by its contacting TP&W's customers and especially contacting TP&W's customers in the Mapleton area as evidenced by Mr. Sauer's attached verified statement.

DISCOVERY REQUEST NO. 5

All records concerning any complaint about the provision of rail service on the Line made or received by TP&W or any of its affiliates within the 5 years preceding the date of these requests.

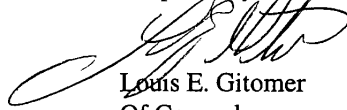
Response:

TP&W objects to Discovery Request No. 5 as being overly broad and unduly burdensome and as being vague and ambiguous.

TP&W objects to Discovery Request No. 5 in that it is impossible from KJRY's Definitions and Discovery Request No. 5 for TP&W to determine the location, in that KJRY did not define the term "Line" in the Definitions. TP&W further objects to Discovery Request No. 5 in that it is overly broad and burdensome since it requests five years of information. TP&W further objects to Discovery Request No. 5 in that TP&W cannot be held accountable for complaints that have been "made" but not "received" by TP&W. TP&W further objects to Discovery Request No. 5 in that KJRY has in its possession a number of, and perhaps all, documents responsive to Discovery Request No. 5. See Verified Statement of Catherine Busch (pages 115-159, especially Exhibit A, pages 121-134, and Exhibit B, pages 135-144). TP&W further objects to Discovery Request No. 5 in that KJRY has the information concerning the illegal entry onto the Line by KJRY officers on August 23, 2001 in a hy-rail vehicle in which the operator was not qualified to operate on the Line, had no permission from the dispatcher to be on

the Line, and was investigated by both the Federal Railroad Administration and the Illinois Commerce Commission and the subject of a disciplinary hearing by TP&W.

Respectfully submitted,



Louis E. Gitomer
Of Counsel
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Washington, D.C. 20005
(202) 638-3307

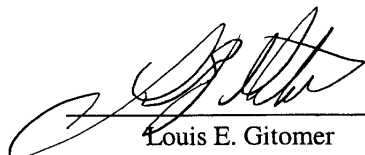
Gary A. Laakso, Esq.
Vice President Regulatory Counsel
RailAmerica, Inc.
5300 Broken Sound Boulevard N.W.
Second Floor
Boca Raton, FL 33487
(561) 994-6015

Attorneys for: TOLEDO, PEORIA AND
WESTERN RAILWAY CORPORATION

Dated: April 24, 2003

CERTIFICATE OF SERVICE

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



Louis E. Gitomer
April 24, 2003

VERIFIED STATEMENT OF ALFRED M. SAUER

My name is Alfred M. Sauer and I am Senior Vice President Marketing and Sales for RailAmerica, Inc. and its railroad subsidiaries, including the Toledo, Peoria and Western Railway Corporation ("TP&W"). The purpose of this statement is to advise the Surface Transportation Board (the "Board") that the Keokuk Junction Railway Company ("KJRY") has begun contacting customers of TP&W, not served by KJRY, located in the vicinity of Mapleton, IL, alleging that KJRY will shortly be taking over operations from TP&W and thereby interfering with TP&W's business relationships with its customers.

As the Board is aware, on April 9, 2003, KJRY filed an application to attempt to force TP&W to sell KJRY TP&W's 76-mile line of railroad between La Harpe, IL, milepost 194.5, and Hollis, IL, milepost 118.5 (the "Line"). STB 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*. I am informed that a final decision by the Board will most likely not occur in 2003. Based upon counsel's analysis, I am also informed that the Board has not even accepted the application, that the application is incomplete and should be rejected by the Board, and that KJRY has not met the statutory criteria in the application and the Board will deny the application, if it is even accepted,

I became aware of KJRY's contacts with our customer, the Lonza Group, located in Mapleton, IL on TP&W's line more than 75 miles from KJRY's rail line, through voicemails left the night of April 22, 2003 by Al Satunas (General Manager of TP&W) and Scott Hulstrom (Regional Vice President of RailAmerica). Mr. Satunas informed me that he had received a voicemail from Roger Lowe, TP&W's primary contact at the Lonza Group, informing him that KJRY wished to meet with the Lonza Group to discuss the customer's rail service needs once KJRY takes over the TP&W trackage serving the Lonza Group's facility. Based on this contact,

I directed the staff of the TP&W to determine whether any of our other customers at Mapleton had been contacted by KJRY. It appears that KJRY has contacted all of TP&W's Mapleton customers and sought their business under KJRY's presumption that the Board will automatically approve KJRY's Feeder Line Application, enabling KJRY to adversely acquire TP&W's rail line.

I have also been informed that KJRY is seeking the addresses of TP&W's Mapleton customers in discovery in the application case. Based on KJRY's contacts with those customers it is apparent that KJRY already has those addresses as well as additional information.

TP&W currently serves its shippers in Mapleton at least six days per week. Not only does TP&W serve Mapleton, but the Union Pacific Railroad Company ("UP") serves Mapleton shippers pursuant to a switch agreement between TP&W and UP, whereby TP&W performs switch service for UP cars between Mapleton customers and the UP yard at Sommer, IL. The Mapleton traffic generates about 15 percent of TP&W's revenue. The forced sale of the Mapleton segment of TP&W's line would have an adverse effect on TP&W.

VERIFICATION

I, Alfred M. Sauer, declare 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. Executed this 23rd day of April 2003.



Alfred M. Sauer

EXHIBIT K

TROUTMAN SANDERS LLP

A T T O R N E Y S A T L A W
A LIMITED LIABILITY PARTNERSHIP

401 9TH STREET, N.W. - SUITE 1000
WASHINGTON, D.C. 20004-2134
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TELEPHONE: 202-274-2950

David C. Reeves
david.reeves@troutmansanders.com

Direct Dial: 202-274-2932
Fax: 202-654-5624

May 15, 2003

Via Facsimile: (202) 783-6947

Louis E. Gitomer
Ball Janik LLP
1455 F Street, N.W., Suite 225
Washington, DC 20005

RE: 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*

Lou:

Enclosed are discovery requests in connection with the above-captioned proceeding. As the Board's May 9 decision makes clear, information related to the traffic on the east end of the Line is relevant to the valuation issue and the Board's consideration of whether to accept or reject the application. Accordingly, please have your client respond fully to these requests according to the instructions herein not later than Friday, May 30, 2003. If you have any questions about these requests or believe that a confidentiality agreement is needed in order for your client to respond to them, please call me immediately to discuss same.

Sincerely,



David C. Reeves

Enclosure

cc: The Honorable Vernon A. Williams

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

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**

SECOND SET OF DISCOVERY REQUESTS

**WILLIAM A. MULLINS
DAVID C. REEVES
TROUTMAN SANDERS LLP
401 NINTH STREET, N.W.
SUITE 1000
WASHINGTON, D.C. 20004-2134
TELEPHONE: (202) 274-2950
FACSIMILE: (202) 654-5621**

DATED: May 15, 2003

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

FINANCE DOCKET NO. 34335

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

SECOND SET OF DISCOVERY REQUESTS

TO: Toledo, Peoria & Western Railway Corporation

Comes now the Keokuk Junction Railway Company ("KJRY" or "Applicant"), by its counsel, and pursuant to 49 C.F.R. §§ 1114.26, 1114.27, 1114.30 and 1151.2.(d), hereby requests that the Toledo, Peoria and Western Railway Corporation ("TP&W") answer interrogatories and produce documents as set forth below. Each discovery request should be answered separately and fully in writing, unless all or a portion of it is objected to, in which event the reasons for objecting to the portion objected to should be stated, and the remainder of the request should be answered separately and fully in writing. The answers are to be signed under oath by the person making them. Respondents are requested to serve responses to this discovery within 15 days of the date of service hereof unless the parties otherwise agree. Respondents should contact the undersigned expeditiously to discuss any objections or questions regarding these requests.

DEFINITIONS

1. "KJRY" means Keokuk Junction Railway Co.
2. "Line" means the rail, ties, and other track material, and right-of-way, owned or used by TP&W between Milepost 194.5 at La Harpe and Milepost 118.5 at or near Hollis, Illinois, including the spur at or near Mapleton.
3. "STB" means the Surface Transportation Board.
4. "Application" means the feeder railroad development application to acquire the Line filed with the STB by KJRY on April 9, 2003.
5. "TP&W" means the Toledo, Peoria and Western Railway Corporation.
6. "RailAmerica" means RailAmerica, Inc.
7. "Document" means any writing or other compilation of information, whether printed, typed, handwritten, recorded or produced or reproduced by any other process, including but not limited to letters; other correspondence; notes; memoranda; telegrams; papers; articles; books; periodicals; notebooks; contracts; instruments; studies; analyses; intra-company or other communications; records or reports of negotiations between TP&W or RailAmerica or any other person; transcripts; summaries; minutes or other records of, or lists of other records of persons attending or participating in, meetings, conferences, conversations, telephone calls, interviews or communications of any nature; diaries; calendars; appointment books; video or sound records; disks, tapes, computer memories and other data storage devices; computer programs; computer printouts; models; mathematical or statistical data, formulas or statements; graphs; charts; diagrams; plans; drawings; maps; photographs; expressions or statements of policy; brochures; pamphlets; circulars; trade letters; press releases; financial statements; accounting records; accountants' and other worksheets; invoices; receipts; and any other physical object containing,

or permitting the production, writing, or printing of a visible image or sound. Further, the term "document" includes:

- (a). both basic records and summaries of basic records, such as computer runs;
- (b). both original versions and copies that differ in any respect from original versions, including by handwritten notes, editing, interlineations or blind copies; and
- (c). both documents that are or have been in the possession, custody or control of TP&W or its affiliates and documents that are or have been in the possession, custody or control of consultants or others that have assisted TP&W in connection with this proceeding.

8. "Identify," when used in relation to an individual, corporation, partnership, or other entity, means to state the name, address and telephone number thereof. "Identify," when used in relation to a document, means to:

- (a). state the nature of the document (*e.g.*, letter, memorandum, etc.);
- (b). state the author, his or her address, each addressee, each recipient, date, number of pages, and title of the document; and
- (c). provide a brief description of the contents of the document.

9. "Produce" means to provide legible, complete, and exact copies of responsive documents so long as the original responsive documents themselves are retained in files of TP&W, its affiliates (including RailAmerica), its counsel, or the consultants or others who have assisted TP&W in connection with this proceeding, and will be made available if requested. The copies should be sent, via expedited delivery, to the undersigned attorneys. KJRY will pay all reasonable costs for duplication and expedited delivery of documents to its attorneys. To the

extent reasonably possible in the particular circumstances, TP&W should identify the interrogatory or document request to which a particular document is responsive.

10. "Provide," "set forth," "state," "list," or "describe" means to supply a narrative response in accordance with 49 C.F.R. § 1114.26. If the information sought in a particular request is contained in a pre-existing document, that document may be produced in accordance with 49 C.F.R. § 1114.30 as an alternative to supplying a narrative response.

11. "Relating to" or "regarding" a subject means making a statement about, referring to, discussing, describing, reflecting, dealing with, consisting of, constituting, comprising, recording, or in any other way pertaining to the subject, either in whole or in part and either directly or indirectly.

INSTRUCTIONS

1. References to companies include: parent companies, holding companies, subsidiaries, predecessor firms, divisions, subdivisions, components, units, instrumentalities, partnerships, joint ventures, officers, directors, employees, agents, representatives, attorneys, accountants, or consultants.

2. Where knowledge or information in TP&W's possession is requested, such requests include knowledge of TP&W's agents, representatives, contractors, consultants, and attorneys.

3. All uses of the conjunctive include the disjunctive and vice versa. Words in the singular include the plural and vice versa.

4. If TP&W cannot supply exact data in answering any discovery request that calls for a numerical response, TP&W should provide its best estimate of the data called for, indicate

that it has provided its best estimate by making the notation “(est.)” in its response, and describe the basis upon which the estimate was derived.

5. If TP&W cannot answer any part of any discovery request in full, after exercising due diligence to secure the information to do so, it should so state and answer to the extent possible, specifying its inability to answer the remainder, and stating whatever information or knowledge it has of each unanswered part.

6. If TP&W claims that any information or document requested herein is privileged from disclosure, TP&W should:

- (a). state the basis for such claim of privilege;
- (b). state the nature of the information or document withheld;
- (c). state the facts upon which the claim of privilege or other exclusion is based;
- (d). provide the number of such documents that are being withheld from the production on a claim of privilege along with an identification of each such document (author, any addressee, date, length in pages and subject(s)); and
- (e). answer any remaining part of the discovery request for which such claim is not made.

7. These interrogatories and requests for production of documents are continuing in nature and responses should be supplemented promptly as more documents or information responsive to a request become available.

8. A request cannot be denied for lack of information or knowledge unless the answering party states that it has made reasonable inquiry and that the information known or readily obtainable is insufficient to enable an admission or denial.

9. Complete responses to these requests must be received at the office of Troutman Sanders LLP, 401 Ninth Street, N.W., Suite 1000, Washington, D.C. 20004-2134 by 5:45 p.m. on May 30, 2003.

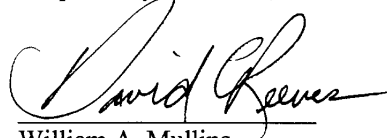
REQUESTS

In accord with the foregoing definitions and instructions, please supply the following information:

1. State for each shipment of freight handled by TP&W to or from any point on the Line during calendar years 2000, 2001 and 2002 the amount of revenue earned by TP&W for handling that shipment.
2. Identify for each shipment of freight handled by TP&W to or from any point on the Line during calendar years 2000, 2001 and 2002, the point where TP&W received the car (either from a shipper or in interchange) and the point where the car left TP&W's possession (either by interchange to another carrier or by delivery to a shipper or receiver), and whether each point named was the origin or destination of the shipment or a point of interchange with another carrier.
3. State the expenses incurred by TP&W in handling each shipment of freight handled by TP&W to or from any point on the Line during calendar years 2000, 2001 and 2002, including but not limited to labor, equipment and fuel costs, switching charges, trackage rights fees and car expense.
4. List all expenditures made by TP&W during calendar years 2000, 2001 and 2002, for maintenance, repair or rehabilitation of the Line.

5. Provide a detailed breakdown of all expenditures believed by TP&W to be necessary to rehabilitate the Line to a condition at which TP&W would be able to operate with reasonable efficiency; *i.e.*, at a minimum FRA Class 1 track condition.
6. Produce all documents containing information responsive to each of the preceding requests.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "David C. Reeves", is written over a horizontal line.

William A. Mullins
David C. Reeves
TROUTMAN SANDERS LLP
401 Ninth Street, N.W.
Suite 1000
Washington, D.C. 20004-2134
Telephone: (202) 274-2950
Facsimile: (202) 654-5621

Dated: May 15, 2003

CERTIFICATE OF SERVICE

I, David C. Reeves, hereby certify that on May 15, 2003, I caused a copy of the foregoing discovery requests to be served by facsimile transmission and by first class mail, postage prepaid, upon counsel for Toledo, Peoria and Western Railway Corporation, addressed as follows:

Louis E. Gitomer
Ball Janik LLP
1455 F Street, N.W. Suite 225
Washington, DC 20005
Facsimile: (202) 783-6947

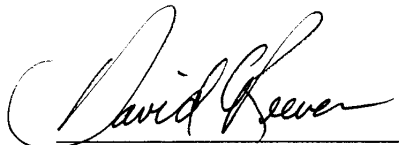

David C. Reeves

EXHIBIT L

BALL JANIK LLP

A T T O R N E Y S

1455 F STREET, NW, SUITE 225
WASHINGTON, D.C. 20005

www.balljanik.com

TELEPHONE 202-638-3307
FACSIMILE 202-783-6947

LOUIS E. GITOMER
OF COUNSEL
(202) 466-6532

lgitomer@dc.bjllp.com

May 30, 2003

David C. Reeves, Esq.
Troutman Sanders LLP
401 9th Street, N.W. – Suite 1000
Washington, DC 20004-2134

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 David:

Enclosed are the Toledo, Peoria and Western Railway Corporation responses to
Discovery Requests of Keokuk Junction Railway Company. As you can see, all of the
information is contained in documents which have preliminarily been classified as Highly
Confidential. We will be glad to provide you those documents upon your compliance with the
STB's protective order served May 16, 2003.

If you have any questions, please contact me.

Sincerely yours,



Louis E. Gitomer

Enclosures

BALL JANIK LLP

A T T O R N E Y S

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LOUIS E. GITOMER
OF COUNSEL
(202) 466-6532

lgitomer@dc.bjllp.com

May 30, 2003

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

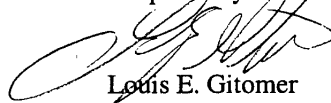
RE: Finance Docket No. 34335, *Keokuk Junction Railway Company.—Feeder
Railroad Development Application—Line of Toledo, Peoria and Western Railway
Corporation between La Harpe and Hollis, IL*

Dear Secretary Williams:

Enclosed for filing are the original and ten copies of the Responses to Discovery Requests of Keokuk Junction Railway Company by the Toledo, Peoria and Western Railway Corporation, and three diskettes with the file Discovery Response.doc.

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

Respectfully submitted,



Louis E. Gitomer

Enclosures



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 RESPONSES TO
DISCOVERY REQUESTS OF KEOKUK JUNCTION RAILWAY COMPANY

Gary A. Laakso, Esq.
Vice President Regulatory Counsel
RailAmerica, Inc.
5300 Broken Sound Boulevard N.W.
Second Floor
Boca Raton, FL 33487
(561) 994-6015

Louis E. Gitomer
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Washington, D.C. 20005
(202) 638-3307

Attorneys for: TOLEDO, PEORIA AND
WESTERN RAILWAY CORPORATION

Dated: May 30, 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 RESPONSES TO
DISCOVERY REQUESTS OF KEOKUK JUNCTION RAILWAY COMPANY

Toledo, Peoria and Western Railway Corporation (“TP&W”) responds to the Discovery Requests of Keokuk Junction Railway Company (“KJRY”) served on May 15, 2003 and received on May 16, 2003 (the “Discovery Request”).

GENERAL RESPONSES

The following general responses are made with respect to all of the discovery requests.

1. TP&W has conducted a reasonable search for responsive documents and information to respond consistent with the stated objections.¹
2. Where objections have been raised to the scope of the request, TP&W is willing to discuss searching for and producing documents or information covered by a more limited request taking into account the stated objection.
3. Production of information or documents does not necessarily imply that they are relevant to this proceeding, and is not to be construed as waiving any applicable objection.

¹ Thus, any response that states that responsive documents are being produced is subject to the General Objections, so that, for example, any documents subject to attorney-client privilege or the work product doctrine are not being produced.

GENERAL OBJECTIONS

The following general objections are made with respect to all of the discovery requests. Any additional specific objections are stated at the beginning of the response to each discovery request.

1. TP&W objects to production of, and is not producing, documents or information subject to the attorney-client privilege, the work product doctrine, or administratively confidential documents or information.
2. TP&W objects to production of, and is not producing, documents prepared in connection with, or information relating to, possible settlement of this or any other matter.
3. TP&W objects to production of, and is not producing, public documents or information that is readily available, including but not limited to documents on public file at the Surface Transportation Board ("STB"), the Securities and Exchange Commission, or any other government agency or court, or that have appeared in newspapers or other public media.
4. TP&W objects to the production of, and is not producing, information or documents that are as readily attainable by the KJRY from its own files.
5. TP&W objects to the production of, and is not producing, information or documents containing confidential or sensitive commercial information, including information subject to disclosure restrictions imposed by law in other proceedings or by contractual obligation to third parties, and that is of insufficient materiality to warrant production here even under a protective order.

6. TP&W objects to the production of, and is not producing, information or documents to the extent they are sought in a form not maintained by TP&W in the regular course of business and are not readily available in the form requested, on the ground that such documents or information could only be developed, if at all, through unduly burdensome and oppressive special studies, which are not ordinarily required and which TP&W objects to performing.

7. TP&W objects to KJRY' Definitions and Instructions to the extent that they seek to impose requirements that exceed those specified in the applicable discovery rules and guidelines.

DISCOVERY REQUESTS

In accord with the foregoing definitions and instructions, please produce the following information:

DISCOVERY REQUEST NO. 1

State for each shipment of freight handled by TP&W to or from any point on the Line during calendar years 2000, 2001 and 2002 the amount of revenue earned by TP&W for handling that shipment.

Response:

TP&W objects to Discovery Request No. 1 as being overly broad and unduly burdensome.

TP&W further objects to Discovery Request No. 1 in that it is not relevant to the case-in-chief presented by KJRY which rejects the calculation of going concern value based upon KJRY's novel, unconstitutional, unsubstantiated, and unjustified trackage rights theory.

Without waiving any objection, TP&W states that documents responsive to Discovery Request No. 1 are available. TP&W has preliminarily classified these documents as highly confidential and will make them available upon compliance with the Protective Order served in this proceeding by the Surface Transportation Board on May 16, 2003.

DISCOVERY REQUEST NO. 2

Identify for each shipment of freight handled by TP&W to or from any point on the Line during calendar years 2000, 2001 and 2002, the point where TP&W received the car (either from a shipper or in interchange) and the point where the car left TP&W's possession (either by interchange to another carrier or by delivery to a shipper or receiver), and whether each point named was an origin or destination of the shipment or a point of interchange with another carrier.

Response:

TP&W objects to Discovery Request No. 2 as being overly broad and unduly burdensome and as being vague and ambiguous.

Without waiving any objection, TP&W states that documents responsive to Discovery Request No. 2 are available. TP&W has preliminarily classified these documents as highly confidential and will make them available upon compliance with the Protective Order served in this proceeding by the Surface Transportation Board on May 16, 2003.

DISCOVERY REQUEST NO. 3

State the expenses incurred by TP&W in handling each shipment of freight handled by TP&W to or from any point on the Line during calendar years 2000, 2001 and 2002, including but not limited to labor, equipment and fuel costs, switching charges, trackage rights fees and car expense.

Response:

TP&W objects to Discovery Request No. 3 as being overly broad and unduly burdensome; and as being vague and ambiguous.

TP&W further objects to Discovery Request No. 3 in that it would require TP&W to conduct a special study to prepare the information requested in that TP&W does not maintain the information in the form requested by KJRY.

Without waiving any objection, TP&W states that documents responsive to Discovery Request No. 2 are available. TP&W has preliminarily classified these documents as highly

confidential and will make them available upon compliance with the Protective Order served in this proceeding by the Surface Transportation Board on May 16, 2003.

DISCOVERY REQUEST NO. 4

List all expenditures made by TP&W during calendar years 2000, 2001 and 2002, for maintenance, repair or rehabilitation of the Line.

Response:

TP&W objects to Discovery Request No. 4 as being overly broad and unduly burdensome; as requesting confidential or other information that is either not relevant or reasonably calculated to lead to the discovery of admissible evidence or is insufficiently relevant to warrant search and production; and as being vague and ambiguous.

Without waiving any objection, TP&W states that documents responsive to Discovery Request No. 4 are available. TP&W has preliminarily classified these documents as highly confidential and will make them available upon compliance with the Protective Order served in this proceeding by the Surface Transportation Board on May 16, 2003.

DISCOVERY REQUEST NO. 5

Provide a detailed breakdown of all expenditures believed by TP&W to be necessary to rehabilitate the Line to a condition at which TP&W would be able to operate with reasonable efficiency; *i.e.*, at a minimum FRA Class 1 track condition.

Response:

TP&W objects to Discovery Request No. 5 as being overly broad and unduly burdensome and as being vague and ambiguous.

Without waiving any objection, TP&W states that documents responsive to Discovery Request No. 5 are available. TP&W has preliminarily classified these documents as highly

confidential and will make them available upon compliance with the Protective Order served in this proceeding by the Surface Transportation Board on May 16, 2003.

DISCOVERY REQUEST NO. 6

Produce all documents containing information responsive to each of the preceding requests.

Response:

TP&W objects to Discovery Request No. 6 as being overly broad and unduly burdensome and as being vague and ambiguous, and for all of the reasons set forth in TP&W's objections to Discovery Requests Nos. 1-5.

Without waiving any objection, TP&W states that documents responsive to Discovery Request No. 6 are available. TP&W has preliminarily classified these documents as highly confidential and will make them available upon compliance with the Protective Order served in this proceeding by the Surface Transportation Board on May 16, 2003.

Gary A. Laakso, Esq.
Vice President Regulatory Counsel
RailAmerica, Inc.
5300 Broken Sound Boulevard N.W.
Second Floor
Boca Raton, FL 33487
(561) 994-6015

Respectfully submitted,



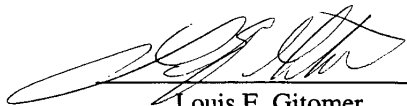
Louis E. Gitomer
Of Counsel
BALL JANIK LLP
1455 F Street, N.W., Suite 225
Washington, D.C. 20005
(202) 638-3307

Attorneys for: TOLEDO, PEORIA AND
WESTERN RAILWAY CORPORATION

Dated: May 30, 2003

CERTIFICATE OF SERVICE

I hereby certify that I have caused the foregoing document to be served by messenger 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
May 30, 2003

EXHIBIT M

BALL JANIK LLP

A T T O R N E Y S

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TELEPHONE 202-638-3307
FACSIMILE 202-783-6947

LOUIS E. GITOMER
OF COUNSEL
(202) 466-6532

lgitomer@dc.bjllp.com

June 2, 2003

David C. Reeves, Esq.
Troutman Sanders LLP
401 9th Street, N.W. – Suite 1000
Washington, DC 20004-2134

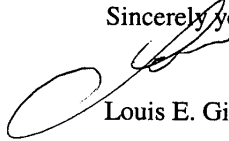
RE: Finance Docket No. 34335, *Keokuk Junction Railway Company.—Feeder Railroad Development Application—Line of Toledo, Peoria and Western Railway Corporation between La Harpe and Hollis, IL*

Dear David:

Enclosed are the Toledo, Peoria and Western Railway Corporation "Highly Confidential" documents provided to you in accord with the terms of the STB's protective order served May 16, 2003.

If you have any questions, please contact me.

Sincerely yours,



Louis E. Gitomer

Enclosures

EXHIBIT N



Toledo, Peoria & Western Railway
1990 East Washington Street
East Peoria, IL 61611-2961
Phone: 309.698.2600
Fax: 309.698.2679

REPLY TO: Corporate Headquarters
RailAmerica, Inc.
5300 Broken Sound Boulevard, NW
Boca Raton, FL 33487
(561) 994-6015 telephone
(561) 994-4629 facsimile

September 18, 2003
VIA FACSIMILE (309) 697-5388

Mr. Guy L. Brenkman
President, Chairman and Chief Executive Officer
Pioneer Railcorp
1318 S. Johanson Road
Peoria, IL 61607

RE: The Sale of the Toledo, Peoria & Western Railway Corp.'s Line of Railroad from LaHarpe,
IL to Bushnell, IL

Dear Mr. Brenkman:

In light of the discussion between us, and my discussions within RailAmerica, Inc., TP&W has reconsidered its offer and is very serious in offering to sell to Keokuk Junction Railway Company ("KJRY") for net liquidation value of \$1,769,367 (including real estate and track and material) the line between LaHarpe, Milepost 194.5, and Bushnell, Milepost 170.5 (the "Line"). While we understand that KJRY desires to reach Canton, we believe that there are potential long-term business prospects that warrant TP&W's retention of the Bushnell to Canton segment.

TP&W understands that not only does KJRY have potential customers at Blandinsville and Sciota, but also that KJRY seeks to serve former rail customers who might exist between Bushnell and Sciota.

A sale to KJRY will allow both railroads to concentrate on servicing their customers and conserve their resources and the resources of the Surface Transportation Board. Execution of the purchase agreement would be conditioned upon KJRY's withdrawal of its request for emergency service and its feeder application. We would expect to use similar sales documents to those used in the prior LaHarpe to Lomax sale.

Please respond to show your interest in this offer by not later than 5:00 p.m. eastern time on September 26, 2003.

Sincerely,

Al Sauer
Senior Vice President
Marketing & Sales



A RailAmerica Company

EXHIBIT O

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

Gary A. Laakso, Esq.
Vice President Regulatory Counsel
RailAmerica, Inc.
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Louis E. Gitomer
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Washington, D.C. 20005
(202) 638-3307

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.

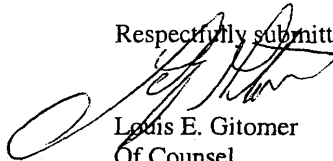
Throughout the Application, as supplemented, and even the Response, KJRY and Pioneer claim that TP&W has denied them access to inspect the Line. In DR 5, TP&W requested the production of “all requests made by Pioneer, et al. to TP&W to inspect the Line between

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.

Respectfully submitted,



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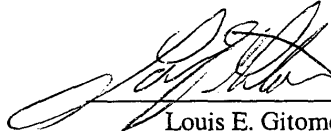
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Attorneys for: TOLEDO, PEORIA AND
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Dated: September 5, 2003

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.

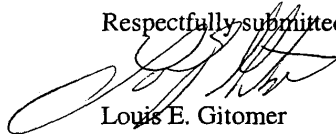
17. Admit or deny that the shipper facilities of West Central FS, Inc. referred to in the letter at page 133 of the Application, are physically located on the Line.
18. Admit or deny that the shipper facilities of West Central FS, Inc. referred to in the letter at page 134 of the Application, are physically 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.

Respectfully submitted,



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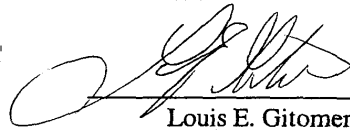
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Attorneys for: TOLEDO, PEORIA AND
WESTERN RAILWAY CORPORATION

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 --
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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,



William A. Mullins
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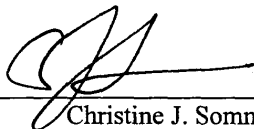
Attorneys for Keokuk Junction Railway Co.
and Pioneer Railcorp

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



Christine J. Sommer

EXHIBIT P

As you can see, KJRY has not provided any information about the so-called customers!

-----Original Message-----

From: Klass, Mike (INOH)
Sent: Monday, February 24, 2003 2:07 PM
To: 'Catherine Busch'
Subject: RE: Rate Requests

Cathy:

TP&W wants to deal directly with its customers and needs the information requested to do so. Our obligation is to quote rates to customers only. If there are customers, please provide the information so that we can contact them directly.

Mike

-----Original Message-----

From: Catherine Busch [mailto:cbusch@pioneer-railcorp.com]
Sent: Monday, February 24, 2003 1:01 PM
To: Klass, Mike (INOH)
Subject: Re: Rate Requests

Mike:

I am not trying to be difficult here - but why is the contact name, phone #, etc. needed for KJRY customers before TPW is able to provide me with their factors.

I have provided more than enough information on these joint-line rate requests than needed to enable quoting a

rate -origin/destn/shipper/commodity/equipment/routing, as well as party paying freight. The only rates I need are joint-line requests for traffic originating on our line, moving prepaid. As such, the originating carrier (KJRY) requests factors from the joint carriers in the route, presents the thru-rate to the customer paying freight, and makes publication if rate is accepted; Or joint-line requests for traffic destined on our line, moving collect - as such, destination carrier (KJRY) requests factors from the joint carriers in the route, presents the thru-rate to customer paying freight, and makes publication if rate is accepted. This practice is standard and customary in the railroad industry.

I have already received responses from both NS & UP for the requests I made to them for the aforementioned traffic which would involve them. Both were received the day after requested. And I did not give, nor was I asked for the KJRY customer contact information that TPW is requesting, prior to either of them being able to supply me with their factors.

As such, could you please get back to me with TPWs factors so I may forward the thru-rates to the customers for review?

Thank you,

Cathy Busch

----- Original Message -----

From: "Klass, Mike (INOH)" <mklass01@railtex.com>
To: "Catherine Busch" <cbusch@pioneer-railcorp.com>
Sent: Monday, February 24, 2003 7:20 AM
Subject: RE: Rate Requests

> Cathy:

>

> I still need a contact name and phone number or E-mail address for
> these customers.

>

> Thanks.

>

> Mike

>

>

> -----Original Message-----

> From: Catherine Busch [mailto:cbusch@pioneer-railcorp.com]

> Sent: Friday, February 21, 2003 1:30 PM

> To: Klass, Mike (INOH)

> Subject: Re: Rate Requests

>

>

> Mike: The Shipper names I have listed are the companies requesting
> the rates as well as who is paying the freight. Please note that in my
previous

> e-mail, I erroneously omitted a few of the shippers, but have added
> them below, LISTING THEM IN ALL CAPITAL LETTERS..

>

> The only shipper listed that is not paying the freight, is Sciota -
 Farmers
 > Elevator. Roquette America pays the freight out of Sciota going into
 > the Roquette facility at Keokuk.. The Blandinsville elevator is owned
 > by Roquette, so additionally, Roquette will be paying the freight out
 > of Blandinsville.
 >
 > If you have any more questions, please let me know.
 >
 > Thanks.
 >
 > ----- Original Message -----
 > From: "Klass, Mike (INOH)" <mklass01@railtex.com>
 > To: "Catherine Busch (E-mail)" <cbusch@pioneer-railcorp.com>
 > Sent: Friday, February 21, 2003 9:51 AM
 > Subject: Rate Requests
 >
 >
 >> Cathy:
 >>
 >> In order for us to proceed with a rate proposal rates on the traffic
 > listed
 >> below, TPW needs the following information: the name of the party
 > requesting
 >> the rate, the name of the party that will be paying the freight, and
 >> the name of a person with phone number or E-mail address for that
 >> party.
 Once
 > we
 >> have this information, we can respond quickly.
 >>
 >> Also, I have received a request from Incobrasa for a Rule 11 rate
 >> from LaHarpe to Gilman to cover the soybean move you listed below
 >> from the
 > Colusa
 >> Elevator. We will quote that rate directly to Incobrasa on a Rule 11
 > basis.
 >>
 >> Mike
 >>
 >>
 >> ----- Original Message -----
 >> From: "Catherine Busch" <cbusch@pioneer-railcorp.com>
 >> To: <tom.owen@railamerica.com>
 >> Cc: <tony_kaz@tpw.com>
 >> Sent: Wednesday, February 19, 2003 4:37 PM
 >> Subject: Re: TPW West End
 >>
 >>
 >>> Tom:
 >>>

>>> Per my previous e-mail below, wherein requesting rates on various
 >>> commodities to various interchanges - I have specifically had the
 >> following
 >>> requests since Monday, some of which were on my previous list. As
 such
 >>> could you please provide rates for the following, specifics as
 >>> noted.
 > As
 >> I
 >>> have had no response as to whether you are still my contact, I am
 >>> additionally copying Tony Kaz.
 >>>
 >>> Shipper: Exel Transportation
 >>> Origin: Keokuk, IA
 >>> Destination(s): Portland, OR; Tacoma, WA; San Bernadino, CA;
 > Corsicana,
 >>> TX
 >>> Commodity: Railway Wheels
 >>> Equipment: RR 50' box cars
 >>> Route: KJRY-LaHarpe-TPW-Sommer-UP
 >>>
 >>> Shipper: Roquette America
 >>> Origin: Keokuk, IA
 >>> Destination: Decatur, IL
 >>> Commodity: Corn Gern
 >>> Equipment: RR covered hoppers
 >>> Route: KJRY - LaHarpe, IL- TPW-Farmdale/Peoria -NS
 >>> Please provide rates via interchange with NS over both
 >>> Farmdale
 > and
 >>> Peoria, IL
 >>>
 > SHIPPER: ROQUETTE AMERICA
 >>> Origin: Keokuk, IA
 >>> Destination: Various Points on NS
 >>> Commodity: corn syrup
 >>> Equipment: Private tanks/zero mileage
 >>> Route: KJRY-LaHarpe-TPW-Farmdale/Peoria-NS
 >>> Please provide rates via interchane with NS over both
 >>> Farmdale
 > and
 >>> Peoria, IL
 >>>
 > SHIPPER: FARMERS ELEVATOR - SCIOTA
 >>> Origin: Sciota, IL
 >>> Destination: Keokuk, IL
 >>> Commodity: Corn
 >>> Equipment: RR covered hoppers - ALAB marked
 >>> Route: TPW - LaHarpe - KJRY
 >>> Roquette America will be paying freight so cars will move
 > collect

>>>
> SHIPPER; ROQUETTE AMERICA/Blandinsville Elevator
>>> Origin: Blandinsville, IL
>>> Destination: Keokuk, IA
>>> Commodity: Corn
>>> Equipmenta: RR covered hoppers - ALAB marked
>>> Route: TPW - LaHarpe - KJRY
>>> Roquette America will be paying freight so cars will move
> collect
>>>
>>> Shipper: Colusa Elevator
>>> Origin: Burnside, IL
>>> Destination: Gilman, IL
>>> Commodity: Soybeans
>>> Equipment: RR covered hoppers, ALAB marked
>>> Route: KJRY-LaHarpe-TPW
>>>
>>
>