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ORIGINAL

THOMAS F. MCFARLAND
FEE RECEIVED
MAR 15 2004
TRANSPORTATION BOARD

March 12, 2004

By UPS overnight mail
(Monday delivery)

Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Unit, Suite 713
1925 K Street, N.W.
Washington, DC 20423-0001

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

Re: Docket No. AB-855 (Sub-No. 1X), *A&R Line, Inc. -- Abandonment Exemption --
in Cass and Pulaski Counties, IN*

~~Docket No. AB-847 (Sub-No. 2X), Toledo, Peoria & Western Railway
Corporation -- Discontinuance of Service Exemption -- in Cass and Pulaski
Counties, IN~~

Gentlemen:

Hereby transmitted to each of you is an Offer of Financial Assistance in the above proceedings filed in behalf of Kokomo Grain Company. The Offer sent to Mr. Williams is an original and is accompanied by 10 copies. The \$1,100 filing fee was previously paid for this offer of financial assistance on November 28, 2003.

Mr. Williams is respectfully requested to acknowledge receipt by date stamping the enclosed duplicate copy of this letter and return in the self-addressed stamped envelope.

ENTERED
Office of Proceedings
MAR 15 2004
Part of
Public Record

Very truly yours,

Tom McFarland

Thomas F. McFarland
Attorney for Kokomo Grain Company

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FILED

MAR 15 2004

SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

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A&R LINE, INC. -- ABANDONMENT) DOCKET NO. AB-855
EXEMPTION -- IN CASS AND PULASKI) (SUB-NO. 1X)
COUNTIES, IN)
)
TOLEDO, PEORIA & WESTERN) ~~DOCKET NO. AB-847~~
RAILWAY CORPORATION --) ~~(SUB-NO. 2X)~~
DISCONTINUANCE OF SERVICE)
EXEMPTION -- IN CASS AND PULASKI)
COUNTIES, IN)

OFFER OF FINANCIAL ASSISTANCE

FEE RECEIVED
MAR 15 2004
SURFACE
TRANSPORTATION BOARD

KOKOMO GRAIN COMPANY
1002 West Morgan Street
P.O. Box 745
Kokomo, IN 46903-0745

Offeror

FILED
MAR 15 2004
SURFACE
TRANSPORTATION BOARD

THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112
(312) 236-0204

Attorney for Offeror

ENTERED
Office of Proceedings

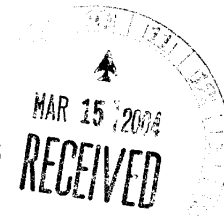
MAR 15 2004

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Public Record

DATE FILED: March 15, 2004

BEFORE THE
SURFACE TRANSPORTATION BOARD

A&R LINE, INC. -- ABANDONMENT	)	DOCKET NO. AB-855
EXEMPTION -- IN CASS AND PULASKI	)	(SUB-NO. 1X)
COUNTIES, IN	)	
	)	
TOLEDO, PEORIA & WESTERN	)	DOCKET NO. AB-847
RAILWAY CORPORATION --	)	(SUB-NO. 2X)
DISCONTINUANCE OF SERVICE	)	
EXEMPTION -- IN CASS AND PULASKI	)	
COUNTIES, IN	)	



OFFER OF FINANCIAL ASSISTANCE

Pursuant to 49 U.S.C. § 10904(c) and 49 C.F.R. § 1152.27(c)(2)(iii), and in accordance with the Board's decision in this proceeding served March 5, 2004, KOKOMO GRAIN COMPANY(KGC) hereby refiles its offer of financial assistance (OFA) for purchase of the entire rail line involved in the above proceeding, i.e., as now clarified: between Milepost 0.0W near Kenneth and the end of the line at Milepost 21.0W near Winamac, a distance of 21.0 miles in Cass and Pulaski Counties, IN. KGC's initial OFA was filed on November 28, 2003. KGC offers to pay \$525,000 for the rail line. KGC submits the following in support of its offer.

**THERE IS A REASONABLE EXPLANATION FOR THE DISPARITY
BETWEEN THE AMOUNT OFFERED AND THE OWNER'S
VALUATION OF THE RAIL LINE**

The owner of the rail line, A&R Line, Inc. (A&R) recently provided to KGC an estimate of its valuation of the rail line in the amount of \$1,449,460. That estimate should be compared to A&R's estimate of value in the amount of \$895,027.48 as of November 15, 2003 in the initial phase of this OFA proceeding. A&E is contending that the value of the rail line increased by 62

percent in the 4-month period since the prior OFA proceeding. KGC does not believe that such alleged increase in value is credible.

The amount offered by KGC is based on the statement in A&R's Petition for Exemption of abandonment filed July 31, 2003, at 5, that abandonment would allow it to sell or reuse \$525,000 worth of rail, ties or other track material. That estimate of value does not have the self-serving character of the value estimates that A&R has made in the OFA proceedings. In particular, KGC does not consider it to be credible that the value of the line increased by 176 percent in the 7 ½-month period since A&R filed its Petition for Exemption, as claimed by A&R ($\$1,449,460 - \$525,000 \div \$525,000 = 1.76$).

KGC IS FINANCIALLY RESPONSIBLE

KGC is refiling as Appendix 1 a copy of KGC's balance sheet as of April 30, 2003. The retained earnings of over \$10 million as of that date demonstrates that KGC is financially capable of paying the probable purchase price for the rail line and of maintaining the line for at least two years as required by 49 U.S.C. § 10904(f)(4)(A). The Board previously found that such evidence establishes KGC's financial responsibility.

THE OFFER IS FOR CONTINUED RAIL SERVICE

Upon acquisition of the rail line, KGC intends to provide rail service to a grain elevator located near Winamac, IN and to other shippers and receivers located or to be located along the rail line. The offer thus contemplates continued rail service on the rail line.

CONCLUSION AND REQUESTED RELIEF

WHEREFORE, the Board should find that KGC is a financially responsible person who has offered financial assistance to permit rail service to be continued on the rail line. Based on

that finding, the Board should postpone the effectiveness of the exemption for abandonment of that rail line pending further proceedings under 49 U.S.C. § 10904.

Respectfully submitted,

KOKOMO GRAIN COMPANY
1002 West Morgan Street
P.O. Box 745
Kokomo, IN 46903-0745

Offeror

Thomas F. McFarland

THOMAS F. McFARLAND
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Attorney for Offeror

Date Filed: March 15, 2004

KOKOMO GRAIN CO., INC.
BALANCE SHEETS
April 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
ASSETS		
Current assets		
Cash	\$ 1,123	\$ 1,123
Accounts receivable (after allowance for doubtful accounts of \$40,000 at 2003 and 2002)	3,550,869	2,682,641
Inventory (Note 5)	15,519,695	18,623,020
Margin deposits	432,903	228,862
Other current assets (Note 6)	963,212	737,128
Current assets of discontinued operations (Note 2)	-	868,021
Total current assets	<u>20,467,802</u>	<u>23,140,795</u>
Net property and equipment (Note 7)	10,114,319	7,028,242
Other assets (Note 8)	2,531,743	3,336,175
Long-term assets of discontinued operations (Note 2)	<u>2,057,139</u>	<u>2,555,983</u>
	<u>4,588,882</u>	<u>5,892,158</u>
	<u>\$ 35,171,003</u>	<u>\$ 36,061,195</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Checks written in excess of bank balance	\$ 792,787	\$ 1,293,311
Notes payable to bank (Note 9)	2,250,000	5,682,958
Current maturities of long-term debt (Note 10)	2,041,300	1,687,895
Accounts payable - grain	4,657,833	5,327,204
Accounts payable	330,310	114,835
Other current liabilities	1,008,313	1,412,943
Anticipated loss from discontinued operations (Note 2)	-	200,845
Total current liabilities	<u>11,080,543</u>	<u>15,719,991</u>
Long-term debt (Note 10)	13,962,046	10,383,920
Other long-term liabilities	252,908	252,908
Shareholders' equity		
Common stock, no par value: 5,000 shares authorized and 1,051 shares outstanding (net of treasury stock)	727,858	727,858
Additional paid-in capital	327,043	327,043
Retained earnings	10,074,147	9,903,017
Treasury stock: 435 shares at cost	<u>(1,253,542)</u>	<u>(1,253,542)</u>
	<u>9,875,506</u>	<u>9,704,376</u>
	<u>\$ 35,171,003</u>	<u>\$ 36,061,195</u>

See accompanying notes to financial statements.

CERTIFICATE OF SERVICE

I hereby certify that on March 12, 2004, I served the foregoing document, Offer of Financial Assistance, by overnight mail, Monday delivery, on Louis E. Gitomer, Ball Janik, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

Thomas F. McFarland

Thomas F. McFarland