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March 17, 2004 ENTERED
Office of Proceedings

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

MAR 17 2004

**Part of
Public Record**

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 Toledo, Peoria and Western
Railway Corporation Petition to Supplement The Record and three diskettes.

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

Respectfully submitted,

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

Enclosures

210324
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
PETITION TO SUPPLEMENT THE RECORD

ENTERED
Office of Proceedings

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Public Record

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Attorneys for: TOLEDO, PEORIA AND
WESTERN RAILWAY CORPORATION

Dated: March 17, 2004

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
PETITION TO SUPPLEMENT THE RECORD

Toledo, Peoria and Western Railway Corporation (“TP&W”), respectfully requests the Surface Transportation Board (the “Board”) allow it to supplement the record and accept new evidence on the value of the track and materials involved in the instant proceeding. The Keokuk Junction Railway Company (“KJRY”) filed a request to update the record as to its financial responsibility, without opposition, on January 28, 2004.

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. Under section 10907, if the Board finds that public convenience and necessity require or permit the sale of the Line,¹ the Board shall require sale of the Line at a price not less than the constitutional minimum value. 49 U.S.C. § 10907(b)(1). The constitutional minimum value is the greater of the going concern value (“GCV”) or net liquidation value (“NLV”) of the Line. 49 U.S.C. § 10907(b)(2).

¹ TP&W does not concede, admit or even believe that KJRY has presented sufficient evidence to meet its very heavy burden to obtain extraordinary relief available under section 10907.

TP&W has presented evidence of GCV and NLV. NLV is calculated based on the quantity and quality of the rail, ties and other track material, and their unit value. Since TP&W filed its opposition evidence on October 16, 2003, the value of steel has substantially increased. TP&W seeks to introduce evidence of the value of steel in the form of a verified statement by Mr. Mark Garvin and a spreadsheet of the effect of the changed value. For the Mapleton Segment, the steel price increase caused the NLV of October 2003 of \$378,813 to rise to \$414,600, and for the Line, the steel price increase caused the NLV of October to increase from \$4,410,920 to an NLV of \$5,452,270.

The Board has found that "If a party wishes to introduce further material at a later stage, it must file a petition to supplement the record. Such a petition should show that the information sought to be introduced is central to the petitioning party's case, could not reasonably have been introduced earlier, and would materially influence the outcome of the proceeding." *Duke Energy Corporation v. Norfolk Southern Railway Company*, STB Docket No. 42069 (STB served March 25, 2003) ("*Duke v. NS*").

The valuation of TP&W's assets is not only central to TP&W's case, but also to the findings the Board must make. TP&W wants to reiterate that it does not believe that KJRY has met its substantial burden to warrant the extraordinary relief provided under section 10907. However, TP&W is entitled to at least the constitutional minimum value for the Line under section 10907 and Amendment V of the Constitution of the United States of America. Moreover, KJRY must prove that it is financially responsible. The value of the steel component of NLV is central to the calculation of NLV. The value of steel has increased by about 110 percent since TP&W submitted its evidence in October 2003.

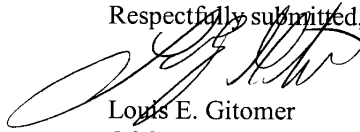
TP&W could not have predicted the increased world demand for steel, much less the level of price increases when the opposition was filed in October 2003. The current value of steel was available until now. TP&W decided that the increase in the value of steel had become significant enough that the Board must be made aware of the increased NLV of the Line.

The increase in the NLV caused by the increased value of steel will materially influence the outcome of this proceeding. First, TP&W believes that the increased NLV will conclusively demonstrate that KJRY is not financially responsible. Secondly, TP&W contends that if the Board determines that TP&W must sell the Line to KJRY, then under section 10907 and the Constitution, the Board must set the purchase price at at least the constitutional minimum value, which has greatly increased due to the increased value of steel.

TP&W is not adjusting the quantity or the quality of the steel involved in this proceeding. TP&W is merely presenting the Board with the latest steel prices. TP&W believes that these price increases are unassailable, but will not object to a response to the new evidence by KJRY based on the Board's precedent in *Duke v. NS*. See also *Otter Tail Power Company v. The Burlington Northern and Santa Fe Railway Company*, STB Docket No. 42071 (STB served November 21, 2003).

TP&W respectfully requests the Board to accept the attached verified statement of Mark D. Garvin containing increased steel prices pursuant to the *Duke v. NS*.

Respectfully submitted,



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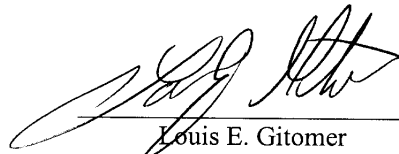
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Attorneys for: TOLEDO, PEORIA AND
WESTERN RAILWAY CORPORATION

Dated: March 17, 2004

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.



Louis E. Gitomer
March 17, 2004

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 previously provided a verified statement in this case showing the net liquidation value (“NLV”) for the involved rail lines: Western Line, MP 123.0 to LaHarpe at MP 194.5 and the Mapleton Segment from MP 123.0 to MP 118.5 at Hollis. Since October 2003, steel prices have dramatically increased, so much so that the then current market price of \$110.00/ton scrap steel price I used is now \$230.00. Because the changes in steel prices have been so dramatic, I prepared new Exhibits 1 and 2 using the same methodologies and amounts of materials as explained in my prior Verified Statement with current prices. For the Mapleton Segment, the present NLV is \$414,600 versus \$378,813 and for the Western Line, the present NLV is \$5,452,270 versus \$4,410,920.

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 9 day of March 2004.

Mark D. Garvin

Mark D. Garvin

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	\$450		\$108,421	
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		\$250		\$158,373
115lb	Jnt	1.2	186.21	223.45	199.51	Scrap		\$230		\$45,887
112lb	CWR	4.8	187.26	898.87	802.56	Relay	\$400		\$359,547	
100lb	Jnt	6.82	167.20	1140.30	1018.13	Reroll		\$250		\$254,532
100lb	Jnt	3.22	161.92	521.38	465.52	Scrap		\$230		\$107,070
112lb	Jnt	9.67	187.26	1810.84	1616.82	Relay	\$370		\$670,012	
112lb	Jnt	3	187.26	561.79	501.60	Reroll		\$250		\$125,400
112lb	Jnt	1.98	181.35	359.07	320.60	Scrap		\$230		\$73,738
131lb	Jnt	9.5	219.03	2080.80	1857.86	Relay	\$325		\$676,261	
131lb	Jnt	2	219.03	438.06	391.13	Reroll		\$250		\$97,782
105lb	Jnt	1.4	170.02	238.02	212.52	Scrap		\$230		\$48,880
90lb	Jnt	1.5	145.73	218.59	195.17	Scrap		\$230		\$44,889
100lb	Jnt	5	167.20	836.00	746.43	Relay	\$300		\$250,800	
80lb	Jnt	0.26	129.54	33.68	30.07	Scrap		\$230		\$6,916
70lb	Jnt	2.98	113.34	337.77	301.58	Scrap		\$230		\$69,362
Totals		77.46		14367.78	12828.38			Total Rail Value	\$4,619,960	

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		\$240		\$118,974
90lb	Jnt	1.5	50.0	75.00	66.96	Scrap		\$240		\$16,071
115lb	Jnt	1.2	84.2	101.04	90.21	Scrap		\$240		\$21,651
70lb	Jnt	2.98	40.0	119.20	106.43	Scrap		\$240		\$25,543
80lb	Jnt	0.26	57.0	14.82	13.23	Scrap		\$240		\$3,176
105lb	Jnt	1.4	57.0	79.80	71.25	Scrap		\$240		\$17,100
112lb	Jnt	1.98	84.0	166.32	148.50	Scrap		\$240		\$35,640
112lb	CWR	4.8	74.0	355.20	317.14	Relay	\$250		\$88,800	
112lb	Jnt	12.67	84.0	1064.28	950.25	Relay	\$250		\$266,070	
115lb	CWR	3.6	74.8	269.28	240.43	Relay	\$250		\$67,320	
115lb	Jnt	19.43	84.2	1636.01	1460.72	Relay	\$250		\$409,002	
131lb	Jnt	11.5	93.2	1071.80	956.96	Relay	\$250		\$267,950	
131lb	CWR	1.1	82.5	90.75	81.03	Relay	\$250		\$22,688	
100lb	Jnt	5	55.3	276.50	246.88	Relay	\$250		\$69,125	
Totals		77.46		5875.21	5245.72			Total OTM Value	\$1,429,109	

Ties (Removal & Market)						Signal Appliances			
Class	%	Miles	Total Tie	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			

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		\$240		\$5,721
70lb	No 8	4	1.83	7.32	6.54	scrap		\$240		\$1,569
115lb	No 10	17	4.52	76.84	68.61	relay	\$3,500		\$59,500	
Totals		30		124.42	111.09			Total Turnouts Value	\$75,790	

Liquidation Costs				
	Unit	Cost	Quantity	Total
Dismantle Track (CW	NT	\$60	2547 NT	\$152,834
Dismantle Trk (Jointe	NT	\$45	17696 NT	\$796,309
Transport Rail & OTI	NT	\$15	20367 NT	\$305,511
Remove Ties	EA	\$1		
Transport Ties	EA	\$2		
Remove Relay Turno	EA	\$1,000	30	\$30,000
Remove Crossing Sig	EA	\$1,000	36	\$36,000
Restore Crossings	EA	\$1,000	77	\$77,000

Gross Liquidation Value	\$6,849,924
Total Liquidation Costs	\$1,397,654
Net Liquidation Value	\$5,452,270

Must enter **Jnt** or **CWR** in Column B
 Must enter **Relay**, **Reroll** or **Scrap** in Column G
 No need to type lb. behind number in
 Column A, it is automatic

		Rail Type Class	
		Jnt	Relay
		CWR	Reroll
			Scrap
		240.94	0.00
Total Miles of Salvage	77.5	692.21	0.00
Ties/mile	3168	0.00	3026.49
		0.00	709.51
		0.00	223.45
		898.87	0.00
		0.00	1140.30
		0.00	521.38
		0.00	1810.84
		0.00	561.79
		0.00	359.07
		0.00	2080.80
		0.00	438.06
		0.00	238.02
		0.00	218.59
		0.00	836.00
		0.00	33.68
		0.00	337.77

NT/Mile - OTM			
CWR		Jointed	
	60lb	36.2	0.00 555.21
	75lb	40.0	0.00 75.00
	80lb	42.0	0.00 101.04
	85lb	42.2	0.00 119.20
43.5	90lb	50.0	0.00 14.82
47.6	100lb	55.3	0.00 79.80
47.7	105lb	57.0	0.00 166.32
			355.20 0.00
47.7	110lb	57.0	0.00 1064.28
74.0	112lb	84.0	269.28 0.00
74.8	115lb	84.2	0.00 1636.01
	130lb		0.00 1071.80
	131lb		90.75 0.00
82.5	132lb	93.2	0.00 276.50
84.3	136lb	95.0	

NT/Turnout			
Weight	#	Type	NT
80-90lb	#8-9		1.83
80-90lb	#10-11		1.93
90lb	#12		2.00
100-110lb	#8-9		3.70
100-110lb	#10-11		4.45
100-110lb	#12		4.50
112-115lb	#8-9		3.80
112-115lb	#10-11		4.52
112-115lb	#12		5.00
130-132lb	#8-9		3.92
130-132lb	#10-11		4.65
130-132lb	#12		5.10
130-132lb	#16		5.30

Total NT CWR 2547.2
 Total NT Jointed 17695.7

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		\$250			\$21,460
Totals		4.5		865.26	772.55				Total Rail Value	\$329,108	

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	\$250		\$94,725		
Totals		4.5		378.90	338.30				Total OTM Value	\$94,725	

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		\$240		\$2,379	
100lb	No 10	2	4.45	8.90	7.95	scrap		\$240		\$1,907	
112lb	No 10	3	4.52	13.56	12.11	relay	\$3,000		\$9,000		
Totals		19		83.28	74.36				Total OTM Value	\$51,786	

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	\$519,559
Total Liquidation Costs	\$104,899
Net Liquidation Value	\$414,660

No need to type lb. behind number in Column A, it is automatic

Scrap

Ties/mile	3168
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0.00	769.12
0.00	96.14
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	378.90
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00

Total NT CWR	0.0
Total NT Jointed	1244.2