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July 14, 2005

The Honorable Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

ENTERED
Office of Proceedings

JUL 14 2005

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Public Record

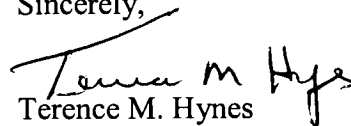
Re: Florida East Coast Railway, L.L.C. Abandonment Exemption
in Brevard County, FL, STB Docket No. AB-70 (Sub-No. 5X)

Dear Secretary Williams:

Enclosed for filing on behalf of Florida East Coast Railway, L.L.C. ("FEC") in the above-captioned matter are an original and ten (10) copies of FEC's Reply to Hust Brothers, Inc.'s Notice of Intent to File Offer of Financial Assistance. A diskette containing an electronic version of the Reply is also enclosed

Please acknowledge receipt of this Reply by date-stamping the enclosed extra copies and returning them via our messenger. If you have any questions, please contact the undersigned counsel. Thank you for your time and attention to this matter.

Sincerely,


Terence M. Hynes

TMH:aat
Enclosures



**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB Docket No. AB-70 (Sub-No. 5X)

**FLORIDA EAST COAST RAILWAY, L.L.C.
—ABANDONMENT EXEMPTION—
IN BREVARD COUNTY, FL**

**REPLY OF FLORIDA EAST COAST RAILWAY
TO HUST BROTHERS, INC.'S NOTICE OF INTENT TO FILE
OFFER OF FINANCIAL ASSISTANCE**

**ENTERED
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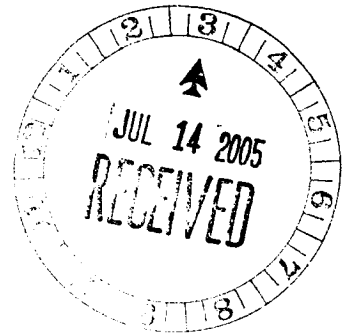
Attorneys for Florida East Coast Railway, L.L.C.

Dated: July 14, 2005

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB Docket No. AB-70 (Sub-No. 5X)

**FLORIDA EAST COAST RAILWAY, L.L.C.
—ABANDONMENT EXEMPTION—
IN BREVARD COUNTY, FL**



**REPLY OF FLORIDA EAST COAST RAILWAY
TO HUST BROTHERS, INC.'S NOTICE OF INTENT TO FILE
OFFER OF FINANCIAL ASSISTANCE**

Florida East Coast Railway, L.L.C. ("FEC") submits this reply to the Notice of Intent to File Offer of Financial Assistance (the "Notice") filed in the above-captioned proceeding on June 27, 2005 by Hust Brothers, Inc. ("Hust"). In the Notice, Hust indicated its intent to file an Offer of Financial Assistance ("OFA") pursuant to 49 U.S.C. § 10904(c) to purchase FEC's line of railroad between Milepost TB 0.0 in Titusville and Milepost TB 9.8 in Aurentia, in Brevard County, Florida (the "Titusville Branch"). By Notice of Exemption filed on May 27, 2005, FEC invoked the class exemption set forth at 49 C.F.R. § 1152.50 for the abandonment of the Titusville Branch, over which no local or overhead rail traffic has moved for at least two years.

Pursuant to the Board's regulations at 49 C.F.R. § 1152.27(a), and in response to the request set forth in Hust's Notice, FEC provides the following information regarding the Titusville Branch:

Minimum Purchase Price (49 C.F.R. § 1152.27(a)(1)(i):

The minimum price that FEC would consider for a purchase of the Titusville Branch is \$9,983,028. This minimum purchase price consists of a real estate value of \$9,593,028, and a net salvage value for rail and track materials of \$390,000. Further information regarding the manner in which the minimum purchase price was developed is set forth in Attachment 1.

Most recent reports on physical condition of the line (49 C.F.R. § 1152.27(a)(2):

The Titusville Branch is in very poor physical condition, and in need of substantial rehabilitation. Track conditions would restrict train speed to five miles per hour. There are no working protection devices at grade crossings along the line. Rehabilitating the Titusville Branch for ongoing rail operations would require investment of approximately \$5,170,102, consisting of the following:

Track Work	\$ 2,148,000
Crossing Rehabilitation	\$ 1,212,712
<u>Warning Device Replacement</u>	<u>\$ 1,809,390</u>
TOTAL	\$5,170,102

Further details regarding the manner in which the estimated rehabilitation cost for the Titusville Branch was developed is set forth in Attachment 2.

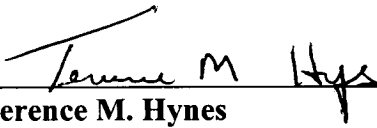
Traffic, revenue and other data (49 C.F.R. § 1152.27(a)(3):

As stated in FEC's Notice of Exemption filed May 27, 2005 (at 2), no local or overhead rail traffic has moved over the Titusville Branch for at least two years. In fact, no rail traffic has moved over the Titusville Branch since January 2000, and FEC has not earned any rail freight revenues from operations on the line since that date. FEC is not aware of any potential source of new local or overhead traffic for the line.

FEC's estimate of the net liquidation value of the Titusville Branch (including the value of the underlying real estate and the net salvage value of rail and track materials) is \$9,983,028. Further information regarding the manner in which the net liquidation value of the line was developed is set forth in Attachment 1.

By a letter filed on July 11, 2005, Hust requested that the 30-day period for it to submit an OFA in this proceeding be tolled until August 15, 2005, on the grounds that it had not yet received from FEC the information required by 49 C.F.R. § 1152.27(a). Counsel for the parties subsequently conferred with respect to the information sought by Hust, and its extension request, and agreed to a consensual extension of the due date for the filing of an OFA by Hust until August 10, 2005. Counsel for Hust so advised the Board by letter filed on July 13, 2005.

Respectfully submitted,



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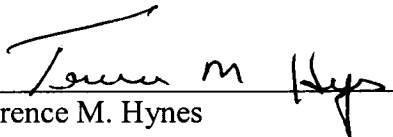
Attorneys for Florida East Coast Railway, L.L.C

Heidi Eddins
Marlene Hammock
Florida East Coast Railway, LLC
1 Malaga Street
St. Augustine, Florida 32084
(904) 829-3421

Dated: July 14, 2005

CERTIFICATE OF SERVICE

I hereby certify that, on this 14th day of July 2005, I served the foregoing Reply of Florida East Coast Railway To Hust Brothers, Inc.'s Notice of Intent to File Offer of Financial Assistance by hand delivery to Fritz R. Kahn, Esq., 1920 N Street, N.W., 8th Floor, Washington, D.C. 20036.


Terence M. Hynes

**Titusville Branch Line
Net Liquidation Value**

Net Salvage Value of Track Materials

Rail in Track Miles 10	Market Price/ Per Ton \$305.00	Number of Tons 2,000	Rail Market Value \$610,000.00
Take-up Cost	Labor Cost/Per Ton \$(50.00)	Number of Tons 2,000	Total Take Up Cost \$(100,000.00)
Cross Tie disposal	Cost per carload \$(1,600.00)	Number of cars 100	Cross tie disposal cost \$(160,000.00)
OTM in Net Tons 800	Market Price per ton \$50.00	OTM Market Value \$40,000.00	
			\$390,000.00

Real Estate Value *

Base Value of Real Estate	\$ 6,395,352
Enhancement Factor	<u>x 1.5</u>
Total Appraised Real Estate	\$ 9,593,028

* The real estate value is based upon appraisals performed during April 2003 and September 2004. Those appraisals are voluminous (totalling several hundred pages). FEC will make the appraisals available upon request to the Board and to counsel for Hust, subject to an appropriate protective order.

ESTIMATED REHABILITATION COST - TITUSVILLE BRANCH

7/7/2005

LOCATION OF WORK	DESCRIPTION OF WORK	QUANTITY	COST
TRACK			
TB 0 TO TB 9.8	CROSS TIE REPLACEMENT	22,500 TIES	\$1,845,000.00
TB 0 TO TB 9.8	BALLAST & SURFACING	9.8 MILES	128,000.00
TB 0 TO TB 9.8	MISC. SWITCH REPAIRS AND OTM		175,000.00
TB 0 TO TB 9.8	10 YEAR BRIDGE REPAIR		0.00
TOTAL TRACK WORK			\$2,148,000.00
GRADE CROSSING			
TB 0+29	271998T Rehabilitate Crossing	46' Asphalt	\$56,776.00
TB 0+1727	272001G Rehabilitate Crossing	22' Asphalt	39,600.00
TB 0+2200	272002N Rehabilitate Crossing	24' Asphalt	42,736.00
TB 0+2636	272003V Rehabilitate Crossing	104' Concrete	123,968.00
TB 0+3803	272004C Rehabilitate Crossing	20' Asphalt	36,000.00
TB 1+362	272005J Rehabilitate Crossing	30' Asphalt	50,744.00
TB 1+1120	272006R Rehabilitate Crossing	24' Asphalt	42,736.00
TB 1+2190	272007X Rehabilitate Crossing	18' Asphalt	32,400.00
TB 1+4962	272010F Rehabilitate Crossing	16' Asphalt	28,800.00
TB 2+930	272011M Rehabilitate Crossing	25' Asphalt	45,000.00
TB 2+1398	272012U Rehabilitate Crossing	14' Asphalt	25,200.00
TB 2+1531	272013B Rehabilitate Crossing	18' Asphalt	32,400.00
TB 2+2349	273417A Rehabilitate Crossing	54' Concrete	71,864.00
TB 2+4190	272014H Rehabilitate Crossing	24' Asphalt	42,736.00
TB 3+45	272015P Rehabilitate Crossing	24' Asphalt	42,736.00
TB 3+1892	272016W Rehabilitate Crossing	24' Asphalt	42,736.00
TB 3+2580	272017D Rehabilitate Crossing	24' Asphalt	42,736.00
TB 3+4872	272018K Rehabilitate Crossing	28' Asphalt	50,400.00
TB 4+508	272019S Rehabilitate Crossing	12' Asphalt	21,600.00
TB 4+1185	272020L Rehabilitate Crossing	24' Asphalt	42,736.00
TB 4+1880	272021T Rehabilitate Crossing	24' Concrete	47,736.00
TB 4+3419	272022A Rehabilitate Crossing	24' Asphalt	42,736.00
TB 5+270	272023G Rehabilitate Crossing	24' Asphalt	42,736.00
TB 5+3120	272025V Rehabilitate Crossing	12' Asphalt	21,600.00
TB 5+4021	272026C Rehabilitate Crossing	20' Asphalt	36,000.00
TB 7+2383	272027J Rehabilitate Crossing	12' Asphalt	21,600.00
TB 8+2512	272028R Rehabilitate Crossing	20' Asphalt	36,000.00
TB 9+1953	272030S Rehabilitate Crossing	28' Asphalt	50,400.00
TOTAL CROSSING REHAB			\$1,212,712.00
SIGNAL			
TB 0+290	271998T Replace all Warning Devices	FLBG	\$182,470.00
TB 0+2636	272003V Replace all Warning Devices	CFLBG	293,480.00
TB 0+3803	272004C Replace all Warning Devices	FLB	127,610.00
TB 1+362	272005J Replace all Warning Devices	FLBG	182,470.00
TB 2+930	272011M Replace all Warning Devices	FLBG	182,470.00
TB 2+2349	273417A Replace all Warning Devices	CFLBG	293,480.00
TB 2+4190	272014H Replace all Warning Devices	FLBG	182,470.00
TB 3+4872	272018K Replace all Warning Devices	FLBG	182,470.00
TB 4+1880	272021T Replace all Warning Devices	FLBG	182,470.00
TOTAL SIGNAL			\$1,809,390.00
TOTAL PROJECT COST			\$5,170,102.00