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July 27, 2005

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



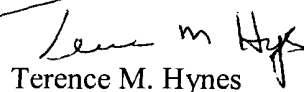
Re: *Florida East Coast Railway, L.L.C. Abandonment Exemption
in Miami-Dade County, FL (South Little River Branch Line)
STB Docket No. AB-70 (Sub-No. 4X)*

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 Request for Information in Connection with Consideration of 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

Original

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB Docket No. AB-70 (Sub-No. 4X)

**FLORIDA EAST COAST RAILWAY, L.L.C.
—ABANDONMENT EXEMPTION—
IN MIAMI-DADE COUNTY, FLORIDA
(SOUTH LITTLE RIVER BRANCH LINE)**



**REPLY OF FLORIDA EAST COAST RAILWAY, L.L.C.
TO HUST BROTHERS, INC.'S REQUEST FOR INFORMATION IN CONNECTION
WITH CONSIDERATION OF OFFER OF FINANCIAL ASSISTANCE**

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

Dated: July 27, 2005

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB Docket No. AB-70 (Sub-No. 4X)

**FLORIDA EAST COAST RAILWAY, L.L.C.
—ABANDONMENT EXEMPTION—
IN MIAMI-DADE COUNTY, FLORIDA
(SOUTH LITTLE RIVER BRANCH LINE)**

**REPLY OF FLORIDA EAST COAST RAILWAY, L.L.C.
TO HUST BROTHERS, INC.'S REQUEST FOR INFORMATION IN CONNECTION
WITH CONSIDERATION OF OFFER OF FINANCIAL ASSISTANCE**

Pursuant to 49 U.S.C. § 10904(b) and the Board's regulations at 49 C.F.R. § 1152.27(a), Florida East Coast Railway, L.L.C. ("FEC") submits this reply to Hust Brothers, Inc.'s ("Hust's") June 27, 2005 letter (the "June 27 Letter") requesting certain information regarding FEC's line of railroad between Milepost LR 13.0± and Milepost LR 18.0± in Miami-Dade County, Florida (the "SLR Branch").¹ On April 19, 2005, FEC file a Petition for Exemption in the above-captioned proceeding requesting that the Board grant an exemption from the prior approval requirements of 49 U.S.C. §§ 10903 *et seq.* to permit FEC to abandon rail service over the SLR Branch. The June 27 Letter indicates that Hust is "considering" filing an Offer of Financial Assistance ("OFA") pursuant to 49 U.S.C. § 10904(c) to purchase the SLR Branch.

Pursuant to the Board's regulations at 49 C.F.R. § 1152.27(a), and in response to Hust's June 27 Letter, FEC provides the following information regarding the SLR Branch:

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

FEC has not completed its analysis of the current sale value of the SLR Branch. However, based upon two prior appraisals of the SLR Branch (conducted in August 2000 and December 2002), and a current offer to purchase a portion of the real estate underlying the line,

¹ The June 27 Letter was attached to Hust's July 19, 2005 Request for Extension of Time in this proceeding.

FEC estimates that the minimum purchase price is in the range of \$103,358,990 - \$206,524,580. This minimum purchase price consists of a net salvage value for rail and track materials of \$193,400, and a real estate value in the range of \$103,165,590 - \$206,331,180. Further information regarding the manner in which this estimate of the minimum purchase price was developed is set forth in Attachment 1. FEC reserves the right to supplement this response upon further analysis of the current real estate value of the line.

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

As stated in FEC's Petition for Exemption filed on April 19, 2005, the SLR Branch is in poor physical condition and in need of substantial rehabilitation. Current track conditions restrict train speed to five miles per hour. Several grade crossing protection devices located along the SLR Branch are inoperative and would need to be replaced to support long-term rail service on the line. Rehabilitating the SLR Branch for ongoing rail operations would require investment of approximately \$3,938,850, consisting of the following:

Track Work	\$2,265,860
Crossing Rehabilitation	\$870,120
Warning Device Replacement	802,870
TOTAL	\$3,938,850

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

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

As stated in FEC's Petition for Exemption filed on April 19, 2005, no rail traffic has moved over the portion of the SLR Branch proposed for abandonment since August 2004. In August 2004 FEC was forced to embargo the SLR Branch in order to perform emergency bridge repair work at Milepost LR 12.23±. After the repairs were completed and the embargo was lifted

in February 2005, no shippers resumed service on the portion of the SLR Branch proposed for abandonment.

In prior years, only two shippers used the portion of the SLR Branch proposed for abandonment. One of those shippers, Best Truss, a manufacturer of roof trusses with a facility located at Milepost LR 15.2±, received 35 inbound rail cars during 2002, 33 inbound rail cars during 2003, and 32 inbound rail cars during 2004. Best Truss did not ship any outbound rail traffic during this period. Since the August 2004 embargo, Best Truss has received its traffic via rail-truck transload service at FEC's 16th Street Public Unloading Facility. Best Truss has continued to receive its traffic via the 16th Street Facility following the lifting of the embargo. The other shipper located on the portion of the SLR Branch proposed for abandonment is Gulfside, a roofing material distributor with a facility at Milepost LR 15.0±. Gulfside began shipping by rail in 2003, and received 5 inbound rail cars in 2003 and 23 inbound rail cars in 2004. Gulfside did not ship any outbound rail traffic during this period. Gulfside discontinued its use of rail service after the August 2004 embargo.

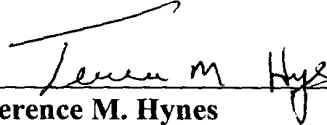
FEC is not aware of any potential source of new local or overhead traffic for the line.

FEC's estimate of the net liquidation value of the SLR Branch (including the value of the underlying real estate and the net salvage value of rail and track materials) is in the range of \$103,358,990 - \$206,524,580. This net liquidation value consists of a net salvage value for rail and track materials of \$193,400, and a real estate value in the range of \$103,165,590 - \$206,331,180. Further information regarding the manner in which the net liquidation value was developed is set forth in Attachment 1. FEC reserves the right to supplement this response upon further analysis of the current real estate value of the line.

By a letter filed on July 19, 2005, Hust requested that the 30-day period for it to submit an OFA in this proceeding be tolled until September 19, 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 September 1, 2005. Counsel for Hust so advised the Board by letter filed on July 27, 2005.

Respectfully submitted,



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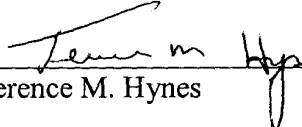
(904) 829-3421

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

Dated: July 27, 2005

CERTIFICATE OF SERVICE

I hereby certify that, on this 27th day of July 2005, I served the foregoing Reply of Florida East Coast Railway To Hust Brothers, Inc.'s Request For Information In Connection With Consideration Of Offer Of Financial Assistance by hand delivery to Fritz R. Kahn, Esq. and John D. Heffner, Esq., 1920 N Street, N.W., 8th Floor, Washington, D.C. 20036.



Terence M. Hynes

ATTACHMENT 1**South Little River Branch Line
Net Liquidation Value****Net Salvage Value of Track Materials**

Rail in Track Miles 5	Market Price/ Per Ton \$305.00	Number of Tons 1,000	Rail Market Value \$305,000.00
Take-up Cost	Labor Cost/Per Ton \$(50.00)	Number of Tons 1,000	Total Take Up Cost \$(50,000.00)
Cross Tie disposal	Cost per carload \$(1,600.00)	Number of cars 51	Cross tie disposal cost \$(81,600.00)
OTM in Net Tons 400	Market Price per ton \$50.00		OTM Market Value \$20,000.00
			\$193,400.00

Real Estate Value *

Range of Value	\$103,165,590 - \$206,331,180
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* This estimated real estate value is based upon two prior appraisals of the SLR Branch (conducted in August 2000 and December 2002), and a current offer to purchase a portion of the real estate underlying the line. These materials are voluminous – totalling several hundred pages. FEC will make the appraisals, and documents reflecting the current offer for a portion of the property, available upon request to the Board and to counsel for Hust, subject to an appropriate protective order.

ATTACHMENT 2

ESTIMATED REHABILITATION COST -- SOUTH LITTLE RIVER BRANCH LINE LR 13 TO LR 18

4/5/2005

LOCATION OF WORK	DESCRIPTION OF WORK	QUANTITY	COST
TRACK			
LR 13-LR 17.7	CROSS TIE REPLACEMENTS AND SURFACING	14,100 TIES	\$1,339,500.00
LR 17.7 TO LR 18	CONSTRUCT .3 MILES TRACK	1584 TRACK FEET	148,860.00
LR 17.75	RECONSTRUCT 85' BRIDGE, SNAPPER CREEK	85 FEET	637,500.00
LR 14.12	10 YEAR BRIDGE REPAIR, CORAL GABLES CANAL	21 FEET	140,000.00
TOTAL TRACK WORK			\$2,265,860.00
GRADE CROSSING			
LR 13+580'	272794K Rehabilitate Crossing	24'	\$47,736.00
LR 13+1825'	272795S Rehabilitate Crossing	34'	55,744.00
LR 13+3509'	272796Y Rehabilitate Crossing	24'	47,736.00
LR 13+3860	272797F Rehabilitate Crossing	24'	47,736.00
LR 13+4686'	272798M Rehabilitate Crossing	104'	116,688.00
LR 14+2260'	272799U Rehabilitate Crossing	24'	47,736.00
LR 14+4770	272800L Rehabilitate Crossing	104'	0.00
LR 15+876	272800L Rehabilitate Crossing	24'	47,736.00
LR 15+4975	272801T Rehabilitate Crossing	64'	78,104.00
LR 16+1018	272802A Rehabilitate Crossing	24'	47,736.00
LR 16+2375	272803G Rehabilitate Crossing	34'	55,744.00
LR 16+5014	272805V Rehabilitate Crossing	74'	85,280.00
LR 17+1075	272806C Rehabilitate Crossing	10'	20,000.00
LR 17+2420	272807J Rehabilitate Crossing	74'	85,280.00
LR 17+3060	273052V Rehabilitate Crossing	54'	71,864.00
LR 17+4155	N/A Rehabilitate Crossing	N/A	15,000.00
TOTAL CROSSING REHAB			\$870,120.00
SIGNAL			
LR 13+580'	272794K In Service		\$0.00
LR 13+1825'	272795S In Service		0.00
LR 13+3509'	272796Y In Service		0.00
LR 13+3860	272797F In Service		0.00
LR 13+4686'	272798M In Service		0.00
LR 14+2260'	272799U In Service		0.00
LR 14+4770	272800L In Service		0.00
LR 15+876	272800L In Service		0.00
LR 15+4975	272801T Rehabilitate all Warning Devices		152,920.00
LR 16+1018	272802A Rehabilitate all Warning Devices		129,990.00
LR 16+2375	272803G Rehabilitate all Warning Devices		129,990.00
LR 16+5014	272805V Rehabilitate all Warning Devices		129,990.00
LR 17+1075	272806C Rehabilitate all Warning Devices		129,990.00
LR 17+2420	272807J Rehabilitate all Warning Devices		129,990.00
LR 17+3060	273052V N/A		
LR 17+4155	N/A N/A		
TOTAL SIGNAL			\$802,870.00
TOTAL PROJECT COST			\$3,938,850.00