

FLOYD TRUCKING, INC.

CERTIFIED DBE & HUB CONTRACTOR

P.O. BOX 50

BROWNFIELD, TEXAS 79316

PH. 806-745-2729



5 October 2006

Mr. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

Office of Proceedings

OCT 12 2006

Part of
Public Record

Re: PYCO Industries, Inc. -- Feeder
Line Application -- South Plains
Switching, Ltd., F.D. 34890

and KIRY -- FLA -- SAW, F.D. 34892
(related proceeding)

217786

217807

Dear Mr. Secretary:

This letter is on behalf of Floyd Trucking Company, which has previously filed comments in this proceeding favoring PYCO's feeder line application and opposing that of Pioneer (Keokuk Junction Railway, Letter dated 26 July 2006). In addition, I supplied PYCO Industries, Inc. (PYCO) with a Declaration (which PYCO attached as Exhibit H to its original feeder line application in F.D. 34844). Floyd Trucking hauls sand and gravel in the Lubbock area. In addition, my family is part owner of a manufacturing plant that constructs "belly dumpers" and other special applications for trucks. Floyd Trucking owns a rail siding in the southern portion of Lubbock near the manufacturing plant. Our siding would be suitable for transload of rock and other products, and we have long desired to develop it for that purpose. Floyd Trucking is supposed to be served by South Plains Switching, Ltd. (SAW), but SAW's management (Larry Wisener) indicated SAW would not serve Floyd, and at one point took out the switch. Although this Board's Office of Compliance and Enforcement forced SAW to replace the switch, SAW then purported to condition service on what we construed to be a demand that we donate our siding to SAW. We have never been able to get service from SAW, and we believe that we never will obtain adequate rail service in Lubbock so long as SAW is the service provider. Many other shippers feel the same way.

In its valuation of its rail operations filed in Finance Docket 34690, SAW's valuation witness (Mr. Plaistow) claims that SAW (or its successor) can and will impose a surcharge of some \$60 per carload on all SAW traffic. From this, Plaistow seems

to advocate a high "going concern" value for SAW. SAW also claims it has been offered \$6 million by Pioneer Rail and US Rail Partners. So far as we can make out, any such expression of interest at that level would also be based on a surcharge of \$60 per carload or more. Thus SAW's proposed high valuation, either going concern or liquidation, is based on the \$60 surcharge assumption.

In both situations, the basis being relied upon for the high valuation is rubbish. While some rail customers of SAW's switching services are clearly dependent on SAW, Floyd Trucking (which has considerable experience with the aggregates industry) knows that SAW's rock business is not. Hanson Building Materials (Letter of August 1, filed in this proceeding) has already indicated it will no longer do business with SAW. The rock business will go to the more competitive transload location. My company has already invested in property in northern Lubbock which we will develop for transload purposes if SAW or any successor railroad raises tariffs. That way we will assuredly win: either a successor to SAW provides us service in south Lubbock on fair and reasonable terms, or we will develop our property in north Lubbock and snatch all the SAW's past and current transload customers if SAW or its successor impose some kind of surcharge or otherwise follow SAW's current practice of threatening or taking retaliation against customers that Mr. Wisener decides he does not like. Based on what we understand of the rock business, we would take roughly 4000 carloadings a year from SAW or its successor, since that seems to be about the level of SAW's rock business in 2005. The only reason we have not acted already is we are waiting to see if PYCO is able to acquire SAW at a reasonable price.

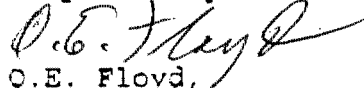
Once any legitimate business expressing interest in SAW realizes that the transload customers are not captive, and that the demand for rail from agricultural customers in Lubbock is dependent on weather conditions, it would obviously not be willing to contract to buy SAW at the prices SAW is claiming. If it did, it would be so strapped for cash it would provide inadequate rail service to customers and conceivably be forced into liquidation.

Floyd Trucking continues to support PYCO's feeder line application. We believe PYCO would operate the line with the interest of all shippers at heart; after all, it is a co-operative serving the entire Texas cotton belt and would have every incentive to provide efficient and adequate rail service. So far as we are aware, Pioneer Rail has made no attempts to contact shippers in Lubbock and instead seems primarily interested in attacking PYCO, which seems extremely strange for a railroad interested in providing service.

Pursuant to 28 USC 1746, I declare under penalty of perjury

under the laws of the United States of America that the forgoing
to my knowledge and belief is true and correct.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "O.E. Floyd".

O.E. Floyd,
Manager, Floyd Trucking

cc. Counsel for all parties