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Via E-filing

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423-0001

RE: STB Finance Docket No. 35160, Oregon International Port of Coos Bay—Feeder Line Application—Coos Bay Line of the Central Oregon & Pacific Railroad, Inc.

Dear Secretary Quinlan:

The Oregon International Port of Coos Bay ("Port") hereby respectfully files this steel price update letter with the Surface Transportation Board ("Board") in the above-captioned case.

As the Board prepares to make its decision regarding the Port's feeder line application, this update is necessary so that the Board has the most up-to-date information possible regarding current market prices for steel assets. If the Board grants the Port's application, the Board will have to determine the net liquidated value ("NLV") of the Coos Bay rail line. Board precedent favors use of the most current valuation information possible when determining the NLV of a rail line, a practice which is more in line with Supreme Court takings precedent such as *Kirby Forest*, 467 U.S. 1, 9-11 (1984), where the Court held that the date of taking is the appropriate valuation time. See also the Port's Petition for Leave to Supplement the Record and Valuation Update at pages 3-4 (filed Oct. 17, 2008) ("Valuation Update"). Thus, in order that the Board may have the most recent valuation information possible, and for the other reasons previously noted by the Port, acceptance of this steel price update is warranted. *Id* at 2-5.

The following table shows the market steel prices for reroller, other track materials ("OTM"), and scrap rail from October 29, 2008, the most recent date available. These prices are taken from the daily index published by the American Metals Market ("AMM"), an independent source found reliable by the Board in prior proceedings. Valuation Update at 6. The prices shown below are expressed as both per gross ton (how AMM presents them) and per net ton to maintain consistency with prior evidentiary filings in this case. Conversion of a price per gross ton to a price per net ton simply involves multiplication of the price per gross ton by 0.8929

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because a gross ton is 2,240 pounds and a net ton is 2,000 pounds.

Date	Reroller ¹	OTM	Scrap ²
	per gross ton / net ton	per gross ton / net ton	Per gross ton / net ton
10 29.2008	\$275 / \$246	\$225 / \$201	\$180 / \$161

See the AMM price sheet attached to this letter. As mentioned in previous filings, AMM index prices are not available until early the next morning. Hence, the prices from October 29th represent the most current data available.

As shown in the above chart, steel prices have dropped again since the Port filed its Valuation Update on October 17, when the relevant prices were \$275/246 (reroller), \$275/246 (OTM), and \$210/188 (scrap). Prices now appear to be settling back to a more steady level consistent with the prices during the last several years except for a brief and unusual spike during a few months in the middle of 2008. See Exhibit 1 to Valuation Update.

The Port appreciates the Board's attention to these updated steel price figures.³ Please feel free to contact me if you have any questions.

Very truly yours,


Sandra L. Brown

enclosure

cc: all parties of record

¹ AMM calls this "rail crops."

² AMM calls this "random rails "

³ As stated above, updating the steel prices is consistent with and necessary under applicable legal precedent notwithstanding CORP's self-serving opposition it raised in its October 21 Reply which the Port predicted CORP would file. While the Port has ample justification for responding to CORP's filing, including its unconstitutional assertion that CORP and its hedge fund owner should get a bailout windfall from a steel price spike that matched its timing for its unlawful embargo and abandonment, the Port does not intend to file a response to CORP's October 21.

AMM SCRAP IRON AND STEEL PRICES

Prices effective Wednesday, October 29, 2008

CONSUMER BUYING PRICES

Estimated domestic consumer buying prices in US\$/gross ton, delivered mill price

	Birmingham	Cleveland	Chicago	Cleveland	Detroit	Houston	N.Y.	Pitt	Pitt	Pitt	Portland	St. Louis	Youngstown	Hamilton, Ontario	Minneapolis
No. 1 heavy melt	180(2)	180	185	185	175	175	180(2)	95	170(2)	180	180	180(2)	170(2)	185	180
No. 2 heavy melt	170(2)	170	175	175	165	165	170(2)	85	160(2)	170	170	170(2)	160(2)	175	170
No. 1 bundles	130(2)	205	205	140(2)	180(2)	115(2)	NA	170	200(2)	NA	185	210(2)	185	185	185
No. 2 bundles	70(2)	180	155	NA	NA	NA	NA	80	150	NA	70	125	125	NA	NA
No. 1 busheling	130(2)	170(2)	215	140	210	115	180(2)	170	225(2)	NA	NA	185	210	135	230
No. 1 heavy bundles	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Shredded auto scrap	130(2)	210	200	140	235	250	150(2)	110	200(2)	124	124	205	200(2)	180	185
MACHINE SHOP TURNINGS	80(2)	90	130	180(2)	NA	NA	80(2)	70	130	76	76	120	NA	NA	75
Shoveling borings	NA	130	130	170(2)	NA	NA	NA	80	140	NA	NA	122	NA	NA	NA
Cast iron borings	NA	120	120	110(2)	NA	NA	NA	NA	NA	NA	NA	110	NA	NA	NA
Mixed borings, borings	NA	130	130	NA	NA	NA	NA	NA	NA	40	NA	NA	NA	NA	NA
CUT STRUCTURAL PLATE, 3" MAX.	NA	215	390(2)	NA	NA	190	NA	300(2)	190(2)	NA	NA	210	NA	NA	200
Cut structural plate, 5" max.	230	210	NA	NA	NA	180	NA	205(2)	NA	NA	NA	NA	NA	NA	NA
Cut structural plate, 8" max.	110(2)	205	175	185(2)	180	170	110(2)	120	190(2)	120	120	190(2)	131	170	NA
Ferrous steel, 2" max.	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
CUPOLA CAST	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Chen sale cast	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Unshipped water blocks	200	270	310	225	225	430	NA	275	275	275	275	275	275	275	275
Heavy breakable cast	200	270	310	225	225	430	NA	275	275	275	275	275	275	275	275
Drop broken machinery cast	200	270	310	225	225	430	NA	275	275	275	275	275	275	275	275
No. 1 HBI HEAVY MELT	110(2)	185	175	225	225	180	170	225	225	128	200	190(2)	190(2)	350	310
Roll crops, 2" max.	NA	270	275(2)	280	NA	NA	NA	300	300	300	300	300	300	300	300
Random iron	200	180	180	NA	NA	NA	NA	200	200	200	200	200	200	200	200
Steel car wheels	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Clean turn material (OTM)	275	300	200	NA	NA	NA	NA	200	200	200	200	200	200	200	200
CLEAN TURN (DISCARDED) CAST	NA	300	225	300	300	300	300	300	300	300	300	300	300	300	300
(a) Appraisal price	NA	NA	175	180	200	NA	NA	170	170	170	170	170	170	170	170
(b) Not available	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

† Canadian currency in US\$ ton

STAINLESS STEEL SCRAP

	Boston	Indian	Chicago	Cleveland	Detroit	Houston	L.A.	N.Y.	Pitt	S.F.	Minneapolis
DEALER BUYING PRICES (c&h)											
316 solids, c&h	48-50	48-50	50-51	50-51	50-51	50-51	48-50	50-51	50-51	54-55	44-45
304 solids, c&h	13-14	13-14	14-15	14-15	14-15	14-15	13-14	14-15	14-15	13-14	12-13
304 turnings	9-10	9-10	10-11	10-11	10-11	10-11	9-10	10-11	10-11	9-10	8-9
304 pipe c&h	14-15	14-15	15-16	15-16	15-16	15-16	14-15	15-16	15-16	14-15	13-14
430 near c&h	7.0-7.5	NA	7.5-8.0	7.5-8.0	7.5-8.0	NA	NA	7.5-8.0	7.5-8.0	NA	NA
PROCESSOR BUYING PRICES (Gross ton)											
316 solids, c&h	NA	NA	1,300-1,350	1,450-1,500	1,450-1,500	1,300-1,350	NA	1,300-1,350	1,300-1,350	1,300-1,350	NA
304 solids, c&h	NA	NA	530-540	530-540	530-540	530-540	NA	530-540	530-540	530-540	NA
304 turnings	NA	NA	490-500	490-500	490-500	490-500	NA	490-500	490-500	490-500	NA
430 bundles, solids	NA	NA	270-280	270-280	270-280	270-280	NA	270-280	270-280	270-280	NA
430 turnings	NA	NA	220-230	220-230	220-230	220-230	NA	220-230	220-230	220-230	NA
430 bundles, solids	NA	NA	190-200	190-200	190-200	190-200	NA	190-200	190-200	190-200	NA
430 turnings	NA	NA	125-135	125-135	125-135	125-135	NA	125-135	125-135	125-135	NA

EXPORT YARD BUYING PRICES

Estimated prices at export dock, broker or processor will pay for items delivered to his yard, in US\$/gross ton.

	Boston	L.A.	N.Y.	Pitt	S.F.
No. 1 heavy melt	80	80	80	80	80
No. 2 heavy melt	70	70	70	70	70
No. 1 bundles	80	NA	80	80	45
No. 2 bundles	105	70	100	100	NA
Machinist shop borings	NA	20	20	NA	20
Mixed cast	105	NA	85	100	NA
Unshipped water blocks	85	80	85	85	85
Auto bodies	85	50	85	85	85
Cut structural plate 3" max.	90	70	90	90	90
STAINLESS STEEL SCRAP PRICES (Gross)					
304 solids, c&h	NA	540-550	540-550	540-550	540-550
304 turnings	NA	490-500	490-500	490-500	490-500
430 bundles, solids	270	NA	270	270	NA
(a) Appraisal price	NA	NA	NA	NA	NA

BROKER BUYING PRICES

Estimated prices in US\$/gross ton, L.A. car*

	Atlanta	Boston	Indian	Cleveland	Detroit
No. 1 heavy melt	180	80	170	85	165
No. 2 heavy melt	120	80	160	85	160
No. 1 bundles	160	140	160	130	160
No. 2 bundles	180	80	160	70	160
No. 1 busheling	180	140	180	130	200
Machinist shop turnings	280	120	180	125	200
Shoveling borings	NA	80	80	70	70
Cast iron borings	NA	80	80	80	80
Mixed borings, borings	NA	80	80	80	80
CUPOLA CAST	NA	200	200	200	200
Cut structural plate, 3" max.	180	130	110	110	150
C.A. structural plate, 2" max.	NA	200	200	200	225
Chen sale cast	NA	200	200	200	200
Unshipped water blocks	NA	100	200	200	200
Heavy breakable cast	NA	100	150	150	150
Drop broken machinery cast	NA	300	300	300	300
Roll crops, 2" max.	NA	300	300	300	300
Random iron	NA	200	200	200	200

*L.A. (see on board at the shipping point) from dealer to broker when freight rate is absorbed by broker; freight rate based on single-car shipment.

STAINLESS CONSUMER BUYING PRICES

	(Gross ton) Pittsburgh
316 solids, c&h	1,500(2)
304 solids, c&h	800(2)
304 turnings	700(2)
430 bundles, solids	400(2)
430 turnings	200(2)
430 bundles, solids	250(2)
430 turnings	200(2)

ADDITIONAL GRADES

	Birmingham	Chicago	Pittsburgh
Electric furnace, 3" max.	250		
Cut structural plate, 4" max.	200		
Stove plate	500		
No. 1 material heavy melt		175	
Roll crops, 1 1/2" max.		400	
Refractory rolls		380	
Steel coils		270	
Heavy large bar crops		270	
Stove plate		410	
Pyroclastic and plate, 12" max.		400	
No. 1H bundles			180(2)

Disclaimer

Prices and other information contained in this publication have been obtained by American Metal Market ("AMM") from sources believed to be reliable. Pricing information is collected through regular contact with producers, brokers and purchasers, and represents an approximate evaluation of current levels based upon dealings (if any) that may have been disclosed to AMM prior to publication. Actual transaction prices will reflect quantities, grades and quality, credit terms and many other parameters. The prices are in no sense comparable to the quoted prices of commodities in which a liberal futures market exists. Efforts are made to ensure that pricing information is representative, but because of the possibility of human or mechanical error by our sources, AMM or others, AMM does not guarantee the accuracy or completeness of any published information. AMM is not responsible for omissions or errors, or for the results obtained by the use of such information, and disclaims any liability in any manner for any loss or damage caused by such errors or omissions, including those arising from the negligence of AMM, its employees or representatives.

Scrap Price Changes Today

Ferrous scrap price changes were made for these cities: Birmingham, Boston, Cleveland