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# TROUTMAN SANDERS LLP

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October 17, 2008

**Via hand-delivery**

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:

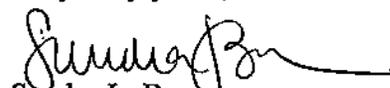
Enclosed for filing in the above-captioned docket please find an original and 16 copies of the Public Version of the Petition for Leave to Supplement the Record and Valuation Update of the Oregon International Port of Coos Bay ("Port"). An additional paper copy is included for date-stamping and return to the undersigned.

As the Public Version contains a small redaction of Confidential information on one page of the attached Verified Statement, the Port is also filing an original and 16 copies of a Confidential Version of the filing separately under seal. The Confidential Version will be served on counsel for Central Oregon & Pacific Railroad and any party that has signed the Confidential Undertaking.

We are also providing the filing to the Board on two sets of three compact disks, one set with Public PDF files and one Confidential set with Word, PDF, and Excel files.

Please feel free to contact me if you have any questions.

Very truly yours,

  
Sandra L. Brown

Enclosures

**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

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**STB FINANCE DOCKET NO. 35160**

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**OREGON INTERNATIONAL PORT OF COOS BAY  
—FEEDER LINE APPLICATION—  
COOS BAY LINE  
OF THE CENTRAL OREGON & PACIFIC RAILROAD, INC.**

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**PETITION FOR LEAVE TO SUPPLEMENT THE RECORD  
AND  
VALUATION UPDATE OF THE  
OREGON INTERNATIONAL PORT OF COOS BAY**

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*Counsel for the Oregon International  
Port of Coos Bay*

**October 17, 2008**

**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

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**STB FINANCE DOCKET NO. 35160**

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**OREGON INTERNATIONAL PORT OF COOS BAY  
—FEEDER LINE APPLICATION—  
COOS BAY LINE  
OF THE CENTRAL OREGON & PACIFIC RAILROAD, INC.**

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**PETITION FOR LEAVE TO SUPPLEMENT THE RECORD  
AND  
VALUATION UPDATE OF THE  
OREGON INTERNATIONAL PORT OF COOS BAY**

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**I. INTRODUCTION**

The Oregon International Port of Coos Bay (“Port”) respectfully submits this Petition for Leave to Supplement the Record and Valuation Update regarding the Coos Bay rail line (“Line”) of the Central Oregon & Pacific Railroad, Inc. (“CORP”) pursuant to 49 CFR § 1117.1. The Line is the subject of the Port’s feeder line application pending at the Surface Transportation Board (“Board” or “STB”). As described below, the Board should grant the Petition for Leave to Supplement the Record and accept the Valuation Update because the price of steel has decreased and returned to more historic levels over the past several weeks, meaning that the prior calculation of the Line’s Net Liquidated Value (“NLV”) is outdated.

## II. PETITION FOR LEAVE TO SUPPLEMENT THE RECORD

### A. The Petition should be granted

This Petition is supported by Board precedent favoring use of current property valuations in feeder line cases and similar situations. As shown in the attached Update Verified Statement of Gene A. Davis (U.V.S. Davis), the previous NLV from the Port's Supplemental Reply (which was filed on September 30, 2008) is no longer an accurate calculation of the Line's NLV. In particular, the current prices for steel assets like scrap, reroller, and other track materials ("OTM") have decreased substantially from the figures in the Port's Supplemental Reply.

The Board accepts supplementation of the record when three factors are met. First, the information that is offered into evidence must be central to the petitioning party's case. Second, it must be the case that the offered information could not have reasonably been introduced earlier. Third, the offered information must materially influence the outcome of the proceeding. *Duke Energy Corporation v. Norfolk Southern Railway Company*, Docket 42069, slip op. at 2 (served March 25, 2003). The Port's Petition meets all three factors: the offered NLV update is central to the Port's case because it shows that the current NLV of the Line is several million dollars less than the evidence from the Port's Supplemental Reply on September 30, 2008. Second, the current NLV calculation could not have been offered earlier because it is based on the current steel prices shown in the American Metals Market index. See U.V.S. Davis, Attachment P. Third, the offered information materially influences the outcome of the proceeding because it directly affects the amount that the Port would pay for the Line if the Board grants the feeder line application and the Port accepts the terms set by the Board. In short, the Board should grant the Petition and accept the Valuation Update because it represents "up-to-date information that more accurately reflects the current situation to assure that...[the Board

has] a complete record.” *Tongue River Railroad Company – Construction and Operation – Western Alignment*, Docket 30186 (Sub-No. 3), slip op. at 5 (served March 11, 2003) (Board accepts petition to update the record filed pursuant to 49 CFR § 1117.1).

**B. Board precedent supports use of current rail line valuation data**

Board precedent shows that updated rail line valuations are preferred and regularly accepted by the Board. For example, the Board accepted updated steel valuation data from CSX in order to determine the sale price for a line under the Office of Financial Assistance (“OFA”) procedure. *CSX Transportation, Inc. – Abandonment Exemption – in LaPorte, Porter, and Starke Counties, IN*, Docket AB-55 (Sub-No. 643X), slip op. at 6-8 (served April 30, 2004). The Board accepted this updated valuation information, despite finding that CSX could and should have offered the information earlier, because it was necessary to avoid establishing “a purchase price that is inaccurate and below the constitutional minimum.” *Id.* at 3. Of course, the Port could not have offered the information in this Valuation Update earlier, because the data included in the current NLV reflects prices as of the close of business on October 16, 2008. Thus, the Board should be even more willing to grant this Petition and accept the current valuation shown in this Valuation Update because, unlike CSX, the Port did not withhold valuation figures it could have provided earlier.

In a recent feeder line case involving another RailAmerica subsidiary, the Board accepted scrap steel valuation data submitted by the parties after the procedural record had closed. *Keokuk Junction Railway Company – Feeder Line Acquisition – Line of Toledo Peoria and Western Railway Corporation – between La Harpe and Hollis, IL*, Docket 34335, slip op. at 13-15 (served Oct. 28, 2004), as revised Feb. 7, 2005, *affirmed Toledo, Peoria & Western Railway v. Surface Transportation Board*, 462 F.3d 734, 745-749 (7<sup>th</sup> Cir. 2006), *cert. denied*, 2007 U.S.

Lexis 3030 (March 19, 2007). In particular, the Board developed its NLV of the rail line by using the most recently “available data” for scrap steel values. *Id.* at 15. Lastly, in another feeder line case, the Board relied upon newer data in calculating the going concern value of the line, and suggested that more recent NLV data would also have been preferred. *Caddo Antoine and Little Missouri Railroad Company – Feeder Line Acquisition – Arkansas Midland Railroad Company Line between Gurdon and Birds Mill, AR*, Docket 32479, slip op. at 14-16 (served August 12, 1999).

**C. Granting the Petition corrects the anomalous 2008 “spike” in steel prices**

The Board should also grant the Petition because the use of current steel prices in the Valuation Update corrects the anomalous spike in steel prices that occurred during a few months in the middle of 2008. As shown in the attached Exhibit 1, the American Metals Market included a graph in its October 6, 2008 newsletter that shows how scrap steel prices were at roughly the same level throughout all of 2006, 2007, and first few months of 2008. Even CORP agrees that scrap steel prices only began “increas[ing] sharply” in April 2008. CORP Response at 39. Exhibit 1 shows that there was only a four or five month period in the middle of the 2008 that included high scrap steel prices. Now, in October 2008, scrap steel prices have returned to a more normal level that has been relatively consistent over the previous several years. The Port previously included two other graphs in the Supplemental Reply which also highlighted the anomalous nature of recent steel prices. See pages 8 and 9 of the Supplemental Reply Verified Statement of Gene A. Davis (September 30, 2008).

As made clear throughout this case, the Port, as a subdivision of the State, desires to purchase the Line in order to resume rail service on the embargoed portion of the Line and preserve rail service on the entire Line for the southwestern Oregon region. The Port does not

expect this to be a profit-making endeavor for the foreseeable future, but nonetheless wants to preserve this crucial transportation link between the region and the rest of the country and the world. The evidence put forth by the Port in this proceeding shows that there are numerous rail-dependent businesses and employers in the area. Loss of the Line would place those jobs in jeopardy. Of course, this case all began over a year ago when CORP imposed an unlawful embargo due to its own neglect of the Line and then CORP decided to abandon part of the Line and sell it for scrap as the steel prices started their anomalous spike upward. The Board should not allow CORP to benefit from an unusual spike in steel prices that coincided with CORP's plan to switch to an abandonment strategy in May 2008, and which ultimately forced the timing of the Port's need to move forward with its feeder line application in an attempt to preserve rail service. Thus, the Board should accept this Petition and the current NLV as shown in the Valuation Update.

**D. CORP supports use of current valuation data**

Granting of the Petition and acceptance of the current NLV of the Line as shown in Section III below is also appropriate because it comports with positions taken by CORP throughout this case. That is, CORP itself has argued for the use of current steel prices. For instance, CORP has:

- expressed a need to use “current market prices.” CORP Response at 32.
- criticized the Port for supposedly using “outdated price data.” CORP Response at 38.
- argued for use of updated prices that reflect the “current value of non-relay quality rail and OTM assets.” CORP Response at 38.
- stated that the Port should use the “current market value of the steel track materials.” CORP Response at 39.
- asserted that use of a historical steel price would be unconstitutional. CORP Response at 40.

In short, CORP agrees that the NLV of the Line should be calculated by using the most current price data available.

### III. VALUATION UPDATE

The Port's witness Gene A. Davis has provided the current NLV of the Line, using steel prices for scrap, reroller, and OTM from the American Metals Market ("AMM") at the close of business on October 16, 2008. U.V.S. Davis at 1. As previously mentioned by the Port, closing AMM prices are not available until early the next morning, so the prices from October 16, 2008 represent the most current data available. Supplemental Reply at 18. Based on these current steel prices, the NLV of the track assets of Line is \$1,320,779. U.V.S. Davis at Attachment B. When added to the value of the Line's real estate, \$910,000 (Reply at 7), the NLV of the Line is \$2,230,779.

The current NLV described in this Valuation Update provides the most up-to-date calculation of the Line's NLV, and should be accepted by the Board as described in Section II above.<sup>1</sup> It is doubly reliable because the prices used by Mr. Davis for scrap, reroller, and OTM are from the AMM, a resource that the Board has previously found "independent, reliable, and verifiable." *CSX – LaPorte, Porter, and Starke*, Docket AB-55 (Sub-No. 643X), slip op. at 8 (served April 30, 2004).

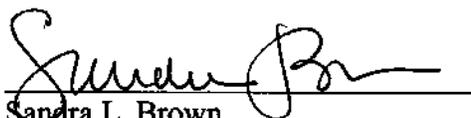
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<sup>1</sup> In its decision in this docket on August 1, 2008, the Board implied that a feeder line decision would probably be issued in conjunction with the abandonment case, Docket AB-515 (Sub-No. 2), which would result in a decision on or about October 31, 2008. Hence, the Port is filing this Valuation Update today in order to give the Board time to consider the current NLV calculation before October 31<sup>st</sup>.

IV. CONCLUSION

For all the reasons explained above, the Board should grant the Petition for Leave to Supplement the Record and accept the NLV set forth in this Valuation Update as the most current and accurate determination of the net liquidated value of the Line.

Respectfully submitted,



Sandra L. Brown

Michael H. Higgins

David E. Benz

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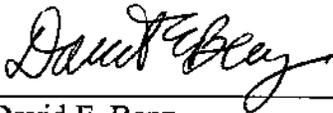
*Counsel for the Oregon International*

*Port of Coos Bay*

October 17, 2008

**CERTIFICATE OF SERVICE**

This is to certify that on this 17th day of October 2008, I caused the foregoing Petition for Leave to Supplement the Record and Valuation Update in STB Finance Docket No. 35160 to be served upon all parties of record in this proceeding. Parties who have signed the Confidential Undertaking pursuant to the Protective Order received the Confidential Version; all other parties received the Public Version.

  
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David E. Benz

**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

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**STB FINANCE DOCKET NO. 35160**

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**OREGON INTERNATIONAL PORT OF COOS BAY  
—FEEDER LINE APPLICATION—  
COOS BAY LINE  
OF THE CENTRAL OREGON & PACIFIC RAILROAD, INC.**

---

**PETITION FOR LEAVE TO SUPPLEMENT THE RECORD  
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OREGON INTERNATIONAL PORT OF COOS BAY**

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**Exhibit 1**

# SCRAP

## Brookfield Resource collects 15,000 mercury switches

PHILADELPHIA — A suburban New York City auto recycler has removed more than 15,000 mercury switches from end-of-life vehicles over the past two years.

Brookfield Resource Management Inc. said the switches were collected at its Elmsford, N.Y., facility and sent to End of Life Vehicle Solutions Corp. (ELVS) for safe mercury recovery.

"The cost to remove a switch from a vehicle is more than we receive in income for the recovered mercury, but this program isn't about financial results—it's about environmental gain," Brookfield president Tom Malone said in a statement. "Our company is firmly committed to the environmental benefits of the best management practices we've implemented and represented by our participation in the mercury switch recovery program."

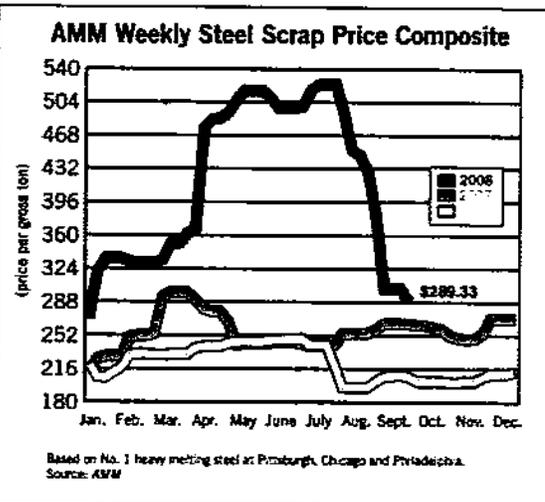
The U.S. Environmental Protection Agency and various industry groups, including automakers, steel producers and metal recyclers, started the National Switch Recovery Program in August 2006 to prevent toxic mercury emissions when vehicles are shredded and the recovered scrap metal is sold to steel mills and nonferrous smelters.

Mercury-containing devices were used in convenience light applications and anti-lock braking systems in many vehicles manufactured prior to 2003. The EPA estimates that about eight tons of mercury per year is emitted from furnaces that melt scrap metal from end-of-life vehicles.

Brookfield Resource Management is a privately held company with more than 40 years' experience in the recycling industry. In addition to processing junked and wrecked vehicles, the company also recycles metals, paper, plastic and electronics.

Michael Marley

mmarley@amm.com



## Aluminum scrap auction prices down

NEW YORK — Prices for aluminum scrap to be generated by Spirit AeroSystems Inc. in the fourth quarter generally were down 17 percent compared with the previous auction for third-quarter material.

Spirit AeroSystems makes aircraft components in Wichita, Kan., its headquarters city, and in Tulsa, Okla. Some of its employees have been on a three-day week since union workers at Boeing Co., a major customer, went on strike Sept. 6.

The latest auction results were based on bids submitted in mid-September.

The briquetted borings dipped more steeply than some other grades, tumbling 26 percent to

61.234 cents a pound. The high bid was offered by the Glickman Metal unit in Wichita of Yaffe Iron & Metal Co.

Kaiser Aluminum Corp., Foothill Ranch, Calif., won the 2000-series aluminum alloy solids for 71.15 cents a pound, down 15 percent from three months ago; mixed aluminum solids for 83.16 cents a pound, down 17 percent; and aluminum plate remnants for 94.28 cents a pound, also down 17 percent.

Contaminated solids went to Kamen Inc., Wichita, for 70 cents a pound, down 4 percent, and contaminated aluminum borings went to Glickman Metal for 41.126 cents a pound, down 43 percent.

Other material to be generated in the fourth quarter includes stainless steel solids, which were awarded to Kamen for 75 cents a pound, down 14 percent; contaminated brass and bronze borings, not offered in the previous round, to Glickman Metal for \$1.27763 a pound; scrap solids of Inconel, an alloy trademarked by Huntington Alloys Corp., which went to the Utica Alloys unit in Utica, N.Y., of ELG Haniel for \$8.4675 a pound, off by 12 percent; stainless steel 15-5 solids to Glickman Metal for 31.226 cents a pound, down 46 percent; and borings of kirksite, a zinc-based alloy used in making molds, also to Glickman Metal for 33.373 cents a pound, off 30 percent.

Paul Schaffer  
pschaffer@amm.com

## Japanese steelmakers form steel dust recycling venture

SINGAPORE — Nippon Steel Corp. and Kobe Steel Ltd., two of Japan's largest steelmakers, have agreed to set up a 400,000-tonne-per-year steel dust recycling and direct-reduced iron (DRI) joint venture.

Nittersu Shinko Metal Refine Co., which will be owned 70-percent by Nippon Steel and 30-percent by Kobe Steel, will be set up in mid-October at Nippon Steel's Hirohata Works.

The initial investment of 20 billion yen (\$189.8 million) will be mainly for a rotary hearth furnace-type reduction furnace and related equipment.

The joint-venture company will recycle steel dust and produce DRI to be supplied primarily to Nippon Steel and Kobe Steel, with a portion also going to Nippon Steel affiliate Sanyo Special Steel Co. Ltd. in Himeji, Japan. The rotary hearth furnace also will extract zinc from the steel dust for use in nonferrous processes.

Recycling the materials will promote zero emissions while reducing the use of scrap metal, iron ore and zinc ore, the companies said.

Megawati Wijaya

newsroom@amm.com

### AMM WEEKLY SCRAP COMPOSITE PRICES

Averages calculated each Friday, based on data effective from the previous Friday to Thursday. Prices are in US\$/gross ton.

SHREDDED SCRAP			
— calculation date —			
	10/03/08	Prior Wk	Year Ago
Birmingham	\$335.00	\$365.00	\$295.00
Chicago	375.00	375.00	295.00
Houston	375.00	375.00	295.00
Philadelphia	348.00	380.00	295.00
Pittsburgh	354.00	390.00	295.00
Composite	\$359.40	\$377.00	\$294.60

NO. 1 REBARS			
— calculation date —			
	10/03/08	Prior Wk	Year Ago
Chicago	\$570.00	\$670.00	\$332.00
Cleveland	515.00	575.00	315.00
Pittsburgh	515.00	575.00	320.00
Composite	\$533.33	\$573.33	\$322.33

NO. 1 HEAVY MELT			
— calculation date —			
	10/03/08	Prior Wk	Year Ago
Chicago	\$296.00	\$296.00	\$270.00
Philadelphia	280.00	300.00	265.00
Pittsburgh	290.00	310.00	260.00
Composite	\$289.33	\$302.67	\$265.00

MFG

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BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC

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STB FINANCE DOCKET NO. 35160

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OREGON INTERNATIONAL PORT OF COOS BAY  
– FEEDER LINE APPLICATION –  
LINE OF CENTRAL OREGON & PACIFIC RAILROAD  
BETWEEN DANEBO AND CORDES, OR

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UPDATE VERIFIED STATEMENT  
OF  
GENE A. DAVIS, P.E.

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Attachments<sup>1</sup>

B	Net Liquidation Value of Track Assets
C	Gross Liquidation Value of Track Assets
H	Track Material Unit Market Prices
P	October 16, 2008 American Metal Market Prices

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<sup>1</sup> These Attachments are updated based on newly available information. Other Attachments from my Supplemental Reply Verified Statement (September 30, 2008) remain unchanged.

BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC

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STB FINANCE DOCKET NO. 35160

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OREGON INTERNATIONAL PORT OF COOS BAY  
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**Update**

The Oregon International Port of Coos Bay (Port) previously asked R.L. Banks & Associates, Inc. (RLBA) to evaluate and determine the Net Liquidated Value (NLV) of the track assets owned by the Central Oregon & Pacific Railroad (CORP) on the Coos Bay rail line between Danebo (MP 652.11) and Cordes (MP 763.13) (hereinafter, the "Line"). My qualifications are found at Attachment N of my Reply Verified Statement, filed on September 12, 2008 with the Port's Reply in Docket 35160.

The Port recently asked me to provide an updated NLV figure for the Line based on current values for reroller, scrap rail and other track materials (OTM), as published in the index of the American Metals Market (AMM) because the market has returned closer to normal levels from the unprecedented price spikes experienced over the spring and summer, only part of which recovery was reflected in my September 30<sup>th</sup> testimony. In calculating the current NLV of the Line, I used the most recent AMM index prices available – these prices represent the closing prices on October 16, 2008. As in my previous Verified Statements, I have expressed AMM prices (which are given in gross tons in the price sheet at Attachment P) as net tons to remain consistent with relay material units of measure. Converting a price per gross ton to a price per net ton is accomplished by multiplying the gross ton price by 0.8929 because a gross ton is 2,240 pounds and a net ton is 2,000 pounds.

Virtually all other inputs to my current NLV calculation remain the same as those from my Supplemental Reply Verified Statement (SRVS, filed September 30, 2008 with the Port's Supplemental Reply). Hence, things such as the quantity of track assets, the classification

of track assets, the salvage costs and the relay steel values underlying this current NLV can be found in my SRVS.<sup>2</sup> The one additional change that resulted from using current scrap, reroller, and OTM values was an appropriate updating of the administrative and marketing expenses because two of the four expenses in this category are a percentage of the factors that make up the Gross Liquidation Value (GLV). Hence, the administrative and marketing expenses necessarily changed as a result of using current AMM values.

As described in this Update Verified Statement, the NLV of the track assets of the Line is now \$1,320,779 as seen in Attachment B.

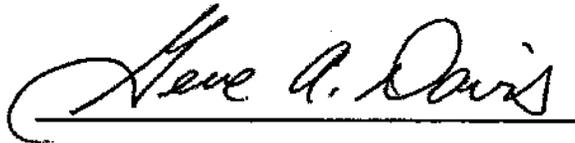
I have included four attachments with this Update Verified Statement. First is an updated Attachment B which provides the current NLV of the Line. Second, Attachment C provides a detailed explanation of the current GLV of the track assets before subtraction of salvage costs, restoration costs, transportation expense, costs associated with the removal of the Umpqua and Siuslaw River Bridges, and administrative and marketing expenses. Next, Attachment H illustrates the unit market prices of all materials, reflecting the unchanged relay material prices and the reduced AMM reroller, scrap rail and OTM prices in net tons. Lastly, Attachment P is a price sheet from the AMM showing the reroller, scrap rail and OTM steel prices as of the close of business, October 16, 2008. All other supporting data can be found in the attachments to my SRVS dated September 30, 2008.

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<sup>2</sup> As I previously pointed out, my physical inspection of the Line revealed that CORP has misclassified the weight of some of the rail it claims to own. Both L.B. Foster and Unitrac were given this information and L.B. Foster relied upon it in developing its NLV estimate. See my Reply Verified Statement at pages 18-19 for more detail.

**VERIFICATION**

I, Gene A. Davis, P.E., verify under penalty of perjury that the foregoing is true and correct based on my knowledge, information, and belief. Further, I certify that I am qualified and authorized to file this Update Verified Statement in Finance Docket No. 35160.

A handwritten signature in cursive script that reads "Gene A. Davis". The signature is written in black ink and is positioned above a solid horizontal line.

Gene A. Davis, P.E.

Dated, October 17, 2008

BEFORE THE  
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WASHINGTON, DC

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OREGON INTERNATIONAL PORT OF COOS BAY  
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BETWEEN DANEBO AND CORDES, OR

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UPDATE VERIFIED STATEMENT  
OF  
GENE A. DAVIS, P.E.

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ATTACHMENT B

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Attachment B  
 Net Liquidation Value of Track Assets  
 Of the Central Oregon & Pacific Railroad - Coos Bay Branch  
 Between Danebo and Cordes, Oregon  
 Revised As of October 16, 2008

	Unit(s)	Unit Cost	Total	Grand Total
Track Nominal Value:				
Relay Railroad Materials			\$9,002,800	
Scrap and Reroll Materials (net of transportation)			5,461,300	
Ties and Non-steel Materials			<u>1,270,900</u>	
Gross Liquidation Value				\$15,735,000
Preparation Cost Adjustments:				
Rail & OTM Removal - Fit (miles)	12.4	\$14,000	(173,000)	
Rail & OTM Removal - Scrap (miles)	104.3	12,000	(1,251,700)	
Turnout Removal - Fit (each)	27	500	(13,500)	
Turnout Removal - Scrap (each)	14	400	<u>(5,600)</u>	
Total Adjustments				(1,443,800)
Restoration Cost Adjustments:				
Permanent Tunnel Closure Expense	9	10,000	(90,000)	
Highway Crossing - Public (each)	33	2,000	(66,000)	
Highway Crossing - Private (each)	43	350	<u>(15,100)</u>	
Total Adjustments				(171,100)
Preliminary Track Liquidation Value				<u>\$14,120,100</u>
Transportation Expense				
Relay Steel Materials - To Chicago, IL	169	5,745	(970,900)	
Scrap Steel Materials - To Chicago, IL	236	5,745	(1,355,800)	
Administrative and Marketing Expense				
Yard Costs				
Job Fee				
Cost of Money				
Profit				
Total Estimated Expense				(5,040,921)
<b>Net Liquidation Value before Bridge Removal Cost</b>				<u>\$9,079,179</u>
Bridge Removal Cost (Siuslaw and Umpqua Rivers)			(7,758,400)	
<b>Net Liquidation Value</b>				<b>\$1,320,779</b>

Source: Attachment C; RLBA estimate.

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SURFACE TRANSPORTATION BOARD  
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OREGON INTERNATIONAL PORT OF COOS BAY  
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UPDATE VERIFIED STATEMENT  
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ATTACHMENT C

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Attachment C  
Gross Liquidation Value of Track Assets  
Of the Central Oregon & Pacific Railroad - Coos Bay Branch  
Between Danebo and Cordes, Oregon  
Revised As of October 16, 2008

Fit	Miles		Description	Condition	Quantity per mile	Re-Useable				Scrap and Reroll			Grand Total (a+b)
	Scrap	Total				Percent	Unit Value	Value (e)	Percent	Unit	Total Value (b)		
1.57			RAIL: 136 RE CWR	Fit #2	239.4	Ton	376	97 %	\$969	\$353,300			\$353,300
0.35			136 RE	Fit #2	239.4	Ton	84	97	969	78,800			78,800
	7.20		136 RE	Reroll	239.4	Ton	1,724				\$411,300		411,300
	0.48		136 RE	Scrap	239.4	Ton	115				21,000		21,000
1.34			132 RE CWR	Fit #2	232.3	Ton	311	97	969	292,100			292,100
1.33			132 RE	Fit #2	232.3	Ton	309	97	969	290,400			290,400
	10.01		132 RE	Reroll	232.3	Ton	2,324				554,600		554,600
	0.67		132 RE	Scrap	232.3	Ton	155				28,300		28,300
	0.20		131 RE	Reroll	230.6	Ton	46				11,000		11,000
	0.05		131 RE	Scrap	230.6	Ton	12				2,100		2,100
	0.16		130 RE	Reroll	228.8	Ton	37				8,700		8,700
	0.04		130 RE	Scrap	228.8	Ton	9				1,700		1,700
0.47			115 RE CWR	Fit #1	202.4	Ton	96	97	1125	104,900			104,900
0.24			115 RE CWR	Fit #2	202.4	Ton	48	97	1,028	47,900			47,900
	0.14		115 RE	Reroll	202.4	Ton	29				6,900		6,900
	0.09		115 RE	Scrap	202.4	Ton	19				3,500		3,500
	38.82		113 HF (J & CWR)	Reroll	198.9	Ton	7,722				1,842,600		1,842,600
	9.71		113 HF	Scrap	198.9	Ton	1,931				352,100		352,100
0.83			112 RE CWR	Fit #2	197.1	Ton	164	97	1,023	162,300			162,300
6.23			112 RE	Fit #2	197.1	Ton	1,228	97	1,023	1,218,500			1,218,500
	26.80		112 RE	Reroll	197.1	Ton	5,281				1,260,200		1,260,200
	1.85		112 RE	Scrap	197.1	Ton	364				66,300		66,300
	2.44		110 RE	Reroll	193.6	Ton	472				112,700		112,700
	0.61		110 RE	Scrap	193.6	Ton	118				21,500		21,500
	3.51		90 RA	Reroll	158.4	Ton	555				132,500		132,500
	0.88		90 RA	Scrap	158.4	Ton	139				25,300		25,300
	0.54		85 Assorted	Reroll	149.6	Ton	80				19,100		19,100
	0.13		85 Assorted	Scrap	149.6	Ton	20				3,700		3,700
12.36	104.31		TOTAL RAIL							\$2,548,200			\$4,885,100
													\$7,433,300

Attachment C  
Gross Liquidation Value of Track Assets  
Of the Central Oregon & Pacific Railroad - Coos Bay Branch  
Between Danebo and Cordes, Oregon  
Revised As of October 16, 2008

Miles	Fit		Scrap	Description	Condition	Quantity per mile	Unit	Total	Re-Useable		Value (a)	Percent	Scrap and Reroll			
	Fit	Scrap							Percent	Value			Unit	Total (b)	Value (a+b)	
12.36	104.31			Ties	Relay	Each	3,168	369,618	17	%	\$13,000	53	246	\$6.00	\$807,700	
12.36	104.31			Ties	Landscape	Each	3,168	369,618				30	(6.50)	\$1,181,700	1,181,700	
12.36	104.31			Ties	Scrap	Each	3,168	369,618						(718,500)	(718,500)	
4.59	18.60			Tie Plates 7 3/4 -14 DS	Relay	Each	6,336	146,932	97	9.98	1,421,700			1,421,700	1,421,700	
7.77	29.08			Tie Plates 7 1/2 -13 DS	Relay	Each	6,336	233,482	97	9.50	2,151,500			2,151,500	2,151,500	
0.00	48.53			Tie Plates 7 1/2 -12 DS	Relay	Each	6,336	307,486	97	8.88	2,647,100			2,647,100	2,647,100	
0.00	3.05			Tie Plates 7 1/2 -11 SS	Scrap	Ton	71.1	217				97	246	51,800	51,800	
0.00	4.38			Tie Plates 90# SS	Scrap	Ton	53.1	233				97	246	55,500	55,500	
0.00	0.67			Tie Plates 85# SS	Scrap	Ton	53.1	36				97	246	8,500	8,500	
1.13				Jt. Bars 136#	Relay	Pair	271	307	97	56.00	16,700			16,700	16,700	
2.00				Jt. Bars 132#	Relay	Pair	271	541	97	56.00	29,400			29,400	29,400	
0.36				Jt. Bars 115#	Relay	Pair	271	96	97	55.00	5,100			5,100	5,100	
6.65				Jt. Bars 112#	Relay	Pair	271	1,799	97	55.00	96,000			96,000	96,000	
	5.67			Jt. Bars 136#	Scrap	Ton	10.5	60				95	246	13,900	13,900	
	10.00			Jt. Bars 132#	Scrap	Ton	10.5	105				95	246	24,600	24,600	
	0.25			Jt. Bars 131#	Scrap	Ton	10.5	3				95	246	600	600	
	0.20			Jt. Bars 130#	Scrap	Ton	9.5	2				95	246	400	400	
	0.12			Jt. Bars 115#	Scrap	Ton	9.5	1				95	246	300	300	
	40.06			Jt. Bars 113#	Scrap	Ton	9.5	382				95	246	89,200	89,200	
	33.23			Jt. Bars 112#	Scrap	Ton	9.5	316				95	246	74,000	74,000	
	3.05			Jt. Bars 110#	Scrap	Ton	9.5	29				95	246	6,800	6,800	
	4.38			Jt. Bars 90#	Scrap	Ton	8.9	39				95	246	9,100	9,100	
	0.67			Jt. Bars 85#	Scrap	Ton	6.9	5				95	246	1,100	1,100	
12.36				Rail Anchors	Relay	Each	2,978	36,815	50	1.07	19,600			19,600	19,600	
	104.31			Rail Anchors	Scrap	Ton	3.7	391				80	246	77,000	77,000	
12.36	104.31			Spikes	Scrap	Ton	5.1	591				80	246	116,200	116,200	
12.36	104.31			Bolts & Washers	Scrap	Ton	1.4	165				80	246	32,500	32,500	
				<b>TOTAL OTHER TRACK MATERIAL</b>												
											<u>\$7,194,800</u>			<u>\$1,024,700</u>	<u>\$8,219,500</u>	
				<b>TURNOUTS:</b>												
	27			Fit Turnouts	Fit	Each	1	27	100	%	\$2,500			\$217	\$67,500	
	14			Scrap Turnouts	Scrap	Ton	5	70						\$14,700	14,700	
	27	14	14	<b>TOTAL TURNOUTS</b>							<u>\$67,500</u>			<u>\$14,700</u>	<u>\$82,200</u>	
				<b>GRAND TOTAL</b>							\$9,810,500			\$5,924,500	\$15,735,000	

Notes: Dollar amounts are rounded to the nearest hundred; tons to the nearest tenth; units to the nearest integer. Minor rounding errors due to significant digits (two versus three).  
136, 132, 115, 113 AND 112 pound CWR is assumed to have fifty percent of the joint bars as regular jointed rail as most CWR is actually two 39 foot sticks welded together.

Source: Vendors, and RLBA estimates.

BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC

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STB FINANCE DOCKET NO. 35160

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OREGON INTERNATIONAL PORT OF COOS BAY  
– FEEDER LINE APPLICATION –  
LINE OF CENTRAL OREGON & PACIFIC RAILROAD  
BETWEEN DANEBO AND CORDES, OR

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UPDATE VERIFIED STATEMENT  
OF  
GENE A. DAVIS, P.E.

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ATTACHMENT H

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Attachment H  
Track Material Unit Market Prices  
Central Oregon & Pacific Railroad - Coos Bay Branch  
Revised As of October 16, 2008

	Unit Prices Per		Comments
	Component	Net Tons	
<b>Steel (Rail)</b>			
Rail 136 pound per yard, Jointed, Fit #2	\$969	Average of Menard's and A&K Materials	9/25/2008
Rail 136 pound per yard, CWR, Fit #2	969	Average of Menard's and A&K Materials	9/25/2008
Rail 132 pound per yard, Jointed, Fit #2	969	Average of Menard's and A&K Materials	9/25/2008
Rail 132 pound per yard, CWR, Fit #2	969	Average of Menard's and A&K Materials	9/25/2008
Rail 115 pound per yard, CWR, Fit #1	1,125	Average of Menard's and A&K Materials	9/25/2008
Rail 115 pound per yard, CWR, Fit #2	1,028	Average of Menard's and A&K Materials	9/25/2008
Rail 112 pound per yard, Jointed, Fit #2	1,023	Average of Menard's and A&K Materials	9/25/2008
Rail 112 pound per yard, CWR, Fit #2	1,023	Average of Menard's and A&K Materials	9/25/2008
Rail Reroll*	246	AMM	10/16/2008
Rail Scrap*	188	AMM	10/16/2008
<b>Steel (OTM)</b>			
Scrap OTM*	246	AMM	10/16/2008
Tie Plates, D/S, 14" long, Fit	\$9.98	Average of Menard's and A&K Materials	9/25/2008
Tie Plates, D/S, 13" long, Fit	9.50	Average of Menard's and A&K Materials	9/25/2008
Tie Plates, D/S, 12" long, Fit	8.88	Average of Menard's and A&K Materials	9/25/2008
Joint Bars, 136/132/131 pound per yard, Fit	56.00	Average of Menard's and A&K Materials	9/25/2008
Joint Bars, 115/112 pound per yard, Fit	55.00	Average of Menard's and A&K Materials	9/25/2008
Anchors, Fit	1.07	Average of Menard's and A&K Materials	9/25/2008
<b>Timber (Ties)</b>			
Relay (ea)	13.00	Menard's	9/25/2008
Landscape (ea)	6.00	Menard's	9/25/2008
Scrap (ea)	(6.50)	Menard's	9/25/2008

Source: American Metal Market, Menard's Railroad Materials and A&K Railroad Materials.

- Notes: 1) \* = Converted from AMM gross ton delivered price to price per net ton for consistency.  
2) Relay and landscape ties include sorting and handling

BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC

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STB FINANCE DOCKET NO. 35160

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OREGON INTERNATIONAL PORT OF COOS BAY  
– FEEDER LINE APPLICATION –  
LINE OF CENTRAL OREGON & PACIFIC RAILROAD  
BETWEEN DANEBO AND CORDES, OR

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UPDATE VERIFIED STATEMENT  
OF  
GENE A. DAVIS, P.E.

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ATTACHMENT P

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# AMM SCRAP IRON AND STEEL PRICES

Prices assessed on Thursday, October 16, 2008

## CONSUMER BUYING PRICES

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

	Stratford	Carrollton	Chicago	Cleveland	Detroit	Houston	N.Y.	Philly	Pittsburgh	Seattle/Portland	St. Louis	Youngstown	Hampton, Outside	Milwauk
<b>NO. 1 HEAVY MELT</b>	200	200	200	200	200	200	200	200	200	200	200	200	200	200
No. 2 heavy melt	140	130	163	160	165	165	200	178	182	138-141	140(a)	210	---	100
No. 1 bundles	200	200	200	200	200	200	200	200	200	200	200	200	200	200
No. 2 bundles	150	100	155	---	---	100	---	100	175	120-122	---	165	---	NA
No. 1 factory bundles	---	---	NA	NA	NA	---	---	---	---	---	---	---	---	---
Structural mill scrap	220	210	220	---	---	---	---	---	---	---	---	---	---	---
MACHINERY SCRAP THICKNESS	180	90	130	180(a)	---	---	150	110	175	117-118	125	---	NA	75
Scraping bar scrap	---	---	---	180(a)	---	---	---	---	---	---	---	---	---	---
Cast iron borings	---	---	120	110(a)	---	---	---	---	---	---	150	---	---	---
Cast iron borings	---	---	---	---	---	---	---	---	---	---	---	---	---	---
<b>CUT STRUCTURAL PLATE, 2" MAX.</b>	NA	215	250(b)	---	---	190	---	200	---	---	---	---	---	200
Cut structural plate, 5" max.	200	200	200	220	160	170	220	200	225	151-152	200	240	131	170
Flange scrap, 2" max.	200	200	200	200	200	200	200	200	200	200	200	200	200	200
CORCOIL EAST	320	180	300	300	300	415	210	220	340	---	---	---	---	285
Castable cast	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Unstripped motor blocks	200	270	370	275	280	430	---	1100	275	---	---	---	---	---
Heavy breakable cast	200	270	310	175	---	---	---	---	---	---	---	---	---	---
Drop forges machinery cast	---	330	420	350	350	---	---	300	300	255	---	---	350	310
NO. 2 HEAVY MELT	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Rail cross, 2" max.	---	270	275(a)	290	---	---	---	300	320	---	---	---	---	---
Flange scrap	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Steel car wheels	300	300	215(a)	---	---	---	---	300	300	---	---	---	---	---
Heavy machinery cast	---	---	---	---	---	---	---	---	---	---	---	---	---	---
<b>CLEAN WASHED DOMESTIC CANS</b>	---	---	225	190	200	---	---	150	170	---	---	---	---	---
(a) Appraisal price	---	---	---	---	---	---	---	---	---	---	---	---	---	---
NA - Not available	---	---	---	---	---	---	---	---	---	---	---	---	---	---
(b) Confirmed quantity in lot ton	---	---	---	---	---	---	---	---	---	---	---	---	---	---

## STAINLESS STEEL SCRAP

	Boston	Buffalo	Chicago	Cleveland	Detroit	Houston	L.A.	N.Y.	Pittsburgh	S.F.	Milwauk
<b>NO. 1 HEAVY MELT PRICES (a,b)</b>	---	---	---	---	---	---	---	---	---	---	---
316 solids, clips	74-75	74-75	75-76	75-76	75-76	75-76	74-75	75-76	75-76	74-75	64-66
304 solids, clips	20-21	20-21	21-22	21-22	21-22	21-22	21-22	21-22	21-22	21-22	19-20
304 turnings	16-17	16-17	17-18	17-18	17-18	17-18	16-17	17-18	17-18	16-17	14-15
430 new clips	---	---	21-22	21-22	21-22	21-22	21-22	21-22	21-22	21-22	19-20
430 new clips	7.0-7.5	---	7.5-8.0	7.5-8.0	7.5-8.0	---	---	7.5-8.0	7.5-8.0	---	---
<b>NO. 2 HEAVY MELT PRICES (a,b)</b>	---	---	---	---	---	---	---	---	---	---	---
316 solids, clips	---	---	1,900-1,950	1,900-1,950	1,900-1,950	1,900-1,950	---	1,900-1,950	1,900-1,950	---	---
304 solids, clips	---	---	550-550	550-550	550-550	550-550	---	550-550	550-550	---	---
304 turnings	---	---	550-575	550-575	550-575	550-575	---	550-575	550-575	---	---
430 turnings	---	---	200-200	200-200	200-200	200-200	---	200-200	200-200	---	---
430 turnings	---	---	230-240	---	---	---	---	230-240	230-240	---	---
409 turnings	---	---	160-160	---	---	---	---	160-160	160-160	---	---
409 turnings	---	---	125-135	---	150-160	---	---	---	125-135	---	---
(a) Confirmed quantity	---	---	---	---	---	---	---	---	---	---	---

## EXPORT YARD BUYING PRICES

Estimated prices an export dealer, broker or processor will pay for tons delivered to his yard, in US\$ gross ton.

	Boston	L.A.	N.Y.	Philly	S.F.
No. 1 heavy melt	190	110	90	110	110
No. 2 heavy melt	90	160	80	117	100
No. 1 bundles	105	160	100	150(a)	---
Mixed cast	165	---	95	130	---
Unstripped motor blocks	---	---	---	---	---
Auto bodies	80	140	160	100	95
Cut structural plate, 2" max.	---	---	---	---	---
<b>STAINLESS STEEL SCRAP PRICES (a,b)</b>	---	---	---	---	---
304 turnings	---	550-575	550-575	550-575	550-575
430 turnings	---	---	---	---	---
(a) Appraisal price	---	---	---	---	---

## BROKER BUYING PRICES

Estimated prices in US\$ gross ton, f.o.b. car\*

	Atlanta	Boston	Buffalo	Cincinnati	Detroit
<b>NO. 1 HEAVY MELT</b>	190	190	190	120	110
No. 2 heavy melt	180	140	150	110	---
No. 1 bundles	200	200	200	150	100
No. 2 bundles	180	100	100	160	100
Mixed breakable cast	230	220	220	155	200
Structural mill scrap	210	200	200	215	200
MACHINERY SCRAP THICKNESS	---	---	---	---	---
Scraping bar scrap	---	150	80	160	75
Cast iron borings	---	---	---	---	---
Mixed borings, turnings	---	---	50	---	60
CORCOIL EAST	---	---	---	---	---
Cut structural plate, 5" max.	200	---	200	180	150
Cast iron borings	---	---	---	---	---
Clean auto cast	---	---	---	300	530
Unstripped motor blocks	---	---	---	---	---
Heavy breakable cast	---	---	150	---	430
Drop forges machinery cast	---	---	---	---	---
Rail cross, 2" max.	---	---	---	---	---
Flange scrap	---	---	---	---	---

\*F.o.b. (line on board at the shipping point) from dealer to broker where freight rate is absorbed by broker; freight rates based on single-car shipments.

**Scrap Price Changes Today**

Ferrous scrap price changes were made for these cities: Boston, Buffalo, Chicago, Cleveland, Detroit, Houston, Los Angeles, New York, Philadelphia, Pittsburgh, San Francisco, Milwaukee

## STAINLESS CONSUMER BUYING PRICES

	(\$ gross ton) Pittsburgh
316 solids, clips	2,000-2,050
304 solids, clips	1,700-1,725
304 turnings	1,500-1,550
430 bundles, solids	550-555
409 bundles, solids	1,700-1,700
409 bundles, coils	450-470
409 turnings	200-200

## ADDITIONAL GRADES

Electric furnace, 3" max.	250
Save plate	500
No. 1 industrial heavy melt	245
Rolling rails	485
Heavy large bar crops	300
Punching and plate, 12" max.	500
No. 16 bundles	280