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March 17, 2017

By E-Filing

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Re: Docket No. FD 36005, *KCVN, LLC and Colorado Pacific Railroad, LLC – Feeder Line Application – Line of V and S Railway, LLC, Located in Crowley, Pueblo, Otero, and Kiowa Counties, Colorado*

Dear Ms. Brown:

Accompanying this letter for e-filing in the referenced docket is Applicants' Supplemental Pricing Information submitted in response to the Decision served in this proceeding on March 3, 2017. Because this filing contains some data that is designated as HIGHLY CONFIDENTIAL pursuant to the Protective Order instituted in this proceeding, Applicants are e-filing a Public Version and a version to be filed under seal. A USB drive with the work papers of Mr. Gerald W. Fauth III will also be submitted via hand delivery to the Board today.

Do not hesitate to contact the undersigned with any questions or if you need additional information.

Sincerely,

Thomas W. Wilcox

Thomas W. Wilcox
Attorney for KCVN, LLC and Colorado Pacific Railroad, LLC

PUBLIC VERSION

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 36005

KCVN, LLC AND COLORADO PACIFIC RAILROAD, LLC – FEEDER LINE APPLICATION – LINE OF V AND S RAILWAY, LLC, LOCATED IN CROWLEY, PUEBLO, OTERO, AND KIOWA COUNTIES, COLORADO

APPLICANTS' SUPPLEMENTAL PRICING INFORMATION

The Applicants in this proceeding, KCVN, LLC ("KCVN") and Colorado Pacific Railroad, LLC ("CPRR")(together "Applicants"), hereby submit the supplemental pricing and other information requested by the Board in the Decision served in this case on March 3, 2017 ("*March 3 Decision*"). In that decision, the Board asked Applicants to submit "the wholesale prices (rather than the retail prices) for the materials [making up the 121.9 mile Towner Line at issue in this feeder line proceeding] as they are classified and inventoried by [V and S Railway, LLC ("V&S")]." *March 3 Decision* at 1. The Board further stated that Applicants:

1. May use prices from whatever source they see fit, but shall identify the source or sources of that data and explain the reasons why they were selected;

2. Should state whether the data source includes a deduction for the cost of "removing the materials and transporting them to the wholesale purchaser;"

3. Should, if removal and transportation costs are not included, calculate those costs and deduct them from the Gross Salvage Value derived from the wholesale prices;

4. May, to the extent the updated removal and transportation costs result in changes to other costs included in the Gross Salvage Value, recalculate and deduct those costs; and
5. Should calculate an updated Net Liquidation Value ("NLV") for the Towner Line materials based on the updated wholesale price data and related calculations.

The requested wholesale pricing data and other information are set forth in detail in the attached Supplemental Verified Statement of Gerald W. Fauth III ("Fauth S.V.S."), and the attached Supplemental Verified Statement of Thomas D. Crowley and Daniel L. Fapp ("Crowley/Fapp S.V.S."). As a general overview, Applicants state the following:

A. Track Materials Classifications and Inventory

As instructed by the Board, Applicants have applied wholesale prices to the Towner Line track materials "as they are classified and inventoried by V&S," and Mr. Fauth has calculated a revised NLV using those parameters. However, Applicants continue to strongly disagree with V&S's classification of nearly 93% of the materials comprising the Towner Line as "relay rail" quality, for all of the reasons set forth in their Application and their Reply to Comments of V and S Railway, LLC, submitted on September 27, 2016. V&S's classification of nearly all of the rail assets of the Towner Line as relay rail quality is simply not supported or justified by the best evidence of record. Accordingly, while Applicants have complied with the Board's instructions to utilize V&S's classification and inventory, they have also taken the liberty of submitting with this filing a recalculation of the NLV Applicants submitted in their Reply filing, applying wholesale prices to V&S's inventory and Applicants' track classifications.

B. The Sources of Wholesale Price Data Utilized by Applicants Include Such Data That is Already in the Record, Which has been Updated for this Filing

Applicants respectfully submit that, while it is not explicitly identified as "wholesale pricing" in their September 27 Reply filing, such data is included in that filing that is responsive

to the Board's requests in the *March 3 Decision*. Wholesale prices are what market participants will pay to purchase the "first sale" of a bulk amount of rail material, with the aim of reselling the material to customers at a retail mark up for their specific uses, such as rail construction. Such pricing data is included in the Reply Verified Statement of Mssrs. Crowley and Fapp, included as Exhibit F to Applicants' reply submittal ("Crowley/Fapp R.V.S."). More specifically, Mssrs. Crowley and Fapp canvassed numerous bulk purchasers of used rail track and scrap rail for the prices they would pay to purchase bulk supplies of track material, as well as for the prices they would resell such materials for. This process is described in the Crowley/Fapp Reply R.V.S. at pages 8-14. Exhibit No. 5 of the Crowley/Fapp R.V.S. summarizes the wholesale prices such companies stated they would pay for rail and other track materials of various railroad track classifications in the volumes produced by the Towner Line.

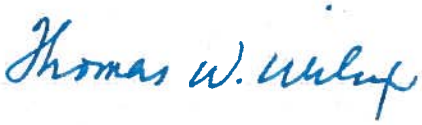
Applicants believe that the pricing data in Exhibit No. 5 to the Crowley/Fapp V.S. is current enough to be responsive to the Board's request for wholesale pricing data in the *March 3 Decision*. However, in response to the *March 3 Decision*, Applicants asked Mssrs. Crowley and Fapp to attempt to update the previously submitted wholesale price information. This process and the results of the follow up inquiry are summarized in their Supplemental Verified Statement. In summary, their follow up inquiries resulted in Applicants obtaining additional wholesale pricing data for rail, track and other materials that is consistent with the pricing data summarized in Crowley/Fapp R.V.S. Exhibit 5. The wholesale pricing data previously provided, as updated by this supplemental filing, reasonably represents the wholesale prices that would be paid for the Towner Line track and other materials, and is therefore responsive to the Board's request in its *March 3, Decision*. Consequently, this updated wholesale pricing data has been utilized by Mr. Fauth in his preparation of restated NLVs for the Towner Line.

C. Revised NLVs Using Wholesale Pricing Data

In compliance with the Board's direction in the *March 3 Decision*, Mr. Fauth has prepared revised NLV calculations utilizing the updated wholesale pricing data obtained by Mssrs. Crowley and Fapp, which calculations are presented in his Supplemental Verified Statement and exhibits thereto. These wholesale prices obtained by Applicants' consultants do not include a deduction for removal and transportation costs to the wholesale purchaser. Crowley/Fapp S.V.S. at 2. Mr. Fauth has accordingly prepared an estimate of the removal and transportation costs and deducted them from the Gross Salvage Value calculated using wholesale prices. Mr. Fauth has also adjusted the NLV calculations to factor in changes to certain other costs resulting from the use of wholesale pricing as instructed by the Board. Fauth S.V.S. at 5-6, and Applicants' Supplemental Exhibit 1.

As stated above, Mr. Fauth has provided both (1) a revised NLV applying wholesale prices to the V&S's classification and inventory; and (2) a revised NLV applying wholesale prices to the V&S's inventory but Applicants' classification proposed in their Reply filing of September 27, 2016. As for the former, the NLV of the Towner Line calculated by Mr. Fauth using wholesale prices and V&S's classification and inventory is $5,522,518. The revised NLV calculated by Mr. Fauth using wholesale prices, V&S' inventory, and Applicants' classifications is $4,640,874. These calculations are summarized in the Fauth S.V.S. and set out in detail in Applicants' Supplemental Exhibit 1 attached thereto.

Respectfully submitted,



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March 17, 2017

PUBLIC VERSION

BEFORE THE

SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36005,
KCVN, LLC AND COLORADO PACIFIC RAILROAD, LLC
- FEEDER LINE APPLICATION -
LINE OF V AND S RAILWAY, LLC LOCATED IN
CROWLEY, PUEBLO, OTERO, AND KIOWA COUNTIES

SUPPLEMENTAL VERIFIED STATEMENT

OF

GERALD W. FAUTH III

My name is Gerald W. Fauth III. I am President of G. W. Fauth & Associates, Inc., ("GWF") an economic consulting firm with offices at 116 South Royal Street, Alexandria, Virginia 22314.

I am the same Gerald W. Fauth III who previously submitted verified testimony and evidence on behalf of KCVN, LLC ("KCVN") and Colorado Pacific Railroad, LLC ("CPRR") (Collectively "KCVN/CPRR" or "Applicants") in this Surface Transportation Board ("STB") "Feeder Line" proceeding. My prior testimony and evidence is included in: (1) Exhibit D to Applicants' March 18, 2016 Feeder Line Application to purchase the so-called "Towner Line" in southeastern Colorado, which is currently owned by V and S Railway, LLC ("V&S"); and (2) Exhibit E to Applicants' Reply to Comments of V&S, filed on September 27, 2016. My testimony has focused on the current Net Liquidation Value ("NLV") of the Towner Line based on the STB's standards and precedent.

On March 3, 2017, the STB issued a decision which directed the Applicants to file additional evidence concerning the NLV. Specifically, the STB requested information concerning "wholesale prices (rather than retail prices) for the materials as they are classified and inventoried by V&S." (Decision, page 1) The Decision further stated that Applicants could use wholesale prices "from whichever source (such as an index) they see fit, but shall identify the source or sources of that data and explain the reasons they were selected." (Id.) The STB also directed the Applicants to state whether the source or sources relied on for the wholesale prices used included a deduction for "the cost of removing the track materials and transporting them to the wholesale purchaser." (Id.) If no such deduction is present, the Board directed Applicants to calculate these costs and deduct them from the gross salvage value. In addition, to the extent removal and transportation costs resulted in changes to other costs, the Board stated Applicants could recalculate those costs. Finally, Applicants were directed to calculate a revised NLV.

In response to the Decision's directives, KCVN/CPRR asked me to recalculate the NLV of the Towner Line materials (as they are classified and inventoried by V&S) with wholesale prices for the materials and revised track removal, transportation and other costs. The details showing this recalculated NLV are included with this filing as Applicants' Supplemental Exhibit No.1. I have summarized this revised NLV calculation in the following table:

Table 1

Towner Line NLV with Wholesale Prices For
Materials as Classified and Inventoried By V&S
(March 2017)

Ln.	Item	Amount
1.	Gross Salvage Value	$11,900,526
2.	Removal and Liquidation Costs	$6,378,008
3.	Net Salvage Value (L.1 minus L.2)	$5,522,518
4.	Real Estate/Land Value	0
5.	**Net Liquidation Value (NLV) (L.3 plus L.4)**	**$5,522,518**

The source of the wholesale prices used in my revised NLV recalculation are wholesale prices for rail and track materials included in the Supplemental Verified Statement of Thomas D. Crowley and Daniel L. Fapp ("TDC/DLF") also submitted with Applicants' filing (see TDC/DLF Exhibit No.1). Specifically, Messrs. Crowley and Fapp obtained wholesale pricing data from four companies (Harmer Steel, Progress Rail, L. B. Foster and EVRAZ Rocky Mountain Steel) who, like V&S's parent company, A&K Railroad Materials, Inc. (A&K), buy and sell used railroad assets.

The pricing data includes the price that the company would pay to purchase the Towner Line assets in bulk. These purchase prices are, in fact, wholesale prices, since it is what the company would pay for the "first sale" of the materials on the Towner Line. Because these prices are wholesale prices from actual market participants, and because they are sufficiently current, being offered as recently as March 13, 2017, they are appropriate for use in regard to the data request and revised NLV analysis requested by the STB.

These wholesale prices are significantly lower than the retail prices used by V&S. For example, the majority of the rail on the 121.9-mile Towner Line is either older 115 lb. jointed rail (52.97 miles) or heavier 136 lb. CWR rail (51.83 miles). The following table compares V&S's retail prices with the wholesale prices included in TDC/DLF Exhibit No.1 for these two types of rail (115 lb. Jointed Relay #1 and 136 lb. CWR Relay #1):

Table 2

Comparison of V&S Retail Prices with TDC/DLF Wholesale Prices

Item	115 lb. Jointed Relay #1	136 lb. CWR Relay #1
V&S Retail Price Per Ton	$	$
TDC/DLF Wholesale Prices Per Ton		
Harmer Steel Progress Rail L.B. Foster Average	$350.00 $350.00 $250.00 $316.67	$280.00 $300.00 $250.00 $276.67

As can be seen, TDC/DLF Exhibit 1 indicates that the estimated March 13, 2017 wholesale prices for 115 lb. jointed relay #1 rail and 136 lb. CWR relay #1 are less of V&S's retail price of $ per ton.

The TDC/DLF wholesale prices are also lower than the prices reflected in the NLV calculation included in my Reply Verified Statement. In order to be very conservative, for 136 lb. CWR, I utilized a retail price of $480 per ton, which was developed based on an average of the unadjusted retail prices reflected in TDC/DLF Exhibit No. 4 ($385 and $575 per ton).[1]

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[1] I did not apply a retail price to the older and lighter 115 lb. jointed rail and the other rail sizes, since, based on my inspections and measurements of the rail, I do not believe that would be considered as relay quality rail.

In accordance with the Board's instructions in the March 3 Decision, I utilized the inventory and classifications developed by V&S and the wholesale prices listed in TDC/DLF Exhibit No. 1. However, for rail classified by V&S as Relay #2 or Relay #3 rail, I applied the wholesale scrap value of $190 per ton because it was either (1) higher than the average relay value (i.e., $170 per ton for 132 lb. CWR Relay #3, 113 lb. CWR Relay #2 and 112 lb. Jointed Relay #3); or (2) would produce a higher net value after accounting for administrative, marketing and transportation costs (i.e., $206.67 per ton for 136 lb. CWR Relay #2 and $216.67 Jointed Relay #2). In other words, the economics would effectively reclassify Relay #2 and #3 as scrap.

I revised other NLV calculations as necessary. For example, administrative and marketing costs were based on a percentage of the gross relay and scrap values and thus these costs are impacted by changes in the gross salvage value from using wholesale prices.

It was also necessary to revise the transportation costs. For the development of the transportation cost, I assumed that all the relay rail would be shipped to Chowchilla, CA. Union Pacific Railroad Company ("UP") serves both Avondale, CO and Chowchilla, CA. Harmer Steel and L.B. Foster have facilities near Chowchilla. I have assumed that all the reroll and scrap would be shipped by rail to EVRAZ Rocky Mountain Steel's facility in Pueblo, CO at a rate of $ per car.

In order to estimate a railroad rate to Chowchilla, I attempted to obtain a published rate via UP's website, but was unable to obtain an applicable rate for such movements. STB's Public Waybill Sample (PWS) data could be a possible source for comparable rates, but, since the PWS does not identify STCC codes higher than a 5-digit basis and does not identify the individual railroads involved in the movements, it would be very difficult to determine comparable rate levels.

Therefore, in order to estimate the rate level to Chowchilla, I utilized the STB's URCS data for UP. I estimate that UP's rail distance from N.A. Junction, CO to Chowchilla, CA is approximately 1,566 miles. Using this distance and an average load of 92 tons per car, I utilized the STB's URCS Phase III Costing system with 2014 UP URCS data (which is the most current URCS data available) and determined that that the average URCS variable cost for a multiple car movement to Chowchilla would be $4,055.08 per carload. I applied a mark-up of 180% (the STB's jurisdictional threshold) and developed a rate of $7,300 per car, which I applied to movements of relay rail and relay OTM to Chowchilla. For scrap movements to Pueblo, I utilized V&S's estimated rate of $ per car.

V&S valued relay ties at $ per tie, landscape ties at $ per tie and scrap ties at $ per tie. Based on these prices, V&S estimated that the ties had a gross liquidation value of $. For the valuation of railroad ties, the STB's NLV methodology assumes that:

> . . . All ties are removed by the same process and at the same time, with the exact quality of the ties not even determined until after removal. Accordingly, the Board values ties as a single asset category although it does value particular ties differently depending on whether they are relay, scrap or landscape. See Fillmore Western Ry. Co.—Abandonment Exemption—In Fillmore County, NE, AB-492 (Sub-No. 2X), slip op. at 12 app. (STB served Oct. 31, 2001); Caddo Antoine at 15 app. C. But the agency has not permitted removal costs, no matter how great, to reduce the value of ties overall below zero in an OFA or feeder line case.[2]

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[2] See, for example, STB Finance Docket No. 35160, Oregon International Port off Coos Bay—Feeder Line Application—Coos Bay Line Of The Central Oregon & Pacific Railroad, Inc., served March 12, 2009, page 4.

V&S did not separately develop the costs associated the removing the ties (as required by the STB), nor did V&S properly account for transporting and disposing of the scrap ties. In my development, I included a cost of $2 per tie for tie removal, which I consider conservative. Based on V&S's total tie inventory of ties, the tie removal cost would be $. Assuming each tie weights approximately 200 lbs. and would be shipped to Pueblo at rate of $ per car, the total transportation cost would add $ or approximately $ per ton. TDC/DLF Exhibit No. 1 indicates that the average cost to dispose of scrap ties would cost $17.50 per tie, which equates to $ as applied to the ties classified as scrap by V&S. As a result, even utilizing V&S overstated valuation of $, the total net tie value would be $0, which is shown in the following table:

Table 3

V&S's Adjusted Tie Value

Item	Amount
V&S Tie Gross Salvage Value	
Estimated Tie Removal Cost ($2 per tie)	
Administrative and Marketing Cost (10%)	
Tie Transportation Costs ($1,800 per car)	
Scrap Tie Disposal Cost (-$17.50 per scrap tie)	
Total Net Tie Value	

I have restated the NLV based on the average wholesale tie values included in TDC/DLF Exhibit No. 1: $11 per tie for relay (V&S used $ per tie) and $1 per tie for landscape ties (V&S used $ per tie). I have also applied the average disposal cost of $17.50. Based on these values, the net tie value would be negative and thus the tie gross salvage values, tie removal cost, tie marketing and administrative costs and tie transportation cost have been set at $0 in my restatement.

As requested, the restated NLV value summarized in Table 1 reflects the classification and inventory developed by V&S. In my Reply Verified Statement, I accepted the inventory developed by V&S. However, I strongly disagreed with V&S's classification of nearly all of the assets (*e.g.* 93% of the rail) making up the Towner Line as relay rail quality. As I indicated, most of the 115 lb. and 112 lb. jointed rail on the Towner Line is now nearly 70 years old and has significant head wear. It is unreasonable to assume that this nearly 70 year old rail could command high relay rail prices. I also determined that much of 136 lb. CWR (28.35 miles or 6,786 tons) is likely not suitable for relay based either the wear of the rail around NA Junction (which had 1/4 to 3/8" head wear) or the fact that in 2014 V&S started removing spikes and tie plates from over a 22-mile section of 136 lb. CWR. Left unsupported for over two years with the removal of spikes and overall poor tie condition, the 136 lb. CWR could have easily been damaged because of the severe temperature swings from the summer to winter months.

Consequently, at the request of KCVN/CPRR, I have also provided with this Supplemental Verified Statement a restated NLV using the inventory developed by V&S, the asset classifications utilized in my Reply Verified Statement and the wholesale prices included in TDC/DLF Exhibit No.1.

The details showing this recalculated NLV are also included with this filing as Applicants' Supplemental Exhibit No.1. I have summarized this revised NLV calculation in the following table:

Table 4

Towner Line NLV with Wholesale Prices For Materials as Inventoried By V&S and Classified By KCVN/CPRR (March 2017)

Ln.	Item	Amount
1.	Gross Salvage Value	$9,331,071
2.	Removal and Liquidation Costs	$4,690,197
3.	Net Salvage Value (L.1 minus L.2)	$4,640,874
4.	Real Estate/Land Value	$0
5.	**Net Liquidation Value (NLV) (L.3 plus L.4)**	**$4,640,874**

Verification

I, Gerald W. Fauth III, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to sponsor this Verified Statement.

Executed March 17, 2017.

Gerald W. Fauth III

PUBLIC VERSION

STB Docket No. FD 36005
Applicant's Restatement of Net Liquidation Value

Ln.	Item	V&S With Wholesale Prices 1/	KCVN/CPRR With Wholesale Prices 2/
1	**Inventory:**	V&S (RLBA)	V&S (RLBA)
2	**Classification:**	V&S (RLBA)	KCVN/CPRR (GWF)
3	**Wholesale Prices:**	KCVN/CPRR (TDC/DLF)	KCVN/CPRR (TDC/DLF)
4	Rail - Relay #1	$6,608,002	$1,509,788
5	Rail - Relay #2 or #3	$733,210	$0
6	Rail - Reroll	$0	$4,161,950
7	Rail - Scrap	$366,320	$146,110
8	**Rail - Total (L.4+L.5+L.6+L.7)**	**$7,707,532**	**$5,817,848**
9	OTM - Relay	$3,919,082	$1,485,113
10	OTM - Scrap	$211,880	$1,972,360
11	**OTM - Total (L.8+L.9)**	**$4,130,962**	**$3,457,473**
12	Turnouts - Relay	$51,750	$31,500
13	Turnouts - Scrap	$10,282	$24,250
14	**Turnouts - Total (L.12+L.13)**	**$62,032**	**$55,750**
15	Ties - Relay	$673,563	$103,643
16	Ties - Landscape	$349,904	$268,432
17	Ties - Scrap	($459,253)	($2,791,703)
18	**Ties - Total 3/**	**$0**	**$0**
19	**Total Gross Salvage Value (L.8+L.11+L.14+L.18)**	**$11,900,526**	**$9,331,071**
20	Relay Rail & OTM Removal Cost	$1,676,000	$376,000
21	Scrap Rail & OTM Removal Cost	$462,675	$1,722,050
22	**Total Rail & OTM Removal Cost (L.20+L.21)**	**$2,138,675**	**$2,098,050**
23	Relay Turnout Removal Cost	$18,400	$11,200
24	Scrap Turnout Removal Cost	$3,500	$8,000
25	**Total Turnout Removal Cost (L.23+L.24)**	**$21,900**	**$19,200**
26	Tie Removal Cost	$874,761	$874,761
27	**Total Tie Removal Cost 3/**	**$0**	**$0**
28	**Total Track Removal Cost (L.22+L.25+L.27)**	**$2,160,575**	**$2,117,250**
29	Public Highway Crossing Restoration Cost	$128,000	$128,000
30	Private Highway Crossing Restoration Cost	$3,600	$3,600
31	**Total Crossing Restoration Cost (L.29+L.30)**	**$131,600**	**$131,600**
32	Administrative & Marketing Relay Cost	$1,375,248	$605,280
33	Administrative & Marketing Scrap Cost	$66,085	$630,467
34	**Total Administrative & Marketing Cost (L.32+L.33)**	**$1,441,333**	**$1,235,747**
35	**Total Transportation Cost**	**$2,644,500**	**$1,205,600**
36	**Total Liquidation Cost (L.28+L.31+L.34+L.35)**	**$6,378,008**	**$4,690,197**
37	**Net Salvage Value (L.19 minus L.36)**	**$5,522,518**	**$4,640,874**
38	**Real Estate / Land Value**	**$0**	**$0**
38	**Net Liquidation Value (NLV) (L.36+L.37)**	**$5,522,518**	**$4,640,874**

Notes:

1/ This valuation approach utilizes the inventory and classifications utilized by V&S and the wholesale prices listed in Applicants' Supplemental V.S. of TDC/DLF dated March 17, 2016 (See TDC/DLF Exhibit No.1)

2/ This valuation approach utilizes the inventory prepared by V&S, the classifications utilized by KCVN/CPRR and the wholesale price listed in Applicants' Supplemental V.S. of TDC/DLF dated March 17, 2016 (See TDC/DLF Exhibit No.1)

3/ V&S did not separately calculate tie removal cost, which is required for a NLV determination. Tie removal costs (L.26) is conservatively based on $2.00 per tie. Since the tie removal cost would exceed the tie GSV (Sum of L.15+L.16+L.17), tie salvage gross salvage value (L.18) and tie removal cost (L.27) were set at zero ($0). Tie adminstrative, marketing and transportation cost were also set at zero

NLV Item: Rail Gross Salvage Value: $7,707,532
Inventory: V&S (RLBA May 12, 2016)
Classification: V&S (RLBA May 12, 2016)
Prices: KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)

Rail	Type	Condition	Miles	Tons Per Mile	Tons	Percent	Adjusted Tons	Unit Value	Amount
136	CWR	Relay #1							
136	CWR	Relay #2							
136	CWR	Reroll							
136	CWR	Scrap							
136	**CWR**	**Total**							
136	Jointed	Relay #1							
136	Jointed	Relay #2							
136	Jointed	Reroll							
136	Jointed	Scrap							
136	**Jointed**	**Total**							
133	CWR	Relay #1							
133	CWR	Relay #2							
133	CWR	Reroll							
133	CWR	Scrap							
133	**CWR**	**Total**							
132	CWR	Relay #1							
132	CWR	Relay #3							
132	CWR	Reroll							
132	CWR	Scrap							
132	**CWR**	**Total**							
115	CWR	Relay #1							
115	CWR	Relay #2							
115	CWR	Reroll							
115	CWR	Scrap							
115	**CWR**	**Total**							
115	Jointed	Relay #1							
115	Jointed	Relay #2							
115	Jointed	Reroll							
115	Jointed	Scrap							
115	**Jointed**	**Total**							
113	CWR	Relay #1							
113	CWR	Relay #2							
113	CWR	Reroll							
113	CWR	Scrap							
113	**CWR**	**Total**							
112	Jointed	Relay #1							
112	Jointed	Relay #3							
112	Jointed	Reroll							
112	Jointed	Scrap							
112	**Jointed**	**Total**							
90	Jointed	Relay #1							
90	Jointed	Relay #2							
90	Jointed	Reroll							
90	Jointed	Scrap							
90	**Jointed**	**Total**							
85	Jointed	Relay #1							
85	Jointed	Relay #2							
85	Jointed	Reroll							
85	Jointed	Scrap							
85	**Jointed**	**Total**							
Total		Relay #1							
Total		Relay #2 or #3							
Total		Reroll							
Total		Scrap							
Total		**Total**	**134.60**		**29,001**		**28,130**		**$7,707,532**

NLV Item: **Rail Gross Salvage Value:** **$5,817,848**
Inventory: **V&S (RLBA May 12, 2016)**
Classification: **KCVN/CPRR (GWF September 2016)**
Prices: **KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)**

Rail	Type	Condition	Miles	Tons Per Mile	Tons	Percent	Adjusted Tons	Unit Value	Amount
136	CWR	Relay #1							
136	CWR	Relay #2							
136	CWR	Reroll							
136	CWR	Scrap							
136	**CWR**	**Total**							
136	Jointed	Relay #1							
136	Jointed	Relay #2							
136	Jointed	Reroll							
136	Jointed	Scrap							
136	**Jointed**	**Total**							
133	CWR	Relay #1							
133	CWR	Relay #2							
133	CWR	Reroll							
133	CWR	Scrap							
133	**CWR**	**Total**							
132	CWR	Relay #1							
132	CWR	Relay #3							
132	CWR	Reroll							
132	CWR	Scrap							
132	**CWR**	**Total**							
115	CWR	Relay #1							
115	CWR	Relay #2							
115	CWR	Reroll							
115	CWR	Scrap							
115	**CWR**	**Total**							
115	Jointed	Relay #1							
115	Jointed	Relay #2							
115	Jointed	Reroll							
115	Jointed	Scrap							
115	**Jointed**	**Total**							
113	CWR	Relay #1							
113	CWR	Relay #2							
113	CWR	Reroll							
113	CWR	Scrap							
113	**CWR**	**Total**							
112	Jointed	Relay #1							
112	Jointed	Relay #3							
112	Jointed	Reroll							
112	Jointed	Scrap							
112	**Jointed**	**Total**							
90	Jointed	Relay #1							
90	Jointed	Relay #2							
90	Jointed	Reroll							
90	Jointed	Scrap							
90	**Jointed**	**Total**							
85	Jointed	Relay #1							
85	Jointed	Relay #2							
85	Jointed	Reroll							
85	Jointed	Scrap							
85	**Jointed**	**Total**							
Total		Relay #1							
Total		Relay #2 or #3							
Total		Reroll							
Total		Scrap							
Total		**Total**	**134.60**		**29,002**		**28,131**		**$5,817,848**

NLV Item:	**OTM Gross Salvage Value:**	**$4,130,962**
Inventory:	**V&S (RLBA May 12, 2016)**	
Classification:	**V&S (RLBA May 12, 2016)**	
Prices:	**KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)**	

Item	Condition	Miles	Amount Per Mile	Amount	Percent	Adjusted Amount	Unit Value	Amount
Tie Plates - 8x16	Relay							
Tie Plates - 8x16	Scrap							
Tie Plates - 8x16	**Total**							
Tie Plates - 8x14	Relay							
Tie Plates - 8x14	Scrap							
Tie Plates - 8x14	**Total**							
Tie Plates - 8x13	Relay							
Tie Plates - 8x13	Scrap							
Tie Plates - 8x13	**Total**							
Tie Plates - 5x9	Relay							
Tie Plates - 5x9	Scrap							
Tie Plates - 5x9	**Total**							
Tie Plates - Total	Relay							
Tie Plates - Total	Scrap							
Tie Plates - Total	**Total**							
Jt. Bars #136	Relay							
Jt. Bars #136	Scrap							
Jt. Bars #136	**Total**							
Jt. Bars #132	Relay							
Jt. Bars #132	Scrap							
Jt. Bars #132	**Total**							
Jt. Bars #115 (36")	Relay							
Jt. Bars #115 (36")	Scrap							
Jt. Bars #115 (36")	**Total**							
Jt. Bars #112 (24")	Relay							
Jt. Bars #112 (24")	Scrap							
Jt. Bars #112 (24")	**Total**							
Jt. Bars #112 (36")	Relay							
Jt. Bars #112 (36")	Scrap							
Jt. Bars #112 (36")	**Total**							
Jt. Bars #90	Relay							
Jt. Bars #90	Scrap							
Jt. Bars #90	**Total**							
Jt. Bars #85	Relay							
Jt. Bars #85	Scrap							
Jt. Bars #85	**Total**							
Jt. Bars Total	Relay							
Jt. Bars Total	Scrap							
Jt. Bars Total	**Total**							
Rail Anchors Welded	Relay							
Rail Anchors Welded	Scrap							
Rail Anchors Welded	**Total**							
Rail Anchors Jointed	Relay							
Rail Anchors Jointed	Scrap							
Rail Anchors Jointed	**Total**							
Rail Anchors Total	Relay							
Rail Anchors Total	Scrap							
Rail Anchors Total	**Total**							
Spikes	Relay							
Spikes	Scrap							
Spikes Total	**Total**							
Bolts & Washers	Relay							
Bolts & Washers	Scrap							
Bolts & Washers Total	**Total**							
OTM Total	Relay							
OTM Total	Scrap							
OTM Total	**Total**							**$4,130,962**

NLV Item:	**OTM Gross Salvage Value:**	**$3,457,473**
Inventory:	**V&S (RLBA May 12, 2016)**	
Classification:	**KCVN/CPR (GWF September 2016)**	
Prices:	**KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)**	

Item	Condition	Miles	Amount Per Mile	Amount	Percent	Adjusted Amount	Unit Value	Amount
Tie Plates - 8x16	Relay							
Tie Plates - 8x16	Scrap							
Tie Plates - 8x16	**Total**							
Tie Plates - 8x14	Relay							
Tie Plates - 8x14	Scrap							
Tie Plates - 8x14	**Total**							
Tie Plates - 8x13	Relay							
Tie Plates - 8x13	Scrap							
Tie Plates - 8x13	**Total**							
Tie Plates - 5x9	Relay							
Tie Plates - 5x9	Scrap							
Tie Plates - 5x9	**Total**							
Tie Plates - Total	Relay							
Tie Plates - Total	Scrap							
Tie Plates - Total	**Total**							
Jt. Bars #136	Relay							
Jt. Bars #136	Scrap							
Jt. Bars #136	**Total**							
Jt. Bars #132	Relay							
Jt. Bars #132	Scrap							
Jt. Bars #132	**Total**							
Jt. Bars #115 (36")	Relay							
Jt. Bars #115 (36")	Scrap							
Jt. Bars #115 (36")	**Total**							
Jt. Bars #112 (24")	Relay							
Jt. Bars #112 (24")	Scrap							
Jt. Bars #112 (24")	**Total**							
Jt. Bars #112 (36")	Relay							
Jt. Bars #112 (36")	Scrap							
Jt. Bars #112 (36")	**Total**							
Jt. Bars #90	Relay							
Jt. Bars #90	Scrap							
Jt. Bars #90	**Total**							
Jt. Bars #85	Relay							
Jt. Bars #85	Scrap							
Jt. Bars #85	**Total**							
Jt. Bars Total	Relay							
Jt. Bars Total	Scrap							
Jt. Bars Total	**Total**							
Rail Anchors Welded	Relay							
Rail Anchors Welded	Scrap							
Rail Anchors Welded	**Total**							
Rail Anchors Jointed	Relay							
Rail Anchors Jointed	Scrap							
Rail Anchors Jointed	**Total**							
Rail Anchors Total	Relay							
Rail Anchors Total	Scrap							
Rail Anchors Total	**Total**							
Spikes	Relay							
Spikes	Scrap							
Spikes Total	**Total**							
Bolts & Washers	Relay							
Bolts & Washers	Scrap							
Bolts & Washers Total	**Total**							
OTM Total	Relay							
OTM Total	Scrap							
OTM Total	**Total**							**$3,457,473**

NLV Item: Turnouts Gross Salvage Value: $62,032
Inventory: V&S (RLBA May 12, 2016)
Classification: V&S (RLBA May 12, 2016)
Prices: KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)

Item	Condition	Number	Tons/TO	Amount	Percent	Adjusted Amount	Unit Value	Amount
#136 Turnouts								
#115 Turnouts								
#115 Turnouts								
#112 Turnouts								
Turnouts								
Turnouts								
Turnouts								
Turnouts	**Total**	**30**						**$62,032**

NLV Item: Turnouts Gross Salvage Value: $55,750
Inventory: V&S (RLBA May 12, 2016)
Classification: KCVN/CPR (GWF September 2016)
Prices: KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)

Item	Condition	Number	Tons/TO	Amount	Percent	Adjusted Amount	Unit Value	Amount
#136 Turnouts	Relay							
#115 Turnouts	Relay							
#115 Turnouts	Scrap							
#112 Turnouts	Scrap							
Turnouts	**Total**							
Turnouts	Relay							
Turnouts	Scrap							
Turnouts	**Total**	**30**						**$55,750**

NLV Item: Ties Gross Salvage Value: $0
Inventory: V&S (RLBA May 12, 2016)
Classification: V&S (RLBA May 12, 2016)
Prices: KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)

Item	Condition	Miles	Ties/Mi.	Amount	Percent	Adjusted Amount	Unit Value	Amount
Ties	Relay							
Ties	Landscape							
Ties	Scrap							
Ties	Total							$564,215

NLV Item: Ties Gross Salvage Value: $0
Inventory: V&S (RLBA May 12, 2016)
Classification: KCVN/CPR (GWF September 2016)
Prices: KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)

Item	Condition	Miles	Ties/Mi.	Amount	Percent	Adjusted Amount	Unit Value	Amount
Ties	Relay							
Ties	Landscape #1							
Ties	Landscape #2							
Ties	Scrap							
Ties	Total							($2,419,628)

NLV Item:	**Rail & OTM Removal:**	**$2,138,675**
Inventory:	**V&S (RLBA May 12, 2016)**	
Classification:	**V&S (RLBA May 12, 2016)**	
Prices:	**KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)**	

Item	Amount
Relay Rail Miles	
Relay Track & OTM Removal Cost Per Mile	
Relay Rail & OTM Removal Cost	
Relay #2/#3, Reroll & Scrap Rail Miles	
Reroll & Scrap Rail & OTM Removal Cost Per Mile	
Reroll & Scrap Rail & OTM Removal Cost	
Total Rail & OTM Removal Cost	**$2,138,675**

NLV Item:	**Rail & OTM Removal:**	**$2,098,050**
Inventory:	**V&S (RLBA May 12, 2016)**	
Classification:	**KCVN/CPR (GWF September 2016)**	
Prices:	**KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)**	

Item	Amount
Relay Rail Miles	
Relay Track & OTM Removal Cost Per Mile	
Relay Rail & OTM Removal Cost	
Reroll & Scrap Rail Miles	
Reroll & Scrap Rail & OTM Removal Cost Per Mile	
Reroll & Scrap Rail & OTM Removal Cost	
Total Rail & OTM Removal Cost	**$2,098,050**

NLV Item:	**Turnout Removal:**	**$21,900**
Inventory:	**V&S (RLBA May 12, 2016)**	
Classification:	**V&S (RLBA May 12, 2016)**	
Prices:	**KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)**	

Item	Amount
Relay Turnouts	
Relay Turnout Removal Cost	
Relay Turnout Removal Cost	
Scrap Turnouts	
Scrap Turnout Removal Cost	
Scrap Turnout Removal Cost	
Total Turnout Removal Cost	**$21,900**

NLV Item:	**Turnout Removal:**	**$19,200**
Inventory:	**V&S (RLBA May 12, 2016)**	
Classification:	**KCVN/CPR (GWF September 2016)**	
Prices:	**KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)**	

Item	Amount
Relay Turnouts	
Relay Turnout Removal Cost	
Relay Turnout Removal Cost	
Scrap Turnouts	
Scrap Turnout Removal Cost	
Scrap Turnout Removal Cost	
Total Turnout Removal Cost	**$19,200**

NLV Item:	**Tie Removal**	**$0**
Inventory:	**V&S (RLBA May 12, 2016)**	
Classification:	**V&S (RLBA May 12, 2016)**	
Prices:	**KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)**	

Item	Miles	Ties/Mile	Total Ties	Percent	Unit Value	Amount
Tie Removal Cost						$874,761

* Since the tie removal cost is greater than the tie GSV, the removal cost would be $0.

NLV Item:	**Tie Removal**	**$0**
Inventory:	**V&S (RLBA May 12, 2016)**	
Classification:	**KCVN/CPRR (GWF September 2016)**	
Prices:	**KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)**	

Item	Miles	Ties/Mile	Total Ties	Percent	Unit Value	Amount
Tie Removal Cost						$874,761

* Since the tie removal cost is greater than the tie GSV, the removal cost would be $0.

NLV Item:	**Crossing Restoration:**	**$131,600**
Inventory:	**V&S (RLBA May 12, 2016)**	
Classification:	**V&S (RLBA May 12, 2016)**	
Prices:	**KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)**	

Item	Amount
Public Crossings	
Public Crossing Restoration Cost Per Crossing	
Public Crossing Restoration Cost	
Private Crossings	
Private Crossing Restoration Cost Per Crossing	
Private Crossing Restoration Cost	
Total Crossing Restoration Cost	**$131,600**

NLV Item:	**Crossing Restoration:**	**$131,600**
Inventory:	**V&S (RLBA May 12, 2016)**	
Classification:	**KCVN/CPR (GWF September 2016)**	
Prices:	**KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)**	

Item	Amount
Public Crossings	
Public Crossing Restoration Cost Per Crossing	
Public Crossing Restoration Cost	
Private Crossings	
Private Crossing Restoration Cost Per Crossing	
Private Crossing Restoration Cost	
Total Crossing Restoration Cost	**$131,600**

NLV Item:	**Admin. & Marketing Cost:**	**$1,441,333**
Inventory:	**V&S (RLBA May 12, 2016)**	
Classification:	**V&S (RLBA May 12, 2016)**	
Prices:	**KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)**	

Item	Amount
Total Relay #1 Rail GSV	
Total Relay OTM GSV	
Total Relay Turnouts GSV	
Total Relay Steel Materials	
Admin. & Marketing Relay Steel Cost %	
Total Admin. & Marketing Relay Cost	
Total Relay #2 & #3, Reroll & Scrap Rail GSV	
Total Scrap OTM GSV	
Total Scrap Turnouts GSV	
Total Ties GSV	
Total Non-Relay Steel Materials	
Admin. & Marketing Scrap Cost %	
Total Admin. & Marketing Scrap Cost	
Total Administrative & Marketing Cost	**$1,441,333**

NLV Item:	**Admin. & Marketing Cost:**	**$1,235,747**
Inventory:	**V&S (RLBA May 12, 2016)**	
Classification:	**KCVN/CPR (GWF September 2016)**	
Prices:	**KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)**	

Item	Amount
Total Relay Rail GSV	
Total Relay OTM GSV	
Total Relay Turnouts GSV	
Total Relay Steel Materials	
Admin. & Marketing Relay Steel Cost %	
Total Admin. & Marketing Relay Cost	
Total Reroll & Scrap Rail GSV	
Total Scrap OTM GSV	
Total Scrap Turnouts GSV	
Total Ties GSV	
Total Non-Relay Steel Materials	
Admin. & Marketing Scrap Cost %	
Total Admin. & Marketing Scrap Cost	
Total Administrative & Marketing Cost	**$1,235,747**

NLV Item:	**Transportation:**	**$2,644,500**
Inventory:	**V&S (RLBA May 12, 2016)**	
Classification:	**V&S (RLBA May 12, 2016)**	
Prices:	**KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)**	

Item	Salvaged Tons	Tons Per Car	Carloads	Destination	Rate Per Car	Amount
#136 CWR Relay #1						
#136 Jointed Relay #1						
#133 CWR Relay #1						
#132 CWR Relay #1						
#115 CWR Relay #1						
#115 Jointed Relay #1						
#113 CWR Relay #1						
#112 Jointed Relay #1						
#90 Jointed Relay #1						
#85 Jointed Relay #1						
Total Relay #1 Rail						
#136 CWR Relay #2						
#136 Jointed Relay #2						
#133 CWR Relay #2						
#132 CWR Relay #3						
#115 CWR Relay #2						
#115 Jointed Relay #2						
#113 CWR Relay #2						
#112 Jointed Relay #3						
#90 Jointed Relay #2						
#85 Jointed Relay #2						
Total Relay #2 or #3 Rail (Assume Loads Combined)						
#136 CWR Reroll						
#136 Jointed Reroll						
#133 CWR Reroll						
#132 CWR Reroll						
#115 CWR Reroll						
#115 Jointed Reroll						
#113 CWR Reroll						
#112 Jointed Reroll						
#90 Jointed Reroll						
#85 Jointed Reroll						
Total Reroll Rail						
#136 CWR Scrap						
#136 Jointed Scrap						
#133 CWR Scrap						
#132 CWR Scrap						
#115 CWR Scrap						
#115 Jointed Scrap						
#113 CWR Scrap						
#112 Jointed Scrap						
#90 Jointed Scrap						
#85 Jointed Scrap						
Total Scrap Rail (Assume Loads Combined)						
Relay Tie Plates						
Relay Joint Bars						
Relay Anchors						
Relay Spikes						
Relay Bolts & Anchors						
Relay OTM						
Scrap Tie Plates						
Scrap Joint Bars						
Scrap Anchors						
Scrap Relay Spikes						
Scrap Bolts & Anchors						
Relay OTM (Assumed Loads Combined)						
Ties - Relay						
Ties - Landscape						
Ties - Scrap						
Ties - Total						
Total Transportation Cost						**$2,644,500**

NLV Item:	**Transportation: $1,205,600**
Inventory:	**V&S (RLBA May 12, 2016)**
Classification:	**KCVN/CPR (GWF September 2016)**
Prices:	**KCVN/CPRR (TDC/DLF Supplemental Exhibit No.1, March 13, 2017)**

Item	Salvaged Tons	Tons Per Car	Carloads	Destination	Rate Per Car	Amount
#136 CWR Relay #1						
#136 Jointed Relay #1						
#133 CWR Relay #1						
#132 CWR Relay #1						
#115 CWR Relay #1						
#115 Jointed Relay #1						
#113 CWR Relay #1						
#112 Jointed Relay #1						
#90 Jointed Relay #1						
#85 Jointed Relay #1						
Total Relay #1 Rail						
#136 CWR Relay #2 as Reroll/Scrap						
#136 Jointed Relay #2 as Reroll/Scrap						
#133 CWR Relay #2 as Reroll/Scrap						
#132 CWR Relay #2 as Reroll/Scrap						
#115 CWR Relay #2 as Reroll/Scrap						
#115 Jointed Relay #2 as Reroll/Scrap						
#113 CWR Relay #2 as Reroll/Scrap						
#112 Jointed Relay #2 as Reroll/Scrap						
#90 Jointed Relay #2 as Reroll/Scrap						
#85 Jointed Relay #2 as Reroll/Scrap						
Total Relay #2 Rail as Reroll/Scrap						
#136 CWR Reroll						
#136 Jointed Reroll						
#133 CWR Reroll						
#132 CWR Reroll						
#115 CWR Reroll						
#115 Jointed Reroll						
#113 CWR Reroll						
#112 Jointed Reroll						
#90 Jointed Reroll						
#85 Jointed Reroll						
Total Reroll Rail						
#136 CWR Scrap						
#136 Jointed Scrap						
#133 CWR Scrap						
#132 CWR Scrap						
#115 CWR Scrap						
#115 Jointed Scrap						
#113 CWR Scrap						
#112 Jointed Scrap						
#90 Jointed Scrap						
#85 Jointed Scrap						
Total Scrap Rail						
Relay Tie Plates						
Relay Joint Bars						
Relay Anchors						
Relay Spikes						
Relay Bolts & Anchors						
Relay OTM						
Scrap Tie Plates						
Scrap Joint Bars						
Scrap Anchors						
Scrap Relay Spikes						
Scrap Bolts & Anchors						
Relay OTM						
Ties - Relay						
Ties - Landscape						
Ties - Scrap						
Ties - Total						
Total Transportation Cost						**$1,205,600**

PUBLIC VERSION

BEFORE THE
SURFACE TRANSPORTATION BOARD

Docket No. FD 36005	)	**KCVN, LLC and Colorado Pacific Railroad, LLC – Feeder Line Application – Line of V and S Railway, Located in Crowley, Pueblo, Otero and Kiowa Counties, Colorado**

Supplemental
Verified Statement

of

Thomas D. Crowley
President

and

Daniel L. Fapp
Senior Vice President

L. E. Peabody & Associates, Inc.
On Behalf Of

KCVN, LLC
And Colorado Pacific Railroad, LLC

Due Date: March 17, 2017

TABLE OF CONTENTS PAGE

I. Introduction 1
II. Current Wholesale Unit Prices 2
III. Conclusion 3

LIST OF EXHIBITS

Exhibit No.	Exhibit Title
(1)	(2)
1	March 13, 2017 Relay and Scrap Rail Wholesale Prices

I. INTRODUCTION

We are Thomas D. Crowley and Daniel L. Fapp. We are economists and President and Senior Vice President, respectively, of L. E. Peabody & Associates, Inc., an economic consulting Firm that specializes in solving economic, transportation, marketing, financial, accounting and fuel supply problems.

We are the same Thomas D. Crowley and Daniel L. Fapp who previously submitted verified testimony and evidence on behalf of KCVN, LLC and its wholly owned subsidiary, Colorado Pacific Railroad, LLC ("KCVN/CPRR") in this Surface Transportation Board ("STB" or "Board") proceeding. Our prior testimony and evidence is included as Exhibit F to *KCVN/CPRR Reply to Comments of V and S Railway, LLC* dated September 27, 2016. Our prior testimony addressed the unit price calculations for track infrastructure assets included in the Track Asset Valuation performed by R. L. Banks & Associates, Inc. ("RLBA") as part of a Net Liquidation Value ("NLV") analysis of the V and S Railway's rail line between Towner Junction, CO and NA Junction, CO ("Towner Line") included in the comments of V and S Railway, LLC ("V&S") filed in this proceeding on August 30, 2016.

In this Supplemental Verified Statement, we respond to the STB's March 3, 2017 direction to KCVN/CPRR "to file with the Board the wholesale prices (rather than the retail prices)" for the development of the Towner Line NLV.[1]

The results of our analyses are summarized in the remainder of this Supplemental Verified Statement and accompanying Exhibit. Specifically, our comments are organized under the following topical headings:

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[1] Wholesale prices represent the level at which the commodity is first sold commercially in substantial volume.

II. Current Wholesale Unit Prices

III. Conclusion

II. CURRENT WHOLESALE UNIT PRICES

For our September 27, 2016 Reply Verified Statement, we contacted twelve (12) different rail material merchants and suppliers to obtain current purchasing and selling prices for rail and other track material ("OTM"). We received responses from three (3) rail merchants for that statement and included the purchase prices they provided in our Exhibit No. 5. The purchase prices included in that Exhibit No. 5 are equivalent to wholesale prices.[2]

On March 13, 2017, at the request of KCVN/CPRR we again contacted the rail merchants and suppliers shown on our Reply Exhibit No. 3. Four (4) of those companies responded to our request for wholesale prices for various relay and scrap rail items.[3] The wholesale price quotes these companies provided are included as TDC/DLF Exhibit No. 1 to this Supplemental Verified Statement. These prices do not include the costs for removal or transportation to the location of the wholesale purchaser.

Supplemental Table 1 below summarizes the wholesale prices we obtained for Fit No. 1 rail in three (3) weights plus the average for each category. In our opinion, the simple averages of the wholesale prices we obtained are the best values to use for the estimated NLV for the items identified.

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[2] *See,* STB Finance Docket No. 36005, *Reply to Comments of V and S Railway, LLC,* Exhibit F, filed September 27, 2016.

[3] Of the four (4) rail merchants that responded to our request for current wholesale prices, three (3) (Harmer Steel, Progress Rail and LB Foster) provided prices for relay track and rail materials, but did not provide scrap rail prices. The other responding company, EVRAZ Rocky Mountain Steel, provided its current prices for scrap rail, but did not provide its prices for relay track and rail materials.

Supplemental Table 1
Wholesale Relay Rail Prices Per Ton 1/

Company	Fit No. 1 Rail 136# CWR	133# CWR	115# CWR
(1)	(2)	(3)	(4)
1. Harmer Steel (wholesale)	$280.00	$300.00	$350.00
2. LB Foster (wholesale)	$250.00	$250.00	$250.00
3. Progress Rail (wholesale)	$300.00	$300.00	$300.00
4. Simple Average	$276.67	$283.33	$300.00

1/ Source: TDC/DLF_Exhibit No. 1.

In addition to the relay rail prices shown in Supplemental Table 1 above, we obtained current wholesale prices for other relay rail, OTM, ties, turnouts and scrap rail. These values are shown on TDC/DLF_Exhibit No. 1 along with the simple average of each category which were developed for use by witness Gerald W. Fauth III in his re-calculation of the Towner Line NLV with wholesale pricing as requested by the Board in the March 3, 2017 decision.

III. CONCLUSION

The wholesale prices we obtained in March, 2017 and included in this Supplemental Verified Statement are appropriate for developing the estimated NLV of the Towner Line using wholesale prices.

VERIFICATION

COMMONWEALTH OF VIRGINIA)
)
CITY OF ALEXANDRIA)

I, THOMAS D. CROWLEY, verify under penalty of perjury that I have read the foregoing Supplemental Verified Statement of Thomas D. Crowley and Daniel L. Fapp, that I know the contents thereof, and that the same are true and correct. Further, I certify that I am qualified and authorized to file this statement.

Thomas D. Crowley

Sworn to and subscribed
before me this 17th day of March, 2017

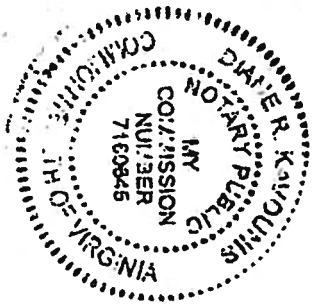
Diane R. Kavounis
Notary Public for the State of Virginia

My Commission Expires: November 30, 2020
Registration Number: 7160645

VERIFICATION

COMMONWEALTH OF VIRGINIA)
)
CITY OF ALEXANDRIA)

I, DANIEL L. FAPP, verify under penalty of perjury that I have read the foregoing Supplemental Verified Statement of Thomas D. Crowley and Daniel L. Fapp, that I know the contents thereof, and that the same are true and correct. Further, I certify that I am qualified and authorized to file this statement.



Daniel L. Fapp

Sworn to and subscribed
before me this 17th day of March, 2017

Diane R. Kavounis
Notary Public for the State of Virginia

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March 13, 2017 Relay and Scrap Rail Wholesale Prices

Item	Wholesale Price 1/ Harmer Steel	Progress Rail	LB Foster	Average 2/
(1)	(2)	(3)	(4)	(5)
A. Steel (Rail) (per net ton)				
1. Rail 136 pound per yard, CWR, Fit #1 78/80'	$280.00	$300.00	$250.00	$276.67
2. Rail 136 pound per yard, CWR, Fit #2	$120.00	$250.00	$250.00	$206.67
3. Rail 136 pound per yard, Jointed, Fit #2	$120.00	$280.00	$250.00	$216.67
4. Rail 133 pound per yard, CWR, Fit #1	$300.00	$300.00	$250.00	$283.33
5. Rail 133 pound per yard, Arema Fit #2	3/	3/	3/	3/
6. Rail 132 pound per yard, CWR, Fit #2	$120.00	$280.00	$250.00	$216.67
7. Rail 132 pound per yard, CWR, Fit #3	$60.00 4/	$200.00	$250.00	$170.00
8. Rail 115 pound per yard, CWR, Fit #1 78/80'	$350.00	$300.00	$250.00	$300.00
9. Rail 115 pound per yard, Jointed, Fit #1	$350.00	$350.00	$250.00	$316.67
10. Rail 115 pound per yard, Fit #2	3/	3/	3/	3/
11. Rail 113 pound per yard, CWR, Fit #2	$60.00 4/	$200.00	$250.00	$170.00
12. Rail 112 pound per yard, Jointed, Fit #3	$60.00 4/	$200.00	$250.00	$170.00
13. Rail 112 pound per yard, Fit #2	3/	3/	3/	3/
14. Rail 90 pound per yard, Arema Fit #1	3/	3/	3/	3/
15. Rail Reroll (Gross Ton)	3/	3/	3/	3/
16. Rail Scrap (Gross Ton)	3/	3/	3/	$200.00 5/
B. Steel (OTM) (per unit)				
1. Scrap OTM (Gross Ton)	3/	3/	3/	3/
2. Tie Plates, D/S, 8" x 16" 6"	$2.80	$5.00	$4.00	$3.93
3. Tie Plates, D/S, 8" x 14" 6"	$3.15	$5.00	$4.00	$4.05
4. Tie Plates, D/S, 8" x 13" 6"	$3.15	$5.00	$4.00	$4.05
5. Joint Bars, 136 pound per yard, Fit six hole	$25.00	$10.00	$30.00	$21.67
6. Joint Bars, 134/133/131 pound per yard, Fit six hole	$25.00	$10.00	$25.00	$20.00
7. Joint Bars, 119/112 pound per yard, Fit six hole	$21.00	$10.00	$35.00	$22.00
8. Joint Bars, 115 pound per yard, Fit six hole	$25.00	$10.00	$35.00	$23.33
9. Joint Bars, 90 pound per yard, Fit four hole	$19.00	$10.00	$20.00	$16.33
10. Joint Bars, 85 pound per yard, Fit four hole 5x5x5	$17.00	$10.00	$15.00	$14.00
11. Anchors, Fit 6"	$0.09	$0.50	3/	$0.30
C. Timber (Ties) (per unit)				
1. Relay 7x9x9' hardwood	$17.00	$5.00	3/	$11.00
2. Landscape 7x9x9'	$0.00	$2.00	3/	$1.00
3. Scrap 7x9x9' 6/	($15.00)	($20.00)	3/	($17.50)
D. Turnouts (per unit)				
1. Weight 136 #9 AREMA relay	$3,500.00	$1,000.00	3/	$2,250.00
2. Weight 115 #9 AREMA relay	$3,500.00	$1,000.00	3/	$2,250.00

1/ Prices quoted do not include costs for removal or transportation to the location of the wholesale purchaser.
2/ Average of Column (2), Column (3) and Column (4).
3/ Price not provided.
4/ Low price due to Harmer not being in the market for this weight and grade of rail.
5/ Price quote received from EVRAZ Rocky Mountain Steel March 15, 2017 for scrap that is cut into four-foot sections or less. If the scrap rail comes in longer sections, the price would be $190 per ton.
6/ Negative scrap tie prices reflect the amount to dispose of the ties.

CERTIFICATE OF SERVICE

I do hereby certify that on this 17th day of March, 2017, I have served a copy of the foregoing Applicants' Supplemental Pricing Information by email and first class mail on the following persons or entities:

Eric M. Hocky, Esq.
Clark Hill PLC
One Commerce Square
2005 Market Street, Suite 1000
Philadelphia, PA 19103

The Honorable Judge John P. Dring
Federal Energy Regulatory Commission
Office of Administrative Law Judges
888 First Street, N.E.
Washington, D.C. 20426
(also via email at carlos.clemente@ferc.gov)

And by first class mail the Public Version to the other entities on the official service list for this proceeding.

Thomas W. Wilcox