

Keokuk Junction Railway

206243

1318 SOUTH JOHANSON ROAD • PEORIA, ILLINOIS 61607 • (309) 697-1400

September 20, 2002

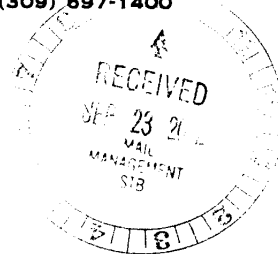
VIA UPS DELIVERY

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

ENTERED
Office of Proceedings

SEP 23 2002

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Public Record



RE: Finance Docket No. AB 448 (Sub No. 2X) SF&L Railway, Inc., - Abandonment
Exemption - In Hancock, McDonough, Fulton and Peoria Counties, IL

Dear Secretary Williams:

Enclosed for filing in the above captioned docket are an original and eleven copies of the Keokuk Junction Railway Co.'s Reply to Verified Petition for Exemption of SF&L Railway, Inc. Also, enclosed are three 3.5 inch computer disks each containing the Reply document.

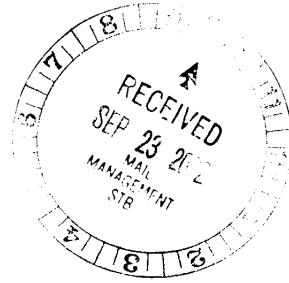
Please acknowledge receipt and filing of the enclosed pleading by stamping the extra copy thereof enclosed and returning it to my attention in the enclosed self addressed envelope.

Sincerely,

Jonathan L. Kazense
General Counsel

Enclosures

**BEFORE THE
SURFACE TRANSPORTATION BOARD**



Finance Docket No. AB 448 (Sub No. 2X)

**SF&L RAILWAY, INC.
--ABANDONMENT EXEMPTION--
IN HANCOCK, MCDONOUGH, FULTON AND PEORIA COUNTIES, IL**

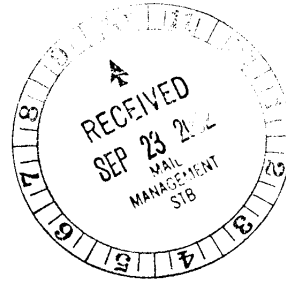
**KEOKUK JUNCTION RAILWAY CO.'S REPLY TO
VERIFIED PETITION FOR EXEMPTION OF SF&L RAILWAY, INC.**

**ENTERED
Office of Proceedings
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Public Record**

**Jonathan L. Kazense
General Counsel
Keokuk Junction Railway Co.
1318 S. Johanson Road
Peoria, IL 61607
Phone (309) 697-1400**

September 20, 2002

BEFORE THE
SURFACE TRANSPORTATION BOARD



Finance Docket No. AB 448 (Sub No. 2X)

SF&L RAILWAY, INC.
--ABANDONMENT EXEMPTION--
IN HANCOCK, MCDONOUGH, FULTON AND PEORIA COUNTIES, IL

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KEOKUK JUNCTION RAILWAY CO.'S REPLY TO
VERIFIED PETITION FOR EXEMPTION OF SF&L RAILWAY, INC.

Keokuk Junction Railway Co. ("KJRY") hereby replies to the issues raised in the Verified Petition for Exemption of SF&L Railway, Inc., filed September 3, 2002 (hereinafter "Petition"). In its Petition SF&L Railway seeks to be relieved of the regulatory requirements of 49 U.S.C. 10903 and 49 C.F.R. 1152.1 et seq., to effect its whole line abandonment between milepost 194.5 at LaHarpe and milepost 123.0 at Peoria. The primary justification for the need to file for this Petition for abandonment authority is the claim that KJRY diverted 3600 cars of business from the line and somehow KJRY conspired to drive SF&L out of business. As set forth below KJRY will refute SF&L's claims against KJRY.

SF&L'S CLAIM THAT KJRY DIVERTED TRAFFIC FROM THE SF&L LINE
AND OTHER MISCHARACTERIZATIONS OF KJRY ACTIONS

One of the main themes running through the Petition is the claim that KJRY diverted the

overhead business from the LaHarpe to Fort Madison line. KJRY does not have the ability to divert traffic from the line even if it wanted to do so which it does not. To begin with, SF&L never had 3600 cars of business from overhead customers. In 1999 there were 3602 cars of overhead business. See Verified Statement of Catherine Busch, Director of Marketing, Keokuk Junction Railway Co., attached hereto as Exhibit "A", ("Busch V.S.") at paragraph 2. However, by the time SF&L entered into the agreement to purchase the line from TPW in December 2000 that number had dwindled to just 2007 cars. Busch V.S. at paragraph 2. Several customers, Keokuk Ferro-Sil and Smurfit Stone, which shipped products over the SF&L line went out of Business. The Midwest Carbide coal, which moved over the line, was lost as a result of the Norfolk Southern/Conrail merger and subsequent NS pricing. Busch V.S. at paragraph 2. In 2002 Roquette America's products including corn syrup, sulphur, carbon, corn germ and acid all were lost due to rate and service issues involving SF&L/TPW with the business either going to trucks or BNSF. Busch V.S. at paragraph 2. If SF&L did its due diligence prior to purchase of the line it would know these facts and not blame KJRY for the loss of overhead business.

The germ that Roquette America moved across the line was not diverted to Fort Madison line it was lost to competition from the Burlington Northern Santa Fe Railway who signed a volume commitment contract with Roquette America effective February 1, 2002. Busch V.S. at paragraph 4. Almost two weeks after Roquette America signed a volume commitment with BNSF the SF&L through Steve Van Wagenen came forward with the proposal of block rates for germ and other products. Busch V.S. at paragraph 4.

These block rates could not work because the customer never moved germ in blocks of 10 or more. It only moved germ cars in groups of one or two. Busch V.S. at paragraph 4. If the

SF&L had not raised the rates for the movement of germ to the levels it did then it would still be moving approximately 900 cars of germ over the line per year. It would also be moving other products of Roquette America over the line. Again, because of the rates SF&L put in place those additional products were not moved because the line was not competitive.

It is true that KJRY bought the line from LaHarpe to Lomax, Illinois, which included BNSF trackage rights from Lomax, Illinois to Fort Madison, Iowa. SF&L claims this was done so that KJRY could interchange traffic with BNSF and Union Pacific (UP) at Fort Madison and thereby divert traffic from the SF&L line. KJRY already interchanged traffic with the BNSF at Keokuk, Iowa so it did not need to purchase the LaHarpe to Lomax line with additional trackage rights to interchange with BNSF. The traffic, which KJRY moves to Fort Madison, is new business from Roquette America, which it did not have before purchase of the LaHarpe to Lomax line. Busch V.S. at paragraph 3. Therefore, the allegation that KJRY diverted traffic in any amount from the SF&L line is simply not true.

It is true that KJRY does move wheels from Griffin Wheel over the connection to Fort Madison, Iowa. However, it was not the decision of KJRY to send the wheels that route. KJRY does not decide what route a customer ships its products. The decision to move the wheels via Fort Madison was made by the UP who receives the wheels. The UP made its decision based upon rates and service. It saved a substantial amount of money by routing the wheels via Fort Madison. The transit times moving via Fort Madison are approximately two weeks faster than when moved over the SF&L line. Busch V.S. at paragraph 3. It was the SF&L who raised the rates on the wheels. It was also SF&L service or lack of service that caused the wheels an additional two weeks in transit. If anyone diverted the wheels from the SF&L line it was the

SF&L itself. The diversion of the wheels as well as the rest of the overhead traffic was all part of the SF&L plan when it purchased the line from TPW. Steve Van Wagenen of SF&L and Warner Clark of TPW met with Catherine Busch on December 11, 2001 to discuss the rates SF&L and TPW would charge to take product between LaHarpe and Peoria, Illinois and points east. On December 12, 2001 Warner Clark sent an e-mail detailing rates discussed in the December 11, 2001 meeting with Catherine Busch. Steve Van Wagenen in an e-mail dated December 17, 2001 agreed with the rates quoted by Warner Clark. The rates were effective February 1, 2002. The rates to move product between LaHarpe and Peoria in about one half of the quotes more than doubled and some almost tripled the previous rate. SF&L cannot come before this Board and claim that someone else is to blame for making SF&L file this Verified Petition for Exemption when it is SF&L's conduct of rate increases and service reduction which has caused it to lose hundreds of cars of business from the line. SF&L comes to the Board with unclean hands. Knowing that it comes to the Board with unclean hands it makes numerous attempts to explain away its conduct and point the finger of blame at someone else. In this case it has seeks to blame KJRY. The record should be clear as illustrated above that KJRY did not divert any traffic from the SF&L line. In some instances it was outside forces such as a customer going out of business, Keokuk Ferro-Sil, and in some instances it was the conduct of SF&L raising rates to non-competitive levels. However, in no way did KJRY divert business off of the SF&L line or do anything which caused shippers not to use the SF&L line.

SF&L attempts to make much of B. Allen Brown's refusal to sign an interchange agreement with it. This same charge was made in the Petition to Revoke Notices of Exemption. KJRY tracks ended at milepost 195.5. SF&L tracks ended at milepost 194.5. TPW owned the

tracks from milepost 194.5 to milepost 195.5. See Verified Statement of B. Allen Brown, Chief Operating Officer, Keokuk Junction Railway, Co., attached hereto as Exhibit "B", ("Brown V.S.") at paragraph 2, 3, 4 and 5. The fact is that the tracks of KJRY and SF&L did not connect at that time. Instead, a distance of one mile of TPW track separated the two track. KJRY interchanged traffic with TPW at LaHarpe and at the time TPW moved that traffic to and from LaHarpe. Since their tracks did not meet there could be no interchange and SF&L is simply wrong in its characterization of Mr. Brown's conduct in his voice mail message. Mr. Brown was simply pointing out the obvious fact which anyone with any railroad knowledge should have already known. In order to interchange traffic tracks must actually connect with one another. Since KJRY and SF&L tracks were separated by a distance of one mile and therefore did not touch there could be no interchange and no need for an interchange agreement. Once KJRY purchased the track from LaHarpe to Lomax from TPW it accepted cars from SF&L in interchange.

SF&L alleges that KJRY was unreasonable and did not work with it on a win-win proposal to supply cars for the elevators at Blandinsville and Sciota. KJRY could not wait for SF&L to spot cars returning from Decatur, Illinois at the elevators on an as needed basis. The cars bound for Decatur were not free of car hire while online. The predecessor of SF&L the TPW had car free hire on cars for the elevators. Busch V.S. at paragraph 6. KJRY had a use for those cars for its customer at Keokuk. In several instances it ran out of cars or almost ran out of cars. If SF&L was really in the railroad business it would have purchased or leased cars of its own which it could have used at the elevators. This is another example of a company not knowing anything about the railroad business and throwing around a few phrases like "win-win"

and "loading efficiencies" in an attempt to make them look like they know what they are doing. KJRY could not give SF&L almost limitless time online of free car hire as it requested because KJRY had a limited car supply which it needed to keep moving. Five days free online was more than enough to load and move grain short distance from the elevators to LaHarpe. If SF&L was truly responsive to its customer's needs and wherever possible helped to build customer's business, as claimed in its Petition, SF&L would have rented hopper cars which could have been dedicated to the movement of grain. Instead it attempts to paint the action of KJRY as unreasonable to divert attention from its own actions. By its own admission it cut service from twice a week to once a week. At no time was that service ever more than twice a week during operation by SF&L. In any event the germ cars stopped traveling across the SF&L by February 2002 due to SF&L's rate increases so it became a moot point more than seven months ago. This is another example of lack of service and rate increases causing problems.

SF&L alleges that Guy Brenkman held a meeting in Canton at which he "bad-mouthed" SF&L. It is true that a meeting was held in Canton at which various shippers, towns and others interested in the future of the line from LaHarpe to Peoria was discussed. Mr. Van Wagenen was not excluded he was simply not invited. There was no need to invite Mr. Van Wagenen since the intentions of SF&L were clear that it would file for abandonment and scrap the line. The Petition fails to detail how Mr. Brenkman "bad mouthed" SF&L. there was a detailed summary of the railroads that A&K affiliates had bought and abandoned over the years. That was merely a correct statement of the facts surrounding A&K affiliate railroads. There is no reason to bring Guy Brenkman's name into this Petition. SF&L is again attempting to assign blame to anyone other than itself as the reason for the abandonment filing. The Board should not be fooled by

SF&L's attempt.

KEOKUK JUNCTION RAILWAY PREDICTED SF&L
WOULD FILE FOR ABANDONMENT

In its Petition to Revoke Notices of Exemption filed March 6, 2001 KJRY noted the long history of SF&L and other affiliates of A&K abandoning rail lines shortly after acquisition. KJRY asks the Board to consider that detailed history in the context of this abandonment Petition. SF&L has taken the same path that all other A&K affiliated railroads have taken in the past. Purchase the line drive off the business, file for abandonment, and scrap the entire line or as much as the Board will allow. Also, KJRY pointed out in its Petition to Revoke Notices of Exemption that the rail line purchased by SF&L should be in the hands of a company genuinely interested in the preservation of rail service and not in downgrading the line and scrapping it. Again the statements of KJRY have turned out to be prophetic. The SF&L had a plan in place when it bought the line from the TPW. It executed that plan and has filed for abandonment with plans to scrap the line. Early on the Board in Finance Docket 33995 *SF&L RAILWAY, INC., - Acquisition and Operation Exemption-Toledo, Peoria and Western Railway Corporation* in a decision dated January 16, 2001 stated that the transaction under which SF&L purchase the line from TPW was "unusual". SF&L did not purchase the land under the tracks from TPW but only an easement to operate over the land. It did not purchase the bridges, culverts or road crossings. Again to presumably make it easier to abandon. It financed the purchase with a loan from its corporate parent A&K. Based on its operation of the line by driving off business the only way to repay that loan to A&K was to abandon the line and scrap it with the proceeds going to A&K.

EXPEDITED CONSIDERATION

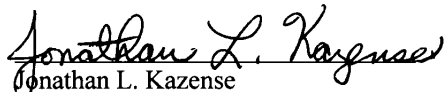
The Keokuk Junction Railway requests that the Board expedite its consideration of the Verified Petition for Exemption of the SF&L Railway. If the Board is going to grant the Petition then it is in everyone's best interest to do so as quickly as possible. KJRY will make an offer of financial assistance as soon as the Board issues a decision granting the relief sought in the Petition. The sooner KJRY can make an offer of financial assistance the sooner it can purchase the line and begin to operate the line the way it should be operated. If the SF&L Railway is intent on abandoning the line it is in their best interest to have the Board rule on their Petition as soon as possible. It is in the best interest of the shippers both online and those that have moved traffic across the line in the past to have a new operator purchase the line as soon as possible. The line should not be allowed to deteriorate any further than it already has in the last two years. The remaining shippers on the line support expedited consideration of the abandonment review process because they want a railroad such as KJRY to operate the line because they know in the long run they will receive rates and service that will allow them to operate competitively. See the letter from Bill Edwards at Farmers Elevator Company in Sciota, Illinois dated September 17, 2002 attached hereto as Exhibit "C".

CONCLUSION

The predictions KJRY made in its Petition to Revoke Notices of Exemption filed March 6, 2001 have now come true. In the span of less than one year from the time SF&L took over actual operation of the line from TPW it has managed to drive all overhead traffic from the line so that abandonment authority is virtually assured under the Board's abandonment standards. The only significant shippers on the line are the grain elevators at Blandinsville and Sciota. Their combined traffic is insufficient to justify denying the Verified Petition for Exemption. The

record should be clear that KJRY did not have any hand in the removal of traffic from the line. KJRY did not divert business from the line to Fort Madison, Iowa. Indeed it was the actions and conduct of SF&L which has brought about the conditions which make abandonment possible. SF&L seeks to blame someone other than itself for the consequences of its actions. The KJRY states that it is a railroad company which successfully operates an adjacent railroad which strongly believes it can successfully operate the line from LaHarpe to Peoria. KJRY intends to make an offer of financial assistance as the earliest possible time. Therefore, it asks the Board to expedite the abandonment review process as much as possible under its rules and regulations so that KJRY may make an offer of financial assistance and purchase the line. KJRY believes that the line can be operated profitable today, with proper management, dedicated marketing efforts, and shipper-oriented service. KJRY has the ability to provide all of these items for the shippers located on the line and those that ship over the line and therefore KJRY asks the Board to rule on this Petition at the earliest possible time.

Respectfully submitted,



Jonathan L. Kazense
Keokuk Junction Railway Co.
1318 South Johanson Road
Peoria, IL 61607
(309) 697-1400 (Phone)
(309) 697-8486 (Fax)

EXHIBIT A

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. AB 448 (Sub No. 2X)

SF&L RAILWAY, INC.
--ABANDONMENT EXEMPTION--
IN HANCOCK, MCDONOUGH, FULTON AND PEORIA COUNTIES, IL

VERIFIED STATEMENT OF CATHERINE BUSCH SUPPORTING
KEOKUK JUNCTION RAILWAY CO.'S REPLY TO
VERIFIED PETITION FOR EXEMPTION OF SF&L RAILWAY, INC.

My name is Catherine Busch. I have been in charge of marketing for the Keokuk Junction Railway Co., since October 1997. I give this Verified Statement on personal knowledge in support of the Keokuk Junction Railway Co.'s Reply to Verified Petition for Exemption of SF&L Railway, Inc.

1. As a result of being in charge of marketing on the Keokuk Junction Railway (KJRY) I am aware of how traffic moves between the KJRY and other railroads and the rates associated with those moves.
2. Keokuk Junction Railway Co. did not divert any traffic away from the SF&L line between LaHarpe and Peoria, Illinois. Attached hereto as Exhibit "1" is a detailed list of overhead traffic moved to and from KJRY/TPW/SF&L interchange at LaHarpe, Illinois for the period 1999 to 2002 year to date.

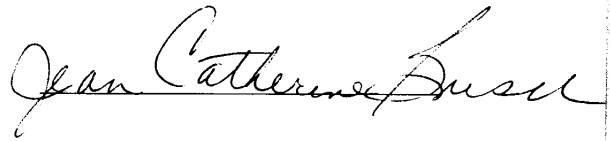
3. The traffic which now moves over the LaHarpe to Lomax line KJRY bought from TPW which includes trackage rights from Lomax, Illinois to Fort Madison, Iowa is mostly new business from Roquette America which previously was routed over the Burlington Northern Santa Fe Railway (BNSF) at Keokuk. Griffin Wheel's decision to move wheels via Fort Madison was made by the customer who received those wheels the Union Pacific Railroad which based its decision on rates and service. The rate for the wheels dropped dramatically and they arrived at their destination two weeks quicker by going over Fort Madison as opposed to the SF&L line.
4. Block rates proposed by SF&L were not and are not workable. The block rates for germ were not received until February 13, 2002 by which time Roquette America had already signed a contract with volume commitment for the movement of that product with the Burlington Northern Santa Fe Railway effective February 1, 2002. Block rates proposed for movement of Griffin Wheel cars would not work because Griffin Wheel never shipped more than one or two cars at a time. None of the commodities for which SF&L proposed block rates were capable of shipment in such large blocks.
5. The SF&L rate for shipment of grain from the LaHarpe-Blandinsville elevators at Blandinsville and Farmers Elevator in Sciota both increased \$53.00 per car from \$147.00 to \$200.00 a 36% increase for moving cars a distance of seven and ten miles respectively. In the time that SF&L was raising its rates the KJRY did not raise its rates in three years in order to keep the through rate competitive with trucks.
6. The TPW, the predecessor of the SF&L, had car hire free on cars for the elevators at Sciota and Blandinsville. Due to service by SF&L of only once or twice per week KJRY could not

allow SF&L to have free car hire for an unlimited period of time due to KJRY's limited car supply. Effective February 1, 2002 five free days of car hire was granted SF&L.

VERIFICATION

I, Catherine Busch, verify under the penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed this 15th day of September 2002

A handwritten signature in cursive script that reads "Jean Catherine Busch". The signature is written in dark ink and is positioned to the right of the date line.

TRAFFIC DATA – 1999

MOVED TO/FROM KJRY/TPW INTERCHANGE AT LA HARPE, IL

<u>CUSTOMER</u>	<u>COMMODITY</u>	<u>VOLUME</u>
CENTRAL IRON & METAL	SCRAP METAL	6
KEOKUK FERROSIL	COAL	294
	SCRAP METAL	86
	FERROSILICON	10
	PIG IRON	9
GRIFFIN WHEEL	SCRAP METAL	4
	SCRAP WHEELS	9
	WHEELS	203
MIDWEST CARBIDE	I/B CALCINED COAL	251
	O/B CALCINED ANTHRACITE COAL	36
CROP PRODUCT SERVICES	FERTILIZER	10
BLANDINSVILLE ELEVATOR	CORN	185
FARMERS ELEVATOR/SCIOTA	CORN	542
ROQUETTE AMERICA	CORN SYRUP	458
	STARCH	4
	SULPHUR	1
	CARBON	30
	CORN GERM	963
	SCREENINGS	55
	MEAL	3
	GLUTEN PELLETS	401
SMURFIT-STONE	PULPBOARD	<u>52</u>
	TOTAL	3602

Exhibit 1

TRAFFIC DATA – 2000

MOVED TO/FROM KJRY/TPW INTERCHANGE AT LA HARPE, IL

<u>CUSTOMER</u>	<u>COMMODITY</u>	<u>VOLUME</u>
KEOKUK FERROSIL	COAL	216
	SCRAP METAL	97
	FERROSILICON	5
GRIFFIN WHEEL	WHEELS	284
	SCRAP METAL	13
MIDWEST CARBIDE	O/B CALCINED ANTHRACITE COAL	35
FARMERS ELEVATOR/SCIOTA	CORN	302
ROQUETTE AMERICA	CORN SYRUP	181
	CORN GERM	803
	SCREENINGS	49
	CARBON	11
	SULPHUR	9
	ACID	2
SMURFIT-STONE	PULPBOARD	0
	TOTAL	2,007

Note:

- 1) Central Iron & Metal – This scrap dealer mostly deals in junk/tin selling in local markets. Rail only an option should he taken in a large enough volume of quality scrap steel be able to ship to rail markets.
- 2) Keokuk Ferrosil - Inbound coal volume has significantly reduced due to service issues due to NS/CR merger. Additionally company starting to have financial problems.
- 3) Midwest Carbide – I/B Coal – lost due to NS/CR merger and NS pricing of the previous CR service route under which the traffic had previously moved.
- 4) Crop Production Services – Sporadic move – most generally originates on BNSF origins and comes into Keokuk on BNSF.

- 5) **Blandinsville Elevator – depends on markets/rates if grain moves west to Keokuk or east to ADM**
- 6) **Roquette – Corn syrup – Significant reductions seen as this contract was in place to NS destinations, with no volume commitment due to the ever changing syrup markets, with new receivers of commodity now being able to be BNSF serviced.**
- 7) **Roquette – Gluten Pellets – This move only occurs during a few of the winter months of the year when barge traffic cannot move. Pellets continued to move by barge during this year.**
- 8) **Smurfit Stone – This number is significantly reduced this year due to BNSF restructuring its rates in order to recapture the traffic that had been taken away from them in year 1999. Additionally, Smurfit Stone shut down this facility during this year.**

TRAFFIC DATA – 2001

MOVED TO/FROM KJRY/TPW INTERCHANGE AT LA HARPE, IL

<u>CUSTOMER</u>	<u>COMMODITY</u>	<u>VOLUME</u>
KEOKUK FERROSIL	COAL	100
	SCRAP METAL	16
GRIFFIN WHEEL	WHEELS	260
MIDWEST CARBIDE	O/B CALCINED ANTHRACITE COAL	27
BLANDINSVILLE ELEVATOR	CORN	66
FARMERS ELEVATOR/SCIOTA	CORN	290
ROQUETTE AMERICA	CORN SYRUP	127
	SULPHUR	8
	CARBON	13
	CORN GERM	907
	SCREENINGS	53
	ACID	5
TOTAL		1,872

Note:

- 1) Keokuk Ferrosil – Traffic continues to decline due to service issues and continual financial problems within the company. Company goes out of business third quarter 2001.
- 2) Roquette – corn syrup – continues to reduce – NS service/rate issues.

TRAFFIC DATA – 2002 – YEAR TO DATE

MOVED TO/FROM KJRY/TPW INTERCHANGE AT LA HARPE, IL

<u>CUSTOMER</u>	<u>COMMODITY</u>	<u>VOLUME</u>
KEOKUK FERROSIL	COAL	0
	SCRAP METAL	0
GRIFFIN WHEEL	WHEELS	30
MIDWEST CARBIDE	O/B CALCINED ANTHRACITE COAL	26
BLANDINSVILLE ELEVATOR	CORN	114
FARMERS ELEVATOR/SCIOTA	CORN	297
ROQUETTE AMERICA	CORN SYRUP	4
	SULPHUR	2
	CARBON	7
	CORN GERM	83
	ACID	2
TOTAL		565

Note:

- 1) Keokuk Ferrosil – Company completely shut down, out of business.
- 2) Griffin Wheel (UP wheels – UP pays freight) – When contract extension expired 2/1/2002, the price structuring and transit times to take the cars to the UP at Sommer dramatically increased due to SFL & TPW. UP requested new rates from KJRY via Ft. Madison interchange which offered significantly lower costs and dramatically improved transit times.
- 3) Roquette – corn syrup – continues to reduce, eventually drying up February, 2002 due to increase in rate structures and pricing costs involving SFL, TPW and NS.
Screenings – Due to increased costs and service issues with new routing to include SFL 2/1/2002, traffic went back to truck.
Carbon – Due to increased costs and service issues with new routing to include SFL 2/1/200w, traffic was given to BNSF upon contract expiration.
Corn Germ – Due to dramatic costs and service issues involving SFL/TPW effective 2/1/2002, BNSF captured the traffic which had been maintained by KJRY for many years.

EXHIBIT B

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 33995

**SF&L RAILWAY, INC.--ACQUISITION AND OPERATION EXEMPTION
--TOLEDO, PEORIA AND WESTERN RAILWAY CORPORATION--
BETWEEN LA HARPE AND PEORIA, IL**

Finance Docket No. 33996

**KERN W. SCHUMACHER AND MORRIS H. KULMER
--CONTINUANCE IN CONTROL EXEMPTION--
SF&L RAILWAY, INC.**

**VERIFIED STATEMENT OF B. ALLEN BROWN
SUPPORTING KEOKUK JUNCTION RAILWAY CO.'S
REBUTTAL TO REPLY OF SF&L RAILWAY, INC.,
KERN W. SCHUMACHER AND MORRIS H. KULMER**

My name is B. Allen Brown. I am the Chief Operating Officer of Keokuk Junction Railway Co. I give this Verified Statement on personal knowledge in support of the Rebuttal of Keokuk Junction Railway Co., to the Reply of SF&L Railway , Inc., Kern W. Schumacher, and Morris H. Kulmer.

1. In both the Reply of SF&L Railway , Inc., Kern W. Schumacher and Morris H. Kulmer and the Verified Statement of Steve Van Wagenen there is speculation regarding the reasons for my July 17, 2001 voice mail message to Steve Van Wagenen.
2. The reason I told Mr. Van Wagenen that KJRY was not going to sign the interchange report that he had sent was because, at the time, the tracks of KJRY did not physically touch the tracks of SF&L.

3. SF&L received common carrier authority from the Board to operate between mile post 123 and mile post 194.5. It did not have Board authority to operate between mile post 194.5 and mile post 195.5.
4. The KJRY physically connected with TP&W at LaHarpe, Illinois mile post 195.5. It had no authority to operate on TP&W tracks to mile post 194.5.
5. Since TP&W retained ownership and common carrier authority on one mile of track between SF&L at mile post 194.5 and KJRY at mile post 195.5 there could be no direct interchange of cars. As it was then structured any movement of cars to Peoria and points east would have required KJRY to interchange cars to TP&W at LaHarpe who would then interchange the cars to SF&L.

VERIFICATION

I, B. Allen Brown, verify under penalty of perjury that the foregoing is true and correct.

Further, I certify that I am qualified and authorized to file this statement.

Executed this 24th day of January, 2002

A handwritten signature in black ink, appearing to read "B. Allen Brown", written over a horizontal line.

EXHIBIT C

FARMERS ELEVATOR COMPANY

AREA CODE 309

TEL. 456-3600

SCIOTA, ILLINOIS

September 17, 2002

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

RE: AB-488 (Sub No. 2X) - SF&L Railway, Inc. - Abandonment Petition between
LaHarpe and Peoria, Illinois

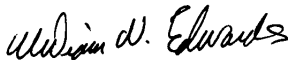
Dear Mr. Williams:

I am in receipt of the Verified Petition for Exemption of SF&L Railway, Inc., seeking authority to abandon 71.5 miles of track from LaHarpe to Peoria, Illinois.

The Farmers Elevator Company presently ships grain on that line to Roquette America in Keokuk, Iowa. In the past grain has also been shipped east on the line to ADM in Peoria. SF&L claims that transloading grain to LaHarpe is available and abandonment will be of little significance to online shippers. The abandonment will greatly impact the Farmers Elevator Company and it will greatly increase the cost of doing business.

On January 31, 2001 I wrote to you in support of a Petition to Revoke the authority of SF&L based upon the likelihood it would seek, in short order, to abandon the line and scrap it. I understand that Petition is still pending. My earlier prediction that SF&L would seek to abandon the line has come true. If the STB is going to allow the SF&L to abandon the line from LaHarpe to Peoria that serves active shippers then I ask that it make its decision as quick as possible so that a company like the Keokuk Junction Railway can buy and operate the line correctly. The last thing anyone in this part of the state of Illinois wants to see is the line abandoned and scraped. If the line is scraped then an important form of transportation will be lost forever. Further, a link to Peoria and connections to the east will also be lost forever. I ask that you not allow the SF&L to profit from their scheme to buy and then abandon the line. The purchase price should be set as low as possible so that it may be purchased and operated and not abandoned.

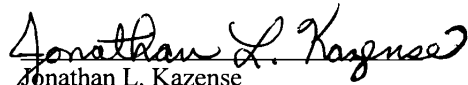
Respectfully yours,



Williams W. Edwards
Manager

CERTIFICATE OF SERVICE

This is to certify that on this 20th day of September 2002, I caused the foregoing document "Keokuk Junction Railway Co.'s Reply to Verified Petition for Exemption by SF&L Railway, Inc." in Finance Docket No. AB-448 (Sub No. 2X) proceeding to be served upon counsel for all known parties of record by first class mail, postage prepaid, or by more expeditious means.


Jonathan L. Kazense
Keokuk Junction Railway Co.
1318 South Johanson Road
Peoria, IL 61607
(309) 697-1400 (Phone)
(309) 697-8486 (Fax)