

**BEFORE THE  
GEORGIA PUBLIC SERVICE COMMISSION**

Sandersville Railroad Company

Hancock County, Georgia

**In re: Sandersville Railroad Company's  
Petition for Approval to Acquire Real  
Estate by Condemnation**

Docket No.: 45045

**PRE-FILED RESPONSIVE EXPERT TESTIMONY OF  
GARY HUNTER**

on behalf of the Property Owner Respondents

August 25, 2023

Grant E. McBride  
Georgia Bar No. 109812  
SMITH, WELCH, WEBB & WHITE,  
ATTORNEYS AT LAW  
2200 Keys Ferry Court  
P.O. Box 10  
McDonough, GA 30253  
gmcbride@smithwelchlaw.com  
Tel.: 770-957-3937  
Fax: 770-957-9165

Robert B. Baker  
Georgia Bar No. 033881  
ROBERT B. BAKER, PC  
2480 Briarcliff Road, NE, Ste. 6  
Atlanta, Georgia 30329  
(706) 207-5002  
bobby@robertbbaker.com

William R. Maurer\*  
Washington Bar No. 25451  
INSTITUTE FOR JUSTICE  
600 University Street, Ste. 1730  
Seattle, WA 98101  
(206) 957-1300  
wmaurer@ij.org

Elizabeth L. Sanz\*  
California Bar No. 340538  
Renée D. Flaherty\*  
District of Columbia Bar No. 1011453  
INSTITUTE FOR JUSTICE  
901 N. Glebe Rd., Ste. 900  
Arlington, VA 22203  
(703) 682-9320  
bsanz@ij.org  
rflaherty@ij.org

*\*Pro hac vice applications pending*

*Counsel for Property Owner Respondents*

1           **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

2           A. My name is Gary Hunter, and my address is 8098 Anselmo Ct., Reno, Nevada 89523.

3           **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

4           A. I am testifying on behalf of the Property Owner Respondents.

5           **Q. PLEASE STATE YOUR CURRENT TITLE AND RELEVANT WORK**  
6 **EXPERIENCE.**

7           A. I am the Chairman & Chief Executive Officer of Railroad Industries, Incorporated, a full-  
8 time transportation consulting practice where my duties include operations analysis, marketing  
9 analysis, railroad mergers and acquisitions, financial analysis, equipment analysis, facility design,  
10 competitive analysis, rate negotiations and sales, developing agreements, training and expert witness  
11 work, tourist railroads, and short line railroads. I have held this position since 1994. Prior to forming  
12 Railroad Industries, Incorporated, I held positions in numerous railroad companies. From 1976-  
13 1981, I worked for the Western Pacific Railroad in the San Francisco Bay area, which included staff  
14 and direct line supervision of railroad operations; coordination of schedules, assignments, and train  
15 performance; and working with other company departments such as sales and marketing, car  
16 distribution, train operations, traffic development, dispatching, car maintenance, and mechanical.

17           From 1981-1987, I worked for the Southern Pacific Transportation Company based in San  
18 Francisco, where I worked in the Market Planning Department, the Intermodal Department and in  
19 the Marketing Services Department. My responsibilities included developing agreements,  
20 developing short line railroads, and working with transportation, operations, and equipment  
21 utilization. From 1987-1989, I was a consultant with Transportation Marketing Services, Inc. My  
22 duties included equipment analysis, physical distribution, and logistics analysis, and I gave  
23 testimony and prepared traffic and revenue projections and traffic flow analysis for the Anschutz  
24 Corporation and Rio Grande Industries' acquisition of the Southern Pacific Transportation

1 Company. I was also involved heavily in short line acquisitions and due diligence. In 1993, I became  
2 the General Manager for the Arkansas Midland Railroad, a short line railroad with 131 miles of  
3 track, 37 employees, and 21,000 annual carloads. A copy of my resume is attached as Exhibit 1.

4 I have extensive experience with moving aggregates by rail, including stone, rock, sand,  
5 gravel, and cement. For several years at Southern Pacific, I led the effort in converting small  
6 aggregate shipments into very profitable unit train movements, saving costs for both shippers and  
7 Southern Pacific. These trains move aggregates from the Beckman, Texas area to the Houston and  
8 Dayton, Texas areas, moving over 3 million tons of aggregate by rail annually to four major  
9 distribution facilities. These 60-80 car unit trains were in a continuous cycle with dedicated  
10 locomotive power and railcars. Trains were loaded by front-end loader in 8 hours and unloaded  
11 within 24 hours at destination. In addition to this major project, I was also involved with setting up  
12 spot aggregate moves to specific job sites in Texas. I was also involved with sand and gravel moves  
13 from the Eagle Lake, Texas area to Houston. I have also worked with aggregate shippers and  
14 railroads in California, South Carolina, and Arkansas to develop cost-saving rail transportation,  
15 including equipment utilization, competitive analysis and costs, infrastructure needs at origin and  
16 destination for optimized operations for all parties, contract negotiations, and railroad service and  
17 facility design.

18 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?**

19 A. No.

20 **Q. PLEASE SUMMARIZE AND OUTLINE YOUR TESTIMONY.**

21 A. I have been asked to respond to the direct testimony of Sandersville Railroad  
22 (“Sandersville” or “Sandersville Railroad”) and to provide expert testimony about the economic  
23 feasibility of Sandersville’s proposed new short line railroad. The 4.5-mile railroad would be located  
24 in Hancock County, Georgia, and would connect the Heidelberg, or “Hanson,” aggregate quarry in

1 Sparta, Georgia, to the CSX branch line operating east of Sparta. In order to build this line,  
2 Sandersville Railroad will need to acquire right of way from eighteen existing properties in the  
3 Sparta area. Most of the property owners are not willing to sell their properties.

4 Sandersville proposes to operate one train each way daily between the Heidelberg/Hanson  
5 quarry and the CSX interchange on this 4.5-mile new railroad. The train is expected to operate during  
6 daylight/normal business hours at 20 mph and a one-way trip should take 20 minutes. Sandersville  
7 has asked for a 200-foot right of way surrounding the tracks. In my experience, a 50-foot right of  
8 way is normal for this type of project. Sandersville has requested more right-of-way than is normal  
9 for a railroad like this. Additionally, Sandersville claims that the route selected going through 18  
10 properties was the “most efficient” and minimized environmental impacts such as impacts to  
11 wetlands and streams. However, no evidence has been provided on other routing options that were  
12 tested. No alternative routes or transportation options, nor feasibility studies have been presented by  
13 Sandersville Railroad to compare least-impact options before depriving citizens of their property.

14 I have reviewed Sandersville’s direct testimony, and in my expert opinion, the project is not  
15 economically feasible. It would take decades to recover its costs. I have performed an economic  
16 feasibility analysis, which shows that with current information provided, Sandersville’s project is  
17 not an economically feasible project. Sandersville should have done an economic feasibility analysis  
18 itself, but it has not done so. (*See* August 10, 2023 Sandersville’s Objections and Responses to  
19 Subpoena to Testify and *Duces Tecum*, at pp. 9-10).

20 According to Sandersville, the capital costs for this project are reported to be over \$7 million  
21 (SRR Community Meeting Slides, August 2022) plus another \$6 million in infrastructure  
22 improvements at the Heidelberg quarry in order to establish this rail link (Testimony of Scott  
23 Dickerson, at p. 9). However, there is no documentation to support showing what these costs cover.  
24 The costs are more likely much higher. There is also no documentation to support the assertion that

1 500,000 tons of aggregate will move by rail and no traffic count or commitment from any of the  
2 other shippers who testified. There is no feasibility study presented to justify the expenditure of these  
3 millions of dollars. Many of Sandersville’s witnesses testify that rail shipping will reduce their costs,  
4 but there is no analysis presented to show that the cost savings will pay for or justify the capital  
5 costs. Although Sandersville has stated that it will be financing the project itself (*see* August 10,  
6 2023 Sandersville’s Objections and Responses to Subpoena to Testify and Duces Tecum, at p. 7),  
7 the project may require additional funding from other sources. It does not appear that the traffic  
8 produced by the Heidelberg facility will produce enough traffic to justify this capital project, so  
9 without such a study or evidence to prove otherwise, it is doubtful why any investment partner or  
10 funding grantor (private or especially public) would approve such a project. In all my years of  
11 experience in the rail industry, including numerous new construction projects, I have never heard of  
12 capital costs being expended like this without a detailed feasibility study. The “public use” test for  
13 condemnation is not met if the project is not even feasible.

14 My testimony proceeds as follows: First, I describe information missing from Sandersville’s  
15 testimony and why that information is necessary to these proceedings. Second, I explain the  
16 problems with Sandersville’s plan. Third, I show that the benefits promised by Sandersville are  
17 illusory. Fourth, I demonstrate that reasonable alternatives to Sandersville’s plans exist. Fifth, I  
18 analyze the economic feasibility of Sandersville’s plans. Finally, I discuss why Sandersville’s plan  
19 does not meet the statutory standards for the use of eminent domain in Georgia.

20

21 **SANDERSVILLE’S TESTIMONY IS MISSING IMPORTANT INFORMATION**

22 **Q. WHAT MATERIALS DID YOU REVIEW TO PREPARE FOR YOUR**  
23 **TESTIMONY?**

24 A. I reviewed the following list of materials. Additionally, my employee visited Sparta to

1 inspect existing CSX infrastructure, observe the properties, and interview property owners, and I  
2 reviewed photos from that visit. Those photos are attached as Exhibit 2.

- 3 • Amended Petition for Approval to Acquire Real Estate by Condemnation In Re: Sandersville  
4 Railroad Company, Hancock County, Georgia Acquisition Docket No. 45045.
- 5 • Pre-Filed Direct Testimony of Benjamin Tarbutton III
- 6 • Pre-Filed Direct Testimony of Alan Haywood
- 7 • Pre-Filed Direct Testimony of Gregory D. Teague
- 8 • Pre-Filed Direct Testimony of Arnie Pittman
- 9 • Pre-Filed Direct Testimony of Jeffrey Custer
- 10 • Pre-Filed Direct Testimony of Scott Dickson
- 11 • Pre-Filed Direct Testimony of Cale Veal
- 12 • July 26, 2023 Subpoena to Testify and Duces Tecum, Exhibit A (“the Hearing Officer’s Data  
13 Requests”)
- 14 • August 10, 2023 Sandersville’s Objections and Responses to Subpoena to Testify and Duces  
15 Tecum
- 16 • Sandersville Community Meeting Slides, August 2022

17 **Q. DOES SANDERSVILLE’S DIRECT TESTIMONY CONTAIN THE**  
18 **INFORMATION SANDERSVILLE WOULD NEED TO KNOW TO BUILD ITS PROJECT?**

19 A. No. Most of the testimonies are broad generalizations about wishful traffic,  
20 unsubstantiated promises of economic development, misleading statistics about unemployment in  
21 Hancock County, unsubstantiated assertions about how the project will impact the County, and  
22 unsupported capital cost estimates. Property should not be condemned for a project about which  
23 Sandersville, and everyone else, seems to know so little.

24 **Q. WHAT ELSE WOULD SANDERSVILLE NEED TO KNOW?**

1           A. At the time of drafting this testimony, Sandersville has not provided the details needed  
2 to prove the project is feasible and show proof of traffic, revenue, and costs. The documents the  
3 Hearing Officer requested are essential for examining the feasibility of the project and measuring  
4 possible public impacts, both positive and negative. This is all analysis Sandersville should have  
5 completed before ever moving forward with capital expenses or adverse actions. Without the  
6 documents, this project is an exercise in conjecture at the expense of the residents and current  
7 property owners. One cannot condemn people's private property in Georgia because they simply  
8 feel they could use it better. Most of the documents and testimony provided to date have simply been  
9 hypothesizing about what a project like this might be like without understanding everything  
10 involved. The only traffic developed enough to even consider is Heidelberg's, which also has flaws  
11 before it would be considered true traffic to justify the capital expenses for this project.

12           I understand that the railroad will provide some of the documents the Hearing Officer has  
13 requested. I will update my testimony to provide analysis based on these documents if they affect  
14 the conclusions I make here.

15           Reviewing the documents that Sandersville has so far provided, however, leads me to  
16 conclude that this project is ill-conceived and based on several erroneous assumptions. For instance,  
17 most of the testimonies are filled with misrepresentations about where this line will actually connect  
18 and suggests that the real purpose of this project is to establish a foothold using condemnation and  
19 continue to build under this guise until it can connect the pieces of the Sandersville Railroad. This  
20 is the only way most of the purported customers' testimonies make sense – if they believe they can  
21 access CSX from their Sandersville facilities. Before the railroad could connect Sandersville to CSX,  
22 several other factors would have to be considered; for instance, the impact on Norfolk Southern, the  
23 Class I railroad connected to the existing Sandersville Railroad who would lose traffic to its main  
24 competitor CSX; or the Surface Transportation Board's position, the authority that regulates railroad

1 access and competitiveness that would need to approve any new short line that would impact the  
2 competitiveness of CSX and Norfolk Southern.

3 Below is a list of minimum information that should be developed and provided to prove  
4 feasibility:

- 5 1. Detailed capital costs for the 4.5-mile line, including a breakdown of costs for track  
6 components, feet of track in all locations, locations of switches, ballast to be installed, any  
7 bridges and culverts, and any crossings (including at-grade and underpasses for Hwy 16,  
8 public and private, regardless of who pays for them).
- 9 2. Detailed capital costs for infrastructure at the quarry, including the noise mitigation berms,  
10 conveyor equipment, other equipment, and track components as above.
- 11 3. Interchange support tracks as dictated by CSX requirements, including track lengths,  
12 switches, etc.
- 13 4. Detailed contact with CSX to know their plans to handle this traffic, requirements for  
14 infrastructure and service, expected rates, etc.
- 15 5. Detailed environmental study following guidelines for a brand new railroad construction.
- 16 6. Any feasibility analysis performed by other parties, including profitability, return on  
17 investment, etc. from railroad, shippers, funding applications, etc.
- 18 7. Actual traffic projections and commitments of other potential customers, with feasibility of  
19 their traffic measured against additional capital costs to handle their traffic.
- 20 8. Any market analysis to support demand for commodities to move in this project to the  
21 suggested markets, including competition analysis to show what market share they could get  
22 to determine actual likely traffic for the new railroad.
- 23 9. Any costing studies performed showing current costs to truck to current markets showing  
24 current equipment, materials, and capacities.



1 10. Any costing performed to show costs to truck to the CSX mainline.

2 11. Any operational economics for the proposed railroad to show the proposed operating plan to  
3 be feasible, including cost breakdown and service plan.

4 12. Any competitive analysis to show how Heidelberg will secure markets from quarries  
5 currently shipping unit trains who are served directly by CSX.

6 All of these items would need to be provided or developed in order to truly prove feasibility.

7 Most of these items have been requested by the Hearing Officer's Data Requests but have not yet  
8 been provided. Until this information is provided, feasibility, return on investment and proper  
9 economics cannot be determined, and my feasibility study will likely need to be updated with the  
10 more concrete data. In any event, the alternatives must be examined and feasibility established before  
11 the project can proceed.

12  
13 **SANDERSVILLE'S PLAN HAS SEVERAL PROBLEMS**

14 **Q. BASED ON THE INFORMATION AVAILABLE TO YOU, DOES**  
15 **SANDERSVILLE'S PLAN HAVE ANY PROBLEMS?**

16 A. Yes. So far, Sandersville Railroad has only proposed a conceptual rail plan on paper. A  
17 ballpark figure of \$7.4 million in costs was presented (SRR Community Meeting Slides, August  
18 2022) without a detailed cost breakdown showing how much is for track, bridges, property  
19 acquisition, environmental assessment and engineering, crossings and safety features, etc. Such  
20 information was requested but not yet provided. Only if the project is feasible will it be available for  
21 use by the public. Feasibility is proven by detailed capital costs, operating/transportation costs  
22 savings, and enough traffic with proven demand. Such information has been requested of  
23 Sandersville Railroad but has not yet been provided.

24 The biggest issue with constructing this 4.5-mile new railroad at this time, including taking

1 any adverse actions on property owners, is that feasibility, and therefore public need, has not been  
2 proven. The entire project is in a conceptual phase, not an acquisition and implementation stage. No  
3 evidence has been presented that project costs have been developed to the necessary detail to include  
4 everything needed. No evidence has been presented to support committed traffic levels to pay for  
5 the project, including ensuring the target end markets can receive the tonnage projected. No evidence  
6 has been presented to show that the final transportation costs will provide enough savings to  
7 Heidelberg to justify their own facility capital costs.

8         The capital costs noted in the information presented by Sandersville Railroad states a cost of  
9 \$7.4 million (SRR Community Meeting Slides, August 2022). This figure seems very low  
10 considering everything that will need to be constructed. Since a detailed cost breakdown was not  
11 provided, we cannot tell if that figure includes the CSX interchange tracks, the support tracks for  
12 building the unit trains, bridges, crossings, just compensation for property condemnations, or any  
13 other features. There are at least two bridges on this planned 4.5-mile railroad and a major at-grade  
14 crossing based on exhibit maps submitted in the Testimony of Gregory Teague of Croy Engineering,  
15 who is the design engineer for Sandersville Railroad. The crossing from the CSX mainline to the  
16 new railroad will need to be an underpass under the major State Highway 16/Augusta Highway,  
17 similar to the one the nearby Vulcan quarry has. This is a major cost clearly not included in the  
18 capital costs so far presented.

19         The project will also need to determine if there are any stricter environmental requirements  
20 since this is clearly a new railroad construction – not a railroad spur. A spur is a track diverting from  
21 the existing main line, which in this case would be operated by the existing railroad (CSX). This line  
22 is presented as a new common carrier railroad allegedly serving multiple customers with an operator  
23 not currently connected to the Class I railroad (who will have separate operating authority). The  
24 complete capital costs for this project once all costs are accounted for are likely to be more like \$20

1 million.

2           In addition, Heidelberg mentions another \$6 million in infrastructure improvements it will  
3 need to make at its facility (SRR Community Meeting Slides, August 2022 and Testimony of Scott  
4 Dickerson, at p. 9) bringing the total capital costs to possibly over \$20 million. However, no details  
5 have been provided to show what this includes. Heidelberg mentions 20-foot high tree covered  
6 berms around the quarry as a noise mitigation barrier, conveyor systems for rail loading and some  
7 other equipment. The Vulcan facility next door has over 15,000 feet of track within its facility for  
8 rail support tracks, loading, car storage for empties and unit train building. This puts Sandersville at  
9 a competitive disadvantage. Unit trains would either need to be built within the Heidelberg facility  
10 on extensive tracks able to handle two 100-car long trains, or these tracks will need to be built  
11 elsewhere on the new railroad's system, perhaps at the yard planned for Galilee Rd. Wherever they  
12 are built, they add substantially to the overall capital costs for the project. The Vulcan unit train  
13 operation will continue to be more competitive since it is established, trains are built in facility, and  
14 it is served directly by CSX.

15           Capital costs include all costs associated with establishing the project. Numerous pieces of  
16 this project have been left out of the capital costs. One example is that CSX will likely construct the  
17 siding into the new interchange tracks from its own main line. However, these costs still need to be  
18 included in the capital costs; CSX will be recovering their costs for such construction either by  
19 billing them back to the new short line railroad (Sandersville), or by charging extra in their rates for  
20 traffic off this new railroad.

21           The key is that whoever is paying for the line other than Sandersville, whether that is  
22 investment partners and shippers, financing from a private lender, or public funding, will require the  
23 project to be feasible. At a minimum, the revenue or savings must recover the costs. Even more  
24 likely, there is an expected rate of return on the costs, putting even more pressure on the project to

1 support itself.

2 Capital costs would not be an issue if there were sufficient traffic and revenue to justify the  
3 project. Rail is not a “build it and they will come” industry. Traffic and revenue levels are the  
4 lifeblood of any railroad. Several shippers have stated “they would use” the line, but they have not  
5 given traffic estimates nor committed any traffic to justify the capital costs. Several of them  
6 mentioned wanting competitive direct rail access to CSX markets, yet they are not even located on  
7 Sandersville’s new short line. Most of them are located in Sandersville, Georgia, on the existing  
8 Sandersville Railroad almost 20 miles away. For them to utilize Sandersville’s new line, they would  
9 need to pay to truck their product to Sparta (*adding* trucks to the local roadways, not removing them),  
10 transload it to the new railroad, pay the Rule 11 rate for the new railroad, plus CSX’s line haul rate.  
11 This makes traffic from these customers unlikely.

12 Pittman Construction, which is located inside Hanson Quarry, is the only other customer  
13 actually on the proposed new railroad who could use it. If Pittman were to commit traffic, it would  
14 need to have enough traffic to justify and recover costs for an additional rail spur into its own facility.  
15 Thus far, Pittman has not identified or quantified a plan for such a track, costs for it, or the traffic to  
16 justify it, so the only viable traffic to consider for this project at this time is the Heidelberg traffic.  
17 However, this traffic should also be verified to ensure that Heidelberg actually has a market able to  
18 receive all 400,000 tons of unit train traffic.

19 Heidelberg already ships 250,000-350,000 tons of aggregate annually by truck to local  
20 markets. That local traffic will always move by truck, getting the aggregate directly to the local job  
21 sites, most of which are not located on the rail line. Heidelberg noted that its quarry capacity would  
22 be 700,000 annual tons, which only leaves 350,000-450,000 remaining tons to move by rail (vs. the  
23 500,000 pitched in the presentations). If we look at 400,000 tons, that is 8,000 tons per week, or 16  
24 railcars per day at most. This is a miniscule amount of traffic to justify constructing a new rail line.

1 Another key unanswered question for feasibility analysis is also how long it will take Heidelberg to  
2 expand their quarry and be ready to ship another 400,000 additional tons.

3 Also, capacity does not equal traffic. All companies wish they had orders for 100 percent of  
4 their product. The traffic will be dictated by the demand for the aggregates and Heidelberg's ability  
5 to compete for market share. Heidelberg indicated that it wanted to compete for CSX markets like  
6 Savannah, Wilmington, and North Carolina, but this wish appears to be speculative at this time. No  
7 market analysis or traffic demand information was provided, let alone Heidelberg's established  
8 competition in these markets. Sandersville admitted in its response to the Hearing Officer's Data  
9 Requests that "no [market] surveys [are] in its possession, custody, or control." (August 10, 2023  
10 Sandersville's Objections and Responses to Subpoena to Testify and Duces Tecum, at p. 8.)  
11 Currently, Vulcan Materials is directly served by CSX. This means that Vulcan's rail rate includes  
12 only CSX in its routing. Heidelberg's rail rate will need to include CSX's rate plus the rate of the  
13 new short line railroad. Because of the low margin for transportation costs with aggregates, this  
14 difference in rate will have a significant impact. Another major competitor, Martin Marietta  
15 Materials, is located with direct CSX access in Camak with even lower costs than Vulcan located at  
16 the end of the branch line. Even if the new short line were to lower its rate for Heidelberg, it cannot  
17 lower the rate under its own cost to operate, and the lower profit margin it charges, the thinner the  
18 feasibility of the line becomes.<sup>1</sup> Feasibility is determined by the cash flow after operating costs for  
19 capital cost recovery.

20 Desire for other markets does not constitute need. If this were someone's own property, they  
21 could risk whatever capital they wished and chase those desires for better or worse. However, in

---

<sup>1</sup> The Georgia Legislature has passed laws granting the Public Service Commission the power to regulate a railroad's intra-state rates. O.C.G.A. § 46-8-20. It does not appear that the Commission currently exercises this power, and it is unknown whether, or to what extent, the Commission will attempt to exercise this power in the future.

1 order to take someone else's personal property away in the state of Georgia, there must be a public  
2 use. The need has definitely not been proven at all, and it is certainly not a present need since so  
3 many capital expenses will be needed beyond what Sandersville Railroad has presented and since  
4 all customers except for Heidelberg have not even committed specific traffic levels to established  
5 markets. There is only one customer proven for this project, making it a private benefit versus public.

6 Examination of the customers shows that the only customer with viable traffic at this time is  
7 Heidelberg. The condemnation would be for the private use of Sandersville Railroad with a single  
8 customer. There are alternatives to this customer (as well as all other customers suggested) as they  
9 currently use trucking or have access to rail already. Adding at-grade crossings always increases  
10 risk. Members of the public who are actually affected by this project are adamantly opposed to it.  
11 There is no proof of any public that would benefit from the project.

12 Another major issue with this proposed operation is the lack of any feedback or direction  
13 from CSX. CSX is the Class I railroad carrier connecting this proposed line to the national rail system  
14 and will dictate what is required for infrastructure to connect as well as service, equipment and rates.  
15 CSX's requirements to handle this project will likely change its costs (usually adding to them) for  
16 both capital costs and operating costs. Signoff from the connecting Class I carrier is always required  
17 before moving forward with a project. This could affect train sizes and volumes. They will not begin  
18 construction on the spur to connect until they approve the service and infrastructure.

19 Several of the figures presented in the plan also do not seem to make sense. The plan claims  
20 that one train per day will operate each way on the line. However, for one 60-80 car train for a single  
21 customer, it should require only one train per week on the line to bring this weekly train to  
22 interchange. To operate a trip more often would be inefficient and increase the rail costs significantly  
23 for no reason. In addition, the truck to railcar ratio does not make sense. A standard ratio is maximum  
24 25 lading tons per truck and 100 lading tons per railcar, for a ratio of 4:1. Specialized equipment is

1 needed to increase those maximum loadings to 28 tons or up to 114 tons respectively (for the same  
2 ratio). However, no information has been provided on specialized dedicated equipment, and such  
3 equipment would increase the capital costs for the project. Therefore, the trucks currently used or  
4 required presented by Sandersville Railroad for Heidelberg make no sense. In fact, any trucks  
5 currently used by Heidelberg for local markets would continue to be served by trucks, and if  
6 Heidelberg can only reach CSX markets with rail, then absolutely zero trucks are removed from the  
7 highways with this project.

8

9 **THE BENEFITS PROMISED BY SANDERSVILLE ARE ILLUSORY**

10 **Q. WHAT IS YOUR OPINION ABOUT THE BENEFITS SANDERSVILLE CLAIMS**  
11 **WILL RESULT FROM ITS PROPOSED RAILROAD?**

12 A. Those benefits are illusory. If this were simply an economic development project for  
13 which a grant (free money) was received to install a project for the hope of future economic  
14 development, there might be less concern over the project proving it could support itself (as opposed  
15 to being a waste of money). However, the trade-off for this type of funding is usually that an  
16 economic development agency seeking out or applying for such funds has likely already performed  
17 the studies needed to show significant need or ability to use the project. There would appear to be  
18 an economic development entity behind and supporting the project: the Sparta Hancock  
19 Development Authority (SHDA). However, research indicates that this organization may have only  
20 one member, Mr. Haywood, mayor of Sparta, so it is not clear whether any actual economic  
21 development organization, professional expertise or completed studies behind this project. Based on  
22 the information provided so far in several testimonies, no proof has been presented to show actual  
23 economic benefits for the county and community (other than a basic incremental increase in tax  
24 revenue).

1 Another quality of economic development projects is that they are usually designed with the  
2 support of the communities they are supposed to benefit. There is almost always a public feedback  
3 component to these projects. This does not mean forcing the community to legally fight the project  
4 with a day in court, but proving that a public feedback process is performed as part of the project's  
5 due diligence before proceeding with any options. Usually multiple scenarios are developed and  
6 presented and the public feedback is a factor in determining which option is chosen – the most  
7 benefits with the least harm, treating harm to individuals in the community and their properties as  
8 harm. It is possible in many of these circumstances that the lowest cost option is not the harm-  
9 minimizing option. This public process is another Trade-off for access to public funds with no future  
10 fiscal responsibility to justify the funds. The County Board of Commissioners who Mr. Haywood  
11 testifies asked him to be the Executive Director of SHDA is not on record as supporting this project  
12 specifically because of the community's opposition to it.

13 There also seem to be questions as to whom this project benefits. Obviously, any increased  
14 business and revenue within the County is beneficial in tax revenue. However, this is rarely the only  
15 or main benefit for a project of this scale and physical impact. SRC and Heidelberg claim that the  
16 project will add numerous jobs, but many of the jobs for these operations (indeed all of the jobs from  
17 SRC) would be handled by existing personnel who live in other counties. This would also likely be  
18 the case for any increased spending from the new business brings since its headquarters is in  
19 Sandersville. Interviews with residents claimed that most of the workers at the quarry were not  
20 residents of Hancock County. Unless the new jobs created are for residents of Hancock County, then  
21 it isn't really economic development for the county or city.

22 These economic benefits claimed by the project have simply not been proved based on the  
23 information provided to date.

24 **Q: ARE THERE OTHER PROBLEMS WITH THE RAILROAD'S ANALYSIS OF**



1 **THE BENEFITS OF THIS PROJECT?**

2 A: Yes. One example is its discussion of the current unemployment rate in Hancock County.  
3 It's true that Hancock County has one of the lowest per capita incomes related to other counties and  
4 businesses have been closing over the last several decades. Although a large portion of residents  
5 within Hancock County are not employed, this is not an unemployment figure. Over 25% of  
6 Hancock County residents are over the retirement age of 65 and live in Sparta because they have  
7 retired there to live away from heavy industry. Numbers are being thrown around to create an  
8 impression of grand economic development and opportunity for everyone in the County, but it is  
9 important to examine those numbers to see how they are really benefitting those impacted or whether  
10 they are just a clever spin.

11

12 **REASONABLE ALTERNATIVES TO SANDERSVILLE'S PLANS EXIST**

13 **Q: ARE THERE OTHER OPTIONS HANCOCK COUNTY COULD CONSIDER TO**  
14 **ENCOURAGE GROWTH?**

15 A: Yes. The county might look at other options for economic development such as  
16 capitalizing on the historical and environmental aspects of the county as a retreat or tourist locale.  
17 In addition, it could encourage commercial development along the existing I-15 and I-16 corridors  
18 versus pushing through a brand new and unnecessary right of way. There are numerous avenues  
19 toward economic development that do not take people's private property because someone else  
20 wants it or doesn't appreciate how they use it.

21 The county would get the tax benefits of the quarry expanding whether the rail spur is  
22 constructed or not if Heidelberg uses the transloading option. Heidelberg would also still add the  
23 jobs it has noted, whether those are Hancock County residents or not. However, there would be no  
24 property condemnations and it would save at least \$20 million in costs being paid by someone else,

1 possibly taxpayers if the project is paid for with public funding. The current local markets served by  
2 Heidelberg with trucks would continue, with no trucks being removed from existing roadways, and  
3 the transload option for Heidelberg adds only seven daily trucks to the roadways.

4 Since Georgia does not allow condemnation for economic development purposes, this  
5 project must present a clear and present (not many years down the line) need for this property for  
6 more than one customer. This has not been done to date. For any funding partners in this project, as  
7 presented to the courts so far, the project is not feasible itself and would not produce any rate of  
8 return for decades. Although much information has been requested to answer questions and resolve  
9 many of the assumptions that had to be made with this report, it is doubtful that enough traffic can  
10 be produced within the foreseeable future to justify the project or the rates CSX would charge to  
11 operate on the branch line. There seems to be much talk of “other shippers on the line” and future  
12 development “on the line.” And yet, there are no other shippers on it without substantial additional  
13 unjustified capital. Just because a railroad starts up hoping to draw more industries does not mean  
14 the serving Class I CSX will not charge high (uncompetitive) rates to move it. Unless there are plans  
15 to continue taking property as “needed” and try to connect this new line to another railroad to gain  
16 NS and CSX access, which would cause competition alarms with Norfolk Southern and the STB,  
17 and is also not the purpose presented to the courts for these condemnations, then most of the  
18 testimonies regarding future possible traffic, future speculative facilities, hopes for economic  
19 development, etc. are simply wishes and misinformed about where the actual proposed line is located  
20 and how it connects to the national rail system.

21 **Q. DOES HEIDELBERG HAVE FEASIBLE ALTERNATIVES TO THE PROPOSED**  
22 **NEW RAILROAD?**

23 A. Yes. The least-impact alternative for Heidelberg to utilize rail and still reach CSX markets  
24 would be to simply construct an aggregate transload on the CSX mainline. A transload facility is set

1 up to transfer the aggregates from one mode to another, which in this case would be set up to quickly  
2 transfer the aggregates from trucks to the unit train railcars. These tracks could be constructed on  
3 the north side of the CSX tracks and would simply need two tracks—one for pick up of the loaded  
4 train and one for set out of empty cars. Heidelberg can truck the aggregates on existing roads for  
5 five miles with minimal improvements and load the railcars exactly as it would within its facility. It  
6 would only require about 6-8 trucks to handle the 1,000 tons per day, or up to 64 truckloads total.  
7 This would be a fraction of the capital costs required for the new rail line, and remove the additional  
8 factor of a short line railroad rate into Heidelberg’s transportation costs, possible allowing them to  
9 actually compete with the larger quarries on CSX direct railroad route.

10 A transload could also be set up at the same location for miscellaneous customers if that  
11 traffic becomes substantiated. Again, if set up right on the CSX main line on the CSX side of  
12 Highway 16, the capital costs are immensely reduced and likely feasible. The total costs to the  
13 shippers using this transload would be much lower than running through another whole railroad to  
14 reach CSX. This option could also be constructed quickly and with minimal impact to the  
15 community or other property owners.

16

17 **SANDERSVILLE’S PLAN IS NOT ECONOMICALLY FEASIBLE**

18 **Q. WHAT DOES IT MEAN FOR A RAILROAD TO BE ECONOMICALLY**  
19 **FEASIBLE?**

20 A. At a minimum, the revenue or savings must recover the capital costs. Feasibility is  
21 determined by the cash flow after operating costs for capital cost recovery. A short-line railroad  
22 normally recovers its initial capital costs in 5-10 years.

23 **Q. IS SANDERSVILLE’S PLAN TO BUILD AND OPERATE THE “HANSON**  
24 **SPUR” ECONOMICALLY FEASIBLE?**

1           A. No. Attached as Exhibit 3 is an analysis examining the costs, traffic, and feasibility of  
2 the operations suggested in this project, as well as the alternatives. These are studies that should  
3 have been performed by Sandersville itself, but as it admitted in its response to the Hearing Officer's  
4 Data Requests, Sandersville has performed no feasibility analysis. My study is based on very limited  
5 information from Sandersville and should be updated once (if) more detailed information is  
6 provided. However, they amply illustrate the concerns with Sandersville's plans at this time.

7           The lack of information provided, or possibly even developed to this point, shows that this  
8 project should not have been pushed this far yet. It makes no sense that Sandersville Railroad would  
9 operate this line without a profit. Even the \$7.4 million that Sandersville Railroad says it will fund  
10 itself would not be recuperated in over 20 years, let alone the full costs of the project of over \$20  
11 million. A chart of the railroad's projected recovery of costs is attached as Exhibit 4.

12           In addition, whoever is financing the project other than Sandersville will expect a return on  
13 their investment. If the project is to be funded by public funding, the funding agency will expect the  
14 project to be feasible. Again, I have never seen a project of this size without a feasibility study to  
15 support it. The project has either not been studied enough to ensure it is sustainable and worth the  
16 investment (and initial impact to the community) or the relevant details have been withheld to  
17 attempt to push the project through without proper vetting. Until the details requested have been  
18 provided and a thorough feasibility analysis performed, this project should not be pursued as it could  
19 potentially be a constant drain on community, county, and state resources.

20           The project proposed by Sandersville in its direct testimony is not feasible and would take  
21 decades to recover its costs. No sensible person, investor, or funding agency would spend this kind  
22 of money on a project that can only guarantee less than \$500,000 in annual revenues. The feasibility  
23 analysis, which is missing key data requested from Sandersville Railroad and attorneys, shows that  
24 with current information provided, the project does not pan out.

1     **SANDERSVILLE’S PLAN DOES NOT MEET THE STATUTORY STANDARDS FOR**  
2                     **THE USE OF EMINENT DOMAIN IN GEORGIA**

3             **Q. WHAT IS YOUR UNDERSTANDING OF THE STATUTORY REQUIREMENTS**  
4 **FOR THE USE OF EMINENT DOMAIN IN GEORGIA?**

5             A. I understand that railroads may use eminent domain:

6             (1) To reconstruct its lines or tracks, to build one or more additional main tracks, to relocate  
7             any line or portions of a line, and to build, as a substitute for trestles, embankments upon  
8             which tracks may be laid or to widen cuts where necessary for proper construction or  
9             maintenance;

10            (2) For obtaining gravel and other material, to take as much land as may be necessary for the  
11            purpose of construction, operation, and maintenance of such road;

12            (3) To cut any trees that may be in any danger of falling on the tracks or obstructing the right  
13            of way, making compensation therefor as provided by law;

14            (4) To build and maintain such additional depots, tracks, and terminal facilities as may be  
15            necessary for the proper accommodation of the business of the company; and

16            (5) To construct, maintain, and operate tracks for the purpose of connecting two or more  
17            lines of railroad operated by the same company not more than ten miles apart.

18            That comes from O.C.G.A. § 46-8-120. Only O.C.G.A. § 46-8-120(4) is relevant here: “to  
19            build and maintain such additional depots, tracks, and terminal facilities as may be necessary for the  
20            proper accommodation of the business of the company.”

21            **Q. DOES SANDERSVILLE’S PLAN SATISFY O.C.G.A. § 46-8-120(4)’S**  
22 **REQUIREMENT OF BUILDING AND MAINTAINING ADDITIONAL TRACKS AS MAY**  
23 **BE NECESSARY FOR THE PROPER ACCOMMODATION OF THE BUSINESS OF THE**  
24 **COMPANY?**

1           A. No. Sandersville’s proposed 4.5-mile short line railroad connecting the Hanson Quarry  
2 with the CSX line is not “necessary for the proper accommodation” of Sandersville’s “business.”  
3 The benefits promised by Sandersville are illusory. Reasonable alternatives exist, and the project is  
4 not financially feasible. Pursuing the so-called “Hanson Spur” would harm Sandersville itself and  
5 the surrounding community. A project that harms the business itself and its neighbors is certainly  
6 not “necessary for the proper accommodation” of that business.

7           **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8           A. Yes; however, this report contains my findings and conclusions to date based on  
9 information provided and developed so far. Therefore, I reserve the right to amend or supplement  
10 this report if new information becomes available.

## CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of August, 2023, a copy of the foregoing *Pre-Filed Responsive Testimony of Gary Hunter* has been served via electronic mail and U.S. First-Class Mail on the following pursuant to GA. COMP. R. & REGS. 515-16-16-.02; 515-2-1-.04(4)(b), (3):

### **VIA Electronic Mail and U.S. First-Class Mail:**

L. Craig Dowdy  
Steven L. Jones  
TAYLOR ENGLISH DUMA, LLP  
1600 Parkwood Circle  
Suite 200  
Atlanta, Georgia 30339  
Telephone: (770) 434-6868  
Facsimile: (770) 434-7376  
cdowdy@taylorenghish.com  
sjones@taylorenghish.com

Robert S. Highsmith, Jr.  
Laura E. Flint  
HOLLAND & KNIGHT LLP  
1180 West Peachtree Street NW  
Suite 1800  
Atlanta, Georgia 30309  
Telephone: (404) 817-8500  
Facsimile: (404) 881-0470  
robert.highsmith@hklaw.com  
laura.flint@hklaw.com

### *Counsel for Petitioner Sandersville Railroad Company*

Robert Donald Garrett, Sr.  
Sarah V. Garrett  
1335 Shoals Road  
Sparta, GA 31087

William Blaine Smith  
Helen Diane Smith  
823 Chatsworth Drive  
Accokeek, MD 20607

Marvin Smith, Jr.  
Patricia Smith  
15500 Avery Road  
Rockville, Maryland 20855

Joel Bradford Reed  
Kathy Lynn Reed  
5 Dogwood Lane  
Chatsworth, GA 30705

Leo John Briggs  
Georgia Ann Briggs  
4500 Hidden Stream Drive  
Loganville, GA 30052

Sally G. Wells  
140 Dunn Road  
Sparta, GA 31087

Donna N. Garrett  
154 Lakeview Drive  
Sparta, GA 31087

Verne G. Hollis  
373 Hamilton Street  
Sparta, GA 31087

Herus Ellison Garrett  
111 Brookwood Court  
Eatonton, GA 31024

Thomas Ahmad Lee  
8201 Brookriver Drive, Ste 246  
Dallas, TX 75247

### *Property Owners*

Jamie Rush  
Malissa Williams  
Miriam Gutman  
SOUTHERN POVERTY LAW CENTER  
150 E. Ponce de Leon Avenue, Suite 340  
Decatur, Georgia 30030  
Telephone: (404) 673-6523  
jamie.rush@splcenter.org  
malissa.williams@splcenter.org  
miriam.gutman@splcenter.org

*Counsel for Intervenors No Railroad in Our Community Coalition ("NROCC")*

Nancy Gibson  
Georgia Public Service Commission  
244 Washington Street, SW  
Atlanta, Georgia 30334  
Telephone: (404) 463-0882  
Facsimile: (770) 342-3054  
E-mail: ngibson@psc.ga.gov

Sallie Tanner  
Georgia Public Service Commission  
244 Washington Street, SW  
Atlanta, GA 30334  
Telephone: (404) 656-4501  
Facsimile: (404) 656-2341  
E-mail: stanner@psc.ga.gov

*Designated Hearing Officer*

*Executive Secretary of the Public  
Service Commission*

Rob Trokey  
Georgia Public Service Commission  
244 Washington Street, SW  
Atlanta, GA 30334  
E-mail: rtrokey@psc.state.ga.us

Ray-Kelle Preston  
Georgia Public Service Commission  
244 Washington Street, SW  
Atlanta, GA 30334  
E-mail: rpreston@psc.ga.gov

*Director, Electric Unit of the Public  
Service Commission*

DATED this 25th day of August, 2023.



---

Grant E. McBride  
Georgia Bar No. 109812  
SMITH, WELCH, WEBB & WHITE,  
ATTORNEYS AT LAW  
2200 Keys Ferry Court  
P.O. Box 10  
McDonough, GA 30253  
gmcbride@smithwelchlaw.com  
Tel.: 770-957-3937  
Fax: 770-957-9165

*Counsel for Property Owner Respondents*