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SERVICE DATE – NOVEMBER 24, 2006

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34792]

Portland & Western Railroad, Inc. – Acquisition and Operation Exemption – Union
Pacific Railroad Company

Portland & Western Railroad, Inc. (P&W), a Class III rail carrier, has filed a verified notice of exemption under 49 CFR 1150.41 to acquire a permanent, exclusive rail freight operating easement from Union Pacific Railroad Company (UP) to operate over an approximately 5-mile rail line between milepost 749.95 in Tigard, OR, and milepost 755.43 in Beaverton, OR. Currently, P&W conducts local and overhead freight operations on the rail line pursuant to a lease with UP. The proposed transaction will change P&W's property interest in the rail line, but P&W will continue to operate over the line as the only common carrier providing rail freight service.

P&W has certified that its projected annual revenues as a result of this transaction will not exceed the annual revenues of a Class III railroad, but will exceed \$5 million.

The transaction is scheduled to be consummated by no later than November 27, 2006¹

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34792, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of any pleading filed with the Board must be sent to P&W's representative: Marc D. Machlin, 600 Fourteenth Street, N.W., Washington, DC 20005.

Board decisions and notices are available on our website at "WWW.STB.DOT.GOV."

Decided: November 16, 2006.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary

¹ P&W seeks a waiver of the notice requirements of 49 CFR 1150.42(e). The Board will address that request in a separate decision. In the absence of a waiver granted by the Board on or before November 27, 2006, the earliest the transaction would be able to be consummated would be the date established by the Board as the effective date of the exemption in the decision addressing the waiver request.