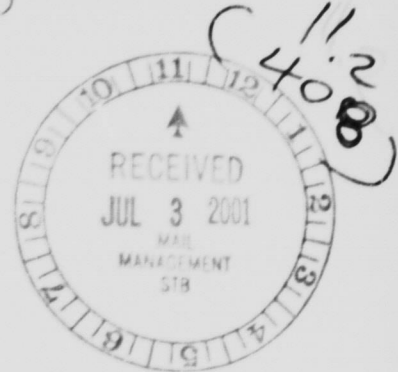


202805

LAW OFFICE
THOMAS F. MCFARLAND, P.C.
208 SOUTH LA SALLE STREET - SUITE 1890
CHICAGO, ILLINOIS 60604-1194
TELEPHONE (312) 236-0204
FAX (312) 201-9695
mcfarland@aol.com



THOMAS F. MCFARLAND

July 2, 2001

By UPS overnight mail

Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Unit, Suite 713
1925 K Street, N.W.
Washington, DC 20423-0001

FILED

JUL 03 2001

SURFACE
TRANSPORTATION BOARD

Re: Finance Docket No. 34066, *City of Peoria, Illinois -- Acquisition and Operation Exemption -- Rail Line Of Union Pacific Railroad Company at Peoria, Peoria County, IL*

Dear Mr. Williams:

Enclosed please find an original and 10 copies of Verified Notice of Exemption Under 49 C.F.R. § 1150.31, for filing with the Board in the above referenced matter.

Also enclosed is City of Peoria, IL's check #166447 in the amount of \$1,300 for the filing fee.

Kindly acknowledge receipt by date stamping the enclosed duplicate copy of this letter and return in the self-addressed stamped envelope.

Very truly yours,

Tom McFarland

Thomas F. McFarland, Jr.

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FEE RECEIVED

JUL 03 2001

SURFACE
TRANSPORTATION BOARD

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ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

CITY OF PEORIA, ILLINOIS --)
ACQUISITION AND OPERATION) FINANCE DOCKET
EXEMPTION -- RAIL LINE OF UNION) NO. 34066
PACIFIC RAILROAD COMPANY AT)
PEORIA, PEORIA COUNTY, IL)



VERIFIED NOTICE OF EXEMPTION
UNDER 49 C.F.R. § 1150.31

FILED

JUL 03 2001

SURFACE
TRANSPORTATION BOARD

CITY OF PEORIA, ILLINOIS
CITY HALL BUILDING
419 Fulton Street
Peoria, IL 61602-1270

Applicant

ENTERED
Office of the Secretary

JUL 03 2001

Part of
Public Record

FEE RECEIVED

JUL 03 2001

SURFACE
TRANSPORTATION BOARD

By: **RANDALL RAY**
Corporation Counsel
City of Peoria, IL
419 Fulton Street
Peoria, IL 61602-1270
(309) 494-8590

THOMAS F. McFARLAND
Thomas F. McFarland, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1194
(312) 236-0204

Attorneys for Applicant

DATE FILED: July 3, 2001

BEFORE THE
SURFACE TRANSPORTATION BOARD

CITY OF PEORIA, ILLINOIS --	)	
ACQUISITION AND OPERATION	)	FINANCE DOCKET
EXEMPTION -- RAIL LINE OF UNION	)	NO. 34066
PACIFIC RAILROAD COMPANY AT	)	
PEORIA, PEORIA COUNTY, IL	)	

**VERIFIED NOTICE OF EXEMPTION
UNDER 49 C.F.R. § 1150.31**

Pursuant to 49 C.F.R. § 1150.31 *et seq.*, the CITY OF PEORIA, ILLINOIS ("City"), a noncarrier, hereby files this Notice of Exemption from 49 U.S.C. § 10901 for its acquisition from Union Pacific Railroad Company ("UP") and operation of a 1.9-mile rail line commonly known as the "Pioneer Industrial Lead" ("the Lead") that extends easterly from UP's Peoria Subdivision at approximately Milepost No. 71.5 to the end of track a short distance west of University Avenue, all in the City of Peoria, Peoria County, Illinois.

NONCARRIER STATUS OF THE CITY

The City and the Village of Peoria Heights, Illinois ("Village") jointly own the Peoria, Peoria Heights & Western Railroad ("PPHW"). PPHW owns an 8.29-mile rail line commonly known as the "Kellar Branch", which extends through parts of the City and the Village. In 1984, the City acquired the Kellar Branch from the Chicago, Rock Island & Pacific Railroad after its abandonment. The City leased the Branch at that time to the Peoria and Pekin Union Railway Company (P&PU). *See Peoria and Pekin Union Railway Company -- Exemption from 49 U.S.C. 10901*, 1984 ICC LEXIS 275, ICC Finance Docket No. 30545, notice dated Sept. 18, 1984. The P&PU operated the Branch for a number of years thereafter. Later, PPHW leased the Branch to

the Pioneer Industrial Railway Company (PRY), its operator at present. *See Pioneer Industrial Railway Co. -- Lease and Operation Exemption -- Peoria, Peoria Heights & Western Railroad*, 1998 STB LEXIS 1417, STB Finance Docket No. 33549, notice served Feb. 20, 1998. The City did not become a carrier because the Kellar Branch was abandoned when the City acquired it, and because the City never operated the Branch.

OPERATION OF THE SUBJECT RAIL LINE

Although the City has filed a notice of exemption that includes operation of the Lead, it is unlikely that the City will be called upon to provide such operation. There are no active shippers on the Lead at present. However, if the City were to be called upon to operate the Lead, the City would do so, or would arrange for a rail operator to do so. It is proposed that trackage be constructed in the near future to connect the Lead with the Kellar Branch, after which the Lead would be operated to provide rail service to shippers located on the west portion of the Kellar Branch via the Lead's connection with UP. At that point, the City would enter into a lease or contract with a rail operator for operation of the Lead. The City would see to it that such operator obtain an exemption from the Board for its operation of the Lead.^{1/}

INFORMATION REQUIRED BY 49 C.F.R. § 1150.33

(a) *The full name and address of the applicant;*

The City of Peoria, Illinois, City Hall Building, 419 Fulton Street, Peoria, IL 61602-1270.

(b) *The name, address, and telephone number of the representative of the applicant who should receive correspondence;*

^{1/} It is recognized that construction of the connecting trackage and operation onto the Kellar Branch if by an entity other than the present operator may also require Board authorization or an exemption.

Applicant's representatives are:

Randall Ray
Corporation Counsel
City of Peoria, Illinois
419 Fulton Street
Peoria, IL 61602-1270
(309) 494-8590

Thomas F. McFarland
Thomas F. McFarland, P.C.
208 South LaSalle Street
Suite 1890
Chicago, IL 60604-1154
(312) 236-0204

- (c) *A statement that an agreement has been reached or details about when an agreement will be reached;*

An agreement has been signed for the City's acquisition of the Lead from UP.

- (d) *The operator of the property;*

The City would operate the Lead, or arrange for its operation, if called upon to do so prior to its connection with the Kellar Branch; after such connection, the City would enter into a lease or contract with a rail operator for operation of the Lead, and would see to it that such operator obtained an exemption from the Board for such operation. See "Operation of the Subject Rail Line" above.

- (e) *A brief summary of the proposed transaction, including:*

- (1) *The name and address of the railroad transferring the subject property;*

Union Pacific Railroad Company
1416 Dodge Street
Omaha, NE 68179

- (2) *The proposed time schedule for consummation of the transaction;*

It is proposed that the transaction be consummated seven days after the filing of this Notice of Exemption with the Board.

- (3) *The mile-posts of the subject property, including any branch lines, and*

The Lead is not delineated by milepost numbers. The Lead extends 1.9

miles easterly from UP's Peoria Subdivision at approximately Milepost No. 71.5 to the end of track a short distance west of University Avenue, all in the City of Peoria, Peoria County, Illinois.

(4) *The total route miles being acquired;*

1.9 route-miles.

(f) *A map that clearly indicates the area to be served, including origins, termini, stations, cities, counties, and States; and*

The required map is attached to this Notice of Exemption as Appendix 1. The Lead is shown in pink on that map. The Kellar Branch is shown in yellow.

(g) *A certificate that applicant's projected revenues do not exceed those that would qualify it as a Class III carrier, and that such revenues would not exceed \$5 million per year.*

The required certificate is attached to this Notice of Exemption as Appendix 2.

CAPTION SUMMARY

The caption summary required by 49 C.F.R. § 1150.34 is attached to this Notice of Exemption as Appendix 3.

ANNUAL REVENUES WILL NOT EXCEED \$5 MILLION

Attached to this Notice of Exemption as Appendix 4 is a certification that the projected annual revenues of the carrier to be created by the transaction under this exemption will not exceed \$5 million. See C.F.R. § 1150.32(e).

NO REQUIREMENT OF LABOR PROTECTION

Pursuant to 49 U.S.C. § 10901(c), the Board is precluded from imposing labor protection conditions in regard to the proposed exemption.

NO REQUIREMENT OF ENVIRONMENTAL REPORT

Pursuant to 49 C.F.R. § 1105.6(c)(2)(i) and 49 C.F.R. § 1105.7(a), no environmental report need be filed, and no environmental documentation need be prepared, for the subject acquisition and operation because they will no result in significant changes in carrier operations.

NO REQUIREMENT OF HISTORIC REPORT

Pursuant to 49 C.F.R. § 1105.8(b)(1), no historic report is required for the subject acquisition and operation because further Board approval is required to abandon any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older.

VERIFICATION

Attached to this Notice of Exemption as Appendix 5 is a verification attesting to the truth of the statements contained in this Notice

CONCLUSION AND REQUESTED RELIEF

WHEREFORE, the Board, through the Director of the Office of Proceedings, should publish notice of the filing of this Notice of Exemption in the Federal Register within 30 days of such filing. See C.F.R. § 1150.32(b).

Respectfully submitted,

CITY OF PEORIA, ILLINOIS
CITY HALL BUILDING
419 Fulton Street
Peoria, IL 61602-1270

Applicant

By: RANDALL RAY
Corporation Counsel
City of Peoria, IL
419 Fulton Street
Peoria, IL 61602-1270
(309) 494-8590

Thomas F. McFarland

THOMAS F. McFARLAND
Thomas F. McFarland, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1194
(312) 236-0204

Attorneys for Applicant

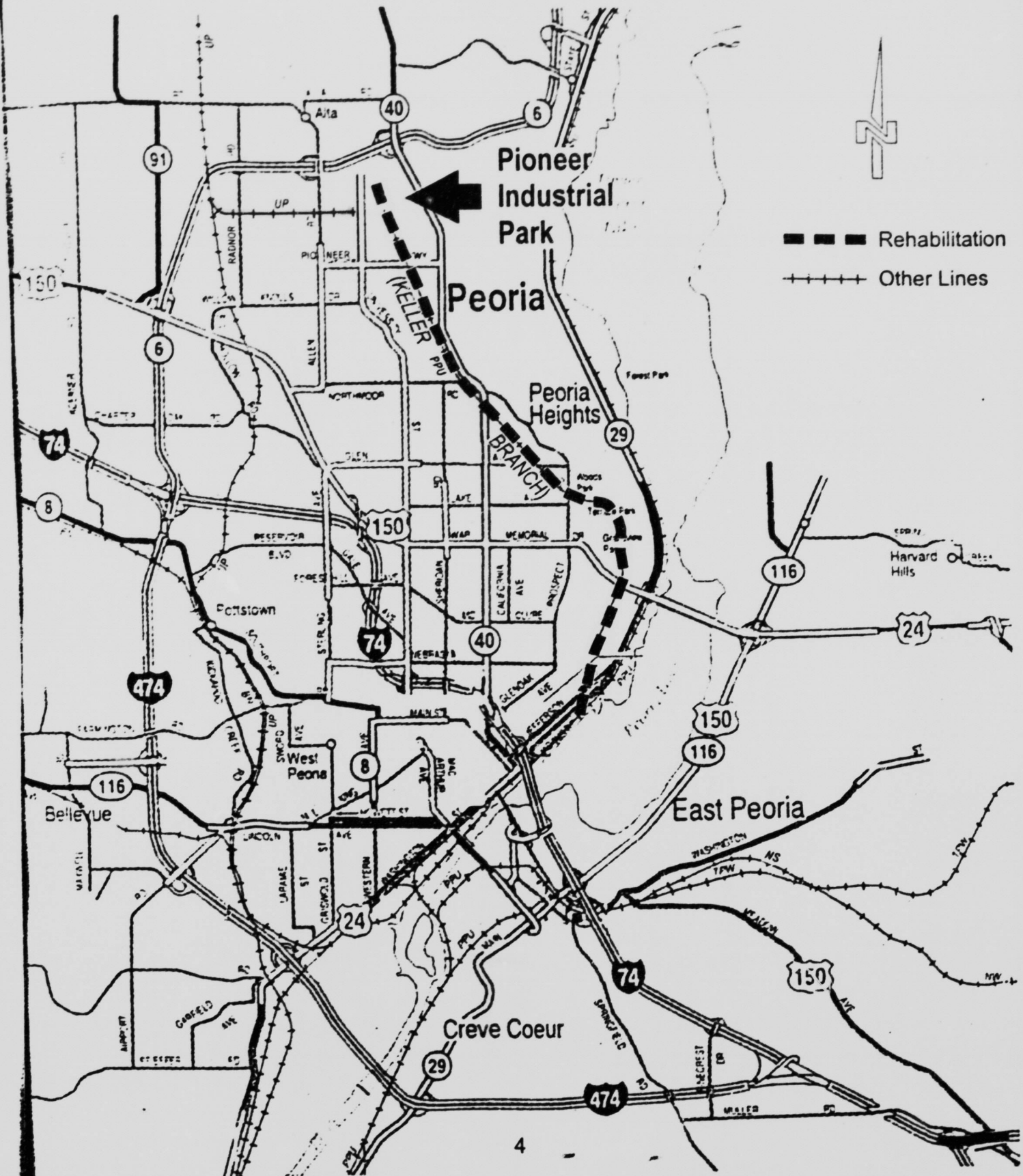
DATE FILED: July 3, 2001

Peoria Rail Project

Finance Docket No. 34066

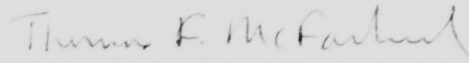
Appendix 1

Figure 1 - Option 1



CERTIFICATE

Pursuant to 49 C.F.R. § 1150.33(g), it is hereby certified that the projected revenues of the City of Peoria do not exceed those that would qualify it as a Class III rail carrier.



Thomas F. McFarland

CAPTION SUMMARY

NOTICE OF EXEMPTION

Finance Docket No. 34066

***CITY OF PEORIA, ILLINOIS -- ACQUISITION AND OPERATION
EXEMPTION -- RAIL LINE OF UNION PACIFIC RAILROAD COMPANY
AT PEORIA, PEORIA COUNTY, IL***

The City of Peoria, Illinois (the City) has filed a Notice of Exemption to acquire from Union Pacific Railroad Company (UP) and operate a 1.9-mile rail line commonly known as the Pioneer Industrial Lead that extends easterly from UP's Peoria Subdivision at approximately Milepost No. 71.5 to the end of the track a short distance west of University Avenue, all in the City of Peoria, Peoria County, Illinois. Any comments must be filed with the Board and must be served on the City's representatives: (1) Randall Ray, Corporation Counsel, City of Peoria, City Hall Building, 419 Fulton Street, Peoria, IL 61602-1270; and (2) Thomas F. McFarland, Thomas F. McFarland, P.C., 208 South LaSalle Street, Suite 1890, Chicago, IL 60604-1194.

The notice is filed under 49 C.F.R. § 1150.31. If the 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.

(SEAL)

By the Board

Vernon A. Williams, Secretary

CERTIFICATION

Pursuant to 49 C.F.R. § 1150.32(e), it is hereby certified that the projected annual revenues of the City of Peoria as a result of the subject transaction will not exceed \$5 million.

Thomas F. McFarland

Thomas F. McFarland

VERIFICATION

Thomas F. McFarland, being duly sworn, states that he has knowledge of the statements made in this Notice of Exemption, and that such statements are true as stated.



Thomas F. McFarland

Thomas F. McFarland

SUBSCRIBED and SWORN
before me this 2nd day of
July, 2001.

Kathleen Lenihan

Notary Public