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January 10, 2002

VIA HAND DELIVERY

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Case Control Unit - Suite 700
1925 K Street, N.W.
Washington, D.C. 20423-0001

ENTERED
Office of the Secretary

JAN 11 2002

Part of
Public Record



Re: Finance Docket No. 34143
Keokuk Junction Railway Co. -- Acquisition and Operation Exemption -- 204375
West End of Toledo, Peoria and Western Railway Corporation
and
Finance Docket No. 33995
SF&L Railway, Inc.--Acquisition And Operation Exemption-- 204376
Toledo, Peoria & Western Railway Corporation--Between La Harpe and Peoria, IL
and
Finance Docket No. 33996
Kern W. Schumacher and Morris H. Kulmer--
Continuance In Control Exemption--SF&L Railway, Inc. 204377

Dear Secretary Williams:

I am counsel for Keokuk Junction Railway Co. ("KJRY") in the referenced matters. I have reviewed the January 7, 2002 "Supplement to Petition to Reject or to Revoke" filed in these dockets by the County of McDonough, City of Macomb, and Joseph C. Szabo, Illinois Legislative Director - United Transportation Board (collectively "UTU"). While KJRY is in agreement with UTU as to the necessity of revoking the notices of exemption in the referenced dockets, three matters raised in UTU's filing require clarification.

First, at several points in its filing, UTU references KJRY's recent purchase of the La Harpe to Lomax track from Toledo, Peoria & Western Railway Corp. ("TP&W"), and suggests that KJRY's purchase was an element of an "overall settlement" of the disputes concerning the transfer of TP&W's properties west of Peoria. The implication that KJRY's purchase in any way compromised its petition to revoke the notices of exemption in the referenced dockets is flat

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wrong. KJRY has not agreed to "stand down" from its opposition to SF&L's acquisition, and KJRY fully expects that the Board will recognize the merit in KJRY's opposition once it reviews the significant evidence uncovered by KJRY during discovery. No softening of KJRY's stance should be inferred from KJRY's recent purchase.

Second, UTU complains that it was not in possession of the purchase agreement between KJRY and TP&W covering the La Harpe to Lomax segment at the time it filed its supplement in these dockets. UTU refers to the agreement as "secret." It is important to note, as the Board recognized in its December 26, 2001 decision denying UTU's petition to stay that transaction, that KJRY was not required to provide a copy of the agreement with its notice of exemption. Nevertheless, on Monday, January 7, 2001 (the same day UTU filed its supplement), KJRY did voluntarily provide counsel for UTU with a copy of the agreement, under an understanding of confidentiality. Thus, UTU is now in possession of the agreement in question.

Finally, UTU's filing suggests that KJRY's recent purchase of TP&W's La Harpe to Lomax track is an "interrelated transaction" with SF&L's purchase of TP&W's Peoria to La Harpe track, and that both transactions should be reviewed together by the Board. There is no reason why these two transactions must "stand or fall" together. Each transaction should be reviewed on its own merit. Moreover, there is no pending petition to revoke KJRY's notice of exemption, and thus no basis for the Board to review the merits of KJRY's acquisition.

A copy of this letter has been sent to all counsel of record in these dockets. Please contact me if you have any questions.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "William A. Mullins".

William A. Mullins

cc: All counsel of record