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July 3, 2002

VIA FACSIMILE AND FEDERAL EXPRESS

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20006

ENTERED
Office of Proceedings

JUL 05 2002

Part of
Public Record



Re: **Finance Docket No. 33877 (Sub No. 1)**
Illinois Central Railroad Company – Petition for Crossing
Authority – in East Baton Rouge Parish, Louisiana

Dear Secretary Williams:

We represent Illinois Central Railroad Company ("IC"), the Petitioner in the above-captioned rail line crossing proceeding. By decision served May 13, 2002, the Board ordered IC and The Kansas City Southern Railway Company ("KCS") to negotiate the terms of a crossing agreement in connection with IC's crossing of the KCS line to serve the ExxonMobil Polyolefins Plant in Baton Rouge, LA. If the parties were unable to reach resolution on all terms, either party was authorized to submit the matters in dispute to the Board for determination under 49 U.S.C. § 10901(d)(2). The Board also ordered that IC report to the Board on the progress of negotiations. This letter is submitted in compliance with that Order.

IC had submitted a proposed crossing agreement to KCS on March 22, 2002, even before issuance of the Board's Order in this proceeding. KCS submitted to IC a redrafted agreement, containing substantial revisions, on June 20, 2002. While some progress has been made, several significant issues remain unresolved.

IC anticipates further discussions with KCS this week in an effort to come to agreement on those remaining issues, although we are not entirely hopeful of a positive result based on discussions thus far. In the event further negotiations prove fruitless, IC anticipates that a petition to set certain terms may be filed within the next week.

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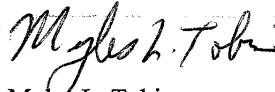
Mr. Vernon A. Williams

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Ten copies of this letter are enclosed for filing along with this original. I certify that a copy of this letter has been served on all parties to this proceeding.

Respectfully submitted,



Myles L. Tobin
Attorney for Illinois Central
Railroad Company

MLT:dg
Enclosures

cc: John R. Molm, Esq.
William J. Pinamont, Esq.