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ORIGINAL

DID# 0102073001

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Office of Proceedings**

NOV 14 2002

**Part of
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LOUIS E. GITOMER
OF COUNSEL
(202) 466-6532

lgitomer@bjllp.com

206 636

November 14, 2002



Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Suite 700
Washington, DC 20423

RE: Finance Docket No. 34213, *Puget Sound & Pacific Railroad--
Lease and Operation Exemption—Union Pacific Railroad Company*

Dear Secretary Williams:

Enclosed for filing are the original and ten copies of a Verified Notice of Exemption under 49 CFR § 1150.41, three diskettes with the file Notice.doc, and a check covering the \$1,300.00 filing fee. Please time and date stamp the extra copy of this letter and the Verified Notice of Exemption and return them with our messenger.

If you have any questions, please contact me.

Sincerely yours,

Louis E. Gitomer
Attorney for Puget Sound & Pacific
Railroad

FEE RECEIVED

Enclosures

NOV 14 2002

**SURFACE
TRANSPORTATION BOARD**

FILED

NOV 14 2002

**SURFACE
TRANSPORTATION BOARD**

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34213

PUGET SOUND & PACIFIC RAILROAD—LEASE AND OPERATION EXEMPTION
UNION PACIFIC RAILROAD COMPANY



VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.41, Et Seq.

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**SURFACE
TRANSPORTATION BOARD**

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Gary A. Laakso, Esq.
Vice President Regulatory Counsel
PSPR Operating Company, Inc.
5300 Broken Sound Boulevard N.W.
Second Floor
Boca Raton, FL 33487
(561) 994-6015

Louis E. Gitomer, Esq.
Of Counsel
BALL JANIK LLP
1455 F Street, N.W., Suite 225
Washington, D.C. 20005
(202) 638-3307

Attorneys for: PUGET SOUND & PACIFIC
RAILROAD

Dated: November 14, 2002

FILED

NOV 14 2002

**SURFACE
TRANSPORTATION BOARD**

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34213



PUGET SOUND & PACIFIC RAILROAD—LEASE AND OPERATION EXEMPTION—
UNION PACIFIC RAILROAD COMPANY

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.41, Et Seq.

Puget Sound & Pacific Railroad ("PSPR"), a Class III carrier, with current annual revenues in excess of \$5 million, files this Notice of Exemption, pursuant to 49 C.F.R. Part 1150, Subpart E -- Exempt Transactions Under 49 U.S.C. 10902 for Class III Rail Carriers, with the Surface Transportation Board (the "STB") for PSPR to lease and operate from Union Pacific Railroad Company ("UP") the 1.85-mile railroad line between Blakeslee Junction, WA, milepost 2.41, and Raisch, WA, milepost 4.26, at the end of the line (the "Line").

In support of this Notice of Exemption, PSPR submits the following information as required by 49 C.F.R. § 1150.43:

a. Full name and address of applicant:

Puget Sound & Pacific Railroad
501 North 2nd Street
P.O. Box L-2
Elma, WA 98541

b. Applicant's Representatives:

Gary A. Laakso, Esq.
Vice President Regulatory Counsel

Puget Sound & Pacific Railroad
5300 Broken Sound Boulevard N.W.
Boca Raton, FL 33487
(561) 994-6015

Louis E. Gitomer, Esq.
Of Counsel
Ball Janik LLP
1455 F Street, N.W., Suite 225
Washington, D.C. 20005
(202) 638-3307

c. An agreement has been reached between UP, as lessor, and PSPR, as lessee.

d. The operator of the property will be PSPR.

e. Summary of proposed transaction:

1. The name and address of the railroad transferring the property is:

Union Pacific Railroad Company
1416 Dodge Street
Omaha, NE 68179

2. The proposed time schedule for the consummation of the transaction is December 1, 2002.¹

3. The mileposts of the subject property, including any branch lines that PSPR is leasing from UP are between Blakeslee Junction, WA, milepost 2.41, and Raisch, WA, milepost 4.26, at the end of the line.

4. PSPR is leasing about 1.85 miles of track from UP.

f. A map of the rail Line is attached as Exhibit A.

g. A Certificate of Compliance with the provisions of 49 CFR § 1150.43(g) is attached as

¹ PSPR intends to close the transaction on December 1, 2002. PSPR has filed a petition for waiver with the Board to waive the 60-day certification requirement of 49 CFR 1150.42(e) so that it can begin operations on December 1, 2002. However, if that petition is denied, PSPR

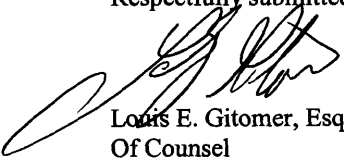
Exhibit B.

- h. A caption summary, as required by 49 C.F.R. §1150.44, is attached as Exhibit C.
- i. No environmental documentation is required because there will be no operational changes that would exceed the thresholds established in 49 CFR §1105.7(e)(4) or (5) and there will be no action that would normally require environmental documentation. Hence, this Notice of Exemption does not require environmental documentation under 49 CFR §1105.6(b)(4) and (c)(2)(i).
- j. An historic report is not required because PSPR will operate the Line, will require further STB approval to discontinue any service, and there are no plans to dispose of or alter properties subject to STB jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. §1105.8(b)(1).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted,

Gary A. Laakso, Esq.
Vice President Regulatory Counsel
Puget Sound & Pacific Railroad
5300 Broken Sound Boulevard N.W.
Second Floor
Boca Raton, FL 33487
(561) 994-6015



Louis E. Gitomer, Esq.
Of Counsel
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Washington, D.C. 20005
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Attorneys for:
PSPR Operating Company, Inc.

Dated: November 14, 2002

would not begin operating until the date permitted under the Board's rules.

EXHIBIT A – MAP

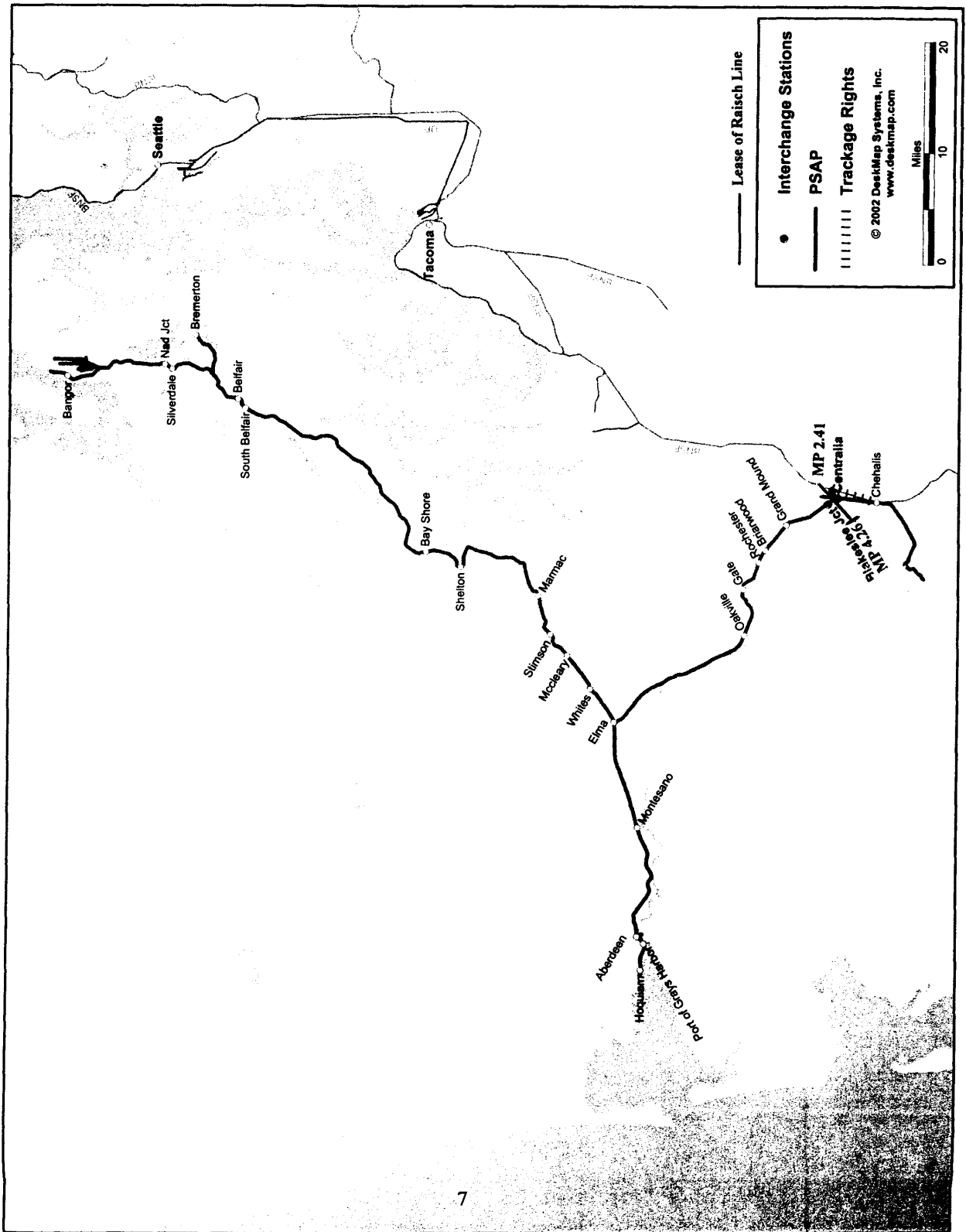


EXHIBIT B—CERTIFICATE OF COMPLIANCE

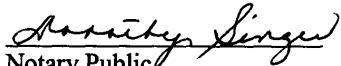
CERTIFICATION

State of Florida)
) ss:
County of Palm Beach)

I, Sandy Franger, being duly sworn depose and state that I am Vice President Contracts and Interline Agreements, and that the projected annual revenues from the rail operations of Puget Sound & Pacific Railroad, would not exceed those that would make it a Class III carrier under 49 CFR Part 1201(1-1).


Sandy Franger

Subscribed and sworn to before me this 11th day of November, 2002.


Notary Public



Dorothy Singer
Commission # DD031224
Expires July 16, 2005
Bonded Through
Atlantic Bonding Co., Inc.

EXHIBIT C – CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

Notice of Exemption

FINANCE DOCKET NO. 34213

PUGET SOUND & PACIFIC RAILROAD—LEASE AND OPERATION EXEMPTION—
UNION PACIFIC RAILROAD COMPANY

Puget Sound & Pacific Railroad has filed a notice of exemption to lease and operate from Union Pacific Railroad Company ("UP") a 1.85-mile railroad line between Blakeslee Junction, WA, milepost 2.41, and Raisch, WA, milepost 4.26, at the end of the line.

The transaction is scheduled to take place on May 31, 2002.

If the notice contains false or misleading information, the exemption is void *ab initio*. Petitions to reopen the proceeding 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. 34213, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Gary A. Laakso, Esq., Vice President Regulatory Counsel, Puget Sound & Pacific Railroad, 5300 Broken Sound Boulevard N.W., Boca Raton, FL 33487, (561) 994-6015, and Louis E. Gitomer, Esq., Of Counsel, Ball Janik LLP, 1455 F Street, N.W., Suite 225, Washington, D.C. 20005, (202) 638-3307.

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

Decided: _____, 2002.

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

Vernon A. Williams

Secretary

VERIFICATION

State of Florida)
) ss:
County of Palm Beach)

I, Larry W. Bush, being duly sworn depose and state that I am Vice President, that I am authorized to make this verification, and that I have read the foregoing notice of exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.

Larry W Bush
Larry W. Bush

Subscribed and sworn to before me this 13th day of November, 2002.

B. Lee West
Notary Public

(SEAL)



My Commission Expires:

Aug 20, 2004