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August 8, 2003



VIA HAND DELIVERY

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20004-2134

ENTERED
Office of Proceedings

AUG 11 2003

**Part of
Public Record**

RE: Finance Docket No. 34397
*Keokuk Junction Railway Company--Alternative Rail Service--Line of Toledo,
Peoria and Western Railway Corporation*

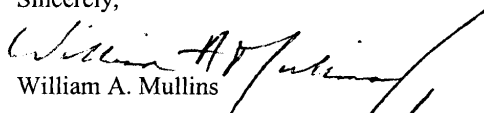
Dear Secretary Williams:

Enclosed herewith is an original and 11 copies of the Petition for Alternative Rail Service of the Keokuk Junction Railway Co. ("KJRY"), filed pursuant to 49 C.F.R. § 1146.1. Please date stamp the eleventh copy and return to our courier. A copy of this filing is also included on the enclosed diskette.

As noted in the Certificate of Service to this filing, the following parties were served with copies of these materials: Toledo, Peoria & Western Railway Corporation, by and through its attorneys, and the Federal Railroad Administration.

Although the Board has proposed adopting a filing fee for petitions for alternative rail service under 49 C.F.R. § 1146.1, currently no such fee has been instituted. Accordingly, KJRY includes no fee with this petition. If you have any questions about this matter, please contact me directly, either by telephone: (202) 637-9499 (ext. 13) or e-mail: wmullins@bakerandmiller.com.

Sincerely,


William A. Mullins

Enclosures

FILED

AUG 8 2003

**SURFACE
TRANSPORTATION BOARD**

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 34397

**KEOKUK JUNCTION RAILWAY COMPANY
--ALTERNATIVE RAIL SERVICE--
LINE OF TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION**

PETITION TO PROVIDE ALTERNATIVE RAIL SERVICE



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Co.**

August 8, 2003

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 34397



**KEOKUK JUNCTION RAILWAY COMPANY
--ALTERNATIVE RAIL SERVICE--
LINE OF TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION**

PETITION TO PROVIDE ALTERNATIVE RAIL SERVICE

I. INTRODUCTION

Pursuant to 49 U.S.C. § 11123 and 49 C.F.R. Part 1146, the Keokuk Junction Railway Co. ("KJRY") hereby petitions the Board for an order to provide alternative rail service on a 71.5-mile line currently owned by the Toledo, Peoria & Western Railway Corporation ("TP&W"). KJRY, on behalf of the shippers and communities along TP&W's line between Milepost 194.5 at LaHarpe, Illinois and Milepost 118.5 at Hollis, Illinois (the "LaHarpe Line" and/or "Line"), specifically, those parties located on the portion of the LaHarpe Line between LaHarpe and Canton, Illinois (Milepost 138.5), respectfully requests that the Board issue an appropriate order authorizing KJRY to provide localized immediate service relief so as to provide alternative rail service to the shippers and communities from LaHarpe to Canton that are currently not receiving any such rail service.

Since TP&W reacquired the LaHarpe-Mapleton portion of the Line on February 10, 2003, there has been no attempt to offer commercially viable rail service to shippers and communities on the LaHarpe-Canton portion of the Line – despite TP&W's representations that it is "ready, willing and able to resume operations over the Line" and that it "plans to restore

service to the Line once it is reacquired from SF&L.”¹ As a result, local shippers and communities have been without rail service for over nine (9) months, are in danger of not receiving service in the approaching harvest season, and have suffered substantially from the adverse impacts of inadequate rail service. Inasmuch as TP&W has indicated its willingness to abandon the LaHarpe-Mapleton portion of the Line and has rejected KJRY’s efforts to purchase the Line, the situation is unlikely to improve. Accordingly, the Board should grant KJRY’s petition for alternative rail service on behalf of shippers and communities located along the LaHarpe-Canton portion of the Line to provide them localized immediate service.

II. BACKGROUND

In January 2000, KJRY, through its affiliate Pioneer Rail Corp (“Pioneer”), offered to purchase the LaHarpe Line from TP&W, through its parent RailAmerica, Inc. (“RailAmerica”). While Pioneer and RailAmerica were negotiating the terms of the anticipated transaction, RailAmerica began negotiating to sell the LaHarpe-Mapleton portion of the Line to SF&L Railway, Inc. (“SF&L”), a company affiliated with A&K Materials (“A&K”), which has bought and then liquidated rail properties in the past. The SF&L-A&K transaction was completed within eight days, on December 29, 2000, when A&K paid for the property and received a security note from SF&L.

SF&L formally acquired the operating easement over, and the rail, ties and certain improvements on the LaHarpe-Mapleton portion of the Line on February 7, 2001,² although

¹ See Keokuk Junction Railway Company – Alternative Rail Service – Line of SF&L Railway, Inc., STB Finance Docket No. 34310 (STB served February 14, 2003) at 2, citing TP&W Reply at 4-5 (“Alternative Rail Service Decision”)

² SF&L Railway, Inc.--Acquisition and Operation Exemption--Toledo, Peoria and Western Railway Corporation, Finance Docket No. 33995 (STB served Feb. 7, 2001); See also Kern W. Schumacher and Morris H. Kulmer--Continuance in Control Exemption--SF&L Railway, Inc., Finance Docket No. 33996 (STB served Feb. 7, 2001).

TP&W continued to operate the LaHarpe-Mapleton portion for SF&L through December 12, 2001. In addition, under the terms of the agreement, TP&W remained the owner of the last mile of track by which it had reached KJRY's adjoining line. This meant that through traffic moving between KJRY's line and TP&W's line at Peoria, IL, now needed to go through an unnecessary and expensive interchange with TP&W for that 1-mile stretch, then be interchanged with SF&L, and then finally interchanged back to TP&W for delivery to Peoria and beyond.

Due to this inefficient interchange system, significant rate increases for shippers to use the LaHarpe-Mapleton portion of the Line after SF&L acquired it, and the fact that SF&L promptly cut back service, it is no surprise that shippers could no longer use the LaHarpe-Mapleton portion of the Line for either overhead or local rail service. As a result and in order to provide service to the shippers and communities along the line, KJRY filed a petition to revoke both SF&L's acquisition and continuance-in-control exemptions. The United Transportation Union-Illinois Legislative Board ("UTU-IL"), both on its own and jointly with McDonough County and the City of Macomb, also filed similar petitions.

While the Board was considering these various petitions to revoke SF&L's acquisition and continuance-in-control exemptions of the LaHarpe-Mapleton portion of the Line, SF&L filed a petition for exemption to abandon the LaHarpe-Mapleton portion, including the line between LaHarpe and Canton ("SF&L Abandonment").³ Shippers and communities located along the LaHarpe-Canton portion promptly expressed concern over the proposed abandonment to SF&L, and through filings before the Board. Accordingly, KJRY then began planning to file an Offer of Financial Assistance ("OFA") to acquire the LaHarpe Line.

³ SF&L Railway Inc.--Abandonment Exemption--in Hancock, McDonough, Fulton and Peoria Counties, IL, STB Docket No. AB-448 (Sub-No. 2X) (filed Sept. 3, 2002).

Before KJRY completed its OFA preparations, however, in a decision served October 17, 2002, the Board revoked the acquisition and continuance-in-control exemptions, ordered SF&L to reconvey its interest in the LaHarpe-Mapleton portion of the Line to TP&W, and stated that it would soon issue a decision dismissing as moot SF&L's petition for exemption in the abandonment proceeding.⁴ The very next day SF&L placed a permanent embargo on the entire LaHarpe-Mapleton portion of the Line.

Then, in anticipation of the reconveyance, TP&W, on October 30, 2002, filed a motion to substitute itself for SF&L in SF&L Abandonment, but SF&L refused to reconvey the LaHarpe-Canton portion back to TP&W. Instead, SF&L filed a petition to reopen the SF&L-LaHarpe decision,⁵ and thus, on December 20, 2002, the Board deferred action on TP&W's motion to substitute itself in the abandonment proceeding until January 21, 2003.⁶ In that same decision, the Board also noted that the time for filing an OFA was tolled until further notice. Meanwhile,

⁴ SF&L Railway, Inc.--Acquisition and Operation Exemption--Toledo, Peoria and Western Railway Corporation, Finance Docket No. 33995 (STB served Oct. 17, 2002); See also Kern W. Schumacher and Morris H. Kulmer--Continuance in Control Exemption--SF&L Railway, Inc., Finance Docket No. 33996 (STB served Oct. 17, 2002) (collectively "SF&L-LaHarpe decision").

⁵ See "SF&L's Petition to Reopen Administrative Action for Reconsideration and/or Clarification of Decision to Hold in Abeyance Order to Reconvey of SF&L Railway, Inc., Kern W. Schumacher and Morris H. Kulmer" ("Petition to Reopen") filed Dec. 13, 2002.

⁶ SF&L Railway, Inc.--Acquisition and Operation Exemption--Toledo, Peoria and Western Railway Corporation, Finance Docket No. 33995 (STB served Dec. 20, 2002); See also Kern W. Schumacher and Morris H. Kulmer--Continuance in Control Exemption--SF&L Railway, Inc., Finance Docket No. 33996 (STB served Dec. 20, 2002); SF&L Railway Inc.--Abandonment Exemption--in Hancock, McDonough, Fulton and Peoria Counties, IL, STB Docket No. AB-448 (Sub-No. 2X) (STB served Dec. 20, 2002) (collectively, "STB Decision to Defer Further Proceedings").

SF&L had filed a petition for judicial review of the SF&L-LaHarpe decision in the Tenth Circuit.⁷

TP&W not only has indicated its willingness to abandon the line through its October 30, 2002 motion to substitute itself in SF&L Abandonment, but, moreover, it has resisted KJRY's efforts to use or buy the Line. For example, Guy L. Brenkman, Pioneer's President and CEO, wrote a letter offering to purchase the line from TP&W on October 21, 2002 for a specific sum (hereinafter "Brenkman's Letter"), but has yet to receive an adequate response. Attached hereto as Exhibit A. Similarly, RailAmerica responded negatively to a November 18, 2002 e-mail from Catherine Busch, KJRY's Vice President of Marketing, asking TP&W to negotiate with KJRY a contract service agreement, whereby KJRY could service the Blandinsville and Sciota elevators only (hereinafter "Busch e-mail") (Attached hereto as Exhibit B).

On February 14, 2003, the Board denied KJRY's previous petition for authority to provide alternative rail service, but did so relying on TP&W's express promises that it was "ready, willing and able to resume operations over the [LaHarpe-Mapleton portion of the] Line" and that it "plans to restore service to the [LaHarpe-Mapleton portion of the] Line once it [was] reacquired from SF&L".⁸ The Board also noted that TP&W promised to "terminate the embargo".⁹ Thus, the Board concluded that "[i]n view of TP&W's assurances, it appears likely that rail service to the [LaHarpe-Mapleton portion] will be restored speedily." Alternative Rail Service Decision at 2. Despite these statements, TP&W has made no genuine effort to comply

⁷ SF&L Railway, Inc., et al. v. Surface Transportation Board, et al., 10th Cir. Docket No. 02-9591 (filed Dec. 16, 2002).

⁸ See fn. 1, supra.

⁹ Id.

with the Board's Decision and to this day shippers have not received economically viable service on the Line.

Consequently, any offer to negotiate trackage rights with KJRY is too little, too late to provide much needed relief to local shippers and communities. Likewise, TP&W has not resumed affordable service on the LaHarpe-Canton portion of the Line and has rebuffed KJRY's offers to provide such service. Accordingly, unless the Board grants this petition for alternative rail service, shippers and local communities will continue to suffer under an effective economic embargo due to TP&W's inflexible and cost prohibitive rate practices, even though TP&W reacquired the LaHarpe-Canton portion from SF&L over five (5) months ago.

III. DISCUSSION

According to 49 U.S.C. § 11123, in order "to promote commerce and service to the public," the Board may issue an order directing a rail carrier to provide alternative rail service when another rail carrier providing transportation subject to the jurisdiction of the Board "cannot transport the traffic offered to it in a manner that properly serves the public." This statutory provision allows the Board to require an unwilling railroad to permit physical access over its lines to the trains and crews of another railroad for successive 30-day periods, not to exceed 270 days altogether.

To implement this statute, the Board has established procedures whereby rail carriers can relieve shippers receiving poor service by obtaining an order to provide "localized immediate service relief."¹⁰ See Expedited Relief for Service Inadequacies, STB Ex Parte No. 628 (STB

¹⁰ Neither 49 U.S.C. § 11123 nor 49 CFR § 1146 places any limit on who can file a petition for prescription of alternative service. In fact, 49 CFR explicitly provides for cases in which the petitioner is a railroad. ("Affected shippers or railroads may seek the relief described...") Accordingly, at least two railroads have filed petitions pursuant to the regulation. See "DRI" (granting DRI authority to provide alternative rail service under Part 1146); Brandywine Valley

served Dec. 21, 1998); see also Denver Rock Island Railroad--Alternative Rail Service--Lines of Kansas Southwestern Railway, L.L.C., Finance Docket No. 33762 (STB served June 16, 1999)(“DRI”). Specifically, under the regulations as applied by this Board in DRI, a railroad petitioning for such relief must (1) show substantial, measurable service deterioration or service inadequacy; (2) summarize discussions with the incumbent carrier and show why the incumbent is unlikely to restore adequate rail service within a reasonable period of time; (3) explain how the alternative carrier can meet current transportation needs, and show that this service can be provided safely without hurting service to existing customers of the alternative carrier and without unreasonably interfering with the incumbent’s service; and (4) be served, by hand or overnight delivery, on the incumbent and the Federal Railroad Administration. Accord, American Plant Food Corporation--Alternative Rail Service--Line of Texas Northeastern Railroad, Finance Docket No. 33795 (STB served Dec. 7, 1999).

As demonstrated in more detail below, KJRY meets each of these requirements. Accordingly, the Board should grant KJRY’s petition for alternative rail service to provide immediate localized service relief to the shippers and communities located along the LaHarpe-Canton portion of the Line.

Railroad Company--Modified Rail Certificate, Finance Docket No. 33722 (STB served April 16, 1999) (noting that “Brandywine filed a petition for prescription of alternative rail service under 49 CFR part 1146 over a line of track owned by the Wilmington and Northern Railroad Company...but that petition will be addressed in a separate Board decision”).

A. TP&W Is Continuing SF&L's Pattern of Substantial, Measurable Service Deterioration And Service Inadequacy Over The LaHarpe-Canton Portion of the Line.

According to the first requirement in 49 C.F.R. § 1146.1, a rail carrier seeking to provide alternative rail service under 49 U.S.C. § 11123 must demonstrate that “over an identified period of time, there has been a substantial, measurable deterioration or other demonstrated inadequacy in rail service provided by the incumbent carrier.” Since the time when SF&L formally acquired it in February 2001 through today, with TP&W as the current owner of the LaHarpe-Canton portion, there has been such a marked deterioration of rail service that any shipper on the LaHarpe-Canton portion suffers under an effective economic embargo such that no service is currently provided at all.

Prior to February 2001 when SF&L acquired it, TP&W operated daily trains, usually six days per week, one in each direction on the LaHarpe-Canton portion of the Line. See “Verified Statement of Catherine Busch, Director of Marketing, KJRY,” in Docket No. AB-448 (Sub-No. 2X), KJRY’s Supplement to Reply (filed October 15, 2002) (“Busch V.S.”). Subsequently, however, SF&L curtailed service to only one train twice weekly in each direction and then to an “as needed” basis. See id. As of today, with TP&W as the owner of the LaHarpe-Canton portion, no economically feasible service is available to shippers and communities along that section of the Line.

As the Board found, it is clear that SF&L employed several techniques that virtually assured shippers would not be able to afford service. For instance, SF&L, together with TP&W, structured the transaction so that TP&W remained the owner of the last mile of track by which TP&W had reached KJRY’s adjoining line, so that through traffic moving between the KJRY line and the Line needed to go through an extremely expensive additional interchange. See

SF&L-LaHarpe Decision. In addition, it proposed block rates for commodities that were incapable of shipment in blocks and imposed a 36% rate increase for moving certain cars, whereas KJRY had not raised its rates in three years. See Busch V.S. Thus, SF&L was able to achieve its goal of providing inadequate and eventually no service at all along the LaHarpe-Canton portion. Consequently, local shippers and communities suffered the substantial adverse impacts of these actions. Their situation was only exacerbated when SF&L altogether terminated service along the LaHarpe-Canton portion on October 18, 2002.¹¹ This situation continued to worsen when TP&W reacquired the LaHarpe-Mapleton portion, but refused to offer commercially reasonable rates to shippers on that length of the Line.

Despite TP&W's attempts to drive away business, however, there is a strong public need for rail service over the LaHarpe-Canton portion. Local shippers and communities have suffered substantially from the adverse impacts of TP&W's prohibitive rates (and the immediately preceding embargo by SF&L) long enough, and are in desperate need of localized immediate service relief. The Mayor of Macomb, Thomas C. Carpenter, and other representatives from that City, as well as the County of McDonough, have filed various pleadings before the Board

¹¹ Moreover, as the Board found in the SF&L-LaHarpe Decision, SF&L never even planned on providing adequate service along the LaHarpe-Canton portion, but rather "from the start evidently intended to raise rates and degrade service with the ultimate intent to abandon and salvage the [LaHarpe-Mapleton portion of the] Line." Specifically, the Board noted that SF&L is an A&K-affiliated railroad controlled by Messrs. Schumacher and Kulmer, individuals who have a long history of using A&K-affiliated railroads to acquire rail lines for the purpose of abandoning and salvaging them. The Board further recognized that SF&L's plans to provide inferior and eventually no rail service along the LaHarpe-Mapleton portion were evidenced from the disjointed and incomplete structure of the sale; the buyers' obvious lack of interest in the operational aspects of the line; the confusion as to whether certain essential components of the line were included in the purchase; and, the delay in consummation and the confusion over whether the buyer or the seller had the responsibility to quote rates; and, finally the understanding that TP&W and RailAmerica would support SF&L's future abandonment of that section of the Line and the unstructured financing of the transaction. See SF&L-LaHarpe Decision.

specifically outlining the dire situation in their community during the period that TP&W temporarily transferred the line to SF&L.¹² Numerous local shippers expressed their dissatisfaction with SF&L and have not changed their opinion since TP&W reacquired the line. For example, in an August 1, 2003 letter, Robert D. Pschirrer, President of United Paving & Construction, wrote that “[i]nitial contact with the railroad has been difficult at best” and that rates quoted “were clearly unreasonable as compared to previous years.”¹³ In addition, on July 31, 2003 Wanda J. Carlson of Roquette America, Inc. wrote that “since October 18, 2002 we have not received any rail service over this [the LaHarpe-Canton portion] of the line.” Ms. Carlson specifically complained that “TPW (sic) has not responded in a timely manner to requests for rates and when they have replied, rates have not been competitive. One example was a rate quote of \$705 for a move that SF&L charged \$275 which is \$75 higher than the rate we had received from the TPW (sic) prior to the SF&L’s purchase of this portion of track. This is almost a 400% increase per car since 12/01.” (Emphasis added.) Accordingly, there is no question that TP&W has caused (and will continue to cause) substantial service inadequacies

¹² See, e.g., “Verified Statement of Thomas C. Carpenter” (“Carpenter V.S.”) in Docket No. AB-448 (Sub-No. 2X), KJRY’s “Supplement to Reply” (filed Oct. 15, 2002); McDonough County’s, City of Macomb’s and UTU-IL’s “Reply to Motion to Substitute” (filed Nov. 7, 2002), in Docket No. AB-448 (Sub-No. 2X).

¹³ See Exhibit C, August 1, 2003 Letter from Robert D. Pschirrer. See also other letters to the Board: January 14, 2003 Letter from Robert D. Pschirrer (“United Paving Letters”); January 14, 2003 and August 7, 2003 Letters from William W. Edwards, Manager of the Farmers Elevator Company to the Board (“Farmers Elevator Company Letters”); January 13, 2003 and July 31, 2003 Letters from Wanda J. Carlson, Rail Manager of Roquette America, Inc. (“Roquette Letters”); August 8, 2003 and January 13, 2003 Letters from Mike Falk, Manager – LaHarpe Elevator (“LaHarpe Elevator Letters”); January 13, 2003 Letter from Terry Rouse, Manager-Corn Procurement of Blandinsville Elevator and August 8, 2003 Letter from Mike Falk, Manager – Blandinsville Elevator (“Blandinsville Elevator Letters”); January 16, 2003 and July 31, 2003 Letters from Daniel C. Buckert, Traffic Coordinator of Elkem Carbon (“Elkem Carbon Letters”); January 16, 2003 and July 28, 2003 Letters from Dale E. Griffiths, Vice-President of Colusa Elevator Company (“Colusa Elevator Letters”)(All of these letters are attached as Exhibit C).

over the LaHarpe-Canton portion of the Line, and that the first element of the 49 C.F.R. § 1146.1 test has been met. As discussed in detail below, TP&W is unlikely to improve these service inadequacies. Therefore, as required by 49 U.S.C. § 11123, it is clear that TP&W cannot (and will not) “transport the traffic offered to it in a manner that properly serves the public.”

B. KJRY And Various Shippers Have Discussed The Service Inadequacy With TP&W, But TP&W Is Not Likely To Restore Adequate Rail Service Within A Reasonable Period Of Time.

Under the second requirement in 49 C.F.R. § 1146.1, a railroad petitioning to provide alternative rail service must provide evidence of “discussions with the incumbent carrier of the service problems and the reasons why the incumbent carrier is unlikely to restore adequate rail service consistent with current transportation needs within a reasonable period of time.” Despite repeated complaints by KJRY, as well as particular shippers and communities located along the LaHarpe Line, TP&W has failed to live up to its representations that it is “ready, willing and able” to provide service.

Since at least the time when KJRY and the UTU-IL, both on its own and jointly with McDonough County and the City of Macomb, filed petitions to revoke TP&W’s sale of the LaHarpe Line to SF&L in February, 2001, TP&W has been aware that local shippers and communities have not been satisfied with its provision of rail service and eventual lack thereof. These deficiencies provided support for the Board’s revocation of the TP&W sale to SF&L,¹⁴ yet TP&W has done nothing to alleviate those concerns since it reacquired the line.

TP&W has been on notice since the beginning of the year that the lack of service was having a drastically adverse impact on shippers and communities served by the Line. For example, representatives from the City of Macomb and McDonough County declared in their

¹⁴ See SF&L Decision.

January 2, 2003, "Reply to SF&L's Petition to Reopen" the Board's SF&L-LaHarpe decision, that the embargo was "an outrage--continuing outrage--against the public." Similarly, in a verified statement issued in December 2001 and reissued in two subsequent pleadings, the Mayor of Macomb expressed his concern that the downgrading, and especially the most recent elimination of rail service along the Line has not only adversely affected "existing users of rail service, but also acts as a deterrent to the acquisition of new shippers and industry to the area." Carpenter V.S. Likewise, TP&W was on notice that numerous shippers located along the line had complained about lack of commercially reasonable service; and this state of economically impossible service continues today. Specifically, in a letter dated August 8, 2003, Mike Falk of LaHarpe Elevator wrote that [w]hen the property was conveyed back to TPW (sic), they assured us that they were ready, willing and able to serve the line; but to this date no rail service has been provided." Mr. Falk also noted that they experienced an increase in rates (in some cases by as much as 475%) and a continuation of "less than desirable service." These issues have been echoed by other shippers along the LaHarpe-Canton portion of the Line. See fn. 13, supra.

Furthermore, there is no reason to believe that TP&W will ever restore adequate rail service consistent with current transportation needs within a reasonable period of time. As discussed above, TP&W colluded with SF&L to employ several specific techniques that virtually assured it would not be able to meet the needs of local shippers and communities. Thus, TP&W has been aware of substantial service inadequacies over the line from Brenkman's letter and Busch's e-mail, as well as the various proceedings to which it has been a party, and this evinces the fact that TP&W has no plans to "restore rail service consistent with current transportation needs with a reasonable period of time," pursuant to 49 CFR Part 1146. To the contrary, it filed a motion to substitute itself in SF&L Abandonment, and has resisted KJRY's attempts to

purchase or use the line. Nevertheless, local communities and shippers need service along the LaHarpe-Canton section, and have thus expressed their desire for KJRY to file this petition to provide them alternative service relief. Accordingly, the Board should grant this petition.

C. KJRY Can Meet Current Transportation Needs Safely In A Manner That Does Not Interfere With TP&W's Service Or Operations.

According to the third requirement in 49 C.F.R. § 1146.1, a railroad petitioning for alternative rail service must supply an explanation for why it does not have "an agreement from the alternative carrier...and an explanation of how the alternative service would be provided safely without degrading service to the existing customers of the alternative carrier and without unreasonably interfering with the incumbent's overall ability to provide service." Although at one time, SF&L agreed to negotiate with KJRY over KJRY's purchase of trackage rights from SF&L, these discussions became moot once TP&W reacquired the line and TP&W has consistently rejected KJRY's request to operate over the line. Yet, KJRY could safely and efficiently provide much needed rail service over the line, and should thus be granted this petition to provide alternative rail service.

Shippers and communities located along the LaHarpe-Canton portion are in no better position since TP&W reacquired that segment. This is hardly a surprise because TP&W moved to substitute itself in SF&L Abandonment and has consistently resisted attempts to negotiate any type of deal whereby KJRY could buy or use the line to serve shippers. For example, President and Chief Executive Officer of Pioneer, Guy Brenkman, wrote a letter to RailAmerica expressing Pioneer's interest in purchasing the LaHarpe Line and offered more than what SF&L had paid TP&W. See Exhibit A. Mr. Brenkman made this offer "so that west central Illinois grain farmers again have rail service for the immediate future." RailAmerica never adequately responded to this letter. Moreover, Pioneer's Cathy Busch asked RailAmerica's Mike Klass, via

a November 18, 2002 e-mail, "would TP&W consider giving KJRY any authority/permission (contract service agreement) to service the Blandinsville and Sciota elevators ONLY...KJRY would be agreeable to compensating TPW on a per car basis for each loaded car shipped." (The e-mail exchange is attached as Exhibit B). RailAmerica curtly responded that "KJRY providing exclusive service over TP&W property is precluded by the collective bargaining agreements that TP&W has with its employees." Thus, there is little reason to believe that KJRY can reach an agreement with TP&W, allowing KJRY to serve local shippers and communities.

Yet, there is a strong public need for rail service over the LaHarpe Line, as evidenced by the tremendous public response in opposition to SF&L's abandonment proceedings, as well as current support for this petition for alternative rail service. In fact, several shippers have written letters to the Board expressing their desire to have KJRY operate on the line.¹⁵ For example, United Paving & Construction wrote that it "depends on the importation of raw materials" in order to continue a vast majority of its work and that "the TP&W may not be interested in operating the portion of their track from Peoria to the West," that it "would support any effort on the part of the Keokuk Junction Railroad to acquire and effectively operate the section of the track in question," and that closure of the line would "have a major negative impact" on its business. United Paving Letters.

Even as early as September, 2002, the Farmers Elevator Company filed a letter with the Board expressing its desire "to continue to receive railroad service, and, if someone else were willing to try to operate the LaHarpe-to-Peoria railroad line, as for example, KJRY, [it] would hope the Board would act promptly and favorably on its application." And, since October 18, 2002 when SF&L placed an embargo on the line, to today, with TP&W as the current operator,

¹⁵ See generally Exhibit C.

the Farmer's Elevator Company and other shippers along the Line have been in dire economic straits, not being able to meet their customers' needs as a result of no rail service. In addition, the communities located along the Line have also suffered the adverse economic consequences of the lack of rail service, such as loss of new and existing industry to the area. See, e.g., United Paving Letters, Roquette Letters in Exhibit C. Accordingly, they have expressed their desire for restoration of rail service as soon as possible through various filings by the City of Macomb and McDonough County. Now, more than ever, these shippers and communities are in need of the localized immediate service relief that KJRY could provide over the LaHarpe-Canton portion of the Line.

Moreover, KJRY is ready, willing and able to operate the LaHarpe-Canton portion in an efficient and safe manner, despite TP&W's failure to do so. Specifically, it intends to implement the same management techniques, dedicated marketing efforts and shipper-oriented service that it employs on the adjoining line it currently operates. These efforts have been noted by the Board and were recently accepted for consideration. See Keokuk Junction Railway Company – Feeder Line Acquisition – Line of Toledo, Peoria & Western Railway Corporation Between LaHarpe and Hollis, IL STB Finance Docket No. 34335 (STB served July 9, 2003) (decision accepting application); Keokuk Junction Railway Company – Feeder Line Acquisition – Line of Toledo, Peoria & Western Railway Corporation Between LaHarpe and Hollis, IL STB Finance Docket No. 34335 (STB served May 9, 2003) (decision encouraging feeder line applications and allowing KJRY to file a revised application).

In addition, KJRY believes that it can operate the LaHarpe-Canton portion safely. Although both SF&L and TP&W have refused to allow KJRY to inspect the line, if granted this petition, KJRY will immediately inspect the line in conformance with Federal Railroad

Administration ("FRA") guidelines. KJRY is familiar with safety regulations, and knows the importance of and the means by which to comply with them. Therefore, it will take all necessary steps to ensure that the LaHarpe-Canton portion is operated in a safe manner, including working with the Federal Rail Administration to make any necessary repairs along the line.

Finally, because TP&W continuously fails to provide service, KJRY's service and operations will not conflict with TP&W's. See Denver Rock Island Railroad--Alternative Rail Service--Lines of Kansas Southwestern Railway, L.L.C., Finance Docket No. 33762 (STB served June 16, 1999) (noting that "because KSW is not operating, DRI's operations will not conflict with KSW's...[nor] interfere with the other operations of KSW"). Accordingly, KJRY will be able to meet the current and future transportation needs of local shippers and communities. Therefore, the Board should grant this petition for KJRY to provide localized immediate service relief on the behalf of various shippers and communities located along the LaHarpe-Canton portion.

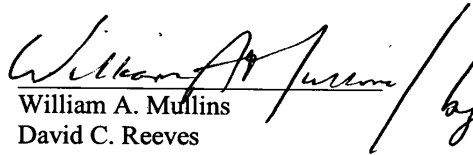
D. Copies Of This Petition Have Been Served On
The Appropriate Parties In The Prescribed Manner.

According to the fourth requirement in 49 C.F.R. § 1146.1, a party seeking alternative rail service must provide the Board with "a certification of service of the petition, by hand or overnight delivery, on the incumbent carrier...and the Federal Railroad Administration." KJRY has certified that it has served TP&W and the Federal Railroad Administration with copies of this petition in the prescribed manner.

IV. CONCLUSION

As demonstrated by this petition, KJRY has met each of the Board's requirements pursuant to 49 U.S.C. § 11123 and 49 C.F.R. § 1146.1. Thus, the Board should grant KJRY's request, on the behalf of shippers and communities along the LaHarpe-Canton segment of the Line, to provide alternative rail service. These shippers and communities have suffered long enough and are, therefore, entitled to localized immediate service relief, even as the Board decides ownership and abandonment issues related to the Line.

Respectfully submitted,


William A. Mullins

David C. Reeves

Christine J. Sommer

BAKER & MILLER PLLC

915 Fifteenth Street, NW

Suite 1000

Washington, DC 20005

Tel: (202) 637-9499

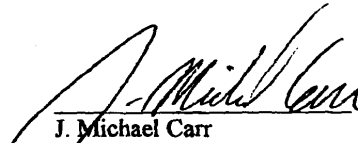
Fax: (202) 637-9394

Attorneys for the Keokuk Junction Railway Co.

August 8, 2003

VERIFICATION

I, J. Michael Carr, Chief Financial Officer for Pioneer Railcorp, verify under penalty of perjury that the foregoing is true and correct. Further, I verify that I am qualified and authorized to file this statement.


J. Michael Carr
CFO - Pioneer Railcorp

Dated: August 8, 2003

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 34397

**KEOKUK JUNCTION RAILWAY COMPANY
--ALTERNATIVE RAIL SERVICE--
LINE OF TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION**

PETITION TO PROVIDE ALTERNATIVE RAIL SERVICE

EXHIBIT A

**William A. Mullins
David C. Reeves
Christine J. Sommer
BAKER& MILLER PLLC
915 Fifteenth Street, NW
Suite 1000
Washington, DC 20005
Tel: (202) 637-9499
Fax: (202) 637-9394**

**Attorneys for the Keokuk Junction Railway
Co.**

August 8, 2003

PIONEER RAILCORP
A RAILROAD HOLDING COMPANY

1318 SOUTH JOHANSON ROAD
PEORIA, ILLINOIS 61607

TELEPHONE: (309) 697-1400
FAX: (309) 697-5388

GUY L. BRENKMAN
PRESIDENT AND CHIEF EXECUTIVE OFFICER

October 21, 2002

RailAmerica, Inc.
Gary Marino
5300 Broken Sound Blvd, NW
Boca Raton, FL 33487

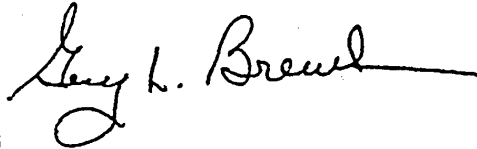
Dear Mr. Marino,

Pioneer remains interested in purchasing the 71.5 mile TP&W line from LaHarpe, Illinois, MP 194.5 to Mapleton, Illinois, MP 123.0 that you are now the owner of once more. We are willing to pay -----REDACTED-----

-----REDACTED-----
-----REDACTED----- if you were interested in selling the remaining track between MP 123 and the end of your ownership at Sommer with or without the track and business in the Mapleton Industrial Park, we would also be interested.

We would also ask that we be given a short-term lease or operating rights to serve the grain elevators west of Bushnell, Illinois for the grain harvest that is already upon us here in central Illinois. I am sure TP&W has neither the time or equipment to serve these elevators that are many miles west of your operations and it would be a goodwill gesture on behalf of RailAmerica, especially in light of the recent STB decision, if you would grant this request so that west central Illinois grain farmers again have rail service for the immediate future.

Sincerely yours,



Guy L. Brenkman

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 34397

**KEOKUK JUNCTION RAILWAY COMPANY
--ALTERNATIVE RAIL SERVICE--
LINE OF TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION**

PETITION TO PROVIDE ALTERNATIVE RAIL SERVICE

EXHIBIT B

**William A. Mullins
David C. Reeves
Christine J. Sommer
BAKER & MILLER PLLC
915 Fifteenth Street, NW
Suite 1000
Washington, DC 20005
Tel: (202) 637-9499
Fax: (202) 637-9394**

**Attorneys for the Keokuk Junction Railway
Co.**

August 8, 2003

Catherine Busch

From: "Laakso, Gary (Boca)" <Gary.Laakso@RailAmerica.com>
To: <cbusch@pioneer-railcorp.com>
Cc: "Klass, Mike (INOH)" <mklass01@railtex.com>
Sent: Tuesday, November 19, 2002 1:21 PM
Subject: RE: TPW LaHarpe to SFL Junction

Mike asked that I respond to the inquiry about TP&W allowing KJRY to provide service to the Blandinsville and Sciota elevators once the property has been reconveyed by SF&L to TP&W. KJRY providing exclusive service over TP&W property is precluded by the collective bargaining agreements that TP&W has with its employees.

-----Original Message-----

From: Catherine Busch [mailto:cbusch@pioneer-railcorp.com]
Sent: Monday, November 18, 2002 1:40 PM
To: Klass, Mike (INOH)
Subject: Re: TPW LaHarpe to SFL Junction

Mike:

As per our discussion last week and your comments regarding the elevators (Sciota/Blandinsville) on the west end of the TPW. I have spent some time thinking about how we may feasibly and on a timely basis service these facilities.

As TP&W is presently not running any trains on the line from Mapleton to LaHarpe, would TP&W consider giving KJRY any authority/permission (contract service agreement) to service the Blandinsville and Sciota elevators, ONLY.

These elevators, previously rail shippers, are both now trucking to Roquette. I (KJRY) would be agreeable to compensating TPW on a per car basis for each loaded car shipped. I am not yet aware of a \$ amount I would be able to offer, and figured I would first just approach you with the thought to see if there was even a need or possibility to further discuss.

Once again, I am just throwing out ideas. At your convenience, I would appreciate you getting back to me with your thoughts.

Sincerely,

Cathy Busch

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 34397

**KEOKUK JUNCTION RAILWAY COMPANY
--ALTERNATIVE RAIL SERVICE--
LINE OF TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION**

PETITION TO PROVIDE ALTERNATIVE RAIL SERVICE

EXHIBIT C

**William A. Mullins
David C. Reeves
Christine J. Sommer
BAKER & MILLER PLLC
915 Fifteenth Street, NW
Suite 1000
Washington, DC 20005
Tel: (202) 637-9499
Fax: (202) 637-9394**

**Attorneys for the Keokuk Junction Railway
Co.**

August 8, 2003



29265 N ILLINOIS 78
CANTON, ILLINOIS 61520
(309) 647-1295

January 14, 2003

The Honorable Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, NW, Suite 715
Washington, DC 20423-0001

RE: SFL Railway embargo, filed October 18, 2002.

Dear Mr. Williams,

Please be advised that United Paving & Construction, Inc. is once again writing to you with concerns about the TP&W rail line between LaHarpe and Peoria Illinois.

Due to a SF&L Railway embargo, United Paving & Construction, Inc. is unable to get rail service at this time. Viable rail service is vital to the health of United Paving & Construction, Inc. Canton Illinois has no other rail service, and there are no feasible alternative routes. The loss of rail service on this line will do long-term economic damage to United Paving & Construction, as well as to other rail served customers and communities whose business depend upon this line.

United Paving & Construction, Inc. wants and needs this rail service to continue. We will use this rail service if it is available, and hopefully, with your intervention, this service will once again be possible in the near future.

If you have any questions, please do not hesitate to contact me.

Respectfully yours,

Robert D. Pschirrer
President

/med



29265 NORTH ILLINOIS 78
CANTON, ILLINOIS 61520

August 1, 2003

The Honorable Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, NW, Suite 715
Washington D.C. 20423-0001

Dear Mr. Williams;

United Paving & Construction is in the asphalt paving business in Central Illinois. The vast majority of our work is for the Department of Transportation, and various other local government agencies. We depend on the importation of raw materials to produce asphalt, as no local sources of raw materials meet IDOT specifications. Currently, we utilize the river transportation system and the railroads to meet our needs.

Recently, the TP&W rail system, which is the primary carrier in Central Illinois, has attempted to sell or close the rail line from Peoria Illinois to the West. The closure of this line would have a major negative impact to our business and community as a whole.

United Paving & Construction is trying to arrange shipments from a quarry in Indiana for the current year. Initial contact with the railroad has been difficult at best. Shipments of stone are usually coordinated through the stone producer, The Rogers Group. The Rogers Group has indicated to me reluctance by TP&W to quote rates, or provide service. When those rates finally did come through, they were clearly unreasonable as compared to previous years. My overall opinion of the situation is, the TP&W may not be interested in operating the portion of their track from Peoria to the West. Additionally, I would support any effort on the part of the Keokuk Junction Railroad to acquire and effectively operate the section of track in question.

Sincerely,
Robert D. Pschirrer


United Paving & Construction, Inc.





FARMERS ELEVATOR COMPANY - OF SCIOTA, IL.

1-14-03

The Honorable Vernon A. Williams Secretary
S. T. B.

1925 K STREET NW, Suite 715
Washington, DC 20423-0001

Ref: Rail Service Sciota, IL.

MR. Secretary,

OUR grain elevator is located on the SFL/TPW
Rail line in West Central Illinois.

WE have had NO Rail service since the
SFLC Embargoed the line 10-18-02.

In order for our company to remain in
business, we do not only want rail service - we
need it. Moving our grain by rail is very
important.

All grain movement today is by truck. IF
given an opportunity to ship by rail again, we
can safely say we will use the service.

Thank you,
William W. Edwards
Mgr.

**FARMERS ELEVATOR COMPANY
OF SCIOTA
309-456-3600**

August 7, 2003

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K. Street NW Suite 715
Washington, DC 20423-001

Subject: Keokuk Junction Railway

Dear Secretary Williams,

The Farmers Elevator Company of Sciota supports the Keokuk Junction Railway in their effort to acquire an Emergency Service order on the TP& W Track.

We have had no service from the TP& W Railway since October 2002.

The Elevator is facing a record corn and bean crop this fall. As of this letter, our storage capacity will not be enough for this large crop. In order for the Elevator to service its customers, we desperately need rail service.

Please allow the Keokuk Junction Railway to obtain their Emergency Service order.

Respectfully,

William W. Edwards

William W. Edwards
Manager



January 13, 2003

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW, Suite 715
Washington, DC 20423-0001

SUBJECT: AAR Embargo Notice-SF&L Railway

Dear Secretary Williams:

On October 18, 2002, Roquette America, Inc. was notified of the above mentioned AAR Embargo notice of the SF & L Railway of the line between LaHarpe and Peoria, Illinois, Embargo # 1-2002.

Since that date, Roquette America, Inc. has not received any rail service over this line. Prior to SF&L's acquisition of this line, RAI moved outbound freight over this line to connect with Class I railroads in Peoria, Illinois. We also received grain from several elevators located on this line. If rail service was available, RAI would be able to use this line for these shipments.

Roquette America, Inc. needs this line open in order to access the Class I railroads over Peoria for competitive service. If available, we would again have a competitive setting in Keokuk, Iowa for all outbound shipments moving east.

Sincerely,

Wanda J. Carlson

Wanda J. Carlson
Manager, Rail



July 31, 2003

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW, Suite 715
Washington, DC 20423-0001

SUBJECT: Keokuk Junction Railway

Dear Secretary Williams:

On April 1, 2003, Roquette America was notified by Keokuk Junction Railway of their desire to acquire the west end of the TPW line via the feeder line application process. Roquette America, Inc. supports Keokuk Junction Railway's efforts to acquire this portion of tract.

As noted in a previous letters to you dated January 13, 2003 and April 4, 2003, since October 18, 2002 we have not received any rail service over this line. The STB's decision of 2/14/03 to deny KJRY's petition to provide alternate rail service was based on the fact that TPW stated it was "ready, willing and able to resume operations over the Line" and that it "plans to restore service to the Line once it is reacquired from SF&L". TPW has not resumed operations or restored service.

TPW has not responded in a timely manner to requests for rates and when they have replied, rates have not been competitive. One example was a rate quote of \$705 for a move that SF&L charged \$275 which is \$75 higher than the rate we had received from the TPW prior to the SF&L's purchase of this portion of track. This is almost a 400% increase per car since 12/01.

Roquette America, Inc. needs this line open in order to access Class I railroads over Peoria for competitive service for outbound shipments moving to Chicago and to the East Coast.

Sincerely,

A handwritten signature in cursive script that reads "Wanda J. Carlson".

Wanda J. Carlson
Manager, Rail

LAHARPE ELEVATOR
POBOX 559
LAHARPE, ILLINOIS 61450

January 13, 2003

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW, Suite 715
Washington, DC 20423-0001

SUBJECT: AAR Embargo Notice-SF&L Railway

Dear Secretary Williams:

On October 18, 2002, LaHarpe Elevator was notified of the above mentioned AAR Embargo notice of the SF & L Railway of the line between LaHarpe and Peoria, Illinois, Embargo # 1-2002.

Since that date, LaHarpe Elevator has not received any rail service over this line. Prior to SF&L's acquisition of this line, LaHarpe Elevator moved outbound corn and soybeans over this line to Peoria Illinois, and Gilman Illinois. If rail service was available, LaHarpe Elevator would be able to use this line for these shipments.

LaHarpe Elevator needs this line open in order to access these markets for competitive grain prices. If available, we would again have a competitive setting in LaHarpe, Illinois for all outbound grain shipments moving to these markets.

Sincerely,



Mike Falk
Manager - LaHarpe Elevator

LAHARPE ELEVATOR
POBOX 559
LAHARPE, ILLINOIS 61450

August 8, 2003

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW, Suite 715
Washington, DC 20423-0001

SUBJECT: KJRY ESO filing application

Dear Secretary Williams:

We wish to express our support of the efforts by the Keokuk Junction Railway in their filing for an ESO on the line from LaHarpe to Canton, IL.

To this date there has been no rail service available since the SF&L embargo in October 2002. When the property was conveyed back to TPW, they assured us that they were ready, willing and able to serve the line; but to this date no rail service has been provided. We would like to see rail service provided once again to allow us to stay competitive in today's market.

We experienced a reduction in service from TPW prior to their sale to SF&L. Following the sale to SF&L we experienced an increase in rates and a continuation of less than desirable service. Regardless of the undesirable terms we continued efforts with SF&L to utilize rail service until railcars were no longer made available.

Re-ownership by TP&W resulted in a 475% increase in tariff from Blandinsville, IL. to LaHarpe, IL. and a 300% increase in tariff from La Harpe, IL. and Blandinsville, IL. to Gilman, IL.

We appreciate your consideration in restoring rail service with reasonable tariff to our community.

Sincerely,



Mike Falk
Mgr. - LaHarpe Elevator

BLANDINSVILLE ELEVATOR
PO BOX 293
BLANDINSVILLE, ILLINOIS 61450

January 13, 2003

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW, Suite 715
Washington, DC 20423-0001

SUBJECT: AAR Embargo Notice-SF&L Railway

Dear Secretary Williams:

On October 18, 2002, Blandinsville Elevator was notified of the above mentioned AAR Embargo notice of the SF & L Railway of the line between LaHarpe and Peoria, Illinois, Embargo # 1-2002.

Since that date, Blandinsville Elevator has not received any rail service over this line. Prior to SF&L's acquisition of this line, Blandinsville Elevator moved outbound corn and soybeans over this line to Keokuk Iowa, Peoria Illinois, and Gilman Illinois. If rail service was available, Blandinsville Elevator would be able to use this line for these shipments.

Blandinsville Elevator needs this line open in order to access these markets for competitive grain prices. If available, we would again have a competitive setting in Blandinsville, Illinois for all outbound grain shipments moving to these markets.

Sincerely,



Terry Rouse
Manager - Corn Procurement

BLANDINSVILLE ELEVATOR
BLANDINSVILLE, ILLINOIS 61420

August 8, 2003

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW, Suite 715
Washington, DC 20423-0001

SUBJECT: KJRY ESO filing application

Dear Secretary Williams:

We wish to express our support of the efforts by the Keokuk Junction Railway in their filing for an ESO on the line from LaHarpe to Canton, IL.

To this date there has been no rail service available since the SF&L embargo in October 2002. When the property was conveyed back to TPW, they assured us that they were ready, willing and able to serve the line; but to this date no rail service has been provided. We would like to see rail service provided once again to allow us to stay competitive in today's market.

We experienced a reduction in service from TPW prior to their sale to SF&L. Following the sale to SF&L we experienced an increase in rates and a continuation of less than desirable service. Regardless of the undesirable terms we continued efforts with SF&L to utilize rail service until railcars were no longer made available.

Re-ownership by TP&W resulted in a 475% increase in tariff from Blandinsville, IL. to LaHarpe, IL. and a 300% increase in tariff from La Harpe, IL. and Blandinsville, IL. to Gilman, IL.

We appreciate your consideration in restoring rail service with reasonable tariff to our community.

Sincerely,



Mike Falk
Mgr. - Blandinsville Elevator



ELKEM CARBON - KEOKUK

365 Carbide Lane
P. O. Box 6003
Keokuk, IA 52632-6003
Telephone: (319) 524-6510
FAX: (319) 524-6513

Electrode Paste • Ramming Mixes • Calcined Coal • Carbon Raiser

Date: January 16, 2003

The Honorable Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, NW, Suite 715
Washington, DC 20423-0001

Dear Sir:

This letter is being directed to you in support of the KJRY Railroad obtaining operating rights over the SFL Railway from La Harpe, IL To Peoria, IL. As there have been no train operated on this segment of track since the embargo was issued on October 18, 2002. As a result we have not received any rail service over this segment of track since that date. We have customers who need us to ship via this line. As proven in the past each time a segment of track is lost industry is the one who suffers the most due to lack of service. We need this line in order to be able to provide the service our customers want. If the KJRY Railroad is granted operational rights over this line we will use the line.

Very Truly Yours
Elkem Carbon Keokuk

Daniel C. Buckert
Traffic Coordinator

ELKEM CARBON - KEOKUK

365 Carbide Lane
P. O. Box 6003
Keokuk, IA 52632-6003
Telephone: (319) 524-6510
FAX: (319) 524-6513



Electrode Paste • Ramming Mixes • Calcined Coal • Carbon Raiser

Date: July 31, 2003

The Honorable Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, NW, Suite 715
Washington, DC 20423-0001

Dear Sir:

This letter is in follow up as no rail service has been yet made available over the west end of the TPW between La Harpe, IL. To Peoria, IL. No trains have operated on this segment of track since an embargo was issued on October 18, 2002. As a result we have not received any rail service over this segment of track since that date. We have customers who need us to ship via this line. As proven in the past each time a segment of track is lost Industry is the one who suffers the most due to lack of service. We need this line in order to be able to provide the service our customers want. If the KJRY Railroad is granted authority to operate this line we will use the line.

Very Truly Yours
Elkem Carbon Keokuk

A handwritten signature in cursive script, appearing to read 'Daniel C. Buckert'.

Daniel C. Buckert
Traffic Coordinator

ISO-9002 CERTIFIED

Quality is
Our
PRIORITY



Colusa Elevator Co.
P.O. Box 26
Colusa, Illinois 62329

The Honorable Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, NW, Suite 715
Washington, DC 20423-0001

Dear Sir,

Colusa Elevator Co is a multi-location independent grain company located in west-central Illinois. One of our facilities is located on the Keokuk Junction Railway in Burnside, Illinois. We have been attempting to get rates to rail soybeans to the Illinois river. So far, we have been unable to even get a quote. Thus we have been trucking over 150,000 bushels soybeans at what we assume is a higher cost than putting the soybeans on railcars. I know that the trucking rate is higher than the quote last time we wanted to rail soybeans. It seems to me that being unable to get rail rates is a totally unacceptable situation. Whatever can be done to correct this situation would be greatly appreciated.

Respectfully,

Colusa Elevator Co.

Dale E Griffiths
Vice-President

COLUSA ELEVATOR COMPANY

P.O. Box 26
Colusa, IL 62329
Tel. 217-755-4221

P.O. Box 185
Nauvoo, IL 62354
Tel. 217-463-2216

P.O. Box 354
Ferris, IL 62336
Tel. 217-746-3771

2136 Green Bay Road
Weaver, IA 52658
Tel. 319-372-7852

2000 E. Cy Rd 2100
Burnside, IL 62318
Tel. 217-746-3221

Monday, July 28, 2003

The Honorable Vernon A. Williams, Secretary
Surface Transportation Board
1935 K Street, NW, Suite 715
Washington, D.C. 20423-0001

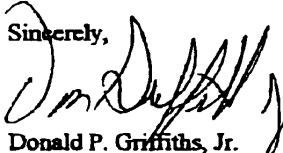
Dear Sir:

Back in April, 2003, I sent you a letter explaining how important I believed the return of the Keokuk Junction Railway business was to our company. As of this writing, we still believe that our business could improve greatly by the re-establishment of operation of this line in west-central Illinois to KJRR.

Since the beginning of the troubles on this rail line, many of us who used the services before have had to work around a system that has failed to provide the competitive edge that used to exist for grain traffic crossing through the middle of Illinois. It has been possible to truck grain, of course, but the cost of freight is much higher than we enjoyed before. We also miss the smooth and seamless connection KJRR freight provided in getting our grains in and out of our elevator.

As I had mentioned to you in my last letter, the rails perform a linkage throughout the rural countryside that helps small towns and businesses survive. Taking away the function of the tracks in question here has created a rift that needs to be closed shortly, or the possibility of closures will be on the minds of many businesses like my own that have depended on the rail.

Sincerely,



Donald P. Griffiths, Jr.
VP & GM
Colusa Elevator Co.

TOTAL P.02

CERTIFICATE OF SERVICE

This is to certify that on August 8, 2003 I caused the foregoing Keokuk Junction Railway Company's Petition to Provide Alternative Rail Service to be served upon Toledo, Peoria and Western Railway Corporation and its attorneys, the Federal Railroad Administration, and the additional parties noted below, by first class mail, postage prepaid, or by more expeditious service, pursuant to the Board's regulations at 49 C.F.R. § 1146.1.


Christine J. Sommer
Attorney for Keokuk Junction Railway Co.

Rail patrons / potential patrons:

Farmers Elevator Company
101 East Douglas Street
Sciota, IL 61475

United Paving
29265 North Illinois 78
Canton, IL 61520

Blandinsville Elevator
201 Northe Bushnell Street
Blandinsville, IL 61420

LaHarpe Elevator
P.O. Box 559
La Harpe, IL 61450

Elkem Carbon – Keokuk
385 Carbide Lane
Keokuk, IA 52632

Roquette America
1417 Exchange Street
P.O. Box 6647
Keokuk, IA 52632

Colusa Elevator Co.
P.O. Box 26
Colusa, IL 62329

Unions representing TP&W employees:

United Transportation Union
14600 Detroit Avenue
Cleveland, OH 44107

Brotherhood of Maintenance of Way
Employees
26555 Evergreen Road, Suite 200
Southfield, MI 48076