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mcfarland@aol.com

THOMAS F. MCFARLAND

February 2, 2004

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

Re: Finance Docket No. 34395, *City of Peoria, Illinois, d.b.a. Peoria, Peoria Heights & Western Railroad -- Construction of Connecting Track Exemption -- in Peoria County, IL*

Dear Mr. Williams:

Enclosed please find an original and 10 copies of Verified Notice of Exemption Under 49 C.F.R. § 1150.36, for filing with the Board in the above referenced matter.

Also enclosed is City of Peoria's check #205720 in the amount of \$1,400 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.

FILED
FEB 3 - 2004
SURFACE
TRANSPORTATION BOARD

Very truly yours,

Tom McFarland

Thomas F. McFarland
Attorney for Applicant

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Office of Proceedings
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Part of
Public Record

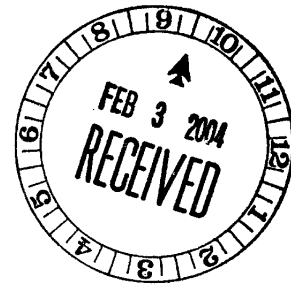
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FEB 3 - 2004
SURFACE
TRANSPORTATION BOARD



DiD #01040204001001

BEFORE THE
SURFACE TRANSPORTATION BOARD

CITY OF PEORIA, ILLINOIS, d.b.a.)
PEORIA, PEORIA HEIGHTS &) FINANCE DOCKET
WESTERN RAILROAD --) NO. 34395
CONSTRUCTION OF CONNECTING)
TRACK EXEMPTION -- IN PEORIA)
COUNTY, IL)



VERIFIED NOTICE OF EXEMPTION
UNDER 49 C.F.R. § 1150.36

FEE RECEIVED
FEB 3 - 2004
SURFACE
TRANSPORTATION BOARD

City of Peoria, Illinois
d.b.a. Peoria, Peoria Heights & Western Railroad
RANDALL RAY, Corporation Counsel
City Hall Building
419 Fulton Street
Peoria, IL 61602-1270
(309) 494-8590

Applicant

ENTERED
Office of Proceedings

FEB - 3 2004

Part of
Public Record

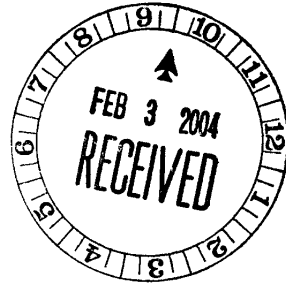
FILED
FEB 3 - 2004
SURFACE
TRANSPORTATION BOARD

THOMAS F. McFARLAND
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208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112
(312) 236-0204

Attorney for Applicant

DATE FILED: February 3, 2004

BEFORE THE
SURFACE TRANSPORTATION BOARD



CITY OF PEORIA, ILLINOIS, d.b.a.)
PEORIA, PEORIA HEIGHTS &) FINANCE DOCKET
WESTERN RAILROAD --) NO. 34395
CONSTRUCTION OF CONNECTING)
TRACK EXEMPTION -- IN PEORIA)
COUNTY, IL)

**VERIFIED NOTICE OF EXEMPTION
UNDER 49 C.F.R. § 1150.36**

Pursuant to the class exemption at 49 C.F.R. § 1150.36 for construction of connecting track, the City of Peoria, Illinois, d.b.a. Peoria, Peoria Heights & Western Railroad (PPHW), hereby provides notice of its exemption from 49 U.S.C. § 10901 for construction of approximately 1,800 feet of track in Peoria, Peoria County, Illinois, over land that it owns or over which it has an easement for railroad purposes, to connect track that it owns.

INFORMATION REQUIRED BY 49 C.F.R. § 1150.36(c)(1) AND (2)

1. *The name and address of the railroad or other entity proposing to construct the trackage.*

Response: The City of Peoria, d.b.a. Peoria, Peoria Heights & Western Railroad (PPHW), City Hall Building, 419 Fulton Street, Peoria, IL 61602-1270.

2. *The Proposed Operator*

Response: It is proposed that the trackage be operated by a qualified and experienced rail operator. PPHW has selected DOT Rail Service, Inc., or its designee as operator of the trackage.

3. *A Complete Description of the Proposed Construction and Operation.*

Response: PPHW proposes to construct approximately 1,800 feet of track at Peoria, Peoria County, Illinois, over land that it owns or over which it has an easement for railroad purposes. The track to be constructed will connect a segment of track that the City of Peoria (the City) recently purchased from Union Pacific Railroad Company (UP) with trackage that the City acquired many years ago from the Chicago, Rock Island & Pacific Railroad Company (Rock Island).

The former UP segment is approximately 1.9 miles long. It connects at its west end with a UP main line that extends in a generally north-south direction between Nelson, IL and St. Louis, MO. It was acquired by the City of Peoria by notice of exemption in STB Finance Docket No. 34066, *City of Peoria, IL -- Acquisition and Operation Exemption -- Union Pacific Railroad Company*, served July 25, 2001. No active shippers are currently located on that segment.

The former Rock Island segment is known as the Keller Branch. It is 8.29 miles long. It was acquired by the City of Peoria in 1984 from the Rock Island Trustee after its abandonment. It connects at its east end with a rail line of the Peoria & Pekin Union Railway Company (P&PU). P&PU initially operated the Branch pursuant to lease from the City of Peoria. *See Peoria and Pekin Union Railway Company -- Exemption from 49 U.S.C. 10901*, 1984 ICC LEXIS 275, ICC Finance Docket No. 30545, notice of exemption dated Sept. 18, 1984. Thereafter the Village of Peoria Heights, Illinois acquired a 25-percent interest in the Branch, at which time ownership was referred to under the doing-business-as designation of Peoria, Peoria Heights & Western Railroad (PPHW). In 1998, the Branch began to be operated by its current operator, Pioneer Industrial Railway Co. (Pioneer), pursuant to an assignment of P&PU's lease

from the City of Peoria, consented to by the Village of Peoria Heights. *See Pioneer Industrial Railway Co. - Lease and Operation Exemption - Peoria, Peoria Heights & Western Railroad*, 1998 STB LEXIS 1417, STB Finance Docket 33549, notice of exemption served Feb. 20, 1998. There are three active shippers located on the Branch, two of which are located near its northwestern end and one of which is located near its southeastern end.

After the proposed construction of connecting trackage is completed, it is proposed that the two shippers located near the northwestern end of the Branch be served from the west by DOT Rail Service, Inc. or its designee under an operating agreement with the City of Peoria.^{1/} It is proposed that at that time the shipper located near the southeastern end of the Branch be served from the southeast by the same or a different rail operator. It is proposed that the approximate 7.5 miles of the Branch that no longer would be required for the provision of rail service to shippers be used for a recreational trail.^{2/} The trail would be supervised by the Peoria Park District. The trail would connect the Pimetoui Trail at the Peoria riverfront with the Rock Island Trail near Alta, IL.

4. *Map*

Response: Exhibit A submitted with this description illustrates the proposals identified above. The trackage shaded in yellow is the former UP trackage recently acquired by the City of Peoria. The trackage shaded in blue is the 7.5 miles of the Keller Branch that is proposed to be authorized for discontinuance of operations, and converted to a recreational trail.

^{1/} No part of the line that would continue to be operated would be located in the Village of Peoria Heights, Illinois.

^{2/} The City recognizes that Board authority or an exemption must be obtained for discontinuance of rail service over the line.

The area shaded in red is the proposed 1,800-foot construction of connecting trackage. The trackage shaded in green is the portion of the Keller Branch that would remain in place after being connected with the former UP line.

5. *Class Exemption Procedure*

Response: PPHW intends to file a notice with the STB for its exemption for the proposed track construction. The class exemption procedure for construction of connecting track was adopted by the STB in *Class Exem. for the Construction of Connecting Track*, 1 S.T.B. 75 (1996).

6. *Approximate Date that Construction is Proposed to Begin*

Response: No earlier than 90 days after the notice of exemption is filed with the STB.

7. *Certification of Environmental and Pre-Filing Notice Requirements*

Response: PPHW hereby certifies that it is complying with the Board's environmental rules at 49 C.F.R. Part 1105, and with the pre-filing notice requirements of 49 C.F.R. § 1150.36(c)(1). Certification is attached as Exhibit B. The Board's Office of Economics, Environmental Analysis and Administration has approved PPHW's request to submit a Preliminary Draft Environmental Assessment (PDEA) in lieu of the environmental and historic reports required under 49 C.F.R. § 1105.7 and § 1105.8 (*see* letter from Victoria Ruston, Chief, Section of Environmental Analysis to counsel for PPHW, dated September 9, 2003, copy attached as Exhibit C).

PREFILING NOTIFICATION TO STATE INTERESTS

The prefiling notification to certain State interests required under 49 C.F.R. § 1150.36(c)(1) has been sent (*see* letter from counsel for PPHW to specified State interests

dated September 2, 2003, as corrected by letter dated September 4, 2003, copies attached as Exhibit E).

WAIVER OF 6-MONTH PREFILING NOTIFICATION TO BOARD

The Board's Office of Economics, Environmental Analysis and Administration has granted a waiver of the 6-month prefiling notice generally required for construction projects under 49 C.F.R. § 1105.10(a)(1) (*see* letter from Victoria Ruston, Chief, Section of Environmental Analysis to counsel for PPHW, dated August 28, 2003, copy attached as Exhibit F).

VERIFICATION

A verification of the facts in this Notice is attached as Exhibit D.

CONCLUSION AND REQUESTED RELIEF

WHEREFORE in accordance with 49 C.F.R. § 1150.36(c)(3), the Director of the Board's Office of Proceedings should publish a notice of the exemption in the Federal Register within 20 days after the Board receives this Notice of Exemption.

Respectfully submitted,

City of Peoria, Illinois
d.b.a. Peoria, Peoria Heights & Western Railroad
RANDALL RAY, Corporation Counsel
City Hall Building
419 Fulton Street
Peoria, IL 61602-1270
(309) 494-8590

Applicant

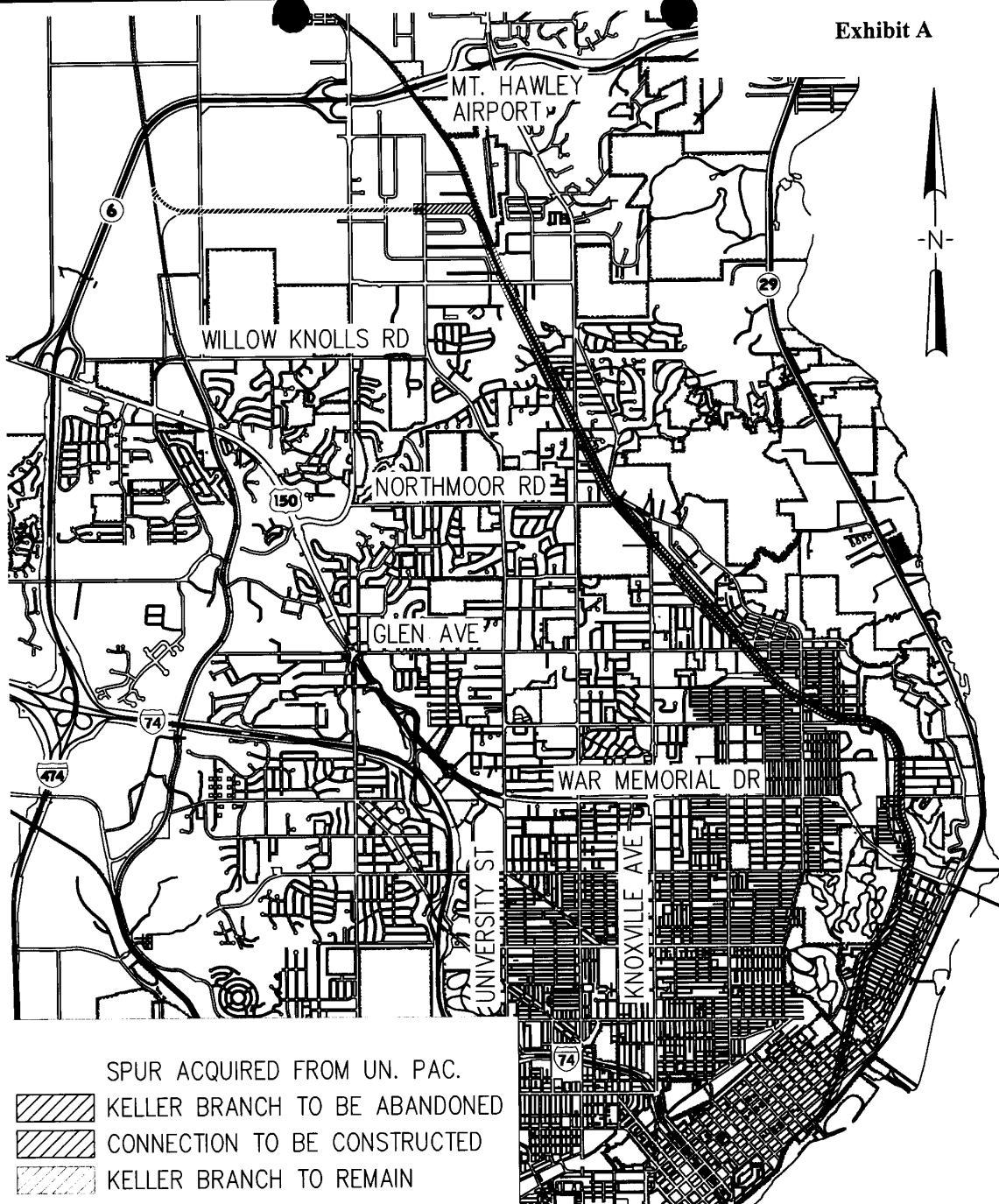
Thomas F. McFarland

THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112
(312) 236-0204

Attorney for Applicant

DATE FILED: February 3, 2004

Exhibit A



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Hanson Professional Services Inc.
2900 West Willow Knolls Road
Peoria, Illinois 61614-1129

PROJECT LOCATION MAP

KELLER BRANCH
RAIL CONNECTION
PEORIA, ILLINOIS

HANSON NO. 02P2007

FIGURE NO. 2

CERTIFICATION

THOMAS F. MCFARLAND, on oath, states that he has complied with the Board's environmental rules at 49 C.F.R. Part 1105 and with the pre-filing notice requirements of 49 C.F.R. § 1150.36(c)(1).



Thomas F. McFarland
THOMAS F. MCFARLAND

SUBSCRIBED and SWORN
to before me this 2nd
day of February, 2004.

Kathleen Lenihan
Notary Public

My commission expires: 1/22/2006

RECEIVED

SEP 15 2003

SURFACE TRANSPORTATION BOARD

Washington, DC 20423
Office of Economics, Environmental Analysis, and Administration

McFARLAND

September 9, 2003

Thomas F. McFarland, P.C.
208 South LaSalle Street
Suite 1890
Chicago, Illinois 60604-0204

**Exhibit C
(Page 1 of 2)**

RE: STB Finance Docket No. 34395, City of Peoria, Illinois, d/b/a Peoria Heights & Western Railroad – Construction Exemption – in Peoria County, IL and

STB Docket No. AB 858X, City of Peoria, Illinois, d/b/a Peoria Heights & Western Railroad – Abandonment Exemption – in Peoria County, IL

Dear Mr. McFarland:

This responds to your letter dated August 12, 2003, proposing an alternative environmental review process for a proposed rail line construction and operation by the City of Peoria, d/b/a Peoria Heights & Western Railroad (PPHW). PPHW plans to seek authority from the Surface Transportation Board (Board) to construct approximately 1800 feet of new rail line over land that the City of Peoria owns or over which it has an easement. The proposed new rail line would connect two segments of rail line currently owned by PPHW. Specifically, you request that the Board's Section of Environmental Analysis (SEA) permit PPHW to submit to SEA a Preliminary Draft Environmental Assessment (PDEA) in lieu of the environmental and historic report required under 49 CFR 1105.7 and 1105.8 when filing an application, petition, or notice of exemption seeking construction authority from the Board.

Based on our discussions with you during a teleconference call on August 4, 2003, SEA concurs with your request to submit a PDEA. The PDEA will serve as an administrative draft for SEA, which is responsible for the preparation of an Environmental Assessment (EA).¹ SEA will independently review the PDEA, and include appropriate recommendations to the Board to mitigate potential environmental impacts. SEA will then issue an EA (based upon the PDEA)

¹Because PPHW proposes to construct a connecting track over land owned by the connecting railroad, this action requires SEA to prepare an Environmental Assessment pursuant to the Board's environmental rules at 49 CFR 1105.6(b)(1). If, during the environmental review process, it becomes clear that potentially significant adverse environmental effects that could not be adequately mitigated would result from this project, SEA would then be required to prepare an Environmental Impact Statement.

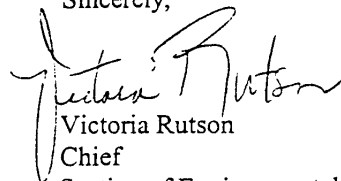
for public review and comment. Following the public review and comment period, SEA will prepare a Post-Environmental Assessment containing SEA's final recommendations to the Board.

The regulations of the Council on Environmental Quality (CEQ) at 40 CFR 1506.5(b) specifically contemplate that an agency may permit an applicant to prepare an EA. The agency, however, must make its own evaluation of the environmental issues and take responsibility for the scope and content of the EA. Therefore, as stated above, SEA will perform an independent verification and evaluation of the environmental analysis, including any proposed mitigation measures.

The environmental review process you propose should avoid duplicative efforts by PPHW and SEA. These efforts toward efficiency are not in lieu of SEA's ultimate responsibility for the environmental document. The extent to which the PDEA will be adopted by SEA as the Draft EA will be determined after it is submitted to and reviewed by SEA. Moreover, in the event that issues of unforeseen complexity arise, PPHW should be prepared to enter into a third party contractor agreement with SEA and an appropriate contractor who would assist SEA to the extent needed.

If you have any questions or concerns, please feel free to contact me or Troy Brady of my staff by phone at (610) 793-4301 or email at Troy.Brady@stb.dot.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Victoria Rutson". The signature is fluid and cursive, with the first name "Victoria" and last name "Rutson" clearly distinguishable.

Victoria Rutson
Chief

Section of Environmental Analysis

VERIFICATION

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

THOMAS F. McFARLAND, being duly sworn on oath, deposes and states that he has read the foregoing responses, that he knows the contents thereof, and that the facts therein stated are true and correct.



Thomas F. McFarland
THOMAS F. McFARLAND

SUBSCRIBED AND SWORN to
before me this 2nd day
of February, 2004.

Kathleen Lenihan
Notary Public

My Commission Expires: 1/29/2006

LAW OFFICE
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CHICAGO, ILLINOIS 60604-1112
TELEPHONE (312) 236-0204
FAX (312) 201-9695
mcfarland@aol.com

THOMAS F. MCFARLAND

September 2, 2003

Illinois Commerce Commission
527 East Capitol
Springfield, IL 62794-9280
Attn: Secretary

Illinois Department of Transportation
2300 South Dirksen Parkway
Springfield, IL 62764
Attn: Secretary

Illinois State Clearinghouse
State of Illinois
107 Stratton
Springfield, IL 62706
Attn: Secretary

Re: STB Finance Docket No. 34395, *City of Peoria, Illinois, d.b.a. Peoria, Peoria Heights & Western Railroad -- Construction Exemption -- in Peoria County, Illinois*

Dear Secretary:

Pursuant to 49 C.F.R. § 1150.36(c)(1), a party intending to file a verified notice of exemption with the United States Department of Transportation, Surface Transportation Board (STB), for construction of connecting trackage, is required, at least 20 days prior to filing the notice at the STB, to provide a pre-filing notice to the Public Service Commission, Department of Transportation and Clearinghouse of the State in which the trackage is to be constructed, of the imminent filing of the notice of exemption.

This constitutes that required pre-filing notice.

Information Required To Be Provided:

1. *The name and address of the railroad or other entity proposing to construct the trackage.*

Response: The City of Peoria, d.b.a. Peoria, Peoria Heights & Western Railroad (PPHW),

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

Illinois Commerce Commission
Illinois Department of Transportation
Illinois State Clearinghouse
September 2, 2003
Page 2

2. *The Proposed Operator*

Response: It is proposed that the trackage be operated by a qualified and experienced rail operator. The operator of the trackage has not yet been selected by PPHW.

3. *A Complete Description of the Proposed Construction and Operation.*

Response: PPHW proposes to construct approximately 1,800 feet of track at Peoria, Peoria County, Illinois, over land that it owns or over which it has an easement for railroad purposes. The track to be constructed will connect a segment of track that the City of Peoria (the City) recently purchased from Union Pacific Railroad Company (UP) with trackage that the City acquired many years ago from the Chicago, Rock Island & Pacific Railroad Company (Rock Island).

The former UP segment is approximately 1.9 miles long. It connects at its west end with a UP main line that extends in a generally north-south direction between Nelson, IL and St. Louis, MO. It was acquired by the City of Peoria by notice of exemption in STB Finance Docket No. 34066, *City of Peoria, IL -- Acquisition and Operation Exemption -- Union Pacific Railroad Company*, served July 25, 2001. No active shippers are currently located on that segment.

The former Rock Island segment is known as the Keller Branch. It is 8.29 miles long. It was acquired by the City of Peoria in 1984 from the Rock Island Trustee after its abandonment. It connects at its east end with a rail line of the Peoria & Pekin Union Railway Company (P&PU). P&PU initially operated the Branch pursuant to lease from the City of Peoria. *See Peoria and Pekin Union Railway Company -- Exemption from 49 U.S.C. 10901*, 1984 ICC

Illinois Commerce Commission
Illinois Department of Transportation
Illinois State Clearinghouse
September 2, 2003
Page 3

LEXIS 275, ICC Finance Docket No. 30545, notice of exemption dated Sept. 18, 1984.

Thereafter the Village of Peoria Heights, Illinois acquired a 25-percent interest in the Branch, at which time ownership was referred to under the doing-business-as designation of Peoria, Peoria Heights & Western Railroad (PPHW). In 1998, the Branch began to be operated by its current operator, Pioneer Industrial Railway Co. (Pioneer), pursuant to an assignment of P&PU's lease from the City of Peoria, consented to by the Village of Peoria Heights. *See Pioneer Industrial Railway Co. - Lease and Operation Exemption - Peoria, Peoria Heights & Western Railroad*, 1998 STB LEXIS 1417, STB Finance Docket 33549, notice of exemption served Feb. 20, 1998.

There are three active shippers located on the Branch, two of which are located near its northwestern end and one of which is located near its southeastern end.

After the proposed construction of connecting trackage is completed, it is proposed that the two shippers located near the northwestern end of the Branch be served from the west by a rail carrier with whom the City of Peoria and the Village of Peoria Heights would enter into an operating agreement. It is proposed that at that time the shipper located near the southeastern end of the Branch be served from the southeast by the same or a different rail operator. It is proposed that the approximate 7.5 miles of the Branch that no longer would be required for the provision of rail service to shippers be railbanked and used for a recreational trail following its approval for abandonment. The trail would be supervised by the Peoria Park District. The trail would connect the Pimetoui Trail at the Peoria riverfront with the Rock Island Trail near Alta, IL.

Illinois Commerce Commission
Illinois Department of Transportation
Illinois State Clearinghouse
September 2, 2003
Page 4

4. *Map*

Response: Exhibit A submitted with this description illustrates the proposals identified above. Reference 1 on the exhibit is to the former UP trackage recently acquired by the City of Peoria. Reference 2 is to the 7.5 miles of the Keller Branch that is proposed to be authorized for abandonment, railbanked and converted to a recreational trail on an interim basis. Reference 3 is to the proposed 1,800-foot construction of connecting trackage. Reference 4 is to the portion of the Keller Branch that would remain in place after being connected with the former UP line. The Xs on the exhibit denote the locations of the active shippers.

5. *Class Exemption Procedure*

Response: PPHW intends to file a notice with the STB for its exemption for the proposed track construction. The class exemption procedure for construction of connecting track was adopted by the STB in *Class Exem. for the Construction of Connecting Track*, 1 S.T.B. 75 (1996). The procedures for processing notices of exemption for construction of connecting track are set out at 49 C.F.R. § 1150.36(c)(3) and (4), copy of which is attached to this letter as Exhibit B.

6. *Approximate Date that Construction is Proposed to Begin*

Response: No earlier than 90 days after the notice of exemption is filed with the STB. That notice of exemption will not be filed earlier than 20 days after your receipt of this pre-filing notice.

THOMAS F. MCFARLAND

Exhibit E
(Page 5 of 8)

Illinois Commerce Commission
Illinois Department of Transportation
Illinois State Clearinghouse
September 2, 2003
Page 5

7. *Environmental Compliance*

Response: PPHW will comply with the STB's environmental regulations codified at 49

C.F.R. Part 1105.

The STB's environmental regulations generally require the STB to:

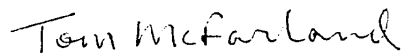
(i) Prepare an environmental assessment (EA) (or environmental impact statement (EIS) if necessary),

(ii) Make the document (EA or EIS, as appropriate) available to the parties (and to the public, upon request to SEA); and

(iii) Accept for filing and consideration comments on the environmental document as well as petitions for stay and reconsideration.

Any questions or comments that you may have can be directed to the undersigned at (312) 236-0204.

Very truly yours,



Thomas F. McFarland
*Attorney for City of Peoria, Illinois,
d.b.a. Peoria, Peoria Heights
& Western Railroad*

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cc: Troy Brady
Kevin Seals
Randy Ray
Marvin Shoop

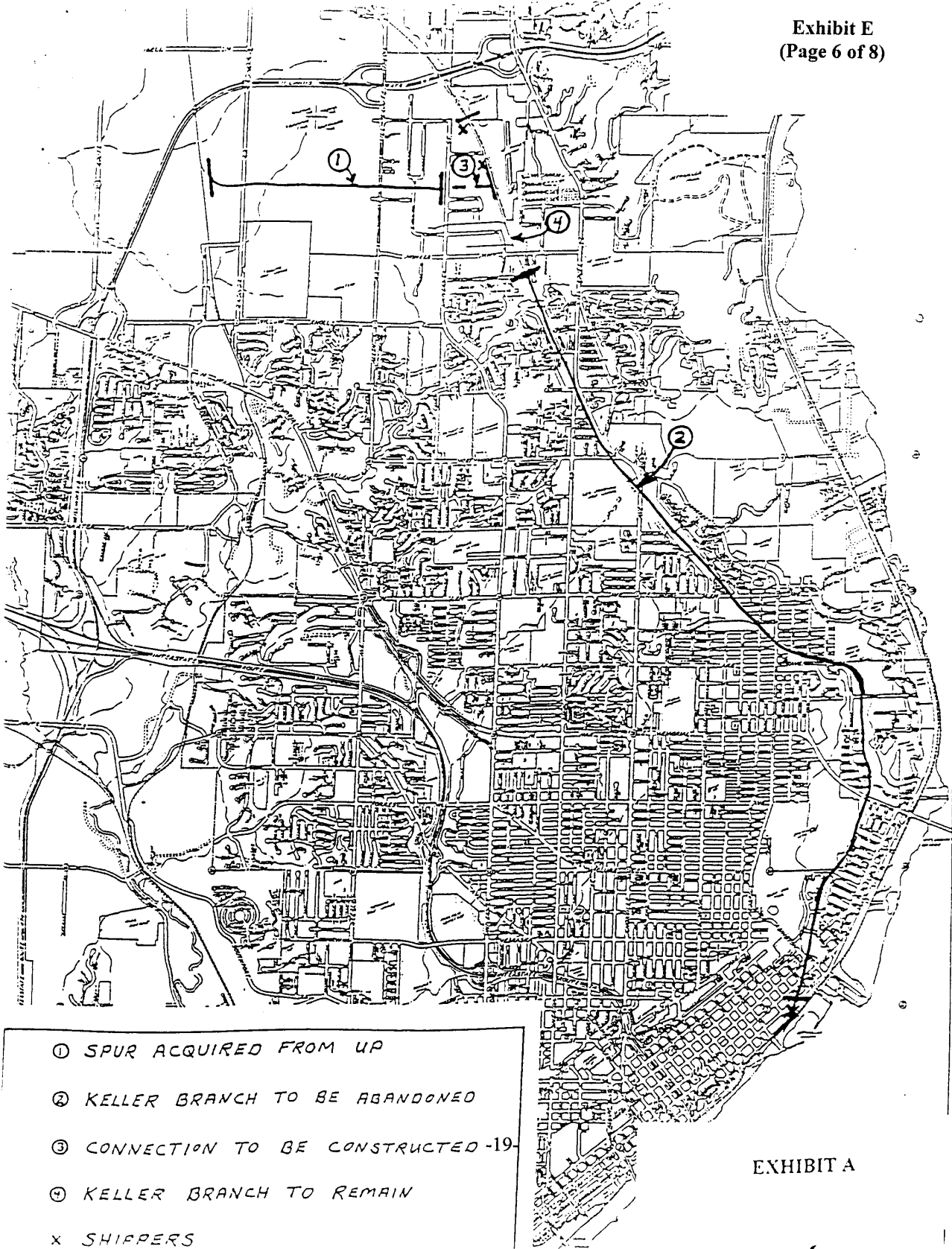


Exhibit E
(Page 7 of 8)

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49 CFR Ch. X (10-1-02 Edition)

an environmentally preferable route). If the Board concludes that a particular project will result in serious adverse environmental consequences that cannot be adequately mitigated, it may deny authority to proceed with the construction under the class exemption (the "no-build" alternative). Persons believing that they can show that the need for a particular line outweighs the adverse environmental consequences can file an application for approval of the proposed construction under 49 U.S.C. 10901.

(3) The Board, through the Director of the Office of Proceedings, shall publish a notice in the FEDERAL REGISTER within 20 days after the notice of exemption is received that describes the construction project and invites comments. SEA will then prepare an EA (or, if necessary, an EIS). The EA generally will be made available 15 days after the FEDERAL REGISTER notice. It will be served on all parties and appropriate agencies. Others may request a copy from SEA. The deadline for submission of comments on the EA will generally be within 30 days of its availability (*see* 49 CFR 1105.10(b)). If an EIS is prepared, the time frames and procedures set forth in 49 CFR 1105.10(a) generally will apply.

(4) The Board's environmental document (together with any comments and SEA's recommendations) shall be used in deciding whether to allow the particular construction project to proceed under the class exemption and whether to impose appropriate mitigating conditions upon its use (including use of

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EXHIBIT B

LAW OFFICE
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FAX (312) 201-9695
mcfarland@aol.com

THOMAS F. MCFARLAND

September 4, 2003

Illinois Commerce Commission
527 East Capitol
Springfield, IL 62794-9280
Attn: Secretary

Illinois Department of Transportation
2300 South Dirksen Parkway
Springfield, IL 62764
Attn: Secretary

Illinois State Clearinghouse
State of Illinois
107 Stratton
Springfield, IL 62706
Attn: Secretary

Re: STB Finance Docket No. 34395, *City of Peoria, Illinois, d.b.a. Peoria, Peoria Heights
& Western Railroad -- Construction Exemption -- in Peoria County, Illinois*

Dear Secretary:

My letter to you of September 2, 2003 was inaccurate in the following respects.

Item 2: PPHW has selected DOT Rail Service, Inc. as operator of the trackage.

Item 3: DOT Rail Service, Inc. would be the operator after the proposed construction of connecting trackage is completed.

Item 3: the City of Peoria only would enter into the operating contract. The proposed abandonment would eliminate all trackage in the Village of Peoria Heights, Illinois.

Please treat the foregoing as amendments of my communication to you of September 2.

Very truly yours,

Tom McFarland

Thomas F. McFarland
Attorney for City of Peoria, Illinois,
d.b.a. Peoria, Peoria Heights
& Western Railroad

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-21-

cc: Troy Brady
Kevin Seals
Randy Ray
Marvin Shoop

RECEIVED

SURFACE TRANSPORTATION BOARD
Washington, DC 20423

SEP 08 2003

Office of Economics, Environmental Analysis, and Administration

MCFARLAND

August 28, 2003

Thomas F. McFarland, P.C.
208 South LaSalle Street
Suite 1890
Chicago, Illinois 60604-0204

Exhibit F
(Page 1 of 2)

RE: STB Finance Docket No. 34395, City of Peoria, Illinois, d/b/a Peoria,
Peoria Heights & Western Railroad – Construction Exemption – in Peoria
County, IL and

STB Docket No. AB 858X, City of Peoria, Illinois, d/b/a Peoria, Peoria
Heights & Western Railroad – Abandonment Exemption – in Peoria
County, IL

Dear Mr. McFarland:

Pursuant to 49 CFR 1105.10 (c), we are granting your request of August 12, 2003 for waiver of the six-month prefilng notice generally required for construction projects under CFR 1105.10 (a)(1).

On August 4, 2003, the Surface Transportation Board's Section of Environmental Analysis (SEA), via tele-conference, discussed the proposed project with you, Mr. Kevin Seals and Mr. Paul Miller (both representing Hanson Environmental), and Mr. Marvin Shoop of the City of Peoria, d/b/a. Peoria, Peoria Heights & Western Railroad (PPHW). During this tele-conference, you explained that PPHW would seek authority from the Board to construct approximately 1800 feet of new rail line over land that it owns or over which it has an easement. The proposed new rail line would connect two segments of rail line currently owned by PPHW: 1) 1.9 miles of rail line recently purchased from Union Pacific Railroad Company and 2) the 8.29 mile long Keller Branch acquired from the former Chicago, Rock Island and Pacific Railroad company in 1984. Messrs. Seals and Miller also discussed preliminary information previously gathered indicating that it is unlikely that the proposed construction would result in significant environmental impacts as the proposed alignment would run adjacent to an active industrial area in which no residences are located. However, it was noted that the proposed construction would result in the construction of a new at-grade crossing at University Street, which, in 2001 had an average daily traffic of approximately 6,800.

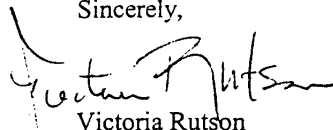
In addition to the proposed construction, you indicated that PPHW would also seek to abandon and railbank approximately 7.5 miles of the Keller Branch. If approved, the abandonment would result in the closure of 24 at-grade crossings and the creation of a recreational trail. The trail would be supervised by the Peoria Park District and would connect the Pimetoui Trail with the Rock Island Trail. Lastly, you indicated that the three existing shippers on this rail line would continue to receive rail service.

Exhibit F
(Page 1 of 2)

During the tele-conference, SEA provided you and Messrs. Seals, Miller, and Shoop with a general overview of the Board's environmental review process, SEA's role in that process, and the use of third-party consultants. As we discussed with you and Messrs. Seals, Miller, and Shoop, SEA's environmental review will encompass both the proposed rail line construction and abandonment.

Based upon the information from this initial meeting, SEA believes that it has adequate information and the applicant is sufficiently aware of the environmental process to grant this request. If we can be of further assistance, please contact Troy Brady of my staff at 610-793-4301 or via email at Troy.Brady@stb.dot.gov.

Sincerely,



Victoria Rutson
Chief
Section of Environmental Analysis