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April 27, 2005

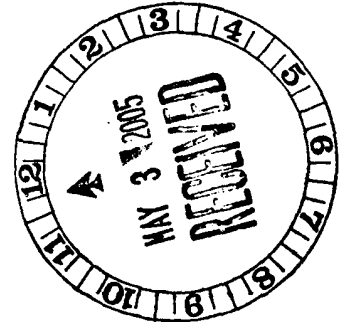
FIRST CLASS MAIL

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

ENTERED
Office of Proceedings

MAY 05 2005

Part of
Public Record



Re: Finance Docket No. 34609, State of Washington, Department of Transportation – Acquisition Exemption – Palouse River and Coulee City Railroad, Inc.

Dear Secretary Williams:

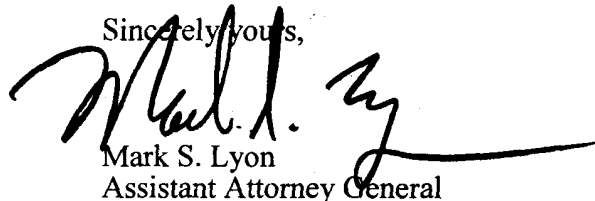
Please accept this letter inquiring as to the status of the above referenced matter.

On February 14, 2005 the State of Washington, Department of Transportation (“WSDOT”) filed a motion seeking dismissal of the tendered filing referenced above on grounds that the Surface Transportation Board lacks jurisdiction over the above transaction. WSDOT is an agency of the State of Washington and WSDOT is acquiring the physical assets of the involved rail lines in order to preserve rail service for the public in eastern Washington. WSDOT is not acquiring the assets to become a rail carrier. WSDOT also requested waiver of filing fees, if any, under 49 CRF§1002-2(e)(i) as an agency of the State of Washington.

Since acknowledgement of receipt of the above referenced motion on February 22, 2005 we have heard nothing as to the ruling of the Board on the motion. The Parties are about to commence negotiation regarding additional track and right of way under terms similar to the transaction involved in the original filing. The parties are therefore very interested in knowing whether the transaction reference above falls within the Boards jurisdiction before proceeding.

If you have any questions, please contact me at (360) 586-0641.

Sincerely yours,


Mark S. Lyon
Assistant Attorney General

MSL:sr
Enclosures

cc: Craig Richey, PRCC
Ken Uzanski, WSDOT

