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THOMAS F. MCFARLAND

May 26, 2005

214085

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

Office of the Secretary

Department of
Public Safety

Re: Docket No. AB-878, *City of Peoria, Illinois and Village of Peoria Heights, Illinois -- Adverse Discontinuance -- Pioneer Industrial Railway Co.*

Dear Mr. Williams:

The City of Peoria, Illinois and the Village of Peoria Heights, Illinois ("the Municipalities") understand that the above proceeding is being held in abeyance pending notification by the Municipalities whether they continue to support Central Illinois Railroad Company (CIRY) as replacement operator of the Kellar Branch in light of criminal charges that have been brought against a Vice President and minority owner of CIRY.

This is to notify the Board that the Municipalities continue to support CIRY as replacement operator of the Branch. Attached to this letter are copies of letters from Mrs. Paula Mudge-Gibson, President of CIRY, that provide assurances of CIRY's qualifications to operate the Branch notwithstanding Mr. Gibson's legal difficulties. Those assurances are satisfactory to the Municipalities.

The Municipalities are contemporaneously filing a Reply to several opposition pleadings in which the Municipalities make it clear that they continue to support CIRY.

The Board should return this proceeding to active status and issue a decision forthwith.

THOMAS F. MCFARLAND

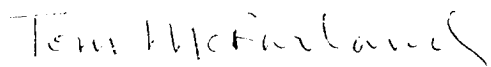
Vernon A. Williams, Secretary

May 26, 2005

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Ten copies accompany the original of this notification. All parties are being served.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Tom McFarland".

Thomas F. McFarland

Attorney for the Municipalities

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cc: Daniel LaKemper, Esq.)
 Mr. John W. Gohmann) *by UPS overnight mail*
 Randall Ray, Esq.)
 Mrs. Paula Mudge-Gibson)

Central Illinois Railroad Company

P.O. Box 361, LaSalle, Illinois 61301
Telephone: (815) 339-6839
Fax: (815) 339-6400

May 18, 2005

Mr. Steve Vanwinkle
Public Works Director
City of Peoria
419 Fulton Street
Peoria, IL 61602

RE: KELLAR BRANCH / UP CONNECTION OPERATION

Dear Mr. Vanwinkle:

I wanted to write today and provide you with my assurance that Central Illinois Railroad Company (CIRY) remains committed to the City of Peoria regarding the short-term agreement to operate the Kellar Branch and the long-term agreement to operate the industrial part served by the new UP connection. CIRY has had a locomotive positioned nearby since last July so that operational control could take place within hours. CIRY has its start-up and implementation plan ready to begin upon notice that Pioneer has been removed and that the City desires CIRY to commence operations. We have been working closely with the Park District and together CIRY and DOT will ensure that the City's and Park District's objectives are achieved. The recent event involving Don Gibson has not affected the Company's ability to continue serving its customers or conduct its business. As information, Don has been a minority shareholder in both DOT and CIRY since their inception and had served as its Vice President until recently.

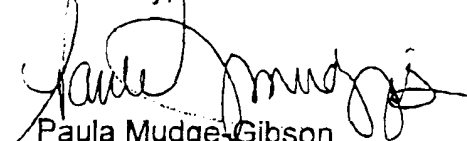
I retained industry veteran B. Allen Brown as Manager-Field Operations for both D.O.T. Rail Service, Inc. and Central Illinois Railroad Company. He has been the lead man on this project with both the City and the Park District during the last eight months and will be responsible for both the commencement of operations and the removal of the Kellar Branch.

Mr. Vanwinkle, while this has been extremely embarrassing for the Company, it has provided DOT and CIRY with the opportunity to demonstrate to our customers that the Company is made up of many industry professionals and one of the safest work forces, combining each and every day to provide rail services with the reliability and workmanship second to none. DOT and CIRY wants its

reputation to be based upon the collective talents of all of its employees and the reliability and workmanship that goes into each job. We earn the trust of our customers and their repeat business based on nothing else and on no single employee.

Please call me should you have any questions. DOT and CTRY appreciates your continued business and we look forward to commencing this project soon.

Sincerely,

A handwritten signature in black ink, appearing to read "Paula Mudge-Gibson", written over a horizontal line.

Paula Mudge-Gibson
President

Central Illinois Railroad Company

P.O. Box 361, LaSalle, Illinois 61301
Telephone: (815) 339-6839
Fax: (815) 339-6400

May 24, 2005

Attorney Thomas F. McFarland
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112

VIA FAX TRANSMISSION ALSO
Fax: (312) 201-9695

RE: Docket No. AB-878, City of Peoria, Illinois and Village of Peoria
Heights, Illinois – Adverse Discontinuance – Pioneer Industrial
Railway Co. and Your Letter Dated May 24, 2005

Dear Tom:

Pursuant to your request please be advised that I own 60% of Central Illinois Railroad Company, Inc. (CIRY) and 75% of D.O.T. Rail Service, Inc. (DOT).

In addition, as I have been informing our customers, I am very confident that while the recent events relative to Don are devastating, personally, I do not anticipate any great impact on the business, for various reasons. First, I have always been active in our business, joining the companies on a full-time basis in 1993. I run our office on a daily basis, reporting for work at 6:45 a.m. and leaving at 4:00 p.m., Monday through Friday. I have been working this schedule since 1993. Second, I am majority shareholder and President of both CIRY and DOT. Third, I have qualified, hard-working and dedicated people – from advisors to the field staff.

Many people do not realize that we have had the services of a dedicated attorney since February, 2002. In addition to law, Mindy holds a degree in Accounting from University of Illinois – Urbana, and oversees all accounting, financial and legal matters.

Given that Don acted primarily as Salesman and Manager – Field Operations (assigning labor and equipment resources and scheduling jobs), we retained industry veteran, B. Allen Brown, to act as Manager – Field Operations effective last week. Allen comes to the companies bringing over 25 years of experience in this industry. Allen has been working with Don since January, so is very familiar with our operations.

Attorney Thomas F. McFarland
May 24, 2005
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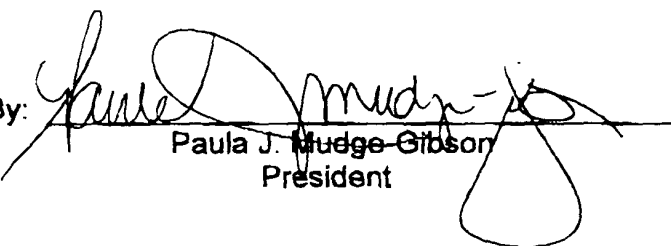
In addition, our field staff is tremendous. I have always known that they are highly qualified and hard-working, but until recently I did not know the extent of their loyalty to the companies. They have not missed a step since the events transpired with Don. We are truly lucky to have them.

Finally, Tom, I can affirmatively state, as 75% shareholder and President of DOT and 60% shareholder and President of CIRY, that the companies are not sold.

I am hopeful that this information will be helpful to you as you address issues before the Surface Transportation Board. Should you need additional information or believe that I can assist you further, please feel free to contact me or Mindy.

Very truly yours,

CENTRAL ILLINOIS RAILROAD COMPANY, INC.

By: 
Paula J. Hudge-Gibson
President