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PIONEER INDUSTRIAL RAILWAY CO.

1318 S. JOHANSON ROAD
PEORIA, ILLINOIS 61607
(309) 697-1400

July 18, 2005

Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

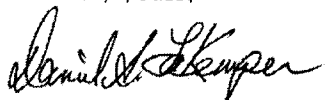
RE: Docket No. AB 878 – Adverse Discontinuance - Pioneer Industrial Railway Co.

Dear Secretary Williams:

This is to advise the Board that on July 14, 2005 Pioneer Industrial Railway Co. and the City of Peoria reached an agreement regarding the track work that the City desired to do on the Kellar Branch, thus eliminating the City's immediate concerns as to the timely completion of their grant work.

PIRY and the City are also exploring settlement options that would allow Pioneer Park shippers to retain the connections they currently have to the line-haul railroads coming into Peoria. We will keep the Board apprised of this matter.

Sincerely yours,



Daniel A. LaKemper,
General Counsel.

cc: Thomas F. McFarland, Esq.
John W. Gohmann