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August 1, 2006

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VIA HAND DELIVERY

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

ENTERED
Office of Proceedings
AUG 2 - 2006
Part of
Public Record

**RE: Finance Docket No. 34892, State of Washington v. Palouse
River and Coulee City Railroad, Inc.**

Dear Secretary Williams:

Pursuant to the requirements of 49 C.F.R. § 1111.10(a), Palouse River and Coulee City Railroad, Inc. ("PCC") and State of Washington, Department of Transportation ("State of Washington") hereby file this report with the Board setting forth the proposed procedural schedule agreed upon by the parties.

On July 25, 2006, the parties conferred by telephone and agreed upon the following procedural schedule to govern this proceeding:

September 29, 2006:	Discovery completed
October 30, 2006:	State of Washington's opening evidence due
December 13, 2006:	PCC's reply evidence due
January 12, 2007:	State of Washington's rebuttal evidence due
February 12, 2007:	Briefs due

The parties respectfully urge the Board to find the proposed procedural schedule reasonable and to adopt it for this proceeding.

Please date-stamp the extra copy of this letter and return it with our messenger.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Karl Morell".

Karl Morell
Attorney for Palouse River and Coulee City
Railroad, Inc.

A handwritten signature in cursive script, appearing to read "Mark S. Lyon".

Mark S. Lyon
Assistant Attorney General
Attorney for State of Washington -
Department of Transportation