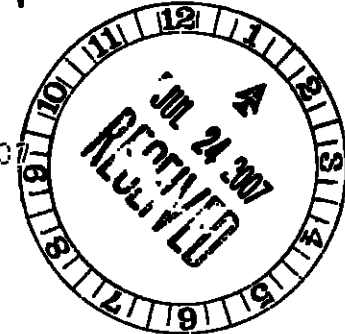


JOHN D. HEFFNER, PLLC
1920 N STREET, N.W.
SUITE 800
WASHINGTON, D.C. 20036
(202) 263-4180
FAX (202) 296-3939
j.heffner@verizon.net

ORIGINAL

219838



July 24, 2007

BY HANL

Hon. Vernon A. Williams, Secretary
Surface Transportation Board
395 N Street, S.W.
Washington, D.C. 20423

RE: STB Finance Docket No. 35069, Central Illinois
Railroad Company - Operation Exemption -
Rail Line of the City of Peoria, IL

Dear Mr. Williams:

On behalf of Central Illinois Railroad Company
("CIRY"), I am submitting an original and ten copies of a
verified notice of exemption for the operation of a rail
line pursuant to 49 U.S.C. 10902 and 49 CFR 1150.41. In
addition, I am enclosing a check for \$1,600 to cover the
filing fee and a copy of this filing on a disk formatted in
MS Word.

Please date stamp and return one copy of this letter.

Sincerely yours,

John D. Heffner
Counsel

FILED

JUL 24 2007

SURFACE
TRANSPORTATION BOARD

Enclosures

cc: Mr. John A. Stolarczyk
Thomas F. McFarland, Esq.

ENTERED
Office of Proceedings

JUL 24 2007

Part of
Public Record

BEFORE THE
SURFACE TRANSPORTATION BOARD

219838
ORIGINAL

STB FINANCE DOCKET NO. 35069

CENTRAL ILLINOIS RAILROAD COMPANY
- OPERATION EXEMPTION -
- RAIL LINE OF THE CITY OF PEORIA, IL

FILED
JUL 24 2007
SURFACE
TRANSPORTATION BOARD

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 U.S.C. 10902 and 49 CFR 1150.41

NOTICE OF OPERATION OF A RAIL LINE

Submitted By:

John D. Heffner
John D. Heffner, PLLC
1920 N Street, N.W.
Suite 800
Washington, D.C. 20036
(202) 263-4780

Counsel for Petitioner

FILED

JUL 24 2007

SURFACE
TRANSPORTATION BOARD

Dated: July 24, 2007

ENTERED
Office of Proceedings
JUL 24 2007
Part of
Public Record

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35069

**CENTRAL ILLINOIS RAILROAD COMPANY
- OPERATION EXEMPTION -
- RAIL LINE OF THE CITY OF PEORIA, IL**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 U.S.C. 10902 and 49 CFR 1150.41**

NOTICE OF OPERATION OF RAIL LINE

INFORMATION REQUIRED BY 49 CFR 1150.43

Name and Address of Applicant **49 CFR 1150.43(a)**

Central Illinois Railroad Company
11801 East 1250 Street,
P.O. Box 259
Granville, IL 61326

Applicant's Representative **49 CFR 1150.43(b)**

John D. Heffner
John D. Heffner, PLLC
1920 N Street, N.W.
Suite 800
Washington, D.C. 20036
(202) 263-4180

Statement of Agreement(s) **49 CFR 1150.43(c)**

Central Illinois Railroad Company ("CIRY"), an existing class III short line rail carrier, expects to reach an agreement shortly permitting it to operate a short [1,800 foot] segment of

railroad (hereafter referred to as "the 1800-foot connection") owned and built by the City of Peoria, IL ("the City"). The initial term will be short and will be replaced by a longer term agreement.

Operator of the Property

49 CFR 1150.43(d)

In all cases anticipated by this Notice, and as described in the transaction summary provided below, CIRY will hold itself out to provide common carrier rail freight service over the subject rail facilities.

Brief Summary of Transaction

49 CFR 1150.43(e)

CIRY files this Verified Notice of Exemption in response to the Board's decision dated June 27, 2007,¹ requiring it to show cause by July 27, 2007, why it should not be required to obtain Board authority to operate over the 1800-foot connection.

On February 3, 2004, the City of Peoria operating under the d/b/a Peoria, Peoria Heights & Western Railroad originally filed a Verified Notice of Exemption with the Board under 49 CFR 1150.36 to construct the 1800-foot connection in Peoria, Peoria County, IL, in order to join two rail lines that it had

¹ In STB Finance Docket No. 34753, Central Illinois Railroad Company-Operation Exemption-Rail Line of the City of Peoria, IL (hereafter "the June 27 Decision").

previously acquired.² By decision served September 27, 2004, the Board duly issued an exemption to permit the City to construct that track. While that construction notice was pending, the City selected CIRY to replace Pioneer Industrial Railway Company ("PIRY") as its contract operator of the City's rail lines due to the expiration of PIRY's lease and operating agreement with the City. CIRY then filed its Verified Notice of Exemption under 49 CFR 1150.41, et seq., to replace PIRY as the operator of the Keller Branch. The Board exempted CIRY's operation by decision served July 28, 2004. Thereafter, on September 7, 2005, CIRY filed a second Verified Notice of Exemption that is the subject of the Board's June 27 Decision. CIRY's exemption covered its operation of the 1.9 mile track segment acquired by the City from the Union Pacific Railroad and known as the "Western Connection."

In its June 27 Decision, the Board rejected PIRY's Petition seeking rejection and/or revocation of the exemption previously granted CIRY³ to operate the Western Connection. In denying

² The two lines were the former Rock Island Railroad's Keller Branch acquired by the City in 1994 and extending between EPS 80+15 (milepost 1.71) and EPS 516+21 (milepost 19.0), a distance of 8.29 miles in Peoria County, IL, and a short 1.9 mile long line (the aforementioned "Western Connection") acquired by the City from the Union Pacific Railroad in 2001. The latter track connects with the Union Pacific's line between Nelson, IL, and St. Louis, MO

³ By decision served on October 6, 2005

PIRY's request, the Board noted that while CIRY has been operating over the 1,800 foot connection since completion of its construction, there was no evidence to show that CIRY has authority to operate over it. Accordingly, the Board ordered CIRY to either obtain authority to operate over it or cease operations. CIRY files this exemption notice for operating authority in direct response to the Board's order.

Map

49 CFR 1150.43(f)

A map depicting the railroad trackage to be operated is attached as Exhibit A.

Certificate of Carrier Classification **49 CFR 1150.43(g)**

CIRY certifies that, with this transaction, its projected annual revenues will be less than \$5,000,000 annually. A certificate complying with the provisions of 49 CFR 1150.43(g) is attached as Exhibit B to this notice.

Labor Protection

Under 49 U.S.C. 10902 the imposition of labor protective conditions are not authorized for a class III railroad acquisition and thus none should be imposed on this transaction.

Caption Summary

49 CFR 1150.44

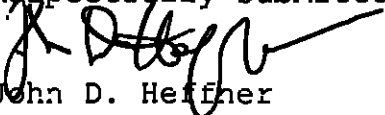
A caption summary in the prescribed form is attached as Exhibit C to this Notice.

Environmental and Historic Preservation Data 49 CFR 1105

Pursuant to 49 CFR 1105.6(c) (2), the proposed transaction is exempt from environmental review under 49 CFR 1105(c) (2) (1), because the actions proposed herein will not cause any operating changes that exceed the thresholds established in 1105.7(e) (4) or (5).

In addition, this transaction is exempt from historic review under 1105.8(b) (1). Under this section, a sale, lease or transfer of a rail line is exempt if rail operations will continue. Further Board approval is required for the parties to abandon service, and there are no plans to dispose of or alter the properties subject to Board jurisdiction.

Respectfully submitted,



John D. Heffner
John D. Heffner, PLLC
1920 N Street, N.W.
Suite 800
Washington, D.C. 20036
(202) 263-4180

Counsel for Applicant

Dated: July 24, 2004

EXHIBIT A

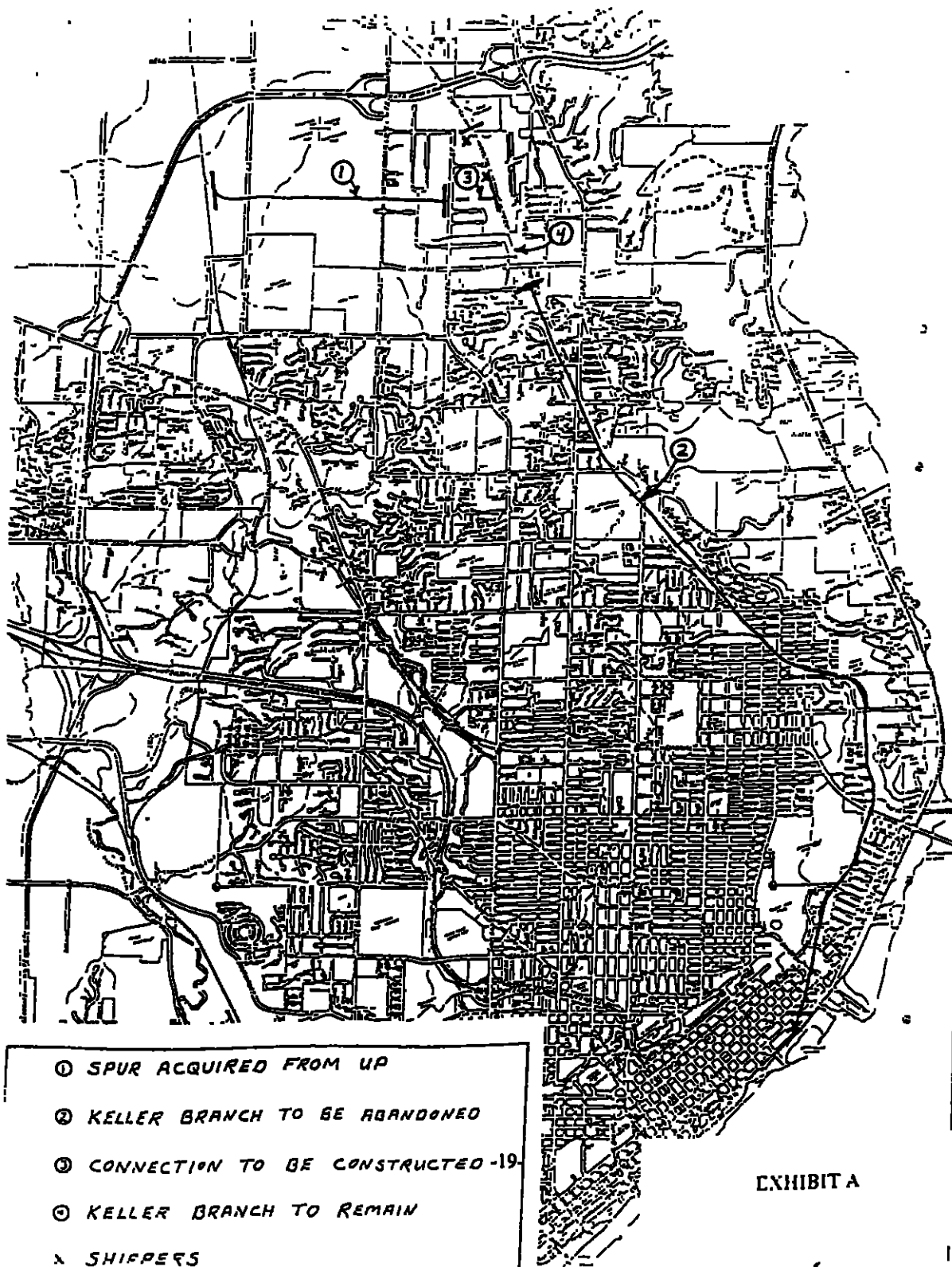


EXHIBIT B

CERTIFICATION

I, JOHN A. STOLARCZYK, an officer of the
CENTRAL ILLINOIS RAILROAD CO. (CIRY - CHIEF OPERATING OFFICER) hereby certify under
penalty of perjury that the projected annual railroad operating
revenues of CENTRAL ILLINOIS RAILROAD CO., in the aggregate, will not exceed
\$5,000,000, and that CENTRAL ILLINOIS RAILROAD CO. will be a Class III rail
carrier as set forth at 49 CFR 1201 (1-1) (a). Further, I
certify that I am qualified and authorized to make this
certification on behalf of CIRY.


Signature

EXHIBIT C

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35069

**CENTRAL ILLINOIS RAILROAD COMPANY
- OPERATION EXEMPTION -
~ RAIL LINE OF THE CITY OF PEORIA, IL**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 U.S.C. 10902 and 49 CFR 1150.41**

NOTICE OF OPERATION OF RAIL LINE

Central Illinois Railroad Company ("CIRY"), an existing class III short line rail carrier, has filed a Verified Notice of Exemption under 49 CFR 1150.41 to operate a railroad line constructed and owned by the City of Peoria, Peoria County, IL, and herein identified as "the 1800 foot connection." The 1,800 foot connection joins a 1.9-mile segment of track that the City of Peoria purchased from the Union Pacific Railroad Company with a 8.29-mile segment of track known as the Kellar Branch that the City of Peoria acquired from the former Rock Island Railroad Company. CIRY has been operating this line since September 2005. CIRY files this Verified Notice of Exemption in

response to a Board ruling¹ requiring it to seek operating authority over the 1800 foot connection or terminate operations over it.

CIRY will be operating the 1,800 foot connection pursuant to an interim agreement with the City which will be replaced by a longer term agreement. This operation transaction involves approximately 1,800 feet of track. The line does not have any mileposts.

This authority will be effective on or about 30 days from the date of filing this notice, approximately August, 24, 2007.

This notice is filed under 49 C.F.R. 1150.41. If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35069, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Branch, 395 E Street, S.W., Washington, D.C.

¹ Central Illinois Railroad Company-Operation Exemption-Rail Line of the City of Peoria, IL (decision served June 27, 2007).

20423. In addition, a copy of each pleading must be served
on:

John D. Heffner, Esq.
John D. Heffner, PLLC
1920 N Street, N.W.,
Suite 800
Washington, D.C., 20036
Telephone: (202) 263-4180

(Seal)

Vernon A. Williams
Secretary

VERIFICATION

STATE OF ILLINOIS)
CITY OF PERU) SS

JOHN A. STOLARCZYK, being duly sworn according to law,
hereby deposes and states that (s)he is authorized to make the
Verification, has read the foregoing document, and knows the
facts asserted therein are true and accurate as stated, to the
best of (her)his knowledge, information and belief.

John A. Stolarczyk

Subscribed and sworn to before me, a Notary Public, in and for
the City of ROCHELLE in the State of IL, this 10
day of July.

Kimberly Searles
Notary Public

My Commission expires:

09/07/10

