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THOMAS F. MCFARLAND

September 2, 2003

Illinois Commerce Commission  
527 East Capitol  
Springfield, IL 62794-9280  
Attn: Secretary

Illinois Department of Transportation  
2300 South Dirksen Parkway  
Springfield, IL 62764  
Attn: Secretary

Illinois State Clearinghouse  
State of Illinois  
107 Stratton  
Springfield, IL 62706  
Attn: Secretary

Re: STB Finance Docket No. 34395, *City of Peoria, Illinois, d.b.a. Peoria, Peoria Heights & Western Railroad -- Construction Exemption -- in Peoria County, Illinois*

Dear Secretary:

Pursuant to 49 C.F.R. § 1150.36(c)(1), a party intending to file a verified notice of exemption with the United States Department of Transportation, Surface Transportation Board (STB), for construction of connecting trackage, is required, at least 20 days prior to filing the notice at the STB, to provide a pre-filing notice to the Public Service Commission, Department of Transportation and Clearinghouse of the State in which the trackage is to be constructed, of the imminent filing of the notice of exemption.

This constitutes that required pre-filing notice.

**Information Required To Be Provided:**

1. *The name and address of the railroad or other entity proposing to construct the trackage.*

Response: The City of Peoria, d.b.a. Peoria, Peoria Heights & Western Railroad (PPHW),

City Hall Building, 419 Fulton Street, Peoria, IL 61602-1270.

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2. *The Proposed Operator*

Response: It is proposed that the trackage be operated by a qualified and experienced rail operator. The operator of the trackage has not yet been selected by PPHW.

3. *A Complete Description of the Proposed Construction and Operation.*

Response: PPHW proposes to construct approximately 1,800 feet of track at Peoria, Peoria County, Illinois, over land that it owns or over which it has an easement for railroad purposes. The track to be constructed will connect a segment of track that the City of Peoria (the City) recently purchased from Union Pacific Railroad Company (UP) with trackage that the City acquired many years ago from the Chicago, Rock Island & Pacific Railroad Company (Rock Island).

The former UP segment is approximately 1.9 miles long. It connects at its west end with a UP main line that extends in a generally north-south direction between Nelson, IL and St. Louis, MO. It was acquired by the City of Peoria by notice of exemption in STB Finance Docket No. 34066, *City of Peoria, IL -- Acquisition and Operation Exemption -- Union Pacific Railroad Company*, served July 25, 2001. No active shippers are currently located on that segment.

The former Rock Island segment is known as the Keller Branch. It is 8.29 miles long. It was acquired by the City of Peoria in 1984 from the Rock Island Trustee after its abandonment. It connects at its east end with a rail line of the Peoria & Pekin Union Railway Company (P&PU). P&PU initially operated the Branch pursuant to lease from the City of Peoria. *See Peoria and Pekin Union Railway Company -- Exemption from 49 U.S.C. 10901, 1984 ICC*

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LEXIS 275, ICC Finance Docket No. 30545, notice of exemption dated Sept. 18, 1984.

Thereafter the Village of Peoria Heights, Illinois acquired a 25-percent interest in the Branch, at which time ownership was referred to under the doing-business-as designation of Peoria, Peoria Heights & Western Railroad (PPHW). In 1998, the Branch began to be operated by its current operator, Pioneer Industrial Railway Co. (Pioneer), pursuant to an assignment of P&PU's lease from the City of Peoria, consented to by the Village of Peoria Heights. *See Pioneer Industrial Railway Co. - Lease and Operation Exemption - Peoria, Peoria Heights & Western Railroad*, 1998 STB LEXIS 1417, STB Finance Docket 33549, notice of exemption served Feb. 20, 1998.

There are three active shippers located on the Branch, two of which are located near its northwestern end and one of which is located near its southeastern end.

After the proposed construction of connecting trackage is completed, it is proposed that the two shippers located near the northwestern end of the Branch be served from the west by a rail carrier with whom the City of Peoria and the Village of Peoria Heights would enter into an operating agreement. It is proposed that at that time the shipper located near the southeastern end of the Branch be served from the southeast by the same or a different rail operator. It is proposed that the approximate 7.5 miles of the Branch that no longer would be required for the provision of rail service to shippers be railbanked and used for a recreational trail following its approval for abandonment. The trail would be supervised by the Peoria Park District. The trail would connect the Pimetoui Trail at the Peoria riverfront with the Rock Island Trail near Alta, IL.

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4. *Map*

Response: Exhibit A submitted with this description illustrates the proposals identified above. Reference 1 on the exhibit is to the former UP trackage recently acquired by the City of Peoria. Reference 2 to is to the 7.5 miles of the Keller Branch that is proposed to be authorized for abandonment, railbanked and converted to a recreational trail on an interim basis. Reference 3 is to the proposed 1,800-foot construction of connecting trackage. Reference 4 is to the portion of the Keller Branch that would remain in place after being connected with the former UP line. The Xs on the exhibit denote the locations of the active shippers.

5. *Class Exemption Procedure*

Response: PPHW intends to file a notice with the STB for its exemption for the proposed track construction. The class exemption procedure for construction of connecting track was adopted by the STB in *Class Exem. for the Construction of Connecting Track*, 1 S.T.B. 75 (1996). The procedures for processing notices of exemption for construction of connecting track are set out at 49 C.F.R. § 1150.36(c)(3) and (4), copy of which is attached to this letter as Exhibit B.

6. *Approximate Date that Construction is Proposed to Begin*

Response: No earlier than 90 days after the notice of exemption is filed with the STB. That notice of exemption will not be filed earlier than 20 days after your receipt of this pre-filing notice.

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7. *Environmental Compliance*

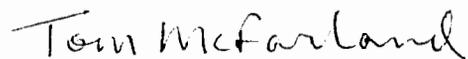
Response: PPHW will comply with the STB's environmental regulations codified at 49 C.F.R. Part 1105.

The STB's environmental regulations generally require the STB to:

- (i) Prepare an environmental assessment (EA) (or environmental impact statement (EIS) if necessary),
- (ii) Make the document (EA or EIS, as appropriate) available to the parties (and to the public, upon request to SEA); and
- (iii) Accept for filing and consideration comments on the environmental document as well as petitions for stay and reconsideration.

Any questions or comments that you may have can be directed to the undersigned at (312) 236-0204.

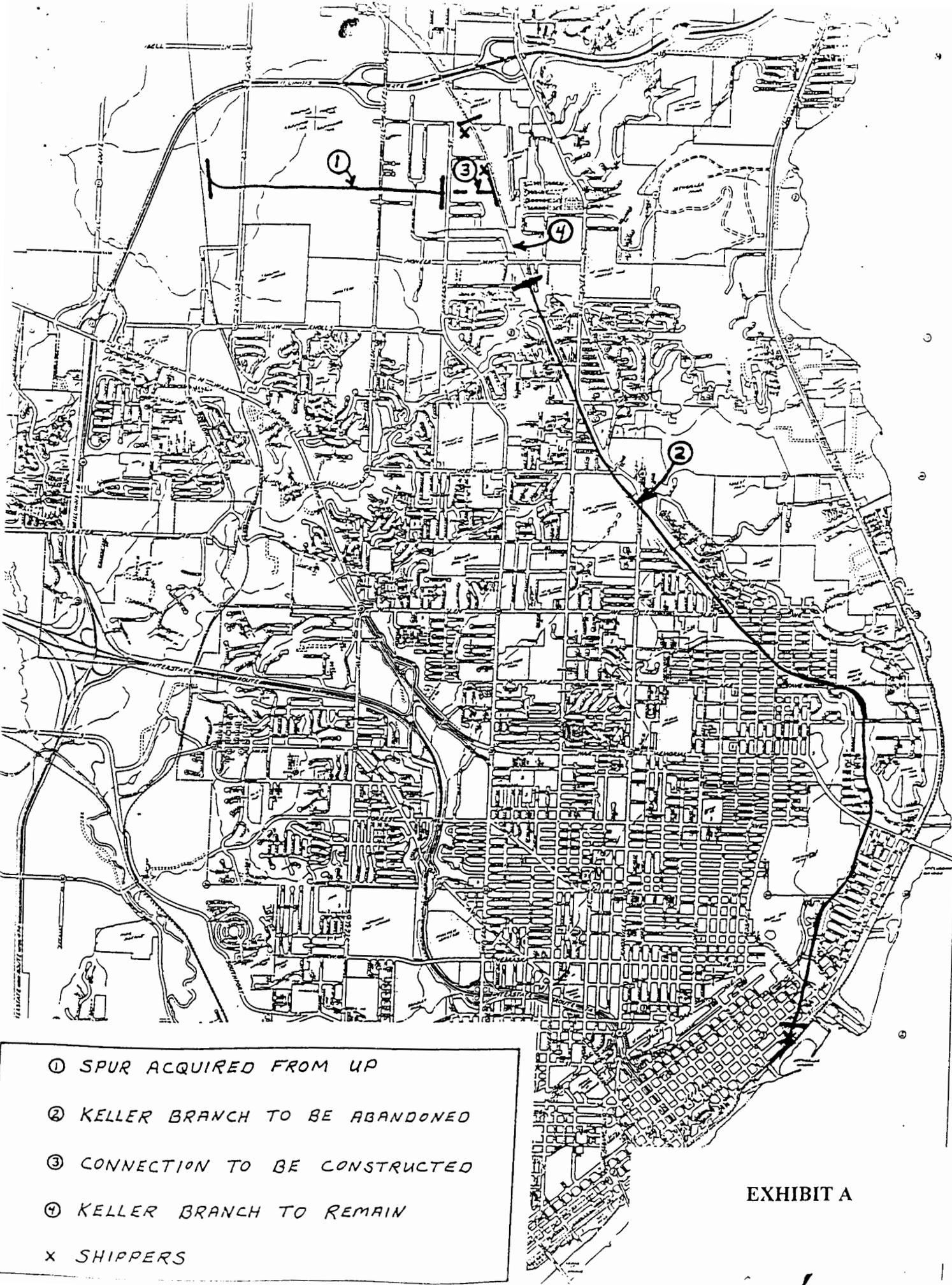
Very truly yours,



Thomas F. McFarland  
*Attorney for City of Peoria, Illinois,  
d.b.a. Peoria, Peoria Heights  
& Western Railroad*

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cc: Troy Brady  
Kevin Seals  
Randy Ray  
Marvin Shoop



- ① SPUR ACQUIRED FROM UP
- ② KELLER BRANCH TO BE ABANDONED
- ③ CONNECTION TO BE CONSTRUCTED
- ④ KELLER BRANCH TO REMAIN
- X SHIPPERS

EXHIBIT A

an environmentally preferable route). If the Board concludes that a particular project will result in serious adverse environmental consequences that cannot be adequately mitigated, it may deny authority to proceed with the construction under the class exemption (the "no-build" alternative). Persons believing that they can show that the need for a particular line outweighs the adverse environmental consequences can file an application for approval of the proposed construction under 49 U.S.C. 10901.

(3) The Board, through the Director of the Office of Proceedings, shall publish a notice in the FEDERAL REGISTER within 20 days after the notice of exemption is received that describes the construction project and invites comments. SEA will then prepare an EA (or, if necessary, an EIS). The EA generally will be made available 15 days after the FEDERAL REGISTER notice. It will be served on all parties and appropriate agencies. Others may request a copy from SEA. The deadline for submission of comments on the EA will generally be within 30 days of its availability (see 49 CFR 1105.10(b)). If an EIS is prepared, the time frames and procedures set forth in 49 CFR 1105.10(a) generally will apply.

(4) The Board's environmental document (together with any comments and SEA's recommendations) shall be used in deciding whether to allow the particular construction project to proceed under the class exemption and whether to impose appropriate mitigating conditions upon its use (including use of