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SERVICE DATE – LATE RELEASE MAY 30, 2007

SURFACE TRANSPORTATION BOARD

DECISION

STB Finance Docket No. 35024

WASHINGTON STATE DEPARTMENT OF TRANSPORTATION—ACQUISITION
EXEMPTION—PALOUSE RIVER AND COULEE CITY RAILROAD, INC.

STB Finance Docket No. 35028

WASHINGTON & IDAHO RAILWAY, INC.—LEASE AND OPERATION
EXEMPTION—WASHINGTON STATE DEPARTMENT OF TRANSPORTATION

STB Finance Docket No. 35029

EASTERN WASHINGTON GATEWAY RAILROAD COMPANY—LEASE AND
OPERATION EXEMPTION—WASHINGTON STATE DEPARTMENT OF
TRANSPORTATION

STB Finance Docket No. 35030

US RAIL PARTNERS, LTD.—CONTINUANCE IN CONTROL EXEMPTION—
EASTERN WASHINGTON GATEWAY RAILROAD COMPANY

Decided: May 30, 2007

On May 21, 2007, the Washington State Department of Transportation (WSDOT), a noncarrier, filed a notice of exemption under 49 CFR 1150.31 to acquire from Palouse River and Coulee City Railroad, Inc. (PCC), certain physical assets, operating rights, and underlying rights-of-way of eight rail lines, totaling approximately 296 miles, in the State of Washington.¹ The rail lines are sub-divided into three branches: (1) the CW Branch, between milepost 1.0 at Cheney and milepost 108.81 at Coulee City; (2) the P&L Branch, (a) the WIM line between milepost 0.0 at Palouse and milepost 3.85 at the Washington-Idaho State line, and (b) the P&L line between milepost 1.0 at Marshall and milepost 75.9 at Pullman; and (3) the PV-Hooper Branch, (a) the Hooper Jct.-Winona line between milepost 26.6 at Hooper Junction and milepost 52.3 at Winona, (b) the Thornton-Winona line between milepost 0.0 at Winona and milepost 31.7 at Thornton, (c) the Winona-Endicott line between

¹ The notice was initially submitted on May 10, 2007, but not docketed because WSDOT sought waiver of the required filing fee. On May 21, 2007, the appropriate filing fee was received. Because the notice could not be processed until the Board received the filing fee, May 21 is the official filing date.

milepost 52.3 at Winona and milepost 57.9 at Endicott, (d) the Endicott-Colfax line between milepost 57.9 at Endicott and milepost 77.7 at Colfax, and (e) the Colfax-Moscow line, (i) between milepost 0.0 at Colfax and milepost 18.7 at Pullman, and (ii) between milepost 75.9 at Pullman and milepost 84.05 at the Washington-Idaho State line.

According to WSDOT, PCC will continue to operate the P&L and CW Branches through May 31, 2007, but will cease providing service effective June 1, 2007. WSDOT will lease the P&L and CW Branches to third party operators under contracts awarded by public bid. PCC will continue operating the PV-Hooper Branch under its existing 15-year lease with WSDOT. WSDOT will not operate the lines, but will retain the residual common carrier obligation.

Three related notices of exemption have been filed in regard to WSDOT's acquisition filing: (1) in STB Finance Docket No. 35028, wherein Washington & Idaho Railway, Inc. (WIR), seeks to lease and operate the P&L Branch;² (2) in STB Finance Docket No. 35029, wherein Eastern Washington Gateway Railroad Company (EWGR) seeks to lease and operate the CW Branch; and (3) in STB Finance Docket No. 35030, wherein US Rail Partners, Ltd. (USRP) seeks to continue in control of EWGR, upon EWGR's becoming a Class III rail carrier.

On May 18, 2007, EWGR and USRP jointly filed a petition requesting that the Board partially revoke the class exemptions as necessary to permit the exemptions in STB Finance Docket Nos. 35029 and 35030 to become effective on June 4, 2007, instead of on June 15 as provided by Board rule. EWGR states that it believes it can be prepared to commence operations on Monday, June 4, which would limit any service interruption to a weekend following PCC's cessation of operations on June 1, 2007. WSDOT and WIR also filed a joint petition on May 21, 2007, requesting partial revocation of the class exemptions as necessary to allow the exemption in STB Finance Docket Nos. 35024 and 35028 to become effective on June 1, 2007, instead of on June 20 and 10, respectively.

Petitioners state that shippers on the line would face a 2-week gap in critical rail service unless the effective dates of the notices are expedited. Petitioners add that all interested parties will have adequate notice of the proposed transactions even with the advanced effective dates, and they are aware of no opposition to these requests or to the transactions themselves.

In a letter filed on May 23, 2007, PCC states that it supports the petitions to expedite the effective dates of the notices. PCC points out that, because all of the subject transactions are to be consummated by June 1, 2007, a grant of the relief sought will enable WSDOT to meet its contractual commitments to PCC and benefit shippers on the branches without harming any interested parties.

We will grant the petitions. Nothing in the record before us indicates that PCC could lawfully cease service before the effective date of the notice filed by WSDOT in STB

² WIR currently operates over the involved lines as a contract carrier for PCC.

Finance Docket No. 35024. However, in order to facilitate a smooth transition, protect the interests of affected shippers, and comply with the request of a state agency, we will revoke the class exemption in part and grant specific individual exemptions with effective dates of June 1, 2007, and June 4, 2007, so as to advance the effective date of the four notices. Granting the petitions will have no adverse impact on any element of the rail transportation policy of 49 U.S.C. 10101.

This action will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The petitions for partial revocation are granted, and appropriate individual exemptions are granted with effective dates as shown in the following ordering paragraphs.

2. The exemptions in STB Finance Docket No. 35024 and STB Finance Docket No. 35028 will be effective on June 1, 2007.

3. The exemptions in STB Finance Docket No. 35029 and STB Finance Docket No. 35030 will be effective on June 4, 2007.

4. Any request for a stay of the exemptions in STB Finance Docket Nos. 35024 and 35028 must be filed by May 31, 2007. Any request for a stay of the exemptions in STB Finance Docket Nos. 35029 and 35030 must also be filed by May 31, 2007.

5. This decision is effective on its date of service.

By the Board, Chairman Nottingham, Vice Chairman Buttrey, and Commissioner Mulvey.

Vernon A. Williams
Secretary