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SERVICE DATE - DECEMBER 29, 2003
SURFACE TRANSPORTATION BOARD
WASHINGTON, DC 20423

ENVIRONMENTAL ASSESSMENT

STB FINANCE DOCKET NO. 34335

Keokuk Junction Railway Company - Feeder Line Acquisition - Line of Toledo, Peoria and Western Railway Corporation Between La Harpe and Hollis, IL

BACKGROUND

On April 9, 2003, Keokuk Junction Railway Company (“KJRY” or “railroad”) filed a feeder line application¹ for authority to acquire and operate a rail line of Toledo, Peoria and Western Railway Corporation (“TP&W”). The 76-mile rail line extends from its junction with KJRY near La Harpe, Illinois (Milepost 194.5) and its junction with Union Pacific Railroad Company at Hollis, Illinois (Milepost 118.5)(“line”). The line lies in Hancock, McDonough, Fulton and Peoria counties, Illinois. A map depicting the line in relationship to the area served is appended to this report.

DESCRIPTION OF THE LINE

The subject rail line is located in west-central Illinois (“IL”). The surrounding land uses are largely agricultural and rural. TP&W temporarily sold the rail line in January 2001.² In the two years prior to the sale, TP&W handled approximately 3,950 carloads per year on the line. According to KJRY, TP&W diverted the majority of its rail traffic to other rail lines following the sale. At that time, TP&W rail traffic west of Mapleton became sporadic and limited, and no traffic has moved on that segment of the line since at least October 2002. Although TP&W

¹ The Feeder Railroad Development Program was enacted as 49 U.S.C. 10910 in section 401 of the Staggers Rail Act of 1980, Pub. L. No. 96-448, 94 Stat. 1895, and reenacted as 49 U.S.C. 10907 in section 102 of the ICC Termination Act of 1995, Pub. L. No. 104-88, 109 Stat. 803. Under section 10907(b)(1)(A)(i), the Board shall require the sale of a rail line to a financially responsible person at a price not less than its constitutional minimum if the Board finds that the public convenience and necessity require or permit the sale.

² SF&L Railway Company (SF&L) had acquired the operating easement, and the rails, ties and certain improvements over the subject line from TP&W. In an October 15, 2002 decision, the Board concluded that SF&L had abused the class exemption process (an expedited way for noncarriers to acquire rail lines for continued service) by purchasing the line with the intent to abandon and salvage the line. Accordingly, the Board ordered SF&L to reconvey the line to TP&W. See STB Finance Docket No. 33995. SF&L Railway, Inc. - Acquisition and Operation Exemption - Toledo, Peoria and Western Railway Corporation Between La Harpe and Peoria, IL.

continues to be authorized to operate on the entire line, it currently only serves shippers located at Mapleton (near Hollis) via the Mapleton Spur located slightly east of Milepost 123.0.

KJRY anticipates operating trains over the entire line including portions west of Mapleton, and would restore rail traffic to levels that would be comparable to that which had occurred prior to January 2001. KJRY's operations would include one train per day on a five or six-day per week schedule. These operations would move approximately 7,500 carloads of freight annually. KJRY would move freight for existing shippers located on the line, as well as use the line to move overhead traffic between points west of La Harpe and east of Hollis. KJRY has stated that the restored service would allow freight that currently moves by truck from points on the line, particularly grain elevators, to move by rail, and could allow greater use of local grain elevators along the line. Other commodities that could be moved include metal products, scrap metal, coal, pulpwood, animal feed and stone. KJRY would retain the existing rail line, which has been in place since the late 1860s, and has no plans to remove existing structures.

KJRY has also indicated an intent to maintain the track in compliance with Federal Railroad Administration ("FRA") Class 1 track standards. TP&W's maintenance activities west of Mapleton are minimal, according to KJRY.

ENVIRONMENTAL REVIEW

The railroad submitted an environmental report that indicates that the quality of the human environment would not be affected significantly as a result of the proposed rail line acquisition and operation by KJRY. The railroad served this report on a number of appropriate Federal, state, and local agencies as required by the Surface Transportation Board's ("Board") environmental rules [49 CFR 1105.7(b)]. The Board's Section of Environmental Analysis ("SEA") reviewed and investigated the record in this proceeding.

KJRY consulted with the U.S. Department of Agriculture, Natural Resources Conservation Service ("NRCS") - Champaign, IL office. NRCS noted that the existing rail line traverses prime farmland, however, adverse effects would not be expected because the proposed acquisition and operation activities do not include any plans for new construction.

KJRY's proposed acquisition and operation of the rail line would reestablish rail service to the shippers west of Mapleton, and therefore, would enable those shippers to begin moving freight by rail again rather than by truck. Because rail service is typically more fuel efficient for moving large quantities of goods, such as grain, coal and scrap metal, this potential diversion of freight from trucks to rails would increase energy efficiency.

KJRY has stated that reestablished rail traffic over the line west of Mapleton would consist of one train per day that would operate on a five or six-day per week schedule. This level of activity is below the thresholds applied by the Board in determining the need to quantify air quality impacts. However, the air quality impacts from KJRY's proposed level of activity would be expected to be minimal, as well as comparable to that which was occurring from TP&W

activities prior to the temporary sale of the line in January 2001. Additionally, the reestablished rail service could result in minor decreases in overall air emissions if shippers on the line west of Mapleton divert shipments from truck to rail. As noted previously, rail service is typically more energy efficient than moving freight by truck, and this greater energy efficiency would also result in reduced air emissions.

The Board also applies thresholds to rail traffic increases in determining whether to quantify noise that would be generated by rail traffic. KJRY's proposed level of activity falls short of these thresholds. Therefore, SEA has not quantified the potential increase in noise levels due to the proposed operations. However, the reestablished rail activity west of Mapleton would increase noise levels, but these levels would not be expected to be significant and would be comparable to that which was occurring from TP&W activities prior to the temporary sale of the line in January 2001.

KJRY intends to conduct operations at FRA Class 1 speeds of 10 miles per hour ("mph"). To enhance safety, KJRY would also maintain grade crossings and cut back brush adjacent to crossing as needed to maintain visibility. Because the line is located in a largely rural area, there are few grade crossings, and delays at these crossing would be expected to be minimal. For example, based on a projected 7,500 carloads per year, one train per day, and operations five days per week, each train would haul approximately 30 railcars. Moving at 10 mph, each 30-car train would be expected to clear individual grade crossings in approximately two minutes.

The U.S. Army Corps of Engineers - Rock Island District concluded that the proposed acquisition and operation, as outlined by KJRY, would not involve the discharge of dredged or fill material in waters of the United States, including wetlands. Therefore, a Department of the Army permit under Section 404 of the Clean Water Act (33 U.S.C. 1344) would not be required.

The U.S. Fish and Wildlife Service - Rock Island Field Office concluded that the proposed acquisition and operation would not likely result in adverse effects to any Federally threatened or endangered species or critical habitat.

The U.S. Environmental Protection Agency - Region 5 ("USEPA") identified no concerns with the proposed acquisition and operation as outlined in KJRY's environmental report. However, if KJRY revises its operational plans before the sale is consummated, USEPA noted that the revised plans should be forwarded to the Board for inclusion in the public record and that potential air emission and noise impacts would need to be reconsidered.

KJRY consulted with the Peoria Regional Office of the Water Pollution Control Division of the Illinois Environmental Protection Agency ("IEPA"). IEPA noted no water quality concerns as long as bridges and trestles are maintained. The USEPA also informed KJRY that a Clean Water Act Section 402 permit would not be required.

KJRY is not aware of any hazardous waste sites or hazardous material spill sites within the right-of-way.

KJRY was not required by the Board's rules to prepare an historic report since the proposal consists of an acquisition and continued rail operations, and KJRY has stated that it plans to retain the existing rail line and associated structures, including any that may be 50 years of age or older. If KJRY elects to abandon the line in the future, the abandonment would be subject to Board jurisdiction and completion of appropriate consultations under the National Historic Preservation Act, 16 U.S.C. 470f.

CONDITIONS

We recommend no environmental condition be placed on any decision granting abandonment authority.

CONCLUSIONS

Based on the information provided from all sources to date, we conclude that, as currently proposed, the acquisition and operation of the line by KJRY would not significantly affect the quality of the human environment. Therefore, the environmental impact statement process is unnecessary.

Alternatives to the proposed acquisition would include denial (and, therefore, no change in ownership or operations), discontinuance of service, and abandonment. In any of these cases, the existing quality of the human environment and energy consumption should not be affected.

ENVIRONMENTAL COMMENTS

If you wish to file comments regarding this environmental assessment, send an **original and two copies** to Surface Transportation Board, Case Control Unit, Washington, DC 20423, to the attention of David Navecky, who prepared this environmental assessment. **Please refer to STB Finance Docket No. 34335 in all correspondence addressed to the Board. Questions regarding this environmental assessment should be referred to David Navecky at 202-565-1593 (naveckyd@stb.dot.gov).**

Date made available to the public: December 29, 2003

Comment due date: **January 16, 2004**

By the Board, Victoria Rutson, Chief, Section of Environmental Analysis.

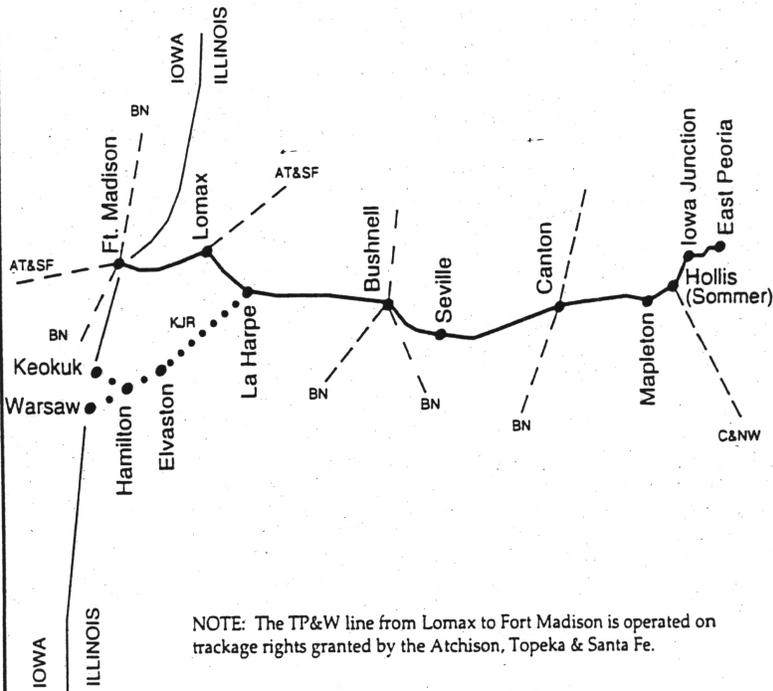
Vernon A. Williams
Secretary

Attachment

ENVIRONMENTAL ASSESSMENT
STB FINANCE DOCKET NO. 34335
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Line of Toleda Peoria and Western Railway Corporation
Between La Harpe and Hollis, IL
Decision ID No. 34271

RAILROAD NAME LEGEND

- AT&SF Atchison, Topeka & Santa Fe
- C&NW Chicago & North Western
- BN Burlington Northern
- KJR Keokuk Junction Railway
(Formerly TP&W La Harpe to
Warsaw and Keokuk line; shown
by)



Map Not To Scale

R. W. Deller 1993