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THOMAS F. MCFARLAND

July 31, 2012

AUG 1 2012
FILED

By UPS overnight mail

Ms. Cynthia T. Brown, Chief
Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20024

Re: Finance Docket No. 35657, *Pacific Imperial Railroad, Inc. -- Change In Operators Exemption -- Rail Line Of San Diego And Arizona Eastern Railway Company Between Division And Plaster City, CA*

Dear Ms. Brown:

Hereby transmitted is the original and 10 copies of a Verified Notice Of Exemption Under 49 C.F.R. § 1150.31(a)(3) for filing with the Board in the above referenced matter.

Also enclosed is a check in the amount of \$1,800 for the filing fee.

Very truly yours,

Tom McFarland

Thomas F. McFarland
Attorney for Applicant

FILED
AUG 01 2012
SURFACE
TRANSPORTATION BOARD

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Office of Proceedings
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Public Record

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AUG 01 2012
SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

PACIFIC IMPERIAL RAILROAD, INC. --)
CHANGE IN OPERATORS EXEMPTION)
-- RAIL LINE OF SAN DIEGO AND) FINANCE DOCKET
ARIZONA EASTERN RAILWAY) NO. 35657
COMPANY BETWEEN DIVISION AND)
PLASTER CITY, CA)

**VERIFIED NOTICE OF EXEMPTION
UNDER 49 C.F.R. § 1150.31(a)(3)**

PACIFIC IMPERIAL RAILROAD, INC.
402 West Broadway, Suite 690
San Diego, CA 92101

Applicant

THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112
(312) 236-0204
(312) 201-9695 (fax)
mcfarland@aol.com

Attorney for Applicant

DATE FILED: August 1, 2012

BEFORE THE
SURFACE TRANSPORTATION BOARD

PACIFIC IMPERIAL RAILROAD, INC. --)
CHANGE IN OPERATORS EXEMPTION) FINANCE DOCKET
-- RAIL LINE OF SAN DIEGO AND) NO. 35657
ARIZONA EASTERN RAILWAY)
COMPANY BETWEEN DIVISION AND)
PLASTER CITY, CA)

**VERIFIED NOTICE OF EXEMPTION
UNDER 49 C.F.R. § 1150.31(a)(3)**

Pursuant to 49 C.F.R. § 1150.31(a)(3) and 49 U.S.C. § 10502(a), PACIFIC IMPERIAL RAILROAD, INC. (PIR), a noncarrier, hereby provides notice of its class exemption from 49 U.S.C. § 10901 for its acquisition of authority to operate a 70.01-mile rail line owned by San Diego and Arizona Eastern Railway Company (SD&AE) between Division, CA (Milepost 59.60) and Plaster City, CA (Milepost 129.61) (Desert Line), by means of assignment of such authority by Carrizo Gorge Railway, Inc. (CZRY) with the consent of SD&AE, and its parent, Metropolitan Transit Service (MTS).

CZRY was authorized to operate the Desert Line in STB Finance Docket No. 34485, *Carrizo Gorge Railway, Inc. -- Operation Exemption -- San Diego and Arizona Eastern Railway Company*, decision served April 12, 2004.

San Diego & Imperial Valley Railroad Company, Inc. (SDIY) has residual authority to operate the Desert Line by virtue of the Interstate Commerce Commission's decision in ICC Finance Docket No. 30457, *San Diego & Imperial Valley Railroad Company, Inc. -- Exemption from 49 USC 10901 and 11301*, served August 17, 1984. SDIY has agreed to assign that residual

authority to PIR. PIR and SDIY would have sought authority for that transfer of residual operating authority in combination with the Notice in the present docket except that contractually MTS must approve that transfer, and MTS does not have a meeting of its Board at which that transfer can be approved until September of this year. Assuming that the MTS Board approves that transfer in September, PIR will file a Notice of Exemption at that time for its acquisition from SDIY of residual authority to operate the Desert Line.

In accordance with 49 C.F.R. § 1150.33, PIR submits the following:

(a) The full name and address of the applicant;

Applicant is Pacific Imperial Railroad, Inc., 402 West Broadway, Suite 690, San Diego, CA 92101.

(b) The name, address, and telephone number of the representative of the applicant who should receive correspondence;

Applicant's representative is Thomas F. McFarland, Thomas F. McFarland, P.C. 208 South LaSalle Street, Suite 1890, Chicago, IL 60604-1112, (312) 236-0204 (ph), (312) 201-9695 (fax), mcfarland@aol.com.

(c) A statement that an agreement has been reached or details about when an agreement will be reached;

CZRY has agreed to assign its authority to operate the Desert Line to PIR. SD&AE, MTS and SDIY have consented to that assignment.

(d) The operator of the property;

PIR will be the operator of the property.

(e) A brief summary of the proposed transaction, including:

(1) The name and address of the railroad transferring the subject property,

The name and address of the railroad who has assigned its authority to operate the Desert Line to PIR is:

Carrizo Gorge Railway, Inc.
2295 Fletcher Parkway, Suite 101
El Cajon, CA 92040

(2) The proposed time schedule for consummation of the transaction,

The change in operators will be consummated no earlier than the 30th day after this Notice of Exemption is filed with the Board.

(3) The mile-posts of the subject property, including any branch lines,

The Desert Line extends between Milepost 59.60 at or near Division, CA and Milepost 129.61 at or near Plaster City, CA.

(4) The total route miles being acquired;

A total of 70.01 miles of rail line are proposed to be operated.

(f) A map that clearly indicates the area to be served, including origins, termini, stations, cities, counties, and States; and

The required map is attached as Appendix 1.

(g) A certificate that applicant's projected revenues do not exceed those that would qualify it as a Class III carrier.

A certificate of Donald J. Stoecklein, President of PIR, is attached as Appendix 2, stating that PIR's projected revenues do not exceed those that would qualify it as a Class III carrier.

(h) Transactions imposing interchange commitments. (1) If a proposed acquisition or operation of a rail line or change of operators involves a provision or agreement that may limit future interchange with a third-party connecting carrier, whether by outright prohibition, per-car penalty, adjustment in the purchase price or rental, positive economic inducement, or other means ("interchange commitment"), the following additional information must be provided:

(i) The existence of that provision or agreement and identification of the affected interchange points; and

(ii) A confidential, complete version of the document(s) containing or addressing that provision or agreement, which may be filed with the Board under 49 CFR 1104.14(a) and will be kept confidential without need for the filing of an accompanying motion for a protective order under 49 CFR 1104.14(b).

The proposed operation does not involve a provision or agreement that may limit future interchange between PIR and a third-party connecting rail carrier.

Certification under 49 C.F.R. § 1150.32(e)

Mr. Stoecklein's certification attached as Appendix 2 states that it is not anticipated that the revenue of PIR resulting from the proposed change in operators will exceed \$5 million per year.

Verification

Mr. Stoecklein's certificate attached as Appendix 2 includes a notarized verification of all factual matter asserted in this Notice of Exemption.

Environmental and Historic Considerations

Pursuant to 49 C.F.R. § 1105.6(c)(2) and 49 C.F.R. § 1105.7(b)(1), no environmental or historic documentation or report is required in conjunction with this proposed change in operators.

Labor Considerations

Pursuant to 49 U.S.C. § 10901(c), no labor protection is required in conjunction with the proposed change in operators.

Caption Summary

The required Caption Summary is attached as Appendix 3.

Land Grant Right-of-Way

PIR is not aware of any land grant right-of-way in the involved rail line. Any documentation on that subject would be made available by PIR on request.

Conclusion and Requested Relief

WHEREFORE, the Board should publish a Notice of the proposed change in operators within 16 days of the filing of this Notice of Exemption with the Board.

Respectfully submitted,

PACIFIC IMPERIAL RAILROAD, INC.
402 West Broadway, Suite 690
San Diego, CA 92101

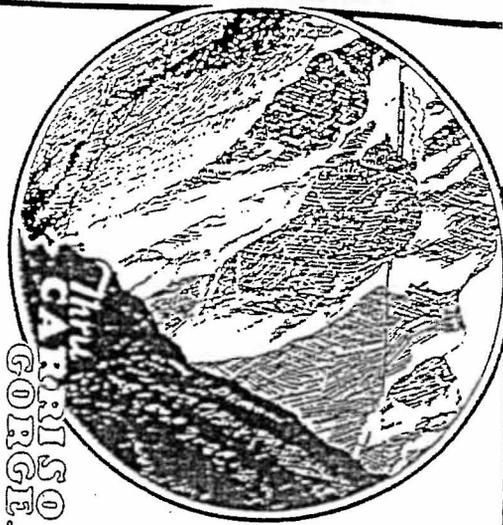
Applicant



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Attorney for Applicant

DATE FILED: August 1, 2012



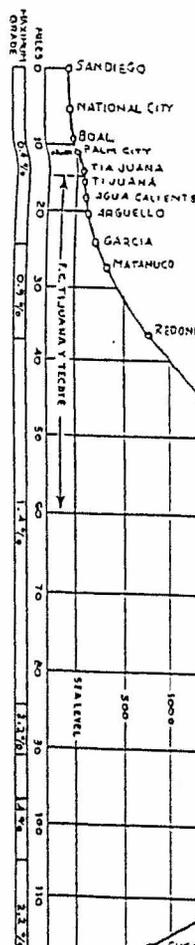
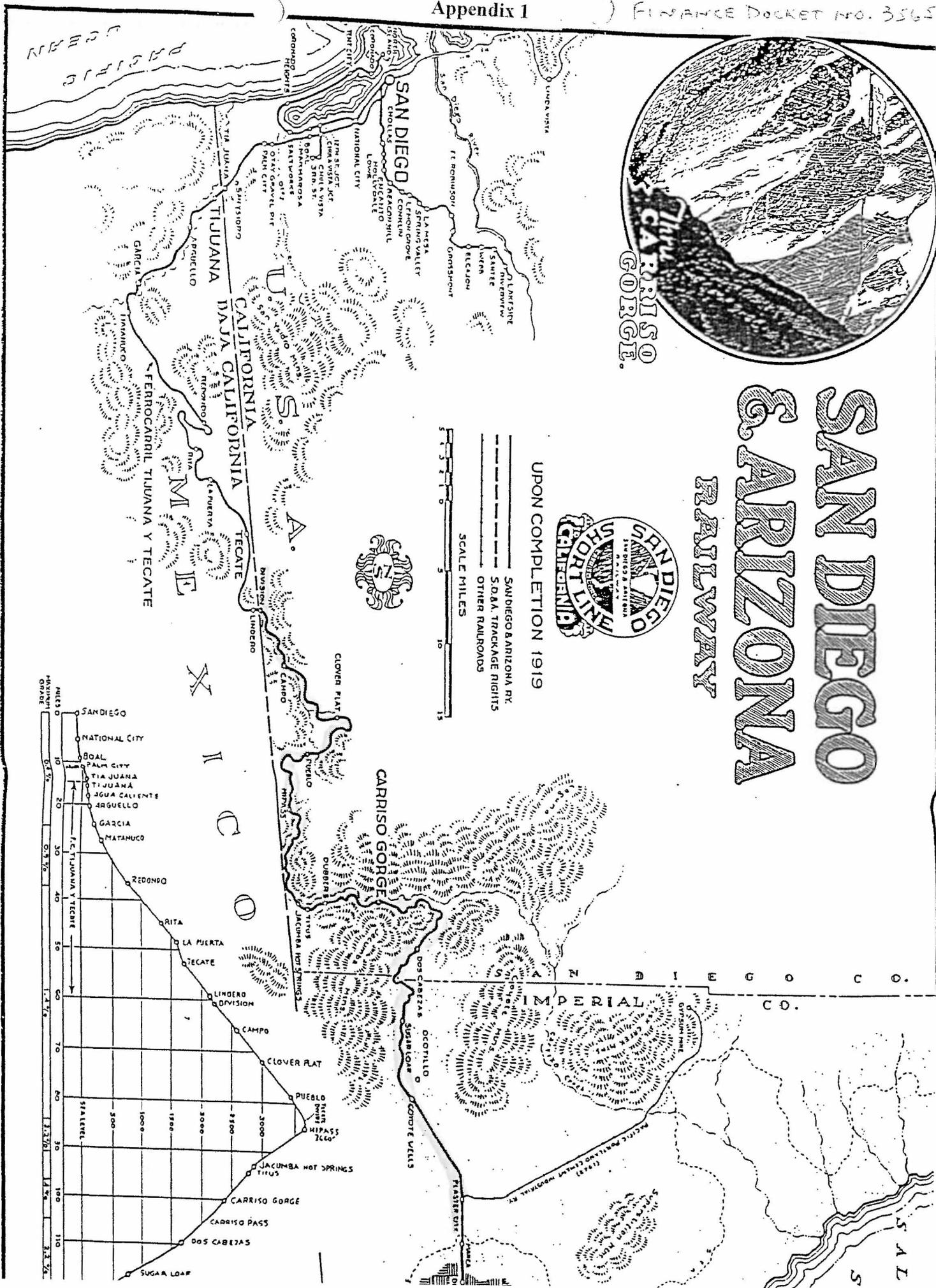
SAN DIEGO & ARIZONA RAILWAY



UPON COMPLETION 1919

SAN DIEGO & ARIZONA RR.
S.D.A. TRACKAGE RIGHTS
OTHER RAILROADS

SCALE MILES

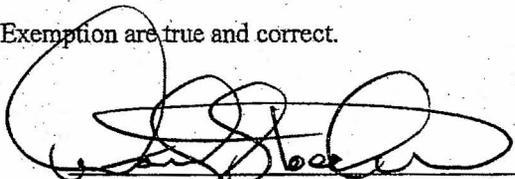


MILES 0 10 20 30 40 50 60 70 80 90 100 110
 SANDIEGO NATIONAL CITY BOAL PALM CITY TIA JUANA TIJUANA AGUA CALIENTE ARGUELLO GARCIA MATAMUCO RECONDO RITA LA PUERTA TECATE LINDERO DIVISION CAMPO CLOVER FLAT PUEBLO HI PASS TICO JACUMBA HOT SPRINGS TIJUS CARRISO GORGE CARRISO PASS DOS CABEZAS SUGAR LOAF

VERIFICATION

Donald J. Stoecklein, being duly sworn, states that he is President of Pacific Imperial Railroad, Inc. (PIR); that he has knowledge of the assertions set forth in this Notice of Exemption; and that all of those assertions are true and correct:

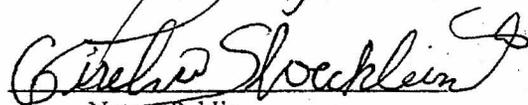
1. The projected annual revenue of PIR to be created by virtue of this Notice of Exemption will not exceed \$5 million;
2. The projected annual revenues of PIR to be created by virtue of this Notice of Exemption will not result in its being classified as a Class I or Class II rail carrier;
3. The change of operators proposed in this Notice of Exemption does not involve a provision or agreement that may limit future interchange with a third-party connecting carrier; and
4. All factual assertions in this Notice of Exemption are true and correct.



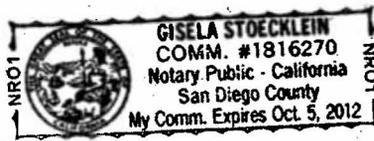
 Officer of PIR

STATE OF CALIFORNIA)
)
 COUNTY OF SAN DIEGO)

SUBSCRIBED and SWORN to before me
 this 31 day of July, 2012



 Notary Public



CAPTION SUMMARY

Surface Transportation Board
Notice of Exemption

Finance Docket No. 35657

*Pacific Imperial Railroad, Inc. -- Change in Operators
Exemption -- Rail Line of San Diego and Arizona Eastern
Railway Company between Division and Plaster City, CA*

Pacific Imperial Railroad, Inc. (PIR), a noncarrier, has filed a Notice of Exemption under 49 C.F.R. § 1150.31(a)(3) and 49 U.S.C. 10502(a) for its class exemption from 49 U.S.C. § 10901 for its acquisition of authority to operate a 70.01-mile rail line owned by San Diego and Arizona Eastern Railway Company (SD&AE) between Division, CA (Milepost 59.60) and Plaster City, CA (Milepost 129.61), by means of assignment of such authority from Carrizo Gorge Railway, Inc. (CZRY) with the consent of SD&AE and its parent, Metropolitan Transit Service (MTS).

The proposed change in operators is proposed to be consummated no earlier than 30 days after the Notice of Exemption is filed with the Board.

Any comments must be filed with the Board and must be served on PIR's representative, Thomas F. McFarland, Thomas F. McFarland, P.C., 208 South LaSalle Street, Suite 1890, Chicago, IL 60604-1112, (312) 236-0204 (ph), (312) 201-9695 (fax), mcfarland@aol.com.

This Notice of Exemption is filed under 49 C.F.R. § 1150.31(a)(3). 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.

(SEAL)

By the Board