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FILED

December 2, 2004
VIA: UPS Overnight

DEC 3 - 2004

**SURFACE
TRANSPORTATION BOARD**

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
Mercury Building, #711
1925 K Street, N.W.
Washington, DC 20423-0001

ENTERED
Office of Proceedings

DEC 3 2004

Part of
Public Record

Re: STB Finance Docket No. 34564
Portland & Western Railroad, Inc.
- Lease and Operation Exemption -
Union Pacific Railroad Company
Notice of Exemption

Dear Secretary Williams:

Enclosed please find for filing the original and ten (10) copies of the above-referenced Notice of Exemption of Portland & Western Railroad, Inc. along with a diskette containing the document in WordPerfect 9. A check in the amount of \$1,500 representing the filing fee is also enclosed.

Please time stamp the extra copy of this letter to indicate receipt, and return it to me in the stamped self-addressed envelope provided for your convenience.

Respectfully,


ERIC M. HOCKY

Enclosures



GOLLATZ, GRIFFIN & EWING, P.C.

WEST CHESTER

PHILADELPHIA

WILMINGTON

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 34564

PORTLAND & WESTERN RAILROAD, INC.
- LEASE AND OPERATION EXEMPTION -
UNION PACIFIC RAILROAD COMPANY

VERIFIED NOTICE OF EXEMPTION

UNDER 49 U.S.C. §10902

ERIC M. HOCKY
GOLLATZ, GRIFFIN & EWING, P.C.
Four Penn Center
Suite 200
1600 John F. Kennedy Blvd.
Philadelphia, PA 19103-2808
(215) 563-9400

Attorneys for
Portland & Western Railroad, Inc.

Dated: December 2, 2004

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 34564

**PORTLAND & WESTERN RAILROAD, INC.
- LEASE AND OPERATION EXEMPTION -
UNION PACIFIC RAILROAD COMPANY**

**VERIFIED NOTICE OF EXEMPTION
UNDER 49 U.S.C. §10902**

This Verified Notice is filed pursuant to 49 C.F.R. §1150.41 by a Class III carrier, Portland & Western Railroad, Inc. ("PNWR") to exempt from regulation under 49 U.S.C. §10902 its lease from Union Pacific Railroad Company ("UP"), and operation, of the line of railroad (the "Rail Line") between milepost 741.59 near Willsburg Jct. and milepost 740.72 at the connection with the UP mainline at Willsburg Jct., as shown on the map attached as Exhibit A. The total mileage of the Rail Line to be acquired and operated is approximately 0.87 miles. The Rail Line is located in Clackamas County, Oregon.

Notice

In accordance with 49 C.F.R. §1150.43, PNWR hereby states as follows:

- (a) The full name and address of Applicant are: Portland & Western Railroad, Inc., 650 Hawthorne Ave., SE, Suite 220, Salem, OR 97301.
- (b) The name, address and telephone number of the representative of PNWR who should receive correspondence are: Eric M. Hocky, Esquire, Gollatz, Griffin & Ewing, P.C., Four Penn Center, Suite 200, 1600 John F. Kennedy Blvd., Philadelphia, PA 19103-2808; (215) 563-9400.

(c) PNWR and UP are entering into an amendment of an existing lease between the parties to cover PNWR's lease of the Rail Line.

(d) The current operator of the Rail Line is UP.

(e) Brief Summary of the Proposed Transaction:

PNWR currently leases a line of railroad from UP known as the Tillamook Branch that connects with the Rail Line. The parties are entering into an amended lease to permit PNWR to operate the Rail Line. The parties believe this will result in operating efficiencies for both parties

(1) The name and address of the railroad leasing the Rail Line to PNWR are: Union Pacific Railroad Company, 1400 Douglas Street, Omaha, NE 68179.

(2) PNWR expects to commence operation of the Rail Line on or after December 10, 2004, more than seven days after the filing of this Notice of Exemption.

(3) The mileposts of the Rail Line are between milepost 741.59 near Willsburg Jct. and milepost 740.72 at the connection with the UP mainline at Willsburg Jct., in Clackamas County, Oregon.

(4) The total mileage to be acquired and operated is approximately 0.87 miles.

(f) Attached as Exhibit A to this Notice of Exemption is a map of the Rail Line.

(g) PNWR certifies that its projected revenues as a result of the transaction will not result in the creation of a Class II or Class I rail carrier.

(h) PNWR certifies that its total annual revenues after the transaction will exceed \$5,000,000. On October 1, 2004, a notice to UP employees was posted at the

following UP locations in Oregon: Brooklyn Crew Room, Barnes Yard, Albina Crew Room, and Albina West Crew Room. Copies of the notice were served on the national offices of unions with potentially affected employees, and a certification was filed with the Board on October 6, 2004, more than 60 days prior to the proposed commencement of operations.

Environmental and Historic Reports

Pursuant to 49 C.F.R. §1105.6(c)(2), no environmental documentation should be required because this proceeding involves authority for a lease for continued operations that will not exceed the thresholds established in 49 C.F.R. §1105.7(c)(4) or (5).

No historic report under 49 C.F.R. §1105.8(b)(1) should be required because the transaction merely involves a lease for continued rail operations, and further Board approval is required to discontinue or abandon any service. PNWR has no plans to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older.

Labor Protection

PNWR is a Class III carrier, and pursuant to 49 U.S.C. §10902(d), approval of this transaction may not be subjected to labor protection conditions.

Caption Summary

Attached hereto as Exhibit B is the caption summary required by 49 C.F.R.

§1150.44.

Respectfully submitted,



ERIC M. HOCKY
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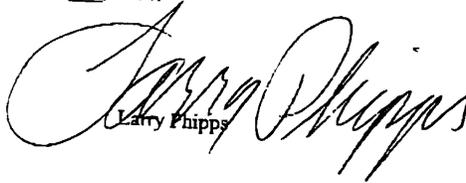
Attorneys for
Portland & Western Railroad, Inc.

Dated: December 2, 2004

VERIFICATION

I, Larry Phipps, President of Portland & Western Railroad, Inc. verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file the foregoing document.

Executed on December 2, 2004.


Larry Phipps

10902 PNWR Lease Noticev2.doc 5

RECEIVED TIME DEC. 2. 11:56AM

PRINT TIME DEC. 2. 11:56AM

MAP

EXHIBIT A

SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 34564

**PORTLAND & WESTERN RAILROAD, INC.
- LEASE AND OPERATION EXEMPTION -
UNION PACIFIC RAILROAD COMPANY**

Portland & Western Railroad, Inc. ("PNWR"), a Class III carrier, has filed a Notice of Exemption to acquire and operate approximately 0.87 miles of rail line currently owned by Union Pacific Railroad Company, between milepost 741.59 near Willsburg Jct. and milepost 740.72 at the connection with the UP mainline at Willsburg Jct., in Clackamas County, Oregon.

Comments must be filed with the Board and served on PNWR's representative, Eric M. Hocky, Esquire, Gollatz, Griffin & Ewing, P.C., Four Penn Center, Suite 200, 1600 John F. Kennedy Blvd., Philadelphia, PA 19103-2808; (215) 563-9400.

The Notice is filed under 49 C.F.R. §1150.41. If the Notice contains false or misleading information, the exemption is void *ab initio*. The filing of a petition to revoke will not automatically stay the transaction.

EXHIBIT B