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February 27, 2007

Re: STB Docket No. 34608- Ohio Valley Railroad Company – Petition to Restore Switch Connection and Other Relief

Hon. Vernon A. Williams, Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

ENTERED
Office of Proceedings

MAR 12 2007

Dear Secretary Williams:

Part of
Public Record

Enclosed for filing please find the original and ten copies of the Response of Ohio Valley Railroad Company and Mid-America Locomotive and Car Repair, Inc. to the Board's February 20, 2007 Order to Show Cause issued in the above captioned proceeding.

Please time and date stamp the copy of this letter and return it in the enclosed self-addressed, stamped envelope provided for that purpose. Copies of this response have been served on all parties of record.

Very truly yours,

VUONO & GRAY, LLC

Richard R. Wilson, Esq.
Attorney for Ohio Valley Railroad Company
and Mid-America Locomotive and Car
Repair, Inc.

RRW/bab
Enclosure

xc: All Parties of Record
Office of Proceedings
Office of Compliance and Consumer Assistance

BEFORE THE
SURFACE TRANSPORTATION BOARD



STB Finance Docket No. 34608

OHIO VALLEY RAILROAD COMPANY – PETITION TO RESTORE SWITCH
CONNECTION AND OTHER RELIEF

**RESPONSE OF OHIO VALLEY RAILROAD COMPANY AND
MID-AMERICA LOCOMOTIVE CAR REPAIR, INC.
TO ORDER TO SHOW CAUSE**

ENTERED
Office of Proceedings

MAR 12 2007

Part of
Public Record

Richard R. Wilson, Esq.
Richard R. Wilson, P.C.
127 Lexington Ave., Ste. 100
Altoona, PA 16601
814-944-5302
Attorney for Ohio Valley
Railroad Co. and
Mid-America Locomotive
and Car Repair Co., Inc.

Dated: February 27, 2007

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 34608

OHIO VALLEY RAILROAD COMPANY – PETITION TO RESTORE SWITCH
CONNECTION AND OTHER RELIEF

**RESPONSE OF OHIO VALLEY RAILROAD COMPANY AND
MID-AMERICA LOCOMOTIVE CAR REPAIR, INC.
TO ORDER TO SHOW CAUSE**

On February 20, 2007 the Board issued an Order to Show Cause upon Ohio Valley Railroad Company (“OVR”) and Mid-America Locomotive and Car Repair, Inc. (“Mid-America”) (“Petitioners”) in the above captioned docket. In its order the Board stated: “The Board has received no written submissions from the parties since OVR filed a letter in December 2005 stating that the parties had not yet resolved their differences”. The Board indicated that since it had not received any written communications from the parties in over 13 months, the absence of such communication suggested that the parties were addressing the issues raised in this proceeding without formal Board intervention and that there was no reason to keep this proceeding open.

Unfortunately, this description does not accurately reflect the state of the record as indicated by the enclosed email correspondence of May 19, 2006 and June 15, 2006 between Ms. Cathy Busch, Director of Marketing for ISW and Mr. William Gray,

President of Ohio Valley Railroad Company with copies provided to Director Clemens. (Exhibit A) This correspondence indicates that the parties had reached an impasse on negotiations to enable OVR to ship locomotives and cars to and from the Mid-America repair plant at Harwood Yard, Evansville, IN.. On June 15, 2006 OVR requested that Director Clemens reconvene discussions between OVR and ISW and advised the Board that the parties had been unable to come to a commercially acceptable agreement. (Exhibit B). Despite this request, no further meetings were reconvened and ISW continues to refuse to negotiate rates which will move traffic to and from the shipper served by OVR.

Despite the best efforts of Director Clemens, it does not appear that ISW is interested in negotiating a commercially viable solution to the issues presented by OVR for Board resolution. While Petitioners remain willing to meet again with Director Clemens in an effort to resolve these matters, they are frankly skeptical that a meeting with ISW will produce substantive results. Accordingly, Petitioners respectfully request that the Board not dismiss this proceeding but rather provide OVR and ISW with an opportunity to update the record and then address the service issues which have been presented to the Board by Petitioners.

Respectfully submitted,

By: 
Richard R. Wilson
Attorney for Ohio Valley Railroad
Company and Mid-America
Locomotive and Car Repair, Inc.

Main Identity - Backup

From: "Bill Gray" <william.e.gray@att.net>
To: "Richard R. Wilson" <rrwilson@atlanticbbn.net>
Sent: Monday, February 26, 2007 10:02 AM
Subject: FW: Contract Rate Proposal ISW-OVR

FYI

From: Ohio Valley Railroad Company [mailto:admin@ohiovalleyrailroad.com]
Sent: Thursday, June 15, 2006 10:39 AM
To: Busch, Catherine
Cc: Clemens, Mel; Reistrup, Paul H.; Wilson, Richard R.; LaKemper, Daniel A.
Subject: Contract Rate Proposal ISW-OVR
Importance: High

Dear Cathy,

In regard to your memo of May 19, 2006. Ohio Valley Railroad will not accept the conditions you have proposed related to the contract rate (the withdrawal of the proceeding before Director Clemens and the STB).

OVR does not understand ISW's justification of above-market rates for shipping of locomotives or cars especially in light of the liability limitation proposed in the contract rate offers.

I am requesting that the STB call the parties back together in Washington D.C. to discuss this matter in person.

William E. (Bill) Gray
 Chairman & President
 Ohio Valley Railroad Company
 email bgray@ohiovalleyrailroad.com
 web <http://www.ohiovalleyrailroad.com>
 phone (412) 736-5359

Mailing Address:
 1601 Allens Lane
 Evansville, IN 47710-3372

BE SAFE... EVERY DAY!

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From: Cathy Busch [mailto:cbusch@pioneer-railcorp.com]
Sent: Friday, May 19, 2006 11:58 AM
To: Ohio Valley Railroad Company
Cc: Clemens, Mel
Subject: RE: Request for a published contract rate

Bill -

By OVR accepting the rates offered and ISW putting together a contract rate agreement for OVR payment of rates lower than that of tariff, it is my understanding that any/all outstanding issues between ISW and OVR involving the STB are considered settled, and OVR needs to take the appropriate action to close the matter (withdraw its filing).

Please acknowledge your understanding and agreement, and ISW will draft a contract rate agreement as previously proposed. If this is not OVR intent, tariff rates will stand.

Sincerely,

Catherine Busch, Director of Marketing

Main Identity - Backup

From: "Bill Gray" <william.e.gray@att.net>
To: "Richard R. Wilson" <rrwilson@atlanticbbn.net>
Sent: Monday, February 26, 2007 10:01 AM
Subject: FW: Request your intervention in the OVR-ISW matter

Dear Richard, Here is a copy of the email that was sent to Director Clemens on June 15, 2006. As you can see you were also cc'd. Please notify me of the appropriate actions to take in regards this matter. Thanks, William E. Gray Ohio Valley Railroad

From: Ohio Valley Railroad Company [mailto:admin@ohiovalleyrailroad.com]
Sent: Thursday, June 15, 2006 10:47 AM
To: Clemens, Mel
Cc: Busch, Catherine; LaKemper, Daniel A.; Reistrup, Paul H.; Wilson, Richard R.
Subject: Request your intervention in the OVR-ISW matter
Importance: High

Dear Director Clemens,

Ohio Valley Railroad respectfully requests that you reconvene the discussions between OVR and Pioneer Railcorp/Indiana Southwestern Railway.

The parties have been unable to come to a commercially acceptable agreement without your direct oversight in this matter.

William E. (Bill) Gray
Chairman & President
Ohio Valley Railroad Company
email bgray@ohiovalleyrailroad.com
web <http://www.ohiovalleyrailroad.com>
phone (412) 736-5359

Mailing Address:
1601 Allens Lane
Evansville, IN 47710-3372

BE SAFE... EVERY DAY!

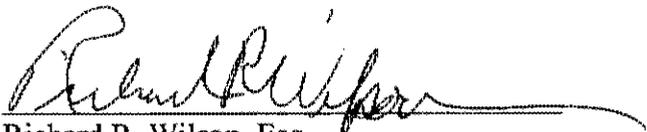
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CERTIFICATE OF SERVICE

I hereby certify that I have this 27th day of February, 2007 served a copy of Response of Ohio Valley Railroad Company to Order to Show Cause upon the following by First Class United States Mail, postage prepaid:

Louis Gitomer, Esq.
BALL JANIK, LLP
1455 F. Street, N.W., Ste. 225
Washington, D.C. 20005

Daniel A. LaKemper, Esq., General Counsel
Pioneer Railcorp.
Indiana Southwestern Railroad Co.
1318 S. Johanson Road
Peoria, IL 61607


Richard R. Wilson, Esq.
Attorney for Ohio Valley Railroad Company
and Mid-America Locomotive and
Care Repair, Inc.