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FEE RECEIVED

MAY 16 2007

**SURFACE
TRANSPORTATION BOARD**

Phone: (312) 252-1500
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May 15, 2007

219314

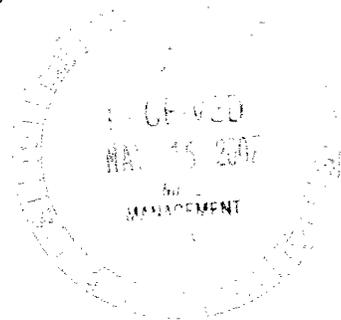
VIA FEDERAL EXPRESS

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20024

ENTERED
Office of Proceedings

MAY 16 2007

Part of
Public Record



Re: **Finance Docket No. 35029**
Eastern Washington Gateway Railroad Company --
Lease and Operation Exemption -- Line of
Washington State Department of Transportation

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Verified Notice of Exemption of Eastern Washington Gateway Railroad Company Pursuant to 49 C.F.R. § 1150.32**, dated May 15, 2007. A check in the amount of \$1,600, representing the appropriate fee for this filing, and a computer diskette containing the text of the Notice and the *Federal Register* caption summary in MS Word 2003 format are attached.

One extra copy of the Notice and this letter also are enclosed. I would request that you date-stamp those items to show receipt of this filing and return them to me in the provided envelope.

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter.

Respectfully submitted,

Thomas J. Litwiler
Attorney for Eastern Washington Gateway
Railroad Company

TJL:tl

Enclosures

FILED

MAY 16 2007

**SURFACE
TRANSPORTATION BOARD**

BEFORE THE
SURFACE TRANSPORTATION BOARD

ORIGINAL

FINANCE DOCKET NO. 35029

219314

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

**VERIFIED NOTICE OF EXEMPTION
OF
EASTERN WASHINGTON GATEWAY RAILROAD COMPANY
PURSUANT TO 49 C.F.R. § 1150.32**

ENTERED
Office of Proceedings

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**SURFACE
TRANSPORTATION BOARD**

William C. Sippel
Thomas J. Litwiler
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

**ATTORNEYS FOR EASTERN WASHINGTON
GATEWAY RAILROAD COMPANY**

Dated: May 15, 2007

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35029

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

**VERIFIED NOTICE OF EXEMPTION
OF
EASTERN WASHINGTON GATEWAY RAILROAD COMPANY
PURSUANT TO 49 C.F.R. § 1150.32**

Eastern Washington Gateway Railroad Company ("EWGR"), a non-carrier, hereby files this notice of exemption under 49 C.F.R. § 1150.31, et seq., to lease and operate a rail line of the Washington State Department of Transportation ("WSDOT") between Cheney and Coulee City, Washington (the "CW Line"). The total distance of the line to be leased by EWGR is approximately 107.8 miles.

Based on projected revenues for the CW Line, EWGR expects to be a Class III rail carrier.

This Notice is related to Finance Docket No. 35030, US Rail Partners, Ltd. -- Continuance in Control Exemption -- Eastern Washington Gateway Railroad Company, in which US Rail Partners, Ltd. ("USRP") is concurrently filing a notice of exemption pursuant to 49 C.F.R. § 1180.2(d)(2) to continue in control of EWGR once EWGR leases the CW Line and becomes a carrier. USRP controls an existing Class III rail carrier operating in Kansas and Oklahoma.

This Notice also is related to Finance Docket No. 35024, Washington State Department of Transportation -- Acquisition Exemption -- Palouse River and Coulee City

Railroad, Inc., in which WSDOT has filed a notice of exemption pursuant to 49 C.F.R. § 1150.31, et seq. to acquire the CW Line from Palouse River and Coulee City Railroad, Inc. ("PCC"), a subsidiary of Watco Companies, Inc.

In accordance with the requirements of 49 C.F.R. § 1150.33, EWGR submits the following information:

Name and Address of Applicant: 49 C.F.R. § 1150.33(a)

The full name and address of the applicant herein is as follows:

Eastern Washington Gateway Railroad Company
548 Anita Street
Des Plaines, Illinois 60016
(847) 824-1264

Applicant's Representative: 49 C.F.R. § 1150.33(b)

EWGR's representative to whom correspondence regarding this transaction should be sent is as follows:

William C. Sippel
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

Statement Concerning Agreement: 49 C.F.R. § 1150.33(c)

EWGR and WSDOT will shortly execute a Lease Agreement providing for EWGR's lease and operation of the CW Line. The initial term of the lease is five years.

Operation of the Property: 49 C.F.R. § 1150.33(d)

EWGR will be the operator of the CW Line leased from WSDOT in this proceeding.

Summary of the Transaction: 49 C.F.R. § 1150.33(e)

Pursuant to the Lease Agreement to be entered into by EWGR and WSDOT, EWGR will lease and operate WSDOT's rail line extending from a connection with BNSF Railway Company at milepost 1.0 near Cheney, Washington to the end of track at milepost 108.8 in Coulee City, Washington, a distance of approximately 107.8 miles.

The CW Line is currently owned by PCC. See Palouse River & Coulee City Railroad, Inc. -- Acquisition Exemption -- Burlington Northern Railroad Company, Finance Docket No. 33041 (STB served September 19, 1996). Pursuant to its notice of exemption in Finance Docket No. 35024, WSDOT will acquire the CW Line from PCC prior to the lease of the line to EWGR.

The full name and address of the entity leasing the CW Line to EWGR is as follows:

Washington State Department of Transportation
P.O. Box 47300
Olympia, WA 98504-7300

EWGR intends to consummate its lease of the CW Line and commence operations on June 15, 2007, thirty days after the filing of this notice of exemption.¹

Map: 49 C.F.R. § 1150.33(f)

A map showing the CW Line and indicating the area served by the line, including origins, termini, stations, and cities, is attached as Exhibit A to this notice.

¹ If necessary, EWGR, USRP and WSDOT may file petitions in this docket and in Finance Docket Nos. 35030 and 35024, respectively, seeking an earlier effective date for the respective exemptions.

Certificate of Compliance: 49 C.F.R. § 1150.33(g)

A Certificate of Compliance with the provisions of 49 C.F.R. § 1150.33(g) is attached as Exhibit B to this notice.

Advance Notice: 49 C.F.R. § 1150.32(e)

The projected annual revenue of EWGR does not exceed \$5 million, and accordingly the advance notice requirements of 49 C.F.R. § 1150.32(e) are not applicable to this transaction. See Exhibit B hereto.

Environmental and Historic Preservation Data: 49 C.F.R. § 1105

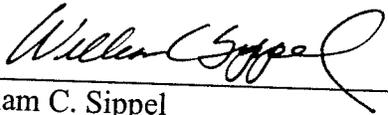
Under 49 C.F.R. § 1105.6(c)(2), the proposed lease of the CW Line by EWGR is exempt from environmental reporting requirements. EWGR's lease of the line will not result in significant changes in carrier operations, i.e., changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5).

Under 49 C.F.R. § 1105.8(b)(1), the proposed lease of the CW Line by EWGR also is exempt from historic preservation reporting requirements. EWGR's lease of the line is for the purpose of continued rail operations. Further Surface Transportation Board approval is required to discontinue or abandon any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are fifty years old or older.

Caption Summary: 49 C.F.R. § 1150.34

A caption summary in appropriate form is attached as Exhibit C to this notice.

Respectfully submitted,

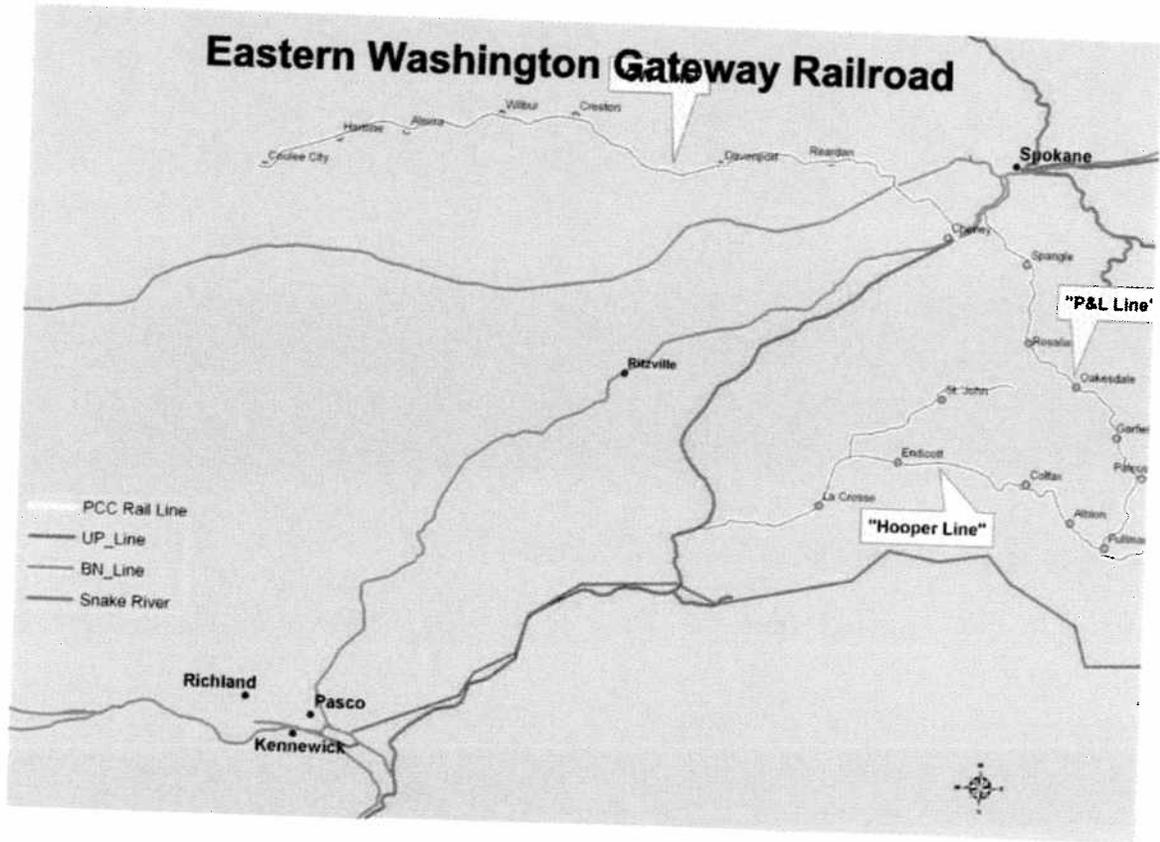
By: 

William C. Sippel
Thomas J. Litwiler
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

**ATTORNEYS FOR EASTERN WASHINGTON
GATEWAY RAILROAD COMPANY**

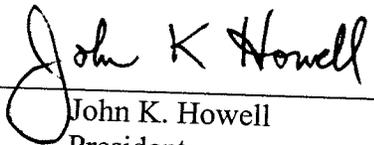
Dated: May 15, 2007

Exhibit A



CERTIFICATION

John K. Howell, under penalty of perjury, hereby certifies that the projected annual rail revenue of Eastern Washington Gateway Railroad Company does not exceed \$5 million and will not result in the creation of a Class II or Class I carrier under the provisions of 49 C.F.R. § 1201 (1-1).



John K. Howell
President

Dated: May 12, 2007

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 35029

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

Eastern Washington Gateway Railroad Company ("EWGR"), a non-carrier, has filed a Verified Notice of Exemption under 49 C.F.R. § 1150.31 et seq. to lease from the Washington State Department of Transportation and operate a line of railroad extending from milepost 1.0 at Cheney, Washington to milepost 108.8 at Coulee City, Washington, a distance of approximately 107.8 miles (the "CW Line").

EWGR expects to consummate its lease of the CW Line and commence operations on June 15, 2007.

Comments must be filed with the Board and served on:

William C. Sippel
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

This proceeding is related to Finance Docket No. 35030, US Rail Partners, Ltd. -- Continuance in Control Exemption -- Eastern Washington Gateway Railroad Company, in which US Rail Partners, Ltd. is concurrently filing a notice of exemption pursuant to 49 U.S.C. § 11323 et seq. and 49 C.F.R. § 1180.2(d)(2) to continue in control of EWGR once EWGR leases the CW Line and becomes a carrier.

This Notice is filed under 49 C.F.R. § 1150.31. 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.

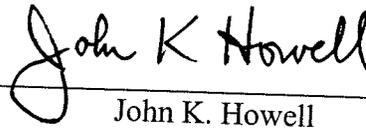
Dated: June __, 2007

By the Board

Vernon A. Williams
Secretary

VERIFICATION

John K. Howell, under penalty of perjury, declares and verifies that he is President of Eastern Washington Gateway Railroad Company, that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.



John K. Howell

Dated: May 12, 2007