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July 29, 2002

VIA HAND DELIVERY

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Case Control Unit - Suite 700
1925 K Street, N.W.
Washington, D.C. 20423-0001



ENTERED
Office of Proceedings

JUL 30 2002

RE: Finance Docket No. 33995 *7205958*
SF&L Railway, Inc.--Acquisition And Operation Exemption--
Toledo, Peoria & Western Railway Corporation--Between La Harpe and Peoria, IL
and
Finance Docket No. 33996 *205959*
Kern W. Schumacher and Morris H. Kulmer--
Continuance In Control Exemption--SF&L Railway, Inc.

Part of
Public Record

Dear Secretary Williams:

Enclosed herewith are an original and eleven copies of the Keokuk Junction Railway Co.'s Supplement to the Record in the above captioned proceedings. Please date stamp the eleventh copy and return it to the messenger for return to me.

If you have any questions about this matter, please contact me at your convenience.

Sincerely,

William A. Mullins

Enclosures

cc: All known parties of record

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 33995

**SF&L RAILWAY, INC.--ACQUISITION AND OPERATION EXEMPTION
--TOLEDO, PEORIA AND WESTERN RAILWAY CORPORATION--
BETWEEN LA HARPE AND PEORIA, IL**

Finance Docket No. 33996

**KERN W. SCHUMACHER AND MORRIS H. KULMER
--CONTINUANCE IN CONTROL EXEMPTION--
SF&L RAILWAY, INC.**



**ENTERED
Office of Proceedings**

JUL 30 2002

**Part of
Public Record**

SUPPLEMENT TO THE RECORD

**Jonathan L. Kazense
Keokuk Junction Railway Co.
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Peoria, IL 61607
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July 29, 2002

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 33995

**SF&L RAILWAY, INC.--ACQUISITION AND OPERATION EXEMPTION
--TOLEDO, PEORIA AND WESTERN RAILWAY CORPORATION--
BETWEEN LA HARPE AND PEORIA, IL**

Finance Docket No. 33996

**KERN W. SCHUMACHER AND MORRIS H. KULMER
--CONTINUANCE IN CONTROL EXEMPTION--
SF&L RAILWAY, INC.**

SUPPLEMENT TO THE RECORD

Keokuk Junction Railway Co. ("KJRY"), by its counsel, hereby provides the Surface Transportation Board ("Board") with the following supplemental evidence to be entered into the record in the above proceeding. The supplemental evidence confirms what KJRY has been saying all along: SF&L, when it purchased the Toledo, Peoria, & Western Railway (TP&W) line, had no intention of running a railroad, but instead, bought the line solely for its scrap value and as such, the notice of exemption should be revoked.

FACTUAL BACKGROUND

On March 6, 2001, KJRY filed its Petition to Revoke the notices of exemption filed by SF&L Railway, Inc., Kern W. Schumacher and Morris H. Kulmer (collectively "Respondents") in the captioned dockets. KJRY believed at that time that Respondents had no intention of operating their acquisition of 70+ miles of railroad from TP&W as a shortline railroad, but rather intended to discourage shipments of freight on the line in order to pursue abandonment and scrapping of the rail, possibly by its rail scrapping affiliate, A&K Railroad Materials, Inc.



("A&K"). After reviewing the materials produced by Respondents and TP&W in discovery, KJRY filed its Supplement to the Petition to Revoke on December 12, 2001 ("Supplement"). Respondents then filed a "Reply of SF&L Railway, Inc., Kern W. Schumacher and Morris H. Kulmer" ("Reply") on January 11, 2002. On January 28, 2002, KJRY filed its Rebuttal. On February 8, 2002, Respondents filed a sur-rebuttal. Despite the fact that the Board's June 4, 2001 decision set March 5, 2002 as the date for the Board to issue a decision, the Board has not yet ruled on the merits of the various petitions to revoke filed by KJRY, Joseph C. Szabo with United Transportation Union, the County of McDonough, and the City of Macomb.

THE SUPPLEMENTAL EVIDENCE

The supplemental evidence that KJRY provides for the record consists of two separate, but relevant pieces of information. The first piece of supplemental evidence, attached as Exhibit A, consists of a signed statement from Mr. Don Jacob, Manager, Colusa Elevator, who states that the KJRY is a very reliable shortline railroad. Mr. Jacob claims that he would use KJRY to ship their product to the east, assuming that KJRY could buy and operate that portion of the line that is now owned and operated by the SF&L but formerly belonged to the TP&W. As KJRY earlier established in this proceeding, SF&L's rate requirements for eastbound movements are almost double, sometimes triple, what TP&W was charging, January 28, 2002 KJRY Rebuttal, Busch V.S. ¶ 9, and as a result, SF&L has driven all the eastbound traffic away from its line.¹ Mr. Jacob is correct that if KJRY owned and operated the former TP&W line, it is likely that Mr.

¹ In this respect, SF&L is doing precisely what the evidence discovered during the discovery process and provided to this Board showed: SF&L never had any intention of operating the entire former TP&W line and bought the line for its scrap value, not as a going concern. This is a clear violation of the notice of exemption process and the notice should be revoked and the line returned to TP&W or sold to KJRY.

Jacob's company would use the line for eastbound shipments because KJRY, unlike SF&L, has a proven record of providing reliable and competitive rail service.

The second supplemental evidence, attached as Exhibit B, consists of a petition signed by over a hundred individuals who produce grain in the La Harpe region and depend upon rail service for getting their product to market. These grain producers verify what KJRY has already proven to this Board: SF&L is raising rates and attempting to bring about the demise of the former TP&W line. As with most of the shippers in that region, these grain producers do not support the SF&L. Indeed, Respondents have failed to produce a single shipper that supports the SF&L acquisition of the former TP&W's line.

Counsel for Respondents will surely object to KJRY's supplementing the record, but because the Board has not yet ruled on the merits, supplementing the record at this stage will not prejudice any party and will further the interest of gathering a complete record. The Board has oftentimes allowed parties to supplement the record in the interest of obtaining a complete record. *Riverview Trenton Railroad Company--Acquisition and Operation Exemption--Crown Enterprises, Inc.*; *Riverview Trenton Railroad Company--Petition For An Exemption From 49 U.S.C. 10901 To Acquire And Operate A Rail Line In Wayne County, MI*, STB Finance Docket Nos. 33980 and 34040 (STB served Feb. 15, 2002)(After record was supplemented, Board revoked the exemption); *Texas Mexican Railway Company--Purchase Exemption--Union Pacific Railroad Company*, STB Finance Docket No. 33914 (STB served Dec. 11, 2000)(party allowed to supplement the record in the interest of having a complete record). Furthermore, because KJRY bears the burden of proof, it is especially appropriate to allow additional supplemental and rebuttal evidence. *Indiana Northeastern RR. Co. -- Change in Operators -- Branch and St. Joseph Counties Rail Users Ass'n, Inc. in Branch County, MI*, Finance Docket No. 33760, Slip

op. (STB served Sept. 1 ,1999); *Bradford Industrial Rail, Inc. -- Acquisition and Operation Exemption -- Consolidated Rail Corp.*, Finance Docket No. 32240, Slip op. (ICC served Dec. 7, 1995); and *Minnesota Commercial Ry., Inc. -- Trackage Rights Exemption -- Burlington Northern RR. Co.*, Finance Docket No. 31603, Slip op. (ICC decided Oct. 4, 1990).

CONCLUSION

The record in this proceeding, as further supplemented herein, could not be clearer. SF&L has no intention of fully operating the former TP&W line and never had such an intention. No shipper supported SF&L's acquisition of the line. Indeed, now, over a year and a half since SF&L took over operations, not one shipper has stepped forward to provide evidence that the SF&L acquisition was a good thing and that SF&L is providing reliable and competitive rail service. Indeed, the evidence has been precisely the opposite. The Board should do the right thing and revoke the notice of exemption, reverse the sale, and provide an opportunity for another shortline railroad, such as KJRY, to purchase and operate the line in order to provide competitive rates and reliable service. .

Respectfully submitted,

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July 29, 2002

CERTIFICATE OF SERVICE

This is to certify that on this 29th day July 2002, I caused the foregoing "Supplement To The Record" in Finance Docket No. 33995 and Finance Docket No. 33996 to be served upon counsel for all known parties of record by first class mail, postage prepaid, or by more expeditious means.

A handwritten signature in black ink, appearing to read "William A. Mullins", with a long horizontal flourish extending to the right.

William A. Mullins

EXHIBIT A

COLUSA ELEVATOR COMPANY

Mr. Don Jacob
Colusa Elevator Co.
Manager-Burnside
Burnside, IL 62318
Fax #217-746-3211

To: Rail Consumer Assistance, Surface Transportation Board

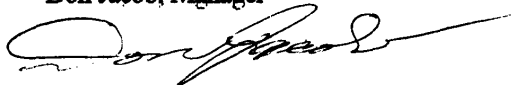
RE: STB Finance Docket No. 33995, SF&L Railway, Inc.-Acquisition and Operation
Exemption-Toledo, Peoria and Western Railway Corporation Between La Harpe
and Peoria, Illinois.

To Whom it May Concern:

We are a grain elevator located on the KJRY Railroad which is a short line railroad of Pioneer Rail Corp. Presently we ship west to Keokuk on KJRY. However, we would ship east to the Illinois River locations when the market presented us that opportunity. In order to do so, we would have to have a reliable and competitive means of transportation. In the past, our experience has shown KJRY Railroad to be both reliable and competitive.

The economy of our community revolves heavily around agriculture. In the future any processing plants or ethanol plants would only help the economy of this area. I do believe a reliable rail system in this area would only enhance the possibility of Ag related industry in Western Illinois.

Don Jacob, Manager



Colusa Elevator: Burnside, Illinois

EXHIBIT B

Surface Transportation Board
1925 K. Street, NW
Washington, D.C. 51756-0001

Dear Sir or Madam,

We, the undersigned grain producers of the La-Harpe - Blandinsville area, located in west-central Illinois, urge you the S.T.B. to closely scrutinize the transactions between the T.P. & W. Railway, and A & K Railroad Materials, Inc. subsidiary S.F. & L. Railway.

We feel that A & K Railroad Materials, Inc. through its subsidiary S.F. & L. Railway is intending to bring about the demise of the railroad by raising rates and giving less reliable service. This is happening in the first 60 days of starting their operation.

The loss of this rail line would have a major economic impact on this agricultural community by reducing the net price of grain to the farmer.

Thank you for considering our situation.

Name	Address
<u>Charlie Wear</u>	<u>Carthage Ill.</u>
<u>Matt Hocker</u>	<u>Carthage Ill.</u>
<u>Don Tamm</u>	<u>Blandinsville Ill.</u>
<u>Robert L. Reed</u>	<u>Lomax Ill.</u>
<u>Eugene Hitz</u>	<u>Dallas City Ill.</u>
<u>Robert Painter</u>	<u>Lomax TLL</u>
<u>Richard L. Hitz</u>	<u>La Harpe, Ill.</u>
<u>Sharon Hocker</u>	<u>La Harpe, Ill.</u>

Name

Address

Scott Harkin	La Harpe, Ill.
Ally Williams	La Harpe, IL
Walter H. Peters	La Harpe, Ill.
Wendell McDonald	Carthage, IL
Gene H.	LA HARPE
James E. Jones	P.O. Box 140 La Harpe IL 61450
Roger Abner	Bville, Ill.
Larry Delapoint	Blandinsville, Ill. 61420
Edward Christ	La Harpe IL 61450
Robert Harkin	La Harpe, Ill.
Jim C. Hill	Roseville, Ill.
Harry Delapoint	BLANDINSVILLE IL
Phil Mc Cleary	Blandinsville, Ill.
Mitchell Webb	Blandinsville, Ill. 61420
Har. Webb	Blandinsville, Ill. 61420
Charles Kennedy	Blandinsville, Ill. 61420
Ronald Shannon	Blandinsville, Ill. 61420
Wendell Dean Hinkley	Colchester, Ill.
Ray Carter	La Harpe, Ill. 61450
Bill McKee	Blandinsville, Ill. 61420
Leslie Harkin	Roseville, Ill. 61473
Larry Palmer	La Harpe
Burt Larson	Colchester, Ill. 62326
Willie Harkin	La Harpe, Ill.
Dave Harkin	LA HARPE, IL

Name

Steve Smith
Dean Cook
Doris Smith
Barry Jones
Belinda Harkins
Russell Wagy
Bob Soule
Bob Foster
Russ Oliver
Jack Brenner
Ron Taylor
William Meriwether Jr
Lynette Meriwether
Doris Shugart
Robert May
Linda Soule
Carolyn Kemper
Jim W. Soule
Mary Kellip
Mary Kemper
Sherry Meriwether
James Meriwether
Thomas Kemper

Address

[illegible]

Name

Address

Kelly Spabert

Scioto

L. Hoff Schurer

B'ville

M. L. Schaefer

Bulle

Doreen Schaefer

Blandinsville

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Michael Murray

Blandinsville, U.

Jas. A. Schaefer

Blandinsville, Ill.

Mark Schaefer

Blandinsville, Ill.

Steve Schaefer

Blandinsville, Ill.

Gordon L. Schaefer

Blandinsville, Ill.

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6405 Main St. Blandinsville, IL

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1 1 1 1

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Doreen Moore

Blandinsville IL 61420

Jack Hutchison

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Jack C. Veroff

16535 E 500th St. MARION IL 61455

Boyer Hobbs

Blandinsville 61420

Name**Address**~~Scott R Hallomell~~

Dallas City

~~David J. Ball~~

Dallas City

~~Mike Baur~~

Springhurst

Reppie D. Spain

Blandinsville

~~Kennerly D. Spain~~

Nacoma, Id

~~An. Buer~~

Colchester

Steve Lowe

Colchester

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