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BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34917

PIONEER INDUSTRIAL RAILWAY CO.

-ALTERNATIVE RAIL SERVICE-

CENTRAL ILLINOIS RAILROAD COMPANY

RESPONSE TO
O'BRIEN STEEL SERVICE

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Dated: October 25, 2006.

BEFORE THE SURFACE TRANSPORTATION BOARD

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PIONEER INDUSTRIAL RAILWAY CO.

-ALTERNATIVE RAIL SERVICE-

CENTRAL ILLINOIS RAILROAD COMPANY

RESPONSE TO
O'BRIEN STEEL SERVICE

Pioneer Industrial Railway Co. ("PIRY") hereby responds to the Letter filed with the Board by O'Brien Steel Service on October 23, 2006. Attached hereto is the Verified Statement of J. Michael Carr, President of PIRY, as to PIRY's relationship with O'Brien.

In addition, PIRY would like to update the Board on the current situation as to service (or lack thereof) to Carver Lumber Company ("Carver"). As explained by Mr. Carr, Carver's service continues to deteriorate, and the Company is being forced to accept costs it cannot bear on an on-going basis. As Carver has stated repeatedly, its viability depends on adequate rail service, which is not being provided by CIRY.

The Board has recently shown its willingness to address service deficiencies (as CIRY's attorney pointed out in his letter, Pyco Industries, Inc. has received alternative service in a far less egregious situation than Carver faces). Shippers properly look to the Board for redress when the incumbent carrier is failing to comply with its common carrier obligations. The situation on the Kellar Branch is obviously one that needs prompt action, as the viability of an established employee-

owned business is at risk. The Board should act now to prevent irreparable harm to Carver's employees, suppliers, and customers.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Daniel A. LaKemper".

Daniel A. LaKemper, Esq.
Pioneer Industrial Railway Co.
1318 S. Johanson Road
Peoria, Illinois 61607
Tel.: (309) 697-1400

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served on all parties of record by e-mail or fax on October 25, 2006.

A handwritten signature in black ink, appearing to read "Daniel A. LaKemper". The signature is fluid and cursive, with the first name "Daniel" and last name "LaKemper" clearly distinguishable.

Daniel A. LaKemper

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VERIFIED STATEMENT OF J. MICHAEL CARR

My name is J. Michael Carr, and I am the President of Pioneer Industrial Railway Co. ("PIRY"). I have reviewed the letter of J. P. O'Brien, filed with the Board on October 23, 2006, wherein Mr. O'Brien states that their relationship with PIRY "was contentious and a constant struggle".

First, I would like to point out the PIRY has asked for directed service to Carver Lumber Company, only, not O'Brien.

As to Mr. O'Brien's statements, I telephoned him on Monday, October 23, 2006, and asked him what he meant. He could not offer a single instance in which O'Brien had a problem with PIRY service. He could only state that he had a "better" relationship with CIRY.

I also inquired of our agent, Tammy Bridson, as to our relationship with O'Brien. She stated that there were no service problems, and that "we always did exactly what they wanted."

The only "contentious" issue that I am aware of was O'Brien's distaste for demurrage. Between January 2003, and July, 2005, PIRY billed \$1,380 for demurrage, of which O'Brien reluctantly paid \$1,280. These charges were due to O'Brien being unable to unload cars due to their plant tracks being blocked. PIRY's service was not an issue.

I am also informed and believe that O'Brien's letter to the Board was prompted by a desire to get common carrier service ended on the Kellar Branch, so that they can expand their operation over several blocks near the Kellar Branch, and turn the Kellar Branch tracks into a

private in-plant rail line. O'Brien likely filed the letter at the behest of the City of Peoria, in order to curry favor with the City, from which they are seeking assistance for said project. I am also informed and believe that CIRY does not currently switch O'Brien, but rather O'Brien personnel get cars from the TZPR interchange themselves. I do not know if they pay anything to CIRY, which is supposed to be their carrier. I believe they may be leasing CIRY's trackmobile.

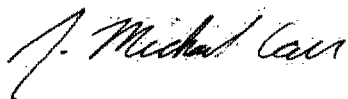
Further, I am informed and believe that CIRY rejected the three lumber cars that were delivered to the Kellar Branch interchange by TZPR, despite its common carrier obligation to operate the Line; that said cars were returned to the TZPR yard; that TZPR assessed additional charges to Carver; and that Carver was forced to transload the cars in the TZPR yard at considerable additional cost.

I am now informed that a lumber car has sat at the UP-Pioneer Junction ("western connection") interchange for a week, that CIRY failed to deliver, despite Carver's urgent need, so CIRY is totally failing to operate either the Kellar Branch or the Western Connection for Carver. CIRY has, in fact, informed me that it desires to end service to Carver Lumber, as soon as possible.

PIRY remains ready, willing, and able to serve Carver Lumber Company, if the Board will grant an Alternative Service Order.

VERIFICATION

I, J. Michael Carr, declare under the penalty of perjury that to the best of my knowledge the foregoing is true and correct. Further, I certify that I am qualified to file this Verified Statement. Executed this 25th day of October, 2006.



J. Michael Carr