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October 3, 2006

By e-filing

Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Unit, Suite 713
1925 K Street, N.W.
Washington, DC 20423-0001

Re: Finance Docket No. 34917, *Pioneer Industrial Railway Co. -- Alternative Rail Service -- Central Illinois Railroad Company*

Dear Mr. Williams:

Central Illinois Railroad Company (CIRY) hereby replies to an "emergency request" (Request) filed by Carver Lumber Company (Carver) in the above proceeding on October 2, 2006. The Request asks that the Board take immediate action to address alleged service failures of CIRY, and grant the Alternative Service Request of Pioneer Industrial Railway Co. ("PIRY") (Request at 1). The Request accuses CIRY of taking "retaliatory action" against Carver for its support of PIRY's Alternative Service Request, and for Carver's "refusal to submit to becoming a captive shipper." (*Id.*).

As set out below, the Request does not establish a "service failure" on the part of CIRY, nor that CIRY has taken "retaliatory action" against Carver. Carver's allegation of "retaliatory action" is a transparent attempt to bring the pending Alternative Service application of PIRY within the principle of the Board's recent decision on the Alternative Service application of PYCO Industries, Inc. involving South Plains Switching, Ltd. Co. Those two cases are nothing alike. The Request itself establishes that the delay in delivery of the railcars referred to in the Request was caused, not by a service failure on the part of CIRY, but rather by (1) the failure of Union Pacific Railroad Company (UP) to notify CIRY of placement of the railcars on the interchange track as required by the governing interchange agreement; and (2) the failure of Carver itself to notify CIRY of such placement, as acknowledged by Carver to be the established custom and practice. What's more, Carver has the facts wrong in regard to the number and timing of railcars on the interchange track.

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Section 3 of the Interchange Agreement between UP and CIRY provides that interchange of cars at Pioneer Junction shall be in accordance with the Field and Office Manuals of the AAR Interchange Rules and Code of Car Service Rules. Those Rules require a delivering rail carrier to notify a receiving rail carrier of tender of interchange of rail cars. The Request acknowledges that UP did not notify CIRY of tender of interchange in regard to the railcars at issue. The Request refers to a statement by a UP representative that UP did not have a duty to notify CIRY of interchange of the railcars at issue. That statement is refuted by the applicable Interchange Rules.

The Request acknowledges that the custom and practice has been that a Carver employee regularly observes the UP-CIRY interchange track, which is located near Carver's place of business, and notifies CIRY if railcars have been interchanged onto that track for further transportation to Carver. The Request acknowledges that the Carver employee who performs that function was on vacation when the railcars at issue were placed on the interchange track. In the absence of that employee, Carver did not assign a different employee to perform such observation and notification. As a result, CIRY was not notified by Carver of the placement of the railcars at issue on the interchange track in accordance with the established custom and practice.

The Request states (at 1) that four cars were placed on the interchange track on September 18 and/or September 19, and that only two of those cars had been delivered by CIRY as of September 25 (at 2). The facts are as follows: on September 25 at approximately 12 p.m., two railcars (BNSF 561592 and DWC 793018) were transported by CIRY from the interchange track to Carver's place of business. There were no other loaded cars on the interchange track at that time. On September 26 at approximately 10 a.m., one railcar (CN 625485) was transported by CIRY from the interchange track to Carver's place of business. There were no other loaded cars on the interchange track at that time. On September 27, the three cars identified above were transported by CIRY as empty cars from Carver's place of business to the interchange track. There were no loaded cars on the interchange track at that time. The CIRY train crew performed the foregoing transportation between 3 and 5 hours after receiving a request from Carver for a switch. The truth is that CIRY responded promptly to all of Carver's requests for transportation on these three days. That does not reflect inadequate rail service. It certainly does not reflect retaliation, as alleged in the Request.

The Request thus does not establish a service failure on the part of CIRY. Neither does the Request establish that CIRY's rail service to Carver has been inadequate in any respect. CIRY has consistently provided a high quality of service to Carver. There is absolutely no evidence that CIRY has ever taken "retaliatory action" against Carver. Carver's unsubstantiated allegations to the contrary are being orchestrated by PIRY, which is attempting to misuse the

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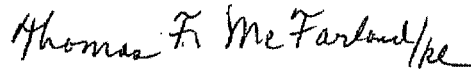
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provisions for alternative rail service to negate lawful termination of its contractual and regulatory right to provide service over the rail line. For all of the foregoing reasons, the Request should be denied.

Very truly yours,

A handwritten signature in cursive script that reads "Thomas F. McFarland".

Thomas F. McFarland
*Attorney for Central Illinois
Railroad Company*

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cc: Board of Directors of Carver Lumber Company
William Mullins, Esq.
Daniel LaKemper, Esq.
Melinda Sammons, Esq.
Randall Ray, Esq.