

BALL JANIK LLP

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2007 APR 13 AM 8:11

IDAHO PUBLIC UTILITIES COMMISSION

KARL MORELL

kmorell@dc.bjllp.com

April 10, 2007

PRC-R-06-01

Commission Secretary
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, ID 83720-0074

RE: STB Docket No. AB-570 (Sub-No. 2X), Palouse River & Coulee City Railroad, Inc. – Abandonment Exemption – In Latah County, Idaho

Dear Sir/Madam:

On January 17, 2007, we forwarded to you an Environmental Report and Historic Report describing the proposed action and any expected environmental and historic effects, as well as a map of the affected area.

Attached please find a Revised Environmental Report and Revised Historic Report. Two changes have been made. First, the scope of the proposed abandonment has been narrowed to the 0.2-mile rail segment between mileposts 85.91 and 86.11, in Moscow, Idaho (the "Line"). Second, it has come to the attention of Palouse River & Coulee City Railroad, Inc. ("PRCC") that the bridge at the end of the Line and the land underneath the bridge are owned by Gritman Medical Center ("Gritman") and not PRCC. To the best of PRCC's knowledge, Gritman will likely remove the bridge once this abandonment is consummated as part of the expansion of the Gritman Medical Center.

We are providing these revised reports so that you may review the information that will form the basis for the STB's independent environmental and historic analyses of this proceeding. If any of the information is misleading or incorrect, if you believe that pertinent information is missing, or if you have any questions about the STB's environmental review process, please contact the Section of Environmental Analysis (SEA), Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423, Telephone (202) 245-0245, and refer to the above Docket No. AB-570 (Sub-No. 2X). Because the applicable statutes and regulations impose stringent deadlines for processing this action, your written comments to SEA (with a copy to the undersigned) would be appreciated within 3 weeks.

April 10, 2007
Page 2

Your comments will be considered by the STB in evaluating the environmental and/or historic preservation impacts of the contemplated action. If there are any questions concerning this proposal, please contact the undersigned by telephone at (202) 638-3307 or by mail at Ball Janik LLP, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

Sincerely,

A handwritten signature in black ink that reads "Karl Morell". The signature is written in a cursive, flowing style.

Karl Morell
Attorney for Palouse River & Coulee City
Railroad, Inc.

Enclosures

REVISED ENVIRONMENTAL REPORT
(49 C.F.R. 1105.7)
Docket No. AB-570 (Sub-No. 2X)
PALOUSE RIVER & COULEE CITY RAILROAD, INC.
--ABANDONMENT EXEMPTION--
IN LATAH COUNTY, IDAHO

(1) Proposed Action and Alternatives. Describe the proposed action, including commodities transported, the planned disposition (if any) of any rail line and other structures that may be involved, and any possible changes in current operations or maintenance practices. Also describe any reasonable alternatives to the proposed action. Include a readable, detailed map and drawings clearly delineating the project.

Palouse River & Coulee City Railroad, Inc. ("PRCC"), proposes to abandon its 0.2-mile rail line between mileposts 85.91 and 86.11, in Moscow, Idaho (the "Line"). Upon receipt of abandonment authority, PRCC intends to remove the rail, track material, and crossties. There is one bridge at the end of the Line.¹ The bridge and the land underneath the bridge are owned by Gritman Medical Center ("Gritman"). To the best of PRCC's knowledge, Gritman will likely remove the bridge once this abandonment is consummated as part of the expansion of its Medical Center.

The proposed abandonment will not change rail freight operations or maintenance practices on the Line. No local or overhead traffic is being handled on the Line. There currently are no active rail shippers located along the Line. The last active shipper on the Line, Moscow Idaho Seed Company, shipped one carload in early 2006 before closing its facility on the Line. All former overhead traffic has been rerouted over a parallel line.

¹ There are two tracks on the bridge: the line being abandoned and the remaining segment of a spur track that was used to serve a former shipper. The remaining segment of the spur track

The only alternative to abandonment would be not to abandon the Line and forcing PRCC to absorb the opportunity costs of retaining this inactive Line. This would not be a prudent use of carrier resources. The Line is in poor condition and in need of substantial rehabilitation.

Maps of the proposed abandonment are attached hereto as Exhibit 1.

(2) Transportation System. Describe the effects of the proposed action on regional or local transportation systems and patterns. Estimate the amount of traffic (passenger or freight) that will be diverted to other transportation systems or modes as a result of the proposed action.

No passenger or freight traffic will be diverted to other modes as a result of the proposed abandonment. No local traffic has been handled on the Line for over a year. All former overhead traffic has been rerouted over a parallel line. Since the Line no longer handles rail traffic, the proposed abandonment will have no adverse effects on regional or local transportation systems and patterns.

(3) Land Use. (i) Based on consultation with local and/or regional planning agencies and/or a review of the official planning documents prepared by such agencies, state whether the proposed action is consistent with existing land use plans. Describe any inconsistencies. (ii) Based on consultation with the U.S. Soil Conservation Service, state the effect of the proposed action on any prime agricultural land. (iii) If the action affects land or water uses within a designated coastal zone, include the coastal zone information required by 1105.9. (iv) If the proposed action is an abandonment, state whether or not the right-of-way is suitable for alternative public use under 49 U.S.C. § 10905 and explain why.

(i) PRCC does not consider the proposed abandonment to be inconsistent with existing land use plans. PRCC contacted the Latah County Commissioners. See Exhibit 2. No response

will also be removed as part of the planned salvage operations. The abandonment of the spur track, however, does not require prior Board approval. *See* 49 U.S.C. § 10906.

to this inquire has been received to date. A copy of this Revised Report has been mailed to the appropriate local and state agencies for their information and comment.

(ii) PRCC notified the U.S. Soil Conservation Service (“Conservation Service”) of the proposed abandonment and requested assistance in identifying any potential effects on prime agricultural land. See Exhibit 3. According to the Conservation Service, the area where the Line is located is not subject to the Farmland Protection Policy Act. See Exhibit 4. A copy of this Revised Report is being supplied to the U.S. Soil Conservation Service for its information and further comment.

(iii) The Line does not pass through a designated coastal zone.

(iv) The Line traverses an urban area that has an adequate road and highway network.

Therefore, there is little or no likelihood that the rail corridor is needed for a transit or highway corridor.

(4) Energy. (i) Describe the effect of the proposed action on transportation of energy resources. (ii) Describe the effect of the proposed action on recyclable commodities. (iii) State whether the proposed action will result in an increase or decrease in overall energy efficiency and explain why. (iv) If the proposed action will cause diversions from rail to motor carriage of more than: (A) 1,000 rail carloads a year; or (B) an average of 50 rail carloads per mile per year for any part of the affected line, quantify the resulting net change in energy consumption and show the data and methodology used to arrive at the figure given.

(i) The proposed abandonment will have no effect on the transportation of energy resources.

(ii) The proposed abandonment will have no effect on the transportation of recyclable commodities.

(iii) The proposed abandonment will have no effect on overall energy efficiency as no local or overhead traffic has been handled on the Line for over one year.

(iv) The proposed abandonment will not cause any diversions of rail traffic to motor carriage, since no local or overhead traffic has been handled on the Line for over one year.

(5) Air. (i) If the proposed action will result in either: (A) An increase in rail traffic of at least 100 percent (measured in gross ton miles annually) or an increase of at least eight trains a day on any segment of rail line affected by the proposal, or (B) an increase in rail yard activity of at least 100 percent (measured by carload activity), or (C) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day on any affected road segment, quantify the anticipated effect on air emissions. For a proposal under 49 U.S.C. § 10901 (or § 10505) to construct a new line or reinstitute service over a previously abandoned line, only the eight train a day provision in sub-section (5)(i)(A) will apply. (ii) If the proposed action affects a class I or nonattainment area under the Clean Air Act, and will result in either: (A) an increase in rail traffic of at least 50 percent (measured in gross ton miles annually) or an increase of at least three trains a day on any segment of rail line; (B) an increase in rail yard activity of at least 20 percent (measured by carload activity); or (C) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day on a given road segment, then state whether any expected increased emissions are within the parameters established by the State Implementation Plan. However, for a rail construction under 49 U.S.C. § 10901 (or 49 U.S.C. § 10505), or a case involving the reinstatement of service over a previously abandoned line, only the three train a day threshold in this item shall apply. (iii) If transportation of ozone depleting materials (such as nitrogen oxide and freon) is contemplated, identify: the materials and quantity; the frequency of service; safety practices (including any speed restrictions); the applicant's safety record (to the extent available) on derailments, accidents and spills; contingency plans to deal with accidental spills; and the likelihood of an accidental release of ozone depleting materials in the event of a collision or derailment.

(i) The proposed abandonment will not result in meeting or exceeding the specified thresholds.

(ii) The proposed abandonment will not result in meeting or exceeding the specified thresholds.

(iii) The proposed abandonment will not affect the transportation of ozone depleting materials.

(6) Noise. If any of the thresholds identified in item (5)(i) of this section are surpassed, state whether the proposed action will cause: (i) an incremental increase in noise levels of three decibels Ldn or more; or (ii) an increase to a noise level of 65 decibels Ldn or greater. If so, identify sensitive receptors (e.g., schools, libraries, hospitals, residences, retirement communities, and nursing homes) in the project area, and quantify the noise increase for these receptors if the thresholds are surpassed.

Not applicable

(7) Safety. (i) Describe any effects of the proposed action on public health and safety (including vehicle delay time at railroad grade crossings). (ii) If hazardous materials are expected to be transported, identify: the materials and quantity; the frequency of service; whether chemicals are being transported that, if mixed, could react to form more hazardous compounds; safety practices (including any speed restrictions); the applicant's safety record (to the extent available) on derailments, accidents and hazardous spills; the contingency plans to deal with accidental spills; and the likelihood of an accidental release of hazardous materials. (iii) If there are any known hazardous waste sites or sites where there have been known hazardous materials spills on the right-of-way, identify the location of those sites and the types of hazardous materials involved.

(i) The proposed abandonment will have no detrimental effects on public health and safety. The removal of grade crossings and the associated signs and structures will enhance public safety by eliminating distractions to vehicular traffic crossing the Line.

(ii) The proposed abandonment will not affect the transportation of hazardous materials.

(iii) There are no known hazardous material waste sites or sites where known hazardous material spills have occurred on or along the rail corridor of the Line.

(8) Biological Resources. (i) Based on consultation with the U.S. Fish and Wildlife Service, state whether the proposed action is likely to adversely affect endangered or threatened species or areas designated as a critical habitat, and if so, describe the effects. (ii) State whether wildlife sanctuaries or refuges, National or State parks or forests will be affected, and describe any effects.

(i) PRCC notified the U.S. Fish and Wildlife Service of the proposed abandonment and requested assistance in determining whether endangered or threatened species or areas designated as a critical habitat are likely to be adversely affected. See Exhibit 5. The U.S. Fish and Wildlife Service has not identified any issues that indicate that consultation under Section 7 of the Endangered Species Act of 1973, as amended, is needed for the proposed abandonment. See Exhibit 6. A copy of this Revised Report is being supplied to the U.S. Fish and Wildlife Service for its information and further comment.

(ii) PRCC does not believe that any wildlife sanctuaries or refuges, National or State parks or forests would be adversely affected by the proposed abandonment. PRCC notified the National Parks Service of the proposed abandonment and requested assistance in identifying any potential effects on wildlife sanctuaries or refuges, National or State parks or forests. See Exhibit 7. To date, no response to this request has been received. A copy of this Revised Report is being supplied to the National Park Service for its information and comment.

(9) Water. (i) Based on consultation with State water quality officials, state whether the proposed action is consistent with applicable Federal, State or local water quality standards. Describe any inconsistencies. (ii) Based on consultation with the U.S. Army Corps of Engineers, state whether permits under section 404 of the Clean Water Act (33 U.S.C. § 1344) are required for the proposed action and whether any designated wetlands or 100-year flood plains will be affected. Describe the effects. (iii) State whether permits under section 402 of the Clean Water Act (33 U.S.C. § 1342) are required for the proposed action.

(i) PRCC is confident that the proposed abandonment will be consistent with applicable water quality standards. PRCC contacted the Idaho Department of Environmental Quality (“DEQ”) and the U.S. Environmental Protection Agency concerning this matter requesting assistance in determining whether the proposed abandonment is consistent with applicable Federal, State, or local water quality standards. See Exhibit 8. To date, only the DEQ has responded. See Exhibit 9. DEQ has identified a number of project requirements and concerns that need to be addressed before the Line is salvaged. PRCC intends to consult with DEQ before any salvage operations commence. A copy of this Revised Report is being supplied to the U.S. Environmental Protection Agency and the DEQ for their information and further comment.

(ii) PRCC is confident that no designated wetlands or 100-year flood plains will be adversely affected by the proposed abandonment. PRCC contacted the Corps of Engineers concerning these matters. See Exhibit 10. The Corps determined that no Army permit will be required for this project. See Exhibit 11. A copy of this Revised Report is being supplied to the U.S. Army Corps of Engineers for its information and further comment.

(iii) PRCC contacted the U.S. Environmental Protection Agency concerning this matter and requested assistance in identifying any potential effects on applicable water quality standards and determining whether the proposed abandonment is consistent with applicable Federal, State, or local water quality standards. See Exhibit 8. To date, no response to this letter has been received. A copy of this Revised Report is being supplied to the U.S. Environmental Protection Agency for its information and comment.

(10) Proposed Mitigation. Describe any actions that are proposed to mitigate adverse environmental impacts, indicating why the proposed mitigation is appropriate.

PRCC does not expect any adverse environmental impact from the proposed abandonment and, therefore, sees no need for any mitigating actions. PRCC will, of course, adhere to any remedial actions suggested by the recipients of this Report and required by the Board.



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KARL MORELL
OF COUNSEL

kmorell@bjllp.com

November 20, 2006

Latah County Commissioners
P.O. Box 8068
Moscow, ID 83843

**RE: Docket No. AB-570 (Sub-No. 2X), Palouse River & Coulee City
Railroad, Inc.--Abandonment Exemption—In Latah County,
Idaho**

Dear Sir/Madam:

Palouse River & Coulee City Railroad, Inc. ("PRCC") is planning to file a Notice of Exemption with the Surface Transportation Board ("STB"), on or about December 21, 2006, for PRCC to abandon the 0.74-mile rail line located between mileposts 85.72 and 86.46, at Moscow, in Latah County, Idaho. A map of the proposed abandonment is attached.

Pursuant to the STB's environmental regulations at 49 C.F.R., Part 1105, we are advising you of this proposed action so that you may assist us in identifying any potential effects on existing land use plans. We must determine whether the proposed abandonment is inconsistent with existing land use plans.

We would appreciate your review of the proposed abandonment and any comments you may wish to offer. We would also appreciate you providing us with a written response so that we can forward it to the STB.

November 20, 2006

Page 2

Thank you in advance for your prompt assistance. If you have any questions concerning this matter, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Karl Morell". The signature is written in black ink and is positioned above the printed name.

Karl Morell

Attorney for:

Palouse River & Coulee City Railroad, Inc.

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KARL MORELL
OF COUNSEL

kmorell@bjllp.com

November 20, 2006

USDA Natural Resources Conservation Service
9173 West Barnes Drive, Suite C
Boise, ID 83709

**RE: Docket No. AB-570 (Sub-No. 2X), Palouse River & Coulee City
Railroad, Inc.--Abandonment Exemption--In Latah County,
Idaho**

Dear Sir/Madam:

Palouse River & Coulee City Railroad, Inc. ("PRCC") is planning to file a Notice of Exemption with the Surface Transportation Board ("STB"), on or about December 21, 2006, for PRCC to abandon the 0.74-mile rail line located between mileposts 85.72 and 86.46, at Moscow, in Latah County, Idaho. A map of the proposed abandonment is attached.

Pursuant to the STB's environmental regulations at 49 C.F.R., Part 1105, we are advising you of this proposed action so that you may assist us in identifying any potential effects on prime agricultural land.

We would appreciate your review of the proposed abandonment and any comments you may wish to offer. We would also appreciate you providing us with a written response so that we can forward it to the STB.

BALL JANIK LLP

November 20, 2006
Page 2

Thank you in advance for your prompt assistance. If you have any questions concerning this matter, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Karl Morell". The signature is written in black ink and is positioned above the printed name.

Karl Morell

Attorney for:

Palouse River & Coulee City Railroad, Inc.



Natural Resources Conservation Service
9173 W. Barnes Dr., Suite C
Boise, ID 83709-1574

November 28, 2006

Karl Morell
Attorney for:
Palouse River & Coulee City Railroad, Inc.
1455 F Street, NW, Suite 225
Washington, D.C. 20005

Dear Mr. Morell:

We received your request for information concerning lands subject to the Farmland Protection Policy Act as part of the Palouse River & Coulee City Railroad, Inc's, application to abandon a .74-mile rail line located between milepost 85.72 and milepost 86.46 in Moscow, Latah County, Idaho.

By definition, land cannot be prime farmland if the land is already in or committed to urban development or water storage. Farmland "already in" urban development or water storage includes all such land with a density of 30 structures per 40-acre area. The area of the proposed action by the Palouse River & Coulee City Railroad, Inc is in an area that contains more than 30 structures per 40 acres and therefore is not subject to the Farmland Protection Policy Act.

We appreciate the opportunity to comment on this proposed action. If you have any questions, feel free to contact Hal Swenson, Assistant State Soil Scientist for NRCS in Idaho. Hal's telephone number is 208-378-5728 or e-mail at Hal.Swenson@id.usda.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Sims". To the right of the signature, the word "ACTING" is written in a smaller, handwritten font.

RICHARD SIMS
State Conservationist

cc: David Hoover, State Soil Scientist, NRCS, Boise SO
Hal K. Swenson, Assistant State Soil Scientist, NRCS, Boise SO
Bruce Knapp, Soil Scientist, NRCS, Moscow, ID
Patrick Evans, District Conservationist, NRCS, Moscow, ID

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KARL MORELL
OF COUNSEL

kmorell@bjllp.com

November 20, 2006

U.S. Fish and Wildlife Service
911 N.E. 11th Avenue
Portland, OR 97232-4181

**RE: Docket No. AB-570 (Sub-No. 2X), Palouse River & Coulee City
Railroad, Inc.--Abandonment Exemption--In Latah County,
Idaho**

Dear Sir/Madam:

Palouse River & Coulee City Railroad, Inc. ("PRCC") is planning to file a Notice of Exemption with the Surface Transportation Board ("STB"), on or about December 21, 2006, for PRCC to abandon the 0.74-mile rail line located between mileposts 85.72 and 86.46, at Moscow, in Latah County, Idaho. A map of the proposed abandonment is attached.

Pursuant to the STB's environmental regulations at 49 C.F.R., Part 1105, we are advising you of this proposed action so that you may assist us in determining whether it is likely to adversely affect endangered or threatened species or areas designated as a critical habitat.

We would appreciate your review of the proposed abandonment and any comments you may wish to offer. We would also appreciate you providing us with a written response so that we can forward it to the STB.

November 20, 2006

Page 2

Thank you in advance for your prompt assistance. If you have any questions concerning this matter, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Karl Morell". The signature is written in a cursive style with a large, prominent initial "K".

Karl Morell

Attorney for:

Palouse River & Coulee City Railroad, Inc.



United States Department of the Interior
FISH AND WILDLIFE SERVICE

Snake River Fish and Wildlife Office
1387 S. Vinnell Way, Room 368
Boise, Idaho 83709
Telephone (208) 378-5243
<http://IdahoES.fws.gov>



Karl Morell
Attorney at Law
Ball Janik LLP
1455 F Street, NW, Suite 225
Washington, D.C. 20005

DEC 05 2006

Subject: Palouse River and Coulee City Railroad—Latah County, Idaho—Species List
File #970.300 2007-SL-0152

Dear Mr. Morell:

The Fish and Wildlife Service (Service) is writing in response to your request for information about the potential impacts to endangered, threatened, proposed, and/or candidate species, or proposed critical habitat from the proposed railroad abandonment project. The Service has not identified any issues that indicate that consultation under section 7 of the Endangered Species Act of 1973, as amended, is needed for this project. This finding is based on our understanding of the nature of the project, local conditions, and/or current information indicating that no listed species are present. If you determine otherwise or require further assistance, please contact the Snake River Fish and Wildlife Office at (208) 378-5243. Thank you for your interest in endangered species conservation.

Sincerely,


Jeffery L. Foss, Field Supervisor
Snake River Fish and Wildlife Office

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KARL MORELL
OF COUNSEL

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November 20, 2006

National Park Service
One Jackson Center
1111 Jackson Street, Suite 700
Oakland, CA 94607

**RE: Docket No. AB-570 (Sub-No. 2X), Palouse River & Coulee City
Railroad, Inc.--Abandonment Exemption--In Latah County,
Idaho**

Dear Sirs:

Palouse River & Coulee City Railroad, Inc. ("PRCC") is planning to file a Notice of Exemption with the Surface Transportation Board ("STB"), on or about December 21, 2006, for PRCC to abandon the 0.74-mile rail line located between mileposts 85.72 and 86.46, at Moscow, in Latah County, Idaho. A map of the proposed abandonment is attached.

Pursuant to the STB's environmental regulations at 49 C.F.R., Part 1105, we are advising you of this proposed action so that you may assist us in identifying any potential effects on wildlife sanctuaries or refuges, National or State parks or forests.

We would appreciate your review of the proposed abandonment and any comments you may wish to offer. We would also appreciate you providing us with a written response so that we can forward it to the STB.

BALL JANIK LLP

November 20, 2006

Page 2

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Sincerely,

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Karl Morell

Attorney for:

Palouse River & Coulee City Railroad, Inc.

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KARL MORELL
OF COUNSEL

kmorell@bjllp.com

November 20, 2006

Administrator
Department of Environmental Quality
P.O. Box 83720
1410 North Hilton
Boise, ID 83706-1255

**RE: Docket No. AB-570 (Sub-No. 2X), Palouse River & Coulee City
Railroad, Inc.--Abandonment Exemption—In Latah County,
Idaho**

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Pursuant to the STB's environmental regulations at 49 C.F.R., Part 1105, we are advising you of this proposed action so that you may assist us in identifying any potential effects on applicable water quality standards. We also seek your assistance in determining whether the proposed abandonment is consistent with applicable Federal, State or local water quality standards. PRCC does not believe any permits under Section 402 of the Clean Water Act will be required.

We would appreciate your review of the proposed abandonment and any comments you may wish to offer. We would also appreciate you providing us with a written response so that we can forward it to the STB.

BALL JANIK LLP

November 20, 2006
Page 2

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Karl Morell

Attorney for:

Palouse River & Coulee City Railroad, Inc.

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November 20, 2006

U.S. Environmental Protection Agency
1200 Sixth Avenue
Seattle, WA 98101

**RE: Docket No. AB-570 (Sub-No. 2X), Palouse River & Coulee City
Railroad, Inc.--Abandonment Exemption--In Latah County,
Idaho**

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Pursuant to the STB's environmental regulations at 49 C.F.R., Part 1105, we are advising you of this proposed action so that you may assist us in identifying any potential effects on applicable water quality standards. We also seek your assistance in determining whether the proposed abandonment is consistent with applicable Federal, State or local water quality standards. PRCC does not believe any permits under Section 402 of the Clean Water Act will be required.

We would appreciate your review of the proposed abandonment and any comments you may wish to offer. We would also appreciate you providing us with a written response so that we can forward it to the STB.

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Karl Morell

Attorney for:

Palouse River & Coulee City Railroad, Inc.



STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

EXHIBIT 9

1118 F STREET • LEWISTON, ID 83501 • (208) 799-4370

JAMES E. RISCH, GOVERNOR
TONI HARDESTY, DIRECTOR

December 19, 2006

Karl Morell
Ball Janik LLP
1455 F Street, NW, Suite 225
Washington, D. C. 20005

RE: Comments Docket No. AB-570 (Sub-No.2X), Palouse River & Coulee
City Railroad, Inc.-Abandonment Exemption-In Latah County, Idaho

Dear Mr. Morell:

The Lewiston Regional Office of the Department of Environmental Quality has received your request on behalf of Palouse River & Coulee City Railroad Great Northwest Railroad, Inc. for assistance in identifying possible water quality issues involved with the above mentioned project.

We appreciate the opportunity to review this project, and believe the railroad abandonment project provides the opportunity to coordinate our efforts to identify and produce an inventory of potential environmental quality problem areas that may arise from the abandonment of this section of railroad line. This letter does not constitute a Clean Water Act Section 401 certification and additional or different considerations and conditions may be specified in connection with the Department's review of specific activities. Currently, we have identified the following water quality and environmental project requirements and concerns.

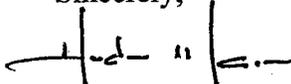
1. Water quality protection will need to be carefully addressed since the proposed abandonment crosses and is adjacent to Paradise Creek. Paradise Creek is identified in the Idaho State Water Quality Standards as Waterbody ID 17060108CL005_02, urban boundary to Idaho/Washington border. The waterbody is currently listed in Section 4 of the Idaho 2002 Integrated Report as impaired due to bacteria, siltation, thermal modification, flow alteration, habitat alteration, ammonia and nutrients, and is included in the Paradise Creek TMDL and the Idaho State Water Quality Management Plan. The Paradise Creek Total Maximum Daily Load lists allowable pollutant load allocations. Your project will need to comply with the allowable pollutant load allocations listed in the Total Maximum Daily Load.

2. The location of the abandonment is an industrial site and adjacent to a site mitigated for the presence of hazardous materials where known hazardous materials were stored and spills occurred. A hazardous material remediation plan, which includes DEQ notification, should be put in place to address hazardous material remediation if these substances are discovered during abandonment.
3. A Clean Water Act Section 402 Storm Water National Pollution Discharge Elimination Permit and an accompanying Storm Water Pollution Prevention Plan should be provided for the site during abandonment activities.

We suggest information be presented in a report that fully characterizes the site and the concerns we have raised and the hazard risk to water and the environment resulting from any activities associated with the railroad line abandonment activity. The report should be submitted to the Department to determine if additional or different considerations and conditions may be specified in connection with the Department's review of specific activities.

Thank you for the opportunity to provide further comment on this project. If you would like to discuss these comments or have any questions please contact the Lewiston Regional Office at (208) 799-4370.

Sincerely,



Hudson Mann
Acting Regional Administrator

Cc: Toni Hardesty, Director, Department of Environmental Quality
Curt Fransen, Idaho Attorney General Office
Don Howell IPUC/Boise

BALL JANIK LLP

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WASHINGTON, D.C. 20005

www.balljanik.com

TELEPHONE 202-638-3307
FACSIMILE 202-783-6947

KARL MORELL
OF COUNSEL

kmorell@bjllp.com

November 20, 2006

U.S. Army Engineer District, Walla Walla
201 North Third Avenue
Walla Walla, WA 99362-1876

**RE: Docket No. AB-570 (Sub-No. 2X), Palouse River & Coulee City
Railroad, Inc.--Abandonment Exemption--In Latah County,
Idaho**

Dear Sir/Madam:

Palouse River & Coulee City Railroad, Inc. ("PRCC") is planning to file a Notice of Exemption with the Surface Transportation Board ("STB"), on or about December 21, 2006, for PRCC to abandon the 0.74-mile rail line located between mileposts 85.72 and 86.46, at Moscow, in Latah County, Idaho. A map of the proposed abandonment is attached.

Pursuant to the STB's environmental regulations at 49 C.F.R., Part 1105, we are advising you of this proposed action so that you may assist us in identifying any potential effects on designated wetlands or 100-year flood plains. PRCC does not believe any permits under Section 404 of the Clean Water Act will be required.

We would appreciate your review of the proposed abandonment and any comments you may wish to offer. We would also appreciate you providing us with a written response so that we can forward it to the STB.

November 20, 2006
Page 2

Thank you in advance for your prompt assistance. If you have any questions concerning this matter, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Karl Morell". The signature is written in a cursive, flowing style.

Karl Morell

Attorney for:

Palouse River & Coulee City Railroad, Inc.



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
WALLA WALLA DISTRICT, CORPS OF ENGINEERS
201 NORTH THIRD AVENUE
WALLA WALLA, WASHINGTON 99362-1876

January 24, 2007

Regulatory Division

SUBJECT: NWW-2007-75-W02

Mr. Karl Morell
Ball Janik LLP
Suite 225
1455 F Street NW
Washington, D.C. 20005

Dear Mr. Morell

We reviewed the Palouse River & Coulee City Railroad's proposed railroad abandonment in Moscow, Idaho, Docket No. AB-570, which is described in your January 17, 2007 letter. Based on the information you provided, your work will not involve a discharge of dredged or fill material below the ordinary high water mark of Paradise Creek or in wetlands. Therefore, a Department of the Army permit will not be required for your project.

This determination applies only to Department of the Army permits administered by the Corps of Engineers. Your project may also require permits from other Federal, state, and local agencies. In addition, your project may require a permit from your local city or county zoning office if they adopted a local floodplain management ordinance under the National Flood Insurance Program. You should contact these agencies to obtain any necessary permits prior to starting construction.

We are interested in your thoughts and opinions concerning the quality of service you received from the Walla Walla District, Corps of Engineers Regulatory Division. If you have Internet access and are interested in letting us know how we are doing, you can complete an electronic version of our Customer Service Survey form on our web site at: <http://per2.nwp.usace.army.mil/survey.html> which will be automatically submitted to us. Alternatively, you may call and request a paper copy of the survey which you may complete and return to us by mail or fax.

Please contact me at 509-527-7156 if you have any questions.

Sincerely,

Duane E. Mitchell
Duane E. Mitchell
Regulatory Project Manager

RECEIVED
2007 APR 13 AM 8:11
PUBLIC UTILITIES COMMISSION

REVISED HISTORIC REPORT
(49 C.F.R. 1105.8)
Docket No. AB-570 (Sub-No. 2X)
PALOUSE RIVER & COULEE CITY RAILROAD, INC.
--ABANDONMENT EXEMPTION--
IN LATAH COUNTY, IDAHO

The Historic Report should contain the information required by 1105.7(e)(1) of the Environmental Report. The following is excerpted from the Environmental Report prepared for the proposed abandonment:

Proposed Action and Alternatives. Describe the proposed action, including commodities transported, the planned disposition (if any) of any rail line and other structures that may be involved, and any possible changes in current operations or maintenance practices. Also describe any reasonable alternatives to the proposed action. Include a readable, detailed map and drawings clearly delineating the project.

Palouse River & Coulee City Railroad, Inc. ("PRCC"), proposes to abandon its 0.2-mile rail line between mileposts 85.91 and 86.11, in Moscow, Idaho (the "Line"). Upon receipt of abandonment authority, PRCC intends to remove the rail, track material, and crossties. There is one bridge at the end of the Line.¹ The bridge and the land underneath the bridge are owned by Gritman Medical Center ("Gritman"). To the best of PRCC's knowledge, Gritman will likely remove the bridge once this abandonment is consummated as part of the expansion of its Medical Center.

The proposed abandonment will not change rail freight operations or maintenance practices on the Line. No local or overhead traffic is being handled on the Line. There currently

¹ There are two tracks on the bridge: the line being abandoned and the remaining segment of a spur track that was used to serve a former shipper. The remaining segment of the spur track will also be removed as part of the planned salvage operations. The abandonment of the spur track, however, does not require prior Board approval. See 49 U.S.C. § 10906.

are no active rail shippers located along the Line. The last active shipper on the Line, Moscow Idaho Seed Company, shipped one carload in early 2006 before closing its facility on the Line. All former overhead traffic has been rerouted over a parallel line.

The only alternative to abandonment would be not to abandon the Line and forcing PRCC to absorb the opportunity costs of retaining this inactive Line. This would not be a prudent use of carrier resources. The Line is in poor condition and in need of substantial rehabilitation.

Maps of the proposed abandonment are attached hereto as Exhibit 1.

HISTORIC REPORT

- 1. A U.S.G.S. topographic map (or alternate map drawn to scale and sufficiently detailed to show buildings and other structures in the vicinity of the proposed action) showing the location of the proposed action, and the locations and approximate dimensions of railroad structures that are 50 years old or older and are part of the proposed action;**

A map and the identification of all structures on the Line that are 50 years old or older have been supplied to the Idaho State Historical Society ("IHS"). See Exhibit 2. Since that information was provided to HIS, it has come to the attention of PRCC that the bridge is owned by Gritman Medical Center and not PRCC. As previously noted, Gritman will likely remove the bridge once this abandonment is consummated. The removal, however, will not be as a result of this abandonment but as part of the expansion of the Gritman Medical Center.

- 2. A written description of the right of way (including approximate widths, to the extent known), and the topography and urban and/or rural characteristics of the surrounding area;**

The right-of-way is of varying widths. The Line is located within the city limits of Moscow, Idaho near the University of Idaho. The Line begins at milepost 86.11, immediately west of I-95 and extends generally in a northwesterly direction to milepost 85.91, at 8th Street.

3. Good quality photographs (actual photographic prints, not photocopies) of railroad structures on the property that are 50 years old or older and of the immediate surrounding area;

The only structure on the Line that is potentially 50 years old or older is one bridge of unknown age. A photograph of the bridge has been supplied to the IHS. See Exhibit 2. As previously noted, the bridge is not owned by PRCC.

4. The date(s) of construction of the structure(s), and the date(s) and extent of any major alterations, to the extent such information is known;

The bridge located on the Line is likely to be fifty years old or older. See Exhibit 2.

PRCC is not in possession of any engineering documents regarding the maintenance or repairs of this bridge.

5. A brief narrative history of carrier operations in the area, and an explanation of what, if any, changes are contemplated as a result of the proposed action;

PRCC acquired this property from the Burlington Northern Railroad Company in September 1996.² No traffic has moved over the Line for over one year. As a result, the involved 0.2-mile Line is no longer required for rail operations. PRCC is of the opinion that rehabilitation of the Line cannot be economically justified. Since the Line is not being used, no change to current transportation patterns is anticipated upon the abandonment of the Line.

6. **A brief summary of documents in the carrier's possession, such as engineering drawings, that might be useful in documenting a structure that is found to be historic;**

There are no available individual drawings for the bridge on the Line. The bridge is quite common in design and construction and is of no historical significance. It is typical of many bridges and underpasses found throughout North America. In any event, the bridge is not owned by PRCC and its removal will not be a result of this abandonment.

7. **An opinion (based on readily available information in the railroad's possession) as to whether the site and/or structures meet the criteria for listing on the National Register of Historic Places (36 C.F.R. 60.4), and whether there is a likelihood of archeological resources or any other previously unknown historic properties in the project area, and the basis for these opinions (including any consultations with the State Historic Preservation Office, local historical societies or universities);**

In PRCC's view, the bridge is quite common in design and construction. It has no historical significance as to the history of railroad construction or operation. It is a common structure found on numerous railroads throughout North America. There are also no known archeological resources in the project area. Attached as Exhibit 3 is the response PRCC received from the HIS.

8. **A description (based on readily available information in the railroad's possession) of any known prior subsurface ground disturbance or fill, environmental conditions (naturally occurring or manmade) that might affect the archeological recovery of resources (such as swampy conditions or the presence of toxic waste), and the surrounding terrain.**

² See STB Finance Docket No. 33041, *Palouse River & Coulee City Railroad, Inc.--Acquisition Exemption--Burlington Northern Railroad Company* (not printed), served September 27, 1996.

There are no existing records as to the nature of any known subsurface ground disturbance or fill, or environmental condition that might affect the archeological recovery of any potential resources.

9. **Within 30 days of receipt of the historic report, the State Historic Preservation Officer may request the following additional information regarding specific non railroad owned properties or groups of properties immediately adjacent to the railroad right-of-way: photographs of specified properties that can be readily seen from the railroad right-of-way (or other public rights-of-way adjacent to the property) and a written description of any previously discovered archeological sites, identifying the location and type of the site (i.e. prehistoric or native American).**

PRCC does not foresee the likelihood that any additional information will need to be supplied in association with the proposed line abandonment other than that information previously submitted. But, if any additional information is requested, PRCC will promptly supply the necessary information.



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IDAHO-WASHINGTON
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(VIOLA)

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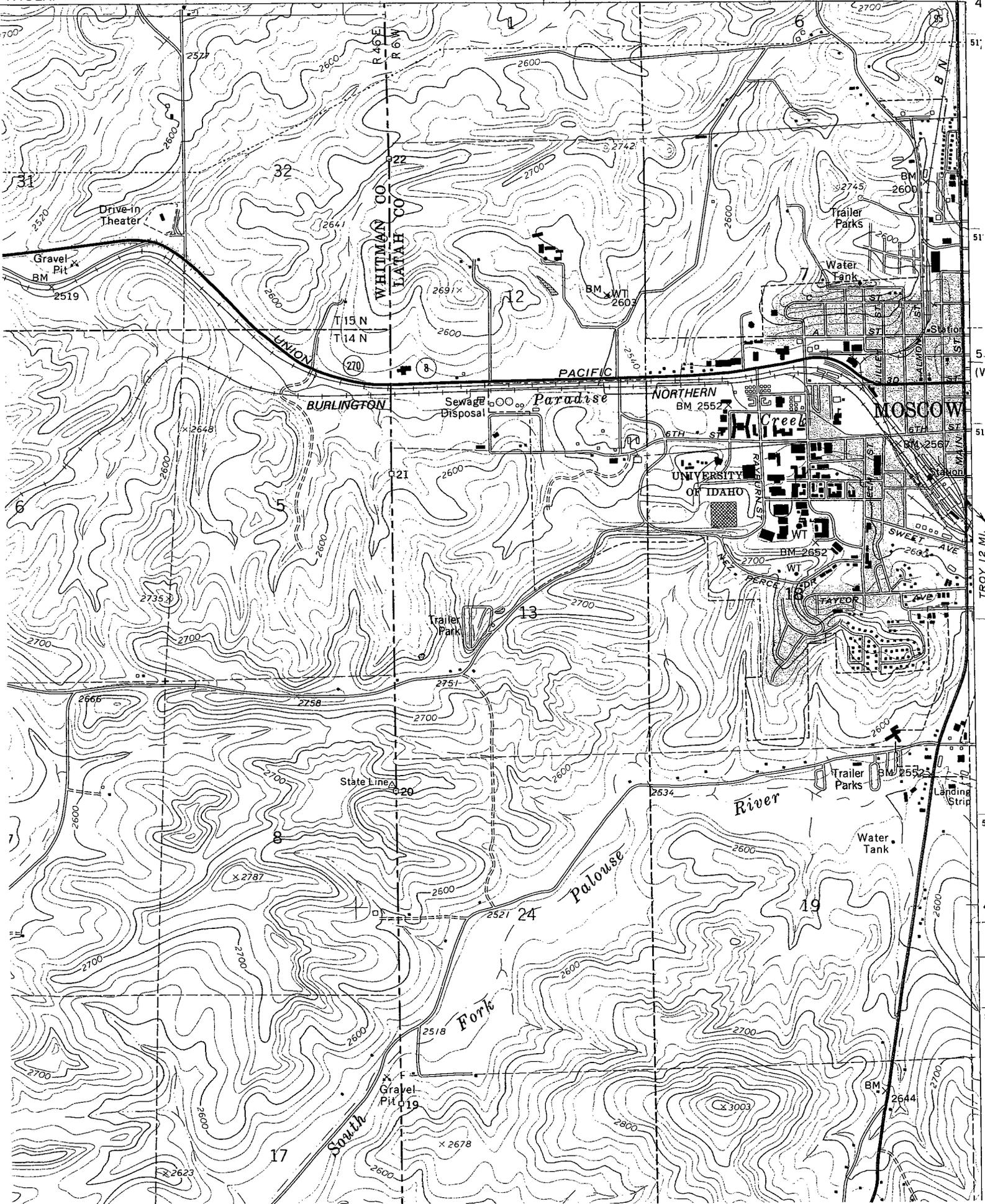
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KARL MORELL
OF COUNSEL

kmorell@bjllp.com

November 20, 2006

Idaho State Historical Society
2205 Old Penitentiary Road
Boise, ID 83712

**RE: Docket No. AB-570 (Sub-No. 2X), Palouse River & Coulee City
Railroad, Inc.--Abandonment Exemption--In Latah County,
Idaho**

Dear Sir/Madam:

Palouse River & Coulee City Railroad, Inc. ("PRCC") is planning to file a Notice of Exemption with the Surface Transportation Board ("STB"), on or about December 21, 2006, for PRCC to abandon the 0.74-mile rail line located between mileposts 85.72 and 86.46, at Moscow, in Latah County, Idaho. One of the requirements for this filing with the STB is that the owner of the rail line contact the State Historic Preservation Office regarding the proposed abandonment.

Enclosed is a map depicting the area where the rail line is located. The proposed abandonment will involve the removal of the rail, track material, and crossties; however, there are currently no plans to remove any existing structures along the track.

The line to be abandoned lies in Moscow, Idaho. The line begins at milepost 86.46, immediately west of I-95, and extends generally in a northwesterly direction to milepost 85.72. The line is located within the city limits of Moscow near the University of Idaho.

There is one bridge on this line of unknown age. A photograph of the bridge is attached. The bridge is located at milepost 86.11. This structure is quite common in design and construction and, in PRCC's view, has no historical significance. In any event, the bridge will not be affected by the proposed abandonment since only one of the rail lines traversing the bridge will be removed.

BALL JANIK LLP

November 20, 2006
Page 2

We will send you a copy of the Historic Report as soon as it is completed. If I can of further assistance regarding this matter, please call me at (202) 638-3307.

Sincerely,

A handwritten signature in cursive script that reads "Karl Morell". The signature is written in black ink and is positioned above the printed name.

Karl Morell
Attorney for
Palouse River & Coulee City Railroad, Inc.

December 1, 2006



"The History and Preservation People"

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www.idahohistory.net

James E. Risch
Governor of Idaho

Steve Guerber
Executive Director

Administration
2205 Old Penitentiary Road
Boise, Idaho 83712-8250
Office: (208) 334-2682
Fax: (208) 334-2774

Archaeological Survey of Idaho
210 Main Street
Boise, Idaho 83702-7264
Office: (208) 334-3847
Fax: (208) 334-2775

Historical Museum and Education Programs
610 North Julia Davis Drive
Boise, Idaho 83702-7695
Office: (208) 334-2120
Fax: (208) 334-4059

Historic Preservation Office
210 Main Street
Boise, Idaho 83702-7264
Office: (208) 334-3861
Fax: (208) 334-2775

Historic Sites Office
2445 Old Penitentiary Road
Boise, Idaho 83712-8254
Office: (208) 334-2844
Fax: (208) 334-3225

Public Archives and Research Library
2205 Old Penitentiary Road
Boise, Idaho 83712-8250

Public Archives
Office: (208) 334-2620
Fax: (208) 334-2626

Research Library
Office: (208) 334-3356
Fax: (208) 334-3198

Oral History
Office: (208) 334-3863
Fax: (208) 334-3198

Mr. Karl Morell
Ball Janik LLP Attorneys
1455 F. Street NW Ste. 225
Washington D.C., 20005

RE: Palouse River and Coulee City Railroad, Inc., Abandonment Exemption, Latah County, Idaho

Dear Mr. Morell:

Thank you for requesting our views on the proposed abandonment of the Palouse River and Coulee City Railroad's 0.74-mile rail line in downtown Moscow, Idaho. We believe that this railroad is *eligible* for its association with area's economic development.

With regard to project effects, we agree that removing only the rail (and not the bridge) will not adversely affect it. If the bridge or will be removed, we will need some additional information. Removal of the rest of the line's rail, track materials, and ties will likewise have *no adverse effect*.

The railroad through Moscow and its associated agricultural properties stand as an important representation of the overall history of the Palouse country. As a longtime community partner, the railroad should consider hiring a historian to conduct an inventory of the extant agricultural buildings (i.e., grain elevators) and any remaining railroad buildings along this segment.

We appreciate your cooperation. If you have any questions, please feel free to contact me at 208-334-3847, ext. 107.

Sincerely,

Susan Pengilly Neitzel
Deputy SHPO

