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SERVICE DATE – MARCH 20, 2009

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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35228]

Regional Rail, LLC—Continuance in Control Exemption—Middletown and New Jersey
Railroad, LLC

Regional Rail, LLC (Regional), a noncarrier, has filed a verified notice of exemption to continue in control of Middletown and New Jersey Railroad, LLC (Middletown), upon Middletown's becoming a Class III rail carrier.¹

This transaction is related to a concurrently filed verified notice of exemption in STB Finance Docket No. 35227, Middletown and New Jersey Railroad, LLC—Acquisition and Operation Exemption—Middletown & New Jersey Railway Co., Inc. In that proceeding, Middletown seeks an exemption under 49 CFR 1150.31 to acquire and operate 6.5 miles of rail line in New York owned by Middletown & New Jersey Railway Co., Inc.

The parties intend to consummate the transaction on or shortly after April 5, 2009, the effective date of the exemption.

¹ Regional owns 100% of the issued and outstanding shares of Middletown.

Regional is a Delaware limited liability company that currently controls East Penn Railroad, LLC, a Class III rail carrier that operates rail lines in Pennsylvania and Delaware. Regional states that the purpose of the proposed transaction is to reduce overhead expenses and coordinate billing, maintenance, mechanical, and personnel policies and practices of its rail carrier subsidiaries, thereby improving the overall efficiency of rail service provided by the two railroads.

Regional represents that: (1) the rail line to be acquired by Middletown does not connect with any other railroad in its corporate family; (2) the transaction is not part of a series of anticipated transactions that would connect the rail line with any other railroad in its corporate family; and (3) the transaction does not involve a Class I rail carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here, because all of the carriers involved are Class III carriers.

If the verified 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

effectiveness of the exemption. Stay petitions must be filed no later than March 27, 2009 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35228, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Karl Morell, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

Board decisions and notices are available on our website at “WWW.STB.DOT.GOV.”

Decided: March 12, 2009.

By the Board, Joseph H. Dettmar, Acting Director, Office of Proceedings.

Anne K. Quinlan

Acting Secretary