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**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

ENTERED  
Office of Proceedings  
July 1, 2015  
Part of  
Public Record

**FD 35936**

**PIEDMONT RAILWAY LLC  
LEASE AND OPERATE EXEMPTION  
NORTH CAROLINA  
DEPARTMENT OF TRANSPORTATION**

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**VERIFIED NOTICE OF EXEMPTION  
PURSUANT TO 49 U.S.C. §10901 and 49 CFR §1150.31**

Submitted By:

John D. Heffner  
Strasburger & Price, LLP  
1025 Connecticut Avenue, N.W.  
Suite 717  
Washington, D.C. 20036  
(202) 742-8607

Counsel for Petitioner

FEE RECEIVED  
July 1, 2015  
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TRANSPORTATION BOARD

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Dated: July 1, 2015

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Piedmont Railway LLC (“Piedmont”), a non-carrier, limited liability company, and indirect corporate subsidiary of Iowa Pacific Holdings, LLC,<sup>1</sup> files this Verified Notice of Exemption pursuant to the class exemption at 49 C.F.R. § 1150.31-1150.34 to lease and operate a line of railroad (“the Line”) owned by the North Carolina Department of Transportation (“NCDOT”). The Line extends a total distance of approximately 13 miles. A map illustrating the Line is attached as Exhibit A.

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<sup>1</sup> Iowa Pacific Holdings, LLC, owns 100% of Permian Basin Railways, Inc. which in turn will own 100% of Piedmont.

INFORMATION REQUIRED BY 49 CFR §1150.33

Name and Address of Applicant 49 CFR §1150.33(a)  
Piedmont Railway LLC  
c/o Iowa Pacific Holdings, LLC  
118 South Clinton Street,  
Suite 400  
Chicago, IL 60661

Applicant's Representative 49 CFR §1150.33(b)  
John D. Heffner  
Strasburger & Price, LLP  
1025 Connecticut Ave., N.W.  
Suite 717  
Washington, D.C. 20036  
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Statement of Agreement 49 CFR §1150.33(c)

Piedmont and NCDOT have entered into a Railroad Lease and Operating Agreement dated May 13, 2015, under which NCDOT has granted Piedmont the exclusive right to lease the Line and provide freight and passenger rail services over the Line.

Operator of the Property 49 CFR §1150.33(d)

Piedmont will replace the existing tenant carrier, Piedmont and Northern Railway, Inc.,<sup>2</sup> as the common carrier providing all service on the Line.

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<sup>2</sup> Piedmont & Northern Railway, Inc., is a subsidiary of Patriot Rail Corp.

Brief Summary of Transaction

49 CFR §1150.33(e)

Piedmont has been selected by NCDOT to replace Piedmont and Northern Railway, Inc., as the sole provider of rail service on the Line. Piedmont and Northern Railway, Inc., has agreed to terminate its service voluntarily to enable the NCDOT to substitute Piedmont's service for that of Piedmont and Northern Railway, Inc. Accordingly, this transaction qualifies for a class exemption under 49 CFR §1150.31(a) (3) involving a change in operators on the line.

Other information required

- (1) Name and address of the party transferring the subject property:<sup>3</sup>

NCDOT, Rail Division  
1553 Mail Service Center  
Raleigh, NC 27699-1553

- (2) The proposed time schedule for consummation of the transaction:

Piedmont intends to consummate this transaction on or about August 1, 2015, thirty (30) days from the date of this notice.

The mileposts of the subject property, including any branch lines:

The Line consists of two segments: (1) Between Milepost SFC 11.39 at Mt Holly, NC, and Milepost SFC 23.0 at Gastonia, NC, and (2) the Belmont Branch extending between Milepost SFC 13.6/SFF 0.13 and Milepost SFF 1.56. The Line includes all sidings, industrial tracks, yard, and storage tracks.

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<sup>3</sup> This is a lease transaction so no property is being transferred.

Map

49 CFR §1150.33(f)

A map depicting the railroad trackage to be operated is attached as Exhibit A.

Certificate of Carrier Classification 49 CFR §1150.33(g)

Piedmont certifies that with this transaction its projected annual revenues will be less than \$5,000,000. A certificate complying with the provisions of 49 CFR §1150.33(g) is attached as Exhibit B to this notice.

Transactions Imposing Interchange Commitments 49 CFR §1150.33(h)

There are no agreements applicable to the Line imposing any interchange commitments.

Labor Protection

Labor protective conditions are not generally applicable to transactions under 49 U.S.C. §10901 and should not be imposed here as no employees will be adversely affected.

Caption Summary 49 CFR §1150.34

A caption summary in the prescribed form is attached as Exhibit C to this Notice.

Related Transaction

Concurrently with this filing, Piedmont's corporate parents, Iowa Pacific Holdings, LLC, and Permian Basin Railways, LLC, are submitting a notice of

exemption for continuance in control of Piedmont. That filing has been docketed as FD 35937.

Environmental and Historic Preservation Data      49 CFR §1105

Pursuant to 49 CFR §1105.6(c) (2), the proposed transaction is exempt from environmental review under 49 CFR §1105(c) (2) (i), because the actions proposed herein will not cause any operating changes that exceed the thresholds established in 49 CFR §1105.7(e) (4) or (5).

In addition, this transaction is exempt from historic review under 49 CFR §1105.8(b) (1). Under this section, a sale, lease or transfer of a rail line is exempt if rail operations will continue. Further Board approval is required for the parties to abandon service, and there are no plans to dispose of or alter the properties subject to Board jurisdiction.

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Dated:      July 1, 2015