

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB DOCKET NO. FD 35897

237442
ENTERED
Office of Proceedings
January 12, 2015
Part of
Public Record

**R. J. CORMAN RAILROAD COMPANY/CAROLINA LINES, LLC
– ACQUISITION AND OPERATION EXEMPTION –
THE BALTIMORE AND ANNAPOLIS RAILROAD COMPANY
D.B.A. CAROLINA SOUTHERN RAILROAD COMPANY**

**VERIFIED NOTICE OF EXEMPTION PURSUANT TO
49 C.F.R. § 1150.31, *ET SEQ.***

**Robert A. Wimbish
FLETCHER & SIPPEL LLC
29 North Wacker Drive
Suite 920
Chicago, IL 60606-2832
Phone: (312) 252-1500
Facsimile: (312) 252-2400
Email: rwimbish@fletcher-sippel.com**

**FILED
January 12, 2015
SURFACE
TRANSPORTATION BOARD**

**ATTORNEY FOR R. J. CORMAN
RAILROAD COMPANY/CAROLINA
LINES, LLC**

Dated: January 12, 2015

**FEE RECEIVED
January 12, 2015
SURFACE
TRANSPORTATION BOARD**

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STB DOCKET NO. FD 35897

R. J. CORMAN RAILROAD COMPANY/CAROLINA LINES, LLC
– ACQUISITION AND OPERATION EXEMPTION –
THE BALTIMORE AND ANNAPOLIS RAILROAD COMPANY
D.B.A. CAROLINA SOUTHERN RAILROAD COMPANY

VERIFIED NOTICE OF EXEMPTION PURSUANT TO 49 C.F.R. § 1150.31, *ET SEQ.*

Pursuant to 49 C.F.R. § 1150.31, *et seq.*, R. J. Corman Railroad Company/Carolina Lines, LLC (“RJC-Carolina”), a non-carrier, hereby files this verified notice of exemption to acquire from The Baltimore and Annapolis Railroad Company d/b/a Carolina Southern Railroad Company (“CALA”) and to operate two interconnected rail lines, the first extending from milepost AL 326.0 at Mullins, SC, to milepost AC 290.0 at Whiteville, NC (the “Mullins-Whiteville Segment”), and the second extending from milepost ACH 297.2 at Chadbourn (at a point of connection with the Mullins-Whiteville Segment) to milepost ACH 336.1 at Conway, SC (the “Chadbourn-Conway Segment”). Collectively, the Mullins-Whiteville Segment and the Chadbourn-Conway Segment will be referred to herein as the “Line.” Incidental to the above-referenced railroad line acquisition, CALA will retain ownership of, but will grant RJC-Carolina local trackage rights over, a mile of railroad line extending between milepost AC 290.0 and milepost AC 289.0 – all at or near Whiteville, NC (the “Whiteville Mile”).

This Notice is related to R. J. Corman Railroad Group, LLC, and R. J. Corman Railroad Company, LLC – Continuance in Control Exemption – R. J. Corpan Railroad

Company/Carolina Lines, LLC, STB Docket No. FD 35898, in which R. J. Corman Railroad Group, LLC, and R. J. Corman Railroad Company, LLC concurrently have filed a notice of exemption pursuant to 49 C.F.R. § 1180.2(d)(2) to continue in control of RJC-Carolina upon RJC-Carolina's consummation of the subject railroad line transaction.

In accordance with the requirements of 49 C.F.R. § 1150.33, RJC-Carolina submits the following information:

Advance Notice (Posting): 49 C.F.R. § 1150.32(e)

RJC-Carolina's projected annual revenues are not expected to exceed \$5 million. Accordingly, the advance notice requirements of 49 C.F.R. § 1150.32(e) are not applicable here. See Exhibit A.

Full name and address of applicant: 49 C.F.R. § 1150.33(a)

R. J. Corman Railroad Company/Carolina Lines, LLC
101 R. J. Corman Drive
P.O. Box 788
Nicholasville, KY 40340

Applicant's Representative: 49 C.F.R. § 1150.33(b)

Robert A. Wimbish
Fletcher & Sippel LLC
29 North Wacker Drive, Ste. 920
Chicago, IL 60606-2832
(312) 252-1504

Statement that an agreement has been reached or details about when an agreement will be reached: 49 C.F.R. § 1150.33(c)

CALA and a consortium of counties (the "Counties") through which the Line traverses previously entered into a contract setting forth the terms and conditions pursuant to which CALA would sell the Line to the Counties. In turn, the Counties have assigned

their rights and interests under that contract to RJC-Carolina, as the Counties are entitled to do. Accordingly, RJC-Carolina will purchase the Line from CALA under the terms of the assigned contract, and will obtain incidental local trackage rights over the Whiteville Mile between milepost AC 290.0 and milepost AC 289.0.

Operator of the property: 49 C.F.R. § 1150.33(d)

Upon consummation of the subject rail line sale transaction, RJC-Carolina will operate the Line, including – via incidental local trackage rights – the Whiteville Mile.

Summary of the proposed transaction: 49 C.F.R. § 1150.33(e)

The name and address of the railroad transferring its ownership interest in the Line is as follows:

The Baltimore and Annapolis Railroad Company,
d.b.a. Carolina Southern Railroad Company
C/O Ken Pippin
1 E. Chase Street
Suite 1003
Baltimore, MD 21202

RJC-Carolina, a non-carrier, will acquire from The Baltimore and Annapolis Railroad Company d/b/a Carolina Southern Railroad Company (CALA) and will operate two interconnected rail lines (collectively, the Line), the first extending from milepost AL 326.0 at Mullins, SC, to milepost AC 290.0 at Whiteville, NC (the “Mullins-Whiteville Segment”), and the second extending from milepost ACH 297.2 at Chadbourn, NC (at a point of connection with the Mullins-Whiteville Segment) to milepost ACH 336.1 at Conway, SC (the “Chadbourn-Conway Segment”).¹ In addition, under the terms of the existing contract, CALA will grant to RJC-Carolina incidental, local trackage rights over

¹ See Baltimore and Annapolis Railroad Company – Acquisition and Operation Exemption – Mid Atlantic Railroad Co., Finance Docket No. 32636 (ICC served Feb. 9, 1995).

the Whiteville Mile extending between milepost AC 290.0 and the end of the line at milepost AC 289.0. The Line (excluding the Whiteville Mile over which RJC-Carolina is obtaining incidental local trackage rights) is approximately 74.9 route miles in length.

RJC-Carolina intends to consummate the subject transaction at its discretion on or after February 11, 2015. The precise closing date under the terms of the contract has not yet been set, however.

As additional background and detail, RJC-Carolina understands that the great majority of the Line that is the subject of this exemption proceeding has been out of service since August of 2011, due to FRA findings (based upon on-site inspections) that bridges along the Line were in such disrepair that the FRA ordered the immediate cessation of service pending completion of essential track and bridge restoration. In addition, RJC-Carolina understands that the required repairs have not been undertaken, leaving most of the Line under an embargo and without service for more than three years, despite considerable shipper and local interest in the return of rail service. The subject service outage has become contentious, resulting in the since-withdrawn complaint before the STB in Horry County, S.C., et al. v. The Baltimore and Annapolis Railroad Company, d.b.a. Carolina Southern Railroad Company, NOR 42138.

The counties in South Carolina and North Carolina participating in the aforementioned complaint proceeding have, as indicated, entered into a contract with CALA for the sale of the Line to facilitate restoring rail service under a new regime. The terms of that agreement, permit the Counties to assign their collective rights and interests to a third party, and the Counties have assigned their contractual rights and interests to RJC-Carolina, a newly-formed subsidiary of established short line holding company, R. J.

Corman Railroad Company, LLC (“RJCRC”). RJC-Carolina, backed by RJCRC, has the resolve and resources to restore the Line to operating condition, thereby resuming long-absent service to shippers and communities located along the Line. In fact, RJC-Carolina is filing the subject notice of exemption at this time in order to ensure that it can acquire the Line at the earliest possible date and move forward expeditiously with restoring the Line to service.

Map: 49 C.F.R. § 1150.33(f)

A map showing the Line and the surrounding area is attached as Exhibit B.

Certification of Class III status: 49 C.F.R. § 1150.33(g)

RJC-Carolina has supplied herewith as Exhibit A certification that RJC-Carolina’s rail freight revenues would not exceed those that would qualify it as a Class III carrier.

Transactions imposing interchange commitments: 49 C.F.R. § 1150.33(h)

The proposed transaction does not involve any provision or agreement that would limit future interchange with a third-party connecting carrier.

Environmental and Historic Prescription Data: 49 C.F.R. § 1105

Under 49 C.F.R. § 1105.6(c)(2), RJC-Carolina’s proposed acquisition of the Line is exempt from environmental reporting requirements. The proposed acquisition will not result in changes that exceed the thresholds at 49 C.F.R. §§ 1105.7(e)(4) or (5).

Under 49 C.F.R. § 1105.8(b)(1), RJC-Carolina’s proposed acquisition and operation of the Line, which will result in the restoration of rail common carrier service over rail lines that, for the most part, have been inactive for more than three years, also is exempt from historic preservation reporting requirements. Advance Board approval would be required if RJC-Carolina were to choose in the future to discontinue or abandon any

service, and RJC-Carolina has no plans to dispose of or alter properties subject to Board jurisdiction that are fifty years old or older.

Caption Summary: 49 C.F.R. § 1150.34

A caption summary in appropriate form is attached hereto as Exhibit C.

Respectfully submitted,



Robert A. Wimbish
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, IL 60606-2832
Phone: (312) 252-1500
Facsimile: (312) 252-2400
Email: rwimbish@fletcher-sippel.com

Attorney for R. J. Corman Railroad
Company/Carolina Lines, LLC

Dated: January 12, 2015

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EXHIBIT A

**VERIFICATION
AND
CERTIFICATION**

VERIFICATION

Pursuant to 28 U.S.C. § 1746, I declare under the penalty of perjury that I am authorized to make this verification on behalf of R. J. Corman Railroad Company/Carolina Lines, LLC, and that the foregoing notice of exemption is true and correct to the best of my knowledge and belief.



Michael Wester
Manager, R. J. Corman Railroad Company/
Carolina Lines, LLC; and
President, R. J. Corman Railroad
Company, LLC

January 9, 2015

CERTIFICATION

I, Michael Wester, hereby certify on behalf of R. J. Corman Railroad Company/Carolina Lines, LLC (“RJC-Carolina”) that RJC-Carolina’s projected annual revenues resulting from the consummation of the proposed railroad line acquisition and commencement of railroad operations over the subject rail lines would not exceed \$5 million annually, and would not result in RJC-Carolina becoming a Class I or Class II carrier under the provisions of 49 C.F.R. § 1201(1-1).



Michael Wester
Manager, R. J. Corman Railroad Company/
Carolina Lines, LLC; and
President, R. J. Corman Railroad
Company, LLC

January 9, 2015

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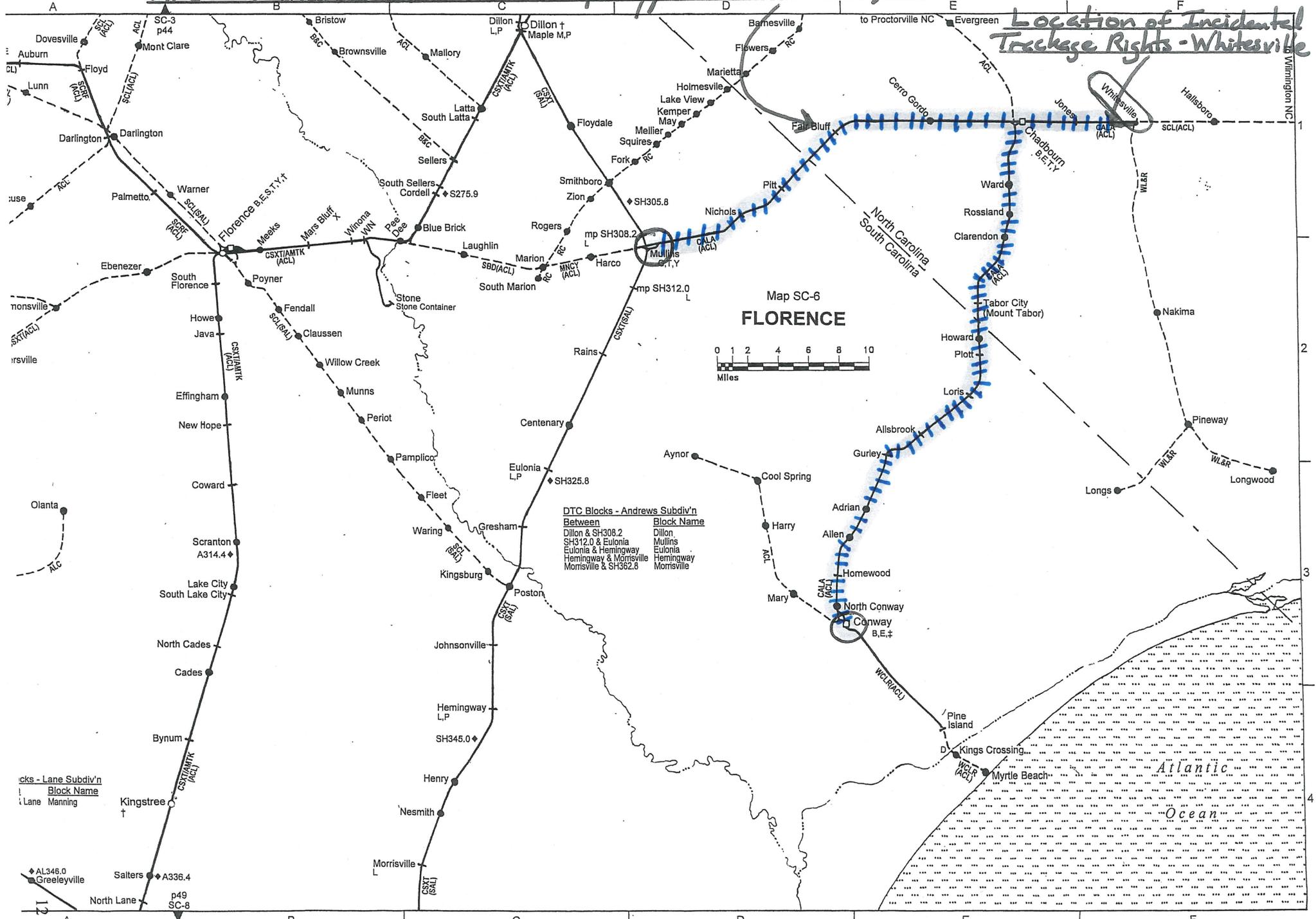
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EXHIBIT B

MAP

R. J. Corman Railroad Company/Carolina Lines, LLC

Location of Incidental
Trackage Rights - Whitesville

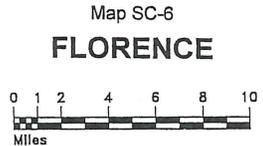


DTC Blocks - Andrews Subdiv'n

Between	Block Name
Dillon & SH308.2	Dillon
SH312.0 & Eulonia	Mullins
Eulonia & Hemingway	Eulonia
Hemingway & Morrisville	Hemingway
Morrisville & SH362.8	Morrisville

Tracks - Lane Subdiv'n
Block Name
Lane Manning

AL346.0
Greeleyville
Salters A336.4
North Lane
p49
SC-8



North Carolina
-
South Carolina

Atlantic
Ocean

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EXHIBIT C

CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

Notice of Exemption

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RJC-Carolina certifies that its revenues from freight operations will not exceed \$5 million or result in the creation of a Class I or Class II carrier.

RJC-Carolina also states that it expects to consummate the transaction on or shortly after February 11, 2015.

The notice is filed under 49 C.F.R. § 1150.31. If the notice contains false or misleading information, the exemption is void ab initio. Petitions to reopen the proceeding 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 by _____, 2015.

An original and 10 copies of all pleadings, referring to STB Docket No. FD 35897, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 395 E Street, SW, Washington, DC 20523-0001. In addition, a copy of each pleading must be served on RJCX's representative, Robert A. Wimbish, Fletcher & Sippel LLC, 29 North Wacker Drive, Suite 920, Chicago, IL 60606, (312) 252-1504.

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

Decided: January __, 2015

By the Board, Rachel D. Campbell, Director, Office of Proceedings.