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SERVICE DATE – DECEMBER 8, 2010

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35449]

Tennessee Southern Railroad Company, Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp.—Corporate Family Transaction Exemption—Sacramento Valley Railroad, LLC and Piedmont & Northern Railway, LLC

Tennessee Southern Railroad Company (TSRR), Patriot Rail, LLC (PRL) and its subsidiaries, Patriot Rail Holdings LLC (PRH) and Patriot Rail Corp. (Patriot) (collectively parties) have filed a verified notice of exemption under 49 C.F.R. § 1180.2(d)(3) for a transaction within a corporate family. PRL proposes to restructure its corporate family by converting two of its subsidiaries from corporations into limited liability companies: (1) Sacramento Valley Railroad, Inc. (SAVRC) will become Sacramento Valley Railroad, LLC (SAVRLLC), and (2) Piedmont & Northern Railway, Inc. (PNRC) will become Piedmont & Northern Railway, LLC (PNRLLC).

PRL directly controls noncarrier PRH, which in turn directly controls noncarrier Patriot. Patriot directly controls the following class III railroads: (1) TSRR; (2) Rarus Railway Company; (3) Utah Central Railway Company; (4) SAVRC; (5) Louisiana and North West Railroad Company LLC; (6) Temple & Central Texas Railway, Inc.; and (7)

PNRC. TSRR does not control any railroads.<sup>1</sup> However, after SAVRC and PNRC are converted to SAVRLLC and PNRLLC, direct control of SAVRLLC and PNRLLC will be transferred from Patriot to TSRR. PRL, PRH, and Patriot will indirectly control SAVRLLC and PNRLLC through TSRR. The proposed transaction will allow PRL and the corporate family to make use of certain tax benefits as a result of the restructuring, without affecting operations or service.

The exemption will be effective on December 22, 2010.

This is a transaction within a corporate family of the type exempted from prior review and approval under 49 C.F.R. § 1180.2(d)(3). The parties state that the transaction will not result in adverse changes in service levels, significant operational changes, or changes in the competitive balance with carriers outside the corporate family.

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 §§ 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 rail carriers.

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<sup>1</sup> On October 21, 2010, the parties filed a notice of exemption to continue in control of six railroads once they acquired certain rail assets from Weyerhaeuser N R Company and its railroad subsidiaries. See Docket No. FD 35425, Tenn. S. R.R. – Continuance in Control Exemption – Columbia & Cowlitz Ry. Notice of the exemption was served on November 12, 2010, and published in the Federal Register on November 16, 2010. Closing of this transaction is scheduled for December 21, 2010 (75 Fed. Reg. (continued . . . )

If the 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 transaction. Petitions for stay will be due no later than December 15, 2010 (at least 7 days before the effective date of the exemption).

An original and 10 copies of all pleadings, referring to Docket No. FD 35449 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 parties' representative, Louis E. Gitomer, 600 Baltimore Ave., Suite 301, Towson, MD 21204.

Board decisions and notices are available on our website at [WWW.STB.DOT.GOV](http://WWW.STB.DOT.GOV).

Decided: December 2, 2010.

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

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