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SERVICE DATE – MAY 29, 2009

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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35249]

Kern W. Schumacher—Continuance in Control Exemption—Granada Railway, LLC and Natchez Railway, LLC

Kern W. Schumacher (Mr. Schumacher), a noncarrier, has filed a verified notice of exemption under 49 CFR 1180.2(d)(2) to continue in control of Granada Railway, LLC (Granada), and Natchez Railway, LLC (Natchez), upon Granada's and Natchez's becoming Class III rail carriers.

This transaction is related to a concurrently filed verified notice of exemption in STB Finance Docket No. 35247, Granada Railway, LLC—Acquisition and Operation Exemption—Illinois Central Railroad Company and Waterloo Railway Company, wherein Granada seeks to acquire from the Illinois Central Railroad Company (ICR) and to operate an approximately 175.4-mile rail line between milepost 403.0 at Southhaven, MS, and milepost 703.8 near Canton, MS, and to acquire from Waterloo Railway Company (WLOO) approximately 11.42 miles of line between milepost 603.0 at Water Valley Junction, MS, and milepost 614.42 at Bruce Junction, MS. This transaction is also related to STB Finance Docket No. 35248, Natchez Railway, LLC—Acquisition and Operation Exemption—Illinois Central Railroad Company, wherein Natchez seeks to acquire from ICR and to operate approximately 65.6 route miles of rail line between

milepost 86.0 near Brookhaven, and milepost 148.34 in Natchez, including the International Paper Spur in Natchez, all in Mississippi.

The transactions are scheduled to be consummated on or after June 12, 2009 (30 days after the notices of exemption were filed).

Mr. Schumacher is a noncarrier that currently controls four rail carriers: the Tulare Valley Railroad Company; Kern Valley Railroad Company; V&S Railroad, Inc.; and Gloster Southern Railroad Company LLC. Mr. Schumacher states that Grenada and Natchez are two newly organized Class III rail carriers. Under the purchase agreement between Grenada, ICR, and WLOO, ICR granted Grenada the right to operate on its tracks to Memphis, TN, on the north, and to Canton on the south for the sole purpose of interchanging traffic with ICR. Also, ICR will retain overhead trackage rights on the line of railroad it is selling to Grenada.

Mr. Schumacher states that: (1) the rail lines to be acquired do not connect with each other or with the lines of any other railroad controlled by Mr. Schumacher; (2) the continuance in control is not part of a series of anticipated transactions that would connect the rail lines with each other or with any railroads controlled by Mr. Schumacher; and (3) the transaction does not involve a Class I railroad. 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. Petitions for stay must be filed no later than June 5, 2009 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35249, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy must be served on Fritz R. Kahn, Fritz R. Kahn, P.C., 1920 N Street, N.W., Eighth Floor, Washington, DC 20036.

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

Decided: May 21, 2009.

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

Anne K. Quinlan

Acting Secretary