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SERVICE DATE - SEPTEMBER 27, 2000

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33932]

ParkSierra Corp., Arizona & California Railroad Company Limited Partnership, and California Northern Railroad Company, L.P.—Corporate Family Transaction Exemption

ParkSierra Corp. (ParkSierra), Arizona & California Railroad Company Limited Partnership (ARZC), and California Northern Railroad Company, L.P. (CFNR) have filed a verified notice of exemption. The exempt transaction involves the contribution of all of ARZC's and CFNR's assets to ParkSierra in exchange for shares of common stock of ParkSierra.¹ Upon consummation of the transaction, ParkSierra will assume the common carrier obligations of ARZC and CFNR, and ARZC, CFNR, and PSAP each will continue to provide railroad service as a d/b/a and separate operating division of ParkSierra.²

The transaction is/was expected to be consummated on or after September 20, 2000.

¹ ParkSierra, a noncarrier, is the sole general partner of ARZC and CFNR, both Class III rail carriers. In addition to owning rail lines in the States of Arizona and California, ARZC owns rail lines in the State of Washington that are operated by an operating division of ARZC d/b/a Puget Sound & Pacific Railroad (PSAP). CFNR operates in the State of California. None of the rail lines of ARZC, CFNR, or PSAP connect to each other.

² Redacted versions of the trackage rights agreements between the parties were filed with the verified notice of exemption. Also, full versions of the trackage rights agreements, as required by 49 CFR 1180.6(a)(7)(ii), were filed under seal. A motion for protective order was filed on September 13, 2000. That motion was granted and a protective order in this proceeding was served on September 20, 2000.

The transaction is intended to simplify the organizational structure of ParkSierra, ARZC, and CFNR and to create administrative efficiencies.

This is a transaction within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1180.2(d)(3). The parties state that the transaction will not result in adverse changes in service levels, significant operational changes, or a change 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 sections 11324 and 11325 that involve only Class III rail carriers. Because this transaction involves Class III rail carriers only, the Board, under the statute, may not impose labor protective conditions for this transaction.

If the verified 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 reopen will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 33932, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Rose-Michele Weinryb, Esq., Weiner Brodsky Sidman Kider PC, 1300 19th Street, N.W., Fifth Floor, Washington, DC 20036-1609.

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Decided: September 20, 2000.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary