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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35199]

Potlatch Land & Lumber, LLC—Change of Control Within Corporate Family Exemption

Potlatch Land & Lumber, LLC (PL&L), has filed a verified notice of exemption under 49 CFR 1180.2(d)(3) to undertake a change of control within its corporate family. PL&L, a newly organized subsidiary of Potlatch Corporation of Spokane, WA (Potlatch), seeks to acquire the stock of 3 short line railroads: St. Maries River Railroad Company (STMA), Warren & Saline River Railroad Company (WSR), and The Prescott and Northwestern Railroad Company (PNW). The stock of the railroads is currently held by Potlatch Forest Products Corporation, another subsidiary of Potlatch, which is being spun off and will be renamed Clearwater Paper Corporation.

The transaction is expected to be consummated on December 13, 2008 (30 days after the exemption was filed).

PL&L states that the transaction is designed to permit Potlatch, through PL&L, to retain indirect control of STMA, WSR, and PNW. PL&L adds 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. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(3).

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 the carriers involved are Class III rail carriers.

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 5, 2008 (at least 7 days before the effective date of the exemption).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35199, 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 Fritz R. Kahn, 1920 N Street, N.W., 8th Floor, Washington, DC 20036.

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

Decided: November 19, 2008.

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

Anne K. Quinlan

Acting Secretary