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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35425]

Tennessee Southern Railroad Company, Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp.—Continuance in Control Exemption—Columbia & Cowlitz Railway, LLC, DeQueen and Eastern Railroad, LLC, Golden Triangle Railroad, LLC, Mississippi & Skuna Valley Railroad, LLC, Patriot Woods Railroad, LLC, and Texas, Oklahoma & Eastern Railroad, 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 to continue in control of Columbia & Cowlitz Railway, LLC (CLC), DeQueen and Eastern Railroad, LLC (DQE), Golden Triangle Railroad, LLC (GTRA), Mississippi & Skuna Valley Railroad, LLC (MSV), Patriot Woods Railroad, LLC (PAW), and Texas, Oklahoma & Eastern Railroad, LLC (TOE) upon their becoming Class III rail carriers.

This transaction is related to 6 concurrently filed verified notices of exemption, as follows: Docket No. FD 35426, Columbia & Cowlitz Railway, LLC—Acquisition and Operation Exemption—Columbia & Cowlitz Railway Company, wherein CLC seeks to acquire and operate approximately 8.5 miles of rail line between Longview, milepost 0.0, and Ostrander Junction, milepost 8.5, including auxiliary and spur tracks, in Cowlitz

County, Wash.; Docket No. FD 35427, DeQueen and Eastern Railroad, LLC—Acquisition and Operation Exemption—DeQueen and Eastern Railroad Company, wherein DQE seeks to acquire and operate approximately 47 miles of rail line between the Oklahoma-Arkansas state border, milepost 40.0, and Perkins, Ark., milepost 87.0, including auxiliary, temporary storage, and spur tracks, in Howard and Sevier Counties, Ark.; Docket No. FD 35428, Golden Triangle Railroad, LLC—Acquisition and Operation Exemption—Golden Triangle Railroad Company, wherein GTRA seeks to acquire and operate approximately 8.6 miles of rail line between Trinity, Miss., milepost 8.6, and Triangle Jct., Miss, milepost 0.0, including the side track at Bell Avenue, in Lowndes County, Miss.; Docket No. FD 35429, Mississippi & Skuna Valley Railroad, LLC—Acquisition and Operation Exemption—Mississippi & Skuna Valley Railroad Company, wherein MSV seeks to acquire and operate approximately 21 miles of rail line between Bruce Junction, milepost 21.0, and Bruce, milepost 0.0, in Yalobusha and Calhoun Counties, Miss.; Docket No. FD 35430, Texas, Oklahoma & Eastern Railroad, LLC—Acquisition and Operation Exemption—Texas, Oklahoma & Eastern Railroad Company, wherein TOE seeks to acquire and operate approximately 40 miles of rail line between the Oklahoma-Arkansas state border, milepost 40.0, and Valliant, Okla., milepost 0.0, including auxiliary, storage, and spur tracks, in McCurtain County, Okla.; and Docket No. FD 35431, Patriot Woods Railroad, LLC—Acquisition and Operation Exemption—Weyerhaeuser NR Company, Weyerhaeuser Woods Railroad Operating Division, wherein PAW seeks to acquire and operate approximately 21.5 miles of rail line between

the connection with the Columbia & Cowlitz Railway Company at Ostrander Junction, milepost 8.5, and Green Mountain, milepost 30.0, including auxiliary and temporary storage tracks, in Cowlitz County, Wash.

The parties intend to consummate the transaction on or after December 21, 2010.

PRL and its subsidiaries, including CLC, DQE, GTRA, MSV, PAW, and TOE, entered into an Asset Purchase Agreement (Agreement) dated July 21, 2010, with Weyerhaeuser NR Company (Weyerhaeuser) and Weyerhaeuser's subsidiaries, Columbia & Cowlitz Railway Company, DeQueen and Eastern Railroad Company, Golden Triangle Railroad Company, Mississippi & Skuna Valley Railroad Company, and Texas, Oklahoma & Eastern Railroad Company to acquire substantially all of the assets of the Weyerhaeuser subsidiaries, and the assets of Weyerhaeuser Woods Railroad, a noncarrier operating division of Weyerhaeuser. The Agreement was filed under seal in this docket on October 28, 2010.¹

TSRR is a subsidiary of PRL, PRH, and Patriot and does not control any other railroad subsidiaries. PRL is a noncarrier limited liability company that owns not less than 51% of the equity interests in PRH, which owns 100% of the stock of Patriot. Patriot is a noncarrier holding company that owns 100% of the stock of 7 Class III railroads: Tennessee Southern Railroad Company (TSRR); Rarus Railway Company (Rarus); Utah Central Railway Company (Utah); Sacramento Valley Railroad, Inc. (SAVR); Louisiana and North West Railroad Company LLC (L&NW); Temple &

¹ A motion for protective order was filed on October 27, 2010. The motion is being addressed in a separate decision.

Central Texas Railway, Inc. (TC); and Piedmont & Northern Railway, Inc. (P&N).

Patriot also owns 100% of the stock of the noncarrier subsidiaries CLC, DQE, GTRA, MSV, PAW, and TOE.

PRL, PRH, and Patriot state that they have successfully managed short line railroads for more than a decade and that they intend to use that experience and expertise and their financial resources to provide rail freight service to communities and industries that wish to have additional transportation options. They also intend to make CLC, DQE, GTRA, MSV, PAW, and TOE financially viable railroads.

The parties represent that: (1) the rail lines to be operated by CLC, DQE, GTRA, MSV, PAW, and TOE will not connect with any of the subsidiary railroads of PRL, PRH, and Patriot; (2) the acquisition of CLC, DQE, GTRA, MSV, PAW, and TOE is not intended to connect with any railroads in the corporate family of PRL, PRH, and Patriot²; and (3) the transaction does not involve a Class I carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. § 11323. See 49 C.F.R. § 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.

² TSRR's lines are located in Tennessee and Alabama, Rarus' lines are located in Montana, Utah's lines are located in Utah, SAVR's lines are located in California, L&NW's lines are located in Arkansas and Louisiana, TC's lines are located in Texas, and P&N's lines are located in North Carolina. As noted, CLC will operate lines in southwestern Washington, DQE will operate lines in southwestern Arkansas, GTRA will operate lines in northeastern Mississippi, MSV will operate lines in north central Mississippi, PAW will operate lines in southwestern Washington, and TOE will operate lines in eastern Oklahoma.

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 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. Stay petitions must be filed no later than November 19, 2010 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35425, 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 Louis E. Gitomer, 600 Baltimore Avenue, Suite 301, Towson, MD 21204.

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

Decided: November 10, 2010.

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