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SERVICE DATE - DECEMBER 20, 2002

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FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34283]

RailAmerica, Inc. et al.–Corporate Family Reorganization Exemption–Western Illinois Railway Company

RailAmerica, Inc. (RailAmerica), a noncarrier holding company, and its noncarrier subsidiary, Palm Beach Rail Holdings, Inc. (PBRH), filed a verified notice of exemption under the Board's class exemption procedures at 49 CFR 1180.2(d)(3) for them to continue in control of the Western Illinois Railway Company (WIRC), when it becomes a rail carrier.

The transaction was expected to be consummated on or shortly after November 27, 2002.

In a related matter, Western Illinois Railway Company–Acquisition Exemption–Toledo, Peoria & Western Railway Company, STB Finance Docket No. 34282, WIRC filed a notice of exemption to acquire from the Toledo, Peoria & Western Railway Corporation (TP&W) the rail, ties, and certain improvements on a 71.5-mile rail line in Hancock, McDonough, Fulton, and Peoria Counties, IL.¹

¹ On November 26, 2002, RailAmerica, PBRH, and WIRC jointly filed a motion to dismiss both the continuance in control in this case and the acquisition in STB Finance Docket No. 34282 for lack of Board jurisdiction. The motion will be handled in a separate decision.

RailAmerica controls one Class II and 31 Class III railroads that operate in the States of Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Illinois, Indiana, Kansas, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, Texas, Vermont, Virginia, and Washington.

Applicants state that there will not be substantial lessening of competition, creation of a monopoly, or restraint of trade in freight surface transportation in any region of the United States. Applicant also states that the transaction will not result in any adverse change in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family. The purpose of this transaction is to improve the financial viability of the applicants.

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.

Because the transaction involves the control of one Class II rail carrier and one or more Class III rail carriers, the transaction will be made subject to the employee protective conditions described in Wisconsin Central Ltd.–Acquisition Exem.–Union Pac. RR, 2 S.T.B. 218 (1997).

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 stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34283, must be filed with the Surface Transportation Board, 1925 K Street, NW, Washington, DC 20423-0001. In addition, a copy of each pleading must be served on: Louis E. Gitomer, Ball Janik LLP, 1455 F Street, NW, Suite 225, Washington, DC 20005.

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

Decided: December 16, 2002.

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

Vernon A. Williams

Secretary