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SERVICE DATE - FEBRUARY 20, 1998

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FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33550]

Pioneer Railcorp—Continuance in Control Exemption—Pioneer Industrial Railway Co.

Pioneer Railcorp (Pioneer), a noncarrier holding company, has filed a notice of exemption to continue in control of Pioneer Industrial Railway Co. (PRY), upon PRY's becoming a carrier. Pioneer owns all of the outstanding stock of PRY.

The transaction is scheduled to be consummated on February 17, 1998.

This transaction is related to STB Finance Docket No. 33549, Pioneer Industrial Railway Co.—Lease and Operation Exemption—Peoria, Peoria Heights & Western Railroad, wherein PRY seeks to lease and operate 23.4 miles of rail line from Peoria, Peoria Heights & Western Railroad.

Pioneer owns and controls twelve existing Class III shortline rail carriers: West Michigan Railroad Co., operating in Michigan; Fort Smith Railroad Co., operating in Arkansas; Alabama Railroad Co., operating in Alabama; Mississippi Central Railroad Co., operating in Mississippi and Tennessee; Alabama & Florida Railway Co., Inc., operating in Alabama; Decatur Junction Railway Co., operating in Illinois; Vandalia Railroad Company, operating in Illinois; Minnesota Central Railroad Co., operating in Minnesota; Keokuk Junction Railway, operating in Iowa and Illinois; Wabash & Western Railway Co., d/b/a Michigan Southern Railroad, operating in Michigan and Indiana; Rochelle Railroad Co., operating in Illinois; and Shawnee Terminal Railway Company, operating in Illinois.

Pioneer states that: (i) the railroads will not connect with each other or any railroad in their corporate family; (ii) the acquisition of control is not part of a series of anticipated transactions that would connect the eleven railroads with each other or any railroad in their corporate family; and (iii) 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 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. 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 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.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 33550, must be filed with the Surface Transportation Board, Office of the Secretary, Case

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Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on John D. Heffner, Esq., Rea, Cross & Auchincloss, 1920 N Street, N.W., Suite 420, Washington, DC 20036.

Decided: February 11, 1998.

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

Vernon A. Williams

Secretary