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SERVICE DATE - SEPTEMBER 14, 2001

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34074]

RailAmerica, Inc., RailAmerica Transportation Corporation, and Otter Tail Valley
Railroad Company—Corporate Family Transaction Exemption

RailAmerica, Inc. (RailAmerica),¹ RailAmerica Transportation Corporation (RailAmerica Transportation), and Otter Tail Valley Railroad Company (OTVR), have jointly filed a verified notice of exemption. As part of a proposed corporate restructuring, the direct control of OTVR, a Class III rail carrier, will be transferred from Dakota Rail Inc. (Dakota) to RailAmerica Transportation, through the transfer of the stock of OTVR from Dakota to RailAmerica Transportation. See RailAmerica, Inc.—Acquisition of Control Exemption—Otter Tail Valley Company, Inc., STB Finance Docket No. 33138 (STB served Oct. 25, 1996) and Dakota Rail, Inc.—Acquisition of Control Exemption—Otter Tail Valley Railroad Company, Inc., STB Finance Docket No. 33133 (STB served Oct. 25, 1996).²

¹ RailAmerica is a noncarrier, which at time of filing, indirectly controlled 28 Class III railroads operating in 23 states.

² Dakota directly controls and owns 100 percent of the stock of OTVR. OTVR is one of RailAmerica's subsidiaries, which operates 72 miles of railroad in Minnesota. RailAmerica Transportation is a wholly owned noncarrier subsidiary of RailAmerica and an affiliate of the 28 railroads based in the United States that are controlled by RailAmerica.

The transaction was scheduled to be consummated on or shortly after August 24, 2001, the effective date of the exemption.

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 stated 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. The proposed transaction is a reorganization within the RailAmerica corporate family geared toward increasing equity and reducing long-term debt through asset rationalizations, sale/leasebacks and equity infusions.

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. 34074 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 Louis E. Gitomer, Ball Janik LLP, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

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Decided: September 6, 2001.

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

Vernon A. Williams

Secretary