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SERVICE DATE - MAY 23, 2002

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34197]

RailAmerica, Inc., ARZC Operating Company, Inc., CFNR Operating Company, Inc., and PSAP Operating Company, Inc.—Corporate Family Reorganization Exemption

RailAmerica, Inc. (RailAmerica), and its subsidiaries, ARZC Operating Company, Inc. (ARZC), CFNR Operating Company, Inc. (CFNR), and PSAP Operating Company, Inc. (PSAP) (collectively, applicants), are making certain changes to their corporate structure and have filed a verified notice of the transaction under the Board's intracorporate family class exemption.¹

¹ On January 8, 2002, RailAmerica acquired control of ParkSierra Corporation (ParkSierra). See RailAmerica, Inc.—Control Exemption—ParkSierra Acquisition Corp. and ParkSierra Corp., STB Finance Docket No. 34100 (STB served Dec. 20, 2001). ParkSierra has three operating divisions: Arizona & California Railroad Company Limited Partnership; California Northern Railroad Company, L.P.; and Puget Sound & Pacific Railroad. RailAmerica has determined that the three operating divisions of ParkSierra should be operated as separate corporations, eliminating the need for ParkSierra as a consolidated holding company. To accomplish that goal, this transaction and three notices of exemption under 49 CFR 1150.31 were filed on April 23, 2002, one for each of the operating divisions. The applicants are ARZC, CFNR, and PSAP. The related proceedings are: STB Finance Docket No. 34198, ARZC Operating Company, Inc.—Acquisition and Operation Exemption—ParkSierra Corp., STB Finance Docket No. 34199, CFNR Operating Company, Inc.—Acquisition and Operation Exemption—ParkSierra Corp., and STB Finance Docket No. 34200, PSAP Operating Company, Inc.—Acquisition and Operation Exemption—ParkSierra Corp. Also, three separate requests for waiver of the 60-day labor

(continued...)

RailAmerica directly controls Palm Beach Rail Holding, Inc. (Palm Beach), which directly controls RailAmerica Transportation Corp. (RTC), which directly controls ParkSierra. RailAmerica and Palm Beach will continue to control RTC, which in turn will directly control ARZC, CFNR, and PSAP when they become Class III rail carriers. ParkSierra will be merged into CFNR.

Consummation of this transaction was scheduled to occur on May 14, 2002.²

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). Applicants state that, as a result of this transaction, 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. 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.

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. Although applicants do not expect any employees to be adversely affected by this transaction, under 49

¹(...continued)
notice requirements under 49 CFR 1150.32(e) were filed in those dockets on April 22, 2002.

² Consummation was intended to occur on April 30, 2002, or the date the related waiver requests were granted, whichever was later. Because the waiver requests were granted after April 30, the date the waiver requests were granted, May 14, 2002, became the operative date.

U.S.C. 11326(b), the appropriate level of labor protection to be imposed is that set forth 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 automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34197 must be filed with the Surface Transportation Board, 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, Esq., Ball Janik LLP, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

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Decided: May 16, 2002.

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

Vernon A. Williams

Secretary