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SERVICE DATE – JANUARY 15, 2010

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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35339]

Carolina Coastal Railway, Inc.—Acquisition and Operation Exemption—North Carolina
State Ports Authority

Carolina Coastal Railway, Inc. (CLNA), a Class III rail carrier, has filed a verified notice of exemption¹ under 49 CFR 1150.41 to acquire, by assignment, Morehead & South Fork Railroad Co.’s (MHSF) lease with the North Carolina State Ports Authority (SPA) and to operate approximately 0.87 miles of SPA’s rail lines as follows: (1) from milepost 0.0 to milepost 0.87 at Gallants Channel on Radio Island, in Morehead City;² (2) from milepost 0.0, in Morehead City, through and including the classification yard parallel to Highway 70 onto the Morehead City Port;³ and (3) all of the railroad tracks

¹ CLNA supplemented its notice with a letter filed January 8, 2010, confirming that the agreement between the parties does not contain any provisions prohibiting petitioner from interchanging traffic with any third party.

² The line extends from the connection with the Norfolk Southern Railway Company/North Carolina Railroad Company, and includes the spur track and consolidation tracks leading from the line, generally along Inlet Drive, to the industrial tracks on the property leased from SPA to the PCS Phosphate Company, Inc., rail car dump and the “Fishmeal” spur on the area commonly known as Marsh Island, in Carteret County, NC.

³ The line extends from the connection with the Norfolk Southern Railway Company/North Carolina Railroad Company, and includes all of the railroad tracks on

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owned or leased by SPA (or previously owned or leased by North Carolina Ports Railway Commission), in Carteret County that might have been omitted from the lines' description. The lines also include 4 additional miles of intra-terminal trackage.

CLNA certifies that its projected annual revenues as a result of this transaction will not exceed those that would qualify it as a Class III carrier and further certifies that its projected revenues will not exceed \$5 million.

CLNA states that its services will replace those provided by MHSF on or about February 1, 2010 (after the January 29, 2010 effective date of the exemption, 30 days after the exemption was filed).

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 January 22, 2010 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35339, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on John D. Heffner, John D. Heffner, PLLC, 1750 K Street, N.W., Suite 200, Washington, DC 20006.

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the Morehead City Port's property, whether denominated as spurs, side tracks, industrial tracks, or otherwise, in Carteret County.

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Decided: January 12, 2010.

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