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Service Date- December 3, 1996

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FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[S.B. Finance Docket No. 332981]

Pioneer Railcorp--Acquisition of Control Exemption--Shawnee Terminal Railway Company, Inc

Pioneer Railcorp. (Pioneer), a noncarrier holding company, has filed a notice of exemption to acquire, through stock purchase, Shawnee Terminal Railway Company, Inc., a Class III shortline railroad, operating in the State of Illinois.'

The earliest the transaction could be consummated was November 21, 1996, the effective date of the exemption (7 days after the exemption was filed).

Pioneer owns and controls eleven 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., operating in Alabama. Decatur Junction Railway Co., operating in

1 See Shawnee Terminal Railway Company, Inc--Acquisition and O-Operation Exemption--Cairc Terminal Railroad Com-Qany, Finance Docket No. 33127 (STE served Oct. 11, 1996).

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Illinois; vandalia Railroad Company, operating in Illinois; Minnesota Central Railroad Co., operating in Minnesota; KNRECO, Inc., d/b/a/ Keokuk Junction Railway, operating in Iowa and Illinois; Columbia & Northern Railway Co., which has a right to operate in Mississippi; and Rochelle Railroad Co., which operates 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.

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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 STE Finance Docket No. 33298, must be filed with the Surface Transportation Board, office of the Secretary, Case Control Branch, 1201 Constitution Avenue, N.W., Washington, DC 20423. In addition, a copy of each pleading must be served on Daniel A. LaKemper, Esq., Pioneer Railcorp, 1318 S. Johanson Road, Peoria, IL 61607

Decided: November 25, 1996.

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

Vernon A. Williams

Secretary

