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SERVICE DATE - JUNE 12, 1997

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33398]

Sammamish Transportation Company--Modified Rail Certificate

On May 13, 1997, Sammamish Transportation Company (STC), a non-profit corporation, filed a notice for a modified certificate of public convenience and necessity under 49 CFR 1150, Subpart C--*Modified Certificate of Public Convenience and Necessity* to operate an abandoned line of railroad of approximately 83.47 miles in length between milepost 646.0 near Caputa, SD, and milepost 562.53 near Kadoka, SD.

The line is formerly a portion of the bankrupt Chicago, Milwaukee, St. Paul and Pacific Railroad Company (MILW). By Report served May 14, 1980, in Docket No. AB-7 (Sub-No. 88), *Richard B. Ogilvie, Trustee of the Property of Chicago, Milwaukee, St. Paul and Pacific Railroad Company--Abandonment--in South Dakota, Iowa, and Nebraska*, the Interstate Commerce Commission recommended that MILW's trustee be authorized to abandon 18 lines of trackage located in the states of South Dakota, Iowa, and Nebraska. Abandonment of these lines was authorized by the United States District Court for the Northern District of Illinois (Eastern Division), in *In the Matter of Chicago, Milwaukee, St. Paul and Pacific Railroad Company*, No. 77-B-8999, Order No. 342, dated May 27, 1980,¹ and Order No. 342A, dated June 9, 1980. The subject line was acquired by

¹ Attached to Order No. 342 is a listing of MILW's trackage. The trackage involved in this proceeding is included under the heading "R. - Mitchell to Rapid City."

the State of South Dakota, through its Department of Transportation (State).

Pursuant to an operating agreement dated April 22, 1997, between the State and STC, STC will provide freight service over the line for a period of 20 years (subject to cessation of operations or termination of the agreement as provided in the agreement) if shippers timely ensure that the applicable rehabilitation costs will be recoverable. STC may also provide service over an additional state-owned railroad corridor into Rapid City, SD, where the connecting railroad would be the Dakota, Minnesota, and Eastern Railroad.

This rail line qualifies for a modified certificate of public convenience and necessity. *See Common Carrier Status of States, State Agencies and Instrumentalities, and Political Subdivisions*, Finance Docket No. 28990F (ICC served July 16, 1981).

At present, no entity has committed to subsidize operations on the line. Commencement of rehabilitation or operations is contingent upon shippers meeting the following preconditions by entering into binding written commitments to: (1) provide funding for rehabilitation purposes equal to a sum no less than \$3,500,000;² (2) provide funding for rail, track, and other track material in an amount no less than \$1,500,000 and for reimbursement of interest on such amount until paid; and (3) assure sufficient carloadings (or payments in lieu thereof) in an amount no less than 2,000 carloadings yearly, adequate to cover all costs associated with maintenance, operation and capitalization of the

² This sum may be increased in the event a third party engineering study identifies needs requiring a greater amount of rehabilitation necessary to improve the facilities in order to achieve 15 mph operation in accordance with applicable standards, or to provide for rehabilitation of additional track needed for interconnections, up to \$30,000 per mile for such additional track.

line.

This notice must be served on the Association of American Railroads (Car Service Division) as agent for all railroads subscribing to the car-service and car-hire agreement: Association of American Railroads, 50 F St., NW, Washington, DC 20001; and on the American Short Line Railroad Association, 1120 G St., NW, Suite 520, Washington, DC 20005.

Decided: June 3, 1997.

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

Vernon A. Williams

Secretary