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SERVICE DATE - JULY 15, 1998

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33623]

Richard B. Webb and Susan K. Lundy--Continuance in Control Exemption--Timber Rock Railroad, Inc.

Richard B. Webb and Susan K. Lundy (Applicants), have filed a verified notice of exemption to continue in control of Timber Rock Railroad, Inc. (TRRR), upon TRRR becoming a Class III railroad.

The transaction was scheduled to be consummated on or shortly after June 23, 1998.

This transaction is related to STB Finance Docket No. 33618, Timber Rock Railroad, Inc.--Acquisition and Operation Exemption--Lines of the Burlington Northern and Santa Fe Railway Company, wherein Applicants seek to acquire and operate a rail line from BNSF.

In addition to TRRR,¹ Applicants controls two existing Class III railroads: South Kansas and Oklahoma Railroad Company (SKO), operating in Kansas and Oklahoma; and Palouse River & Coulee City Railroad, Inc. (PRCC), operating in Washington and Idaho.²

¹ TRRR is a noncarrier corporation formed for the purpose of acquiring the rail line from BNSF and operating the 38.4 miles of rail line.

² On May 15, 1998, applicants filed a petition for exemption seeking Board approval to indirectly control the Blue Mountain Railroad, Inc., and the Southeast Kansas Railroad Company in STB Finance Docket No. 33603, Richard B. Webb and Susan K. Lundy--Control Exemption--Blue Mountain Railroad, Inc. and Southeast Kansas Railroad

(continued...)

Applicants state that: (i) the rail lines operated by SKO and PRCC do not connect with any railroad in the corporate family; (ii) the transaction is not part of a series of anticipated transactions that would connect TRRR's line with any railroad in the 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.

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. 33623, must be filed with the Surface Transportation Board, Office of the Secretary,

²(...continued)

Company. This proceedings is currently pending. Also on June 16, 1998, Applicants filed a notice of exemption seeking to continue in control of Stillwater Central Railroad, Inc. in SBT Finance Docket No. 33619, Richard B. Webb and Susan K. Lundy--Continuance in Control Exemption--Stillwater Central Railroad, Inc., which is also pending before the Board.

Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Karl Morell, Of Counsel, BALL JANIK LLP, 1455 F Street, NW., Suite 225, Washington, D.C. 20005.

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Decided:

By the Board, Joseph H. Dettmar, Acting Director, Office of Proceedings.

Vernon A. Williams

Secretary