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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35030]

US Rail Partners, Ltd.—Continuance in Control Exemption—Eastern Washington
Gateway Railroad Company

US Rail Partners, Ltd. (USRP), a noncarrier holding company, has filed a verified notice of exemption to continue in control of Eastern Washington Gateway Railroad Company (EWGR), upon EWGR's becoming a Class III rail carrier.

The earliest this transaction may be consummated is the June 15, 2007 effective date of the exemption (30 days after the exemption was filed).¹

This transaction is related to STB Finance Docket No. 35029, Eastern Washington Gateway Railroad Company—Lease and Operation Exemption—Washington State Department of Transportation, wherein EWGR seeks to lease and operate approximately 107.8 miles of railroad, known as the CW Branch, that are in the process of being acquired by the Washington State Department of Transportation from Palouse River and Coulee City Railroad, Inc.

¹ On May 18, 2007, USRP and EWGR filed a joint petition requesting that the Board partially revoke the class exemptions as necessary to allow the exemptions in this proceeding and in STB Finance Docket No. 35029 to become effective on June 4, 2007, instead of on June 15, 2007. That request will be addressed in a separate Board decision.

USRP currently controls through stock ownership one Class III rail carrier, Blackwell Northern Gateway Railroad Company (BNGR). BNGR operates approximately 35 miles of rail line between Wellington, KS, and Blackwell, OK.

USRP states that: (i) the railroads will not connect with each other or any railroads within its corporate family, (ii) the transaction is not a part of a series of anticipated transactions that would connect any of these railroads with one another or any other railroad, and (iii) the transaction does not involve a Class I railroad. 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. Accordingly, the Board may not impose labor protective conditions here, because all of the carriers involved are Class III carriers.

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. Petitions for stay must be filed no later than June 8, 2007, unless the Board grants the joint petition of EWGR and USRP to make their exemptions effective sooner, in which case the due date for stays will be established in the Board's decision acting on the joint petition.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35030, 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 William C. Sippel, 29 North Wacker Drive, Suite 920, Chicago, IL 60606-2832.

Board decisions and notices are available on our website at WWW.STB.DOT.GOV.”

Decided: May 24, 2007.

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

Vernon A. Williams

Secretary