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SERVICE DATE - MAY 23, 2002

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FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34200]

PSAP Operating Company, Inc.—Acquisition and Operation Exemption—ParkSierra Corp.

PSAP Operating Company, Inc. (PSAP), a noncarrier, has filed a notice of exemption under 49 CFR 1150.31 to acquire and operate approximately 153.3 miles of rail lines in Washington. Specifically, PSAP will acquire and operate: (1) 83.5 miles of rail lines of ParkSierra Corporation (ParkSierra)<sup>1</sup> consisting of (a) the Centralia-Hoquiam Line, between milepost 0.6 at Centralia, and milepost 74.1 at Hoquiam, including the Horn Spur Track,

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<sup>1</sup> On January 8, 2002, RailAmerica, Inc. (RailAmerica), acquired control of ParkSierra. See RailAmerica, Inc.—Control Exemption—ParkSierra Acquisition Corp. and ParkSierra Corp., STB Finance Docket No. 34100 (STB served Dec. 20, 2001). ParkSierra has three operating divisions: Arizona & California Railroad Company Limited Partnership; California Northern Railroad Company, L.P.; and Puget Sound & Pacific Railroad. RailAmerica has determined that the three operating divisions of ParkSierra should be operated as separate corporations, eliminating the need for ParkSierra as a consolidated holding company. To accomplish that goal, this transaction and two other notices of exemption under 49 CFR 1150.31 were filed on April 23, 2002, one for each of the operating divisions. The applicants are: ARZC Operating Company, Inc. (ARZC); CFNR Operating Company, Inc. (CFNR); and PSAP. The related proceedings are: STB Finance Docket No. 34198, ARZC Operating Company, Inc.—Acquisition and Operation Exemption—ParkSierra Corp., and STB Finance Docket No. 34199, CFNR Operating Company, Inc.—Acquisition and Operation Exemption—ParkSierra Corp. In addition, a notice of exemption under 49 CFR 1180.2(d)(3) was filed on April 23, 2002, in STB Finance Docket No. 34197, RailAmerica, Inc., et al.—Corporate Family Reorganization Exemption, wherein ParkSierra will be merged into CFNR, and ARZC, CFNR, and PSAP will become direct railroad subsidiaries of RailAmerica.

which connects to the Centralia-Hoquiam Line at milepost 72.5 and extends northward to the end of the track at approximately milepost 2.0, and (b) the Elma-Shelton Line, between milepost 0.0 (connecting to the Centralia-Hoquiam Line at about milepost 46.7) at Elma, and milepost 25.1 at Shelton; (2) approximately 58.0 miles of ParkSierra's trackage rights (a) over Union Pacific Railroad Company's (UP) line between milepost 68.9 and milepost 69.4, and milepost 70.3 and milepost 72.0, near Aberdeen, a distance of about 2.2 miles, (b) over The Burlington Northern and Santa Fe Railway Company's (BNSF) line between milepost 0.6 and milepost 0.4, at or near Centralia, a distance of about 0.2 miles, (c) under a December 11, 1994 agreement with the United States of America, to provide service on a government-owned line from its connection with the Elma-Shelton Line to Bangor, a distance of approximately 44 miles, and a branch line to Bremerton Navy Yard, a distance of approximately 4.6 miles, and (d) over The City of Tacoma d/b/a Tacoma Rail's (TR) lines between Lakeside Siding near Blakeslee Junction, milepost 60.0, southwest six miles and the interchange with BNSF at Chehalis, milepost 66.0 (the TR/BNSF Interchange), and from the TR/BNSF Interchange one mile to milepost 67.0, where TR's rail lines connect with rail line owned by the Port of Chehalis, for a total distance of approximately 7.0 miles; (3) approximately 1.8 miles of line

under ParkSierra's lease with UP from UP milepost 53.83 to UP milepost 54.23, and from UP milepost 55.28 to UP milepost 56.70, in Aberdeen and Hoquiam Counties; and (4) a 10-mile line under a modified certificate of public convenience and necessity between milepost 0.0 at Chehalis, and milepost 10.0 at Curtis.

Once PSAP becomes a carrier, its revenues are expected to exceed \$5 million per year. "If the projected annual revenue of the carrier to be created by a transaction under this exemption exceeds \$5 million, applicant must, at least 60 days before the exemption becomes effective, post a notice of intent to undertake the proposed transaction at the workplace of the employees on the affected line(s) and serve a copy of the notice on the national offices of the labor unions with employees on the affected line(s), setting forth the types and numbers of jobs expected to be available, the terms of employment and principles of employee selection, and the lines that are to be transferred, and certify to the Board that it has done so." 49 CFR 1150.32(e). PSAP filed a request on April 22, 2002, for waiver of the requirements of 49 CFR 1150.32(e) to permit the exemption to become effective without providing the 60-day advance notice. Finding no adverse impact on the personnel of ParkSierra, by decision served on May 14, 2002, the Board granted PSAP's request and waived the requirements of 49 CFR 1150.32(e). The transaction was expected to be consummated as of April 30, 2002, or the

date the related waiver request was granted, whichever was later. The waiver decision had the effect of making the exemption in this proceeding effective on May 14, 2002.

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to reopen the proceeding 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. 34200 must be filed with the Surface Transportation Board, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Louis E. Gitomer, Esq., Ball Janik LLP, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

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Decided: May 16, 2002.

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

Vernon A. Williams

Secretary