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ENTERED  
Office of Proceedings  
June 25, 2014  
Part of  
Public Record

June 24, 2014

Karl Morell  
Of Counsel  
kmorell@balljanik.com

BY HAND DELIVERY

Cynthia Brown  
Chief, Section of Administration  
Surface Transportation Board  
Office of Proceedings  
395 E Street, SW  
Washington, DC 20423



Re: Finance Docket No. 35820, Blue Ridge Southern Railroad,  
L.L.C. – Acquisition Exemption – Norfolk Southern Railway  
Company

Dear Ms. Brown:

Attached for filing are the original and ten copies of a Verified  
Notice of Exemption under 49 C.F.R. § 1150.31 and a check  
covering the \$1,900 filing fee. Also enclosed is a CD containing the  
Notice and Summary.

If you have any questions, please contact me.

Sincerely,

Karl Morell  
Of Counsel

Enclosures

FILED  
June 25, 2014  
SURFACE  
TRANSPORTATION BOARD

FEE RECEIVED  
June 25, 2014  
SURFACE  
TRANSPORTATION BOARD

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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FINANCE DOCKET NO. 35820

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BLUE RIDGE SOUTHERN RAILROAD, L.L.C.  
--ACQUISITION EXEMPTION--  
NORFOLK SOUTHERN RAILWAY COMPANY

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VERIFIED NOTICE OF EXEMPTION  
Pursuant to 49 C.F.R. § 1150.31, Et Seq.

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KARL MORELL  
Of Counsel  
BALL JANIK LLP  
Suite 225  
655 Fifteenth Street, N.W.  
Washington, D.C. 20005  
(202) 638-3307

Attorney for:  
BLUE RIDGE SOUTHERN RAILROAD,  
L.L.C.

Dated: June 24, 2014

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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FINANCE DOCKET NO. 35820

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BLUE RIDGE SOUTHERN RAILROAD, L.L.C.  
--ACQUISITION EXEMPTION--  
NORFOLK SOUTHERN RAILWAY COMPANY

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VERIFIED NOTICE OF EXEMPTION  
Pursuant to 49 C.F.R. § 1150.31, Et Seq.

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Blue Ridge Southern Railroad, L.L.C. ("BLU"), a non-carrier, files this Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart D--Exempt Transactions, to permit BLU to acquire from Norfolk Southern Railway Company ("NS") three rail lines in North Carolina.

In support of this Notice of Exemption, BLU submits the following information as required by 49 C.F.R. § 1150.33:

- (a) Full name and address of applicant:

Blue Ridge Southern Railroad, L.L.C.  
315 W. 3<sup>rd</sup> Street  
Pittsburg, Kansas 66762

- (b) Applicant's Representative:

Karl Morell  
Of Counsel  
BALL JANIK LLP  
Suite 225  
655 Fifteenth Street, N.W.  
Washington, DC 20005  
(202) 638-3307

(c) Statement of Agreement:

BLU and NS will enter into a Transaction Agreement prior to closing.

(d) The operator of the property:

BLU will be the operator of the acquired rail lines.

(e) Summary of proposed transaction:

BLU is a new, wholly owned, non-carrier subsidiary of Watco Holdings, Inc. (“Watco”).

In this proposed transaction, BLU seeks permissive authority to acquire from NS approximately 91.8 miles of rail lines.

(1) The name and address of the railroad selling the subject property:

Norfolk Southern Railway Company  
Three Commercial Place  
Norfolk, VA 23510

(2) The involved transaction is expected to be consummated on or some time after July 24, 2014, which is more than 60 days after BLU certified compliance with 49 C.F.R. § 1150.32(e) although neither party is obligated to enter into the transaction. Also, July 24, 2014 is 30 days after the filing of this Notice of Exemption.

(3) BLU will acquire and operate the three rail lines located between: (1) Milepost T0.0, at Murphy Jct., NC, and Milepost T47.0, at Dillsboro, NC; (2) Milepost W1.0, at Asheville, NC and Milepost W26.0, at East Flat Rock, NC; and (3) Milepost TR0.0, at Hendersonville, NC, and Milepost TR19.8, at Pisgah Forest, NC.

(4) The length of the rail lines being acquired is approximately 91.8 miles.

(f) A map of the rail lines being acquired is attached as Exhibit A.

(g) BLU hereby certifies that this transaction will not result in BLU becoming a Class II or Class I rail carrier. Upon consummation of this transaction, BLU will become a Class III carrier. The projected annual revenue of BLU will exceed \$5 million. Consequently, BLU has complied with the notice requirements of 49 C.F.R. § 1150.32(e). BLU certified its compliance with Section 1150.32(e) on May 9, 2014. A copy of the certification is attached as Exhibit B.

(h) The Transaction Agreement between BLU and NS does not contain any provision that prohibits BLU from interchanging traffic with a third party or limits BLU's ability to interchange with a third party.

A caption summary, as required by 49 C.F.R. § 1150.34, is attached.

#### **ENVIRONMENTAL AND HISTORIC IMPACTS**

BLU is acquiring the rail lines from NS for continued rail operations. Further Board approval is required for BLU to abandon any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

BLU's acquisition of the rail lines will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of these lines to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the lines; (2) an increase of rail yard activity of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. BLU's acquisition and operation of the rail lines will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, the transportation of

ozone depleting materials is not contemplated. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Karl Morell". The signature is written in black ink and is positioned above a horizontal line.

KARL MORELL

Of Counsel

BALL JANIK LLP

Suite 225

655 Fifteenth Street, N.W.

Washington, DC 20005

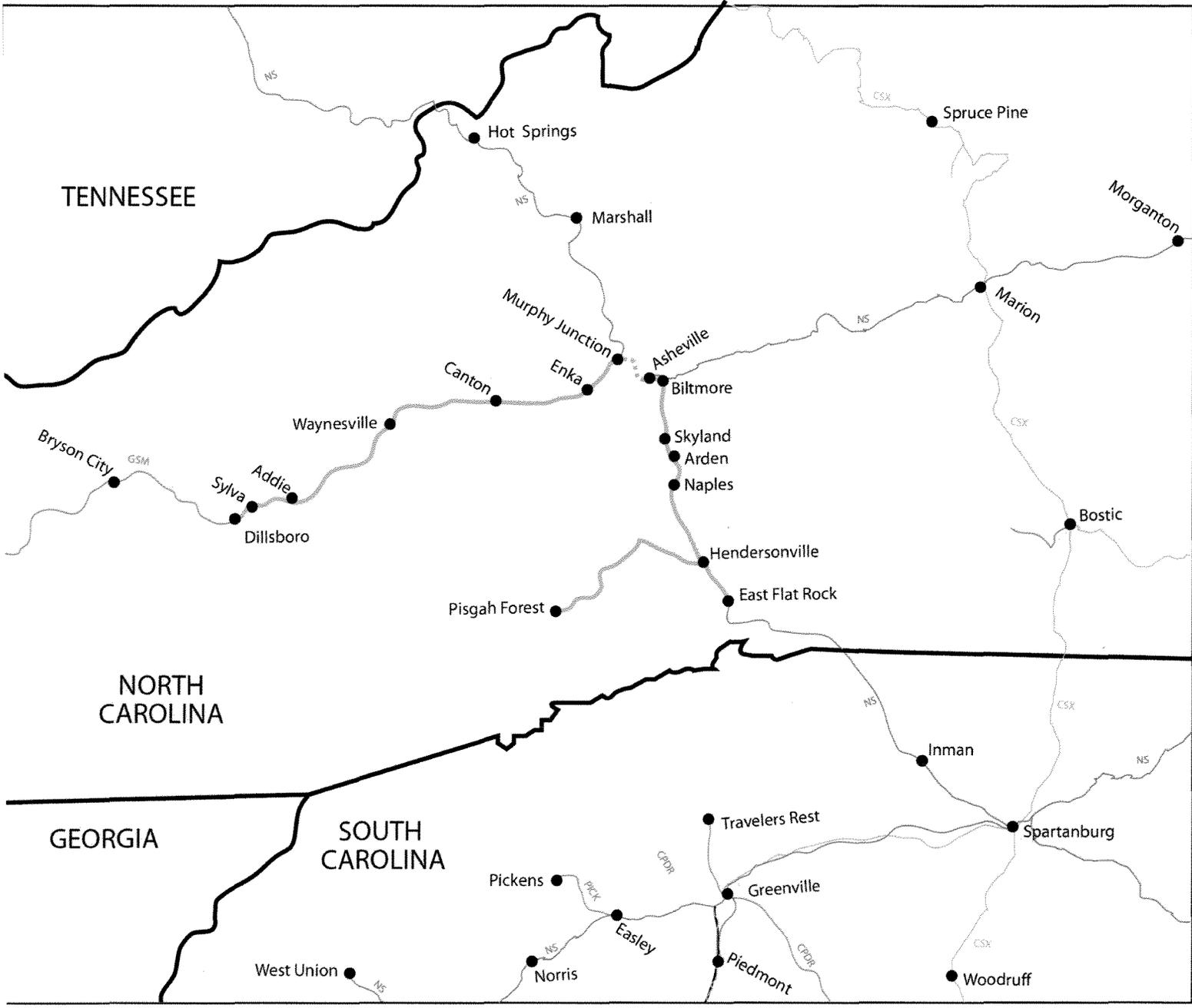
(202) 638-3307

Attorney for:

BLUE RIDGE SOUTHERN RAILROAD, L.L.C.

Dated: June 24, 2014

# **EXHIBIT A**



**LEGEND:**

- Blue Ridge Southern RR (BLU) 
- Interchange Tracks 
- Norfolk Southern 
- CSX 
- Other short lines 

**Track miles 91.8**

## **EXHIBIT B**



655 Fifteenth Street, NW, Suite 225  
Washington, DC 20005

balljanik.com

t 202.638.3307  
f 202.783.6947

May 9, 2014

Karl Morell  
Of Counsel  
kmorell@balljanik.com

**E-FILE**

Cynthia Brown  
Chief, Section of Administration  
Surface Transportation Board  
Office of Proceedings  
395 E Street, SW  
Washington, DC 20423

Re: Finance Docket No. 35820, Blue Ridge Southern Railroad,  
L.L.C. -- Acquisition Exemption – Norfolk Southern Railway  
Company

Dear Ms. Brown:

Blue Ridge Southern Railroad, L.L.C. ("BLUE"), hereby certifies that on May 8, 2014, BLUE had posted the attached Notice at the workplace of the employees of Norfolk Southern Railway Company ("NSR") working on the rail lines being acquired by BLUE. Also, on May 9, 2014, BLUE served a copy of the Notice on the national offices of all labor unions with employees working on the rail lines being acquired by BLUE.

If you have any questions regarding this matter, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Karl Morell".

Karl Morell  
Of Counsel

Enclosure

## NOTICE

**Blue Ridge Southern Railroad, L.L.C. ("BLUE")** will acquire certain Tracks owned by Norfolk Southern Railway Company, a Virginia corporation, including sidings and yard tracks. These Tracks are located between: (1) Milepost T0.0 at Murphy Jct., NC and Milepost T47.0 at Dillsboro, NC; (2) Milepost W1.0 at Asheville, NC and Milepost W26.0 at East Flat Rock, NC; and (3) Milepost TR0.0 at Hendersonville, NC and Milepost TR19.8 at Pisgah Forest, NC.

Total Route Miles of 91.8.

**As a result of operating the freight portion of the rail line, BLUE expects to have employment opportunities in the following areas:**

### ***Freight Operation:***

Approximately 32 positions in Canton, NC and Arden/Hendersonville, NC. These positions require the following minimum skills and/or qualifications:

### ***General Manager:***

1 Position located in Canton, NC. This position requires the following minimum skills and/or qualifications:

- Prefer College degree in Management.
- Must have at least 5 - 10 years of railroading experience in a supervisory and/or managerial role.
- Ability to enhance and/or develop, implement and enforce policies and procedures of the organization by way of systems that will improve the overall operation and effectiveness of the corporation.
- Plan, develop, organize, implement, direct and evaluate the organization's fiscal function and performance.
- Ensure sound operating procedures according to FRA and Corporate Safety rules.
- A decisive individual who possesses a "big picture" perspective and is well versed in operational standards.
- Must ensure that emphasis is placed on a strong Customer Focus.

### ***Train Masters:***

Approximately 1 position as follows: Canton, NC. These positions require the following minimum skills and/or qualifications:

- Supervises and coordinates activities of train crews engaged in switching/RR operations.
- Must possess a high school education or GED, and a minimum of 6 months job-related experience; or equivalent combination of education and experience.
- Must possess a valid Engineer's certificate issued by a program in compliance with 49 CFR Part 240.
- Must be able to meet all hearing and vision requirements of 49 CFR Part 240.

- Must have an understanding of air brake and mechanical systems of a train and locomotives, and pass a written test to verify competency.

***Conductor:***

Approximately 10 positions in Canton, NC and Arden/Hendersonville, NC. These positions require the following minimum skills and/or qualifications:

- At least 1 year experience as a Conductor/Brakeman.
- Must have Qualifications on the General Code of Operating Rules (GCOR) and have passed a written test in the past 18 months.
- Must have an understanding of air brake and mechanical systems of a train and locomotives, and pass a written test to verify competency.

***Engineer:***

Approximately 10 positions in Canton, NC and Arden/Hendersonville, NC. These positions require the following minimum skills and/or qualifications:

- At least 1 year experience as a Locomotive Engineer.
- Must possess a valid Engineer's certificate issued by a program in compliance with 49 CFR Part 240.
- Must be able to meet all hearing and vision requirements of 49 CFR Part 240.
- Must have an understanding of air brake and mechanical systems of a train and locomotives, and pass a written test to verify competency.

***Clerks:***

Approximately 1 position located in Canton, NC. This position requires the following minimum skills and/or qualifications:

- Involved in day to day record keeping, billing, filing, and typing and general office duties.
- Must possess a high school education or GED, and a minimum of 6 months job-related experience; or equivalent combination of education and experience.
- This position will be accountable to all managers within the operation and is responsible for office coordination of activities.
- Other duties as assigned.

***Chief Mechanical Officer:***

1 position located in Canton, NC. This position requires the following minimum skills and/or qualifications:

- Directly supervise shop craft employees to safely execute shop operating plan.
- Ensure labor and equipment is positioned to inspect, test and repair equipment to meet the needs of the daily plan.
- Must have previous mechanical department or equivalent industry experience.

- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.
- Comply with all FRA and Watco safety standards.
- Other duties as assigned.

***Locomotive Electrical:***

Approximately 1 position located in Canton, NC. This position requires the following minimum skills and/or qualifications:

- Make repairs and perform scheduled maintenance to both inbound and outbound locomotives.
- Must have knowledge of and comply with FRA standards.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.
- Prefer background in technical training in Electrical maintenance/repair.
- Demonstrated knowledge and ability in using required hand and power tools.

***Locomotive Mechanical:***

Approximately 1 position located in Canton, NC. This position requires the following minimum skills and/or qualifications:

- Make repairs and perform scheduled maintenance to both inbound and outbound locomotives.
- Must have knowledge of and comply with FRA standards.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.
- Prefer background in technical training in Diesel maintenance/repair.
- Demonstrated knowledge and ability in using required hand and power tools.

***Roadmaster:***

1 position located in Canton, NC. This position requires the following minimum skills and/or qualifications:

- Supervises all track, structure and signal maintenance on railroad.
- Plan and implement maintenance programs and capital projects.
- Instructs work force on safety compliance and mandated programs.
- Must possess 5 years experience in Railroad Track Maintenance.

***Track Inspector:***

1 position located in Canton, NC. This position requires the following minimum skills and/or qualifications:

- Responsible for supervision of rail car inspection and maintenance in accordance with FRA standards.
- Inspect railroad track structure for compliance with railroad policy and federal/state regulations.
- Implement remedial action on defects pending repair.
- Oversee/direct production gang work.
- Inspect completed work to verify conformance to government regulations.

- Prepare inspection reports for management and government compliance.
- Must possess 3 years supervisory experience in Railroad Track Maintenance.

***MoW laborer:***

Approximately 2 positions as follows: Canton, NC. These positions require the following minimum skills and/or qualifications:

- Perform tasks associated with track work including but not limited to, pulling and driving spikes, replacing ties, surfacing track, changing rail, bars, and other track apparatus.
- Must be willing to learn and apply FRA rules and regulations and be able to perform maintenance in a timely manner.
- Must be willing to learn to operate in a safe and efficient manner, all equipment and tools associated with track maintenance.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.

***MoW Operator:***

Approximately 1 position as follows: Canton, NC. This position requires the following minimum skills and/or qualifications:

- Perform tasks associated with track work including but not limited to, pulling and driving spikes, replacing ties, surfacing track, changing rail, bars, and other track apparatus.
- Must be willing to learn and apply FRA rules and regulations and be able to perform maintenance in a timely manner.
- Must be willing to learn to operate in a safe and efficient manner all equipment and tools associated with track maintenance.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.

***Carmen:***

Approximately 1 position as follows: Canton, NC. This position requires the following minimum skills and/or qualifications:

- Maintain, replace and/or repair air brake pipes, valves, gaskets, air hoses and other equipment as required.
- Inspect outlet gates on hopper cars and air dumps for defects and ensures they are properly secured.
- Operate electrical and gas welding equipment to join a variety of metals and alloys; operate acetylene torches for cutting and/or shaping metal parts such as aluminum, cast iron, steel, bronze, etc. Operate specialized off-highway motor vehicles including forklift trucks, mobile cranes, trackmobiles, and ship tractors.
- Familiar with AAR office manual, ability to identify AAR/FRA when present on railcars.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.

The most qualified candidates will be selected from the available pool of applicants without regard to race, creed, color, religion, national origin, sex, age, marital status, disability or veteran

status. The selection criteria will be job-related skills and attributes as outlined above. Successful candidates must have a stable work record and exhibit safe work practices. The ability to work in a team environment with a focus on customer service is critical. Applicants must be able to read and comprehend regulations and instructions in English, as well as possess good oral communication skills. Successful applicants will be required to pass a pre-employment drug and alcohol screen and complete a medical questionnaire. Every employee is an at-will employee. All employees are expected to know and abide by the standard code of Employee Conduct.

All jobs will be posted at [www.watcocompanies.com](http://www.watcocompanies.com) or information can be obtained by calling Human Resource department at (866) 479-2826.

**Blue Ridge Southern Railroad  
315 W. 3<sup>rd</sup> Street  
Pittsburg, Kansas 66762**

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 35820

BLUE RIDGE SOUTHERN RAILROAD, L.L.C.  
--ACQUISITION EXEMPTION--  
NORFOLK SOUTHERN RAILWAY COMPANY

Blue Ridge Southern Railroad, L.L.C. (“BLU”), a non-carrier, has filed a notice of exemption to acquire from Norfolk Southern Railway Company (“NS”) the three rail lines located between: (1) Milepost T0.0, at Murphy Jct., NC, and Milepost T47.0, at Dillsboro, NC; (2) Milepost W1.0, at Asheville, NC and Milepost W26.0, at East Flat Rock, NC; and (3) Milepost TR0.0, at Hendersonville, NC, and Milepost TR19.8, at Pisgah Forest, NC.

This transaction is related to Finance Docket No. 35821, Watco Holdings, Inc. -- Continuation In Control Exemption – Blue Ridge Southern Railroad, L.L.C., wherein Watco Holdings, Inc., has concurrently filed a verified notice to continue in control of BLU upon BLU becoming a Class III carrier.

Comments must be filed with the Board and served on Karl Morell, Of Counsel, BALL JANIK LLP, Suite 225, 655 Fifteenth Street, N.W., Washington, DC 20005, (202) 638-3307.

This notice is filed under 49 C.F.R. 1150.31. 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.

VERIFICATION

STATE OF KANSAS )  
 )  
COUNTY OF CRAWFORD ) ss.

I, Arthur E. McKechnie, III, being duly sworn depose and state that I am Assistant Secretary of Blue Ridge Southern Railroad, L.L.C., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.

AE McKechnie III  
Arthur E. McKechnie, III

SUBSCRIBED AND SWORN TO before me this 16<sup>th</sup> day of May, 2014, in the County of Crawford, State of Kansas.

My Commission Expires: 5-19-17 Cindy L Davied  
Notary Public

