

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 35887

237137
ENTERED
Office of Proceedings
December 1, 2014
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Public Record

**PIONEER RAILCORP, PIONEER RAILROAD SERVICES, INC.,
AND DECATUR JUNCTION RAILWAY CO. --
EXEMPTION FOR TRANSACTIONS WITHIN A CORPORATE FAMILY**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. §1180.2(d)(3)**

FEE RECEIVED
December 1, 2014
SURFACE
TRANSPORTATION BOARD

FILED
December 1, 2014
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**Daniel A. LaKemper, Esq.
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Pioneer Railcorp
Pioneer Railroad Services, Inc.
Decatur Junction Railway Co.
1318 S. Johanson Road
Peoria, Illinois 61607
Tel.: (309) 697-1400**

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Pioneer Railcorp (“PIONEER”), Pioneer Railroad Services, Inc. (“PRS”), a non-carrier, and Decatur Junction Railway Co.¹, (“DJR”) (collectively, the “Parties”) hereby submit this notice, pursuant to 49 C.F.R. §1180.2(d)(3), for an exemption from the prior approval and authorization requirements of the Surface Transportation Board (“STB” or “Board”) of a transaction within a corporate family. The transaction, subject to this Notice of Exemption, involves PRS’ acquisition of DJR’s rail line between Elwin, Illinois, and Decatur, Illinois (the “Line”) PIONEER’s continuance in control of PRS when it becomes a carrier (upon acquiring the Line), and the simultaneous leaseback of operating rights by PRS to DJR, which will allow DJR to continue to operate the Line (pursuant to a lease with PRS).

¹ DJR is owned by Pioneer Railroad Services, Inc.’s parent company Pioneer Railcorp. See Pioneer Railcorp – Continuance in Control Exemption – Decatur Junction Railway Co., STB Docket No. F.D. 32367 (STB served October 18, 1993).

In support of this Notice of Exemption and in compliance with 49 C.F.R. §1180.4(g), the Parties state the following:

49 C.F.R. §1180.6(a)(1)(i)--Description of Transaction and Parties Thereto:

Applicants.

PIONEER,² currently owns 100% of the common stock of 17 Class III rail carrier subsidiaries, in addition to non-rail assets. PIONEER'S rail carrier subsidiaries are located in Alabama, Arkansas, Georgia, Illinois, Indiana, Iowa, Kansas, Michigan, Mississippi, Ohio, Pennsylvania, and Tennessee.

PRS is a wholly-owned subsidiary of PIONEER. PRS will become a common carrier railroad subject to the Board's jurisdiction upon consummation of this corporate family transaction. PRS certifies that annual revenues as a result of this transaction will not exceed those that would qualify it as a Class III rail carrier. More specifically, PRS certifies that annual revenues on this Line will not exceed \$5 million.

DJR is one of 17 Class III carriers currently owned by PIONEER. DJR owns between Milepost 745.54, at/near Elwin, Illinois, and Milepost 749.94, in/near Decatur, Illinois, a distance of approximately 4.4 miles in Macon County, Illinois, as shown on the map attached hereto as Exhibit A. DJR operates additional trackage pursuant to lease arrangements. Upon

² PIONEER owns 100% of the common stock of its 17 Class III rail carrier subsidiaries: Alabama & Florida Railway Co., Inc., d/b/a Ripley & New Albany Railroad Co, Inc.; Alabama Railroad Co.; Decatur Junction Railway Co.; Elkhart & Western Railroad Co.; Fort Smith Railroad Co.; The Garden City Western Railway, Inc.; Gettysburg & Northern Railroad Co.; Georgia Southern Railway Co.; Indiana Southwestern Railway Co.; Kendallville Terminal Railroad Co.; Keokuk Junction Railway Co.; Keokuk Union Depot Company; Michigan Southern Railroad Company (originally Wabash & Grand River Railway Co.); Mississippi Central Railroad Co. (originally Natchez Trace Railroad); Pioneer Industrial Railway Co.; Vandalia Railroad Company; and West Michigan Railroad Co. (originally West Jersey Railroad Co.).

consummation of this transaction, DJR will continue to operate as the responsible carrier over the Line and other line segments pursuant to lease arrangements.

Description of the Proposed Transaction.

Pursuant to a written agreement (yet to be executed), PRS will purchase the Line from DJR, and subsequently leaseback operating rights to DJR, which will continue to operate, maintain, and perform contract and common carrier service on the Line. The Agreement will contain no restrictions on interchange.

DJR currently leases and operates the trackage south of Mile Post 745.54, connecting with the Line, and extending to Milepost 728.0 at/near Assumption, Illinois.³ Additionally, DJR has incidental trackage over the Illinois Central Railroad Company (“IC”) trackage north of Milepost 749.94, for purposes of interchange with IC at Decatur, Illinois, and transit of DJR equipment to DJR’s line between Decatur, Illinois and Cisco, Illinois. DJR will continue to have such incidental trackage rights over IC’s trackage north of MP 749.94 after the consummation of this transaction.

DJR will continue to operate its existing route between Assumption and Decatur, Illinois, pursuant to leases. The proposed transaction will transfer ownership of the Line from DJR to PRS, and PIONEER will continue in control of PRS when it becomes a carrier (upon acquiring the Line).

Names, Addresses, and Phone Numbers of Involved Parties.

Pioneer Railcorp	Pioneer Railroad Services, Inc.	Decatur Junction Railway Co.
1318 S. Johanson Road	1318 S. Johanson Road	1318 S. Johanson Road
Peoria, Illinois 61607	Peoria, Illinois 61607	Peoria, Illinois 61607
Tel.: (309) 697-1400	Tel.: (309) 697-1400	Tel.: (309) 697-1400

³ See Decatur Junction Railway Co. -- Lease and Operation Exemption -- Lines in Illinois, STB Docket No. F.D. 32365 (STB served October 18, 1993), as corrected by the Board’s October 26, 1993 decision.

Name of Counsel to Whom Questions Can Be Addressed.

Correspondence on this Verified Notice of Exemption should be addressed to:

Daniel A. LaKemper, Esq.
General Counsel
Pioneer Railcorp
1318 S. Johanson Road
Peoria, Illinois 61607
Tel.: (309) 697-1400

49 C.F.R. §1180.6 (a) (1) (ii) --Consummation Schedule.

The Parties propose to consummate the proposed transaction on or about December 31, 2014 (30 days after filing this Verified Notice of Exemption), or upon the effective date of this exemption, if later, and operations under this exemption will begin thereafter.

49 C.F.R. §1180.6 (a) (1) (iii) -- Purpose of the Transaction.

The purpose sought to be accomplished through this transaction is to improve operating and administrative efficiencies within the corporate family.

49 C.F.R. §1180.6 (a) (5) -- List of States in Which the Parties' Property is Located.

The states in which PIONEER's rail lines are located are Alabama, Arkansas, Georgia, Illinois, Indiana, Iowa, Kansas, Michigan, Mississippi, Ohio, Pennsylvania, and Tennessee. The Line to be transferred to PRS and to be operated by DJR on behalf of PRS is located in Illinois.

49 C.F.R. §1180.6 (a) (6) -- Map Exhibit.

Attached is a map that shows location of the Line being transferred to PRS (including geographic points in the region). The map also shows the other line segments that DJR currently operate pursuant to leases. See Exhibit A.

49 C.F.R. §1180.6 (a) (7) (ii) -- Agreement.

PRS has reached a verbal agreement with DJR, providing for PRS to purchase the Line, and DJR to continue to operate the Line pursuant to a Lease. Formal written agreements will be executed upon effectiveness of the transaction.

49 C.F.R. §1180.4 (g) (1) (i) -- Level of Labor Protection.

Because the proposed transaction involves only Class III carriers, employee protective conditions may not be imposed as a condition of this exemption. See 49 U.S.C. § 11326(c).

49 C.F.R. §1105.6 through 1105.8--Environmental Report.

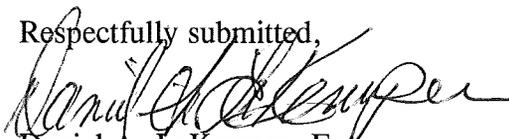
The proceeding is exempt from environmental review under 49 CFR §1105.6(c)(2)(i) because the proposed action will not cause any significant changes in carrier operations. In fact, the incumbent operator will continue to operate the Line pursuant to a lease PRS; thus, operational changes, if any, would be de minimis.

In addition, this proceeding is exempt from historic review under 49 CFR §1105.8.(b)(2) because the transaction involves the sale, lease, or transfer of property between corporate affiliates with no significant changes in operations.

Certification of Annual Revenues upon Consummation of Transaction.

The Applicant certifies that the projected annual revenue on the Line subject to this transaction is less than \$5 Million.

Respectfully submitted,



Daniel A. LaKemper, Esq.
General Counsel
Pioneer Railcorp
Pioneer Railroad Services, Inc.
Decatur Junction Railway Co.
1318 S. Johanson Road
Peoria, Illinois 61607

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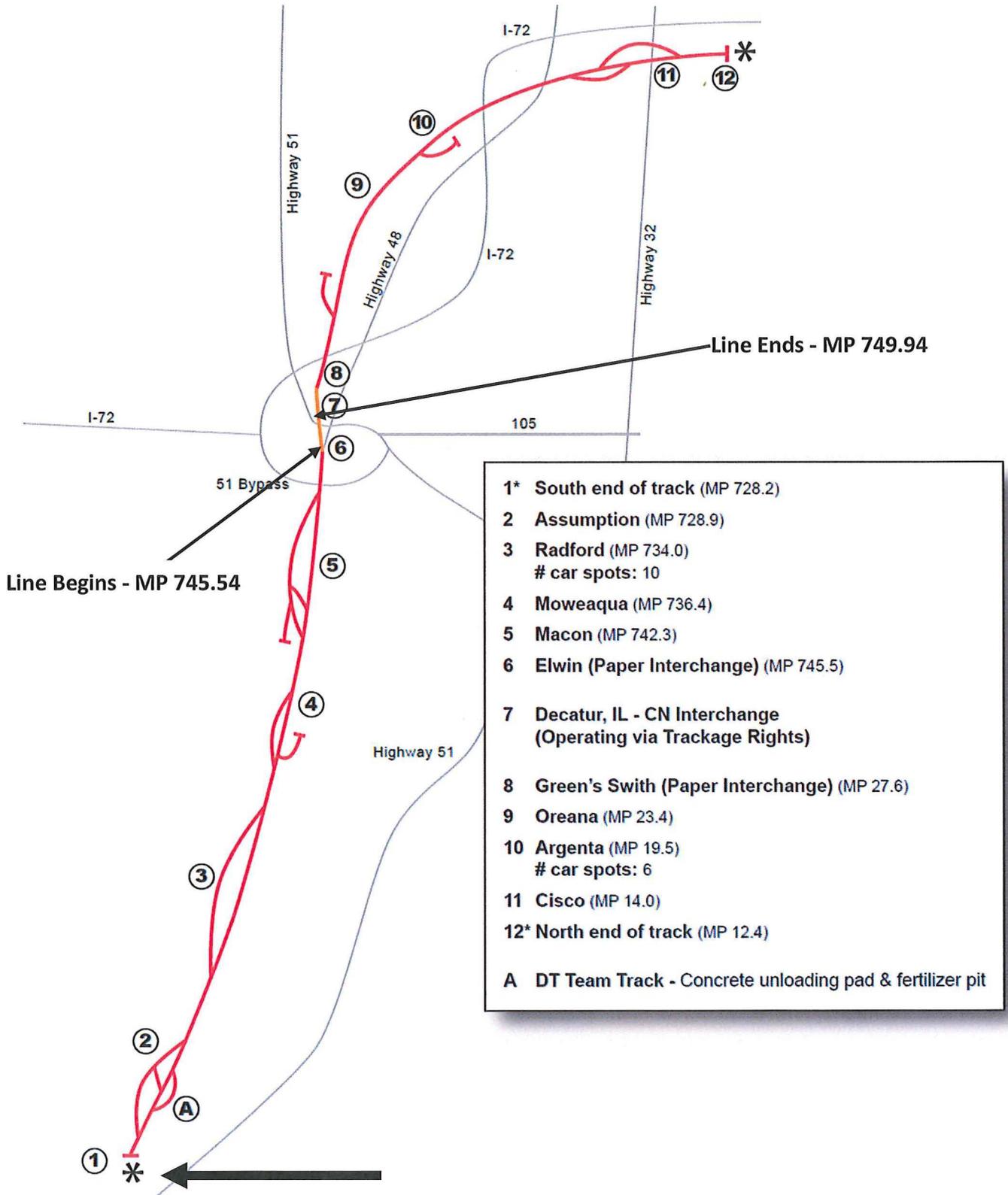
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EXHIBIT A

MAP

Decatur Junction Railway Co. (DT)



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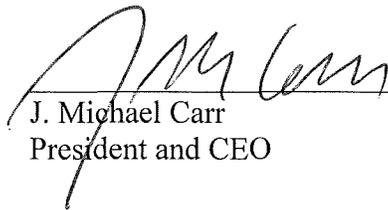
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VERIFICATION

VERIFICATION

I, J. Michael Carr, hereby verify under penalty of perjury on behalf of Pioneer Railcorp (“PIONEER”), Pioneer Railroad Services, Inc. (“PRS”), and Decatur Junction Railway Co. (“DJR”) that to the best of my knowledge the foregoing notice of exemption is true and correct. Further, I certify that I am qualified and authorized to make such verification on behalf of PIONEER, PRS, and DJR in connection with this proceeding before the Surface Transportation Board.

Executed this 1st day of December 2014



J. Michael Carr
President and CEO