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**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

ENTERED  
Office of Proceedings  
July 1, 2015  
Part of  
Public Record

**FD 35937**

**IOWA PACIFIC HOLDINGS, LLC  
AND PERMIAN BASIN RAILWAYS  
-- CONTINUANCE IN CONTROL EXEMPTION --  
PIEDMONT RAILWAY LLC  
VERIFIED NOTICE OF EXEMPTION  
UNDER 49 CFR § 1180.2(d) (2)**

Respectfully submitted,

John D. Heffner  
Strasburger & Price, LLP  
1025 Connecticut Ave., N.W.  
Suite 717  
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FEE RECEIVED  
July 1, 2015  
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Counsel for Petitioner

Dated: July 1, 2015

FILED  
July 1, 2015  
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Come now Iowa Pacific Holdings, LLC (“IPH”), and its wholly owned subsidiary Permian Basin Railways (“PBR”), and Piedmont Railway LLC (“Piedmont”), and state as follows:

1. Pursuant to the provisions of Section 1180 of the Board's Railroad Consolidation Rules (49 C.F.R. § 1180), Piedmont hereby gives notice of a transaction which qualifies for exemption under Section 1180.2(d) (2) of those rules.

2. As relevant here, Piedmont is a limited liability company and a noncarrier formed by IPH and PBR for the purpose of providing common carrier freight railroad service over a line of railroad owned by the State of North Carolina through its Department of Transportation and currently operated by the Piedmont

and Northern Railway, Inc.<sup>1</sup> Once this notice and the companion lease and operation exemption filed in FD 35936 become effective, Piedmont will be substituted for Piedmont and Northern Railway, LLC, as the operator of the subject line of railroad.

3. The other lines currently owned and/or operated by IPH and PBR will not connect with the line to be operated by Piedmont as they are located hundreds of miles apart and there are no plans to connect these lines.

4. Under section 1180.2(d) (2) of the Board's consolidation rules, certain transactions are automatically exempt from the prior approval requirements for common control. Specifically, section 1180.2(d) (2) exempts the acquisition of nonconnecting carriers where (i) the railroads will not connect with each other or any railroad in their corporate family, (ii) the acquisition is not part of a series of anticipated transactions that would connect the railroads with each other or any railroad in their corporate family; and (iii) the transaction does not involve a Class I carrier.

5. In order to claim the section 1180.2(d)(2) exemption, section 1180.4(g) requires the filing of a verified notice of exemption furnishing the information requested in sections 1180.6(a)(1)(i) – (iii), 1180.6(a)(5) – (6), and 1180.6(a)(7)(ii) of those rules. That information is provided as follows:

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<sup>1</sup> Piedmont and Northern Railway, LLC, is a subsidiary of Patriot Rail Corp.

Summary of Proposed Transaction: 49 CFR § 1180.6(a) (1) (i)

IPH and PBR have established Piedmont as a new limited liability company and noncarrier organized for the purpose of operating the subject rail line owned by the North Carolina Department of Transportation.

Applicant's name, address, and telephone number:

Piedmont Railway LLC  
c/o Iowa Pacific Holdings, LLC  
118 South Clinton Street,  
Suite 400  
Chicago, IL 60661

Legal counsel to whom questions should be addressed:

John D. Heffner  
Strasburger & Price, LLP  
1025 Connecticut Ave., N.W.  
Suite 717  
Washington, D.C. 20036  
(202) 742-8607

Schedule for consummation: 49 CFR §1180.6(a) (1) (ii)

The parties intend to consummate the proposed transaction 30 days from the date of this notice, August 1, 2015.

Purpose to be accomplished by the transaction: 49 CFR §1180.6(a) (1) (iii)

The purpose of this transaction is for Piedmont to replace the service previously provided by Piedmont and Northern Railway, Inc. It plans to work closely with the State of North Carolina, the local community, and the connecting carriers to develop the freight potential of this trackage including the construction and operation of a transload facility.

(5) State(s) in which the property of each carrier is situated: 49 CFR §1180.6(a)

IPH/PBR owned carriers

California	Santa Cruz & Monterey Bay Railway Company
Colorado	San Luis & Rio Grande Railroad Company, Inc.
Illinois	Chicago Terminal Railroad
Massachusetts	Massachusetts Coastal Railroad, LLC
Mississippi	Illinois Company Rail Road, LLC <sup>2</sup>
New Mexico	Austin & Northwestern Railroad Company, Inc. d/b/a Texas-New Mexico Railroad <sup>3</sup>
New York	Saratoga & North Creek Railway, LLC
North Carolina	Piedmont Railway, LLC
Oregon	Mt Hood Railroad
Texas	Austin & Northwestern Railroad Company, Inc. d/b/a Texas-New Mexico Railroad West Texas & Lubbock Railway Company, Inc. <sup>4</sup> West Texas & Lubbock Railroad, Inc. <sup>5</sup> Rusk, Palestine & Pacific Railroad, LLC

Map: 49 CFR § 1180.6(a) (6)

Attached hereto as Exhibit A.

Copy of Agreement: 49 CFR § 1180.6(a) (7) (ii)

N.A. There is no agreement covering IPH's and PBR's control of Piedmont.

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<sup>2</sup> Pending the effectiveness of a notice of exemption filed June 23, 2015, in FD 35940.  
Proposed commencement of service August 7, 2015.

<sup>3</sup> IPH/PBR is selling this carrier to WATCO Companies, LLC

<sup>4</sup> IPH/PBR is selling this carrier to WATCO Companies, LLC

<sup>5</sup> IPH/PBR is selling this carrier to WATCO Companies, LLC

### Related transaction

Concurrently with this filing, Piedmont is submitting a verified Notice of Exemption for its lease and operation of the subject line. That notice has been assigned docket number FD 35936.

### Other information / Certification:

IPH and PBR hereby certify that (1) the line to be leased and operated by Piedmont, the rail carrier to be controlled pursuant to this notice of exemption, does not connect with any carrier they own, (2) the subject acquisition proceeding is not a part of a series of anticipated transactions that would connect these railroads with each other, and (3) the transaction does not involve a Class I carrier.

### Environmental and historical considerations:

This continuance in control proceeding is exempt from environmental review under 49 CFR §1105.6(c) (2) (i) because the proposed action will not cause any operating changes that exceed the thresholds established in 49 CFR §1105.7(e) (4) or (5). In addition, this proceeding is exempt from historic review under 49 CFR §1105.8(b)(1) because there are no plans to dispose of or alter properties subject to Board jurisdiction that are at least 50 years old. Accordingly, no historic report is required.

Labor Protection to be Imposed

No labor protection applies on transactions involving only class III railroads.

*See*, 49 U.S.C. §11326(c).

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