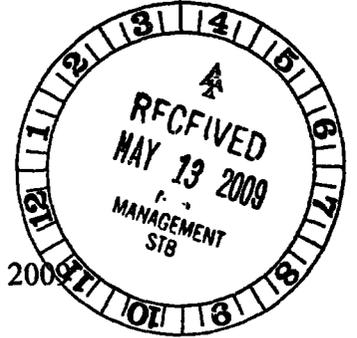


225106

LAW OFFICES  
FRITZ R. KAHN, P.C.  
EIGHTH FLOOR  
1920 N STREET, N.W.  
WASHINGTON, D.C. 20036-1601

(202) 263-4152  
FAX (202) 331-8330  
e-mail: xccgc@worldnet att net

ORIGINAL



May 13, 2009

VIA HAND DELIVERY - RETURN COPY

Hon. Anne K. Quinlan  
Acting Secretary  
Surface Transportation Board  
395 E Street, SW  
Washington, DC 20423

ENTERED  
Office of Proceedings

MAY 13 2009

Part of  
Public Record

Dear Secretary Quinlan:

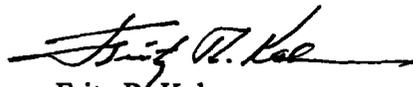
Enclosed for filing in STB Finance Docket No. 35249, Kern W. Schumacher--  
Continuance in Control Exemption--Granada Railway, LLC and Natchez Railway, LLC  
are the original and ten copies of the Notice of Exemption of Kern W. Schumacher.

This firm's check for \$1,300 in payment of the filing fee is attached.

Additional copies of this letter and of the Notice are enclosed for you to stamp to  
acknowledge your receipt of them.

If you have any question concerning this filing or if I otherwise can be of  
assistance, please let me know.

Sincerely yours,

  
Fritz R. Kahn

**FILED**

MAY 13 2009

**SURFACE  
TRANSPORTATION BOARD**

SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC

**ORIGINAL**



STB Finance Docket No. 35249

KERN W. SCHUMACHER  
-- CONTINUANCE IN CONTROL EXEMPTION --  
GRANADA RAILWAY, LLC and  
NATCHEZ RAILWAY, LLC

NOTICE OF EXEMPTION

ENTERED  
Office of Proceedings

MAY 13 2009

Part of  
Public Record

**FILED**

MAY 13 2009

**SURFACE  
TRANSPORTATION BOARD**

**FEE RECEIVED**

MAY 13 2009

**SURFACE  
TRANSPORTATION BOARD**

Fritz R. Kahn  
Fritz R. Kahn, P.C.  
1920 N Street, NW (8th fl.)  
Washington, DC 20036  
Tel.: (202) 263-4152

Attorney for

KERN W. SCHUMACHER

Dated: May 13, 2009

SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC

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STB Finance Docket No. 35249

KERN W. SCHUMACHER  
-- CONTINUANCE IN CONTROL EXEMPTION --  
GRENADA RAILWAY, LLC and  
NATCHEZ RAILWAY, LLC

---

NOTICE OF EXEMPTION

Kern W. Schumacher, whose mailing address is P. O. Box 25421, Salt Lake City, Utah 34126 (Tel.: (801) 974-5484), pursuant to 49 C.F.R. §§1180.2(d)(2) and 1180.4(g), files this Notice of Exemption to be relieved from the prior approval requirements of 49 U.S.C. §§11323-11325, to permit him to continue in control of Grenada Railway, LLC, the mailing address of which is 2200 E. Camelback Rd. (Ste. 101), Phoenix, AZ 85016 (Tel.: (801) 977-6346) ("Grenada"), and of Natchez Railway, LLC, the mailing address of which is 2200 E. Camelback Rd. (Ste.101), Phoenix, AZ 85016 Tel.: (801) 977-6346 ("Natchez"), upon their becoming Class III rail carriers, and in support thereof Mr. Schumacher states, as follows:

Contemporaneously with the filing of this Notice of Exemption, Grenada will be filing its Notice of Exemption in STB Finance Docket No. 35247, Grenada Railway, LLC--Acquisition and Operation Exemption--Illinois Central Railroad Company and Waterloo Railway Company, and Natchez will be filing its Notice of Exemption in STB

Finance Docket No. 35248, Natchez Railway, LLC--Acquisition and Operation  
Exemption--Illinois Central Railroad Company.

§1180.2(d)(2)

Mr. Schumacher's proposed continuance in control is of two newly organized Class III rail carriers the lines of which do not connect with each other or with the lines of any other railroad controlled by Mr. Schumacher. The proposed continuance of control is not part of a series of anticipated transactions that would connect the railroads with each other or with any other railroad controlled by Mr. Schumacher. The transaction does not involve a Class I railroad.

§1180.6(a)(1)(i)

Mr. Schumacher is a noncarrier in direct or indirect control of four rail carriers subject to the jurisdiction of the Board. They are the Tulare Valley Railroad Company ("TVR"), which owns a 5.9-mile line of railroad in California, Kern Valley Railroad Company ("KVR"), which owns a 2-mile line of railroad in Colorado, V&S Railway, Inc. ("V&S"), which owns a 27-mile line of railroad in Kansas and a 122-mile line of railroad in Colorado, and Gloster Southern Railroad Company LLC ("GLSR"), which owns a 34.8-mile line of railroad in Mississippi and Louisiana.

Grenada and Natchez are newly-formed non-carriers controlled by Mr. Schumacher. Grenada, Illinois Central Railroad Company ("ICR") and Waterloo Railway Company ("WLOO") have entered into an Asset Purchase Agreement pursuant to which Grenada will acquire ICR's Grenada Line between Milepost 403.0 at Southhaven, MS, and Milepost 703.8 near Canton, MS, a distance of approximately

175.4 route miles,<sup>1</sup> and WLOO's connecting Water Valley Branch Line between Milepost 603.0 at Water Valley Junction, MS, and Milepost 614.42 at Bruce Junction, MS, a distance of approximately 11.42 route miles. Natchez and ICR have separately entered into an Asset Purchase Agreement pursuant to which Natchez will acquire ICR's Natchez Line between Milepost 86.0 near Brookhaven, MS, and Milepost 148.34 in Natchez, MS, including the International Paper Spur, a distance of approximately 65.6 route miles.

The lines of the KVR, TVR, V&S, GLSR, Grenada and Natchez do not connect with each other. Mr. Schumacher's continuance in control of Grenada and Natchez is not part of a series of anticipated transactions that would connect the railroads with each other or with any other railroad controlled by Mr. Schumacher. The proposed transaction does not involve a Class I rail carrier.

Counsel to whom questions concerning the proposed transaction may be addressed is Fritz R. Kahn, Esq., Fritz R. Kahn, P.C., 1920 N Street, NW (8th fl.), Washington, DC 20036 (Tel.: (202) 263-4152).

§1180.6(a)(1)(ii)

The proposed transaction would be consummated on or after thirty days from the date of filing with the Board of this Notice of Exemption.

§1180.6(a)(1)(iii)

Mr. Schumacher has many years of experience managing short line railroads. He anticipates that with the substantial resources at his disposal he will be able maintain and, where necessary, rehabilitate the lines of the Grenada and Natchez, to restore and improve service on the railroads' lines, to encourage shippers to locate their facilities

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<sup>1</sup> Milepost equation at Grenada, MS: ICR Milepost 491.09 = ICR Milepost 616.49.

along the railroad lines of the Grenada and Natchez and to create financially viable railroads in the Grenada and Natchez.

§1180.6(a)(5)

The approximately 186.82-mile of railroad line of the Grenada is situated in Mississippi, and the approximately 65.6-mile of railroad line of the Natchez is situated in Mississippi. The 5.9-mile railroad line of the TVR is in California. The 2-mile railroad line of the KVR is situated in Colorado. The 149-miles of railroad lines of V&S are situated in Kansas and Colorado. The 34.8-mile railroad line of the GLSR is situated in Mississippi and Louisiana.

§1180.6(a)(6)

Schematic maps of the TVR, KVR, V&S, GLSR, Grenada and Natchez are attached as Exhibit A.

§1180.6(a)(7)(ii)

Mr. Schumacher already controls Grenada and Natchez, which currently are non-carriers. No additional agreement is contemplated or necessary for Mr. Schumacher to continue in control of Grenada and Natchez once those entities become rail carriers.

Labor Protection.

KVR, TVR, V&S, GLSR, Grenada and Natchez are Class III railroads. As such, under 49 U.S.C. §11326(c) labor protection need not be accorded their employees.

Environmental and Historic Documentation.

The proposed transaction will result in no significant changes in carrier operations, i.e., changes which exceed the thresholds established in 49 C.F.R. §1105.7(e)(4) or (5). The proposed transaction qualifies under 49 C.F.R. §1105.6(c)(2)(i)

and 49 C.F.R. §1105.8(b)(1), and neither an Environmental Report nor a Historic Report need be filed.

Respectfully submitted,

KERN W. SCHUMACHER

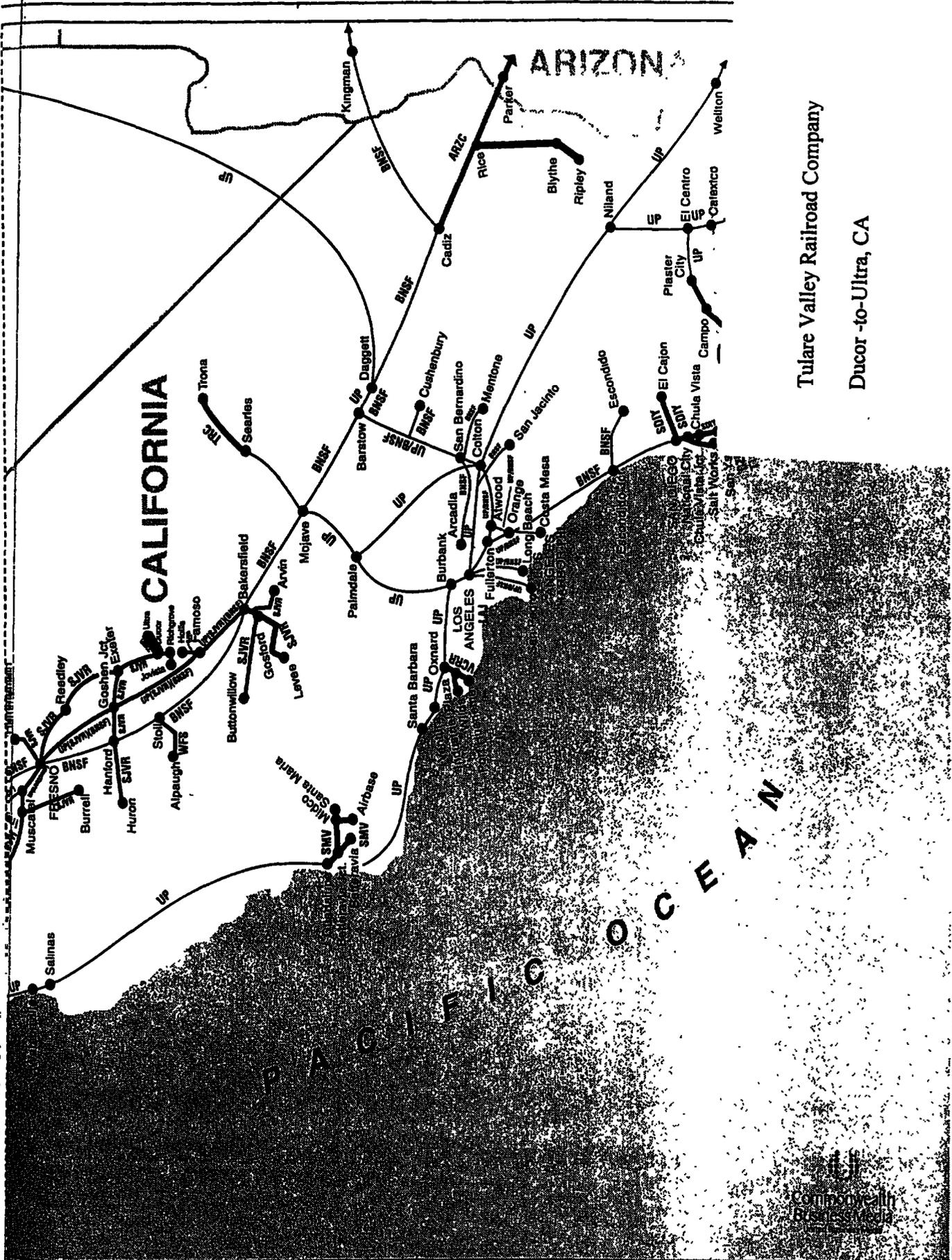
By his attorney,



Fritz R. Kahn  
Fritz R. Kahn, P.C.  
1920 N Street, NW (8th fl.)  
Washington, DC 20036  
Tel.: (202) 263-4152

Dated: May 13, 2009

**EXHIBIT A**



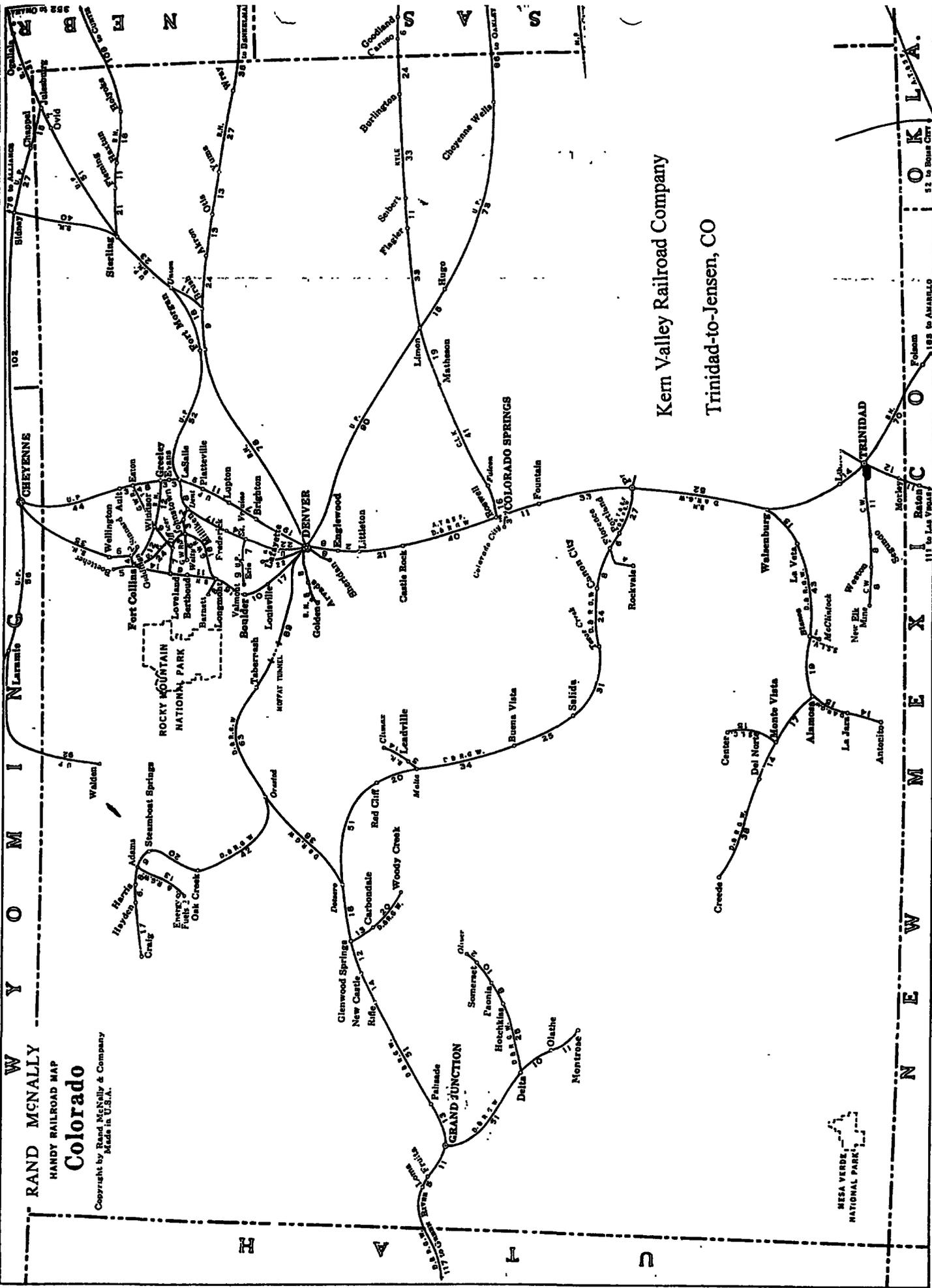
Tulare Valley Railroad Company

Ducor-to-Ultra, CA



**W Y O M I N A R I O G**

**RAND McNALLY**  
HANDY RAILROAD MAP  
**Colorado**  
Copyright by Rand McNally & Company  
Made in U.S.A.



**Kern Valley Railroad Company**  
**Trinidad-to-Jensen, CO**



MESA VERDE NATIONAL PARK

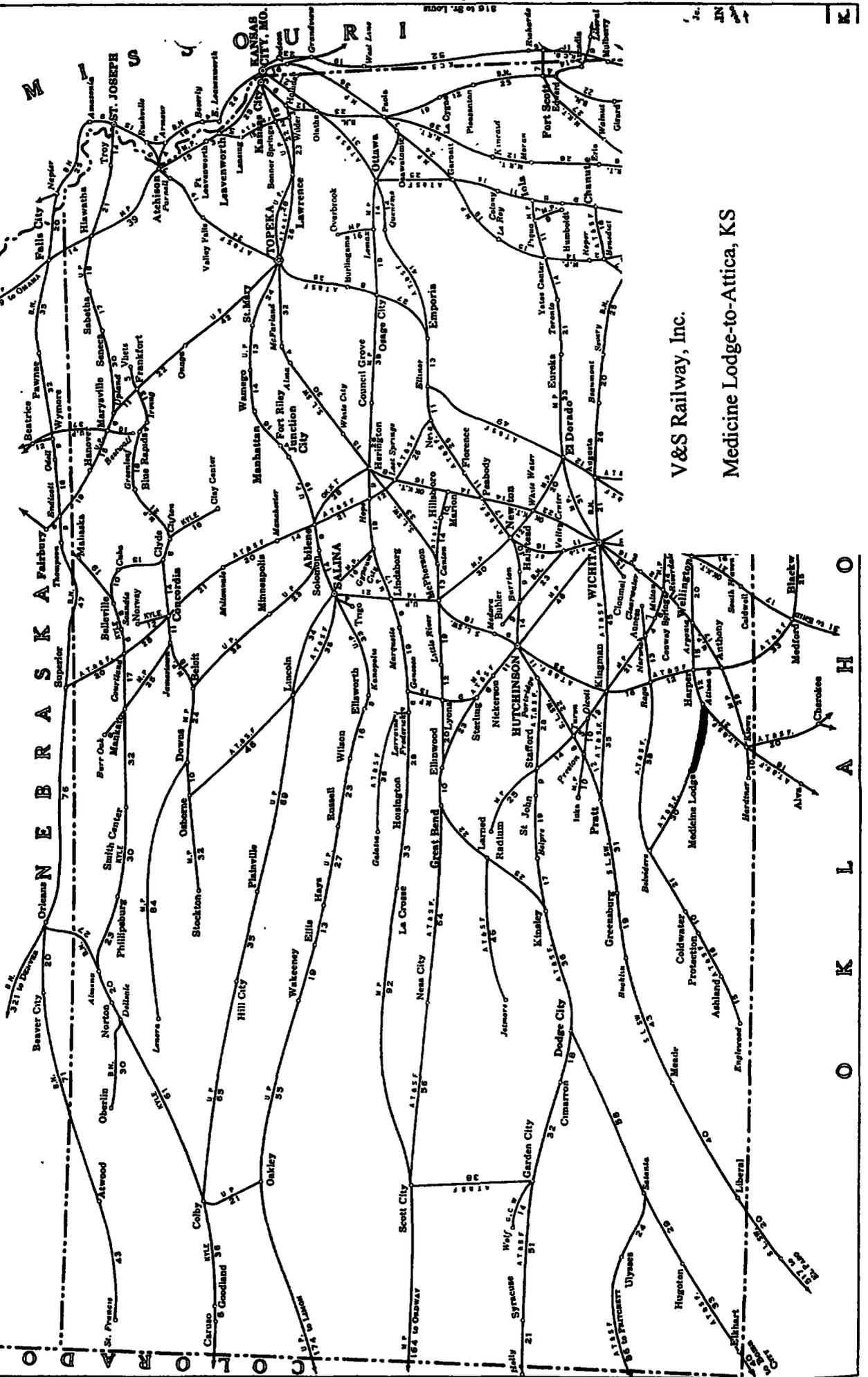
**N E W M E X I C O**

**O K L A.**

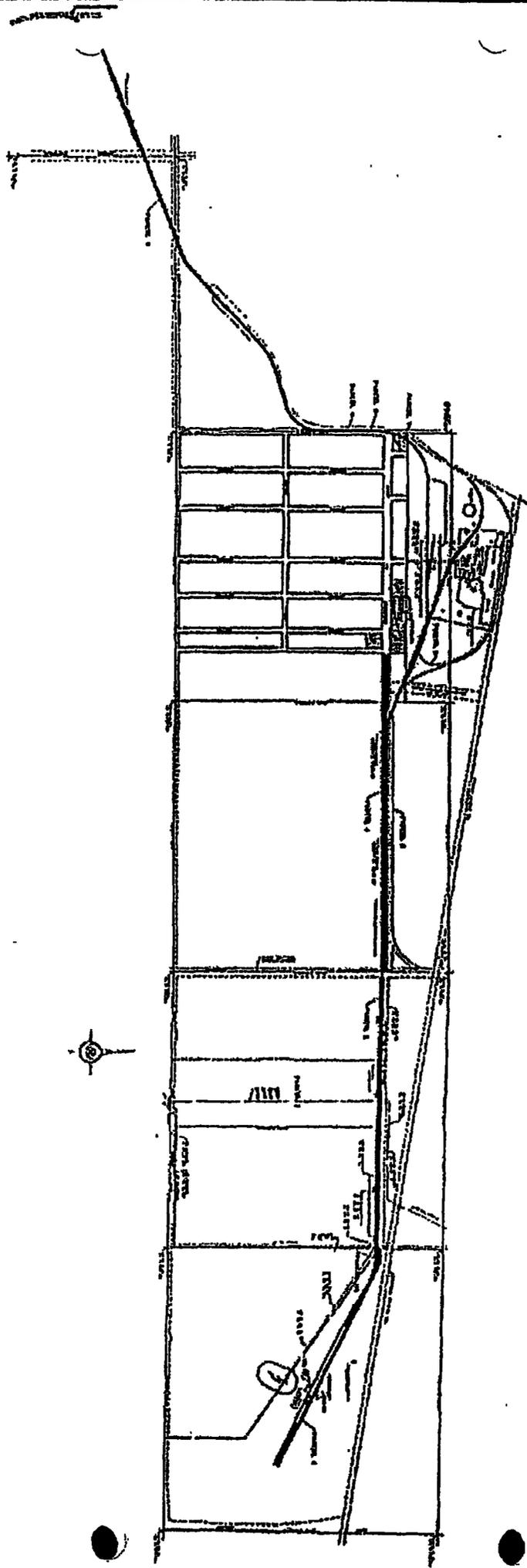
117 to Las Vegas  
122 to Bismarck  
125 to Amarillo  
132 to Boise City

**RAND McNALLY**  
**HANDY RAILROAD MAP**  
**Kansas**

Copyright by Rand McNally & Company  
 Made in U.S.A.



**V&S Railway, Inc.**  
**Medicine Lodge-to-Attica, KS**



V&S Railway, Inc.

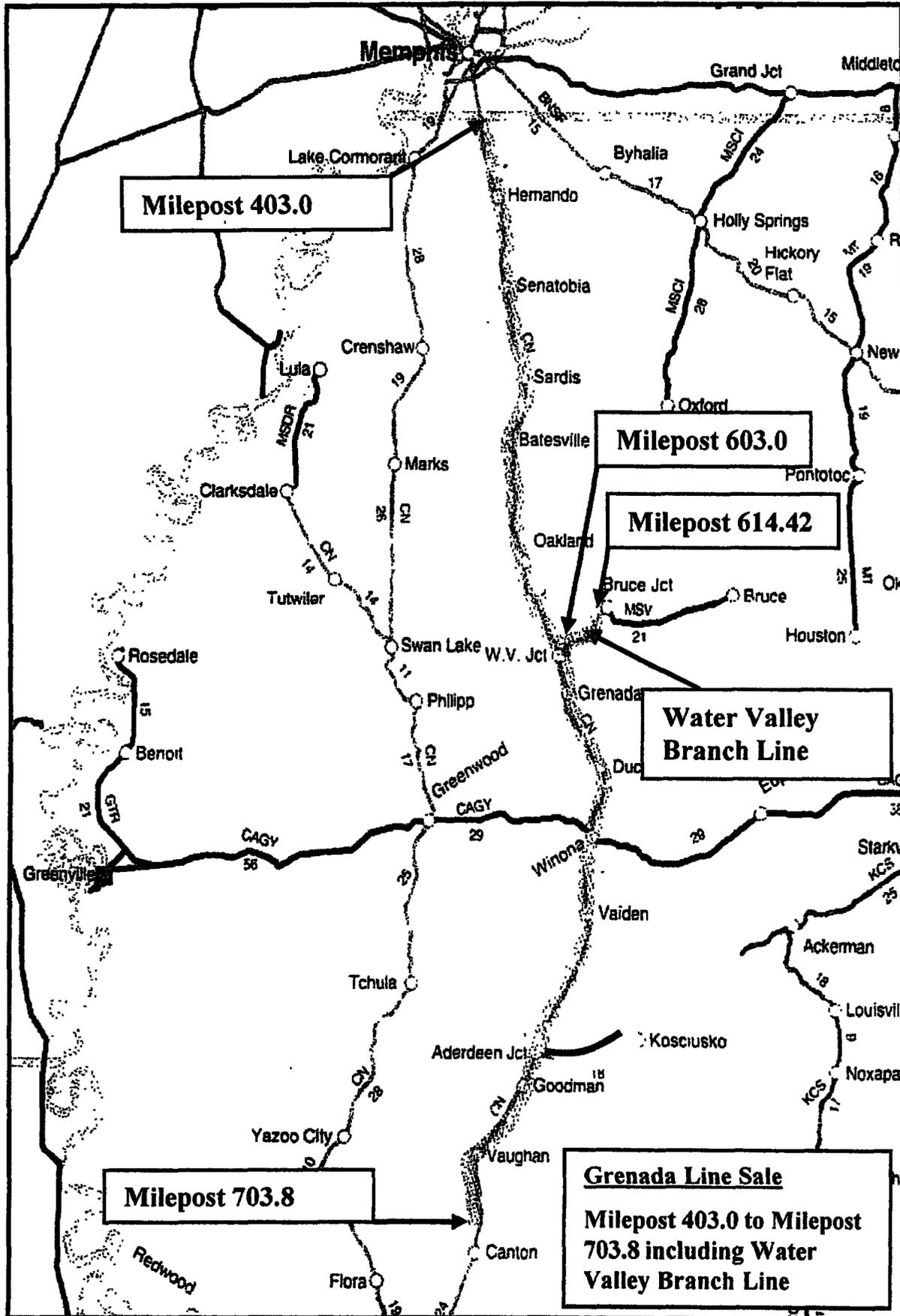
Hutchinson, KS





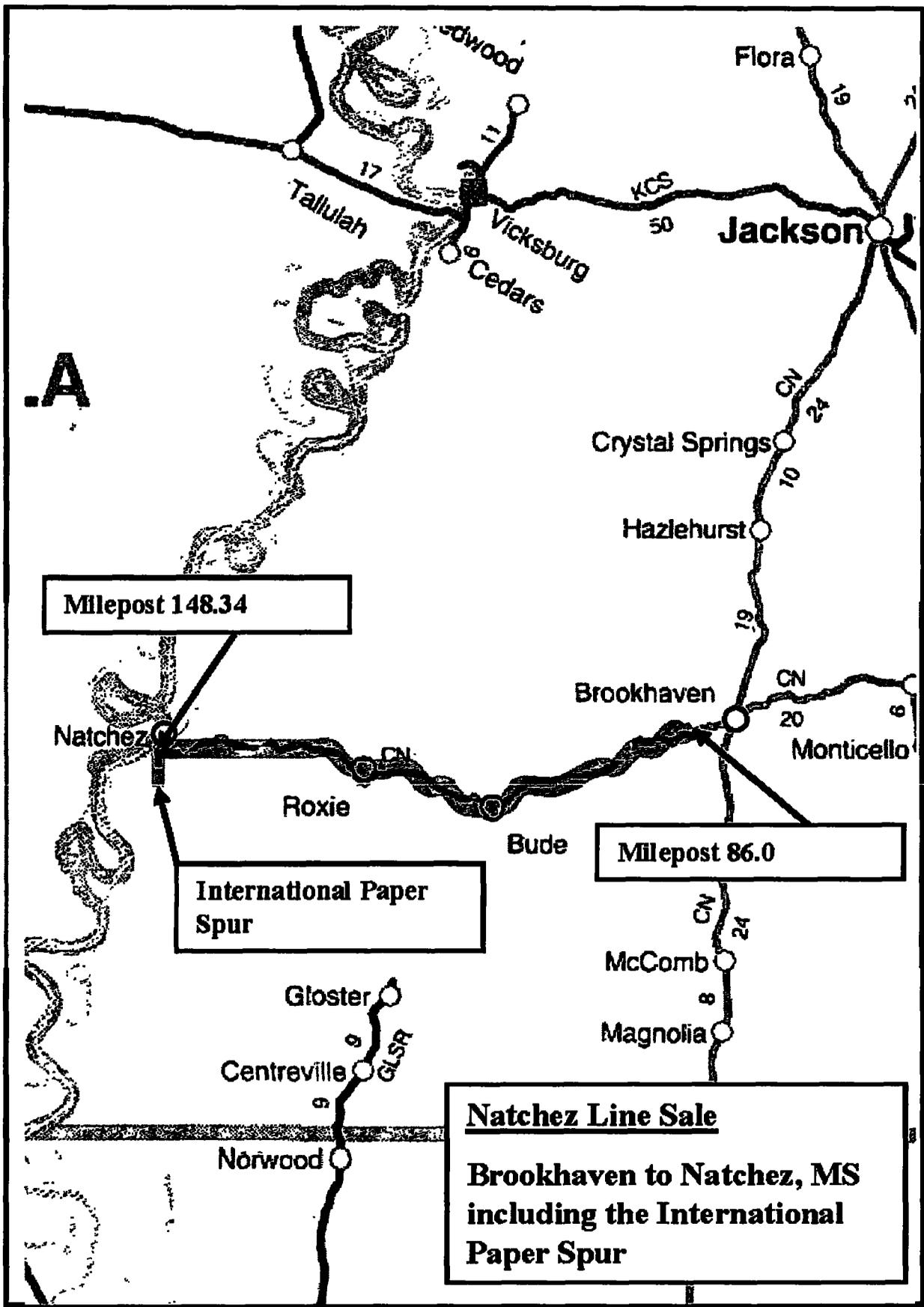
# Map

# Exhibit A



# Map

# Exhibit A



## VERIFICATION

I, Kern W. Schumacher, declare under penalty of perjury, under the laws of the United States of America, that I have read the foregoing Notice of Exemption and that its assertions are true and correct to the best of my knowledge, information and belief. I further declare that I am qualified and authorized to submit this verification on behalf of Grenada Railway, LLC and Natchez Railway, LLC. I know that willful misstatements or omission of material fact constitute Federal criminal violations punishable under 18 U.S.C. 1001 by imprisonment up to five years and fines up to \$10,000 for each offense. Additionally, these misstatements are punishable as perjury under 18 U.S.C. 1621, which provides for fines up to \$2,000 or imprisonment up to five years for each offense.

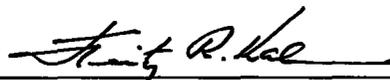
Dated at Phoenix, Arizona, this *12* day of *May*, 2009.

  
Kern W. Schumacher

**CERTIFICATE OF SERVICE**

I hereby certify that I this day have served the foregoing Notice of Exemption upon the U.S. Secretary of Transportation, the Attorney General of the United States, the Federal Trade Commission and on the Governor and the Public Service Commission of the State of Mississippi by mailing copies to them by first-class mail with postage prepaid.

Dated at Washington, DC., this 13th day of May 2009.

  
\_\_\_\_\_  
Fritz R. Kahn

Hon. Lynn Posey  
Chairman  
Public Service Commission  
P. O. Box 1174  
Jackson, MS 39215-1174

Hon Haley Barbour  
Governor  
State of Mississippi  
P. O. Box 139  
Jackson, MS 39205

Hon. Jon Leibowitz  
Chairman  
Federal Trade Commission  
600 Pennsylvania Ave., NW  
Washington, DC 20580

Hon. Eric H. Holder, Jr.  
Attorney General  
U.S. Department of Justice  
950 Pennsylvania Ave., NW  
Washington, DC 20530-0001

Hon. Ray LaHood  
Secretary  
U.S. Department of Transportation  
1200 New Jersey Ave., SE  
Washington, DC 20590