

ORIGINAL

Before The
Surface Transportation Board

225682

STB Finance Docket No. 35294



SQUAW CREEK SOUTHERN RAILROAD, INC.

- Lease and Operation Exemption -

CENTRAL OF GEORGIA RAILROAD COMPANY

FILED

SEP - 1 2009

**SURFACE
TRANSPORTATION BOARD**

Verified Notice of Exemption
Pursuant to 49 C.F.R. § 1150.41

FEE RECEIVED

SEP - 1 2009

**SURFACE
TRANSPORTATION BOARD**

**ENTERED
Office of Proceedings**

SEP - 1 2009

**Part of
Public Record**

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Washington, DC 20037
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Attorney for:
Squaw Creek Southern Railroad, Inc.

Dated: September 1, 2009

Before The
Surface Transportation Board

STB Finance Docket No. 35294

SQUAW CREEK SOUTHERN RAILROAD, INC.

- Lease and Operation Exemption -

CENTRAL OF GEORGIA RAILROAD COMPANY

Verified Notice of Exemption

Pursuant to the provisions of 49 U.S.C. §10502 and 49 C.F.R. §§ 1150.41-44, Squaw Creek Southern Railroad, Inc. ("SQS"), a Class III rail carrier, hereby files this Verified Notice of Exemption from 49 U.S.C. § 10902 for a transaction wherein SQS will lease and operate a line of railroad currently owned by Central of Georgia Railroad Company ("CGA"), a wholly-owned subsidiary of Norfolk Southern Railway Company ("NSR"), and operated by the Great Walton Railroad Company ("GRWR"), which is not affiliated with CGA or NSR. The line of railroad is located between approximately Milepost E-53.3 at Machen, Jasper County, Georgia, and Milepost E-65.8 at Newborn, Newton County, Georgia, which is a distance of approximately 12.5 miles (the "Line").

In support of this Notice of Exemption, SQS submits the following information required by 49 C.F.R. § 1150.43:

Name and Address of Applicant: 49 C.F.R. § 1150.43(a).

The full name and address of the Class III rail carrier applicant herein is as follows:

Squaw Creek Southern Railroad, Inc.
P.O. Box 303
Boonville, Indiana 47601

Applicant's Representative: 49 C.F.R. § 1150.43(b).

The name, address, and telephone number of the representative of the applicant who should receive correspondence is as follows:

Andrew P. Goldstein
McCarthy, Sweeney & Harkaway, P.C.
2175 K Street, NW, Suite 600
Washington, D.C. 20037
(202) 775-5560

Statement Concerning Agreement: 49 C.F.R. §1150.43(c).

SQS has reached an agreement¹ with CGA providing for CGA to lease and operate the rail line located between approximately Milepost E-53.3 at Machen, Jasper County, Georgia, and Milepost E-65.8 at Newborn, Newton County, Georgia, a distance of approximately 12.5 miles.² The lease will expire on June 1, 2028 unless otherwise terminated.

Operator of the Property: 49 C.F.R. § 1149.43(d).

Presently, the Line is owned by CGA and operated by GRWR. After consummation of the lease, SQS will operate, maintain, and provide all rail common carrier services on the Line, pursuant to the Lease Agreement referenced hereinabove.

Brief Summary of the Transaction: 49 C.F.R. § 1150.43(e).

Pursuant to the Lease Agreement with CGA, SQS proposes to lease, operate, maintain, and perform all common carrier service on the Line.

¹ The current agreement is an amendment to the Lease Agreement of April 21, 2008 between SQS and CGA (see STB Finance Docket No. 35134, May 12, 2008, Squaw Creek Southern Railroad, Inc.-Lease and Operation Exemption-Central of Georgia Railroad Company).

² The Line is currently being leased by the Great Walton Railway Company ("GRWR"); the GRWR lease is being terminated.

- 1) The name and address of the railroad transferring the subject property to the Class III rail carrier applicant:

Central of Georgia Railroad Company
Three Commercial Place
Norfolk, VA 23510

- 2) The proposed time schedule for consummation of the transaction:

Under the Agreement, consummation of this transaction will occur on or after September 30, 2009. This exemption will begin thereafter.

- 3) The mileposts of the subject property:

The rail line located between approximately Milepost E-53.3 at Machen, Jasper County, Georgia, and Milepost E-65.8 at Newborn, Newton County, Georgia.

- 4) The total route miles being acquired:

A distance of approximately 12.5 miles.

Map: 49 C.F.R. § 1150.43(f).

A map showing the Line and the surrounding trackage is attached as Exhibit A of this Notice.

Certificate of Compliance: 49 C.F.R. § 1150.43(g).

A Certificate of Compliance with the provisions of 49 C.F.R. § 1150.43(g) is attached as Exhibit B of this Notice.

Interchange Commitments: 49 C.F.R. § 1150.43(h).

The Lease and Interchange Agreement between the parties of April 21, 2008³ shall be amended to delete references to GRWR and any provisions applicable solely to

³ See STB Finance Docket No. 35134, May 12, 2008, Squaw Creek Southern Railroad, Inc.-Lease and Operation Exemption-Central of Georgia Railroad Company.

or in connection with GRWR and to add the Line to the lines included in the Lease with insignificant change in or addition to the Lease provisions.

The Line serves twelve shippers, including two who account for most of the traffic. In addition to CGA, the Line connects with CSX Transportation ("CSX"), which serves two of the shippers directly. Because SQS is assuming the operations formerly conducted by GRWR, SQS and GRWR will no longer connect and there will be no further interchanges between SQS and GRWR.

The lease between SQS and CGA specifically provides that there is no restriction on SQS's ability to interchange traffic with any other connecting carrier. SQS also is permitted local and switch rates without interchange restrictions. The lease provides for an annual amount of minimal rental which SQS may pay in full or against which it can receive an offset from cars interchanged to CGA.

SQS will receive per car handling charges from NSR for each car originating or terminating on SQS and interchanged with CGA. CSXT or a shipper served by CSXT could offer SQS an increased freight payment to divert joint line traffic from CGA.

For these reasons, SQS believes its lease does not include an "interchange commitment" and is not subject to the filing requirement of or in any way in violation of Section 1150.43(h). Nevertheless, SQS is filing a copy of the amendment of the original lease which provides for the lease of the subject Line and a copy of the original lease under seal as provided in 49 C.F.R. 1104.14(a). The original lease became effective pursuant to a verified notice of exemption file by SQS in STB Finance Docket No. 35134, cited in footnote 3.

Caption Summary: 49 C.F.R. § 1150.44.

A caption summary in appropriate form is attached as Exhibit C of this Notice.

Environmental and Historic Preservation Data: 49 C.F.R. § 1105.

Under 49 C.F.R. § 1105(c)(2), SQS's proposed lease and operation of the Line is exempt from environmental reporting requirements. The proposed transaction will not result in significant changes in carrier operations, i.e., changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5).

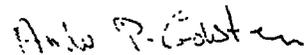
Under 49 C.F.R. § 1105.8(b)(1), SQS's proposed lease and operation of the Line is also exempt from historic preservation reporting requirements. The proposed lease is for the purpose of continued rail operations. Further, Surface Transportation Board approval is required to discontinue or abandon service, and there are no plans to dispose of or alter properties subject to Board jurisdiction that are fifty years old or older.

Pursuant to 49 U.S.C. § 10902(d) no labor protection is required by the action described in this Notice.

Conclusion

For the foregoing reasons, SQS submits that the proposed lease and operation of the Line meet the criteria for the class exemption from the prior approval requirements of 49 U.S.C. § 10902 under the Board's regulations at 49 C.F.R. §§ 1150.41-43 and request that the Board publish the appropriate Notice of Exemption.

Respectfully submitted,



Andrew P. Goldstein
McCarthy, Sweeney & Harkaway, P.C.
2175 K Street, NW, Suite 600
Washington, DC 20037
(202) 775-5560

Dated: September 1, 2009

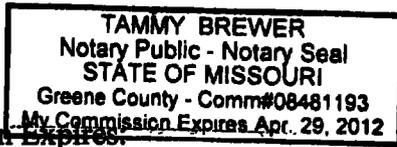
VERIFICATION

Pursuant to 28 U.S.C. § 1746, I declare and verify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Cory L Respondek

Cory Respondek, President
Squaw Creek Southern Railroad, Inc.

SUBSCRIBED AND SWORN TO before me this 28 day of August, 2009.



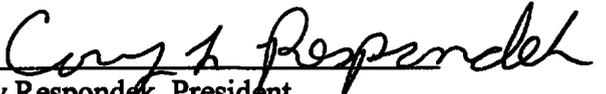
My Commission Expires _____

Tammy Brewer
Notary Public

EXHIBIT B

I hereby certify, pursuant to 49 C.F.R. §§ 1150.42-43, that:

- 1) The projected annual revenue of the Line will not result in SQS becoming a Class II or Class I rail carrier so as to require processing under 49 C.F.R. § 1150.45, and
- 2) The projected annual revenue of the Line to be leased and operated, together with SQS's projected annual revenue, do not exceed \$5 million. Therefore, it is not required to post at the workplace of the employees on the Line, notice of SQS's intent to undertake the proposed transaction.


Cory Respondek, President
Squaw Creek Southern Railroad, Inc.

Dated: August 28, 2009

EXHIBIT C

SURFACE TRANSPORTATION BOARD

Notice of Exemption

STB FINANCE DOCKET NO. 35294

**SQUAW CREEK SOUTHERN RAILROAD, INC.
- LEASE AND OPERATION EXEMPTION -**

CENTRAL OF GEORGIA RAILROAD COMPANY

Squaw Creek Southern Railroad, Inc. ("SQS"), an existing Class III short line railroad common carrier, has filed a Verified Notice of Exemption under 49 C.F.R. § 1150.41 to lease and operate a line of railroad currently owned by Central of Georgia Railroad Company ("CGA"), a subsidiary of Norfolk Southern Railway Company ("NSR"). The subject rail property consists of approximately 12.5 miles of railroad between Milepost E-53.3 at Machen, Jasper County, Georgia, and Milepost E-65.8 at Newborn, Newton County, Georgia.

SQS plans to consummate this transaction on September 30, 2009.

Comments must be filed with the Board and served upon Petitioner's representative, Andrew P. Goldstein, McCarthy, Sweeney & Harkaway, P.C., 2175 K Street, NW, Suite 600, Washington, DC 20037; Tel: 202-775-5560.

This Notice is filed under 49 C.F.R. § 1150.41. If the Notice contains false or misleading information, the exemption is void, *ab initio*. The filing of a petition to revoke will not automatically stay the transaction.

Dated:

By the Board

Anne K. Quinlan
Acting Secretary