

32733

SERVICE DATE - MAY 23, 2002

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34198]

ARZC Operating Company, Inc.—Acquisition and Operation Exemption—ParkSierra Corp.

ARZC Operating Company, Inc. (ARZC), a noncarrier, has filed a notice of exemption under 49 CFR 1150.31 to acquire and operate approximately 300 miles of rail lines in California and Arizona. Specifically, ARZC will acquire and operate: (1) rail lines of ParkSierra Corporation (ParkSierra)¹ (a) between, milepost 190.18 at Cadiz, CA, and milepost 105.8 at Parker, AZ, (b) between milepost 105.8 at Parker and milepost 0.08 at

¹ On January 8, 2002, RailAmerica, Inc. (RailAmerica), acquired control of ParkSierra. See RailAmerica, Inc.—Control Exemption—ParkSierra Acquisition Corp. and ParkSierra Corp., STB Finance Docket No. 34100 (STB served Dec. 20, 2001). ParkSierra has three operating divisions: Arizona & California Railroad Company Limited Partnership; California Northern Railroad Company, L.P.; and Puget Sound & Pacific Railroad. RailAmerica has determined that the three operating divisions of ParkSierra should be operated as separate corporations, eliminating the need for ParkSierra as a consolidated holding company. To accomplish that goal, this transaction and two other notices of exemption under 49 CFR 1150.31 were filed on April 23, 2002, one for each of the operating divisions. The applicants are: ARZC; CFNR Operating Company, Inc. (CFNR); and PSAP Operating Company, Inc. (PSAP). The related proceedings are: STB Finance Docket No. 34199, CFNR Operating Company, Inc.—Acquisition and Operation Exemption—ParkSierra Corp., and STB Finance Docket No. 34200, PSAP Operating Company, Inc.—Acquisition and Operation Exemption—ParkSierra Corp. In addition, a notice of exemption under 49 CFR 1180.2(d)(3) was filed on April 23, 2002, in STB Finance Docket No. 34197, RailAmerica, Inc., et al.—Corporate Family Reorganization Exemption, wherein ParkSierra will be merged into CFNR, and ARZC, CFNR, and PSAP will become direct railroad subsidiaries of RailAmerica.

Matthie, including “Y” Track Number 1 near milepost 134.92 near Matthie, and (c) between milepost 0 at Rice, CA, and milepost 49.4 at Ripley, CA, at the end of the Ripley Subdivision, a distance of approximately 240 miles; and (2) ParkSierra’s trackage rights over the lines of The Burlington Northern and Santa Fe Railway Company (BNSF) (a) between BNSF’s Cadiz Subdivision milepost 190.18 and BNSF’s Needles Subdivision milepost 647.99 on Track Nos. 2 and 36 at Cadiz, and (b) between BNSF’s Parker Subdivision milepost 0.08 (also Phoenix Subdivision milepost 135.03) and BNSF’s Phoenix Subdivision milepost 191.91, including all yard track in the Mobest Yard in Phoenix, AZ, a distance of approximately 60 miles.

Once ARZC becomes a carrier, its revenues are expected to exceed \$5 million per year. “If the projected annual revenue of the carrier to be created by a transaction under this exemption exceeds \$5 million, applicant must, at least 60 days before the exemption becomes effective, post a notice of intent to undertake the proposed transaction at the workplace of the employees on the affected line(s) and serve a copy of the notice on the national offices of the labor unions with employees on the affected line(s), setting forth the types and numbers of jobs expected to be available, the terms of employment and principles of employee selection, and the lines that are to be transferred, and certify to the Board that it has done so.” 49 CFR 1150.32(e). ARZC filed a request on April 22, 2002, for waiver of the requirements of 49 CFR 1150.32(e) to permit the exemption to become effective without providing the 60-day advance notice. Finding no adverse impact on the personnel of ParkSierra, by decision served

on May 14, 2002, the Board granted ARZC's request and waived the requirements of 49 CFR 1150.32(e). The transaction was expected to be consummated as of April 30, 2002, or the date the related waiver request was granted, whichever was later. The waiver decision had the effect of making the exemption in this proceeding effective on May 14, 2002.

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to reopen the proceeding 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.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34198 must be filed with the Surface Transportation Board, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Louis E. Gitomer, Esq., Ball Janik LLP, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

Board decisions and notices are available on our website at
"WWW.STB.DOT.GOV."

Decided: May 16, 2002.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary