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November 20, 2018

246814

VIA ELECTRONIC FILING

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W., Room 1034
Washington, DC 20423-0001

ENTERED
Office of Proceedings
November 20, 2018
Part of
Public Record

Re: **Docket No. FD 36246**
St. Paul & Pacific Northwest Railroad Company, LLC - Change in
Operators Exemption – Kettle Falls International Railway LLC
36254
Docket No. FD ~~36247~~
Progressive Rail Incorporated – Continuance in Control Exemption –
St. Paul & Pacific Northwest Railroad Company, LLC

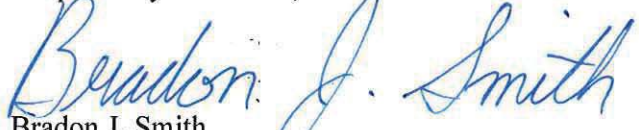
Dear Ms. Brown:

Attached for filing in the above-captioned proceeding are the **Verified Notice of Exemption of St. Paul & Pacific Northwest Railroad Company, LLC Pursuant to 49 C.F.R. § 1150.31 et seq.** and the **Verified Notice of Exemption of Progressive Rail Incorporated Pursuant to 49 C.F.R. § 1180.2(d)(2)**, both dated November 20, 2018. Payment in the amount of \$3,500, the combined filing fees for these notices, was forwarded to and received by the Surface Transportation Board on November 20, 2018, concurrent with the electronic filings contained herewith.

If you have any questions regarding these filings, please feel free to contact me.
Thank you for your assistance on this matter.

FEE RECEIVED
November 20, 2018
SURFACE
TRANSPORTATION BOARD

Respectfully submitted,


Bradon J. Smith
Attorney for St. Paul & Pacific Northwest Railroad
Company, LLC and Progressive Rail Incorporated

Attachments

FILED
November 20, 2018
SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

36254
DOCKET NO. FD ~~36247~~

PROGRESSIVE RAIL INCORPORATED
— CONTINUANCE IN CONTROL EXEMPTION —
ST. PAUL & PACIFIC NORTHWEST RAILROAD COMPANY, LLC

**VERIFIED NOTICE OF EXEMPTION OF
PROGRESSIVE RAIL INCORPORATED
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Thomas J. Litwiler
Bradon J. Smith
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 800
Chicago, Illinois 60606
(312) 252-1500

**ATTORNEYS FOR PROGRESSIVE
RAIL INCORPORATED**

Dated: November 20, 2018

BEFORE THE
SURFACE TRANSPORTATION BOARD

36254
DOCKET NO. FD ~~36247~~

PROGRESSIVE RAIL INCORPORATED
— CONTINUANCE IN CONTROL EXEMPTION —
ST. PAUL & PACIFIC NORTHWEST RAILROAD COMPANY, LLC

**VERIFIED NOTICE OF EXEMPTION OF
PROGRESSIVE RAIL INCORPORATED
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Progressive Rail Incorporated (“PGR”), a Class III rail carrier, hereby files this notice of exemption under 49 C.F.R. § 1180.2(d)(2) to continue in control of St. Paul & Pacific Northwest Railroad Company, LLC (“SPN”) upon SPN’s commencement of common carrier operations. SPN is a non-carrier subsidiary of PGR that has been established to lease and operate lines owned by BNSF Railway Company. The lines originate at Chewelah, Wash., in the south, at Milepost 60.5, before diverging into a fork at Kettle Falls Wash., (north of Chewelah) with two branches: (1) the West Branch from Kettle Falls, in the south, at Milepost 0.0 (also known as a segment of the San Poil subdivision) to West Kettle Falls, Wash., in the north, at Milepost 4.7 and (2) the East Branch from Kettle Falls, in the south, at Milepost 0.0 across the United States-Canada border at Milepost 139.7 to Columbia Gardens, B.C., Can., in the north, at Milepost 144.0.¹ SPN is concurrently filing a change in operator notice of exemption pursuant to 49 C.F.R. § 1150.31 *et seq.* to lease and operate the lines. *See St. Paul & Pacific Railroad Company, LLC — Change in Operators Exemption — Kettle Falls International Railway LLC*, Docket No. FD 36246.

¹ For STB jurisdictional purposes, the relevant distance from Chewelah (Milepost 60.5) to the international border (Milepost 139.7) is approximately 79 miles.

The subject lines do not connect with the lines of PGR or of the lines of any of the other eight Class III rail carriers controlled by PGR, and this control transaction is not part of a series of anticipated transactions that would result in such a connection. Nor does this proposed control transaction involve a Class I carrier. Accordingly, PGR's continuance in control of SPN qualifies for the class exemption at 49 C.F.R. § 1180.2(d)(2).

In accordance with the requirements of 49 C.F.R. § 1180.4(g), PGR submits the following information:

Description of Proposed Transaction: 49 C.F.R. § 1180.6(a)(1)(i)

PGR is a Class III rail common carrier which owns or operates rail lines in Minnesota, Wisconsin, and Illinois. *See, e.g., Progressive Rail Incorporated — Lease and Operation Exemption — Soo Line Railroad Company*, Docket No. FD 34496 (STB served May 19, 2004); *Progressive Rail Incorporated — Lease and Operation Exemption — Rail Lines of Wisconsin Central Ltd.*, Docket No. FD 34600 (STB served November 12, 2004); *Progressive Rail Incorporated — Acquisition and Operation Exemption — Rail Lines of Crab Orchard & Egyptian Railroad Company*, Docket No. FD 35656 (STB served Sep. 21, 2015). PGR controls eight other Class III railroads located in Minnesota, Missouri, Iowa, North Carolina, California, and Oregon. *See Progressive Rail Inc. — Continuance in Control Exemption — Clackamas Valley Railway, LLC*, Docket No. FD 36212 (STB served Aug. 31, 2018) (identifying PGR's control of six rail carriers, and two pending transactions that have since been consummated).

SPN is a new entity established by PGR to lease and operate the above-described lines in the State of Washington. The rail lines of PGR and PGR's existing rail carrier subsidiaries, on the one hand, and SPN, on the other, will not connect, and there is no plan to

effect any such connection. PGR intends to remain in control of SPN and PGR's other existing rail carrier subsidiaries once SPN commences operations as a rail common carrier.

The full name and address of the Applicant herein is:

Progressive Rail Incorporated
21778 Highview Avenue
Lakeville, Minnesota 55044
(612) 791-3255

Any questions concerning this Notice should be sent to counsel for PGR at the following address:

Bradon J. Smith
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 800
Chicago, Illinois 60606
(312) 252-1500

Proposed Schedule for Consummation: 49 C.F.R. § 1180.6(a)(1)(ii)

PGR intends to consummate the proposed continuance in control transaction concurrently with SPN's commencement of operations pursuant to Docket No. FD 36246, on or about January 1, 2019. *See* 49 C.F.R. § 1180.4(g)(1).

Purpose Sought to Be Accomplished: 49 C.F.R. § 1180.6(a)(1)(iii)

The exemption sought herein will allow PGR to continue in common control of its existing rail carrier subsidiaries and SPN upon SPN's commencement of common carrier operations. In turn, the continuance in control exemption will allow SPN to commence operations of the lines as currently planned.

States in Which Property of Applicants is Located: 49 C.F.R. § 1180.6(a)(5)

PGR is a Class III rail carrier and owns or operates rail property in the states of Minnesota, Wisconsin, and Illinois. SPN will operate rail property in Washington state. The

existing rail carrier subsidiaries of PGR own or operate over rail property located in the following states:

Airlake Terminal Railway Company, LLC: Minnesota
Central Midland Railway Company: Missouri
Iowa Traction Railway Company: Iowa
Iowa Southern Railway Company: Iowa
Piedmont & Northern Railroad LLC: North Carolina
Chicago Junction Railway Company: Illinois
St. Paul & Pacific Railroad Company, LLC: California
Clackamas Valley Railway Company, LLC: Oregon

Map - Exhibit 1: 49 C.F.R. § 1180.6(a)(6)

Maps of the Lines to be leased by SPN and the rail lines currently operated by PGR and its existing rail carrier subsidiaries are attached hereto as Exhibit 1.

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

PGR already controls SPN, currently a non-carrier. No additional agreement is contemplated or necessary for PGR to continue in control of SPN once SPN assumes common carrier status.

Labor Protective Conditions: 49 C.F.R. § 1180.4(g)(1)(i)

Pursuant to 49 U.S.C. § 11326(c), no employee protective conditions may be imposed upon this transaction. PGR and its existing railroad subsidiaries are all Class III rail carriers, and SPN will be a Class III carrier upon its commencement of operations.

Environmental and Historic Preservation Matters: 49 C.F.R. § 1180.4(g)(3)

Under 49 C.F.R. § 1105.6(c)(2)(i) and (ii), the proposed control transaction is exempt from environmental reporting requirements. PGR's continuance in control of SPN 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).

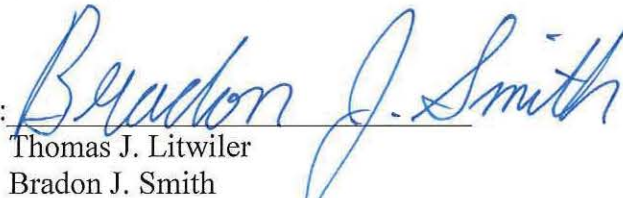
Under 49 C.F.R. § 1105.8(b)(3), the proposed continuance in control also is exempt from historic preservation reporting requirements. That control transaction will not substantially change the level of maintenance of any railroad property.

Interchange Commitments: 49 C.F.R. § 1180.4(g)(4)

The proposed continuance in control transaction does not itself involve the acquisition or operation of a rail line, and thus the provisions of 49 C.F.R. § 1180.4(g)(4) are not applicable.

Respectfully submitted,

By:



Thomas J. Litwiler

Bradon J. Smith

Fletcher & Sippel LLC

29 North Wacker Drive

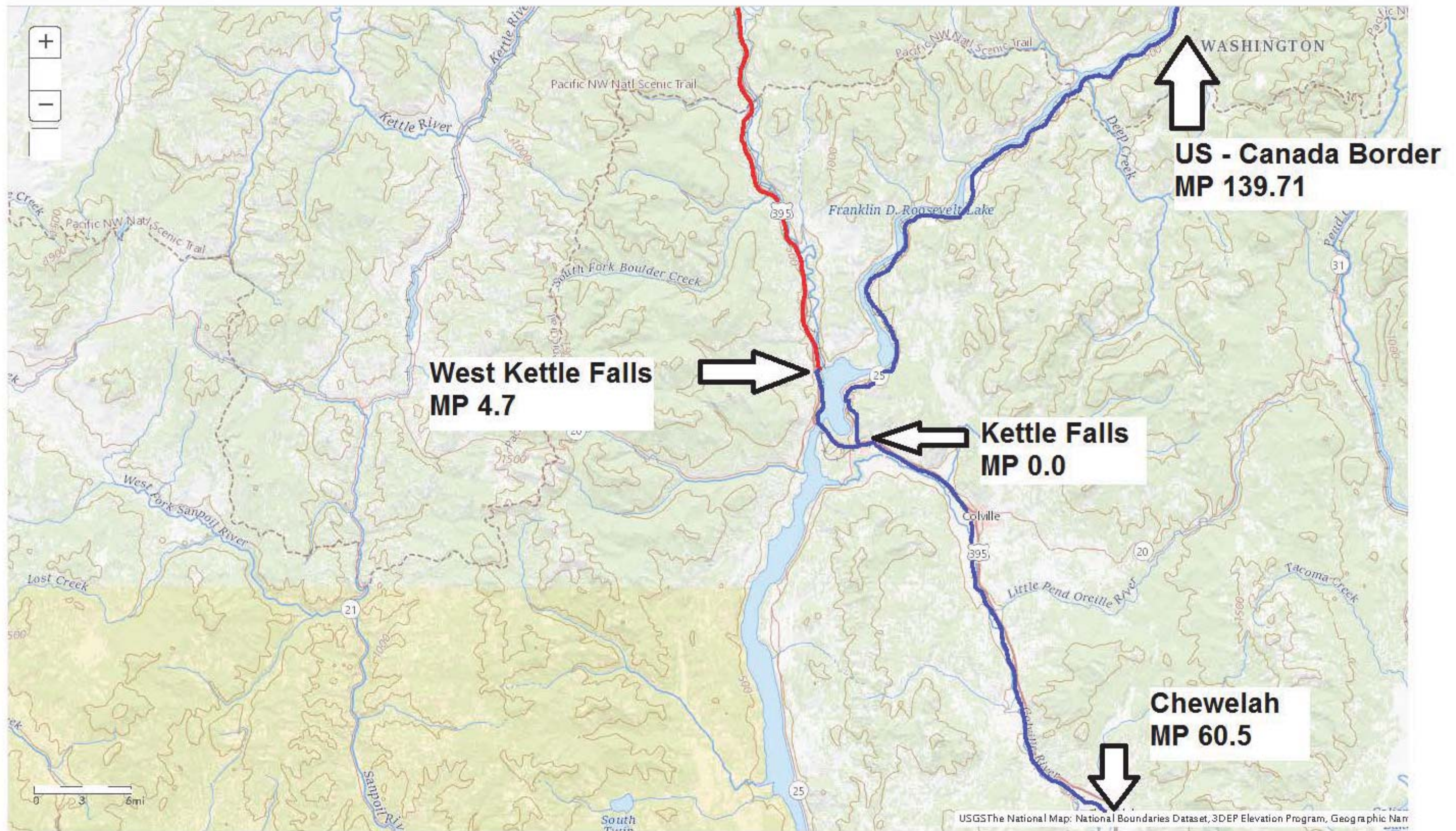
Suite 800

Chicago, Illinois 60606-3208

(312) 252-1500

**ATTORNEYS FOR PROGRESSIVE
RAIL INCORPORATED**

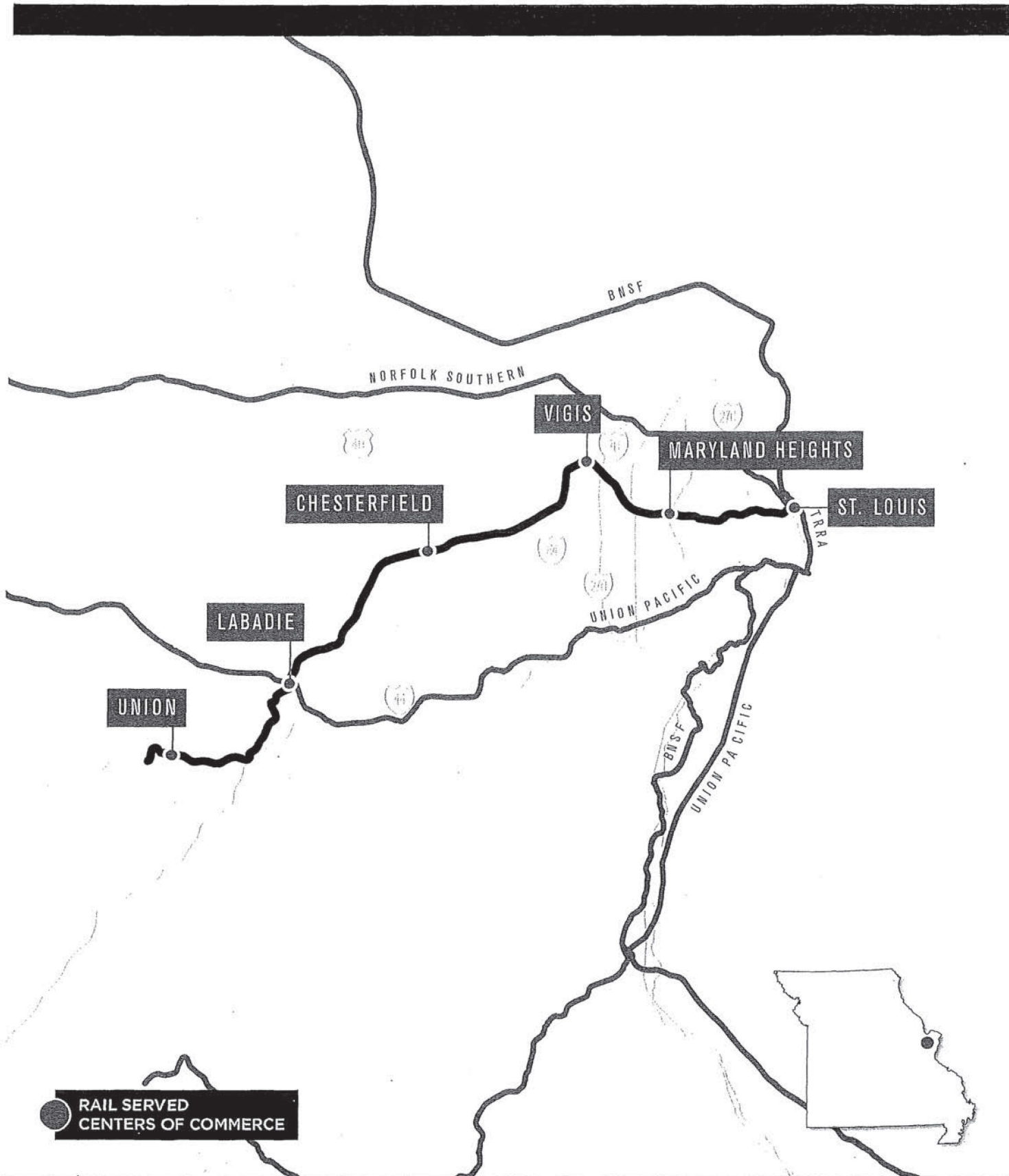
Dated: November 20, 2018



Docket No. FD 36246

St. Paul & Pacific Northwest Railroad Company, LLC -

Change in Operators Exemption - Kettle Falls International Railway LLC----- **SPN Leased Track**----- **Kettle Falls International Railway**



CENTRAL MIDLAND RAILWAY

Union, Missouri to St. Louis, Missouri



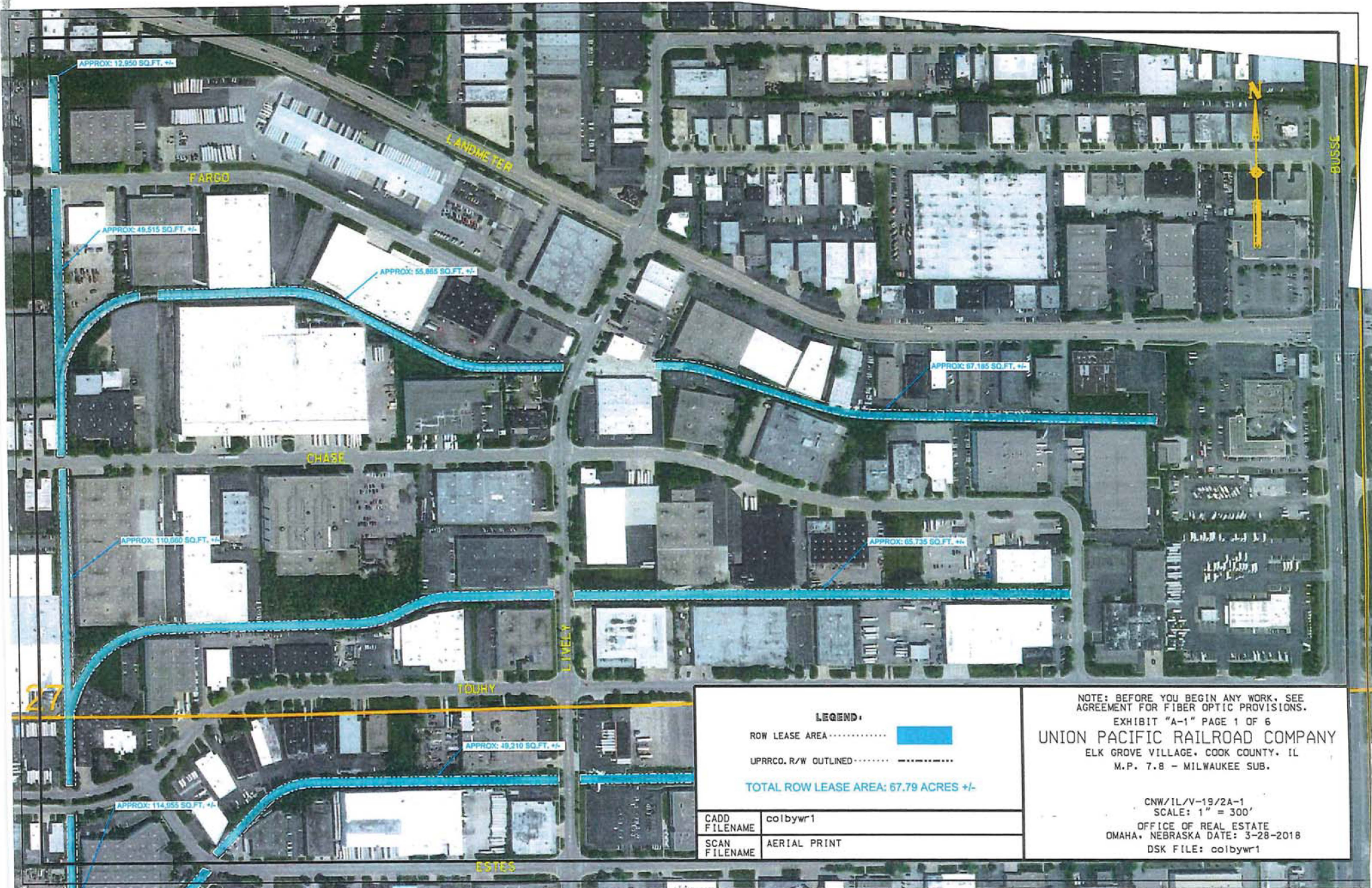
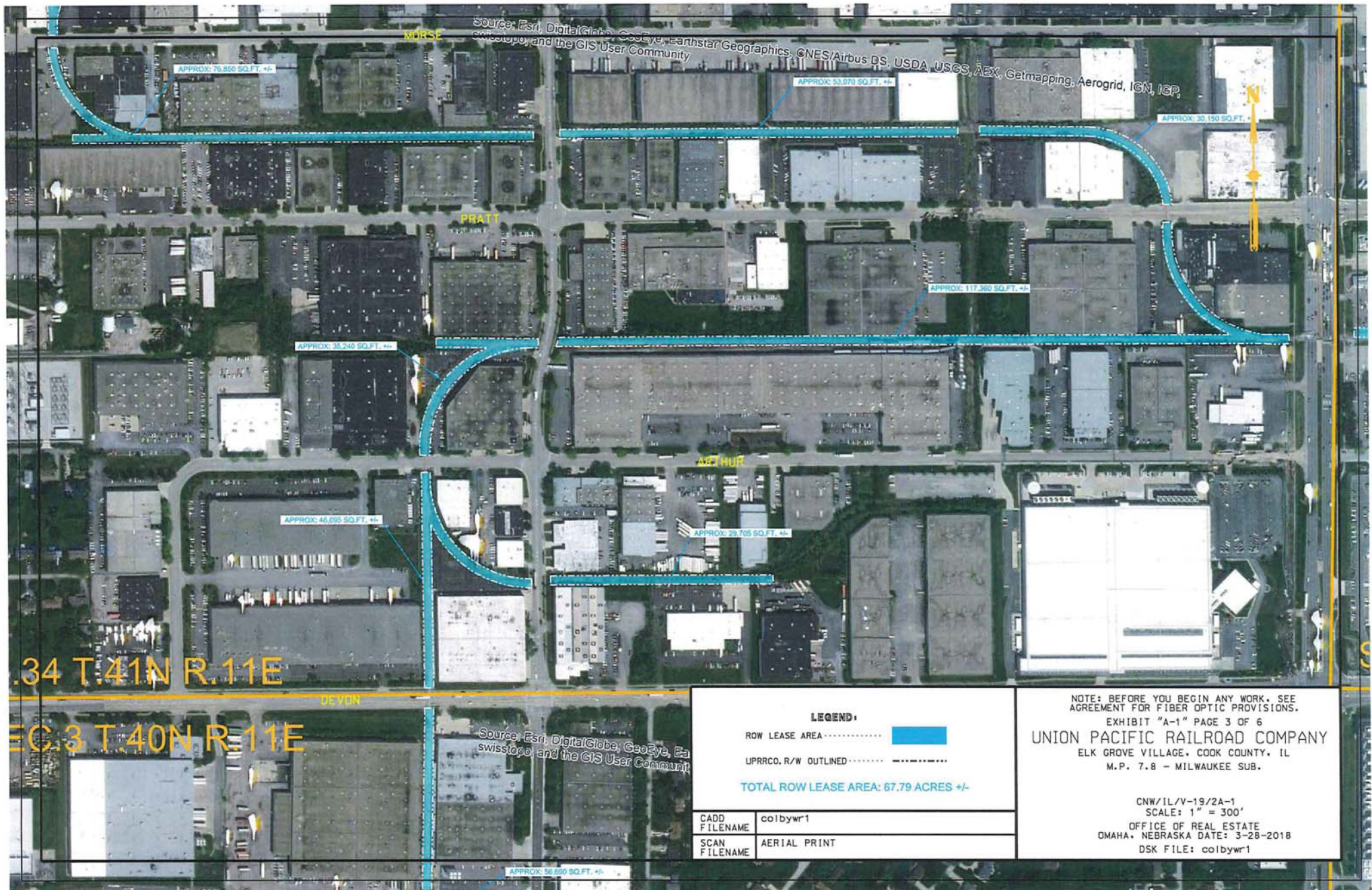
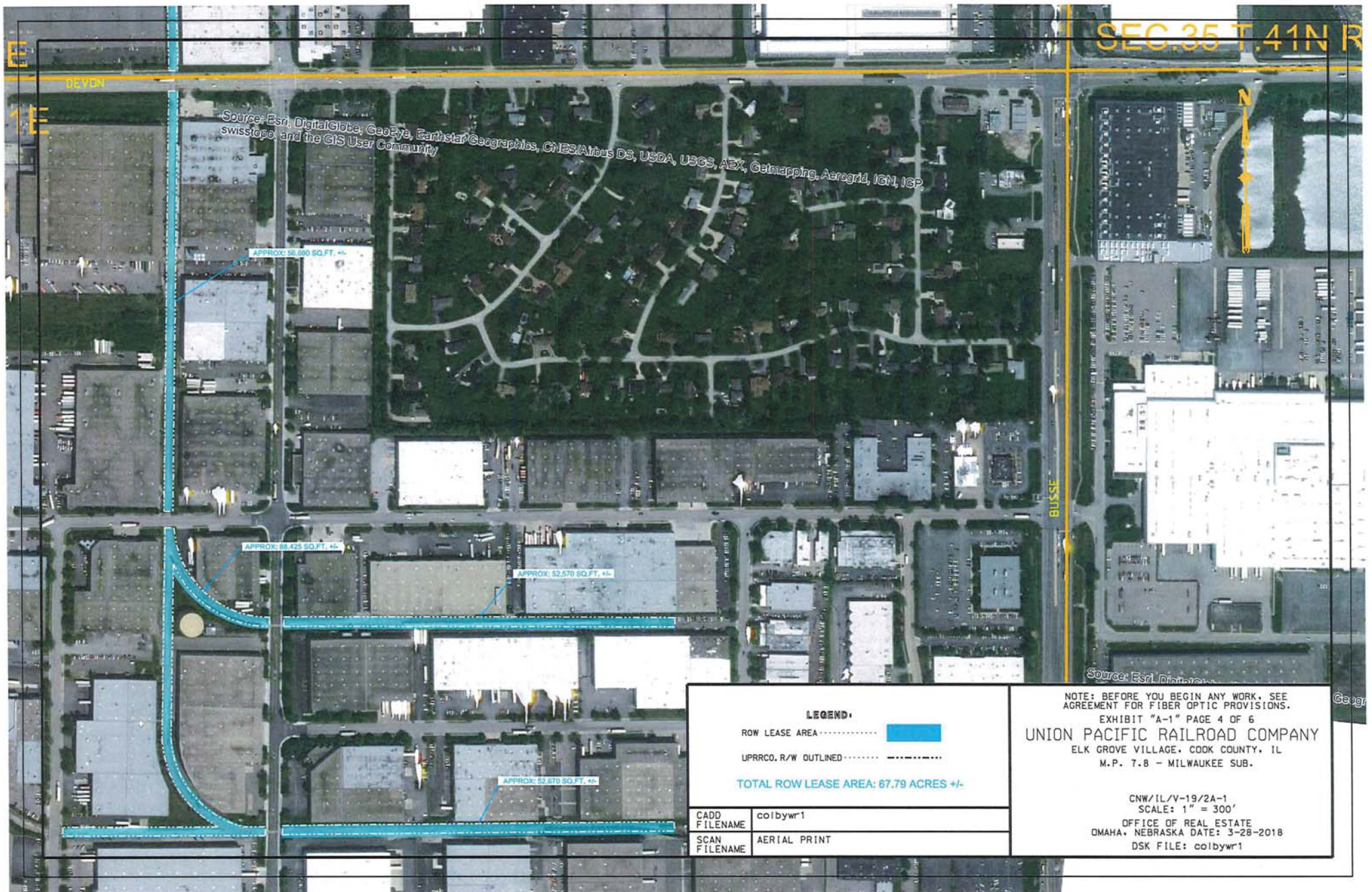


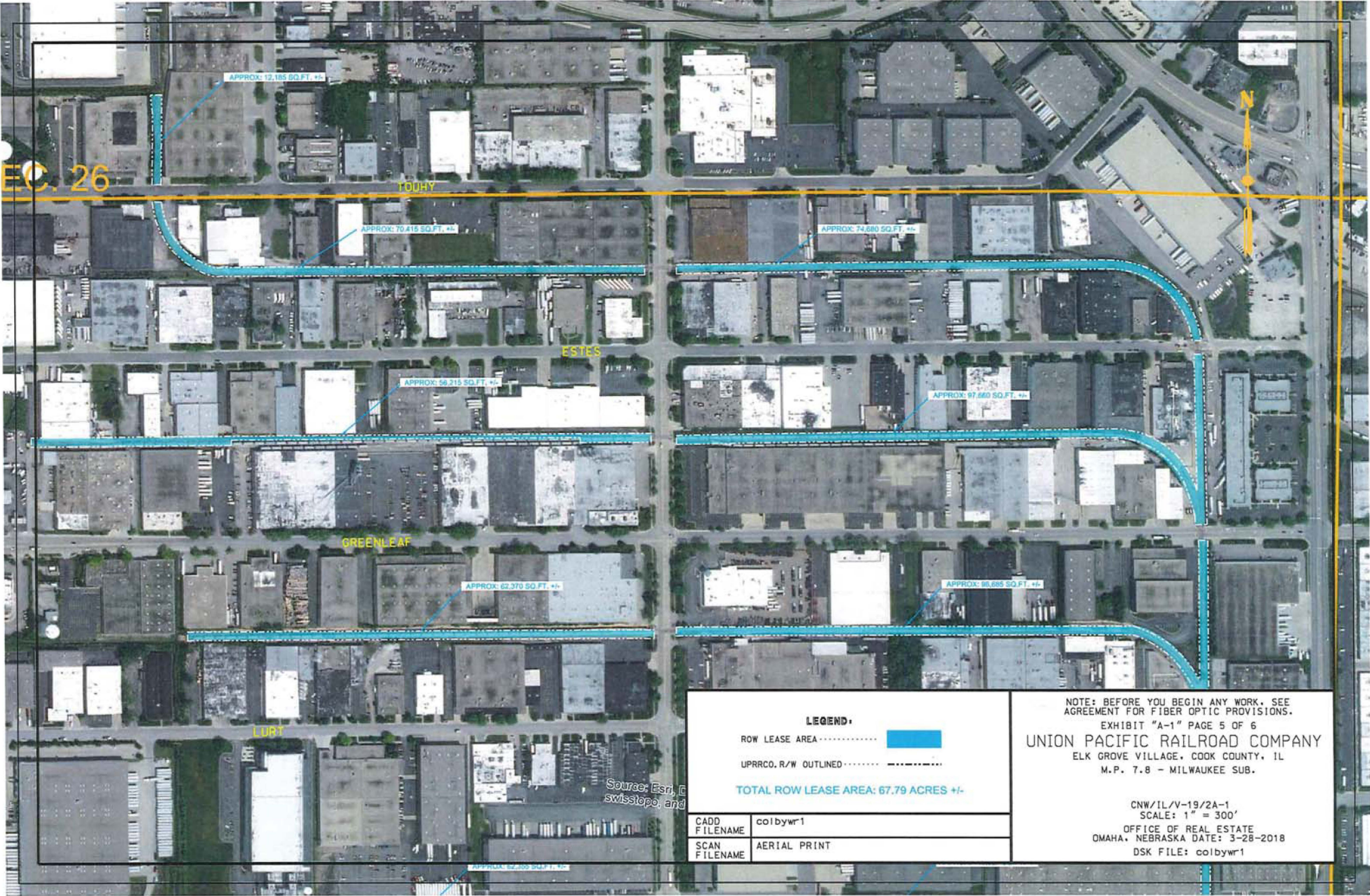
EXHIBIT 1

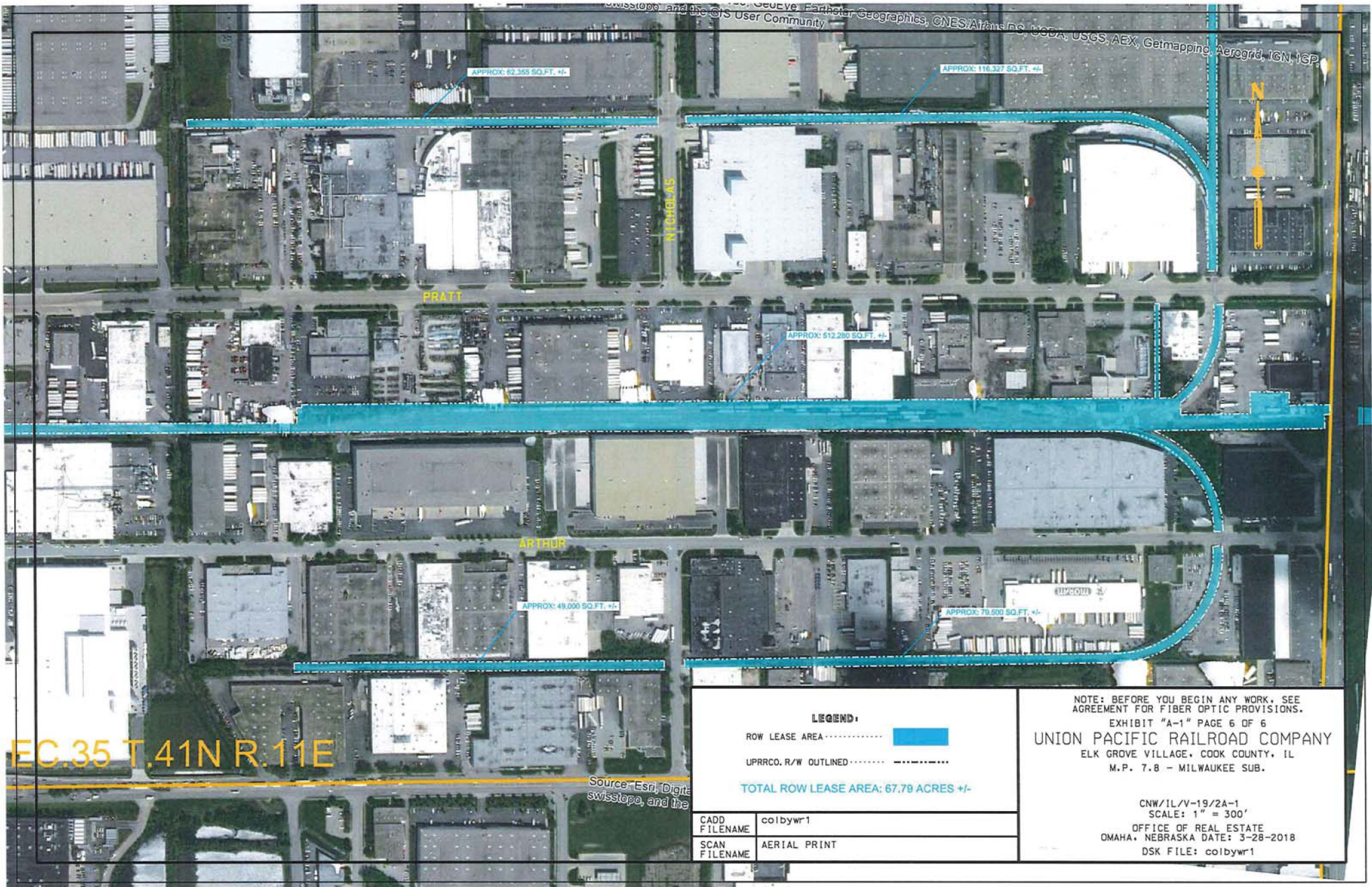


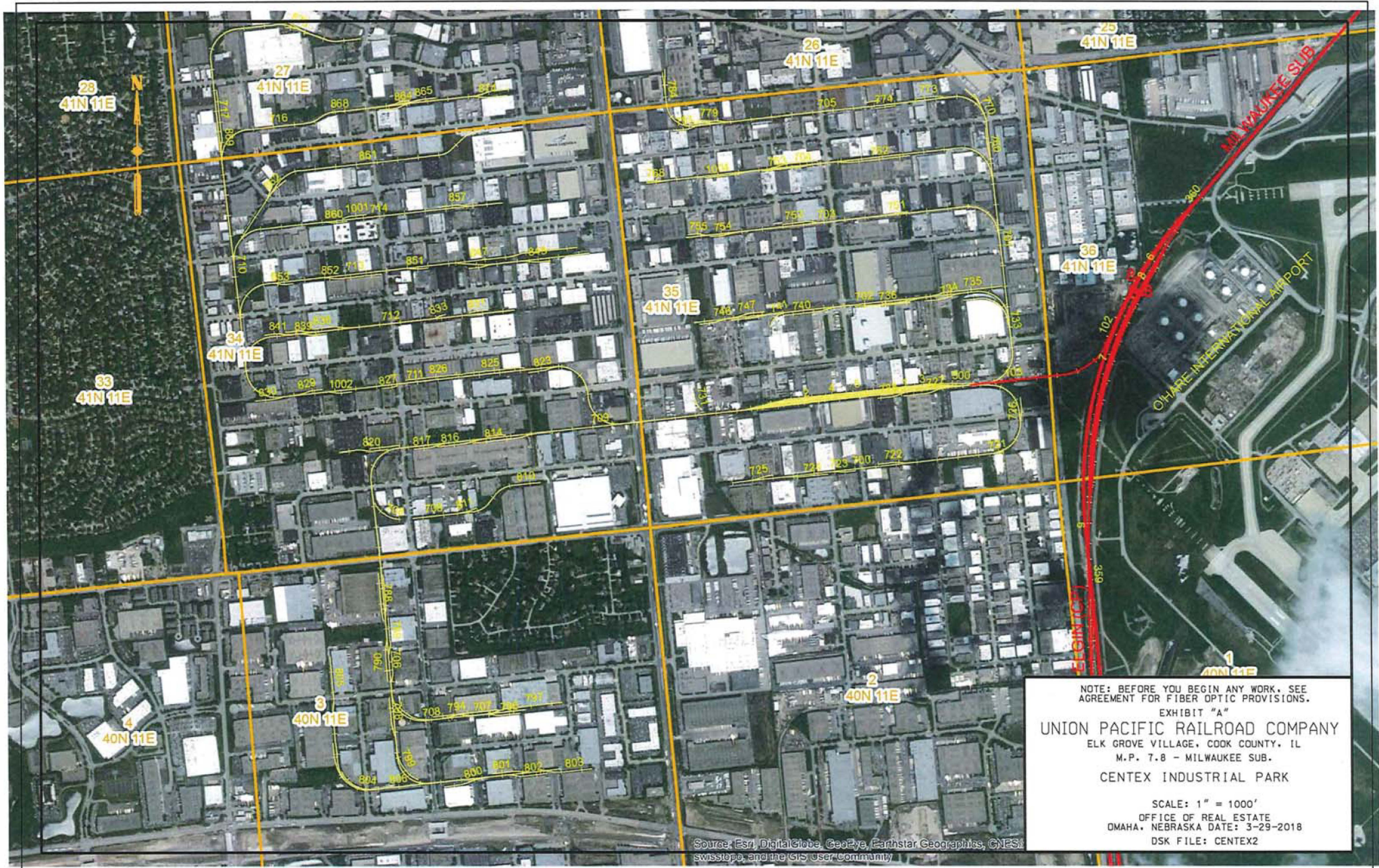
Chicago Junction Railway Company (Elk Grove, IL)



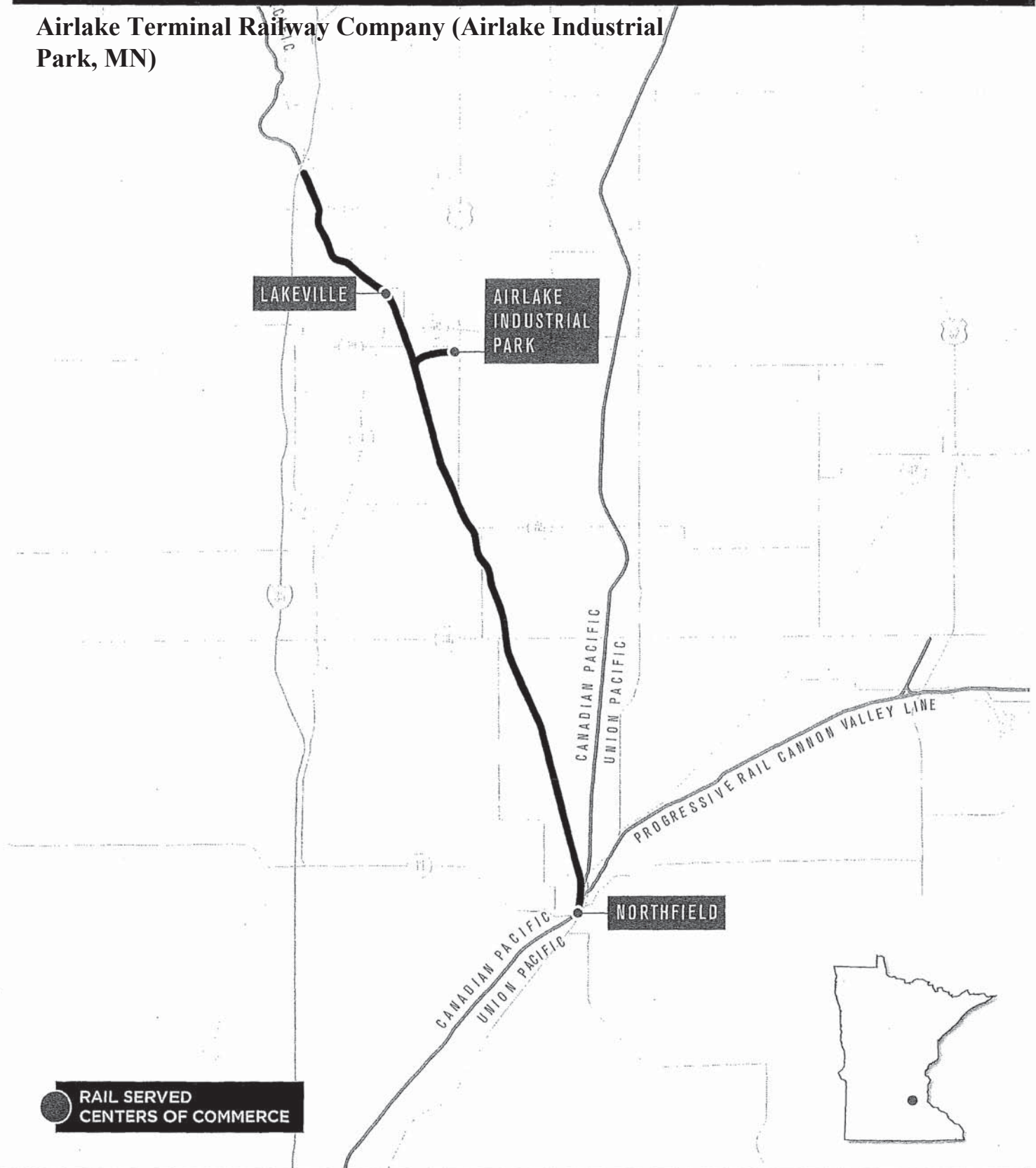








Airlake Terminal Railway Company (Airlake Industrial Park, MN)



PROGRESSIVE RAIL - JESSE JAMES LINE

Northfield, Minnesota to Lakeville, Minnesota



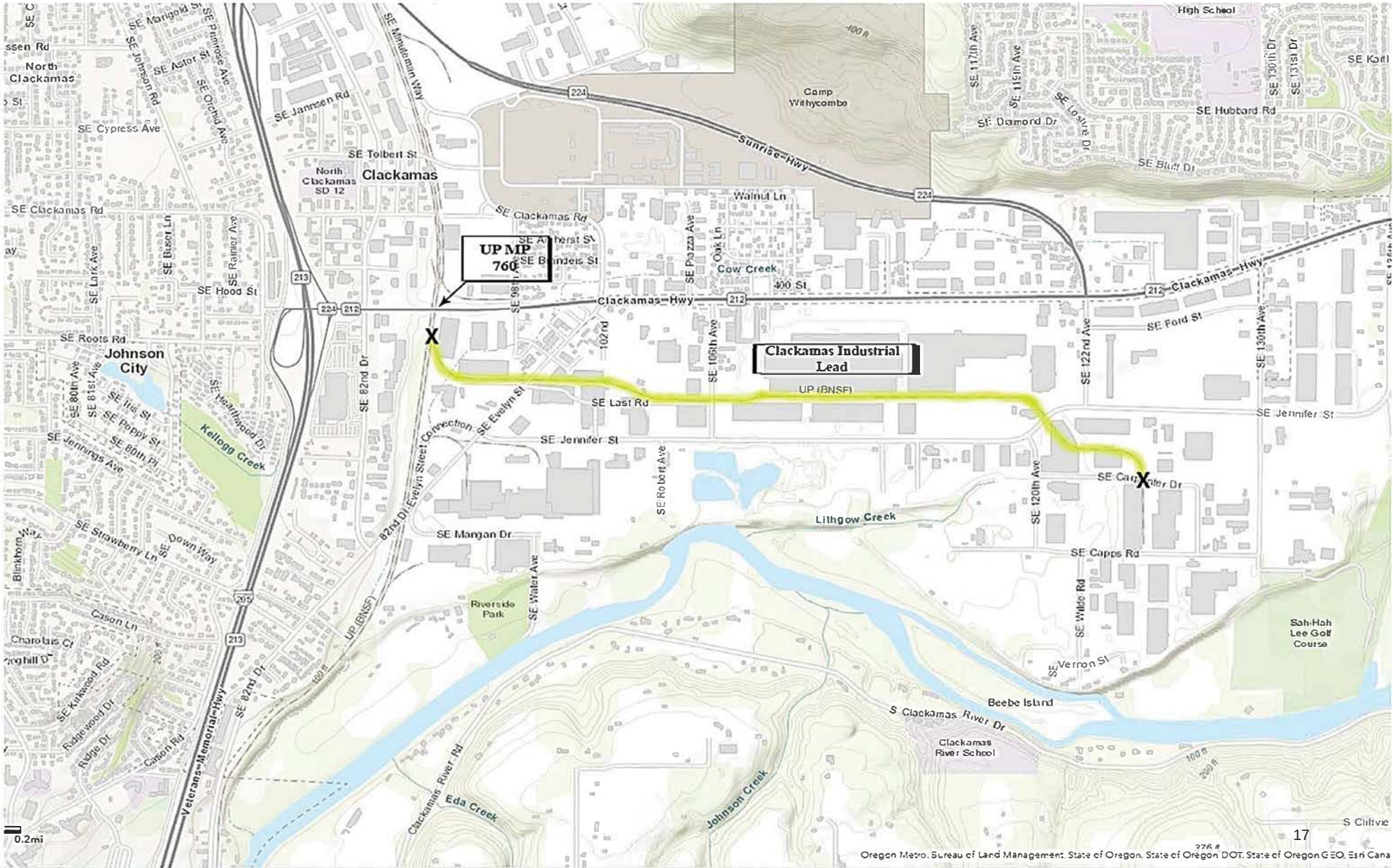


EXHIBIT 1



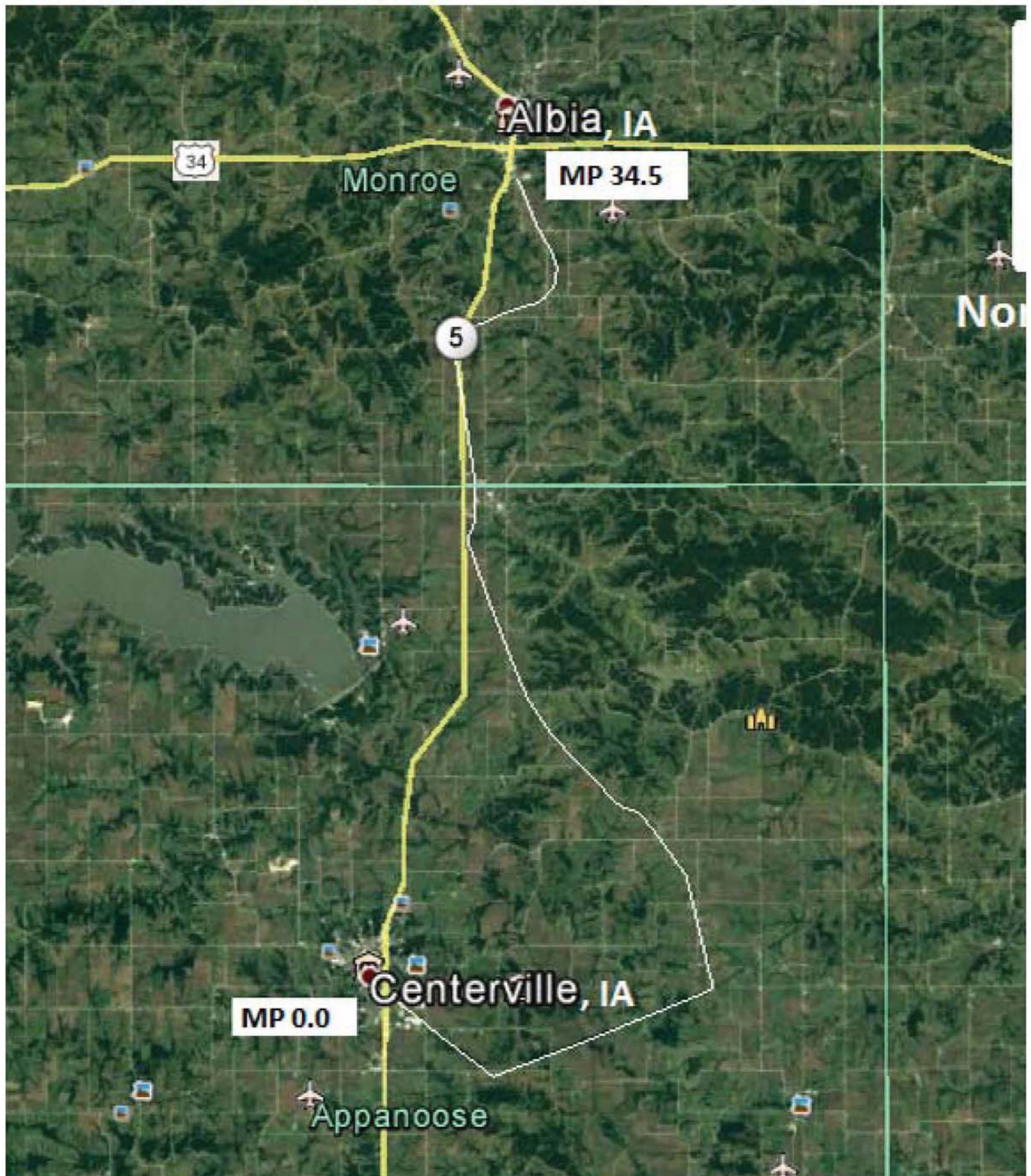
PIEDMONT & NORTHERN RAILWAY

Gastonia, North Carolina to Mount Holly, North Carolina



Iowa Southern Railway Company (Centerville to Albia, IA)

and Appanoose Township, IA 52002





IOWA TRACTION RAILWAY COMPANY

Clear Lake, Iowa to Mason City, Iowa



Davenport, CA. MP 31.39
Davenport

**St. Paul & Pacific Railroad Company LLC
(Davenport to Watsonville, CA)**

EXHIBIT 1

Santa Cruz

Twin Lakes

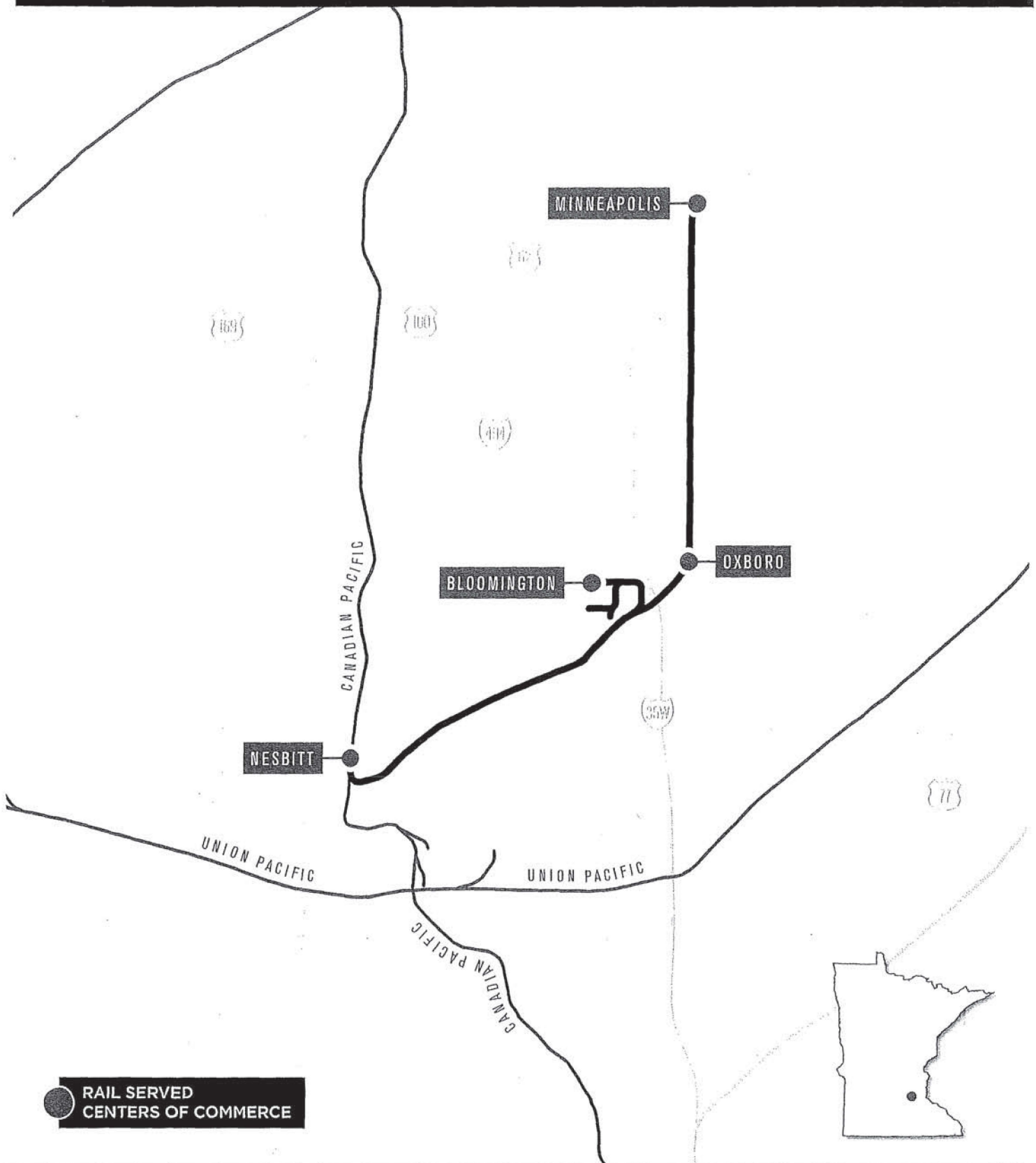
Capitola

Aptos

Freedom

Watsonville
Watsonville Junction MP 0.433

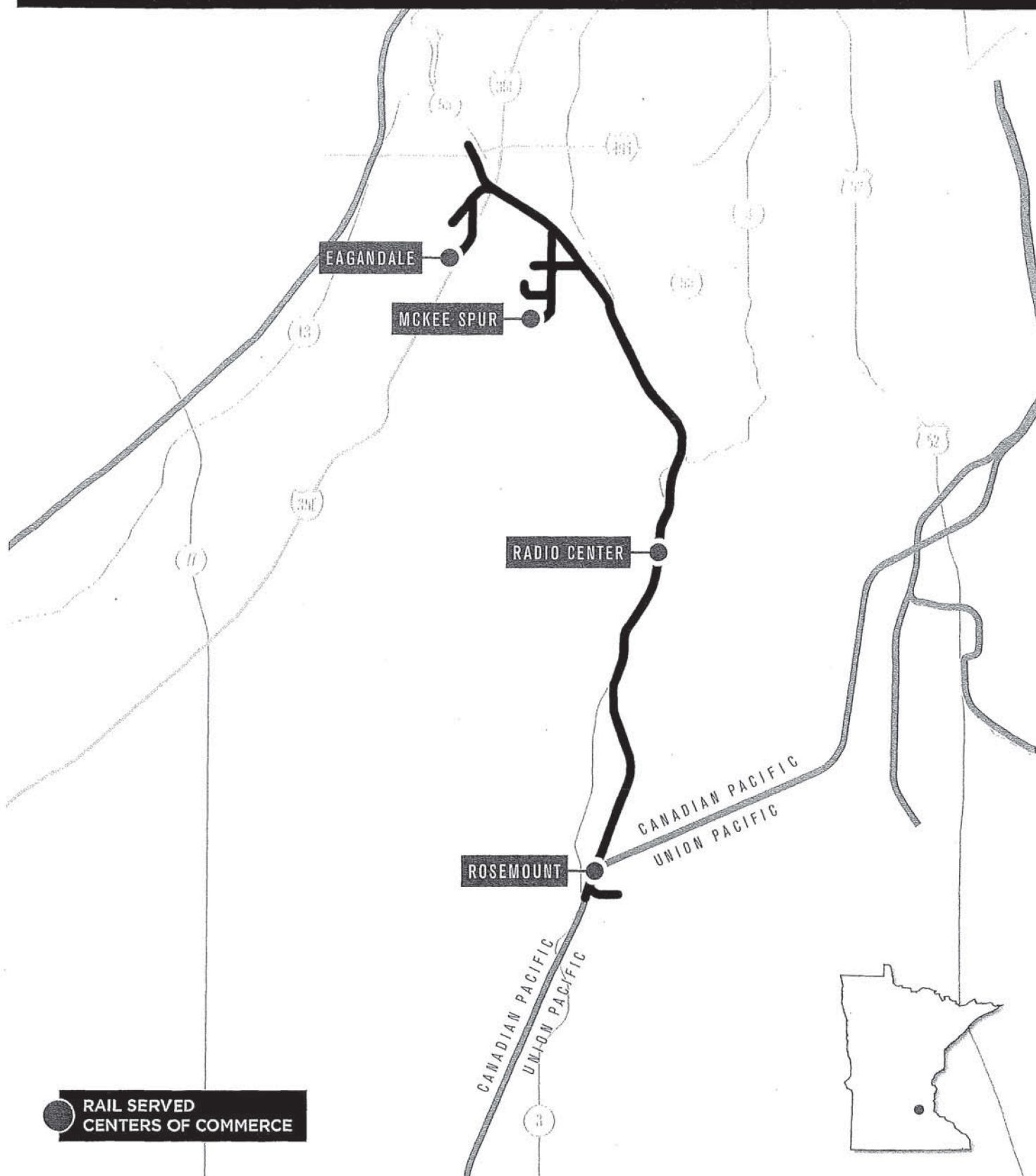
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PROGRESSIVE RAIL - DAN PATCH LINE

Bloomington, Minnesota to Minneapolis, Minnesota

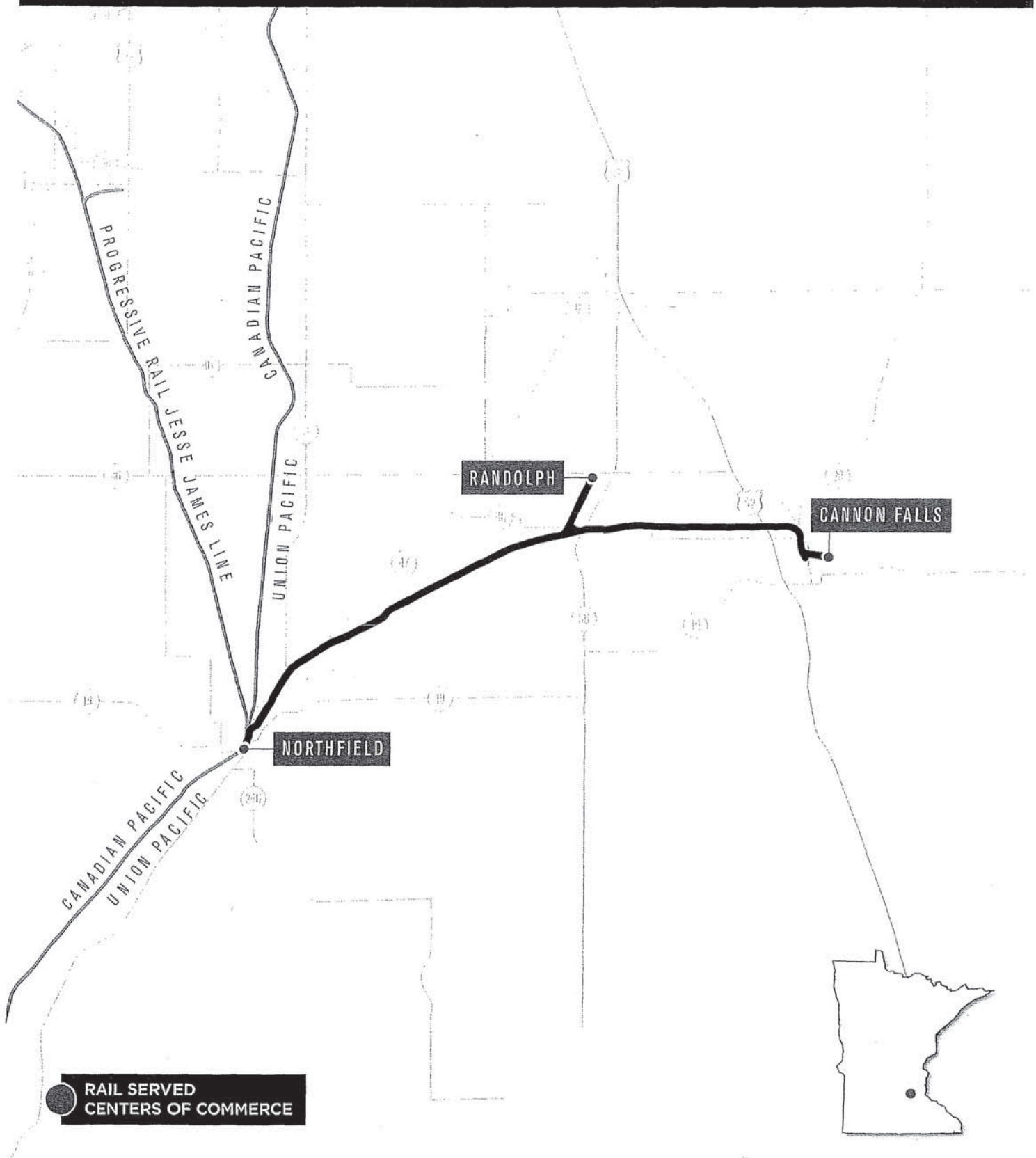




PROGRESSIVE RAIL - EAGANDALE

Rosemount, Minnesota to Eagandale, Minnesota



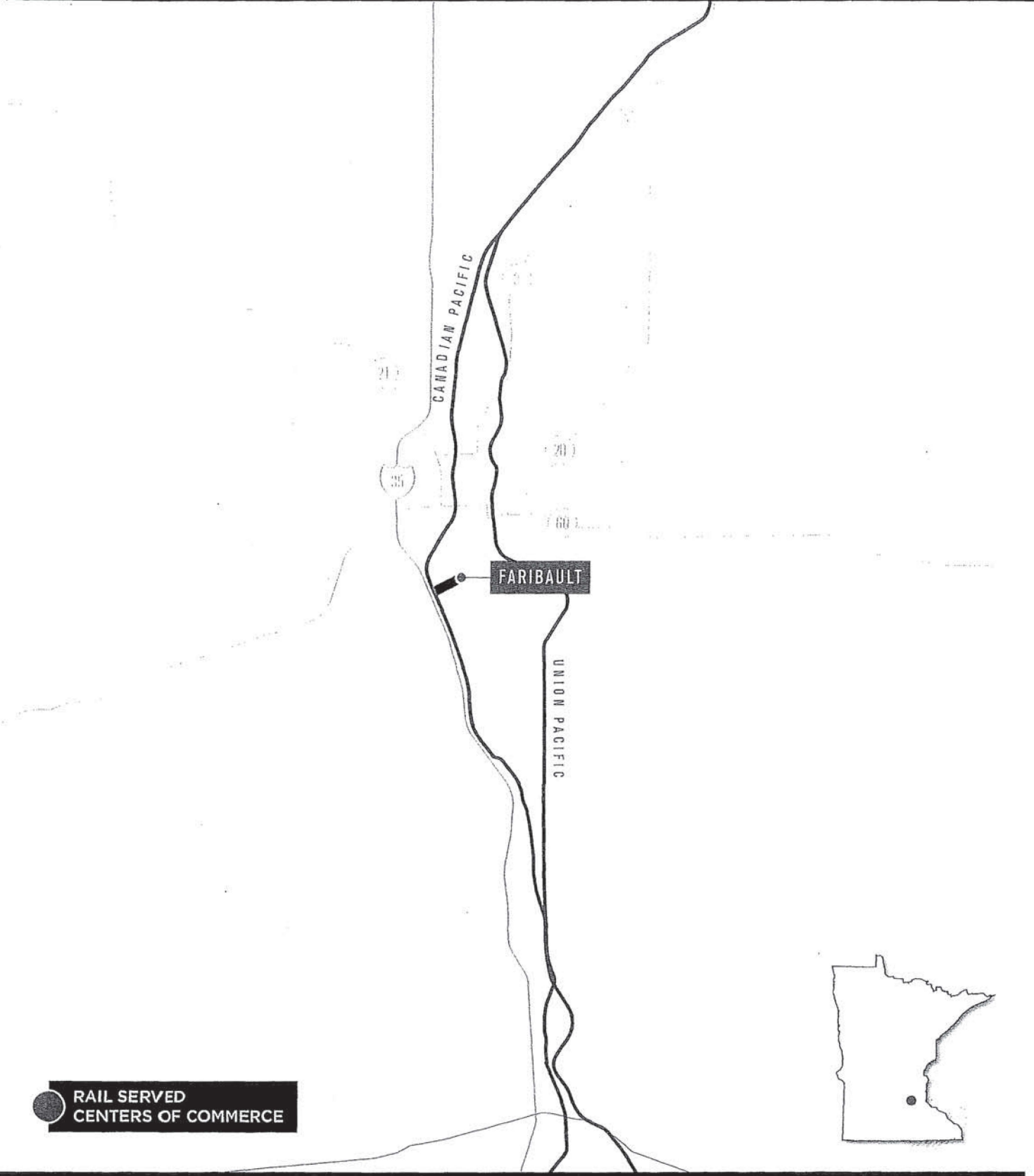


PROGRESSIVE RAIL - CANNON VALLEY LINE

Northfield, Minnesota to Cannon Falls, Minnesota



Progressive Rail Incorporated (Faribault, MN)



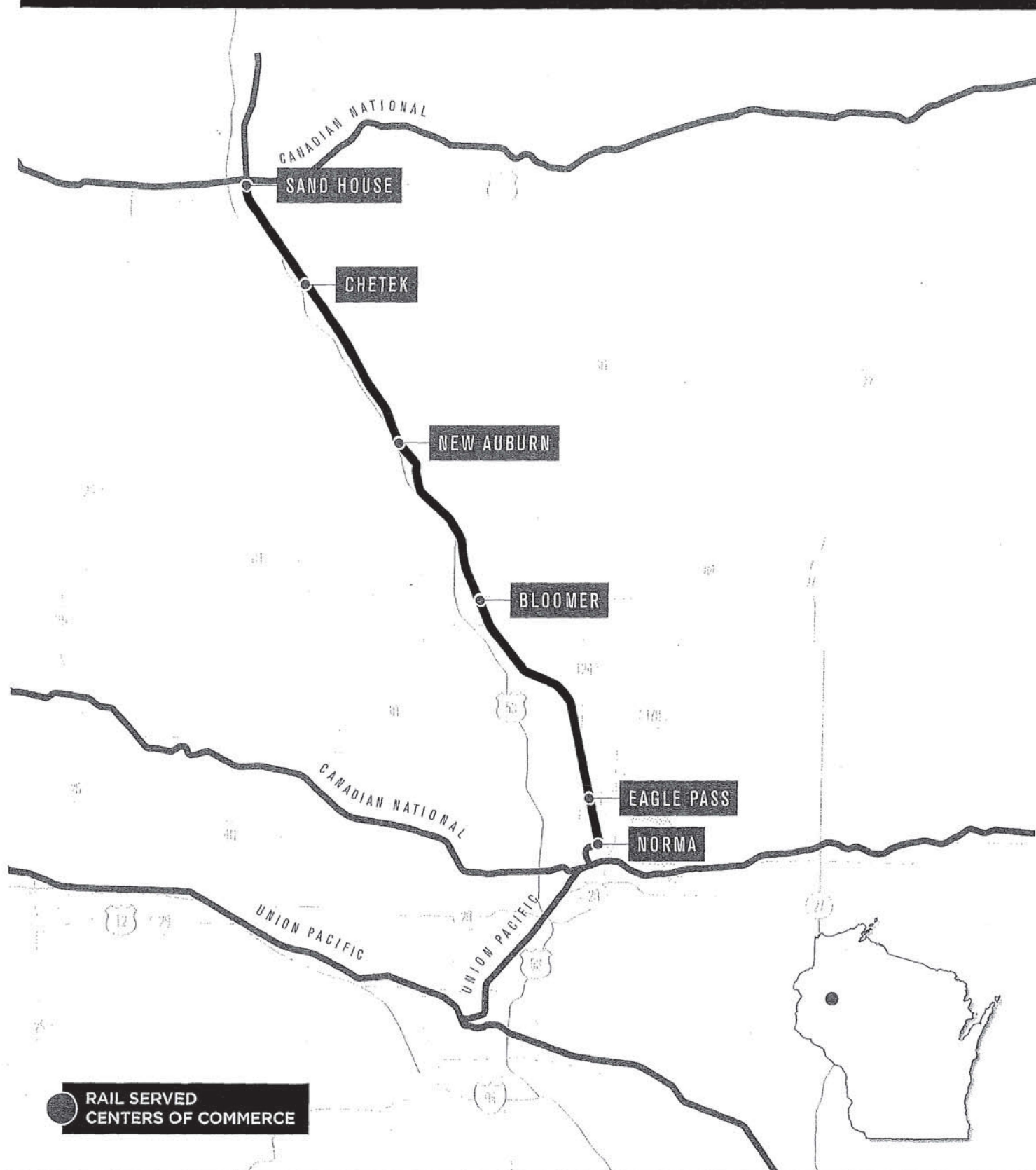
 RAIL SERVED
CENTERS OF COMMERCE



PROGRESSIVE RAIL - FARIBAULT LINE

Faribault, Minnesota

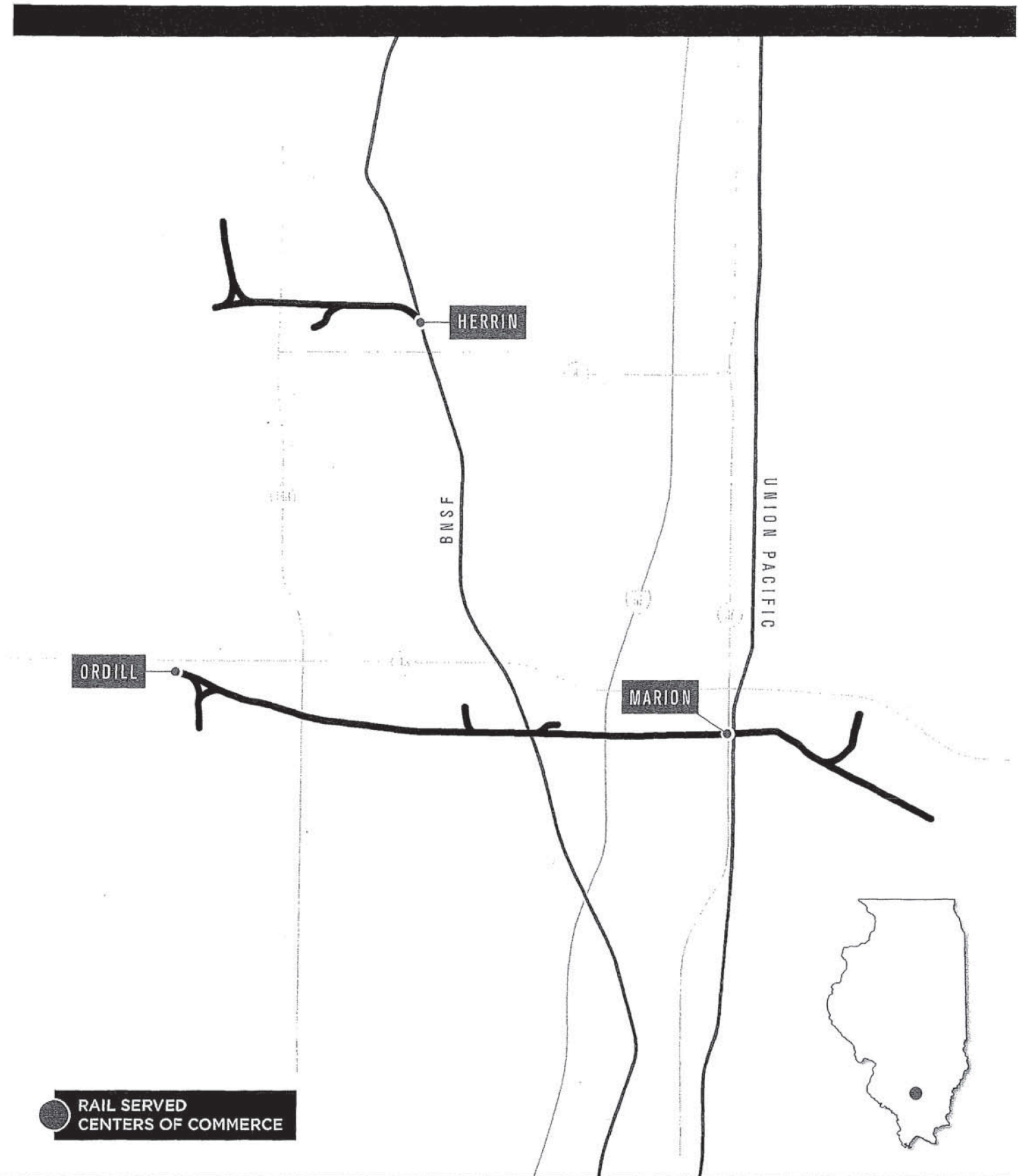




WISCONSIN NORTHERN RAILROAD

Norma, Wisconsin to Cameron, Wisconsin





CRAB ORCHARD & EGYPTIAN RAILROAD

From Marion, Illinois, to Ordill, Illinois, and Herrin, Illinois.



VERIFICATION

James L. Thornton declares under penalty of perjury as follows:

I am the Managing Director – Legal and Secretary of Progressive Rail Incorporated. I have read the forgoing Notice of Exemption and know that the facts asserted therein are true as stated.

Executed on November 19, 2018

