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July 14, 2022

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 20006

Re: **FD 36632**
Hood River Railroad LLC — Acquisition and Operation
Exemption — Mt. Hood Railroad Company

Dear Ms. Brown:

Attached for filing is a **Verified Notice of Exemption of Hood River Railroad LLC Pursuant to 49 C.F.R. part 1150, Subpart D**. The applicable filing fee has been tendered via pay.gov.

If you have any questions about this filing, please contact me. Thank you for your assistance.

Respectfully submitted,

/s/ *R. A. Wimbish*

Robert A. Wimbish
Attorney for Hood River Railroad LLC

Attachment

FILED
July 14, 2022
SURFACE
TRANSPORTATION BOARD

FEE RECEIVED
July 14, 2022
SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

FD 36632

HOOD RIVER RAILROAD LLC
— ACQUISITION AND OPERATION EXEMPTION —
MT. HOOD RAILROAD COMPANY

**VERIFIED NOTICE OF EXEMPTION OF
HOOD RIVER RAILROAD LLC
PURSUANT TO 49 C.F.R. PART 1150, SUBPART D**

Robert A. Wimbish
Bradon J. Smith
Fletcher & Sippel LLC
29 North Wacker Drive, Suite 800
Chicago, Illinois 60606-3208
(312) 252-1500

**ATTORNEYS FOR HOOD RIVER
RAILROAD LLC**

Date: July 14, 2022

BEFORE THE
SURFACE TRANSPORTATION BOARD

FD 36632

HOOD RIVER RAILROAD LLC
— ACQUISITION AND OPERATION EXEMPTION —
MT. HOOD RAILROAD COMPANY

**VERIFIED NOTICE OF EXEMPTION OF
HOOD RIVER RAILROAD LLC
PURSUANT TO 49 C.F.R. PART 1150, SUBPART D**

Hood River Railroad LLC (“HRR”), an Oregon limited liability company and a non-carrier, files this Verified Notice of Exemption (the “Notice”) under 49 C.F.R. Part 1150, subpart D (“Subpart D”) to acquire the railroad line of the Mt. Hood Railroad Company (“MHR”), an Oregon corporation and, currently, a Class III common carrier,¹ and to commence common carrier operations over that line in place of MHR. HRR and MHR are corporate affiliates² indirectly controlled by L. Scott Webster.³ The subject transaction will entail the

¹ *Permian Basin Railways, Inc. — Acquisition of Control Exemption — Mount Hood Railroad*, FD 35108 (STB served Dec. 19, 2007), 1 (“*Permian Basin*”); *Iowa Pacific Holdings, et al. — Corporate Family Transaction Exemption — Grenada Railroad LLC*, FD 36191 (STB served May 18, 2018), 1.

² Corporate family members may undertake transactions, such as the present one, with one another pursuant to the Subpart D class exemption procedures. *See, e.g., SRC Railway LLC — Lease and Operation Exemption — Strasburg Rail Road Company*, FD 36453 (STB served Jan. 6, 2021).

³ Formerly, MHR had been among the Class III carriers controlled by Iowa Pacific Holdings LLC (“IPH”) and its corporate affiliate Permian Basin Railways, Inc. (“PBRI”). MHR is now independently owned and controlled indirectly by L. Scott Webster. Mr. Webster has no controlling interest in any other U.S. railroad carrier other than MHR. Accordingly, Mr. Webster’s acquisition of control of MHR did not require advance Board authorization. *See, e.g., Michael Williams — Control Exemption — S&S Shortline Leasing, LLC*, FD 36460 (STB served Sep 29, 2021), 4 (“Under § 11323, Board authority is required for acquisition of control of a rail carrier by a person that is not a rail carrier but that controls any number of rail carriers. 49 U.S.C. § 11323(a)(5). The record now indicates that the acquisition of BG &

transfer of MHR's entire line of railroad, extending between milepost 0.0 at Hood River, OR (at a point of connection with a line of Union Pacific Railroad Company), and milepost 21.14 at Parkdale, OR (the "Line") to HRR. Upon consummation of the subject transaction, MHR will cease to be a railroad common carrier, and HRR will become one in MHR's place. Based on MHR's past annual revenues, HRR expects to be a Class III rail carrier after closing the transaction discussed below.

HRR submits the following information Subpart D requires:

Name and Address of Applicant: 49 C.F.R. § 1150.33(a)

The full name and address of the applicant is:

Hood River Railroad LLC
2900 Van Horn Dr.
Hood River, OR 97031

Applicant's Representative: 49 C.F.R. § 1150.33(b)

HRR's representative to whom correspondence should be sent is:

Robert A. Wimbish
Fletcher & Sippel LLC
29 North Wacker Drive, Suite 800
Chicago, IL 60606
(312) 252-1500

Statement Concerning Agreement: 49 C.F.R. § 1150.33(c)

HRR has agreed to acquire the Line from its corporate affiliate, MHR.

Operator of the Property: 49 C.F.R. § 1150.33(d)

HRR will be the sole common carrier operator on the Line in place of MHR upon consummation of the subject railroad line transaction.

CM was Williams' first rail carrier acquisition and thus did not require Board authorization."). Mr. Webster also indirectly controls HRR (again, currently a non-carrier).

Summary of the Transaction: 49 C.F.R. § 1150.33(e)

MHR's name and address is:

Mt. Hood Railroad Company
110 Railroad Avenue
Hood River, OR 97031

As is relevant here, HRR proposes to acquire MHR's line of railroad (the aforementioned Line) between milepost 0.0 at Hood River, Oregon (at a point of connection with a line of the Union Pacific Railroad Company), and milepost 21.14 at Parkdale, Oregon, a total of approximately 21.14 route miles, and, on such acquisition, to commence common carrier operations in place of MHR. The transaction is intended to continue common carrier railroad operations over the Line under the indirect control of Mr. Webster. The arrangement is structured such that Mr. Webster will control only one rail carrier at a time (first, MHR, as is the case now, and then, post-transaction, HRR). The proposed transaction would facilitate Mr. Webster's longer-term plans to dissolve MHR, after resolving MHR's corporate and tax affairs in the aftermath of IPH's and PBRI's past control and administration. The transaction is intended, among other things, to allow the Line a "fresh start" under a new corporate identity.

Map: 49 C.F.R. § 1150.33(f)

Exhibit A to this Notice is a map showing the Line and surrounding areas.

Certificate of Compliance: 49 C.F.R. § 1150.33(g)

HRR's anticipated revenue will not exceed the Class III revenue thresholds. See Exhibit C.

Interchange Commitments: 49 C.F.R. § 1150.33(h)

The proposed transaction does not include an interchange commitment. See *id.*

Advance Notice: 49 C.F.R. § 1150.32(e)

The projected annual revenue of HRR is not expected to exceed \$5 million; accordingly, the advance notice requirements of 49 C.F.R. § 1150.32(e) are inapplicable to this transaction. See *id.*

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

Under 49 C.F.R. § 1105.6(c)(1)(i), HRR's proposed acquisition 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 provided in 49 C.F.R. § 1105.7(e)(4) or (5).

Under 49 C.F.R. § 1105.8(b)(1), HRR's acquisition of the Line also is exempt from historic preservation reporting requirements. The proposed transaction is to continue common carrier rail service. Further Board approval would be needed to abandon the line and/or discontinue service, and there are no plans to dispose of or alter properties subject to Board jurisdiction that are fifty (50) years old or older.

Caption Summary: 49 C.F.R. § 1150.34

Exhibit B to this Notice is a caption summary.

Respectfully submitted,

By: /s/ *R. A. Wimbish*

Robert A. Wimbish

Bradon J. Smith

Fletcher & Sippel LLC

29 North Wacker Drive

Suite 800

Chicago, Illinois 60606-3208

(312) 252-1500

**ATTORNEYS FOR HOOD RIVER
RAILROAD LLC**

Dated: July 14, 2022

BEFORE THE
SURFACE TRANSPORTATION BOARD

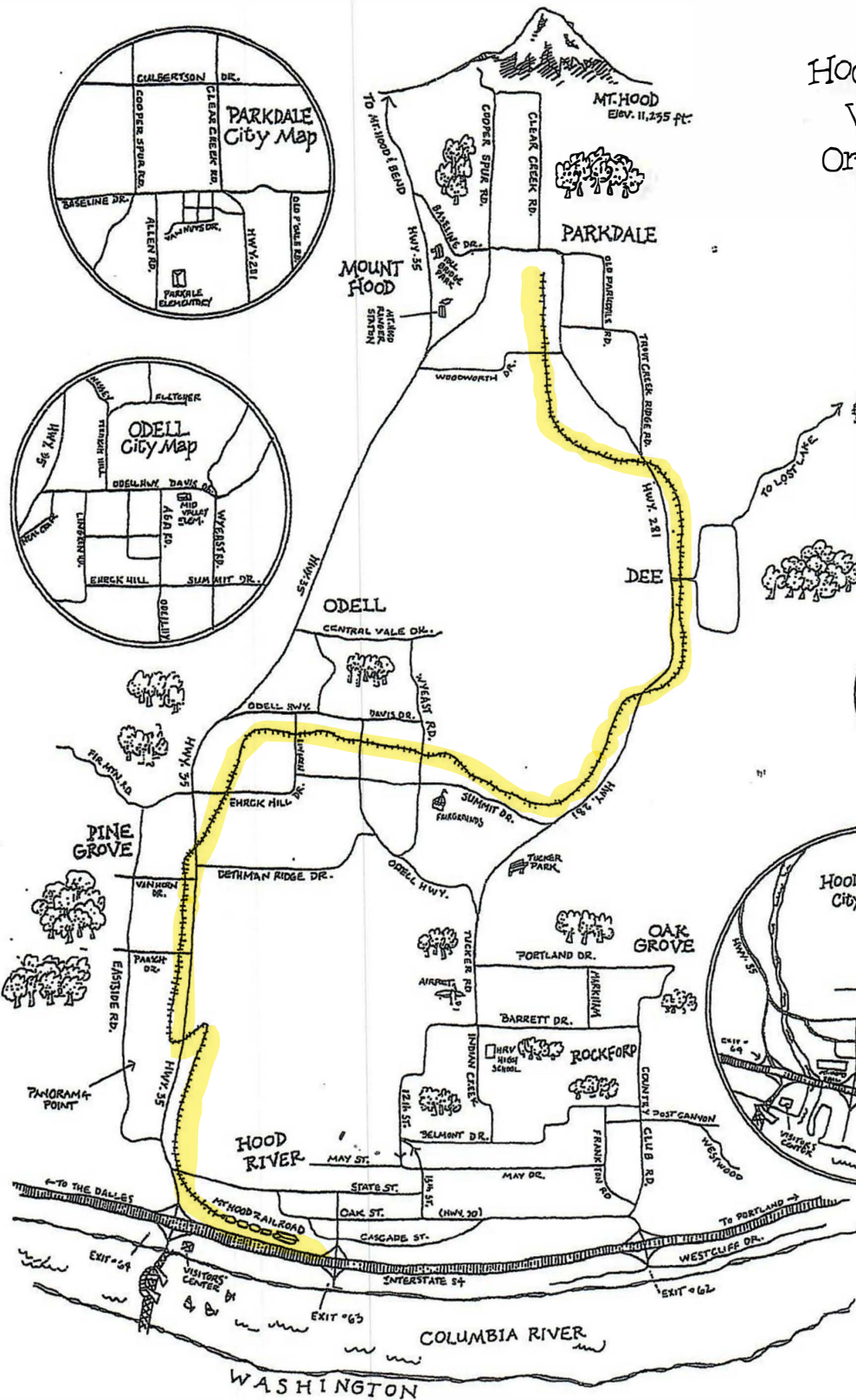
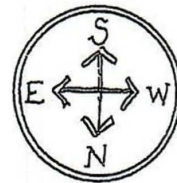
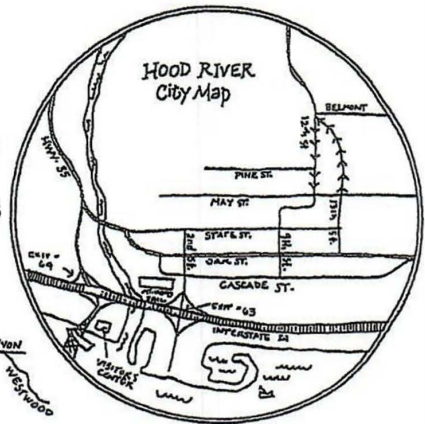
FD 36632

HOOD RIVER RAILROAD LLC
— ACQUISITION AND OPERATION EXEMPTION —
MT. HOOD RAILROAD COMPANY

EXHIBIT A

MAP

HOOD RIVER VALLEY Oregon, U.S.A.



BEFORE THE
SURFACE TRANSPORTATION BOARD

FD 36632

HOOD RIVER RAILROAD LLC
— ACQUISITION AND OPERATION EXEMPTION —
MT. HOOD RAILROAD COMPANY

EXHIBIT B

CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FD 36632

HOOD RIVER RAILROAD LLC
— ACQUISITION AND OPERATION EXEMPTION —
MT. HOOD RAILROAD COMPANY

Hood River Railroad LLC (“HRR”), an Oregon limited liability company and non-carrier, has filed a Verified Notice of Exemption to acquire the line of Mt. Hood Railroad Company (“MHR”), a railroad common carrier (and also an Oregon corporation), between milepost 0.0 at Hood River, Oregon (at a point of connection with a line of the Union Pacific Railroad Company), and milepost 21.14 at Parkdale, Oregon (the “Line”), a total of approximately 21.14 route miles, and to commence common carrier operations over the Line in place of MHR. Comments must be filed with the Board and served on:

Robert A. Wimbish
Fletcher & Sippel LLC
29 North Wacker Drive, Suite 800
Chicago, IL 60606-2832
(312) 252-1500

This Notice is filed under 49 C.F.R. § 1150.31. If the Notice contains false or misleading information, the exemption is void *ab initio*. Petitions 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.

Dated: July __, 2022

BEFORE THE
SURFACE TRANSPORTATION BOARD

FD 36632

HOOD RIVER RAILROAD LLC
— ACQUISITION AND OPERATION EXEMPTION —
MT. HOOD RAILROAD COMPANY

EXHIBIT C

CERTIFICATION AND VERIFICATION

CERTIFICATION AND VERIFICATION

I, L. Scott Webster, hereby certify and verify under penalty of perjury as follows:

1. I am the Manager of Mount Hood Capital Investments LLC, an Oregon limited liability company, which is the sole member of Hood River Railroad LLC ("HRR").
2. The annual rail revenues of HRR, upon its commencement of common carrier operations, are not expected to exceed \$5 million, and the transaction will not result in HRR becoming a Class I or II rail carrier under the thresholds set forth at 49 C.F.R. § 1201 (1-1).
3. The agreement governing the transfer of the railroad line that is the subject of this proceeding does not include an interchange commitment that would preclude or restrict HRR's interchange of traffic with any third-party carrier.
4. I have read the foregoing Notice of Exemption and hereby verify that the facts in it are true, and I certify that I am authorized to submit this certification and verification on behalf of HRR.

Dated: July 13, 2022



L. Scott Webster