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FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36142 (Sub-No. 1)]

Savage Services Corporation—Continuance in Control Exemption—Savage Davenport Railroad Company

Savage Services Corporation (Savage) has filed a verified notice of exemption under 49 C.F.R. § 1180.2(d)(2) to continue in control of Savage Davenport Railroad Company (SDR) upon SDR's becoming a Class III rail carrier.

This transaction is related to a concurrently filed verified notice of exemption in Savage Davenport Railroad Company—Lease & Operation Exemption—City of Davenport, Iowa, Docket No. FD 36142. In that proceeding, SDR seeks an exemption under 49 C.F.R. § 1150.31 to lease and operate a 2.8-mile line of railroad owned by the City of Davenport, Iowa.

The earliest this transaction may be consummated is September 15, 2017, the effective date of the exemption (30 days after the verified notice was filed). SDR states that it intends to consummate the transaction in October 2017.

Savage is a privately held company that controls Savage, Bingham & Garfield Railroad Company (SBG), a Class III rail carrier.

Savage represents that: (1) the rail lines of SDR and SBG do not connect with each other; (2) the continuance in control is not part of a series of anticipated transactions that would connect the rail line to be operated by SDR with any other railroad in

applicant's corporate family; and (3) there are no other rail carriers in the Savage corporate family.¹ Therefore, the proposed transaction is exempt from the prior approval requirements of 49 U.S.C. § 11323. See 49 C.F.R. § 1180.2(d)(2).

Under 49 U.S.C. § 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under §§ 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here, because all of the carriers involved are Class III carriers.

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 effectiveness of the exemption. Stay petitions must be filed no later than September 8, 2017 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 36142 (Sub-No. 1) must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on applicant's representative, Richard F. Riley Jr., Foley & Lardner LLP, 3000 K Street, N.W., Suite 600, Washington, DC 20007-5109.

¹ Although Savage does not explicitly state that its transaction will not involve a Class I carrier, see 49 C.F.R. § 1180.2(d)(2)(iii), the Board infers such as SBG is a Class III carrier, SDR has sought an exemption under 49 C.F.R. § 1150.31 to become a Class III carrier, and there are no other rail carriers in the Savage corporate family.

Docket No. FD 36142 (Sub-No. 1)

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Decided: August 29, 2017.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.