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November 20, 2018

246802

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

DOCKET NO. FD 36246

ST. PAUL & PACIFIC NORTHWEST RAILROAD COMPANY, LLC
— CHANGE IN OPERATORS EXEMPTION —
KETTLE FALLS INTERNATIONAL RAILWAY LLC

**VERIFIED NOTICE OF EXEMPTION OF
ST. PAUL & PACIFIC NORTHWEST RAILROAD COMPANY, LLC
PURSUANT TO 49 C.F.R. § 1150.31 ET SEQ**

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

**ATTORNEYS FOR ST. PAUL & PACIFIC
NORTHWEST RAILROAD COMPANY, LLC**

Dated: November 20, 2018

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36246

ST. PAUL & PACIFIC NORTHWEST RAILROAD COMPANY, LLC
— CHANGE IN OPERATORS EXEMPTION —
KETTLE FALLS INTERNATIONAL RAILWAY LLC

**VERIFIED NOTICE OF EXEMPTION OF
ST. PAUL & PACIFIC NORTHWEST RAILROAD COMPANY, LLC
PURSUANT TO 49 C.F.R. § 1150.31 *ET SEQ***

Pursuant to 49 CFR § 1150.31 *et seq*, St. Paul & Pacific Northwest Railroad Company, LLC (“SPN”), a non-carrier, hereby files this Verified Notice of Exemption (“the Notice”) to lease lines of railroad from BNSF Railway Company (“BNSF”) currently operated by Kettle Falls International Railway LLC (“KFR”). The subject line originates at Chewelah, Wash., and extends north to Kettle Falls, Wash., where the line branches: the West Branch continues northwest to West Kettle Falls, Wash., and the East Branch continues northeast to the United States-Canada border. The lines measure approximately 83 miles. In accordance with the requirements of 49 C.F.R. § 1150.32, SPN submits the following information:

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

The full name and address of the applicant herein is as follows:

St. Paul & Pacific Northwest Railroad Company, LLC
21778 Highview Ave.
Lakeville, MN 55044

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

SPN's representative to whom correspondence regarding this transaction should be sent is as follows:

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

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

BNSF and SPN have negotiated and executed a lease agreement ("the Lease") governing SPN's lease and operation of the lines; the effectiveness of the Lease is contingent on receipt of all necessary regulatory approvals.

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

SPN will operate the lines and provide rail common carrier service to shippers on the lines. SPN's operations will replace those currently provided by KFR.

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

Pursuant to the Lease, SPN will lease and operate lines of railroad between Chewelah, Kettle Falls, West Kettle Falls, and Columbia Gardens, B.C., Can. The lines originate at Chewelah, in the south, at Milepost 60.5, before diverging into a fork at Kettle Falls (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, 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, in the north, at Milepost 144.0. For STB jurisdictional purposes, the relevant distance of the East Branch from

Chewelah (Milepost 60.5) to the international border (Milepost 139.7) is approximately 79 miles. The 4 additional miles of the West Branch makes the sum total to be leased by SPN approximately 83 miles of track. SPN will provide common carrier service over the lines. The Lease term is 10 years. SPN expects to consummate the underlying transactions on receipt of all regulatory approvals, anticipated to be no later than January 1, 2019.

KFR has operated the lines pursuant to lease from BNSF since 2004–2005. *Kettle Falls International Railway, LLC — Acquisition Exemption — The Burlington Northern and Santa Fe Railway Company*, Docket No. FD 34616 (STB served Dec. 28, 2004); *Kettle Falls International Railway, LLC — Lease and Operation Exemption — BNSF Railway Company*, Docket No. FD 34707 (STB served June 23, 2005). The lease between KFR and BNSF for the lines is concluding, and KFR does not object to the proposed change in operators.

The name and address of the current operator of the property is as follows:

Kettle Falls International Railway LLC
125 East Meyers Street
Kettle Falls, WA 99141

The name and address of the owner and lessor of the property is as follows:

BNSF Railway Company
2650 Lou Menk Dr.
Fort Worth, TX 76131

Map: 49 C.F.R. § 1150.33(f)

A map showing the lines is attached as Exhibit A to this Notice.

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

The projected revenues of SPN as a result of the proposed transaction will not result in the creation of a Class II or Class I rail carrier. A certification to this effect is made with the verification of this Notice.

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

The Lease between BNSF and SPN does not contain an interchange commitment.

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

SPN's annual revenue, with the lease of the lines, is anticipated to exceed \$5 million. SPN has posted and served the advance notice required under this subsection, and certified to the Board that it had done so on November 1, 2018.

Notice to Shippers: 49 C.F.R. § 1150.32(b)

SPN has notified shippers in the manner of the letter attached as Exhibit B-1. The shippers notified are listed on Exhibit B-2.

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

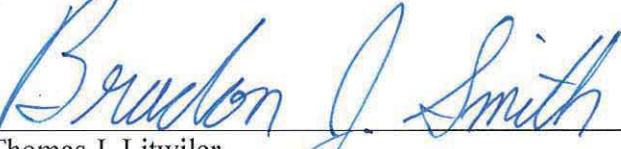
Under 49 C.F.R. § 1105.6(c)(2), SPN's proposed lease of the lines is exempt from environmental reporting requirements. The proposed transaction will not result in significant changes in carrier operations, i.e., changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5).

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

Caption Summary: 49 C.F.R. § 1150.34(a)

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

Respectfully submitted,

By: 

Thomas J. Litwiler

Bradon J. Smith

Fletcher & Sippel LLC

29 North Wacker Drive

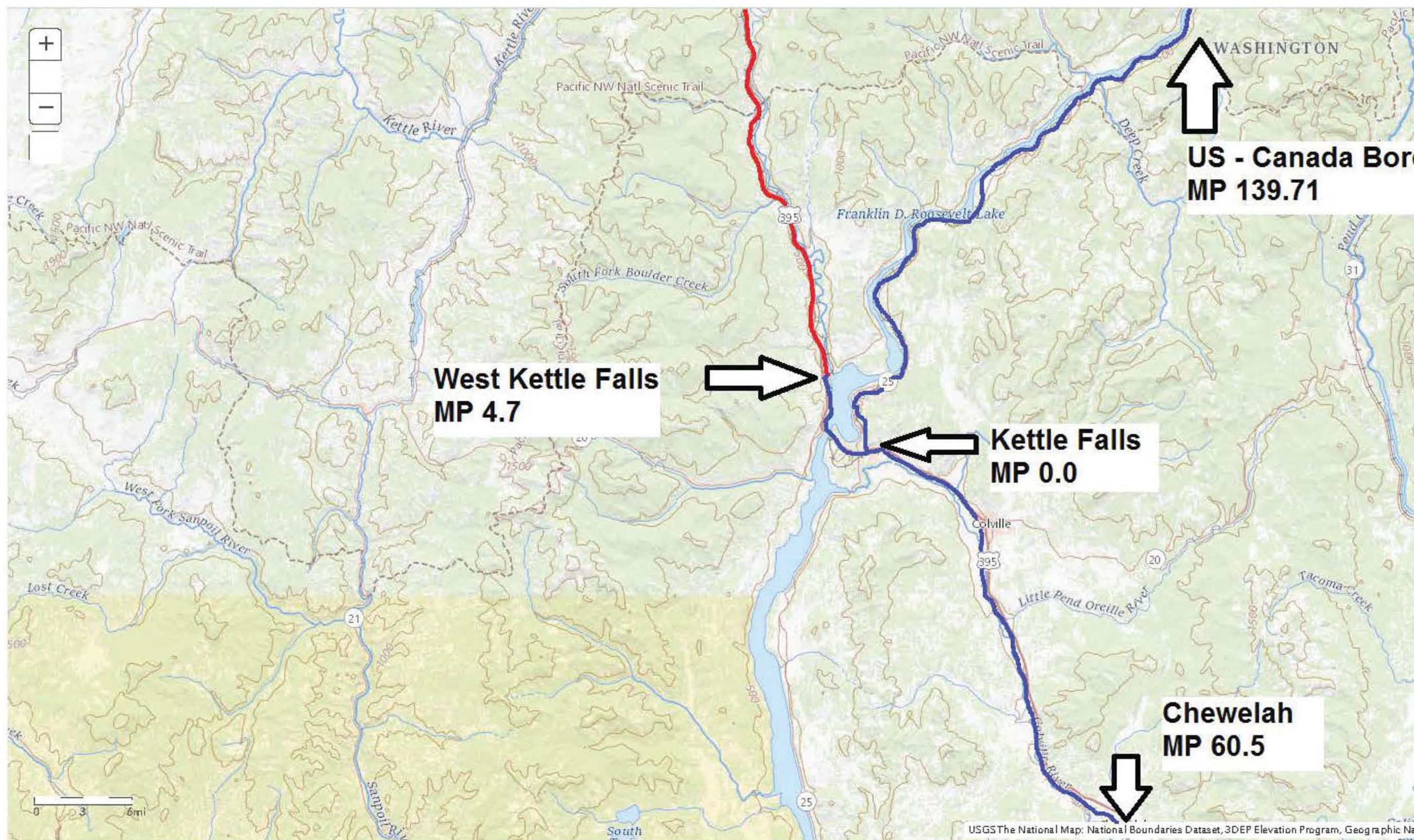
Suite 800

Chicago, Illinois 60606

(312) 252-1500

**ATTORNEYS FOR ST. PAUL & PACIFIC
NORTHWEST RAILROAD COMPANY, LLC**

Dated: November 20, 2018



Docket No. FD 36246

St. Paul & Pacific Northwest –

Change in Operators Exemption - Kettle Falls International Railway LLC

----- SPN Leased Track

----- Kettle Falls International Railway

49 C.F.R. § 1150.32(b) NOTICE TO SHIPPERS

November 20, 2018

Re: **Docket No. FD 36246**
St. Paul & Pacific Northwest Railroad Company, LLC — Change in
Operators Exemption — Kettle Falls International Railway LLC

Dear Sirs:

St. Paul & Pacific Northwest Railroad Company, LLC (“SPN”) has filed a Notice of Exemption (the “Notice”) with the Surface Transportation Board (“STB”) for a Change in Operators on lines of railroad in the State of Washington. SPN will lease and operate lines of railroad among Chewelah, Wash., Kettle Falls, Wash., West Kettle Falls, Wash., and Columbia Gardens, B.C., Can. The lines originate at Chewelah, in the south, at Milepost 60.5, before diverging into a fork at Kettle Falls (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, 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, in the north, at Milepost 144.0.

Effective on or about January 1 2019, or as soon thereafter as possible, SPN will begin to serve facilities on the lines.

We are providing you with this information in keeping with STB shipper notice requirements. You are not required to respond or to this letter or otherwise participate in the STB proceeding. If you have any questions regarding this matter, please feel free to contact me.

Very truly yours,

Bradon J. Smith
Attorney for St. Paul & Pacific Northwest Railroad
Company, LLC

LIST OF SHIPPERS NOTIFIED

COLUMBIA GARDENS RELOAD LTD
TECK METALS LTD
TRIMAC TRANSPORTATION SERVICES INC
WESTCAN BULK TRANSPORT LTD
BOISE CASCADE CO
COLUMBIA CEDAR INC
FERRELLGAS LP
NORTHWEST MARBLE PRODUCTS INC
VAAGEN BROTHERS LUMBER INC WHITE
STONE CALCIUM CORP
ATCO WOOD PRODUCTS LTD

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

ST. PAUL & PACIFIC NORTHWEST RAILROAD COMPANY, LLC
— CHANGE IN OPERATORS EXEMPTION —
KETTLE FALLS INTERNATIONAL RAILWAY LLC

St. Paul & Pacific Northwest Railroad Company, LLC (“SPN”) a non-carrier, has filed a notice of exemption (“the Notice”) to lease from the BNSF Railway Company lines of railroad in Washington state. The lines originate at Chewelah, in the south, at Milepost 60.5, before diverging into a fork at Kettle Falls (north of Chewelah) with two branches: (1) the West Branch between Kettle Falls, Wash., in the south, at Milepost 0.0 (also known as a segment of the San Poil subdivision) and West Kettle Falls, Wash., in the north, at Milepost 4.5 and (2) the East Branch between Kettle Falls, in the south, and Columbia Gardens, B.C., Can., in the north, at Milepost 144.0 (though for the Surface Transportation Board’s jurisdictional purposes the relevant portion is to Milepost 139.7 at the United States-Canada Border). SPN intends to consummate the proposed lease transaction on receipt of all requisite regulatory approvals, anticipated on or about January 1, 2019.

Comments must be filed with the Board and served on:

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

The notice is filed under 49 C.F.R. § 1150.31 *et seq.* 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.

CERTIFICATION AND VERIFICATION

Jim Thornton, Managing Director-Legal, hereby certifies and verifies under penalty of perjury as follows:

1. I am the Managing Director-Legal of St. Paul & Pacific Northwest Railroad Company, LLC ("SPN").
2. The annual rail revenues of SPN will not result in SPN becoming a Class I or II rail carrier under the thresholds set forth at 49 C.F.R. § 1201 (1-1).
3. I have read the foregoing Notice of Exemption and know that the facts stated herein are true.

Dated: November 19, 2018



Jim Thornton