

original

SURFACE TRANSPORTATION BOARD

Notice of Exemption



FINANCE DOCKET NO. 36142 (SUB-NO. 1)

SAVAGE SERVICES CORPORATION
— CONTINUANCE IN CONTROL EXEMPTION —
SAVAGE, BINGHAM & GARFIELD RAILROAD COMPANY AND
SAVAGE DAVENPORT RAILROAD COMPANY

244128

ENTERED
Office of Proceedings
August 16, 2017
Part of
Public Record

VERIFIED NOTICE OF EXEMPTION
Under 49 C.F.R. § 1180.4(g)

NOTE: Color maps included in Exhibit B

Richard F. Riley Jr.
Foley & Lardner LLP
3000 K Street, N.W., Suite 600
Washington DC 20007-5109

Tel (202) 295-4712
Email rriley@foley.com

Attorney for Savage Services Corporation

Date: August 16, 2017

FILED
August 16, 2017
SURFACE
TRANSPORTATION BOARD

FEE RECEIVED
August 16, 2017
SURFACE
TRANSPORTATION BOARD

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VERIFIED NOTICE OF EXEMPTION
Under 49 C.F.R. § 1180.4(g)

Savage Services Corporation (“**Savage**”) files this Notice of Exemption pursuant to the class exemption described in 49 C.F.R. § 1180.2(d)(2), to allow it to control two non-connecting Class III rail carriers, in the circumstances described below.

Savage is a privately held industrial services company based in Midvale, Utah (www.savageservices.com). Savage owns a Class III rail carrier operating in Utah and Indiana named Savage, Bingham & Garfield Railroad Company (“**SBG**”). Savage has recently created a new, separate non-carrier subsidiary named Savage Davenport Railroad Company (“**SDR**”). SDR today is filing a separate Notice of Exemption with the Surface Transportation Board, in Finance Docket No. 36142, pursuant to 49 U.S.C. § 10901 and 49 C.F.R. § 1150.31, to permit SDR to lease a line of railroad from the City of Davenport, IA and to operate common carrier service on the line (the “**SDR-Davenport Exemption Notice**”).¹

¹ *Savage Davenport Railroad Company – Lease and Operation Exemption – City of Davenport, IA and Dakota, Minnesota and Eastern Railroad Corporation*, STB Finance Docket No. 36142 (Verified Notice of Exemption filed August 16, 2017).

When the SDR-Davenport Exemption Notice takes effect, SDR will become a Class III rail carrier performing the common carrier services described in the SDR-Davenport Exemption Notice. Savage at that time will become the owner of two Class III rail carriers (SBG and SDR). SBG and SDR will operate in widely separated geographic areas (Utah and Indiana for SBG; Iowa for SDR), and will not connect at any point.

Accordingly, Savage is filing the instant Notice of Exemption in Finance Docket No. 36142 (Sub-No. 1) to allow it, as the owner of SBG, to continue to control SDR once SDR becomes a Class III rail carrier, pursuant to the class exemption described in 49 C.F.R. § 1180.2(d)(2).

In support of this Notice of Exemption pursuant to the class exemption of 49 C.F.R. § 1180.2(d)(2), Savage submits the following information as required by 49 C.F.R. § 1180.4(g), incorporating certain information described in 49 C.F.R. § 1180.6(a). SDR's notarized Verification signed by a knowledgeable officer, certifying as to all factual statements in this Notice, is attached as Exhibit A.

Section 1180.6(a)(1)(i) – Summary of Proposed Transaction; Parties; Counsel

Savage's subsidiary SBG has operated as a Class III rail carrier in Utah, serving industrial customers and interchanging primarily with the Union Pacific Railroad, since 2007.² SBG began separate rail operations in Indiana, utilizing trackage rights granted by a Canadian

² The Surface Transportation Board confirmed the exemption allowing SBG to operate as a Class III rail carrier, and imposed certain oversight conditions, in *Utah Transit Authority – Acquisition Exemption – Union Pacific Railroad Company; Savage, Bingham & Garfield Railroad Company – Acquisition and Operation Exemption – Union Pacific Railroad Company*, STB Finance Docket Nos. 35008 & 35002 (Decision served July 23, 2007), 2007 STB LEXIS 417.

National Railway (“CN”) subsidiary at CN’s yard in Whiting, IN, in 2012.³ Those operations in Utah and Indiana continue today. SBG’s annual revenues are such that it continues to qualify as a Class III rail carrier. Savage hereby reconfirms SBG’s Class III status.

When the SDR-Davenport Exemption Notice takes effect, SDR, currently a non-carrier, will become a Class III rail carrier serving customers on a 2.8-mile-long industrial spur line near Davenport, IA owned by the City of Davenport. SDR will lease the line from the city and operate common carrier service on the line, and will interchange traffic with a rail carrier subsidiary of Canadian Pacific Railroad. SDR has certified in the SDR-Davenport Exemption Notice that its projected revenues from these rail operations will not cause it to become a Class II or Class I carrier.

SDR’s Davenport, IA operations will be approximately 185 miles distant from SBG’s Whiting, IN operations, and over 1,200 miles distant from SBG’s Utah operations. Thus, SDR and SBG are and will remain non-connecting carriers. There are no anticipated transactions that would connect SBG and SDR with each other, and there are no other rail carriers in the Savage corporate family. Thus, all the requirements of 49 C.F.R. § 1180.2(d)(2) are met.

The primary business address and telephone number of Savage, SBG and SDR are the same, as follows:

Savage Services Corporation
Savage, Bingham & Garfield Railroad Company c/o Savage Services
Savage Davenport Railroad Company c/o Savage Services

901 W. Legacy Center Way
Midvale UT 84047-5765
Telephone (801) 944-6600

³ See Federal Register notice of exemption, *Savage, Bingham & Garfield Railroad Company – Trackage Rights Exemption – Elgin, Joliet and Eastern Railway Company*, STB Finance Docket No. 35611, 77 FED. REG. 21835 (Apr. 11, 2012).

The name and contact information of counsel for the Savage companies to whom questions should be addressed are:

Richard F. Riley Jr.
Foley & Lardner LLP
3000 K Street, N.W., Suite 600
Washington DC 20007-5109

Tel (202) 295-4712
Email rriley@foley.com

Section 1180.6(a)(1)(ii) – Schedule for Consummation of Transaction

SDR intends to begin operations and become a rail carrier in October 2017, shortly after the effective date of the SDR-Davenport Exemption Notice (30 days from today, the date of filing, assuming no stay). SBG will continue its rail carrier operations in Utah and Indiana.

Section 1180.6(a)(1)(iii) – Purpose of This Transaction

The purpose of this Notice of Exemption is to confirm Savage's ownership of both SBG and SDR pursuant to the class exemption for common control of non-connecting Class III rail carriers under 49 C.F.R. § 1180.2(d)(2). Savage's control of separate shortline rail carriers in different parts of the country is in furtherance of its business strategy of providing a broad array of logistics, transportation and other services for industrial customers.

Section 1180.6(a)(5) – States in which Property of the Rail Carriers Is Situated

SBG owns and operates property in Utah, and operates over trackage rights in Indiana. SDR will operate over a leased line in Iowa.

Section 1180.6(a)(6) – Maps

Maps of SBG's operations and SDR's proposed operations are provided in Exhibit B.

Section 1180.6(a)(7)(ii) – Agreements

There is no agreement governing Savage's control of its subsidiaries SBG and SDR.

Section 1180.4(g)(3) – Environmental Review; Historical Review

Savage's control of SBG and SDR as their corporate parent company is exempt from environmental review pursuant to 49 U.S.C. § 1105.6(c)(1)(ii).

Savage's control of SBG and SDR as their corporate parent company is exempt from historical reporting pursuant to 49 U.S.C. § 1105.8(b)(3). Savage's control of SBG and SDR will have no effect on the level of maintenance of any railroad property.

Section 1180.4(g)(4) – Interchange Commitments

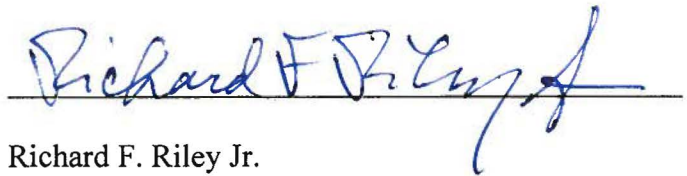
No interchange commitments are involved in Savage's control of SBG and SDR as their corporate parent company. Also, as explained in the SDR-Davenport Exemption Notice, SDR's proposed operations near Davenport, IA involve no interchange commitments.

Labor Protection

No employees are affected by Savage's control of SBG and SDR as their corporate parent company. In addition, pursuant to 49 U.S.C. § 11326(c), corporate control transactions involving only Class III rail carriers are exempt from labor protection.

Respectfully submitted,

SAVAGE SERVICES CORPORATION

A handwritten signature in blue ink, reading "Richard F. Riley Jr.", is written over a horizontal line.

Richard F. Riley Jr.
Foley & Lardner LLP
3000 K Street, N.W., Suite 600
Washington DC 20007-5109

Tel (202) 295-4712
Email rriley@foley.com

Attorney for Savage Services Corporation

Date: August 16, 2017

Exhibit A

VERIFICATION

VERIFICATION

STATE OF UTAH)
) SS.
COUNTY OF SALT LAKE)

Don Alexander, being duly sworn, deposes and says that he is the officer of Savage Services Corporation responsible for its subsidiaries Savage Bingham & Garfield Railroad Company and Savage Davenport Railroad Company; that he has read the foregoing Verified Notice of Exemption Under 49 C.F.R. § 1180.4(g) (STB Finance Docket No. 36142 (Sub-No. 1)); and that all facts set forth in the Notice of Exemption are true and correct to the best of his knowledge and belief.



Don Alexander
Executive Vice President and Group Leader
Railway Industry & Chemical Logistics
Savage Services Corporation

Subscribed and sworn to before me this 14 day of August, 2017.

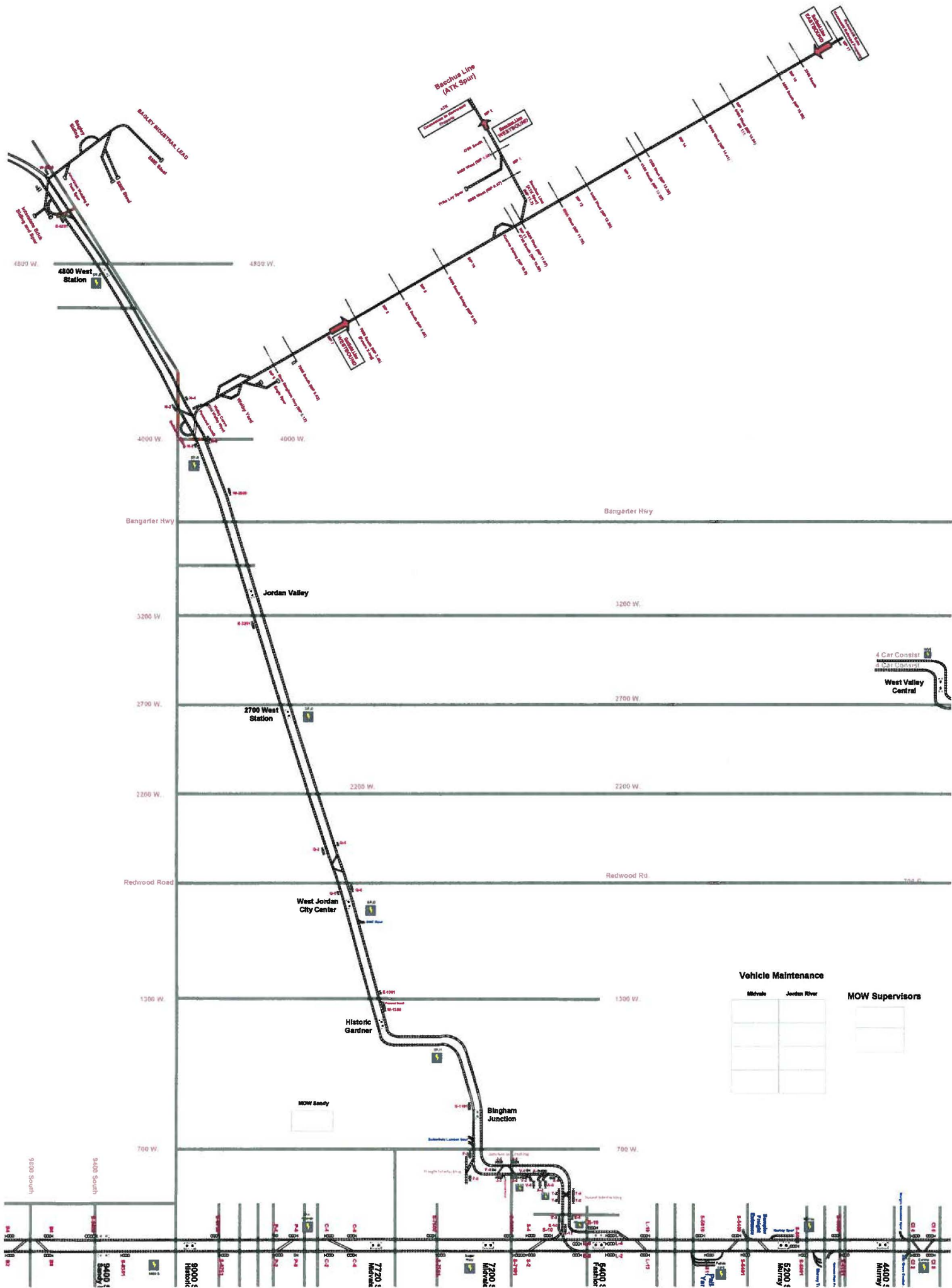
Kristina L. Kirkham
Notary Public

My Commission expires: April 24, 2019



Exhibit B

MAPS



SAVAGE, BINGHAM & GARFIELD RAILROAD COMPANY

WHITING, INDIANA TRACKAGE RIGHTS OPERATIONS IN BOX BELOW.

Schematic track diagram follows.

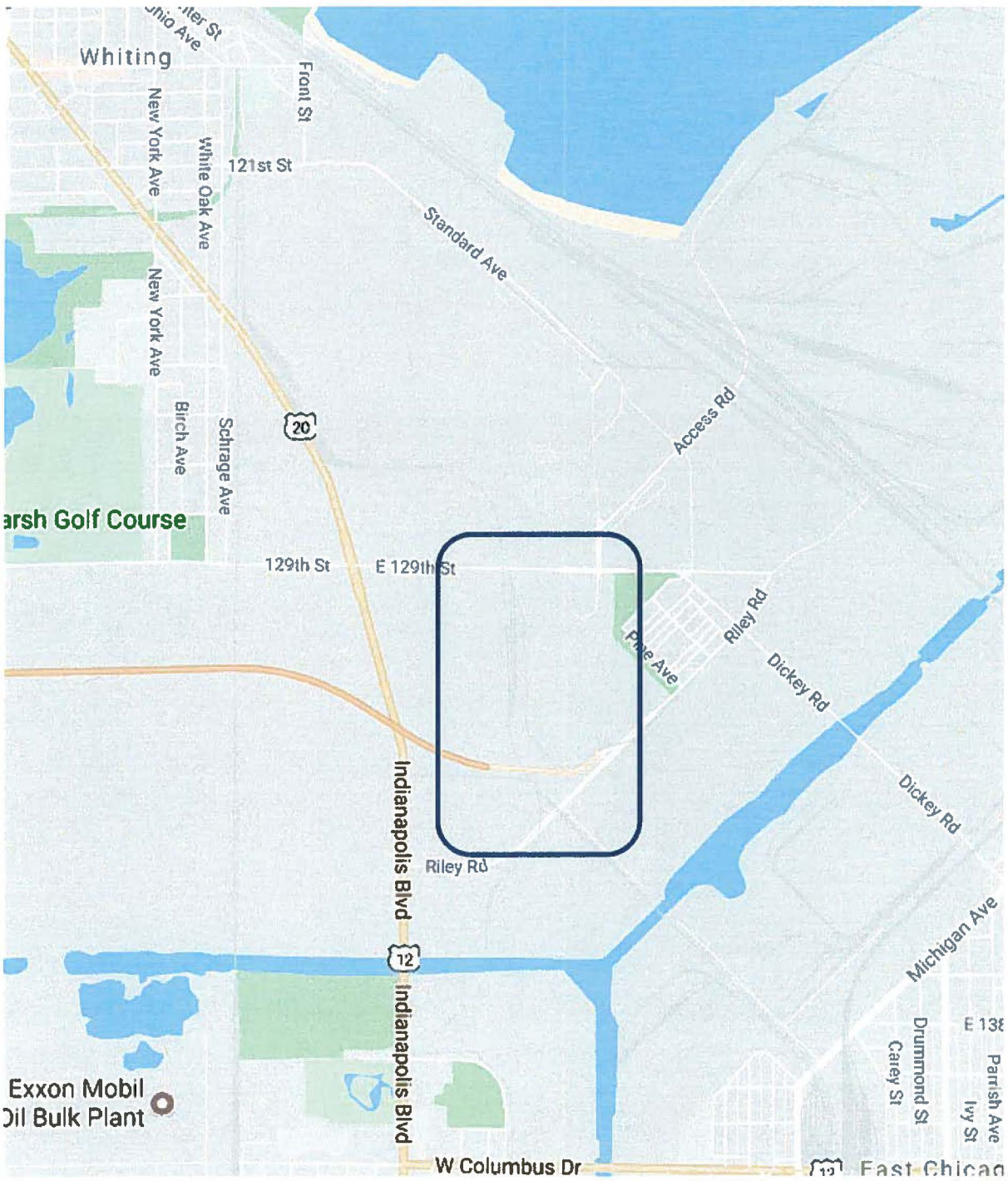
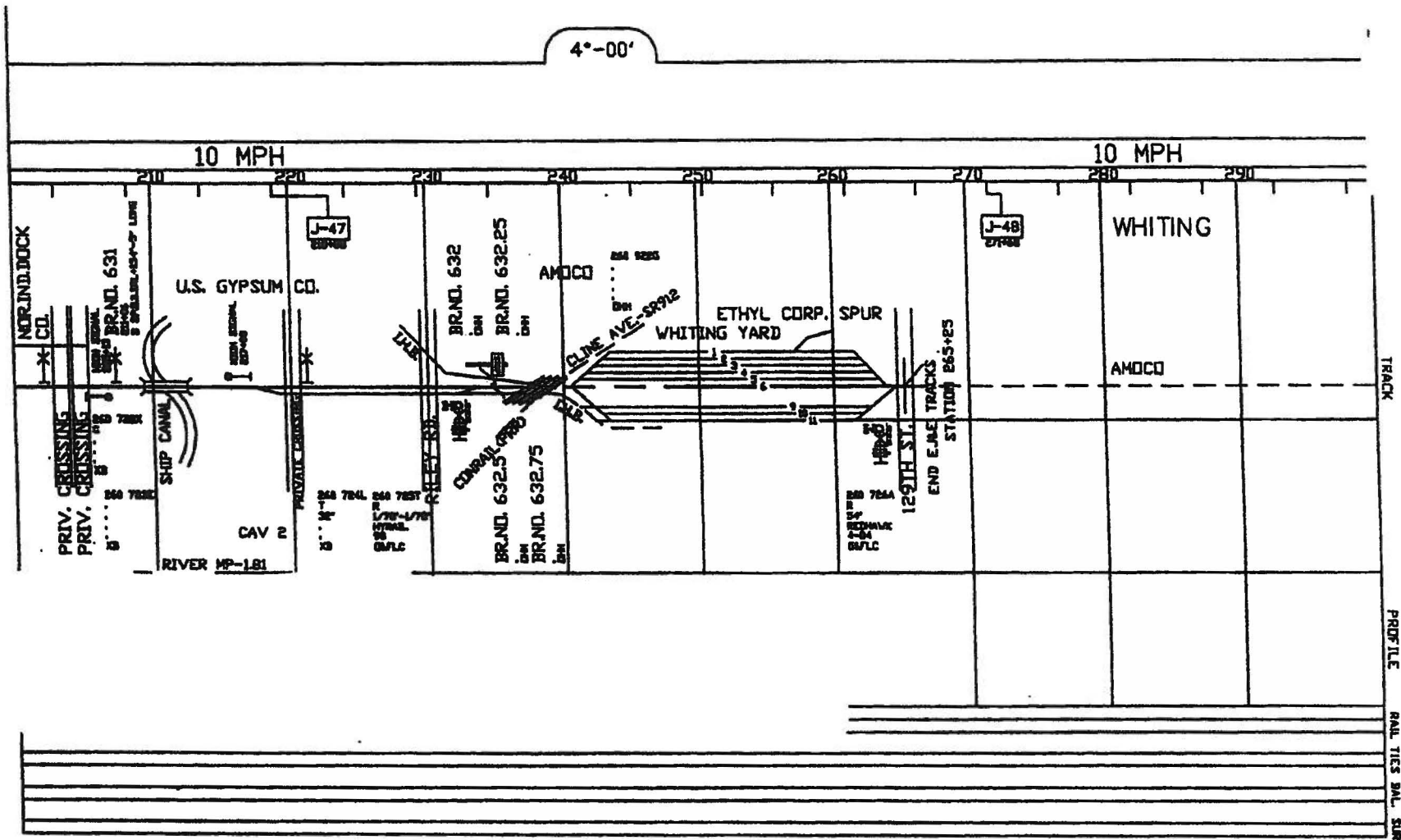


EXHIBIT A

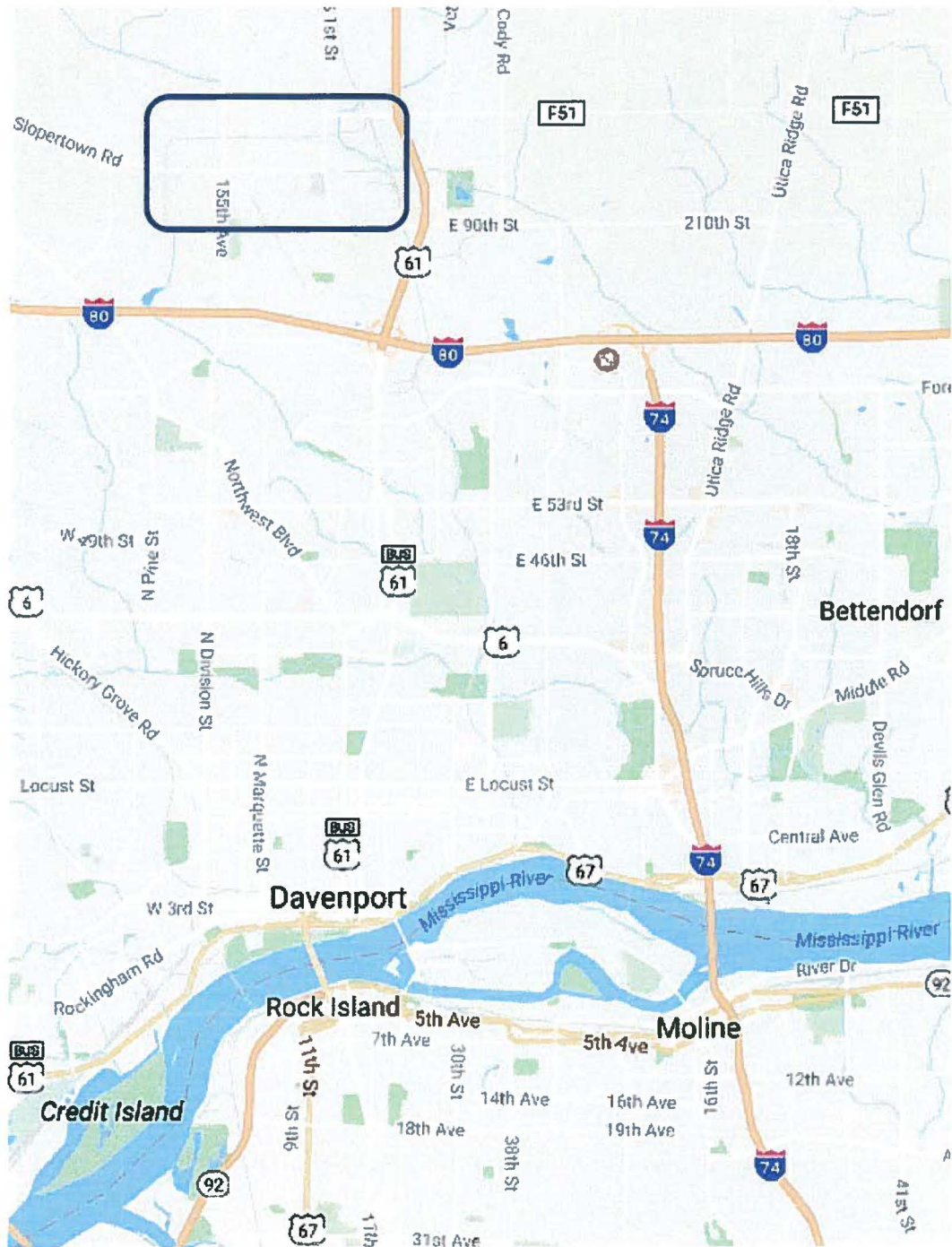
EXHIBIT A

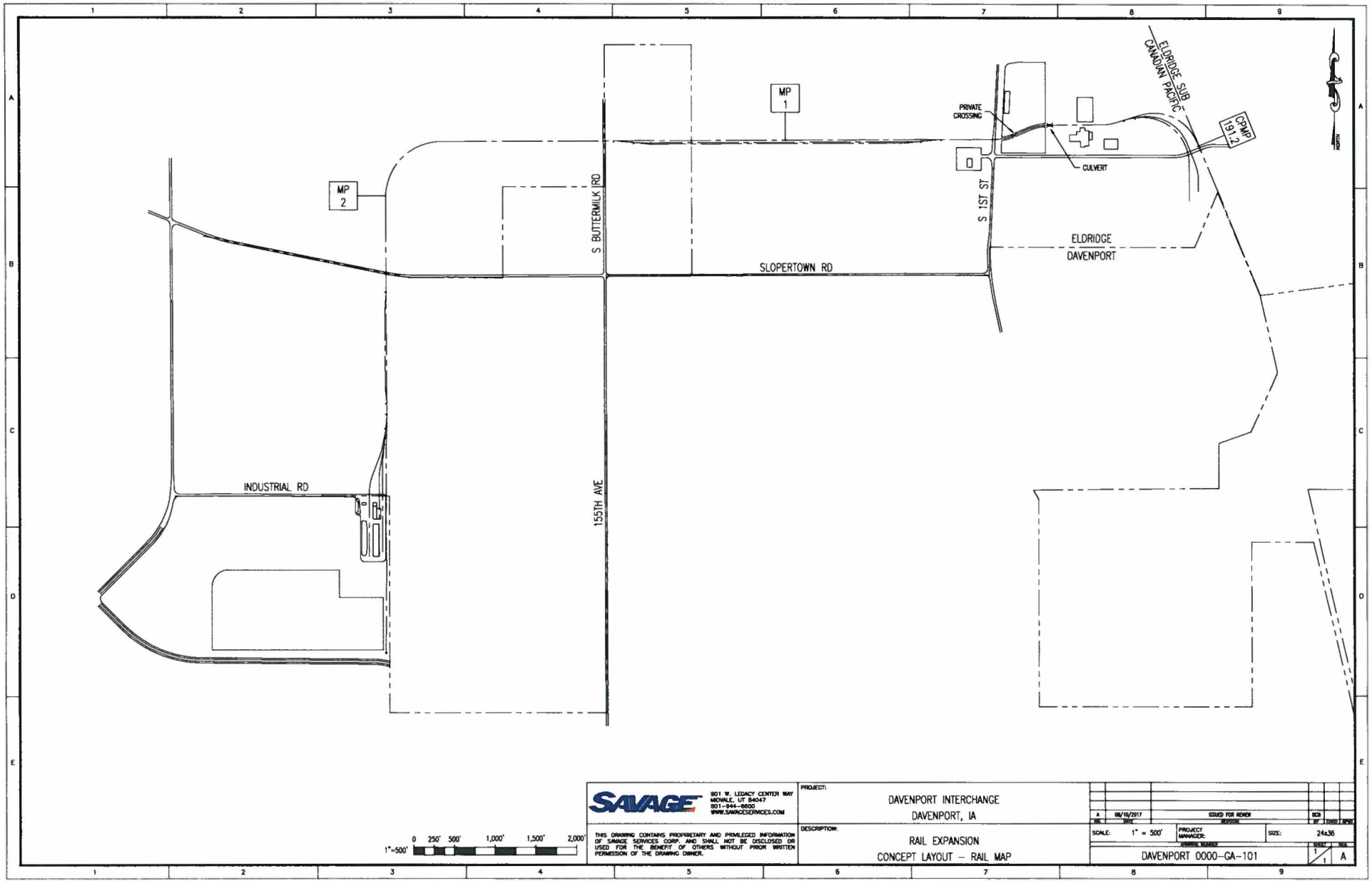


SAVAGE DAVENPORT RAILROAD COMPANY

PROPOSED *DAVENPORT, IOWA* OPERATIONS IN BOX BELOW

Schematic track diagram follows.





0 250' 500' 1,000' 1,500' 2,000'
1"=500'



801 W. LEGACY CENTER WAY
MEVIALE, UT 84047
801-944-8000
WWW.SAVAGESERVICES.COM

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PROJECT:

DAVENPORT INTERCHANGE
DAVENPORT, IA

DESCRIPTION:

RAIL EXPANSION
CONCEPT LAYOUT - RAIL MAP

A		06/16/2017		ISSUED FOR REVIEW	
				BY: J. DUBIEL	
SCALE: 1" = 500'		PROJECT MANAGER:		SIZE: 24x36	
		JAMES MARRAS			
DAVENPORT 0000-GA-101				1 A	