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SERVICE DATE – DECEMBER 6, 2018

DO

FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36246]

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 noncarrier, has filed a verified notice of exemption under 49 C.F.R. § 1150.31 to assume operations over approximately 83 miles of rail lines owned by BNSF Railway Company. The lines originate at milepost 60.5 in Chewelah, Wash., extending to milepost 0.0 at Kettle Falls, Wash., where the line diverges into two branches (the Lines). The West Branch continues northwest from Kettle Falls to milepost 4.7 at West Kettle Falls, Wash. The East Branch continues northeast to the United States-Canada border at milepost 139.7 and across the border at milepost 139.7 to Columbia Gardens, B.C., Canada.¹ The verified notice indicates that the Lines are currently operated by Kettle Falls International Railway LLC (KFR), and that as a result of this transaction, SPN will become a Class III carrier and replace KFR as the Line's exclusive lessee and operator.

This transaction is related to a concurrently filed verified notice of exemption in Progressive Rail Incorporated—Continuance in Control Exemption—St. Paul & Pacific

¹ SPN clarifies, for Board jurisdictional purposes, that the relevant distance of the East Branch from Chewelah to the international border is approximately 79 miles. It further states that the additional four miles of West Branch track it will lease makes the total to be leased by SPN approximately 83 miles of track.

Northwest Railroad Company, Docket No. FD 36254, in which Progressive Rail Incorporated seeks to continue in control of SPN upon SPN's becoming a Class III rail carrier.

SPN certifies that the underlying lease and operation agreement does not contain an interchange commitment. SPN also certifies that its projected revenues as a result of this proposed transaction will not exceed those that would result in the creation of a Class II or Class I rail carrier but notes that they will exceed \$5 million. PGR filed the certification of notice to employees required under 49 C.F.R. § 1150.42(e) on November 1, 2018. Further, under 49 C.F.R. § 1150.32(b), a change in operator requires that notice be given to shippers. SPN certifies that notice of the change in operator was served on all known shippers on the Lines.

The earliest this transaction may be consummated is December 31, 2018, the effective date of the exemption (60 days after the § 1150.42(e) certification was filed). SPN states that it expects to consummate the underlying transaction on receipt of all regulatory approvals, anticipated to be no later than January 1, 2019.

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. Petitions for stay must be filed no later than December 24, 2018 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 36246, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423. In addition, one copy of each pleading must be served on Bradon J. Smith, Fletcher & Sippel LLC, 29 North Wacker Drive, Suite 800, Chicago, Ill. 60606.

Board decisions and notices are available on our website at www.stb.gov.

Decided: December 3, 2018.

By the Board, Scott M. Zimmerman, Acting Director, Office of Proceedings.