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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35587]

Fannin Rural Rail Transportation District—Lease and Operation Exemption—Line of
Texas Department of Transportation

Fannin Rural Rail Transportation District (FRRTD), a noncarrier, has filed a verified notice of exemption under 49 C.F.R. § 1150.31 to lease from the Texas Department of Transportation (TxDOT), and to operate, a 34.78-mile rail line extending from milepost 94.0 in Paris to milepost 128.78 in Bonham, Tex. The line has been a part of Union Pacific Railroad Company's (UP) Bonham Subdivision.

Through the Board's offer of financial assistance process, FRRTD previously was authorized to acquire from UP, and to operate, a 33.5-mile portion of UP's Bonham Subdivision extending between milepost 94.0, near Paris, and milepost 127.5, east of Bonham, in Lamar and Fannin Counties, Tex.¹ After an agreement had been reached with UP for sale of the line but before consummating the transaction, FRRTD sold its interest in the rail line to TxDOT.²

¹ See Union Pac. R.R.—Aban. Exemption—in Lamar and Fannin Cntys., Tex., AB 33 (Sub-No. 163X) (STB served Aug. 19, 2003).

² See State of Tex., acting by and through the Tex. Dept. of Transp.—Acquisition Exemption—Union Pac. R.R., FD 34834 (STB served Feb. 24, 2006), where TxDOT obtained Board authority for the acquisition of the 33.5-mile line from UP. In Texas (continued . . .)

FRRTD states that it leased the 33.5-mile portion of the line from TxDOT in 2006, apparently believing at the time that further Board authority was unnecessary. FRRTD has filed this notice to lease and operate the 1.28-mile portion of the line extending between milepost 127.5 and milepost 128.78 to be acquired from UP by TxDOT and to lease and operate the 33.5-mile portion extending between milepost 94.0 and milepost 127.5 that it already has leased from TxDOT. FRRTD has structured the filing to ensure that it possesses appropriate regulatory authority for the entire 34.78 miles of rail line.

Applicant states that Mid-Michigan Railroad, Inc., d/b/a Texas Northeastern Railroad (TNER), will provide freight service over the 1.28-mile portion of the line pursuant to its previously authorized trackage rights³ and that any future freight service on the currently dormant 33.5-mile portion will be provided by a third-party operator, subject to proper Board authorization. Applicant notes that FRRTD and TxDOT will possess a residual common carrier obligation on the 34.78-mile line and that FRRTD will provide tourist train operations on the line as well. Applicant states that the proposed

(. . . continued)

Department of Transportation—Acquisition Exemption—Line of Union Pacific Railroad Company, FD 35493 (STB served June 24, 2011), TxDOT recently obtained Board authority to acquire from UP 1.28 miles of rail line on UP's Bonham Subdivision extending between milepost 127.5 and milepost 128.78, in Fannin County Tex., which is the remaining portion of the rail line FRRTD is now seeking Board authority to lease and operate.

³ In Mid-Michigan Railroad, Inc., d/b/a Texas Northeastern Railroad—Trackage Rights Exemption—Line of Texas Department of Transportation, FD 35494 (STB served June 24, 2011), TNER obtained Board authority for a grant of local trackage rights by TxDOT over the 1.28-mile line of railroad.

lease does not involve any provision or agreement that would limit future interchange with a third-party connecting carrier.

The transaction is expected to be consummated on or after March 9, 2012.

FRRTD certifies that its projected annual revenues as a result of this transaction will not exceed \$5 million annually and will not result in it becoming a Class I or Class II rail carrier.

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 March 2, 2012 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35587, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Glenn M. Taylor, President, Fannin Rural Rail Transportation District, 514 Chestnut Street, Bonham, TX 75418.

Board decisions and notices are available on our website at "WWW.STB.DOT.GOV."

Decided: February 21, 2012.

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