

of the Port of Lake Charles (the Port), and operate a 2.8-mile rail line between mileposts 0.0 and 2.8 at or near the City Docks of the Port, a total distance of 5.1 miles in Calcasieu Parish, La.<sup>1</sup>

PRL states that it will interchange manifest traffic with UP at Harbor Yard and interchange unit trains with UP at New Yard, located adjacent to UP's industrial lead track.

The transaction may not be consummated until December 17, 2011 (30 days after the notice of exemption was filed).

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

If the verified 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 to stay must be filed no later than December 9, 2011 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35570, must be filed with the Surface Transportation Board, 395 E Street, SW., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Thomas F. McFarland, 208 South LaSalle St., Suite 1890, Chicago, IL 60604.

Board decisions and notices are available on our Web site at <http://www.stb.dot.gov>.

Decided: November 25, 2011.

By the Board.

**Joseph H. Dettmar,**  
*Acting Director, Office of Proceedings.*

**Raina S. White,**  
*Clearance Clerk.*

[FR Doc. 2011-30900 Filed 12-1-11; 8:45 am]

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## DEPARTMENT OF TRANSPORTATION

### Surface Transportation Board

[Docket No. FD 35561]

#### Lake State Railway Company—Intra-Corporate Family Merger Exemption—Saginaw Bay Southern Railway Company

Lake State Railway Company (LSRC) and Saginaw Bay Southern Railway Company (SBS), both Class III rail carriers, have jointly filed a verified notice of exemption under 49 CFR 1180.2(d)(3) for an intra-corporate family transaction.

Applicants state that both rail carriers operate within the state of Michigan. LSRC owns or operates approximately 225 miles of rail line extending from (a) Bay City to Gaylord, (b) Pinconning (on the Bay City-Gaylord line) to Alpena, and (c) Alabaster Junction (near Tawas City on the Pinconning-Alpena line) to Alabaster. SBS owns or operates over approximately 74 miles of rail line extending primarily between (a) a point of connection with CSX Transportation, Inc. (CSXT) at Mt. Morris and Saginaw, and (b) Saginaw and Midland, Bay City/Essexville and Paines. LSRC and SBS lines connect at Bay City. Applicants note that SBS provides service over its lines through use of LSRC as a contract operator, and LSRC, therefore, already conducts all rail operations on the LSRC/SBS system. Applicants are commonly controlled by J&JG Holding Company, Inc., a noncarrier.<sup>1</sup>

Pursuant to an agreement and plan of merger by the applicants, SBS will merge with and into LSRC, with LSRC being the surviving corporation. According to applicants, the consolidated entity will continue all existing operations of LSRC and SBS.

Applicants point out that, for railway accounting purposes, LSRC functions today as an Interline Settlement System (ISS) carrier, while SBS functions as a Junction Settlement (JS) carrier through CSXT. Applicants state that after the merger of LSRC and SBS, the former SBS lines will be converted to the ISS status,<sup>2</sup> but for administrative and logistical reasons, that change is not expected to occur until on or after March 1, 2012, two months after the formal merger is consummated. During the interim period, LSRC will operate the former SBS lines as "doing business as" Saginaw Bay Southern. CSXT

supports the proposed transaction and the change from JS to ISS for accounting purposes.

The transaction is scheduled to be consummated on January 1, 2012.

The purpose of the transaction is to simplify the corporate structure and reduce overhead costs and duplication by combining the two separate rail carrier corporations.

This is a transaction within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1180.2(d)(3). The parties state that the transaction will not result in adverse changes in service levels, significant operational changes, or any change in the competitive balance with carriers outside the corporate family.

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 rail 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. Petitions for stay must be filed no later than December 9, 2011 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35561, must be filed with the Surface Transportation Board, 395 E Street SW., Washington, DC 20423-0001. In addition one copy of each pleading must be served on Thomas J. Litwiler, Fletcher & Sippel LLC, 29 North Wacker Drive, Suite 920, Chicago, IL 60606.

Board decisions and notices are available on our Web site at <http://www.stb.dot.gov>.

Decided: November 22, 2011.

By the Board.

**Joseph H. Dettmar,**  
*Acting Director, Office of Proceedings.*

**Raina S. White,**  
*Clearance Clerk.*

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<sup>1</sup> UP and the District use different milepost designations. The 2.3-mile segment is identified by UP milepost numbers and the 2.8-mile segment is identified by District milepost numbers. The line segments connect at UP milepost 9.45, which is District milepost 2.8.

<sup>1</sup> James George and J&JG Holding Co.—Continuance in Control Exemption—Saginaw Bay S. Ry., FD 34730 (STB served Oct. 17, 2005).

<sup>2</sup> The Railway Accounting Rules of the Association of American Railroads do not permit a railroad to be both an ISS carrier and a JS carrier.