The Board will grant GWI’s petition for exemption, subject to standard labor protective conditions and the condition that GWI will not interfere with the ability of Springfield Terminal Railway (Springfield Terminal) to interchange with CSX Transportation, Inc. (CSXT), in Worcester, Mass.

**Background**

GWII is a publicly-traded non-carrier holding company that currently controls, through direct or indirect equity ownership, two Class II carriers and 106 Class III carriers operating in the United States. (Pet. 1.) P&W is a Class III carrier based in Worcester, Mass., that owns rail lines and permanent freight easements in Connecticut, Rhode Island, and Massachusetts. (Id. at 2.) It also operates on trackage rights in Connecticut, Massachusetts, Rhode Island, and New York. (Id.)

In its petition, GWI states that it seeks to acquire control of P&W through a merger between P&W and Pullman Acquisition Sub Inc., a newly-formed, wholly-owned non-carrier subsidiary of GWI. (Id.) Upon consummation, P&W will be the surviving entity and will become a wholly-owned subsidiary of GWI. (Id.) P&W connects with several railroads, including two GWI subsidiaries: New England Central Railroad, Inc. (NECR), and Connecticut Southern Railroad, Inc. (CSO). (Id. at 3.) GWI states that, although there are some commonly-served cities and towns, there are no customers that are served solely by NECR or CSO, on the one hand, and P&W, on the other, and that as such there will be no “2-to-1 customers” as a result of the proposed transaction. (Id. at 3.) GWI states that it does not contemplate any material changes to P&W’s operations, maintenance, or service. (Id. at 4.)

GWII also states that P&W and NECR are part of the “Great Eastern Route” strategic alliances. According to GWI, the Great Eastern alliances furnish P&W with pricing authority for service with Canadian National Railway Company (CN) through an arrangement by which NECR provides haulage for P&W between East Alburg, Vt. and Willimantic, Conn. on certain contractually-agreed commodities. GWI states that P&W expanded the Great Eastern Route by entering into an additional strategic alliance with Vermont Rail Systems (VRS), which furnishes P&W with pricing authority for service with Canadian Pacific Railway Limited (CP), through an arrangement by which VRS and NECR provide haulage for P&W between Whitehall, N.Y. and Willimantic, Conn. on certain contractually-agreed commodities. (Id. at 3.) GWI states that its present intention is to keep these strategic alliances, and the connections with CN and CP, in place. (Id.)

**Discussion and Conclusions**

**Statutory Analysis**

The acquisition of control of a railroad by a person that is not a rail carrier but that controls any number of rail carriers requires approval by the Board pursuant to 49 U.S.C. 10502(a)(5).

Under section 10502(a), however, we must exempt a transaction or service from regulation if we find that: (1) regulation is not necessary to carry out the rail transportation policy (RTP) of 49 U.S.C. 10101; and (2) either the transaction or service is limited in scope, or regulation is not needed to protect shippers from the abuse of market power.

In this case, an exemption from the prior approval requirements of sections 11323–24 is consistent with the standards of section 10502. Detailed scrutiny of the proposed transaction through an application for review and approval under sections 11323–24 is not necessary here to carry out the RTP. Approval of the transaction will result in a change in ownership of P&W with no lessening of competition. An exemption will promote the RTP by minimizing the need for federal regulatory control over the transaction, section 10101(2); ensuring the development and continuation of a sound rail transportation system that will continue to meet the needs of the public, section 10101(4); fostering sound economic conditions in transportation, section 10101(5); encouraging efficient management, section 10101(9); and providing for the expeditious resolution of this proceeding, section 10101(15). Other aspects of the RTP will not be adversely affected.

Nor is detailed scrutiny of the proposed transactions necessary to protect shippers from an abuse of market power. According to GWI, no shipper will lose any rail options, and operations will not materially change.

In its petition, GWI states that it anticipates closing the transaction in the fourth quarter of 2016. (Pet. 5.) GWI states that, in the event it does not approve the Board by the time its closing conditions have been met, it intends to close the transaction into a voting trust. On October 31, 2016, GWI submitted an executed Voting Trust Agreement pursuant to 49 CFR 1013.3 for receipt of the voting stock of P&W.

**SURFACE TRANSPORTATION BOARD**

[Docket No. FD 36064]

Genesee & Wyoming Inc.—Acquisition of Control Exemption—Providence and Worcester Railroad

On September 1, 2016, Genesee & Wyoming Inc. (GWI), a non-carrier holding company, filed a petition under 49 U.S.C. 10502 and 49 CFR part 1121 for exemption from the provisions of 49 U.S.C. 11323–24 to allow GWI to acquire control of Providence and Worcester Railroad Company (P&W), a Class III railroad. In a decision served September 20, 2016, and published in the Federal Register on September 23, 2016 (81 FR 65,692), the Board provided notice of GWI’s petition, instituted a proceeding, and set a reply deadline for comments on the petition. The Board received a number of comments in response to the petition.
carrier (CSXT) and indirectly with three other Class I carriers (CP and CN through the strategic alliances, and with Norfolk Southern Railway Company (NSR) through NSR’s affiliate, Pan Am Southern, LLC). (Id. at 10.) P&W also connects to Pan Am Railways, Inc., New York & Atlantic Railway Company, and Housatonic Railroad Company, Inc., all regional and shortline railroads. (Id.) In addition, GWI states that there will be no 2-to-1 shippers as a result of the merger. (Id.) Accordingly, based on the record, the Board finds that this transaction does not shift or consolidate market power; therefore, regulation is not necessary to protect shippers from the abuse of market power.

Comments and Conditions

Many of the commenters support the petition and do not seek any conditions. Other commenters support the petition but request conditions, or express general reservations about the transaction. We address those below.

Passenger Excursion

Several commenters support the petition, but ask the Board to condition granting the petition on GWI’s involvement in passenger excursions run by the Blackstone Valley Tourism Council (BVTC) and/or sought to be run by the Boston Surface Railroad Company (BSRC). The comments regarding these passenger services vary.

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2 As there is no evidence that regulation is needed to protect shippers from the abuse of market power, we do not need to determine whether the transaction is limited in scope. See 49 U.S.C. 10502(a).

3 Supporting comments were filed by: Allnex USA Inc.; Atlantic Forest Products; Baldwin Logistics Group, Inc.; BB&S Treated Lumber of New England; Canlog Logistics, LLC; Connecticut Department of Transportation; Cushman Lumar Corporation, Inc., CWPM, LLC; Delaware Express Co.; Denison Lubricants, Inc.; Eagle Logistics Group, LLC; Gateway Terminal; Greater Boston Transload, LLC; Intransit Container, Inc.; Kloeckner Metals; Logistec USA; Mann Distribution LLC; Maple Leaf Distribution Service, Inc.; Maine Department of Transportation; New Hampshire Department of Transportation; Northeast Treater, Inc.; Resource Recovery, LLC; Rymes Heating Oil & Propane; Safe Road Services, LLC; Select-Stellas-Jones Corporation; Superior Plastics Extrusion Co., Inc.; T-Branch, LLC; Tunnel Hill Partners, LP; Univar; Vermont Rail System; and Vermont Agency of Transportation.

4 The record contains little information about the BVTC, other than that it conducts a “Polar Express” excursion and serves over 20,000 passengers annually. (See State Rep. Stephen M. Casey Comment 1.)

5 BSRC is a privately funded and closely held company, established to address the growing demand for quality alternatives to driving for commuters between tightly coupled metropolitan markets. BSRC has selected Worcester and Providence as the first city pair for its pilot passenger rail program and has been in negotiations with P&W to host this proposed service. (BSRC Reply 1.)

6 The Board will not impose a condition relating to BVTC or BSRC. The Board has authorized BSRC to offer passenger rail service on any rail line where P&W will allow the service. Bos. Surface R.R.—Pet. for Partial Exemption from 49 U.S.C. Title IV, FD 36043 (STB served Sept. 15, 2016). However, authority from the Board is permissive only, and in order to exercise that authority a carrier must obtain the property or contractual right to do so under state law, which is not within the Board’s purview. See Ohio River Partners LLC—Petition for Exemption—Hannibal Dev., LLC, FD 35084, slip op. at 3 (STB served Apr. 1, 2016). A condition requiring GWI to negotiate with BSRC is therefore inappropriate. In any event, GWI has stated that it will continue to negotiate in good faith with BSRC and BVTC. (GWI Rebuttal 7.)

Springfield Terminal

Springfield Terminal filed a comment regarding its ability to interchange traffic with CSXT at Barbers Station in Worcester, Mass. (Springfield Terminal Comment 1.) Springfield Terminal states that GWI has agreed that it will not take or fail to take action that would adversely impact Springfield Terminal’s ability to interchange traffic with CSXT at Barbers Station. (Id.) Based on this representation, Springfield Terminal states that it fully supports the petition.

Springfield Terminal also notes that GWI agreed to have Board approval conditioned on GWI’s commitment as reflected in Springfield Terminal’s letter, and in its rebuttal GWI confirms that its commitment can be entered as a Board-imposed condition. (GWI Rebuttal 3.) Accordingly, the Board will impose a condition requiring that GWI will not take or fail to take any actions that would adversely impact the ability of Springfield Terminal to interchange traffic with CSXT, Transportation, Inc. at Barbers Station in Worcester, Massachusetts in violation of applicable law or the P&W Grant of Track Rights, as amended, dated June 30, 1989.

Other Concerns

The Massachusetts Department of Transportation (MassDOT) and American Rock Salt (ARS) filed comments expressing reservations regarding the transaction.

MassDOT states that it takes no position concerning the competition aspect of GWI’s petition, but it notes its interest in P&W continuing its current high standards of track maintenance under a GWI regime. It also indicates that service over a nearby GWI subsidiary line has deteriorated, leading to passenger train service disruption. (MassDOT Comment 1.) MassDOT seeks GWI’s assurance that the P&W merger “will not compromise or delay steps that GWI will need to take going forward to restore Amtrak service on another GWI railroad . . . .” (Id.) MassDOT, however, does not specifically ask the Board to impose any conditions.

ARS states that it is a shipper that receives service from several other GWI subsidiaries. It states that GWI’s growth over the past 20 years has led to ARS being captive to GWI’s rate structures, which impacts its market share. Although ARS has raised a number of concerns regarding service from other GWI subsidiaries, ARS does not ask that a specific condition be placed on this transaction. (See generally ARS Comment.)

While the Board takes seriously the concerns expressed by MassDOT and ARS, neither party has suggested a condition or identified any harm arising
from the transaction that would necessitate imposing a condition. The Board expects, however, that GWI will work with MassDOT and ARS to help address any unforeseen service impacts, should they arise, following the transaction’s approval.7

Labor

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. Therefore, the Board will impose a condition specifying that any employees adversely affected by this transaction will be protected by the conditions set forth in New York Dock Railroad—Control—Brooklyn Eastern District Terminal (New York Dock), 360 I.C.C. 60 (1979).

GWI, acknowledging that New York Dock applies, seeks Board confirmation that it need not commence negotiations or consummate implementing agreements prior to the consummation of the transaction with P&W. (Pet. 10–11.) The Transportation Communications Union/IAM, AFL–CIO (TCU/IAM) and the Transportation Division of the International Association of Sheet Metal, Air, Rail and Transportation Workers (SMART–TD) submitted comments disagreeing with GWI’s position, arguing that GWI must give notice and negotiate an implementing agreement prior to consummation of the transaction. (See TCU/IAM Comment 3, 5–6; SMART–TD Comment 3–5.)

New York Dock requires a railroad to give notice of “proposed changes to be effected by [a] transaction” when a railroad’s “contemplating a change or changes in its operations, services, facilities, or equipment as a result of a transaction” that may affect employees, 360 I.C.C. at 77. The requirement under New York Dock to provide such notice presumes, however, that the carrier is capable of making a “full and adequate statement” of the expected labor changes before the transaction is consummated. Norfolk S. Ry.—Joint Control & Operating/Pooling Agreements—Pan Am S. LLC (Pan Am S.), FD 35147, slip op. at 16–17 (STB served Mar. 10, 2009) (Because we see no basis for negotiation of an implementing agreement until

7 The Board reminds interested parties that they may contact the Board’s Rail Carrier and Public Assistance Program (RCPA) if they believe a rail carrier is not providing adequate service. The RCPA Program provides informal assistance on a wide range of matters, including informal dispute resolution through mediation. The RCPA may be reached at (866) 254–1792; faxing to (202) 245–0461; or by email at rcpa@stb.gov.

Applicants decide to implement labor changes that are related to the Transaction, we will not require that Applicants commence negotiations now.”)

In its petition, GWI states that it has not yet determined whether or which employees may be adversely affected, but acknowledges that it will be required to give 90-days’ notice, and negotiate, before making changes in operations, services, facilities, or equipment. (Pet. 11.) Further, in its rebuttal, GWI specifically confirms that post-closing, P&W does not intend to terminate or displace any P&W covered employees as a result of the proposed transaction. P&W will continue to honor all current [collective bargaining agreements (CBAs)], and to negotiate all expired CBAs in good faith. For the foreseeable future, there will be no adverse effect on P&W covered employees because work will continue to be performed under existing CBAs by the same P&W covered employees who are currently performing the work. (GWI Rebuttal 9.)

The Board will hold GWI to the representations regarding labor protection that it has made on the record in this proceeding. Accordingly, GWI will be required to proceed in good faith under the notification and negotiation provision of Article I, section 4 of the New York Dock conditions before implementing employment changes but it need not commence those negotiations until it is capable of making a full and adequate statement of the expected changes. See Pan Am S., FD 35147, slip op. at 16–17.8

8 TCU/IAM and SMART–TD cite other cases in support of their position that New York Dock negotiations must occur prior to the consummation of a consolidation transaction. The Board, however, finds these cases unpersuasive. First, TCU/IAM cites Norfolk Southern Railway—Acquisition & Operation—Certain Rail Lines of the Delaware & Hudson Railway (Delaware & Hudson), FD 35873 (STB served May 15, 2015). (TCU/IAM Comment 2.) The labor discussions in Delaware & Hudson, however, focus almost entirely on how to categorize the underlying transaction and what level of labor protection applies. Delaware & Hudson, FD 35873, slip op. at 26 (STB served May 15, 2015). Here, there is no dispute that New York Dock protections apply (see Pet.; TCU/IAM Comment; SMART–TD Comment). Thus, Delaware & Hudson is inapposite. Next, SMART–TD points to R.J. Corman Railroad/Memphis Line—Acquisition—CSX Transportation Line Between Warwick & Uhrichsville, FD 31388 (ICC served Mar. 2, 1989). (SMART–TD Comment 3.) In that case, however, CSX acknowledged that some of its employees would be adversely affected, which is not the case here. R.J. Corman R.R., slip op. at 2.

SMART–TD also challenges GWI’s reliance on Atlantic Richfield Co. & Anaconda Co.—Control—Butte, Anaconda & Pacific Railway & Tawelee Valley Railroad, 5 I.C.C. 2d 934 (1989), and Mid Michigan Railroad—Lease & Operation Exemption—Missouri Pacific Railroad, FD 31646 (ICC served Aug. 17, 1990), though neither case is cited by GWI.

Environmental and Historical Reporting

This transaction is categorically excluded from environmental review under 49 CFR 11050.6(c)(2)(i) because it will not result in any significant change in carrier operations. Similarly, the transaction is exempt from the historic reporting requirements under 49 CFR 11050.8(b)(3) because it will not substantially change the level of maintenance of railroad properties.

Expedited Action

GWI requests expedited action on its petition for exemption. (Pet. 12; see generally GWI Letter, Dec. 7, 2016.) It seeks action on or before the date P&W shareholder approval is obtained, and in the event that such approval is not obtained before shareholder approval, expedited action to avoid a prolonged period of interim control of operations via a voting trust. Based on the record, the Board finds GWI’s request to be reasonable. Accordingly, our grant of the exemption will be effective immediately.

It is ordered:

1. Under 49 U.S.C. 10502, the Board exempts GWI’s acquisition of control of P&W from the prior approval requirements of sections 11233–24 subject to the employee protective conditions in New York Dock Railroad—Control—Brooklyn Eastern District Terminal, 360 I.C.C. 60 (1979).

2. The exemption is further conditioned on GWI’s assurance that it will not take or fail to take any actions that would adversely impact the ability of Springfield Terminal to interchange traffic with CSX Transportation, Inc. at Barbers Station in Worcester, Massachusetts in violation of applicable law or the P&W Grant of Trackage Rights, as amended, dated June 30, 1989.

3. Notice will be published in the Federal Register.

4. This exemption will be effective December 16, 2016.
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
[Docket Number USTR–2016–0028]

Privacy Act of 1974; System of Records

AGENCY: Office of the United States Trade Representative.

ACTION: Notice of new, modified and rescinded systems of records and request for comments.

SUMMARY: As part of a comprehensive review of agency practices related to the disclosure of records and information, the Office of the United States Trade Representative (USTR) is updating both its systems of records and implementing rule under the Privacy Act of 1974 (Privacy Act). This notice concerns updates to USTR’s Privacy Act system of records notices (SORNs). Elsewhere in this issue of the Federal Register, USTR is publishing a proposed rule that would update the agency’s Privacy Act regulation. The rule describes how individuals can find out if a USTR system of records contains information about them and, if so, how to access or amend a record.

DATES: We must receive your written comments on or before January 23, 2017. Unless USTR makes changes based on comments or otherwise, the changes made by this notice will become final and effective February 6, 2017.

ADDRESSES: You should submit written comments through the Federal eRulemaking Portal: http://www.regulations.gov. The docket number for this notice is USTR–2016–0028. USTR invites comments on all aspects of the notice, and will revise the language as appropriate after taking all timely comments into consideration. Copies of all comments will be available for public viewing at www.regulations.gov upon completion of processing. You can view a submission by entering the docket number USTR–2016–0028 in the search field at http://www.regulations.gov. We will post comments without change and will include any personal information you provide, such as your name, mailing address, email address, and telephone number.

FOR FURTHER INFORMATION CONTACT:
Janice Kaye, Monique Ricker or Melissa Keppel, Office of General Counsel, United States Trade Representative, Anacostia Naval Annex, Building 410/Door 123, 250 Murray Lane SW., Washington DC 20509. jkaye@ustr.eop.gov; mricker@ustr.eop.gov; mkeppel@ustr.eop.gov; 202–395–3150.

SUPPLEMENTARY INFORMATION:

I. Background

Pursuant to the requirements of the Privacy Act, USTR is publishing a notice of changes to its systems of records. See 5 U.S.C. 552a(e)(4) and (11). A system of records can be any collection or grouping of paper, electronic or other records an agency controls about individuals. It does not include agency records about businesses or about individuals who are not U.S. citizens or lawfully admitted aliens. To be a Privacy Act system of records, the agency must retrieve records about an individual from the system by that individual’s name or by some other identifier assigned to that individual, such as the individual’s Social Security number or telephone number. The record also must be about that individual. If a record is only about someone or something else (e.g., about a business), it is not a record about that individual.

II. Rescinded SORNs

USTR is rescinding the following systems of records:

System Number and Name: USTR–1 Applicants for Employment.
System Number and Name: USTR–2 Correspondence Files.
System Number and Name: USTR–3 General Financial Records.
System Number and Name: USTR–4 Payroll Records.

We are rescinding the following SORNs because the information described in each notice is covered by a Government-wide SORN:

• USTR–1 Applicants for Employment
• USTR–3 General Financial Records
• USTR–4 Payroll Records

We are rescinding USTR–2, the SORN that covered correspondence files because USTR no longer maintains these records.

III. Modified and New SORNs

We are renumbering the SORN covering dispute settlement panelist rosters from USTR–6 to USTR–1. We also are updating the content of this SORN. We are adding two new SORNs, USTR–2 covering information collected from individuals interested in becoming trade advisory committee members, and USTR–3 covering Freedom of Information Act (FOIA) and Privacy Act records.

SYSTEM NUMBER AND NAME:

USTR–1 Dispute Settlement Panelists Roster.

SECURITY CLASSIFICATION:

None.

SYSTEM LOCATION/MANAGER:

Office of the US Trade Representative, Office of General Counsel, 600 17th Street NW., Washington DC 20508. The mailing address is: Office of the US Trade Representative, Office of General Counsel, Anacostia Naval Annex, Building 410/Door 123, 250 Murray Lane SW., Washington DC 20509. The Office of General Counsel manages the recruitment and selection of individuals who are interested in being selected to...