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July 20, 2020
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July 20, 2020

VIA ELECTRONIC FILING

The Honorable Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
395 E Street, S.W., Room #1034
Washington, DC 20423-0001

Re: ***Central Texas & Colorado River Railway, LLC – Abandonment
Exemption – in McCulloch, San Saba, Mills, and Lampasas Counties, TX,
Docket No. AB-1272X***

Dear Ms. Brown:

Central Texas & Colorado River Railway, LLC (“CTXR”) hereby updates the Board in accordance with the Director’s Order issued in the above-referenced proceeding on May 20, 2020 (the “May 20 Order”). CTXR does not seek continued abeyance of this proceeding, and anticipates that the Board will resume action on the merits of the subject petition for exemption (the “Petition”) accordingly. However, as discussed below, CTXR has decided that, while it will continue to pursue authorization to discontinue common carrier service over the subject railroad line, it will forego abandonment of the railroad at this time.

CTXR initiated this proceeding on August 9, 2019, petitioning the Board to be relieved of its common carrier obligation over, and for authorization to abandon, its entire, 67.5-mile railroad system (the “Line”) extending from a connection with BNSF Railway Company at milepost 0.0 at Lometa, Texas, to the end of the Line at milepost 67.5 near Brady, Texas. In its Petition, CTXR offered extensive evidence of the avoidable (operating) losses it had incurred in operating the Line, and the losses CTXR would incur, if it were required to rehabilitate the Line and resume service over it. CTXR indicated that, originally, it had contemplated seeking authorization to discontinue service over the Line only. See Petition at 2, n. 1.

The Board initiated a proceeding in this docket, and provided interested parties until September 18, 2019 to reply to the Petition. No party filed evidence or argument contesting either the merits of the Petition or CTXR’s entitlement to relief under the circumstances. However, interested parties have come forward during the pendency of this proceeding to express an interest in purchasing the Line, and a potential quarry operator – whose potential traffic volumes, if realized, would likely warrant reactivation of the Line – had expressed an

FLETCHER & SIPPEL LLC

Ms. Cynthia T. Brown
July 20, 2020
Page 2

interest in arrangements with CTXR that might avert abandonment. Those developments, in CTXR's view, warranted exploration. With those opportunities in mind, CTXR requested that this proceeding be held in abeyance, which the Brady Line Shippers Group ("BLSG") supported. The Board granted the abeyance request effective as of November 5, 2019. That abeyance order has been continued – over subsequent BLSG opposition – by Director's Orders issued on February 14, 2020, and May 20, 2020. The most recent such order – the May 20 Order – extends until today.

Having considered its options, CTXR has determined that, although reactivating service on the Line under current circumstances would be financially calamitous as proven in the Petition, substantial traffic opportunities may yet arise in the future to warrant restoring the Line to service. Accordingly, CTXR is hereby advising the Board that it will retain the Line as a strategic asset, and will not seek to salvage it. CTXR hereby withdraws its petition to the extent it seeks abandonment authorization, and requests that this docket continue to resolution as a petition for discontinuance. CTXR therefore requests that, in ending the abeyance period, the Board resume consideration of CTXR's request to be relieved of its common carrier obligations over the Line in keeping with the pertinent evidence presented in the Petition.

In resuming Board action under a request for discontinuance authority (and not abandonment), CTXR acknowledges that the change in the scope of relief requested will affect the Board's analysis and merits decision as follows:

- Because CTXR seeks only discontinuance authority, and no longer is requesting authorization to abandon and salvage the Line, further Board analysis of environmental and historic resource impacts of an abandonment is unnecessary.
- CTXR's limited discussion of opportunity cost (Petition at 15-16) is not relevant to the Board's consideration of the merits of a discontinuance of service petition. CTXR's discontinuance case, however, is fully predicated upon the uncontested record evidence of avoidable cost (loss) as set forth in at pages 13-15 of the Petition and in the supporting Verified Statement of Scott R. Bell included with the Petition, without change.¹

¹ Although CTXR had hoped in the interim to work with the prospective stone shipper at San Saba, Texas, to develop near-term traffic opportunities to support Line reactivation, those efforts have not proven fruitful to this point. As such, the Line's current traffic prospects, revenues attributed to those traffic volumes, and the costs of transportation associated with moving such traffic remain as presented in the Petition. If anything, because CTXR ceased maintaining the Line once the embargo was imposed, the track conditions on the out-of-service Line have presumably deteriorated since the Petition was filed, which likely has increased rehabilitation costs.

FLETCHER & SIPPEL LLC

Ms. Cynthia T. Brown
July 20, 2020
Page 3

- Because CTRX seeks authorization to discontinue operations over its entire system, and no longer wishes to abandon the Line, CTRX may be ineligible for relief from the otherwise-applicable labor protective conditions under *Oregon Short Line Railroad – Abandonment Portion of Goshen Branch Between Firth & Ammon, in Bingham & Bonneville Counties, Idaho*, 360 I.C.C. 91 (1979) as CTRX originally requested in the Petition at 17-18. See *Manufacturers Railway Company – Discontinuance Exemption – In St. Louis County, Mo.*, AB-1075X (STB served Feb. 6, 2013), generally and 5-6 (confirming the Board’s determination in most cases to impose labor protective conditions in entire system discontinuances, and providing the justification for its departure from past practice on the issue).

As set forth above, CTRX – (1) agrees that this proceeding should no longer be held in abeyance, and that Board action on the merits of the Petition (as modified by this filing) should resume; and (2) hereby withdraws its request in the Petition for authority to abandon its entire system, and instead limits its Petition, going forward, to a request to be relieved of its common carrier obligation under authorization to discontinue common carrier service.

Respectfully submitted,

/s/ *R. A. Wimbish*

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Colorado River Railway, LLC

RAW/ah

cc: All parties of record