

51675

SERVICE DATE – APRIL 20, 2023

DO

FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36692]

Rainier Rail LLC and WRL LLC—Intra-Corporate Family Transaction Exemption

Rainier Rail LLC (Rainier) and WRL LLC (WRL) (collectively, the Parties) have jointly filed a verified notice of exemption for an intra-corporate family transaction under 49 C.F.R. § 1180.2(d)(3). According to the verified notice, Paul Didelius (Didelius), an individual, controls both Rainier, currently a non-carrier, and WRL, a Class III rail carrier.

This transaction is dependent on two pending proceedings: Rainier Rail LLC—Acquisition & Change of Operators Exemption—City of Tacoma Department of Public Works, Docket No. FD 36658, in which Rainier seeks Board authority to acquire and operate approximately 41.86 miles of rail line in Washington, thereby becoming a Class III carrier; and Didelius—Continuance in Control Exemption—Rainier Rail LLC, Docket No. FD 36659, in which Didelius seeks Board approval to continue in control of Rainier upon it becoming a Class III rail carrier.¹

Under the intra-corporate family transaction proposed in the verified notice,

¹ The effective date of the acquisition and change of operators exemption in Docket No. FD 36658 is being held in abeyance pending Board review of the continuance in control petition in Docket No. FD 36659. Rainier Rail LLC—Acquis. & Change of Operators Exemption—City of Tacoma Dep’t of Pub. Works, FD 36658 (STB served Mar. 24, 2023).

Rainier and WRL will merge on or after the date Rainier becomes a common carrier, with Rainier emerging as the surviving carrier entity. The verified notice states that the purpose of the transaction is to allow Rainier and WRL to eliminate needless operational and corporate management inefficiencies of interconnected operation in favor of the efficiencies of single-system operation.

The Parties state that the plan of merger that will govern the proposed transaction contains no interchange commitments that may limit future interchange with a third-party connecting carrier.²

According to the verified notice, the Parties plan to complete the merger on or after the date Rainier becomes a common carrier pursuant to the Board's authorization. The effective date of this intra-corporate family transaction exemption will therefore be held in abeyance pending review of the petition for exemption in Didelius—Continuance in Control Exemption—Rainier Rail LLC, Docket No. FD 36659.

The verified notice states that the transaction will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. § 11323. See 49 C.F.R. § 1180.2(d)(3).

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. However, 49 U.S.C. § 11326(c) does not provide for labor protection for transactions under 49 U.S.C. §§ 11324 and 11325 that involve only Class III rail carriers. WRL is a

² The Parties filed with their verified notice an unexecuted copy of the plan of merger, which is not yet finalized.

Class III rail carrier and Rainier Rail would become a Class III rail carrier. Accordingly, the Board may not impose labor protective conditions here.

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 for stay must be filed no later than seven days before the exemption becomes effective; a deadline for filing petitions for stay will be established in a future decision that establishes an effective date for this exemption.

All pleadings, referring to Docket No. FD 36692, should be filed with the Surface Transportation Board via e-filing on the Board's website or in writing addressed to 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on the Parties' representative, Bradon J. Smith, Fletcher & Sippel LLC, 29 North Wacker Drive, Suite 800, Chicago, IL 60606-3208.

According to the Parties, this action is categorically excluded from environmental review under 49 C.F.R. § 1105.6(c) and historic preservation reporting under 49 C.F.R. § 1105.8(b).

Board decisions and notices are available at www.stb.gov.

Decided: April 17, 2023.

By the Board, Mai T. Dinh, Director, Office of Proceedings.