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SERVICE DATE – NOVEMBER 16, 2023

DO

FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36735]

3i RR Holdings GP LLC, 3i RR Holdings Partnership L.P., 3i RR Intermediate Holdings LLC, 3i RR LLC, Regional Rail Holdings, LLC, Regional Rail Sub Holdings LLC, and Regional Rail, LLC—Control Exemption—Indiana Eastern Railroad, LLC

3i RR Holdings GP LLC, 3i RR Holdings Partnership L.P., 3i RR Intermediate Holdings LLC, 3i RR LLC, Regional Rail Holdings, LLC, and Regional Rail Sub Holdings LLC (collectively, 3i RR) and Regional Rail, LLC (Regional Rail), each a noncarrier, have filed a verified notice of exemption under 49 CFR 1180.2(d)(2) to acquire control of Indiana Eastern Railroad, LLC (IERR). IERR is a Class III rail carrier that operates a rail line in Indiana and Ohio and, doing business as Ohio South Central Railroad, operates on a separate, noncontiguous line in Ohio.

According to the verified notice, Regional Rail is directly controlled by Regional Rail Sub Holdings LLC, which is controlled by Regional Rail Holdings, LLC, which is controlled by 3i RR LLC, which is controlled by 3i RR Intermediate Holdings LLC, which is controlled by 3i RR Holdings Partnership L.P., which is controlled by 3i RR Holdings GP LLC. The verified notice states that Regional Rail is a noncarrier holding company that directly controls 11 Class III rail carriers in the eastern United States.¹

¹ Those carriers, and the states in which they operate, are: (1) Carolina Coastal Railway, Inc. (North Carolina and South Carolina); (2) East Penn Railroad, LLC (Delaware and Pennsylvania); (3) Florida Central Railroad Company, Inc. (Florida); (4)

According to the verified notice, pursuant to a membership interest purchase agreement to be entered into by Regional Rail, IERR, and IERR's current owners, Regional Rail proposes to acquire all the existing equity interest of IERR and assume direct control of that carrier.² 3i RR would assume indirect control of IERR. The verified notice further states that no significant changes in the rail services currently provided by IERR are anticipated as a result of the proposed transaction and that the agreement does not include any provision that would limit the future interchange of traffic with a third-party connecting carrier.

3i RR and Regional Rail represent that: (1) the rail lines of IERR do not connect with the lines of the rail carriers currently controlled by 3i RR and Regional Rail; (2) this control transaction is not part of a series of anticipated transactions that would result in such a connection; and (3) the transaction does not involve a Class I rail carrier. The proposed transaction is therefore exempt from the prior approval requirements of 49 U.S.C. 11323 pursuant to 49 CFR 1180.2(d)(2).

This transaction may be consummated on or after November 30, 2023, the effective date of the exemption (30 days after the verified notice was filed).

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.

Florida Midland Railroad Company, Inc. (Florida); (5) Florida Northern Railroad Company, Inc. (Florida); (6) Middletown & New Jersey Railroad, LLC (New York); (7) Port Manatee Railroad LLC (Florida); (8) Tyburn Railroad LLC (Pennsylvania); (9) Effingham Railroad Company (Illinois); (10) Illinois Western Railroad Company (Illinois); and (11) South Point & Ohio Railroad, Inc. (Ohio).

² Public and confidential versions of the agreement were filed with the verified notice. The confidential version was submitted under seal concurrent with a motion for protective order, which is addressed in a separate decision.

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. Because this transaction involves Class III rail carriers only, the Board, under the statute, may not impose labor protective conditions for this transaction.

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 November 22, 2023.

All pleadings, referring to Docket No. FD 36735, must be filed with the Surface Transportation Board either 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 3i RR's and Regional Rail's representative, Thomas J. Litwiler, Fletcher & Sippel LLC, 29 North Wacker Drive, Suite 800, Chicago, IL 60606-3208.

According to 3i RR and Regional Rail, this action is categorically excluded from environmental review under 49 CFR 1105.6(c) and from historic reporting requirements under 49 CFR 1105.8(b).

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

Decided: November 8, 2023.

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