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PUBLIC VERSION

VIA E-FILING

Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
Office of Proceedings
395 E Street, SW
Washington, DC 20423

**Re: STB Docket No. FD 36786, Koch, Inc.—Intra-Corporate Family
Exemption—Old Augusta Railroad, LLC; Blue Rapids Railway
Company LLC; Moscow Camden and San Augustine Railroad LLC;
and KM Railways, LLC**

Dear Ms. Brown:

Enclosed for e-filing in the above-referenced proceeding is a public version of Koch, Inc.'s Notice of Exemption under 49 C.F.R. § 1180.2(d)(3), with appropriate redactions that the Board can place in its docket. We are concurrently filing a Motion for Protective Order, along with a highly confidential version of the Notice of Exemption, to be filed under seal. The filing fee of \$1,600 was paid using Pay.gov.

Please contact me with any questions.

Respectfully submitted,

/s/ Peter W. Denton

Peter W. Denton
Sally Mordi
Attorneys for Koch, Inc.

FILED
June 6, 2024
SURFACE
TRANSPORTATION BOARD

FEE RECEIVED
June 6, 2024
SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36786

KOCH, INC.
—INTRA-CORPORATE FAMILY EXEMPTION—
OLD AUGUSTA RAILROAD, LLC; BLUE RAPIDS RAILWAY COMPANY
LLC; MOSCOW CAMDEN AND SAN AUGUSTINE RAILROAD LLC;
AND KM RAILWAYS, LLC

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(3)

Peter W. Denton
Sally Mordi
Steptoe LLP
1330 Connecticut Ave, NW
Washington, DC 20036
(202) 429-3000

Attorneys for Koch, Inc.

Dated: June 6, 2024

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36786

KOCH, INC.
—INTRA-CORPORATE FAMILY EXEMPTION—
OLD AUGUSTA RAILROAD, LLC; BLUE RAPIDS RAILWAY COMPANY
LLC; MOSCOW CAMDEN AND SAN AUGUSTINE RAILROAD LLC;
AND KM RAILWAYS, LLC

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(3)

Koch, Inc. (“Koch”), a newly formed Kansas corporation and noncarrier, submits this Verified Notice of Exemption, pursuant to 49 C.F.R. § 1180.2(d)(3), for an exemption from the prior approval requirements of the Surface Transportation Board (“STB” or “Board”) for a transaction within a corporate family.

Koch plans to participate in an intra-corporate reorganization for the purpose of creating a new corporate holding structure. The proposed reorganization will result in Koch indirectly controlling four common carrier railroads: 1) Old Augusta Railroad, LLC (“OAR”); 2) Blue Rapids Railway Company LLC (“BRR”); 3) Moscow Camden and San Augustine Railroad LLC (“MCSA”); and 4) KM Railways, LLC (“KMR”) (collectively with OAR, BRR and MCSA, the “Koch Railroads”).

The information required by 49 C.F.R. § 1180.4(g) is set out below.

49 C.F.R. § 1180.6(a)(1)(i): A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of the counsel to whom questions regarding the transaction can be addressed.

The proposed reorganization will result in Koch indirectly controlling the Koch Railroads.

Currently, Koch Industries, Inc. (“KII”), a Kansas corporation, owns (indirectly) controlling interests in the Koch Railroads, including (i) 100% of the equity interests of OAR, (ii) 100% of the equity interests of BRR, (iii) 100% of the equity interests of MCSA, and (iv) 100% of the equity interests in KMR. Each of OAR, BRR and MCSA are indirectly owned by KII’s Georgia-Pacific business (“GP”), while KMR is indirectly owned by KII’s Minerals and Trading business (“Minerals and Trading”).

In addition to its interests in the above-mentioned GP and Minerals and Trading businesses, KII indirectly owns equity interests in many other businesses (collectively, the “Koch Companies”).

KII plans to engage in an intra-corporate reorganization for the purpose of creating a new holding structure for the Koch Companies. The reorganization will largely be implemented by way of an Agreement and Plan of Merger (the “Merger Agreement”), by and among KII; Koch, a newly formed Kansas corporation; Koch Companies, LLC (“Koch Companies, LLC”), a newly formed Delaware limited liability company and direct subsidiary of Koch; and Sunflower Subsidiary Corp. (“Merger Sub”), a newly formed Kansas corporation and direct subsidiary of Koch Companies, LLC. The Merger Agreement will cause Merger Sub to merge with and into KII, with KII being the surviving entity. Following the completion of the reorganization, the existing stockholders of KII will continue as the stockholders of

Koch in the same proportion as such stockholders held KII immediately prior to the reorganization.

The only impact of the reorganization on the Koch Railroads is that, following the reorganization, Koch will own the controlling interests (indirectly) in the Koch Railroads, through Koch Companies, LLC. This intra-corporate family transaction will have no impact on the day-to-day operations of the Koch Railroads.

This transaction within a corporate family will not result in any adverse change in service levels, nor will it result in operational changes by the subject rail carriers. Nor will the transaction, which involves only an internal corporate reorganization, have any impact on the competitive balance with carriers outside the corporate family. Accordingly, the proposed transaction qualifies for the Board's class exemption procedures for transactions within a corporate family pursuant to 49 C.F.R. § 1180.2(d)(3).¹

The four rail common carriers that are the subject of this intra-corporate transaction are:

1. OAR, a Class III carrier, owns approximately 2.5 miles of rail line extending from New Augusta, Mississippi (Station No. FSAC 10) to Augusta, Mississippi (Station No. FSAC 20) in Perry County, Mississippi.

There are no branch lines and no mileposts on the line.²

¹ See, e.g., *Fortress Investment Group LLC—Exemption for Intra-Corporate Family Transaction—Ohio River Partners Shareholder LLC, Katahdin Railcar Services, LLC, Union R.R. Co., Gary Ry. Co., Delray Connecting R.R. Co., Texas & N. R.R. Co., & Lake Terminal R.R. Co.*, FD 36576 (STB served Feb. 4, 2022); *Gulf & Atlantic Railways, LLC—Intra-Corporate Family Transaction Exemption—Chesapeake & Indiana R.R. Co., LLC & N. Indiana R.R. Co., LLC*, FD 36760 (STB served Mar. 1, 2024).

² See *Old Augusta R.R., LLC—Acquisition & Operation Exemption—Assets of Old Augusta R.R. Co.*, FD 34493 (STB served Apr. 21, 2004). In 2009, KMR was authorized to acquire the 2.5-mile rail line from OAR, and OAR was authorized to

2. BRR, a Class III carrier, owns and operates an approximately 10-mile rail line between Marysville, Kansas (UP milepost 0.12) and Bestwall, Kansas (UP milepost 10.12), connecting at the Marysville end to Union Pacific Railroad.³
3. MCSA, a Class III carrier, owns and operates a 6.9-mile line which runs between a Georgia-Pacific integrated plywood plant and lumber mill complex at Camden, Texas, and a Union Pacific Railroad Company line at Moscow, Texas.⁴
4. KMR, a Class III rail carrier, owns and operates 9,350 feet of rail line, which connects with a Norfolk Southern Railway Company line in Cook County, Illinois. There are no designated mileposts.⁵

The STB previously authorized KII to control each of the four Koch Railroads.⁶

lease and operate it. However, in 2017, OAR was authorized to purchase from KMR and continue operating the line. *Old Augusta R.R., LLC—Acquisition & Operation Exemption—KM Railways, LLC*, FD 36158 (STB served Dec. 6, 2017).

³ See *Koch Forest Products, Inc. & Koch Industries, Inc.—Acquisition of Control Exemption—Gloster S. R.R. Co. & Blue Rapids Ry. Co.*, FD 34784 (STB served Dec. 28, 2005).

⁴ See *Koch Industries, Inc.—Continuance in Control Exemption—Moscow Camden & San Augustine R.R. LLC*, FD 34991 (STB served Feb. 16, 2007).

⁵ See *KM Ry., LLC—Acquisition & Operation Exemption—DTE Chicago Fuels Terminal, LLC & DTE Coal Services, Inc.*, FD 35711 (STB served Jan. 16, 2013); *Koch Industries, Inc.—Continuance in Control Exemption—KM Ry., LLC*, FD 35320 (STB served Dec. 4, 2009). As noted above, in 2009, KMR was authorized to acquire a 2.5-mile rail line from OAR, but in 2017, OAR was authorized to purchase that line from KMR.

⁶ See *supra* notes 2-5.

The business address and telephone number for the applicant are as follows:

Koch, Inc.
4111 East 37th Street North
Wichita, KS 67220
(316) 828-5500

Counsel for the applicant to whom questions regarding this transaction can be addressed is:

Peter W. Denton
Steptoe LLP
1330 Connecticut Ave, NW
Washington, DC 20036
(202) 429-3000
pdenton@steptoe.com

49 C.F.R. § 1180.6(a)(1)(ii): The proposed time schedule for consummation of the proposed transaction.

Koch intends to consummate the proposed transaction following the effective date of this Verified Notice of Exemption and the completion of other pre-effectiveness actions.

49 C.F.R. § 1180.6(a)(1)(iii): The purpose sought to be accomplished by the proposed transaction, e.g., operating economies, eliminating excess facilities, improving service, or improving the financial viability of the applicants.

The purpose of the proposed transaction is, among other things, for Koch to acquire control of the Koch Railroads. The proposed transaction is intended to promote the investment objectives of Koch and its stockholders.

49 C.F.R. § 1180.6(a)(5): A list of the State(s) in which any part of the property of each applicant carrier is situated.

Koch does not currently own or control any carriers.

OAR's rail lines are located entirely in the state of Mississippi. BRR's rail lines are located entirely in the state of Kansas. MCSA's rail lines are located

entirely in the state of Texas. KMR's rail lines are located entirely in the state of Illinois.

49 C.F.R. § 1180.6(a)(6): Map (exhibit 1). Submit a general or key map indicating clearly, in separate colors or otherwise, the line(s) of applicant carriers in their true relations to each other, short line connections, other rail lines in the territory, and the principal geographic points in the region traversed.

Maps depicting the lines of each of the four common carrier railroads that are the subject of this Verified Notice of Exemption are attached as Exhibit 1.

49 C.F.R. § 1180.6(a)(7)(ii): Agreement (exhibit 2). Submit a copy of any contract or other written instrument entered into, or proposed to be entered into, pertaining to the proposed transaction.

A copy of the unredacted Merger Agreement is being filed under seal as Exhibit 2.

49 C.F.R. § 1180.4(g)(1)(i): Indicate the level of labor protection to be imposed.

All of the common carriers that are the subject of this Verified Notice of Exemption are Class III rail carriers. Therefore, in accordance with 49 U.S.C. § 11326(c), the labor protection provisions of 49 U.S.C. § 11326 do not apply to the intra-corporate reorganization transaction that is the subject of this Verified Notice of Exemption.

49 C.F.R. § 1180.4(g)(2): Environmental and Historic Preservation.

This transaction qualifies for classification under 49 C.F.R. §§ 1105.6(c)(1) and 1105.8(b)(2), and thus, neither an Environmental Assessment nor a Historic Report is required to be filed.

49 C.F.R. § 1180.4(g)(3): Interchange Commitments.

This internal corporate reorganization transaction will not impose, nor will it involve, any interchange commitment by or affecting any of the subject rail common carriers.

Respectfully submitted,

/s/ Peter W. Denton

Peter W. Denton
Sally Mordi
Steptoe LLP
1330 Connecticut Ave, NW
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(202) 429-3000

Attorneys for Koch, Inc.

Dated: June 6, 2024

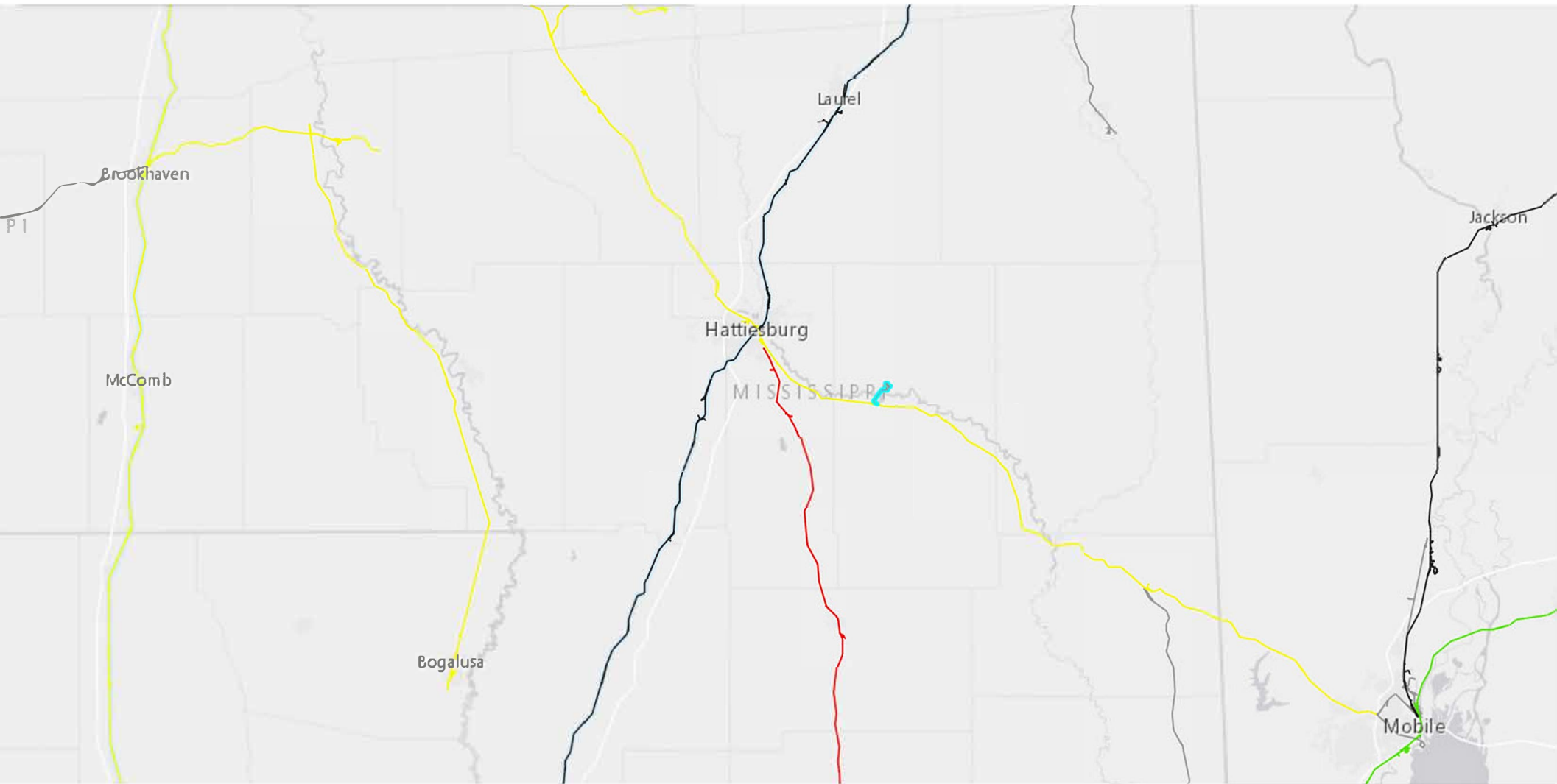
REDACTED - TO BE PLACED ON PUBLIC FILE

EXHIBIT 1

MAPS OF THE KOCH RAILROADS

REDACTED - TO BE PLACED ON PUBLIC FILE

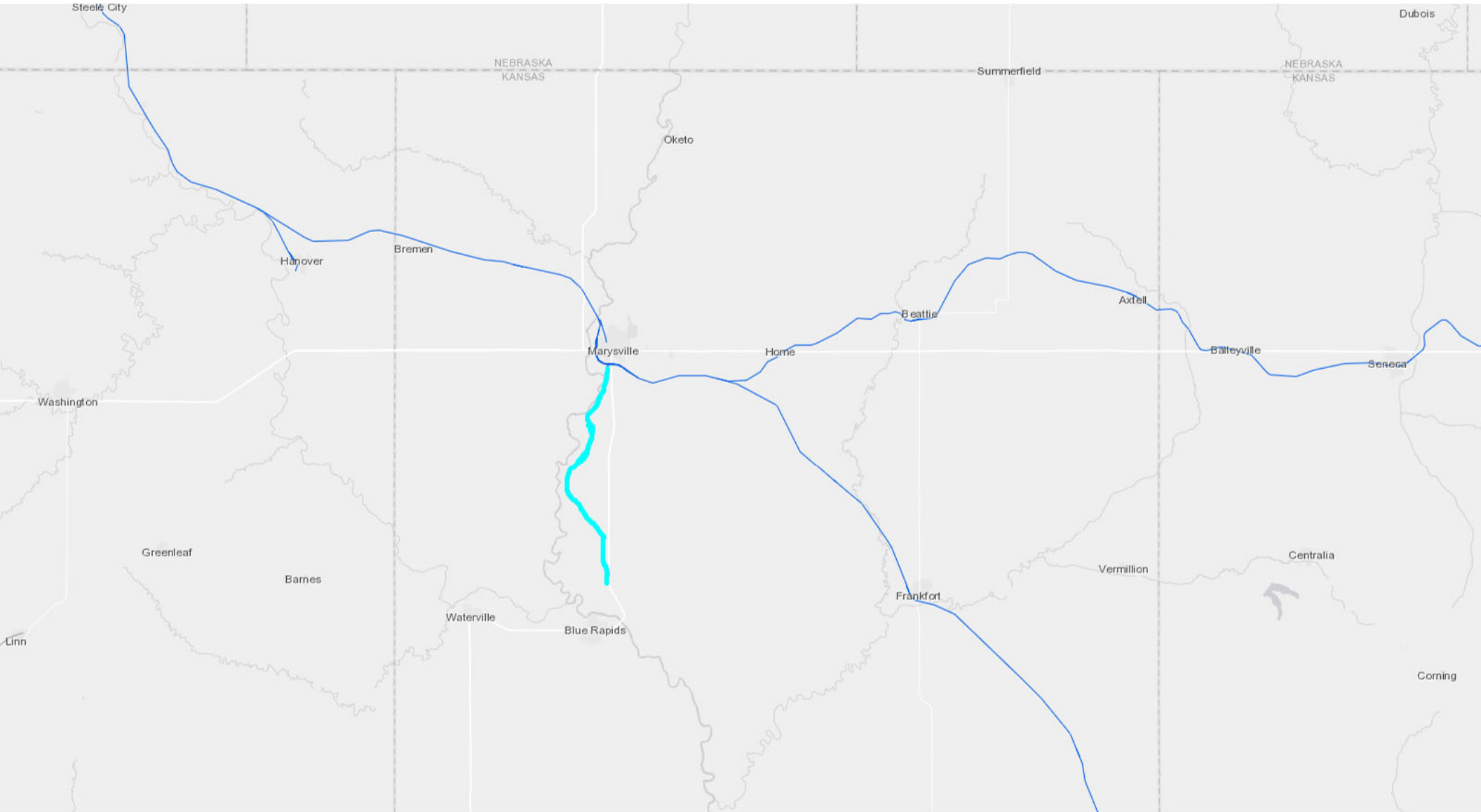
OLD AUGUSTA RAILROAD, LLC



- Old Augusta Railroad, LLC
- Kansas City Southern Railway
- CSX Transportation
- Canadian National Railway
- Norfolk Southern Railway

REDACTED - TO BE PLACED ON PUBLIC FILE

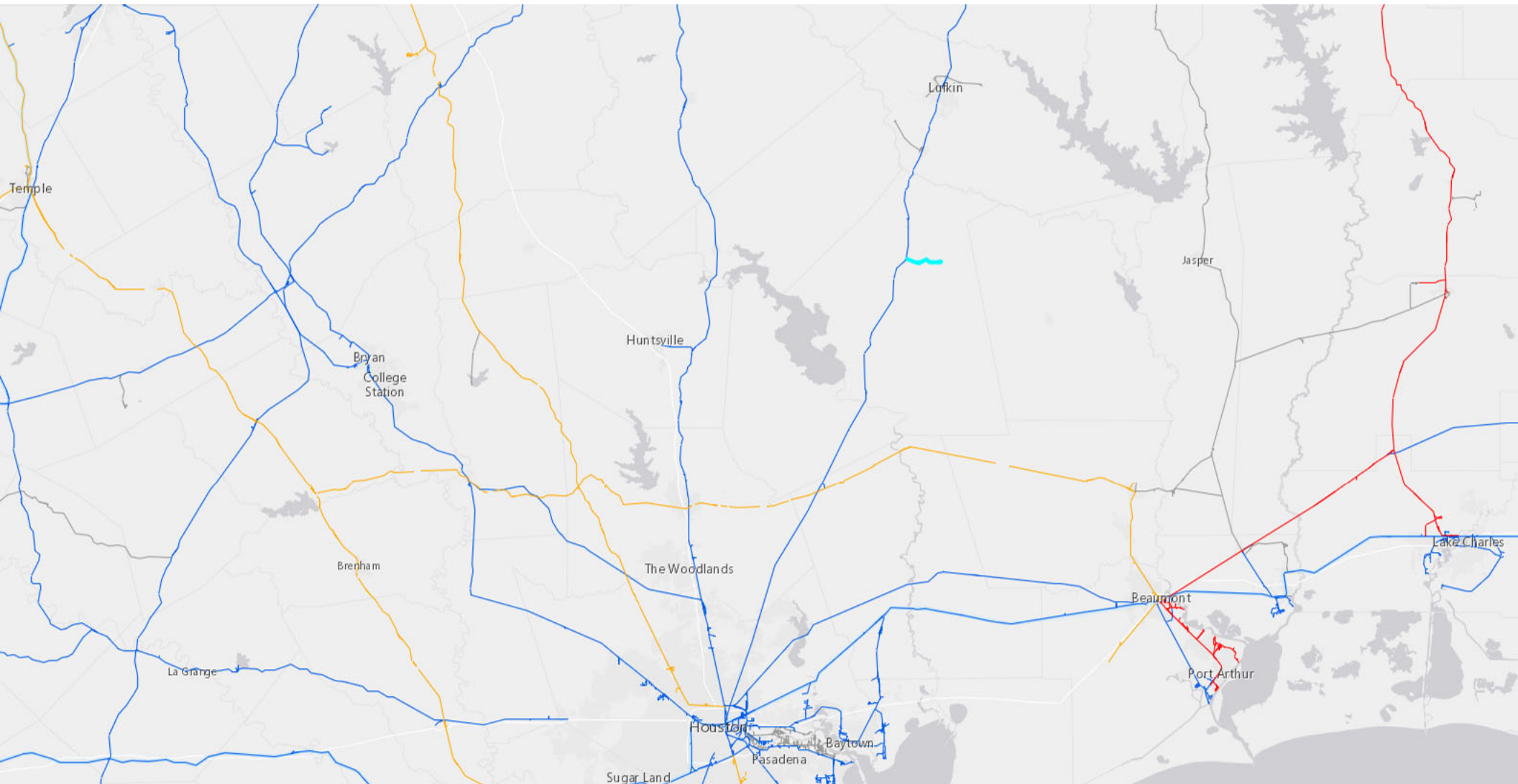
BLUE RAPIDS RAILWAY COMPANY LLC



 Blue Rapids Railway Company LLC
 Union Pacific Railroad

REDACTED - TO BE PLACED ON PUBLIC FILE

MOSCOW CAMDEN AND SAN AUGUSTINE RAILROAD LLC



- Moscow Camden and San Augustine Railroad LLC
- Union Pacific Railroad
- BNSF Railway Company
- Kansas City Southern Railway

REDACTED - TO BE PLACED ON PUBLIC FILE
KM RAILWAYS, LLC



REDACTED - TO BE PLACED ON PUBLIC FILE

EXHIBIT 2
AGREEMENT

(Filed under seal)

VERIFICATION

I, Raffaele Fazio, Vice President of Koch, Inc., declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Notice of Exemption. Executed on June 6, 2024.

/s/ Raffaele Fazio

Raffaele Fazio