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**ENTERED
Office of Proceedings
November 5, 2018
Part of
Public Record**

**Admitted to Practice
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November 5, 2018

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, S.W.
Washington, D.C. 20423-0001

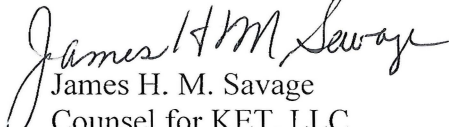
Re: STB Finance Docket No. 36245 Paul Didelius-Continuance in Control Exemption-KET, LLC

Dear Ms. Brown:

On behalf of Paul Didelius, Petitioner, I am filing an original and ten copies of a Verified Notice of Exemption under 49 CFR 1180.2(d)(2) in the above-captioned proceeding.¹ I am enclosing with this filing a check for \$1,500 to cover the applicable filing fee as well as a copy of the filing on a computer disk formatted for MS word and pdf.

Also enclosed please find a duplicate copy of this letter to be stamped with the filing date and returned to the undersigned. If there are any questions about this matter, please contact me directly, either by telephone at (908) 361-7097 or by email to jsavagelaw@aim.com.

Respectfully submitted,


James H. M. Savage
Counsel for KET, LLC

Enc.

See service cert. (attached)

**FILED
November 5, 2018
SURFACE
TRANSPORTATION BOARD**

**FEE RECEIVED
November 5, 2018
SURFACE
TRANSPORTATION BOARD**



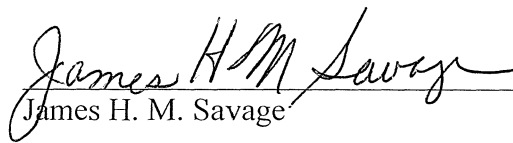
¹ Twenty (20) unbound copies of Exhibit A (map) are also enclosed.

CERTIFICATION OF SERVICE

I, James H. M. Savage, an attorney-at-law of the District of Columbia, certify that I have served this 5th day of November 2018, by electronic mail a true copy of the within pleading upon the following persons:

Justin Barager
Joint Facilities
Union Pacific Railroad
1400 Douglas St., Stop 1120
Omaha, NE 68179
jbarager@up.com

Jared York
Joint Facilities: NW & Montana Divisions
BNSF Railway
2650 Lou Menk Dr.
Fort Worth, TX 76131
jared.york@bnsf.com


James H. M. Savage



BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 36245

PAUL DIDEIUS
-CONTINUANCE IN CONTROL-
KET, LLC

VERIFIED NOTICE OF EXEMPTION
UNDER 49 CFR 1180.2(d)(2)

Comes now Paul Didelius ("Applicant") and states as follows:

1. Pursuant to the provisions of Section 1180 of the Board's Railroad Consolidation Rules, 49 C.F.R. §1180 et seq., Applicant hereby files this verified notice of exemption to continue in control of KET, LLC ("KET"), a non-carrier which will become a licensed Class III rail carrier upon KET's concurrent Verified Notice of Operation Exemption taking effect.¹

2. As may be relevant here, Applicant is an individual and noncarrier who currently owns or controls the below identified five (5) short line rail carriers .

3. Applicant owns 100% of LRY, LLC d/b/a Lake Railway ("LRY"), a limited liability company that filed two notices of exemption with the Board on December 2, 2009, to lease and operate a line of railroad owned by the Union Pacific Railroad Company between Perez and MacArthur, CA, and to lease and operate a line of railroad owned by

¹ See, STB Finance Docket No. FD-36244, KET, LLC-Operation Exemption-Rail Lines in Benton County, WA, being filed concurrently herewith.

Lake County, OR, between Alturas, CA, and Lakeview, OR. Decisions publishing these two exemptions were served December 18, 2009 in STB Finance Docket No. 35250, LRY, LLC d.b.a Lake Railway-Lease and Operation Exemption-Union Pacific Railroad Company and STB Finance Docket No. 35250 (Sub-No. 1), LRY, LLC d.b.a. Lake Railway-Lease and Operation Exemption-Rail Line in Lake County, OR. These two lines connect and total approximately 116 miles of track. Upon consummating the exemptions on or about January 1, 2010, LRY became a Class III short line railroad carrier subject to the I.C.C. Termination Act ("ICCTA").²

4. Additionally, Applicant owns 49% of YCR Corporation ("YCR"), a Class III short line rail carrier established for the purpose of leasing and operating a line of railroad owned by Yakima County, WA. As YCR President, Applicant is in a position to exercise control of the railroad. The line extends between Wesley Junction (Toppenish) and White Swan, WA, a distance of about 20.56 miles, and an additional 1.63 miles of industrial spur near White Swan, for a total distance of 22.19 miles, all within Yakima County, WA. The line had formerly been operated by Washington Central Railroad Company, Inc. ("WCRC"). The line was acquired by Yakima County after WCRC was authorized to abandon it. On December 17, 2009, YCR filed an Amended Application for a Modified Certificate of Public Convenience and Necessity with the Board to provide operations over the line. A Decision publishing the exemption was served January 15, 2010 in STB Finance Docket No. 35336, YCR Corporation-Modified Rail Certificate- in Yakima County, WA. On December 18, 2009, Applicant filed a verified notice of exemption to continue in control of YCR upon YCR

² Lake County terminated LRY's lease effective April 30, 2017. LRY brought a Federal action challenging the termination. That action is pending. See, STB Finance Docket No. 36117 LRY, LLC-D.B.A. Lake Railway-Petition for Declaratory Order-Rail Line in Lake County, OR & Modoc County, CA, service date June 12, 2017.

becoming a Class III rail carrier. A Decision publishing the exemption was served December 31, 2009 in STB Finance Docket No. 35337, Paul Didelius-Continuance in Control Exemption-YCR Corporation.

5. Additionally, Applicant owns 100% of CCET, LLC (“CCET”), a Class III short line rail carrier organized for the purpose of leasing and operating a line of railroad owned by the Norfolk Southern Railway Company (“NSR”). On March 21, 2014 Applicant filed a verified notice of exemption to lease and operate an approximately 24-mile portion of NSR’s CT Line, extending between milepost CT 9.0 at Clare, Ohio, east of Clare Yard, and milepost CT 32.83, west of Williamsburg, Ohio, and passing through Hamilton County and Clermont County, Ohio (“CT Line”). A Decision publishing the exemption was served April 4, 2014 in STB Finance Docket No. 35810, CCET, LLC-Lease and Operation Exemption-Rail Line of Norfolk Southern Railway Company.

6. On January 21, 2015 Applicant filed under STB Finance Docket No. 35900, CCET, LLC-Lease and Operation Exemption-Rail Line of Norfolk Southern Railway Company in Clermont County, Brown County and Adams County, Ohio, a verified notice of exemption seeking to amend the CCET-NSR lease agreement to allow CCET to lease additional NSR trackage from CT Line milepost CT 32.83 to milepost CT 62.20, east of Seaman, Ohio (referred to as the “Line Extension”) an additional 29.37 miles of trackage.³ The exemption took effect February 21, 2015 pursuant to a Board decision served February 6, 2015. Applicant concurrently filed a verified notice of exemption to continue in control of CCET. A Decision publishing the

³ The Board issued a decision in Norfolk Southern Railway Company – Discontinuance of Service Exemption – in Clermont, Brown and Adams Counties, Ohio, Docket No. AB 290 (Sub-No. 370X) (STB served January 15, 2015), authorizing NSR to discontinue its own common carrier obligation including the Line Extension, and the exemption became effective on February 14, 2015. However, NSR advised the Board by letter dated January 20, 2015 that it would not effectuate discontinuance. Thus, the Line Extension remains within Board jurisdiction.

exemption was served February 6, 2015 in STB Finance Docket No. 35901, Paul Didelius-Continuance in Control Exemption-CCET, LLC.

7. Additionally, Applicant owns 100% of WRL, LLC (“WRL”), a Class III short line rail carrier. On May 6, 2016, WRL filed an application for a Modified Rail Certificate to lease and operate the rail line, which was previously authorized for abandonment and was thereafter acquired by the Port of Royal Slope, a Washington State municipal corporation. The rail line originates at milepost 1989.06 near Othello and continues west a distance of 20.44 miles to Royal City Jct. (MP 2009), thence north a distance of 5.2 miles, terminating at an industrial siding near Royal City (MP 5.2). The total distance of the line is approximately 26 miles. The line traverses Adams and Grant Counties, all within the State of Washington. The exemption took effect June 5, 2016 pursuant to a Board decision served June 3, 2016. Applicant concurrently filed a verified notice of exemption to continue in control of WRL. A Decision publishing the exemption was served May 20, 2016 in STB Finance Docket No. 36003, Paul Didelius-Continuance in Control-WRL, LLC.

8. Additionally, Applicant owns 100% of CWW, LLC (“CWW”), a Class III short line rail carrier. On July 6, 2016, CWW filed a verified notice of exemption to lease from the Port of Columbia, WA and to operate the Dayton rail line, which was previously operated by the Palouse River & Coulee City Railroad, L.L.C. The rail line originates at milepost 33 near Walla Walla continues east to milepost 70.1 at Dayton, WA. The total distance of the line is approximately 37.1 miles. The line traverses Walla Walla and Columbia Counties, all within the State of Washington. The exemption took effect August 5, 2016 pursuant to a Board decision served July 15, 2016. Applicant concurrently filed a verified notice of exemption to continue in control of CWW. A Decision publishing the exemption was served July 15, 2016 in STB

9. Under Section 1180.2(d)(2) of the Board's consolidation rules certain transactions are automatically exempt from the prior approval requirements for common control under 49 U.S.C. 11323 - 11324. Specifically, Section 1180.2(d) (2) exempts the continuance-in-control of a non-connecting carrier where (i) the railroads will not connect with each other or any railroad in their corporate family, (ii) the continuance in control is not part of a series of anticipated transactions that would connect the railroads with each other or any railroad in their corporate family, and (iii) the transaction does not involve a Class I rail carrier.

10. The rail properties operated and controlled by Mr. Didelius, do not physically connect and there are no plans to acquire additional rail lines for the purpose of making a connection. As noted above, each of these railroads became Class III short line railroads upon consummation of their respective exemptions. The rail lines YCR, WRL, CWW, and KET operate and are located in Washington State. Applicant attaches a map as Exhibit A depicting the physical separation of those rail lines. LRY operated in southern Oregon and northern California, while CCET operates in southern Ohio.

11. In order to claim the Section 1180.2(d)(2) exemption, Section 1180.4(g) requires the filing of a verified notice of exemption furnishing the information requested in Sections 1180.6(1)(i)-(iii); 1180.6(5)-(6); and 1180.6(a)(7)(ii) of those rules and indicating the level of labor protection required.

Information about the carriers: 49 C.F.R. §1180.6(a)(1)(i)

Name: LRY, LLC d/b/a Lake Railway
Address: 1104 Dell Ave., Walla Walla, WA 99362
Telephone: (509) 492-3340

Name: YCR Corporation

Address: 1104 Dell Ave., Walla Walla, WA 99362

Telephone: 971-888-6011

Name: CCET, LLC

Address: 43 W Union, Liberty, IN 47353

Telephone: 971-888-6011

Name: WRL, LLC

Address: 660 Goerig St., Suite F, Woodland, WA 98674

Telephone: 971-888-6011

Name: CWW, LLC

Address: 1104 Dell Ave., Walla Walla, WA 99362

Telephone: 971-888-6011

Name: KET, LLC

Address: 1104 Dell Ave., Walla Walla, WA 99362

Telephone: 971-888-6011

Legal counsel to whom questions should be addressed:

Name: James H. M. Savage

Address: 22 Rockingham Court, Germantown, MD 20874

Telephone: (908) 361-7097

Schedule for consummation: 49 C.F.R. 1180.6(a)(1)(ii):

On or after December 5, 2018, more than 30 days after the filing date of this exemption notice.

12. Purpose to be accomplished by the transaction: 49 C.F.R. 1180.6(a)(1)(iii)

KET seeks to operate two lines of railroad in Benton County, WA, to provide local service on former spurs or industrial trackage acquired by KET from the Port of Kennewick in 2013. KET management has decided to form a new corporation to insulate KET from the financial and operating obligations of companies under common ownership of Paul Didelius.

State(s) where proposed operations will be conducted: 49 C.F.R. 1180.6(a)(5)

Washington State

Map showing relationship between YCR, WRL and CWW: 49 C.F.R.1180.6(a)(6)

See Exhibit A. In addition to the Map accompanying this application, 20

unbound copies of the map are being filed with the Board.

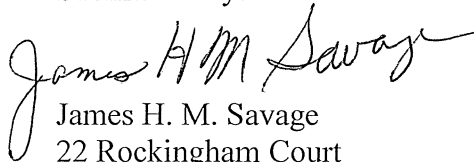
Copy of Agreement: 49 C.F.R. 1180.6(a)(7)(ii)

Not applicable. There is no agreement covering the common ownership by Mr. Didelius of LRY, YCR, CCET, WRL, CWW and KET.

13. This acquisition of control proceeding is exempt from environmental review under 49 CFR 1105.6(c)(2)(i) because the proposed action will not cause any operating changes that exceed the threshold established in 49 C.F.R. 1105.7(e)(4) or (5). In addition, this proceeding is exempt from historic review under 49 C.F.R. 1105.8(b)(i) because there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Accordingly, no historic report is required.

14. Labor protection required: None. Under 49 U.S.C. 11326 transactions between Class III rail carriers are not subject to labor protection.

Submitted By:



James H. M. Savage
22 Rockingham Court
Germantown, MD 20874
(908) 361-7097
jsavagelaw@aim.com
Counsel for KET, LLC

Dated: November 5, 2018

VERIFICATION

I, Paul Didelius, declare under penalty of perjury that I am the Owner of KET, LLC, that I have read the foregoing Notice of Exemption, know the facts asserted therein, and that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this notice.

A handwritten signature in black ink, appearing to read 'P. Didelius', written over a horizontal line.

Paul Didelius

Dated: 11-5-2018

Exhibit A

