

Karl Morell & Associates
440 1st Street, NW, Suite 440
Washington, DC 20001
(202) 595-9045
karlm@karlmorell.com



246197

August 7, 2018

BY HAND DELIVERY

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

ENTERED
Office of Proceedings
August 9, 2018
Part of
Public Record

Re: Finance Docket No. 36206, Decatur & Eastern Illinois
Railroad, L.L.C. – Acquisition Exemption Containing
Interchange Commitment—CSX Transportation, Inc.

Dear Ms. Brown:

Attached for filing are the original and ten copies of a Verified Notice of Exemption pursuant to 49 C.F.R 1150.31 and a check covering the \$2,000 filing fee.

If you have any questions, please contact me.

Sincerely yours,

Karl Morell

Enclosures

FILED
August 9, 2018
SURFACE
TRANSPORTATION BOARD

1

FEE RECEIVED
August 9, 2018
SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36206



DECATUR & EASTERN ILLINOIS RAILROAD, L.L.C.
--ACQUISITION EXEMPTION CONTAINING INTERCHANGE COMMITMENT--
CSX TRANSPORTATION, INC.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.31, Et Seq.

KARL MORELL
KARL MORELL AND ASSOCIATES
Suite 440
440 1st Street, N.W.
Washington, D.C. 20001
(202) 595-9045

Attorney for:
DECATUR & EASTERN ILLINOIS
RAILROAD, L.L.C.

Dated: August 7, 2018

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36206

DECATUR & EASTERN ILLINOIS RAILROAD, L.L.C.
--ACQUISITION EXEMPTION CONTAINING INTERCHANGE COMMITMENT--
CSX TRANSPORTATION, INC.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.31, Et Seq.

Decatur & Eastern Illinois Railroad, L.L.C. ("DEIR"), a non-carrier, files this Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart D--Exempt Transactions, to permit DEIR to acquire from CSX Transportation, Inc ("CSXT") approximately 126.7 miles of track, including CSXT's Decatur Subdivision starting near Montezuma, IN at Milepost BD 192.4 and ending in Decatur, IL at milepost BD 277.2; CSXT's Danville Secondary Subdivision from near Terre Haute, IN at milepost QSD 72.2 to near Olivet, IL at milepost QSD 113.6; and CSXT's Paris Industrial Track located in Paris, IL. As part of this transaction, CSXT will also assign its trackage rights over Illinois Central Railroad Company ("IC") between the Decatur Street road crossing at or near milepost 77.7 and milepost 76.7 on IC's Peoria Subdivision, including IC's connection with CSXT between milepost 30.5 and milepost 28.6 on IC's Peoria Subdivision, and between IC's lead track from its connection to the Green Switch Spur to IC's connection with the ADM Run-Around-Yard at Decatur, IL on IC's Peoria Subdivision, a total distance of approximately 3.6 miles

In support of this Notice of Exemption, DEIR submits the following information as required by 49 C.F.R. § 1150.33:

(a) Full name and address of applicant:

Decatur & Eastern Illinois Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

(b) Applicant's Representative:

Karl Morell
440 1st Street, NW
Suite 440
Washington, DC 20001
(202) 595-9045

(c) Statement of Agreement:

DEIR and CSXT will enter into a Purchase and Sale Agreement and Freight Operating Agreement prior to closing.

(d) The operator of the property:

DEIR will be the operator of the acquired rail lines.

(e) Summary of proposed transaction:

DEIR is a new, wholly owned, non-carrier subsidiary of Watco Holdings, Inc. ("Watco"). In this proposed transaction, DEIR seeks authority to acquire from CSXT approximately 126.7 miles of rail lines.

(1) The name and address of the railroad selling the subject property:

CSX Transportation, Inc.
500 Water Street, J-801
Jacksonville, Florida 32202

(2) The involved transaction is expected to be consummated on or about September 6, 2018.

(3) DEIR will acquire and operate CSXT's Decatur Subdivision starting near Montezuma, IN at Milepost BD 192.4, and ending in Decatur, IL at milepost BD 277.2; CSXT's Danville Secondary Subdivision from near Terre Haute, IN milepost QSD 72.2 to near Olivet, IL at milepost QSD 113.6; and CSXT's Paris Industrial Track located in Paris, IL. As part of this transaction, CSXT will also assign its trackage rights over Illinois Central Railroad Company ("IC") between the Decatur Street road crossing at or near milepost 77.7 and milepost 76.7 on IC's Peoria Subdivision, including IC's connection with CSXT between milepost 30.5 and milepost 28.6 on IC's Peoria Subdivision, and between IC's lead track from its connection to the Green Switch Spur to IC's connection with the ADM Run-Around-Yard at Decatur, IL on IC's Peoria Subdivision, a total distance of approximately 3.6 miles

(4) The length of the rail lines being acquired is approximately 126.7 miles. The length of the trackage rights being assigned to DEIR is approximately 3.6 miles.

(f) A map of the rail lines being acquired is attached as Exhibit A.

(g) DEIR hereby certifies that this transaction will not result in DEIR becoming a Class II or Class I rail carrier. Upon consummation of this transaction, DEIR will become a Class III carrier. The projected annual revenue of DEIR will exceed \$5 million. Consequently, DEIR has complied with the notice requirements of 49 C.F.R. § 1150.32(e). DEIR certified its compliance with Section 1150.32(e) on July 6, 2018. A copy of the certification is attached as Exhibit B.

(h) The Purchase and Sale Agreement between DEIR and CSXT does not contain any provision that prohibits DEIR from interchanging traffic with a third party or limits DEIR's

ability to interchange with a third party. The Freight Operating Agreement, however, contains a provision that would require DEIR to pay to CSXT additional compensation if DEIR interchanges traffic with a third party railroad.

(i) The existence of that provision or agreement and identification of the affected interchange points.

There is an interchange commitment. The affected interchange points are: Metcalf, IL, Decatur, IL, and Tuscola, IL.

(ii) A confidential, complete version of the document(s) containing or addressing that provision or agreement.

The Freight Operating Agreement is attached in Confidential Exhibit C. Appendix B of the FOA has been classified as HIGHLY CONFIDENTIAL.

(iii) A list of shippers that currently use or have used the line in question within the last two years.

See Exhibit D.

(iv) The aggregate number of carloads those shippers specified in paragraph (h)(1)(iii) of this section originated or terminated (confidential).

See Confidential Exhibit E.

(v) A certification that the filing party has provided notice of the proposed transaction and interchange commitment to the shippers identified in paragraph (h)(1)(iii) of this section.

See Exhibit F.

(vi) A list of third party railroads that could physically interchange with the line sought to be acquired or leased.

See Exhibit D.

(vii) An estimate of the difference between the sale or lease price with and without the interchange commitment (confidential).

See Confidential Exhibit E.

A caption summary, as required by 49 C.F.R. § 1150.34, is attached.

ENVIRONMENTAL AND HISTORIC IMPACTS

DEIR is acquiring the rail lines from CSXT for continued rail operations. Further Board approval is required for DEIR to abandon any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

DEIR's acquisition of the rail lines will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of these lines to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the lines; (2) an increase of rail yard activity of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. DEIR's acquisition and operation of the rail lines will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, the transportation of ozone depleting materials is not contemplated. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Karl Morell". The signature is written in dark ink and is positioned above a horizontal line.

KARL MORELL
440 1st Street, NW
Suite 440
Washington, DC 20001
(202) 595-9045

Attorney for:
DECATUR & EASTERN ILLINOIS RAILROAD,
L.L.C.

Dated: August 7, 2018

EXHIBIT A

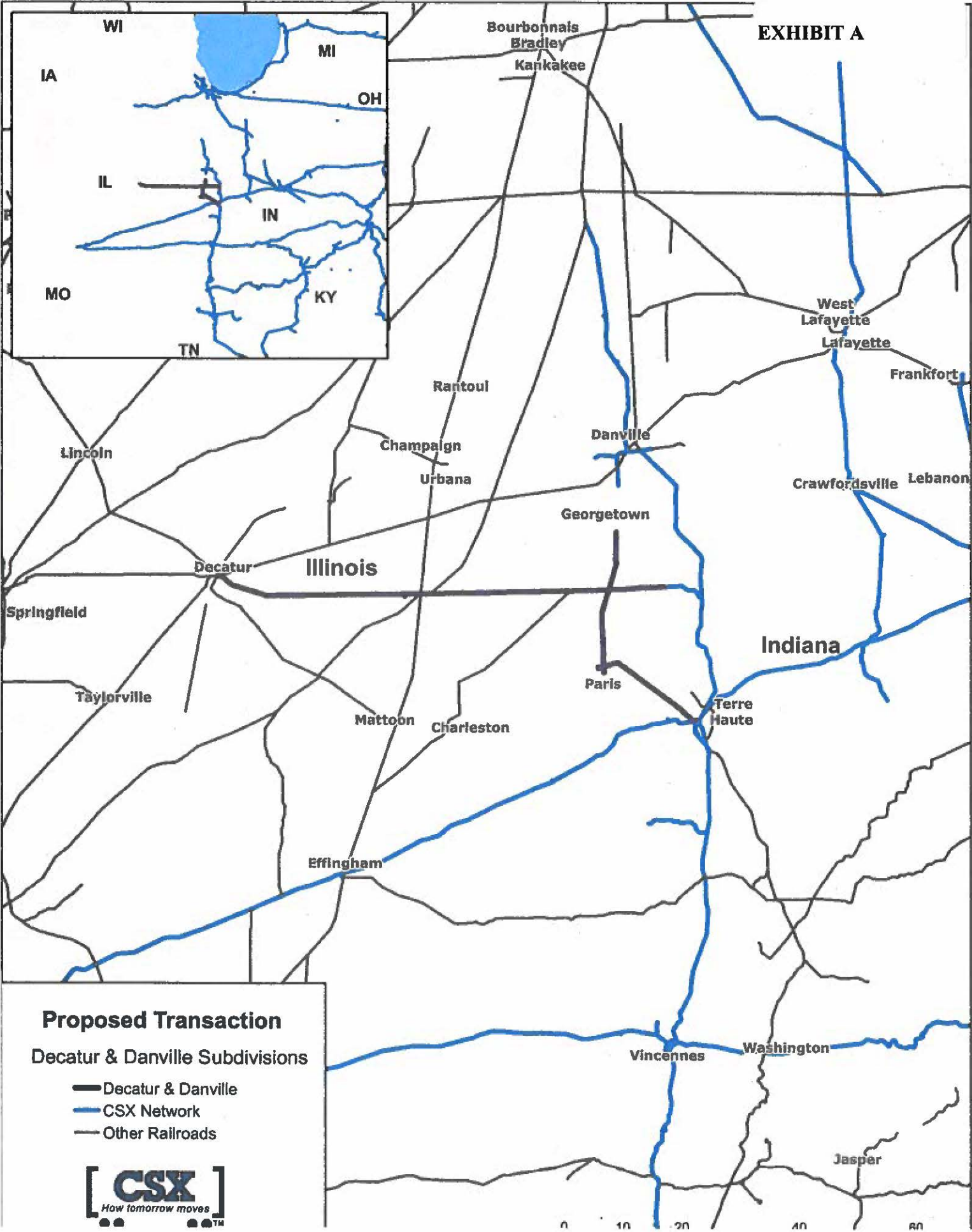


EXHIBIT B

Karl Morell & Associates
440 1st Street, NW, Suite 440
Washington, DC 20001
(202) 595-9045
karlm@karlmorell.com

246051

ENTERED
Office of Proceedings
July 6, 2018
Part of
Public Record

July 6, 2018

E-FILE

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

Re: Finance Docket No. 36206, Decatur & Eastern Illinois Railroad
L.L.C. – Acquisition Exemption – CSX Transportation, Inc.

Dear Ms. Brown:

Decatur & Eastern Illinois Railroad, L.L.C. ("DEIR"), hereby certifies that on July 6, 2018, DEIR had posted the attached Notice at the workplaces of the employees of CSX Transportation, Inc., working on the involved rail line. DEIR also certifies that on July 6, 2018, the attached notice was served by first class mail, postage prepaid, on the national offices of the labor unions representing CSX employees working on the involved rail line.

If you have any questions regarding this matter, please contact me.

Sincerely,



Karl Morell

Enclosure

NOTICE

The Decatur & Eastern Illinois Railroad, L.L.C. ("DREI") provides notice pursuant to 49 C.F.R. § 1150.32(e) that it is acquiring from CSX Transportation, Inc. ("CSXT") approximately 126.7 miles of track, including CSXT's Decatur Subdivision starting near Montezuma, IN (with cut point at Milepost BD 192.4) and ending in Decatur, IL at milepost BD 277.2; CSXT's Danville Secondary Subdivision from milepost QSD 72.2 near Terre Haute, IN to milepost QSD 113.6 near Olivet, IL; and the Paris Industrial Track located in Paris, IL.

As a result of operating the freight portion of the rail line, DREI expects to have employment opportunities in Paris, IL and Decatur, IL in the following areas, with the following minimum skills and/or qualifications:

Conductor:

Approximately 4 positions in Paris, IL and Decatur, IL. These positions require the following minimum skills and/or qualifications:

- At least 1 year experience as a Conductor/Brakeman.
- Must have Qualifications on the General Code of Operating Rules (GCOR) and have passed a written test in the past 18 months.
- Must have an understanding of air brake and mechanical systems of a train and locomotives, and pass a written test to verify competency.

Engineer:

Approximately 5 positions in Paris, IL and Decatur, IL. These positions require the following minimum skills and/or qualifications:

- At least 1 year experience as a Locomotive Engineer.
- Must possess a valid Engineer's certificate issued by a program in compliance with 49 CFR Part 240.
- Must be able to meet all hearing and vision requirements of 49 CFR Part 240.
- Must have an understanding of air brake and mechanical systems of a train and locomotives, and pass a written test to verify competency.

Locomotive Laborer:

1 position located in Decatur, IL. This position requires the following minimum skills and/or qualifications:

- Make repairs and perform scheduled maintenance to both inbound and outbound locomotives.
- Must have knowledge of and comply with FRA standards.

- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.
- Prefer background in technical training in Diesel/Electrical maintenance/repair.
- Demonstrated knowledge and ability in using required hand and power tools.

Track Inspector:

1 position located in Decatur, IL. This position requires the following minimum skills and/or qualifications:

- Responsible for supervision of rail car inspection and maintenance in accordance with FRA standards.
- Inspect railroad track structure for compliance with railroad policy and federal/state regulations.
- Implement remedial action on defects pending repair.
- Oversee/direct production gang work.
- Inspect completed work to verify conformance to government regulations.
- Prepare inspection reports for management and government compliance.
- Must possess 3 years supervisory experience in Railroad Track Maintenance.

Track Laborer:

Approximately 2 positions in Decatur, IL. These positions require the following minimum skills and/or qualifications:

- Perform tasks associated with track work including but not limited to, pulling and driving spikes, replacing ties, surfacing track, changing rail, bars, and other track apparatus.
- Must be willing to learn and apply FRA rules and regulations and be able to perform maintenance in a timely manner.
- Must be willing to learn to operate in a safe and efficient manner, all equipment and tools associated with track maintenance.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.

Track Foreman:

Approximately 2 positions in Paris, IL and Decatur, IL. This position requires the following minimum skills and/or qualifications:

- Perform tasks associated with track work including but not limited to, pulling and driving spikes, replacing ties, surfacing track, changing rail, bars, and other track apparatus.
- Must be willing to learn and apply FRA rules and regulations and be able to perform maintenance in a timely manner.
- Must be willing to learn to operate in a safe and efficient manner all equipment and tools associated with track maintenance.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.

The most qualified candidates will be selected from the available pool of applicants without regard to race, creed, color, religion, national origin, sex, age, marital status, disability or veteran status. The selection criteria will be job-related skills and attributes as outlined above.

Successful candidates must have a stable work record and exhibit safe work practices. The ability to work in a team environment with a focus on customer service is critical. Applicants must be able to read and comprehend regulations and instructions in English, as well as possess good oral communication skills. Successful applicants will be required to pass a pre-employment drug and alcohol screen and complete a medical questionnaire. Every Team Member is an at-will employee. All Team Members are expected to know and abide by the standard code of Team Member Conduct.

All jobs will be posted at www.watcocompanies.com or information can be obtained by calling Human Resource department at (866) 479-2826.

Decatur & Eastern Illinois Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

CONFIDENTIAL EXHIBIT C – AGREEMENTS

EXHIBIT D – SHIPPERS AND RAILROADS

Shippers that used line in past two years:

ADM
AC Grain
Topflight Grain Coop
Pretium Packaging
Cadillac Products
Effingham Equity
Equistar Chemicals LP
Buckeye Development & Logistics
Milk Specialties
Cabot Corp
Sol Tick & Company
Tate & Lyle
Cargill
Crop Production Services

Third party interchange railroads

Eastern Illinois Railroad Co.
Canadian National Railway
Norfolk Southern
Union Pacific Railroad

CONFIDENTIAL EXHIBIT E – CARLOADS AND DIFFERENTIAL

Aggregate carloads originated and terminated

**Difference in sale price with and without
interchange commitment**

EXHIBIT F – CERTIFICATE OF SERVICE ON SHIPPERS

DEIR hereby certifies that DEIR has provided notice of the proposed transaction and interchange commitment to the shippers identified in Exhibit D.

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 36206

DECATUR & EASTERN ILLINOIS RAILROAD, L.L.C.
--ACQUISITION EXEMPTION CONTAINING INTERCHANGE COMMITMENT--
CSX TRANSPORTATION, INC.

Decatur & Eastern Illinois Railroad, L.L.C. ("DEIR"), a non-carrier, has filed a notice of exemption to acquire from CSX Transportation, Inc. ("CSXT") approximately 126.7 miles of track, including CSXT's, Decatur Subdivision starting near Montezuma, IN at Milepost BD 192.4 and ending in Decatur, IL at milepost BD 277.2; CSXT's Danville Secondary Subdivision from near Terre Haute, IN at milepost QSD 72.2 to near Olivet, IL at milepost QSD 113.6; and CSXT's Paris Industrial Track located in Paris, IL. As part of this transaction, CSXT will also assign its trackage rights over Illinois Central Railroad Company ("IC") between the Decatur Street road crossing at or near milepost 77.7 and milepost 76.7 on IC's Peoria Subdivision, including IC's connection with CSXT between milepost 30.5 and milepost 28.6 on IC's Peoria Subdivision, and between IC's lead track from its connection to the Green Switch Spur to IC's connection with the ADM Run-Around-Yard at Decatur, IL on IC's Peoria Subdivision, a total distance of approximately 3.6 miles

This transaction is related to Finance Docket No. 36209, Watco Holdings, Inc. -- Continuanace In Control Exemption -- Decatur & Eastern Illinois Railroad, L.L.C., wherein Watco Holdings, Inc., has concurrently filed a verified notice to continue in control of DREI upon DREI becoming a Class III carrier.

Comments must be filed with the Board and served on Karl Morell, Suite 440, 440 1st Street, N.W., Washington, DC 20001, (202) 595-9045.

This notice is filed under 49 C.F.R. 1150.31. If the 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 transaction.

VERIFICATION

STATE OF KANSAS

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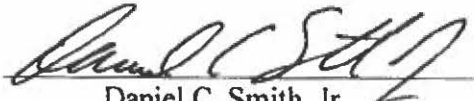
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ss.

)

COUNTY OF CRAWFORD

I, Daniel C. Smith, Jr., being duly sworn depose and state that I am Chief Executive Officer of Decatur & Eastern Illinois Railroad, L.L.C., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.


Daniel C. Smith, Jr.

SUBSCRIBED AND SWORN TO before me this 7th day of August, 2018, in the County of Crawford, State of Kansas.

My Commission Expires: 5-19-2021


Notary Public

