

SERVICE DATE – FEBRUARY 29, 2024

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. AB 1336X

KATAHDIN RAILCAR SERVICES LLC
—DISCONTINUANCE OF SERVICE EXEMPTION—
IN MONROE COUNTY, OHIO

Digest:¹ This decision allows Katahdin Railcar Services LLC to discontinue service over approximately 12.2 miles of rail line in Monroe County, Ohio.

Decided: February 29, 2024

On November 20, 2023, Katahdin Railcar Services LLC (KRS), a Class III rail carrier, filed a petition under 49 U.S.C. § 10502. The petition is for an exemption from the prior approval requirements of 49 U.S.C. § 10903 to discontinue service over approximately 12.2 miles of rail line in Monroe County, Ohio, extending between milepost 60.5 near Powhatan Point and milepost 72.7 near Hannibal (the Omal Line). Notice of the petition was served and published in the Federal Register on December 8, 2023 (88 Fed. Reg. 85,717). No comments opposing the proposed discontinuance were filed. The Board will grant the petition for exemption, subject to standard employee protective conditions.

BACKGROUND

In May 2020, KRS was authorized to operate the Omal Line pursuant to a lease with the Omal Line's former owner, Ohio River Partners Shareholder LLC (ORPS). Fortress Invest. Grp. LLC—Exemption for Intra-Corp. Fam. Transaction—Ohio River Partners S'holder LLC, FD 36402 (STB served May 15, 2020); see also Katahdin Railcar Servs. LLC—Change in Operators Exemption—Ohio Terminal Ry., FD 36487 (STB served March 30, 2021). Subsequently, in 2023, East Ohio Valley Railway LLC (EOVR) obtained Board authority to acquire the Omal Line from ORPS and operate it. E. Ohio Valley Ry.—Acquis. & Operation Exemption—Ohio River Partners S'holder LLC, FD 36682 (STB served March 31, 2023). KRS states that, pursuant to that authority, EOVR acquired the Omal Line and commenced operations as of October 1, 2023, at which time KRS's lease was terminated. (Pet. 1-2.) KRS states that it now seeks authority to discontinue its operations and end its common carrier obligation with respect to the Omal Line. (Id.) According to KRS, the proposed discontinuance would not leave

¹ The digest constitutes no part of the decision of the Board but has been prepared for the convenience of the reader. It may not be cited to or relied upon as precedent. See Pol'y Statement on Plain Language Digs. in Decisions, EP 696 (STB served Sept. 2, 2010).

any Omal Line customer without access to railroad common carrier service, as all customers now have service via EOVR.² (Id.)

DISCUSSION AND CONCLUSIONS

Exemption from 49 U.S.C. § 10903. Under 49 U.S.C. § 10903, a rail carrier may not discontinue operations without the prior approval of the Board. Under 49 U.S.C. § 10502, however, the Board must exempt a transaction or service from regulation when it finds that (1) continued regulation is not necessary to carry out the rail transportation policy (RTP) of 49 U.S.C. § 10101, and (2) either (a) the transaction or service is of limited scope, or (b) regulation is not needed to protect shippers from the abuse of market power. The Board finds the proposed discontinuance meets the applicable exemption standards.

Detailed scrutiny of the proposed discontinuance under 49 U.S.C. § 10903 is not necessary to carry out the RTP in this case. An exemption would expedite regulatory decisions by minimizing the need for regulatory control over operation of the Omal Line, reduce regulatory barriers to exit for KRS, and expedite the process of allowing KRS to be relieved of its common carrier obligations over the Omal Line. See 49 U.S.C. § 10101(2), (7), (15). Other aspects of the RTP would not be adversely affected by the use of the exemption process.

Regulation of the proposed transaction under 49 U.S.C. § 10903 also is not necessary to protect shippers from the abuse of market power.³ EOVR, the Omal Line's owner, retains a common carrier obligation to provide service over the Omal Line, and EOVR has already assumed operation of the Omal Line.

Labor Protection. Under 49 U.S.C. § 10502(g), the Board may not use its exemption authority to relieve a carrier of its statutory obligation to protect the interests of its employees. Accordingly, as a condition to granting this exemption, the Board will impose upon KRS the employee protective conditions set forth in Oregon Short Line Railroad—Abandonment Portion Goshen Branch Between Firth & Ammon, in Bingham & Bonneville Counties, Idaho, 360 I.C.C. 91 (1979).

Offers of Financial Assistance, Interim Trail Use/Rail Banking, Public Use, and Environmental Review. Because no formal expressions of intent to file an offer of financial assistance (OFA) to subsidize continued rail service were filed by the December 18, 2023 deadline, the Board will not consider subsidy OFAs in this case. See 49 C.F.R. § 1152.27(c)(1)(i). And, because this is a discontinuance and not an abandonment, the Board need not consider OFAs to acquire the Omal Line, interim trail use/rail banking requests under 16 U.S.C. § 1247(d), or requests to negotiate for public use of the Omal Line under

² Shippers were served a copy of the petition, (see Pet. 5-6), and none have filed an objection.

³ Because regulation is not necessary to protect shippers from the abuse of market power, the Board need not determine whether the transaction is limited in scope. See 49 U.S.C. § 10502(a)(2).

49 U.S.C. § 10905. Lastly, because there will be an environmental review if abandonment is sought in the future, environmental review is unnecessary here.

It is ordered:

1. Under 49 U.S.C. § 10502, the Board exempts from the prior approval requirements of 49 U.S.C. § 10903 the discontinuance of service on the Omal Line by KRS, as described above, subject to the employee protective conditions set forth in Oregon Short Line Railroad—Abandonment Portion Goshen Branch Between Firth & Ammon, in Bingham & Bonneville Counties, Idaho, 360 I.C.C. 91 (1979).

2. This exemption will be effective March 30, 2024.

3. Petitions to reopen and petitions to stay the effectiveness of the exemption must be filed by March 15, 2024.

By the Board, Board Members Fuchs, Hedlund, Oberman, Primus, and Schultz.