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SERVICE DATE – MARCH 1, 2024

DO

FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36760]

Gulf & Atlantic Railways, LLC—Intra-Corporate Family Transaction Exemption—
Chesapeake and Indiana Railroad Company, LLC and Northern Indiana Railroad
Company, LLC

Gulf & Atlantic Railways, LLC (G&A), has filed a verified notice of exemption for an intra-corporate family transaction under 49 CFR 1180.2(d)(3), for the benefit of Chesapeake and Indiana Railroad Company, LLC (CKIN), and Northern Indiana Railroad Company, LLC (NIRC), both Class III railroads. G&A seeks authority for an intra-corporate family transaction pursuant to which CKIN and NIRC will merge, with CKIN the surviving carrier. CKIN and NIRC are controlled directly by G&A and indirectly by Macquarie Infrastructure Partners V GP, LLC, a Macquarie Infrastructure Partners V fund vehicle, and MIP V Rail, LLC.¹

According to the verified notice, NIRC owns 32.97 miles of rail line in Indiana but has never conducted freight rail operations on the line, has no rail employees, and does not own or lease any rolling stock. The verified notice states that CKIN currently

¹ G&A is an affiliate of Macquarie Infrastructure Partners V GP, LLC. See Macquarie Infra. Partners V GP, LLC—Control Exemption—Camp Chase Rail, LLC, FD 36685 (STB served Apr. 7, 2023); Macquarie Infra. Partners V GP, LLC—Control Exemption—N. Ind. R.R., FD 36729 (STB served Dec. 22, 2023).

leases and operates 27.52 miles of NIRC's rail line.² Following the merger, the lease agreement will terminate, and NIRC's separate corporate existence will cease. G&A states that the proposed merger of CKIN and NIRC will consolidate ownership and operation of the NIRC line in a single entity, simplify G&A's corporate structure, promote efficient management, and eliminate the need to maintain the current lease arrangement between NIRC and CKIN. According to the verified notice, CKIN will continue to operate the NIRC line in the same manner it does today.

G&A states that the plan of merger that will govern the proposed transaction does not include any provision that would limit the future interchange of traffic with any third-party connecting carrier, nor is NIRC's line subject to any existing agreement that imposes such a restriction.³

The verified notice states that following the proposed transaction, CKIN will continue to operate the 27.52-mile NIRC line in the same manner as it does today and that the transaction will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(3).

Unless stayed, the exemption will be effective on March 21, 2024 (30 days after the verified notice was filed). The verified notice states that G&A, CKIN, and NIRC

² The verified notice states that CKIN discontinued service over the remaining 5.45-mile segment of NIRC's line in 2017. See Chesapeake & Ind. R.R.—Discontinuance of Service Exemption—in Starke Cnty., Ind., AB 1259X (STB served Nov. 28, 2017).

³ G&A filed with its verified notice an unexecuted copy of the agreement and plan of merger.

intend to consummate the proposed transaction as soon as practicable after the effective date of the exemption.

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. 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. Accordingly, the Board may not impose labor protective conditions here because all the carriers involved are Class III rail carriers.

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 March 14, 2024 (at least seven days before the exemption becomes effective).

All pleadings, referring to Docket No. FD 36760, must be filed with the Surface Transportation Board 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 G&A's representative, Terrance M. Hynes, Sidley Austin LLP, 1501 K Street, N.W., Washington, DC 20005.

According to G&A, this action is categorically excluded from environmental review under 49 CFR 1105.6(c) and historic reporting under 49 CFR 1105.8(b).

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

Decided: February 26, 2024.

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