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SERVICE DATE – JUNE 14, 2024

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FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36782]

Paul Didelius and CCET LLC—Intra-Corporate Family Transaction Exemption—  
Cincinnati Eastern Railroad LLC

Paul Didelius (Didelius) and CCET LLC (CCET I), a Class III rail carrier controlled by Didelius, have filed a verified notice of exemption for an intra-corporate family transaction pursuant to 49 CFR 1180.2(d)(3), under which CCET I will merge with and into a newly formed noncarrier entity, CCET II, with CCET II as the surviving carrier corporation and Didelius controlling CCET II.

CCET I leases approximately 69.45 miles of rail line in Ohio from Norfolk Southern Railway Company (NSR) pursuant to an agreement extended in 2020. See CCET, LLC—Lease & Operation Exemption—Rail Line of Norfolk S. Ry., FD 36370 (STB served Dec. 26, 2019). According to the verified notice, CCET I's owners have reached an agreement to sell CCET I to 3i RR Holdings GP LLC et al. and Regional Rail, LLC (3i/Regional Rail), which currently control twelve other Class III rail carriers in the eastern United States. See 3i RR Holdings GP LLC—Control Exemption—Ind. E. R.R., FD 36735 (STB served Nov. 16, 2023). Didelius and CCET I state that to accommodate certain corporate and tax considerations in connection with that transaction, CCET I will undergo a reorganization immediately prior to its sale to 3i/Regional Rail. The owners of CCET I have formed CCET Holding, Inc. (CCET Holding), which will assume direct

ownership of CCET I. CCET II will be formed as a separate, noncarrier subsidiary of CCET Holding, and CCET I will be merged with and into CCET II, with CCET II as the surviving corporation, becoming a Class III rail carrier controlled indirectly by Didelius. The parameters of its lease operations in Ohio will be identical to those of CCET I. CCET II, in turn will be the rail carrier acquired by 3i/Regional Rail pursuant to the concurrently filed notice of exemption in 3iRR Holding GP LLC—Control Exemption—Cincinnati Eastern Railroad, Docket No. FD 36783. In that proceeding, 3i/Regional Rail seek to obtain control of CCET II.

Didelius and CCET I state that the agreement between CCET I and CCET II 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 does the existing lease agreement between CCET I and NSR.<sup>1</sup>

The verified notice states that the transaction will not adversely affect the level of existing rail service, or result in 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 June 30, 2024, (30 days after the verified notice was filed).

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

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<sup>1</sup> Didelius and CCET I filed with their verified notice an unexecuted copy of the agreement.

49 U.S.C. 11324 and 11325 that involve only Class III rail carriers. CCET I is a Class III rail carrier and CCET II will be a Class III rail carrier after consummation of the proposed intra-corporate merger transaction. 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 June 21, 2024 (at least seven days before the exemption becomes effective).

All pleadings, referring to Docket No. FD 36782, 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 Didelius's and CCET I's representative, Thomas J. Litwiler, Fletcher & Sippel LLC, 29 North Wacker Drive, Suite 800, Chicago, IL 60606-3208.

According to Didelius and CCET I, 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](http://www.stb.gov).

Decided: June 11, 2024.

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