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SERVICE DATE – APRIL 24, 2020

DO

FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36395]

Puget Sound & Pacific Railroad—Lease Amendment and Operation Exemption

Including Interchange Commitment—Union Pacific Railroad Company

Puget Sound & Pacific Railroad (PSAP), a Class III rail carrier, has filed a verified notice of exemption under 49 C.F.R. § 1150.41 to amend an existing rail line lease between PSAP and Union Pacific Railroad Company (UP).¹ PSAP states that, under the Amended Lease, it will continue to lease and operate 3.65 miles of rail line: between milepost 53.83 and milepost 54.23 and between milepost 55.28 and milepost 56.70, in Aberdeen and Hoquiam, Wash.; and between milepost 2.41 at Blakeslee Junction, Wash., and milepost 4.26 at Raisch, Wash. (collectively, the Line).

PSAP states that the Current Lease was entered into in 2000 and amended in 2002. See Ariz. & Cal. R.R.—Lease & Operation Exemption—Union Pac. R.R., FD 33886 (STB served July 7, 2000); Puget Sound & Pac. R.R.—Lease & Operation Exemption—Union Pac. R.R., FD 34213 (STB served Dec. 13, 2002). PSAP further states that the term of the Current Lease was extended in 2010, in accordance with its terms, for an additional 10 years. According to PSAP, the Amended Lease would extend the lease term for an additional 10 years and revise other commercial terms.

¹ The existing lease, as previously amended from time to time, is referred to as the Current Lease; the Current Lease with the addition of the new amendment for which authority is sought here is referred to as the Amended Lease.

PSAP certifies that the projected annual revenues as a result of the proposed transaction will not exceed those that would qualify it as a Class III carrier. Additionally, PSAP certifies that its total revenues exceed \$5 million. Pursuant to 49 C.F.R. § 1150.42(e), if a carrier's projected annual revenues will exceed \$5 million, it must, at least 60 days before the exemption becomes effective, post notice of its intent to undertake the proposed transaction at the workplace of the employees on the affected lines, serve a copy of the notice on the national offices of the labor unions with employees on the affected lines, and certify to the Board that it has done so. However, PSAP's verified notice includes a request for waiver of the 60-day advance labor notice requirements. PSAP's waiver request will be addressed in a separate decision.

As required under 49 C.F.R. § 1150.43(h)(1), PSAP has disclosed in its verified notice that the Amended Lease contains an interchange commitment.² PSAP has provided additional information regarding the interchange commitment as required by 49 C.F.R. § 1150.43(h).

The verified notice states that the Amended Lease will be effective upon the effective date of the verified notice of exemption and that PSAP will continue to operate under the terms of the Current Lease until then. The Board will establish the effective date in its separate decision on the waiver request.

² A copy of the Amended Lease with the interchange commitment was submitted under seal. See 49 C.F.R. § 1150.43(h)(1).

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 to stay must be filed no later than May 1, 2020.

All pleadings, referring to Docket No. FD 36395, must be filed with the Surface Transportation Board either via e-filing or in writing addressed to 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on PSAP's representative, Eric M. Hocky, Clark Hill PLC, Two Commerce Square, 2001 Market St., Suite 2620, Philadelphia, PA 19103.

According to PSAP, this action is categorically excluded from environmental review under 49 C.F.R. § 1105.6(c) and from historic preservation reporting requirements under 49 C.F.R. § 1105.8(b).

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

Decided: April 21, 2020.

By the Board, Allison C. Davis, Director, Office of Proceedings.