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Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W., Room 1034
Washington, DC 20423-0001

**Re: Waterloo Railroad, LLC – Change of Operator
Exemption with Interchange Commitment –
Union Pacific Railroad Company, FD 36798**

Dear Ms. Brown:

I write on behalf of Iowa Northern Railway Company (“IANR”) to respond briefly to the letter filed by Waterloo Railroad, Inc. (“WTRL”) in this docket on July 30, 2024, and to provide the Board with additional information.

On July 25, 2024, WTRL chose to file its request for operating authority in the form of a change of operator exemption under 49 C.F.R. 1150.31(a)(3) rather than a straight operation exemption under 49 C.F.R. 1150.31(a). IANR was informed of WTRL’s intention to file a change of operator exemption the day prior to filing, and IANR informed WTRL that it did not consent to the filing of the change of operator exemption at that time. WTRL claims that IANR’s consent is not required for a change of operator exemption. In addition to the clear holding in *SJRE-Railroad Series—Exemption Under 49 C.F.R. 1150.31—Rail Line in Harris County, Tex.*, Docket No. FD 36279, long-standing Board practice and precedent confirms that the consent of the operator being replaced is required for a change of operator exemption.¹ This is for good

¹ See, e.g., *Cleveland Com. R.R.—Change in Operators Exemption—Wheeling & Lake Erie Ry.*, Docket No. FD 34521, at 1 n.1 (STB served Aug. 6, 2004) (noting that “CVR consents to the proposed change in operators of the line”); *Iowa Traction Ry.—Change in Operators Exemption—Rail Line of Backtrack, Inc.*, Docket No. FD 35677, at 1 (STB served Oct. 5, 2012) (explaining that the change of operator was being done “with the consent of Backtrack”); *Decatur Cent. R.R.—Change In Operator Exemption—Decatur Junction Ry.*, Docket No. FD 36080, at 1 (STB served Jan. 4, 2017) (explaining that Decatur Junction Railway Co. “consents to the proposed change in operators” and that “DJRC has agreed to relinquish to

reason: a change of operator serves not only to confer operating authority on a new carrier, but to remove the common carrier obligation from the carrier being replaced. And the fact that the consent requirement is not specifically set forth in 1150.31 is irrelevant; agencies can and do make law through adjudications, and the agency's recognition that consent is a key element for allowing parties to use the expedited exemption process for changes in operator is reasonable and well-established.

WTRL raises the spectre of a carrier refusing to relinquish their rights. This is not the case here. IANR had begun the process of preparing its discontinuance petition shortly after receipt of the notice of termination, when it learned from WTRL that WTRL would be filing a change of operator exemption. IANR is trying to work with WTRL and Union Pacific to reach an understanding on the transfer of operations so that a change of operator exemption can be used, but as the Board knows that is an extremely expedited process (effective in 30 days) as compared to the normal discontinuance timeline. Without getting into the terms of the lease agreement here, IANR notes that Union Pacific's notice of termination specifically requested that Iowa Northern initiate the discontinuance process and IANR is prepared to do so and will do so if the parties are unable to shortly come to an agreement facilitating use of the change of operator exemption. The IANR discontinuance petition would provide sufficient information and time to assure a smooth transition of operations for the benefit of shippers.

Finally, WTRL raises various claims regarding Iowa Northern's rights and obligations under its lease agreement with Union Pacific. WTRL is not a party to that agreement. Iowa Northern is well aware of the terms of its lease agreement, and it is unnecessary and would be inappropriate for the Board to weigh in on those issues in this proceeding. See, e.g., *V&S Ry.—Pet. for Declaratory Order—R.R. Operations in Hutchinson, Kan.*, FD 35459, slip op. at 6-7, 13 n.22 (STB served July 12, 2012).

Respectfully submitted,



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DC, and DC has agreed to assume, the exclusive common carrier obligation over the Line"); *Railmark Indus. Ry. d/b/a Railmark Indus. Ry. Miss. Div.—Change in Operator Exemption—Miss. Cent. R.R.*, Docket No. FD 36773, at 1 n.2 (STB served May 22, 2024) ("RIR states that MSCI consents to the transfer of its rights to operate the Line to RIR.")