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Via E-Filing

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20024

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

Dear Ms. Brown:

Waterloo Railroad, LLC (“WTRL”) filed on July 25, 2024, a “Change of Operator Notice of Exemption” (“Notice”)¹ seeking to replace Iowa Northern Railway Company (“IANR”) as the lessee and operator of a 6.9-mile rail line owned by Union Pacific Railroad Company (“UP”) that is located in Blackhawk County, Iowa and currently covered by an existing lease between UP and IANR (“Leased Line”).² On July 26, 2024, IANR filed a letter (“IANR Letter”) with the Surface Transportation Board (“STB”) expressing its opposition to WTRL's use of a Change of Operator exemption replacing IANR as the lessee and operator of the Leased Line.

UP agrees that the IANR, WTRL, and UP need to work cooperatively and expeditiously to complete this change in operator.. To that end, UP, IANR and WTRL have been working together since early June to achieve that result. UP first advised IANR on June 7th, 2024, that UP intended to cancel the lease agreement for the Leased Line and transition to a new operator. UP, IANR, and WTRL met at IANR’s facilities in Waterloo, Iowa on June 13, 2024, to discuss the details of the proposed change of operator and to coordinate operations that would ensure a smooth transition. In the weeks that followed, UP and IANR continued to coordinate and notify each of the shippers on the Leased Line of the upcoming transition with a change in operators. UP has stayed in close contact with IANR to address its concerns and facilitate a smooth transition for all of the parties.

UP understands that successful transitions require planning and coordination and therefore began coordinating with the parties early. On June 7th, 2024, UP provided informal notice to IANR of UP’s intent to terminate the UP and IANR Waterloo Industrial line lease agreement (“Lease Agreement”). On

¹ See 49 CFR 1150.31(a)(3)

² See Iowa Northern Railway Company-Lease Exemption with Interchange Commitment-Union Pacific Railroad Company, FD 36277 (STB served Mar. 20, 2019)

July 19, 2024, UP provided IANR formal notice to terminate the Lease Agreement (“Termination Notice”) in compliance with our contractual obligation to provide a minimum of 30 days’ notice to IANR to terminate the Lease Agreement. IANR has had 40 days of informal notice during which UP and IANR began coordinating the transition and another 36 days of formal notice to work with the parties to develop a transition plan.

If IANR’s main concern is facilitating a smooth transition, IANR can ensure that by continuing to cooperate and coordinate with UP and WTRL. WTRL has committed to working in good faith with both UP and IANR to ensure a smooth transition by the effective date of the Termination Notice, tentatively August 25, 2024. Holding the Change of Operator Notice of Exemption in abeyance is not warranted in this case and will only make the transition more challenging for all of the parties because of the uncertainty and shifting dates that indefinite delay injects. WTRL has complied with the required regulations.³ UP provided proper notice to IANR and to each of the customers on the Leased Line. The Notice should be allowed to take effect.

If there are any questions concerning this e-filing, please contact me by telephone at (402) 544-4735 or by e-mail at tspratt@up.com.

Sincerely,

/s/ Tanya L. Spratt

Tanya L. Spratt

cc: Parties of Record

³ UP has reviewed the IANR Letter and WTRL's July 30th reply ("WTRL Reply"). UP has also reviewed IANR's July 31, 2024 reply ("IANR July 31 Reply") to the WTRL Reply, which IANR July 31 Reply is technically a prohibited reply to a reply. 49 CFR 1104.13(c). UP notes that none of the cases cited in footnote No. 1 in the IANR July 31 Reply stand for the proposition that the consent of incumbent carrier is required. UP could find no specific precedent indicating that the consent of the incumbent carrier is required to use a change of operators exemption. Likewise, the regulations at 49 CFR 1150.31 et. seq do not contain a specific requirement to obtain the consent of the incumbent carrier.