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FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36827]

Willamette & Pacific Railroad, Inc.—Lease and Operation Exemption Including
Interchange Commitment—Union Pacific Railroad Company

Willamette & Pacific Railroad, Inc. (WPRR), a Class III railroad, has filed a verified notice of exemption under 49 CFR 1150.41 to amend and extend its lease originally entered into with a predecessor to Union Pacific Railroad Company (UP), Southern Pacific Transportation Company (SP).¹ The railroad lines subject to the lease amendment include the following segments, totaling approximately 160.95 miles (collectively referred to as the Leased Lines): (1) the Toledo Branch between milepost 691.61 near Albany, Or., and milepost 766.70 at the end of the track, near Toledo, Or.; (2) that portion of the Newberg Branch between milepost 738.00 near St. Joseph, Or., and milepost 749.67 near Newberg, Or.; (3) that portion of the West Side Branch between milepost 738.00 near St. Joseph and milepost 687.6 near Corvallis, Or.; (4) the Dallas Branch between milepost 729.01 near Gerlinger, Or., and milepost 733.80 at the end of the track, near Dallas, Or.; and (5) the Willamina Branch between milepost 730.46 near Whiteson, Or., and milepost 749.46 at the end of the track, near Willamina, Or.

¹ WPRR originally submitted its verified notice of exemption on April 4, 2025, but supplemented it on April 14, 2025. In light of WPRR's supplement, April 14, 2025, is considered the filing date of the verified notice.

According to the verified notice, WPRR is the current freight rail operator on the Leased Lines, having received authority to lease and operate the Leased Lines from SP in 1993. See Willamette & Pac. R.R.—Lease & Operation Exemption—S. Pac. Transp. Co., FD 32245 (ICC served Feb. 26, 1993). The verified notice indicates that WPRR and UP have now agreed to amend the lease to further extend its term and make other commercial changes, and that WPRR will continue to be the operator after the transaction.²

As required under 49 CFR 1150.43(h)(1), WPRR certifies in its verified notice that the lease contains an interchange commitment. The interchange commitment was amended by a sixth amendment to the lease agreement, dated as of August 1, 2003. WPRR has provided additional information regarding the interchange commitment as required by 49 CFR 1150.43(h).³

WPRR certifies that its projected revenues as a result of the transaction will not result in the creation of a Class II or Class I rail carrier, but that its current annual revenues exceed, and are expected to continue to exceed, \$5 million. Pursuant to 49 CFR 1150.42(e), if a carrier's projected annual revenues will exceed \$5 million, it must, at least 60 days before the exemption is to become effective, post a notice of its intent to

² WPRR represents that this is the ninth amendment to the original lease. WPRR does not indicate whether it believes authority from the Board was necessary for the previous amendments. The class exemption invoked by WPRR does not provide for retroactive effectiveness. See Cent. N.Y. R.R.—Lease & Operation Exemption Including Interchange Commitment—Norfolk S. Ry., FD 36825, slip op. at 2 n.3 (STB served Mar. 28, 2025).

³ Concurrent with the initial filing of its verified notice of exemption, WPRR filed, under seal, portions of the amended lease. See 49 CFR 150.43(h)(1) (providing that certain information related to interchange commitments, such as copies of agreements, will be kept confidential without an accompanying motion for a protective order). In its April 14 supplement, WPRR provided, under seal, the full amended agreement.

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. WPRR, however, has petitioned for waiver of the 60-day advance labor notice requirements. WPRR's waiver request will be addressed in a separate decision in which the Board will establish the effective date of the exemption. WPRR is currently operating the Leased Lines under the terms of the original lease, as amended, and will continue to do so until the amendment becomes effective. WPRR states that the amended lease will become effective upon the effective date of the exemption, which is 30 days after filing, or upon the grant of its requested labor notice waiver.

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 7, 2025.

All pleadings, referring to Docket No. FD 36827, must be filed with the Surface Transportation Board either via e-filing on the Board's website 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 WPRR's representative, Justin J. Marks, Clark Hill PLC, 1001 Pennsylvania Avenue, N.W., Suite 1300 South, Washington, DC 20004.

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

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

Decided: April 24, 2025.

By the Board, Scott M. Zimmerman, Acting Director, Office of Proceedings.