

SERVICE DATE – MAY 9, 2025

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. FD 36828

CALIFORNIA NORTHERN RAILROAD COMPANY—
LEASE AND OPERATION EXEMPTION INCLUDING INTERCHANGE COMMITMENT—
UNION PACIFIC RAILROAD COMPANY

[REQUEST FOR WAIVER OF 49 C.F.R. § 1150.42(e)]

Digest:¹ This decision waives a 60-day advance notice requirement and allows California Northern Railroad Company to extend the term of its lease for approximately 183 miles of rail line in California, on or after May 14, 2025.

Decided: May 9, 2025

On April 14, 2025, California Northern Railroad Company (CFNR), a Class III rail carrier, filed a verified notice of exemption² pursuant to 49 C.F.R. § 1150.41 to exempt from regulation CFNR's entry into a lease amendment that will extend the term of, and make other changes to, a lease (the Original Lease) between CFNR and Union Pacific Railroad Company (UP). The rail lines subject to the lease amendment (Leased Lines) include the following segments, totaling approximately 183 route miles: (i) the Schellville Branch, from milepost 48.97 (east leg of wye) and milepost 48.93 (west leg of wye), at Suisun, Cal., to milepost 63.40, near Lombard, Cal.; (ii) the Napa Branch, from milepost 61.61, at Lombard, to the bumper near Rocktram, Cal., at milepost 67.50; (iii) the Vallejo Branch, from milepost 61.42, at Napa Jct., Cal., to milepost 68.87, at Vallejo, Cal.; (iv) the West Valley Line, from milepost 75.66 (east leg of wye) and milepost 75.58 (west leg of wye), at Davis, Cal., to milepost 186.30 (east leg of wye toward Portland, Cal.) and milepost 186.33 (west leg of wye toward Roseville), at Tehama, Cal.; (v) the Hamilton Branch, from milepost 180.40, at Wyo, Cal., to milepost 169.00, at Hamilton, Cal.; (vi) the Los Banos Branch, from milepost 83.00, at Tracy, Cal., to milepost 140.07 at Los Banos, Cal.; (vii) the Sugarfield Industrial Lead, from milepost 85.56 at Woodland, Cal., to milepost 88.25 at Sugarfield, Cal.; and (viii) the Johns Manville Industrial Lead, from milepost 150.0 at Willows, Cal., to the end of UP's track ownership at milepost 152.68.

¹ The digest constitutes no part of the decision of the Board but has been prepared for the convenience of the reader. It may not be cited to or relied upon as precedent. See Pol'y Statement on Plain Language Digs. in Decisions, EP 696 (STB served Sept. 2, 2010).

² CFNR initially filed its verified notice on April 2, 2025. CNFR filed a supplement on April 14, 2025, which was therefore deemed the filing date of the verified notice.

CFNR states that it is currently operating the Leased Lines and will continue to operate them after the proposed transaction. (Verified Notice 4); see also Cal. N. R.R.—Lease & Operation Exemption—Certain Lines of S. Pac. Transp. Co., FD 32353, slip op. at 2 (ICC served Oct. 5, 1993). In its verified notice, CFNR certifies that its revenues currently exceed \$5 million. (Verified Notice 7.) Accordingly, unless waived, 49 C.F.R. § 1150.42(e) would require CFNR, at least 60 days before the exemption becomes effective, to post a notice of its intent to undertake the proposed transaction setting forth certain information at the workplaces 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, the verified notice includes a request for a waiver of those notice requirements. (Id. at 8-9.)

Notice of CFNR's exemption was served and published in the Federal Register on April 30, 2025 (90 Fed. Reg. 17,989). The notice of exemption stated that the Board would establish the effective date of the exemption in a separate decision on the waiver request.

In support of its request for waiver, CFNR asserts that the 60-day labor notice requirements are unnecessary because the proposed transaction will not result in any changes for the employees working on the leased lines. (Verified Notice 8.) CFNR states that it (or its predecessor) have been the only common carrier on the Leased Lines since 1993, and CFNR will continue to be the only common carrier on the Leased Lines under the lease amendment. (Id.) CFNR further states that no CFNR employees will be affected because no operational changes will result from the proposed transaction. (Id. at 9.) According to CFNR, no UP employees will be affected by the proposed transaction because no employees of UP, or its predecessor SP, have worked on the Leased Lines since 1993. (Id.) CFNR further notes that, even though there will be no effect on employees of CFNR, it is providing notice of this transaction to the national office of the union that represents employees working on the Leased Lines by serving it with a copy of its verified notice. (Id. at 9 n.3.) No opposition to this waiver request has been filed.

DISCUSSION AND CONCLUSIONS

The purpose of the notice requirements at 49 C.F.R. § 1150.42(e) is to ensure that rail labor unions and employees who would be affected by the transfer of a line are given sufficient notice of the transaction before consummation.

Here, however, it does not appear that the purpose behind the requirements would be thwarted if the requested waiver is granted. The record indicates that no employees would be adversely affected by a waiver of the 60-day notice requirements. CFNR is the current operator of the Leased Lines, and CFNR and its predecessors have operated the Leased Lines since 1993. (Verified Notice 8.) CFNR explains that there would be no changes for any CFNR employees working on the Line as a result of the proposed transaction, and further states that UP has no employees who would be affected by the transaction. (Id. at 8-9.)

Because no employees would be adversely affected by the requested waiver of the 60-day notice period, the Board will grant the waiver. Accordingly, CFNR's lease and operation

exemption, unless stayed, will become effective on May 14, 2025, the effective date under the Board's rules absent the notice requirement.

This action is categorically excluded from environmental review under 49 C.F.R. § 1105.6(c).

It is ordered:

1. CFNR's request for waiver is granted.
2. CFNR's exemption will be effective on May 14, 2025, unless stayed.
3. This decision is effective on its date of service.

By the Board, Board Members Fuchs, Hedlund, Primus, and Schultz.