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SERVICE DATE – MAY 5, 2026

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. FD 36890

TAZEWELL & PEORIA RAILROAD, INC.—LEASE AND OPERATION EXEMPTION—
PEORIA AND PEKIN UNION RAILWAY COMPANY

[REQUEST FOR WAIVER OF 49 CFR 1150.42(e)]

Digest:¹ This decision waives the 60-day advance notice requirement and allows Tazewell & Peoria Railroad, Inc.'s exemption to take effect on May 7, 2026. The decision also grants sua sponte authority for several earlier short-term lease extensions.

Decided: May 4, 2026

On April 7, 2026, Tazewell & Peoria Railroad, Inc. (TZPR), a Class III rail carrier, filed a verified notice of exemption under 49 C.F.R. § 1150.41 to enter into a lease agreement (the Lease Agreement) with Peoria and Pekin Union Railway Company (PPU) to replace a prior lease agreement between TZPR and PPU. Under the Lease Agreement, TZPR will continue to lease and operate the entirety of PPU's rail lines (the Lines), totaling approximately 19.3 miles of main and connecting track, and consisting of the following segments: (1) from approximately milepost 4.5 (at or near Bridge Junction) to approximately milepost 12.2 (at or near IC Junction); (2) the Peoria Uptown Subdivision, extending from approximately milepost 0.0 (at or near Bridge Junction) to approximately milepost 5.4 (at or near Iowa Interstate Junction); (3) the Southern Subdivision, extending from approximately milepost 0.0 (at or near UP Junction) to approximately milepost 4.5 (at or near Bridge Junction); and (4) the Nickel Plate Sub, extending from approximately milepost 0.0 (at or near Wesley Junction) to approximately milepost 1.7 (at or near P&PU Junction).

According to the verified notice, TZPR currently operates the Lines via a lease agreement entered into with PPU in 2004. See Tazewell & Peoria R.R.—Lease & Operation Exemption—Peoria & Pekin Union Ry., FD 34544 (STB served Sept. 28, 2004).² TZPR will continue

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 PPU and TZPR have entered into four short-term extensions to the current lease during the negotiations of the Lease Agreement. TZPR is not seeking after-the-fact authority for those short extensions. TZPR is reminded that all extensions of the term of a lease agreement, regardless of duration, fall under the purview of 49 U.S.C. § 10902 and require prior Board

operating the Lines through the Lease Agreement, which has a term of 20 years and allows for two five-year extensions.

In its verified notice, TZPR certifies that its annual revenues currently exceed \$5 million. (Verified Notice 3-4.) Accordingly, unless waived, 49 C.F.R. § 1150.42(e) would require TZPR to post a notice of its intent to undertake the proposed transaction setting forth certain information 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. The regulation would also require TZPR to fulfill the notice requirements at least 60 days before the exemption becomes effective. However, the verified notice includes a request for waiver of those notice requirements. (See Verified Notice 4-7.)

In its request for waiver, TZPR states that the 60-day labor notice requirements are unnecessary because there will be no changes for any employees working on the Lines. (Id. at 5.) TZPR notes that it already operates the Lines and that it will continue to do so through the Lease Agreement. (Id.) TZPR adds that PPU does not conduct rail operations on the Lines and therefore has no railroad employees who will be affected by the Lease Agreement. (Id.) Despite a lack of change for employees, TZPR nonetheless served a copy of its verified notice on the national office of the Transportation Division of the International Association of the Sheet Metal, Air, Rail and Transportation Workers (SMART-TD), the union that represents employees working on the Lines. (Id. at 5 n.4.) On April 10, 2026, SMART-TD filed a notice of its intent to participate in the proceeding.

Notice of TZPR's exemption was served and published in the Federal Register on April 23, 2026 (91 Fed. Reg. 21860). The published notice announced that the Board would establish the effective date of the exemption in a separate decision on the waiver request.

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. TZPR is the current operator and states that there would be no changes for any TZPR employees working on the Lines as a result of the proposed transaction. SMART-TD has also joined the proceeding but does not object to the waiver request.

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

approval. Under the circumstances, however, the Board will not require TZPR to file further for that authority but will grant it sua sponte based on the information provided in the petition and verified notice.

stayed, will become effective on May 7, 2026, 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. TZPR's request for waiver is granted.
2. TZPR's exemption will be effective on May 7, 2026.
3. This decision is effective on its date of service.
4. The Board will not require TZPR to seek authority for the four short-term extensions and instead will grant authority sua sponte, based on the information provided in the petition and verified notice. The Board reminds TZPR that all extensions of the term of a lease agreement, regardless of duration, fall under the purview of 49 U.S.C. § 10902 and require prior Board approval.

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