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SERVICE DATE – JUNE 15, 2026

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. AB 1266 (Sub-No. 2X)

CANONIE ATLANTIC CO.—ABANDONMENT EXEMPTION—IN THE CITY OF  
VIRGINIA BEACH AND THE CITY OF NORFOLK, VA.

Docket No. AB 1349X

BUCKINGHAM BRANCH RAILROAD COMPANY—DISCONTINUANCE EXEMPTION—  
IN THE CITY OF VIRGINIA BEACH AND THE CITY OF NORFOLK, VA.

Digest:<sup>1</sup> This decision permits Canonie Atlantic Co. and Buckingham Branch Railroad Company to abandon and discontinue service over, respectively, approximately 2.3 miles of rail line in Virginia, subject to standard employee protective conditions.

Decided: June 15, 2026

On March 9, 2026, Canonie Atlantic Co. (CAC), a Class III rail carrier, and Buckingham Branch Railroad Company (Buckingham Branch), a Class III rail carrier (collectively, Petitioners), jointly filed a petition under 49 U.S.C. § 10502 for exemption from the prior approval requirements of 49 U.S.C. § 10903 for CAC to abandon, and for Buckingham Branch to discontinue service over, approximately 2.3 miles of rail line in the City of Virginia Beach and the City of Norfolk, Va. (the Line). The Line extends between approximately milepost 95.0 at Little Creek, Va. (City of Virginia Beach), and milepost 97.6 at Camden Heights, Va. (City of Norfolk).<sup>2</sup> Notice of the petition was served and published in the Federal Register on March 27, 2026<sup>3</sup> (91 Fed. Reg. 14,901).

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<sup>1</sup> 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).

<sup>2</sup> Petitioners state that the milepost designations reflect the historical mileposts assigned to the Line, and that the length of the Line as currently measured is slightly shorter than the historical milepost designations would suggest. (Pet. 1 n.1.)

<sup>3</sup> On the same date, Petitioners’ motion for a protective order was granted. Canonie Atl. Co.—Aban. Exemption—in Va. Beach & Norfolk, Va., AB 1266 (Sub-No. 2X) et al. (STB served Mar. 27, 2026).

No comments in opposition to the proposed abandonment and discontinuance of service were filed. The Board will grant the exemptions from 49 U.S.C. § 10903 for the Line, subject to standard employee protective conditions.

#### BACKGROUND<sup>4</sup>

CAC has owned the Line since 1985<sup>5</sup> but has never operated it, although CAC acknowledges that it holds a residual common carrier obligation. (Pet. 2.) Petitioners state that CAC has leased the Line to Buckingham Branch to serve as the lessee-operator of the Line since 2018.<sup>6</sup> (Pet. 2.) Petitioners further state that Buckingham Branch's lease of the Line includes various yard tracks and facilities, known as the Little Creek Yard, located at the northern end of the Line.<sup>7</sup> (*Id.*) According to Petitioners, the Little Creek Yard provides Buckingham Branch with track and land that can be used for rail-to-truck transloading services and serves as the base of Buckingham Branch's local operations. Petitioners state that the Little Creek Yard is also its only available location for locomotive staging and servicing in the Tidewater area, and includes immediately adjacent office facilities to support administrative functions and local crew reporting. (*Id.*)

Petitioners represent that Buckingham Branch operates the Line as the “higher-traffic-volume part” of its Norfolk Division, together with a 4.2-mile connecting line (NSR Line) that Buckingham Branch leases from Norfolk Southern Railway Company (NSR). (*Id.*) Concurrent with the joint petition in this proceeding, Buckingham Branch also filed a petition, in Docket No. AB 1349 (Sub-No. 1X), seeking an exemption to discontinue service over the NSR Line.

According to Petitioners, in the spring of 2025, the U.S. Navy (Navy) approached CAC regarding the Navy's need and desire to acquire a portion of the property underlying the Line and the Little Creek Yard, identified as Parcel 4B in the petition, for national security purposes and to extend the Navy's control of the waterfront. (*Id.* at 4.) Petitioners state that the Navy requires

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<sup>4</sup> While attempting to avoid references to confidential or highly confidential information in Board decisions, the Board reserves the right to rely upon and reference such information in decisions when necessary. See Canadian Nat'l Ry.—Control—Iowa N. Ry., FD 36744, slip op. at 1 n.3 (STB served Jan. 14, 2025). In this case, the Board determined that it could not adequately present its findings without disclosing certain information designated as “highly confidential.”

<sup>5</sup> See Canonie Atl. Co.—Exemption from 49 U.S.C. 10901, 11301, & 11343, FD 30709 (ICC served Sept. 11, 1985).

<sup>6</sup> See Buckingham Branch R.R.—Change in Operators Exemption—Cassatt Mgmt., LLC, FD 36202 (STB served July 31, 2018).

<sup>7</sup> Petitioners characterize the Little Creek Yard, portions of which USRL Virginia Beach VA, LLC (USRL) subleases from Buckingham Branch, as “Section 10906-yard track,” a reference to 49 U.S.C. § 10906. Such track is within the Board's jurisdiction but is statutorily excepted from the Board's licensing authority; thus, it can be added to or removed from the rail network without Board authority. 49 U.S.C. § 10906; N.Y.C. Econ. Dev. Corp.—Pet. for Declaratory Ord., FD 36467, slip op. at 5 (STB served June 11, 2021).

Parcel 4B to be abandoned to facilitate removal of railroad facilities and thereafter to redeploy the land underlying those facilities for national defense purposes. (*Id.*) CAC approached Buckingham Branch regarding the potential termination of its lease with respect to Parcel 4B. (*Id.*) However, according to Petitioners, Buckingham Branch determined that without Parcel 4B it would become operationally and economically impracticable to operate the remainder of the Line. (*Id.*) Petitioners state that CAC does not have the resources to operate the Line itself and does not believe it could find another carrier willing and able to operate the remainder of the Line. (*Id.*) As a result, Petitioners agreed to terminate the lease for the entirety of the Line and further agreed that Buckingham Branch would seek discontinuance authority and CAC would seek abandonment authority for the Line. (*Id.*)

According to the petition, the Line is stub-ended and handles no overhead traffic, and its local traffic derives from two shippers that have used the Line in the last two years: USRL and Greenbridge. (*Id.* at 2-3.) Petitioners state that USRL is a non-common carrier rail-truck transload services provider that has subleased dedicated Little Creek Yard capacity from Buckingham Branch. (*Id.* at 3.) According to Petitioners, USRL has averaged 435 carloads per year over the last three calendar years (generating a three-year low of 332 carloads in 2025). (*Id.*; *see also id.*, Ex. B.) Petitioners state that Buckingham Branch has given USRL notice that its sublease is being terminated because of the planned sale of the subleased property to the Navy, and their understanding is that USRL intends to shift its transloading operations to another location. (Pet. 3.) The second shipper, Greenbridge, has received an average of 71 revenue carloads per year over the last three years (including 73 carloads in 2025). (*Id.*) Petitioners state that Greenbridge has been notified that Petitioners are seeking to abandon and discontinue service, and they believe Greenbridge would have the option, following abandonment and discontinuance, to have its incoming freight shipped by rail to a local transload facility approximately 11 miles from Greenbridge's facility. (*Id.*)

Petitioners request expedited consideration of the petition, stating that the Navy has expressed urgency to acquire Parcel 4B. (*Id.* at 11.)<sup>8</sup>

On March 17, 2026, the U.S. Army Transportation Command (ARTRANS) filed a comment in support of the petition and the request for expedited consideration, noting that the Navy's acquisition of Parcel 4B is in the interest of national defense. (ARTRANS Comment 2, Mar. 17, 2026.)<sup>9</sup>

## DISCUSSION AND CONCLUSIONS

Exemption from 49 U.S.C. § 10903. Under 49 U.S.C. § 10903, a rail carrier may not abandon or discontinue service over a rail line without prior approval from the Board. Under

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<sup>8</sup> Also included with the petition is a letter from Virginia State Senator Bill DeSteph expressing his support for the petition and the sale of Parcel 4B to the Navy. (*Id.* at 4; *see also id.*, Ex. C.)

<sup>9</sup> On April 6, 2026, NSR filed a request to hold the proceeding in abeyance, but the next day filed a motion to withdraw that request, explaining that it only meant to file the request in Docket No. AB 1349 (Sub-No. 1X). NSR's motion to withdraw will be granted.

49 U.S.C. § 10502, however, the Board shall, to the maximum extent consistent with 49 U.S.C. subtitle IV, part A, exempt a transaction or service from regulation when the Board finds that: (1) continued regulation is not necessary to carry out the rail transportation policy (RTP) of 49 U.S.C. § 10101; and (2) either (a) the transaction or service is of limited scope, or (b) regulation is not necessary to protect shippers from the abuse of market power.

Detailed scrutiny of the proposed abandonment and discontinuance under 49 U.S.C. § 10903 is not necessary to carry out the RTP. According to evidence submitted with the petition, the Norfolk Division, which includes the Line, is not operating profitably.<sup>10</sup> According to Petitioners, Buckingham Branch incurred losses of over \$75,000 on the Norfolk Division in 2025. (Pet. 7; see also id., Ex. B.) Those losses, petitioners contend, would have been even greater without revenue from USRL, which Petitioners describe as the Norfolk Division’s “anchor customer,” having generated approximately 66% of carloads in 2025 and over 68% of carloads in 2023 and 2024. (Pet. 3, 6.) Petitioners state that USRL’s sublease of a portion of the Little Creek Yard is being terminated and that without USRL’s traffic, Buckingham Branch would have incurred losses of over \$265,000 in 2025 and over \$141,000 in 2024. (See id., Ex. B.) Therefore, Petitioners argue that the combined revenues generated by the Norfolk Division’s two remaining shippers (including Greenbridge on the Line)<sup>11</sup> would be insufficient for Buckingham Branch to sustain continued operations on either the Line or the NSR Line individually, or on the Norfolk Division as a whole. (Pet. 7.)

Furthermore, according to the petition, traffic levels on the Line are unlikely to increase in the future. Buckingham Branch states that, with the planned sale of Parcel 4B to the Navy and the loss of Little Creek Yard facilities, it will no longer have access to its only locomotive staging area, servicing track, and crew reporting facility in the Tidewater area. (Id.) Moreover, Petitioners contend that even if suitably zoned real estate were available nearby, which Buckingham Branch does not believe exists, it would still cost hundreds of thousands, if not millions, of dollars in capital spending to replace the Little Creek Yard facilities. (Id. at 7-8.) According to Petitioners, forcing Buckingham Branch to undertake such a capital project to serve Greenbridge, the remaining shipper on the Line, which generated only \$70,445 in revenue in 2025, would be economically unjustifiable and impose an undue burden. (Id. at 8.)

No evidence has been presented to suggest that Petitioners’ figures on traffic, revenues, and expenses, or their representations concerning the Little Creek Yard, are inaccurate. The Board finds that Petitioners’ evidence is sufficient to demonstrate in this case that the revenues

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<sup>10</sup> Petitioners state that Buckingham Branch does not keep separate financial records for the Norfolk Division, but it has extracted from its records the 2025 revenues and expenses related to the Norfolk Division. (Pet. 6.)

<sup>11</sup> In the petition filed in Docket No. AB 1349 (Sub-No. 1X), Buckingham Branch states there is one shipper on the NSR Line, Gordon Paper. Pet. 2, Buckingham Branch R.R.—Discontinuance Exemption—in Va. Beach & Norfolk, Va., AB 1349 (Sub-No. 1X).

generated from continued operation of the Line are well below the costs to operate the Line.<sup>12</sup> In addition, the record indicates that for Buckingham Branch to continue rail service on the Line, it would need to replace the existing facilities at Little Creek Yard, which would be an unreasonable burden given the revenue lost from USRL and the modest amount of traffic remaining from Greenbridge.

Therefore, granting an exemption here would facilitate the abandonment and discontinuance of the Line, which is not operating profitably, and CAC's prompt sale of Parcel 4B to the Navy for national defense purposes, thereby minimizing the need for Federal regulatory control, 49 U.S.C. § 10101(2), ensuring the development and continuation of a sound rail transportation system to meet the needs of national defense, 49 U.S.C. § 10101(4), reducing regulatory barriers to exit from the industry, 49 U.S.C. § 10101(7), encouraging honest and efficient management of railroads, 49 U.S.C. § 10101(9), and providing for the expeditious handling and resolution of all proceedings required or permitted to be brought under this part, 49 U.S.C. § 10101(15). Other aspects of the RTP would not be adversely affected.

Regulation of the proposed transaction under 49 U.S.C. § 10903 also is not necessary to protect shippers from the abuse of market power. Petitioners believe USRL and Greenbridge have transportation alternatives. (See Pet. 3.) Although the petition lacks specific supporting information about alternative transportation options, the record indicates both USRL and Greenbridge were served with a copy of the petition, and neither has filed a reply to the petition expressing concerns about losing rail service or refuting Petitioners' statements regarding transportation alternatives. Cf. Tulare Valley R.R.—Aban. & Discontinuance Exemption—in Tulare & Kern Cntys., Cal., AB 397 (Sub-No. 5X), slip op. at 10 (STB served Feb. 21, 1997) (granting a petition for exemption to abandon and discontinue where there was no opposition, but denying the petition where there was opposition and evidence of unprofitability was lacking). Nevertheless, to ensure that USRL and Greenbridge are aware of the Board's decision, Petitioners will be required to serve a copy of it on USRL and Greenbridge and certify to the Board that they have done so by June 22, 2026.<sup>13</sup>

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<sup>12</sup> Petitioners cite Board precedent stating that “[a]lthough 49 U.S.C. § 10502 and 49 C.F.R. § 1152.60 include few specific requirements regarding the financial and other information to be submitted with a petition for exemption, the information provided must be sufficient to allow the Board to reach an informed decision that the § 10502 exemption requirements have been met.” (Pet. 6 (citing Midcoast Railservice, Inc.—Discontinuance of Serv. Exemption—in Cumberland, Knox, Lincoln, Sagadahoc Cntys., Me., AB 1341X, slip op. at 3 n.5 (STB served Dec. 3, 2024); San Joaquin Valley R.R.—Aban. Exemption—in Kings & Fresno Cntys., Cal., AB 398 (Sub-No. 4X), slip op. at 2 (STB served Mar. 5, 1999); Union Pac. R.R.—Aban. Exemption—in Pottawattamie Cnty., Iowa, AB 33 (Sub-No. 274X) et al., slip op. at 3 (STB served Dec. 12, 2008).) While the information Petitioners provide is sufficient here given the evidence of significant financial hardship continued operation of the Line would impose and the absence of any opposition, the Board notes that each case is to be judged on the totality of its own facts and circumstances.

<sup>13</sup> Because regulation is not necessary to protect shippers from the abuse of market power, the Board need not determine whether the transaction is limited in scope. See 49 U.S.C. § 10502(a)(2).

Employee Protection. Under 49 U.S.C. § 10502(g), the Board may not use its exemption authority to relieve a carrier of its statutory obligation to protect the interests of its employees. Accordingly, as a condition to granting this exemption, the Board will impose the employee protective conditions set forth in Oregon Short Line Railroad—Abandonment Portion Goshen Branch Between Firth & Ammon, in Bingham & Bonneville Counties, Idaho, 360 I.C.C. 91 (1979).

Environmental and Historic Review. CAC submitted a combined environmental and historic report with the petition and has notified the appropriate federal, state, and local agencies of the opportunity to submit information concerning the environmental impacts of the proposed abandonment. See 49 C.F.R. §§ 1105.7, 1105.8, 1105.11. The Board’s Office of Environmental Analysis (OEA) has examined the report, verified the data it contains, and analyzed the potential effects of the proposed action on the quality of the human environment.

In a Draft Environmental Assessment (EA) served on April 13, 2026, OEA concluded that, as proposed, CAC’s abandonment of the Line would not significantly affect the quality of the human environment. (Draft EA 5.) Comments on the Draft EA were due by May 13, 2026, and no comments were received. In the Final EA, issued on May 20, 2026, OEA did not recommend any environmental or historic preservation conditions. Based on the record and OEA’s recommendation, the Board concludes that the proposed abandonment will not significantly impact the quality of the human environment or the conservation of energy resources.

Offers of Financial Assistance. Because no formal expressions of intent to file an OFA to acquire the Line or subsidize continued rail service were filed by the April 6, 2026 deadline, the Board will not consider OFAs in this case.

Public Use and Interim Trail Use/Railbanking. No requests to negotiate for public use under 49 U.S.C. § 10905 or to negotiate for interim trail use/railbanking under 16 U.S.C. § 1247(d) were filed by the April 16, 2026 deadline.

It is ordered:

1. Under 49 U.S.C. § 10502, the Board exempts from the prior approval requirements of 49 U.S.C. § 10903 CAC’s abandonment of, and Buckingham Branch’s discontinuance of service over, the Line, subject to the employee protective conditions set forth in Oregon Short Line.
2. Petitioners are directed to serve a copy of this decision on USRL and Greenbridge and to certify to the Board that they have done so by June 22, 2026.
3. The exemption will be effective on July 15, 2026.
4. Petitions to reopen and petitions to stay must be filed by June 30, 2026.
5. Pursuant to 49 C.F.R. § 1152.29(e)(2), CAC shall file a notice of consummation with the Board to signify that it has exercised the authority granted and fully abandoned the Line. If

consummation has not been effected by CAC's filing of a notice of consummation by June 15, 2027, and there are no legal or regulatory barriers to consummation, the authority to abandon will automatically expire. If a legal or regulatory barrier to consummation exists at the end of the one-year period, the notice of consummation must be filed no later than 60 days after satisfaction, expiration, or removal of the legal or regulatory barrier.

6. NSR's motion to withdraw the request for abeyance is granted.

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