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SERVICE DATE – JUNE 15, 2026

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. AB 1349 (Sub-No. 1X)

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

Digest:¹ This decision allows Buckingham Branch Railroad Company to discontinue service over approximately 4.2 miles of rail line in Virginia, subject to standard employee protective conditions.

Decided: June 15, 2026

On March 9, 2026, Buckingham Branch Railroad Company (Buckingham Branch), a Class III rail carrier, filed a petition under 49 U.S.C. § 10502 for exemption from the prior approval requirements of 49 U.S.C. § 10903 to discontinue service over approximately 4.2 miles of rail line in the City of Virginia Beach and the City of Norfolk, Va. (the Line). The Line extends between milepost SN 6.7 at Diamond Springs (Virginia Beach), Va., and milepost SN 2.5 at Coleman Place (Norfolk), Va. Notice of the petition was served and published in the Federal Register on March 27, 2026² (91 Fed. Reg. 14,903). The Board will grant the petition for exemption.

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 On the same date, Buckingham Branch’s motion for a protective order was granted. Buckingham Branch R.R.—Discontinuance of Serv. Exemption—in Va. Beach & Norfolk, Va., AB 1349 (Sub-No. 1X) (STB served Mar. 27, 2026).

BACKGROUND³

The Line is owned by Norfolk Southern Railway Company (NSR), and Buckingham Branch has operated the Line under a lease with NSR since 2018.⁴ (Pet. 1-2.) Buckingham Branch states that the Line is stub-ended but handles overhead traffic originating or terminating on a connecting line segment (CAC Line), which Buckingham Branch leases from the Canonic Atlantic Co. (CAC). (*Id.* at 2.) Buckingham Branch further states that the Line's local traffic derives from a single shipper, Gordon Paper, which has received an average of 140 cars per year over the last three years (and only 96 cars in 2025). (*Id.*)

According to Buckingham Branch, it operates the Line as part of its Norfolk Division, together with the CAC Line, and the vast majority of Norfolk Division traffic derives from shippers on the CAC Line. (*Id.* at 2-3.) Buckingham Branch states that the Little Creek Yard at the end of the CAC Line provides it with its only location for locomotive staging and servicing in the Tidewater area and also provides it with immediately adjacent office facilities to base its local operations, including administrative functions and crew reporting. (*Id.* at 3.) According to Buckingham Branch, the U.S. Navy (Navy) desires to acquire a portion of the property underlying the CAC Line and related Little Creek Yard (known as Parcel 4B) for national security purposes and to extend the Navy's control of the waterfront.⁵ (Pet. 3.) Buckingham Branch contends that once the abandonment and discontinuance sought in Docket No. AB 1266 (Sub-No. 2X) et al. is authorized and Parcel 4B is sold to the Navy, its continued operation of the Line will not be operationally or economically feasible. (*Id.* at 3-4.)

Buckingham Branch states that it notified NSR and Gordon Paper of its intent to seek to discontinue service on the Line. (*Id.* at 4.) According to Buckingham Branch, NSR responded unfavorably to the news and has not communicated any plans for service over the Line. (*Id.* at 4 & n.3). Buckingham Branch assumes that authorizing the requested discontinuance of service will shift the common carrier obligation on the Line back to NSR, the Line's owner. (*Id.*)

Buckingham Branch requests prompt consideration of its petition, stating in Docket No. AB 1266 (Sub-No. 2X) that the Navy has expressed urgency to acquire Parcel 4B. (*Id.* at 10.) However, Buckingham Branch states that it will not consummate the discontinuance over the Line or the CAC Line until both exemptions are effective. (*Id.*)

³ 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 with respect to the issues without disclosing certain information designated as "highly confidential."

⁴ See Buckingham Branch R.R.—Change in Operators Exemption—Cassatt Mgmt., LLC, FD 36202 (STB served July 31, 2018).

⁵ Concurrent with the petition in this proceeding, CAC and Buckingham Branch filed a joint petition, in Docket No. AB 1266 (Sub-No. 2X) et al., for CAC to abandon and for Buckingham Branch to discontinue service over the CAC Line.

On April 6, 2026, NSR filed a reply, stating that Buckingham Branch did not seek NSR's prior approval and consent to seek discontinuance, in violation of the lease, and requested that the Board place the proceeding in abeyance. (See NSR Reply 1-2, Apr. 6, 2026.)⁶ In a decision served June 15, 2026, the Board denied NSR's request for abeyance. See Buckingham Branch R.R.—Discontinuance of Serv. Exemption—in Va. Beach & Norfolk, Va., AB 1349 (Sub-No. 1X), slip op. at 2 (STB served June 15, 2026).

DISCUSSION AND CONCLUSIONS

Exemption from 49 U.S.C. § 10903. Under 49 U.S.C. § 10903, a rail carrier may not discontinue operations without the prior approval of the Board. Under 49 U.S.C. § 10502, however, the Board shall, to the maximum extent consistent with U.S. Code Title 49, subtitle IV, part A, exempt a transaction or service from regulation when it 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 needed to protect shippers from the abuse of market power.

Detailed scrutiny of the proposed 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.⁷ Buckingham Branch states that in 2025 it incurred losses of over \$75,000 on the Norfolk Division, and those losses would have been over \$338,000 without the revenue from USRL Virginia Beach VA, LLC (USRL) and Greenbridge, the two shippers on the CAC Line, whose revenues will be lost with the sale of Parcel 4B to the Navy and the abandonment and discontinuance of the CAC Line. (Pet. 7; see also id., Ex. B.) Even without the revenues from just USRL,⁸ Buckingham Branch represents that it would have incurred losses of over \$265,000 in 2025 and over \$141,000 in 2024. (Pet. 7; see also id., Ex. B.) Therefore, with the loss of USRL's traffic, Buckingham Branch argues that the combined revenues generated by the Norfolk Division's two remaining shippers (including Gordon Paper on the Line) would be insufficient for Buckingham Branch to sustain continued operations on either the Line or the CAC 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. With the planned sale of Parcel 4B to the Navy, and the loss of the Little Creek Yard facilities, Buckingham Branch states that it will no longer have access to its only

⁶ Buckingham Branch responded to NSR's abeyance request on April 22, 2026.

⁷ Buckingham Branch states that it 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.)

⁸ The petition filed in Docket No. AB 1266 (Sub-No. 2X) et al. describes USRL as the Norfolk Division's "anchor customer," which generated approximately 66% of the division's carloads in 2025 and over 68% in 2023 and 2024. Pet. 3, 6, Canonie Atl. Co.—Aban. Exemption—in Va. Beach & Norfolk, Va., AB 1266 (Sub-No. 2X) et al.

locomotive staging area, servicing track, and crew reporting facility in the Tidewater area. (*Id.* at 3.) Moreover, even if there were suitably zoned real estate available nearby, which Buckingham Branch does not believe exists, Buckingham Branch contends that it would cost hundreds of thousands, if not millions, of dollars in capital spending to replace the Little Creek Yard facilities. (*Id.* at 7-8.) Buckingham Branch argues that forcing it to undertake such a capital project to serve Gordon Paper, the remaining shipper on the Line, which generated only \$57,589 in revenue in 2025, would not be economically justifiable and impose an undue burden. (*Id.* at 8.)

No evidence has been presented to suggest that Buckingham Branch's figures on traffic, revenues, and expenses, or its representations concerning the CAC Line and the Little Creek Yard, are inaccurate. The Board finds that Buckingham Branch's evidence is sufficient to demonstrate in this case that the revenues generated from continued operation of the Line are well below the costs to operate the Line.⁹ 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 being lost from USRL and Greenbridge on the CAC Line and the modest amount of traffic left by Gordon Paper.

Therefore, granting an exemption here would facilitate the discontinuance of service on the Line, which is not operating profitably, 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. NSR, as the owner of the Line, retains a common carrier obligation to provide rail service upon reasonable request, either itself or through another operator. *See* 49 U.S.C. § 11101. Moreover, the record indicates that Gordon Paper was served with a copy of the petition and did not file a reply to the petition expressing

⁹ Buckingham Branch cites 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 provided here is sufficient given the evidence of significant financial hardship continued operation of the Line would impose and the absence of any shipper opposition, the Board notes that each case is to be judged on the totality of its own facts and circumstances.

concerns about losing rail service from Buckingham Branch. Nevertheless, to ensure that Gordon Paper is aware of the Board's decision, Buckingham Branch will be required to serve a copy of the decision on Gordon Paper and certify to the Board that it has done so by June 22, 2026.¹⁰

Labor 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 upon Buckingham Branch 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).

Offers of Financial Assistance, Interim Trail Use/Rail Banking, Public Use, and Environmental Review. Because no formal expressions of intent to file an offer of financial assistance (OFA) to subsidize continued rail service were filed by the April 6, 2026 deadline, the Board will not consider subsidy OFAs in this case. See 49 C.F.R. § 1152.27(c)(1)(i). And, because this is a discontinuance and not an abandonment, the Board need not consider OFAs to acquire the Line, interim trail use/railbanking requests under 16 U.S.C. § 1247(d), or requests to negotiate for public use of the Line under 49 U.S.C. § 10905. Lastly, because there will be an environmental review if abandonment is sought in the future, environmental review is unnecessary here.

It is ordered:

1. Under 49 U.S.C. § 10502, the Board exempts from the prior approval requirements of 49 U.S.C. § 10903 the discontinuance of service on the Line by Buckingham Branch, subject to the employee protective conditions set forth in Oregon Short Line.
2. Buckingham Branch is directed to serve a copy of this decision on Gordon Paper and to certify to the Board that it has done so by June 22, 2026.
3. This exemption will be effective on July 15, 2026.
4. Petitions to reopen and petitions to stay must be filed by June 30, 2026.

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

¹⁰ 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).