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SERVICE DATE – JULY 31, 2026

SURFACE TRANSPORTATION BOARD

DECISION AND NOTICE OF INTERIM TRAIL USE OR ABANDONMENT

Docket No. AB 290 (Sub-No. 424X)

NORFOLK SOUTHERN RAILWAY COMPANY—ABANDONMENT EXEMPTION—IN POLK COUNTY, IOWA

Docket No. AB 414 (Sub-No. 9X)

IOWA INTERSTATE RAILROAD—DISCONTINUANCE OF LEASE AND OPERATION AUTHORITY—IN POLK COUNTY, IOWA

Digest:[1] This decision allows Norfolk Southern Railway Company to abandon and Iowa Interstate Railroad to discontinue service over approximately 12.2 miles of rail line in Polk County, Iowa, subject to conditions.

Decided: July 31, 2026

On April 14, 2024, Norfolk Southern Railway Company (NSR) and Iowa Interstate Railroad (IAIS) (collectively, Petitioners) jointly filed a petition under 49 U.S.C. § 10502 for exemptions from the prior approval requirements of 49 U.S.C. § 10903 for NSR to abandon and for IAIS to discontinue service over an approximately 12.2-mile rail line, between milepost DU 340.8 +/- and milepost DU 353.0 +/-, together with the 0.8-mile Clive Spur (collectively, the Line), all in Polk County, Iowa. Notice of the petition was served and published in the Federal Register on May 4, 2026 (91 Fed. Reg. 24,029). As discussed below, the Board will grant the exemptions from 49 U.S.C. § 10903, subject to conditions.

BACKGROUND

According to Petitioners, Norfolk and Western Railway Company (N&W), a subsidiary of NSR, acquired the Line in 1988. (Pet. 7.) Petitioners state that by 1995, it was clear to N&W that the revenues from continued operations over the Line would not cover the costs of those operations, and N&W leased 13.9 miles of rail line (the Leased Line), which included the Line, to IAIS in hopes that IAIS would be better able to cover the costs of service. (Id. at 7-8.) In 2010, NSR and IAIS obtained authority from the Board for NSR to abandon, subject to conditions, and for IAIS to discontinue service over 1.70 miles of the Leased Line from milepost DU 353.00 to milepost DU 354.70. See Norfolk S. Ry.—Aban. Exemption—in Polk Cnty.,

[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 Decision, EP 696 (STB served Sept. 2, 2010).

Iowa, AB 290 (Sub-No. 322X) et al., slip op. at 2 (STB served Oct. 19, 2010); Norfolk S. Ry.—Aban. Exemption—in Polk Cnty., Iowa, AB 290 (Sub-No. 322X) et al., slip op. at 4-5 (STB served Nov. 17, 2010). NSR consummated abandonment of that 1.70-mile portion of the Leased Line in 2012. See Consummation Notice 1, Oct. 4, 2012, Norfolk S. Ry.—Aban. Exemption—in Polk Cnty., Iowa, AB 290 (Sub-No. 322X). NSR now seeks to abandon and IAIS to discontinue service over the remaining 12.2 miles of the Leased Line (i.e., the Line).

Petitioners state that a vast majority of the commodities moved over the Line are exempt commodities, with the primary commodity moved being lumber and wood products. (Pet. 8.) According to Petitioners, the potential annual revenue that could be generated by the existing shippers on the Line is heavily outweighed by the costs of maintaining and operating the Line. (Id. at 3.) Specifically, Petitioners assert that the average revenue per year over the last five years for rail transportation services over the Line under IAIS's operation is $541,145.40, approximately 43.6% of the normal operating cost of the Line under IAIS's stewardship. (Id.) Petitioners further claim that NSR's cost structure as a Class I carrier—such as labor, locomotive utilization, FRA compliance, and overhead—would result in annual operating costs for the Line materially higher than those incurred by IAIS. (Id. at 10.)

According to Petitioners, the Line is a stub-ended branch line with no overhead traffic and no ability to attract or handle such traffic. (Id. at 4.) Petitioners state that rail traffic on the Line has averaged 403.6 carloads per year over the past five years, with the average number of carloads moved per year decreasing by an average of 91.33 each year between 2022[2] and 2025, with rail traffic volumes expected to continue to decrease at a similar rate year over year. (Id.) Petitioners further claim that there are no prospective new shippers or industrial developments that could change this outlook. (Id. at 4-5.) In addition, Petitioners state that the cost to bring the Line up to FRA Class 1 track standards is estimated to be $16.9 million, which reflects bridge rehabilitation, track replacement, road crossing replacement and rehabilitation, as well as other needed repairs and upgrades. (Id. at 10.) According to Petitioners, shippers on the Line have adequate transportation alternatives, including well-established trucking and transloading options. (Id. at 11-12.)

On May 26, 2026, Ellis & Eastern Company (E&E), a Class III carrier, filed a reply in opposition to the petition.[3] According to E&E, the standard for an exemption is not met because E&E is willing to maintain operations over the Line, and the public interest is therefore better served by denying the exemption and subjecting the proposed abandonment to full scrutiny under the Board's application procedures. (E&E Reply 5.)[4] E&E also claims that, as a low-cost

[2] Petitioners state that 2022 was the peak revenue and traffic year in recent times but the revenues in 2022 still did not come close to covering the costs of operating the Line. (Pet. 4, 9.)

[3] E&E's May 26, 2026 filing also included a motion for leave to late-file a notice of intent to file an offer of financial assistance (OFA) and a notice of intent to file an OFA to purchase the Line. In a decision served on June 5, 2026, E&E's motion was denied and its late-filed notice of intent to file an OFA was rejected. See Norfolk S. Ry.—Aban. Exemption—in Polk Cnty., Iowa, AB 290 (Sub-No. 424X) et al., slip op. at 2 (STB served June 5, 2026).

[4] E&E's filing does not contain page numbers. The page numbers cited in this decision refer to the PDF page numbers of the filing.

short-line railroad, it can operate the Line profitably, whereas IAIS, which is operating under a lease, cannot. (Id.) E&E claims that its interest in purchasing the Line contradicts the petition's claim that the Line is not economically viable for any new operator. (Id.)

DISCUSSION AND CONCLUSIONS

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 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 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.

In this case, detailed scrutiny under 49 U.S.C. § 10903 is not necessary to carry out the rail transportation policy. Requiring IAIS or NSR to maintain and provide service on the Line would be an unreasonable burden given that traffic on the Line does not generate sufficient revenue to cover the operating costs and that, according to Petitioners, traffic is expected to continue to decrease.[5] As noted above, Petitioners claim that the average annual revenue for the last five years covered only approximately 43.6% of the normal operating costs of the Line. (Pet. 3.) The requested exemptions will foster sound economic conditions and encourage efficient management by allowing IAIS and NSR to avoid the cost of maintaining and operating an unprofitable line. See 49 U.S.C. § 10101(5), (9). Allowing the operations of IAIS and NSR to be more efficient will enable them to compete more effectively with other rail carriers and with other modes of transportation. See 49 U.S.C. § 10101(4). Additionally, by minimizing federal regulatory control over the rail transportation system and the administrative expense of the application process, the requested exemptions allow for the expeditious handling of this matter and reduce regulatory barriers to exit. See 49 U.S.C. § 10101(2), (7), (15). Other aspects of the rail transportation policy will not be affected adversely.

Regulation of the proposed transaction is not necessary to protect shippers from the abuse of market power. Petitioners state that they served copies of the petition on all known shippers, (Pet. 3), none of which filed in opposition to the petition. In addition, the petition states that shippers, of which there were three in 2025,[6] have transportation alternatives available and that shippers have begun transitioning to transloading and other transportation alternatives. (Id. at 11-12, 14; id., Ex. E.) Petitioners further state that traffic volumes on the Line have decreased in recent years and are projected to continue to decline. (Id. at 4.) Specifically, the Petition states that since 2022, IAIS has seen a consistent drop in traffic moved over the line as IAIS's most dependable customers have transitioned to other means of transportation, and that despite

[5] Petitioners state that the Line is a stub-ended branch line with no overhead traffic and no physical ability to attract or handle such traffic and that this structural limitation eliminates the possibility of generating additional revenue through diverted or bridge traffic. (Pet. 4.)

[6] Petitioners identify the following as shippers on the Line in 2025: Beisser's Inc., CB&I Storage Tank Solutions, and Frontier Forest Products Inc. (Id., Ex. E.)

years of direct marketing efforts, IAIS sees no prospects for new shippers, industrial developments, or commercial expansions that could materially alter the traffic outlook. (Pet., Ex. F, V.S. Carrie Evans 6.) Although Petitioners state that they served copies of the petition on all known shippers, (Pet. 3), to ensure that the shippers are aware that the Board has now authorized the proposed discontinuance and abandonment, Petitioners will be required to serve a copy of this decision on each shipper on the Line and certify to the Board that they have done so, by August 5, 2026.[7]

The Board is not persuaded by E&E's arguments that an exemption proceeding is not appropriate. E&E argues that, where there is a potential offeror willing to maintain service, the Board should require a full application. (E&E Reply 3.) But there is a specific mechanism—the OFA process—with strict timelines, specified in the Board's regulations and its decisions in this case, under which parties can seek to acquire lines that would otherwise be abandoned. See 49 C.F.R. § 1152.27(c)(1)(i); Norfolk S. Ry.—Aban. Exemption—in Polk Cnty., Iowa, AB 290 (Sub-No. 424X) et al., slip op. at 2 (STB served June 5, 2026). E&E had an opportunity to avail itself of that procedure but did not do so in a timely fashion. A failure to timely pursue an OFA does not mean that an exemption proceeding is not appropriate, particularly given the rail transportation policy, see 49 U.S.C. § 10101(2), (7), and Congressional intent to streamline the OFA and abandonment process, see 49 U.S.C. § 10904.[8] While the Board finds that an exemption is appropriate here, nothing in this decision precludes E&E from seeking to negotiate the purchase of the Line from NSR and, if successful, seeking Board authority to operate it.

Further, the Board finds no basis for E&E's claim that it could operate the Line profitably despite IAIS's inability to do so. E&E does not refute Petitioners' claims that revenues from the Line do not cover the operating costs, that rail traffic over the Line has sharply declined in recent years and is expected to continue to decline, and that the Line requires considerable investment to bring it to FRA Class 1 track standards. The only basis E&E provides for its assertion that it could operate the Line at a profit is that, unlike IAIS, it would not have to make lease payments because it would purchase the Line. (E&E Reply 3.) However, Petitioners state that IAIS's operating costs for 2024 were approximately 2.3 times the average annual revenue generated by the Line over the past five years. (Pet. 4.) E&E fails to explain how elimination of the lease payment would allow E&E to make up such a large gap between the revenues and operating

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[7] 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).

[8] See Aban. & Discon. of R. Lines & Transp. Under 49 U.S.C. 10903, 1 S.T.B. 894, 895 (1996) (revising agency regulations to "streamline and improve the abandonment process" as a result of ICC Termination Act of 1995); Knoxville & Holston River R.R.—Aban. Exemption—in Knox Cnty., Tenn., AB 580 (Sub-No. 1X), slip op. at 2 (STB served Feb. 20, 2025) (stating that accepting a late-filed notice of intent to file an OFA "would be contrary to Congress's direction to streamline the abandonment and OFA process"); Lassen Valley Ry.—Aban. Exemption—in Washoe Cnty., Nev. & Lassen Cnty., Cal., AB 1074X, slip op. at 1 (STB served Sept. 7, 2011) (stating that accepting a late-filed notice of intent to file an OFA "would be inconsistent with Congress's direction to the Board to process OFAs within the strict time limits established by the statute.")

costs, particularly given that traffic volume is expected to continue to decline.

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 these exemptions, 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. Petitioners submitted a combined environmental and historic report (E&H Report) with the petition and have notified the appropriate federal, state, and local agencies of the opportunity to submit information concerning the energy and 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 environmental report, verified the data it contains, and analyzed the probable effects of the proposed action on the quality of the human environment.

In a draft environmental assessment (Draft EA) served on June 12, 2026, OEA recommended that the Board impose one condition on any decision granting abandonment authority. Although NSR served the E&H Report on the Iowa State Preservation Office (State Historic Preservation Office or SHPO) pursuant to 49 C.F.R. § 1105.8(c), OEA did not hear from the SHPO by the time the Draft EA was served. As a result, OEA was unable to consider the SHPO's opinion before determining what the effect of the proposed abandonment may be on historic properties eligible for or listed on the National Register of Historic Places (National Register). OEA therefore recommended a condition requiring NSR to retain its interest in and take no steps to alter the historic integrity of all historic properties including sites, buildings, structures, and objects within the project right-of-way (the Area of Potential Effect) that are eligible for listing or listed in the National Register until the Section 106 process of the National Historic Preservation Act (NHPA), 54 U.S.C. § 306108, has been completed. As part of this condition, OEA would also require NSR to report back to OEA regarding any consultations with the SHPO, tribes, and the public and prohibit NSR from filing its consummation notice or initiating any salvage activities related to abandonment (including removal of tracks and ties) until the Section 106 process has been completed and the Board has removed the condition.

Comments on the Draft EA were due by July 13, 2026. The only comment received was from the SHPO stating that the documentation in the E&H Report does not meet the basic project documentation standards under 36 C.F.R. § 800.11 to support an agency's determination of effect pursuant to Section 106. The SHPO requested that additional information be submitted to the SHPO, including a determination of effect. OEA issued a final environmental assessment (Final EA) on July 17, 2026. In the Final EA, OEA explains that, because the Section 106 process has not been completed, it continues to recommend that the Section 106 condition previously recommended in the Draft EA be imposed on any decision granting abandonment authority.

Based on the record and OEA's recommendation, the Board concludes that, as conditioned, the proposed abandonment and discontinuance will not significantly affect either the quality of the human environment or the conservation of energy resources.

Offers of Financial Assistance. The Board will not consider any OFA in this case because no formal expressions of intent to file an OFA were filed by the May 14, 2026 deadline.[9] See 49 C.F.R. § 1152.27(c)(1)(i).

Interim Trail Use. On April 27, 2026, the Iowa Natural Heritage Foundation; the Polk County Conservation Board; and the Cities of Des Moines, West Des Moines, Windsor Heights, Urbandale, Clive, and Grimes (collectively Proponents) jointly requested issuance of a notice of interim trail use (NITU) for the Line. Proponents' request includes a statement of willingness to assume full responsibility for the management of the right-of-way, for any legal liability arising out of the transfer or use of the right-of-way, and for the payment of any and all taxes that may be levied or assessed against the right-of-way, as required by 49 C.F.R. § 1152.29. (Proponents Request 2.) Proponents have also provided a map and acknowledged that the use of the right-of-way for trail purposes is subject to the trail sponsor(s) continuing to meet its responsibilities described above and subject to possible future reconstruction and reactivation of the right-of-way for rail service. NSR has notified the Board that it is willing to negotiate for interim trail use/rail banking with Proponents.

Because Proponents' request complies with the requirements of 49 C.F.R. § 1152.29 and NSR is willing to negotiate for trail use/rail banking, the Board will issue a NITU for the Line. The parties may negotiate an interim trail use/rail banking agreement during the one-year period prescribed below. If an interim trail use/rail banking agreement is reached (and thus interim trail use is established), the parties shall jointly notify the Board within 10 days that an agreement has been reached. See 49 C.F.R. § 1152.29(d)(2), (h). If no agreement is reached within one year, NSR may fully abandon the Line, subject to any outstanding conditions. See 49 C.F.R § 1152.29(d)(1)(i). Use of the right-of-way for trail purposes is subject to possible future reconstruction and reactivation of the right-of-way for rail service and to the trail sponsor's continuing to meet its responsibilities for the right-of-way.

Public Use. In its April 27, 2026 filing, Proponents ask that NSR be prohibited from disposing of the corridor, other than the tracks, ties, and signal equipment, except for public use on reasonable terms, for a 180-day period from the effective date of the abandonment authorization. (Proponents Request 1.) Proponents also ask that NSR be prohibited from removing or destroying potential trail-related structures such as bridges, trestles, and tunnels. (Id. at 1-2.) Proponents' justification for its request is that the rail corridor is suitable for other public use, specifically trail use, and that the 180-day period is needed to review title information, survey the property boundaries, and begin negotiations with the railroad. (Id. at 2.)

Under § 10905, the Board may prohibit the disposal of rail properties that are proposed to be abandoned and are appropriate for public purposes for a period of not more than 180 days after the effective date of the decision approving or exempting the abandonment. To justify a public use condition, a party must set forth: (i) the condition sought; (ii) the public importance of the condition; (iii) the period of time for which the condition would be effective; and

[9] As noted above, E&E's late-filed notice of intent to file an OFA was rejected.

(iv) justification for the imposition of the period of time requested. 49 C.F.R. § 1152.28(a)(2). Proponents state that a public use condition is justified in this case because the rail corridor in question would provide an important connection within and between communities and with the broader Central Iowa Trail System, which is a regional network of more than 800 miles of trails that links the Des Moines metropolitan area with destinations that support economic development and enhance residents' quality of life. (Proponents Request 1-2.) Proponents further state that a 180-day condition is needed to review title information, survey the property boundaries, and begin negotiations with the railroad. (Id. at 2.)

Because Proponents have satisfied these requirements, a 180-day public use condition will be imposed, requiring NSR to keep intact the right-of-way (including trail-related structures such as bridges, trestles, culverts, and tunnels) and to refrain from disposing of the corridor (other than tracks, ties, and signal equipment), commencing from August 30, 2026, the effective date of the abandonment exemption. A public use condition is not imposed for the benefit of any one potential purchaser, but rather to provide an opportunity for any interested person to acquire the right-of-way that has been found suitable for public purposes, including trail use. Therefore, with respect to the public use condition, NSR is not required to deal exclusively with the Proponents but rather may engage in negotiations with other interested persons.

It is ordered:

1. Under 49 U.S.C. § 10502, the Board exempts from the prior approval requirements of 49 U.S.C. § 10903 IAIS's discontinuance of service on the Line, subject to the employee protective conditions set forth in Oregon Short Line.

2. Under 49 U.S.C. § 10502, the Board exempts from the prior approval requirements of 49 U.S.C. § 10903 NSR's abandonment of the Line, subject to the employee protective conditions set forth in Oregon Short Line and the condition that NSR shall retain its interest in and take no steps to alter the historic integrity of all historic properties including sites, buildings, structures, and objects within the project right-of-way (the Area of Potential Effect) that are eligible for listing or listed in the National Register of Historic Places until the Section 106 process of the National Historic Preservation Act, 54 U.S.C. § 306108, has been completed.

3. If an interim trail use/rail banking agreement is reached, it must require the trail user to assume, for the term of the agreement, full responsibility for (i) managing the right-of-way, (ii) any legal liability arising out of the transfer or use of the right-of-way (unless the user is immune from liability, in which case it need only indemnify the railroad against any potential liability), and (iii) the payment of any and all taxes that may be levied or assessed against the right-of-way.

4. Interim trail use/rail banking is subject to possible future reconstruction and reactivation of the right-of-way for rail service and to the trail sponsor's continuing to meet its responsibilities for the right-of-way described in paragraph 3 above.

5. If an interim trail use agreement is reached (and thus, interim trail use is established), the parties shall jointly notify the Board within 10 days that an agreement has been reached.

See 49 C.F.R. § 1152.29(d)(2), (h).

6. If interim trail use is implemented, and subsequently the trail sponsor intends to terminate trail use on all or any portion of the right-of-way covered by the interim trail use agreement, it must send the Board a copy of this decision and notice and request that it be vacated on a specified date.

6. If an agreement for interim trail use/rail banking is reached by July 31, 2027, interim trail use may be implemented. If no agreement is reached, NSR may fully abandon the Line, subject to any outstanding conditions.

7. Consistent with the public use condition imposed in this decision, NSR shall keep intact the right-of-way (other than the tracks, ties, and signal equipment), including potential trail-related structures on the Line, such as bridges, trestles, culverts, and tunnels, for a period of 180 days from the effective date of the abandonment exemption, until February 26, 2027, to enable any state or local government agency, or other interested person, to negotiate the acquisition of the right-of-way for public use.

8. The exemptions will be effective August 30, 2026. Petitions to stay must be filed by August 10, 2026, and petitions to reopen must be filed by August 20, 2026.

9. Pursuant to 49 C.F.R. § 1152.29(e)(2), NSR 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 of the Line has not been effected by NSR's filing of a notice of consummation by July 31, 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 1-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.

10. Petitioners will be required to serve a copy of this decision on each shipper on the Line and certify to the Board that they have done so, by August 5, 2026.

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