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SERVICE DATE – AUGUST 5, 2026

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. NOR 38302S

UNITED STATES DEPARTMENT OF ENERGY AND UNITED STATES DEPARTMENT
OF DEFENSE

v.

BALTIMORE & OHIO RAILROAD COMPANY, ET AL.

Docket No. NOR 38376S

UNITED STATES DEPARTMENT OF ENERGY AND UNITED STATES DEPARTMENT
OF DEFENSE

v.

ABERDEEN & ROCKFISH RAILROAD COMPANY, ET AL.

Digest:¹ This decision approves the agreement negotiated between two government departments and CSX Transportation, Inc., to settle these longstanding rate reasonableness complaints as between them only. At their request, the Board prescribes the rates, the rate update methodologies, and the maximum revenue-to-variable cost ratios contained in the agreement.

Decided: July 31, 2026

On December 1, 2025, the United States Department of Energy and the United States Department of Defense (the Government) and CSX Transportation, Inc. (CSX) (collectively, Movants), jointly filed a motion seeking Board approval of a proposed settlement agreement (CSX Settlement Agreement or Agreement) that would resolve the above-captioned rate reasonableness disputes as between them only. Movants also seek a prescription of the rates and rate update methodologies, and maximum revenue-to-variable cost (R/VC) ratios established for the commodities and services that are the subjects of the Agreement. At Movants' request, notice of the CSX Settlement Agreement was served and published in the Federal Register (91 Fed. Reg. 10179) on March 2, 2026. In the notice, the Board solicited comments on the Agreement. No comments were filed. As discussed more fully below, the Board will grant the motion, approve the Agreement, and prescribe the Agreement's rates and rate update methodologies and maximum R/VC ratios.

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. Pol'y Statement on Plain Language Digs. in Decisions, EP 696 (STB served Sept. 2, 2010).

BACKGROUND

In March 1981, the Government filed these complaints against 21 railroads (the Railroad Defendants) under section 229 of the Staggers Rail Act of 1980, Pub. L. No. 96-448, 94 Stat. 1895. The Government sought reparations and a rate prescription relating to the nationwide movement of spent nuclear fuel, other high-level radioactive wastes, and the empty containers (casks) and buffer and escort cars used for their movement (together, radioactive materials).

In 1986, the Board's predecessor, the Interstate Commerce Commission (ICC), found that the Railroad Defendants were engaging in an unreasonable practice by imposing substantial and unwarranted cost additives—above and beyond the regular train service rates—in an effort to avoid transporting these radioactive materials. The ICC directed the Railroad Defendants to cancel the existing rates and cost additives, prescribed new rates, and awarded reparations. See Commonwealth Edison Co. v. Aberdeen & Rockfish R.R., 2 I.C.C.2d 642 (1986). The United States Court of Appeals for the District of Columbia Circuit set aside and remanded the decision. See Union Pac. R.R. v. ICC, 867 F.2d 646 (D.C. Cir. 1989). On remand, the ICC ruled that the movement of these radioactive materials for reprocessing was subject to the rate cap on recyclables set out in former 49 U.S.C. 10731(e) and directed the parties to file R/VC evidence to resolve the remaining reparations and rate prescription issues. See U.S. Dep't of Energy v. Balt. & Ohio R.R., 10 I.C.C.2d 112 (1994). While judicial review of that decision was pending, Congress enacted the ICC Termination Act of 1995, Pub. L. No. 104-88, 109 Stat. 803, which repealed § 10731 in its entirety and directed that all proceedings pending under the repealed statutory provision be terminated.

The Railroad Defendants petitioned the Board to dismiss the complaints in 1996, and, in 1997, they invited the Government to explore the possibility of settling the complaints. Discussions commenced on a nationwide settlement covering all the Railroad Defendants that might carry radioactive materials. See U.S. Dep't of Energy v. Balt. & Ohio R.R., NOR 38302S et al. (STB served Nov. 5, 2004). The Government subsequently chose to negotiate only with Union Pacific Railroad Company (UP), the destination carrier for most of the movements of radioactive materials that were to be covered by the nationwide settlement, after the parties concluded that there were potential antitrust problems in negotiating with the Railroad Defendants as a group. See id.

In 2004, the Government and UP moved for approval under 49 U.S.C. 10704 of a settlement agreement they had negotiated to resolve these complaints as between them only. The Board approved that settlement agreement in 2005 and directed the Government to file quarterly status reports on the progress of settlement negotiations with other railroads. See U.S. Dep't of Energy v. Balt. & Ohio R.R., NOR 38302S et al. (STB served Aug. 2, 2005). In 2012, BNSF Railway Company (BNSF) and the Government similarly moved for approval of a settlement agreement, and the Board approved that agreement in a decision served the next year. See U.S. Dep't of Energy v. Balt. & Ohio R.R., NOR 38302S et al. (STB served Aug. 26, 2013). Thereafter, in 2017, the Board approved a settlement agreement between the Government and Norfolk Southern Railway Company (NSR). See U.S. Dep't of Energy v. Balt. & Ohio R.R., NOR 38302S et al. (STB served June 28, 2017). Movants state that the settlement agreements

with UP, BNSF, and NSR successfully resolved all rate-setting, shipping, and service determinations between those carriers and the Government.

Movants now jointly request that the Board approve the proposed CSX Settlement Agreement and prescribe the rate methodology set forth in it. (Joint Mot. 2, Dec. 1, 2025.) They assert that the agreement achieves a long-term, system-wide settlement, as between CSX and the Government, of all rate and service issues related to spent nuclear fuel and related traffic now moving or likely to move in the future. (*Id.* at 12.) Movants note that the UP, BNSF, and NSR settlements have served as models to the Government for the CSX Settlement Agreement. (*Id.* at 9.)

In particular, the CSX Settlement Agreement:

(1) provides for a term of 25 years, commencing on the effective date of the Board's approval of the CSX Settlement Agreement, and continues in effect for additional 5-year periods, subject to a 1-year termination notice requirement. (*Id.*, Ex. A ¶¶ 21, 25; *see also id.* at 10.) The parties note that the 25-year term with the possibility of extensions follows the BNSF settlement agreement but differs from the UP and NSR settlement agreements, which each provide for unlimited terms, (*id.* at 9-10);

(2) applies broadly to the nationwide movement on CSX's rail lines of irradiated spent fuel, parts, and constituents; spent fuel moving from foreign countries to the United States for disposal; empty casks; radioactive wastes; and buffer and escort cars. (*Id.*, Ex. A ¶ 1.A.) With respect to those movements governed by the rate basis prescribed in Trainload Rates on Radioactive Materials, E. Railroads, 362 I.C.C. 756 (1980) and 364 I.C.C. 981 (1981) (Eastern Prescription Case),² this agreement (similar to the NSR agreement) incorporates a method of determining rates for dedicated trains which grants CSX an increment over the Eastern rate basis established in the Eastern Prescription Case to equalize the cost of shipments nationwide, (Joint Mot. 5, Dec. 1, 2025; *see also id.* at 10 (describing the CSX lines to which the Eastern rate basis applies));

(3) establishes the parties' agreement that the movement of these radioactive materials constitutes common carrier service; addresses the elements of service required of CSX; adopts guidelines for safe handling and security; and obligates CSX to provide, as needed, "extra services" as described in the agreement, at the rates agreed upon, (*id.* at 6-7, 11, 13; *see also id.*, Ex. A ¶¶ 4, 6.A, 6.B, & 10);

(4) adopts a rate methodology to: (a) apply to all future movements of these radioactive materials in common carrier service. The methodology adopts maximum R/VC markups of

² In that proceeding, maximum R/VC ratios were prescribed on a commodity-by-commodity basis at various minimum weights as local and proportional rate factors. The prescription was applicable within the East but primarily was to be used for through movements destined beyond the lines of the rail carriers covered by the prescription. The ICC's 1980 decision was affirmed in Consolidated Rail Corp. v. ICC, 646 F.2d 642 (D.C. Cir. 1981), cert. denied, 454 U.S. 1047 (1981).

CSX’s most current system-average variable unit costs computed under the Board’s Uniform Rail Costing System (URCS). (*Id.* at 6; *id.*, Ex. A ¶ 6.) The Government agrees to limit the application of the Eastern rate basis to the former lines of those railroads specifically listed in the Eastern Prescription Case, (*id.* at 10-11; see also *id.*, Ex. A ¶ 6);³ and (b) compensate CSX for “extra services” and dedicated train service, when requested by the Government, and procedures to calculate “equitable compensation” for emergency-related costs that CSX may incur (Joint Mot. 6-7, 13, Dec. 1, 2025; see also *id.*, Ex. A ¶¶ 6.B & 6.C);

(5) adopts a procedure to update compensation for rates and “extra services” when the Board “issues new URCS and make-whole factors” to reflect changes in CSX’s system-average unit costs, (*id.*, Ex. A ¶ 7);

(6) extinguishes CSX’s liability (and that of its predecessors and subsidiaries) for reparations in all matters arising out of these proceedings, (*id.*, Ex. A ¶ 23; see also *id.* at 17);

(7) adopts alternative dispute resolution procedures, with recourse to the Board if those procedures do not resolve a dispute and mechanisms to renegotiate portions of the agreement in a limited number of circumstances or if changed circumstances make further adherence to the terms of the agreement “grossly inequitable” to either party, (*id.* at 13-14; see also *id.*, Ex. A ¶¶ 15 & 25); and

(8) incorporates language regarding indemnification pursuant to the Price-Anderson Nuclear Industries Indemnity Act, 42 U.S.C. 2210 (Price Anderson Act). Specifically, the CSX Settlement Agreement states that, “as set forth in [the] Price Anderson [Act], such public liability (including any clean-up costs and any loss of use to the extent such damages are permitted by applicable law) shall extend to any CSX-owned property (including but not limited to CSX rights-of-way, yards, rail lines, tracks, locomotives, rolling stock cars, equipment, vehicles, and buildings) (i) that is damaged by a nuclear incident covered by [the] Price Anderson [Act], and (ii) for which atomic/nuclear insurance cannot be obtained or would not be expected.” (Joint Mot. 12, Dec. 1, 2025; see also *id.*, Ex. A ¶ 6.E.)

Movants state that the Agreement adopts the rate structure and principal terms of the Government’s agreements with UP, BNSF, and NSR, while improving upon those documents by clarifying or elaborating upon definitions and accepted practices and making explicit certain legal standards applicable regardless of their inclusion in the Agreement. (Joint Mot. 9, Dec. 1, 2025.) The Agreement, according to Movants, differs from those with UP and BNSF in that part of CSX’s routes are covered by the Eastern Prescription Case, as was the case for NSR. (*Id.* at 6.) Movants explain that the present settlement essentially broadens the Eastern Prescription Case model to include radioactive shipments of varying weights in varying types of service and equipment with the object of providing for CSX rates and services into the long-term future. (*Id.* at 18.)

³ The parties note, however, that the Eastern rate will apply to the applicable lines of Pan Am Railways which were acquired by, and became part of, the CSX network in 2022. (*Id.* at 10); see also CSX Corp.—Control & Merger—Pan Am Systems, Inc., FD 36472 et al. (STB served Apr. 14, 2022).

CSX concedes, for purposes of the joint motion and the Agreement only, “that the Board has jurisdiction to approve the Settlement Agreement and to prescribe rates that encompass naval, commercial, and foreign research reactor spent fuel, waste shipments, and other related shipments made by or for the Government.” (Joint Mot. 15, Dec. 1, 2025.) This concession, CSX asserts, “is in keeping with the holding in” Union Pacific Railroad v. ICC, 867 F.2d at 649, “that a concession of market dominance removes that issue from the proceedings.” (Joint Mot. 15, Dec. 1, 2025.)

Movants state that the Agreement will be implemented by CSX tendering rate quotations to the Government pursuant to 49 U.S.C. 10721. (Joint Mot. 16, Dec. 1, 2025.) Thus, they assert that no contract rates are involved here. (*Id.*) Movants further state that all the rates under the proposed methodologies that the Board is being asked to approve will be common carrier rates, which are fully subject to Board oversight for rate reasonableness. (*Id.*)

Movants also note that the Agreement does not purport to resolve any issues for the remaining defendants. (*Id.* at 14.) They further note that, as the Board determined with respect to the Government’s settlements with UP, BNSF, and NSR, the terms and obligations of the Government’s settlement with CSX will be binding only between the Government and CSX and will not have precedential effect regarding the reasonableness of other railroad parties’ rates or their common carrier obligations. (*Id.*)

Movants contend that the Agreement is in their interests and in the public interest (*id.*) and that it is consistent with the Rail Transportation Policy (RTP), 49 U.S.C. 10101, asserting that it: allows to the maximum extent possible for competition and the demand for service to establish reasonable rates, § 10101(1); minimizes federal regulatory control, § 10101(2); promotes an efficient rail transportation system, § 10101(3); ensures the development and continuation of a sound rail transportation system, § 10101(4); and fosters sound economic conditions in transportation, § 10101(5) (Joint Mot. 15, Dec. 1, 2025).

Movants also point out that the Agreement affirms the Board’s policy favoring the private settlement of disputes. (*Id.* at 16.) Movants assert that the “Agreement also serves the public interest by not prejudicing the Government’s right of action against any remaining defendant.” (Joint Mot. 17, Dec. 1, 2025.) In this regard, Movants note that, while some of the movements covered by the Settlement Agreement are and will be local movements on CSX, the majority of the movements under the Agreement are expected to be interline movements involving two or more rail carriers. (*Id.* at 16.) Citing Ford Motor Company v. ICC, 714 F.2d 1157 (D.C. Cir. 1983) and U.S. Department of Energy v. Aberdeen & Rockfish Railroad, NOR 38302S et al., slip op. at 5-6 (STB served Aug. 2, 2005), they assert that the Board, like the ICC before it, has jurisdiction to approve settlements for rail carriers participating in through rates and services and may, “[i]n cases involving a challenge to a through rate . . . permit the dismissal of one party without jeopardizing the complainant’s right to proceed against the remaining joint defendants and to forego reparations from the settling carrier.” (Joint Mot. 16, Dec. 1, 2025.)

Movants request that the Board: (1) prescribe the rate methodologies and maximum R/VC ratios that have been agreed to for the radioactive materials and rail services that are the

subject of the agreement; and (2) dismiss CSX as a defendant in these proceedings, extinguish CSX's liability for reparations in all matters arising out of these proceedings, and relieve CSX from any further requirement to participate in these proceedings (except in response to a properly issued subpoena under the Board's rules). (Joint Mot. 3-4, 19, Dec. 1, 2025.) Furthermore, the Government requests that the Board retain jurisdiction over these proceedings and continue to hold them in abeyance pending further settlement negotiations. (Id. at 4.)

DISCUSSION AND CONCLUSIONS

As the Movants note, the CSX Settlement Agreement is substantially similar to the UP Agreement or the subsequent agreements the agency approved involving BNSF and NSR. (See Joint Mot. 3, Dec. 1, 2025.) Like those agreements, the CSX Settlement Agreement concerns rate and service obligations that apply to the Government's movement of radioactive materials over the lines of a major Class I rail carrier and resolves decades-old, difficult, and complex issues related to those obligations. It appears to satisfy fully Movants' basic needs as they apply to the movement of radioactive materials by rail, giving them the flexibility they seek, the ability to accommodate changing needs and technologies, and the opportunity to move to a more collaborative business partnership with respect to the transportation of traffic covered by the Agreement.

Wherever possible, the Board's longstanding policy is to encourage the private resolution of disputes through voluntary negotiations among all interested parties. The CSX Settlement Agreement is the result of arm's-length negotiations over an extended period of time. Under the circumstances, there is no reason for the Board to withhold its approval. Indeed, consistent with the RTP, the Agreement promotes 49 U.S.C 10101 by minimizing the need for Federal regulatory control, promoting an efficient rail transportation system, helping to ensure the development and continuation of a sound rail transportation system, and fostering sound economic conditions in transportation. §§ 10101(2)-(5). Other aspects of the RTP would not be adversely affected.

Consistent with Movants' requests, the Board: (1) approves the proposed Agreement; (2) prescribes the Agreement's rate update methodologies, maximum R/VC ratios, and rates; (3) dismisses CSX as a defendant in these proceedings; (4) extinguishes all of CSX's liability (including that of its predecessors and subsidiaries) for reparations; and (5) relieves CSX from any further requirement to participate in these proceedings, except in response to a properly issued subpoena under the Board's rules.

Finally, the March 2, 2026 Federal Register notice required the Government to file a list of remaining defendants in these proceedings to inform the Board of the status. The Government's April 16, 2026 letter provided that information and indicated that there were a number of remaining railroads with whom the Government had yet to reach a transportation agreement. The Government stated that it intended to reach out, on an individual basis, to a discrete number of railroads to explore the possibility of additional agreements related to these proceedings. (Gov't Ltr. 1, Apr. 16, 2026; see id., Attach. 1 & 2.) Accordingly, the Board will keep these dockets open consistent with the Government's request that the proceedings continue to be held in abeyance pending further settlement negotiations.

It is ordered:

1. The Agreement is approved.
2. The rate update methodologies and rates set forth in the Agreement are prescribed as the maximum reasonable rates as between the signatories.
3. CSX's liability (including that of its predecessors and subsidiaries) for reparations is extinguished.
4. CSX is dismissed as a party to these proceedings and relieved from any further requirement to participate in these proceedings, except in response to a properly issued subpoena under the Board's rules.
5. Notice will be published in the Federal Register.
6. This decision is effective on August 5, 2026.

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