

SERVICE DATE – OCTOBER 29, 2026

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. FD 36932

CHANNEL PACIFIC RAILROAD—OPERATION EXEMPTION—IN WEST
SACRAMENTO, YOLO COUNTY, CAL.

Digest:¹ This decision declines to institute a proceeding to address a petition to reject, revoke, or declare void an operation exemption that took effect in June 2026; accordingly, the petition is denied.

Decided: October 27, 2026

On May 12, 2026, Channel Pacific Railroad (CHPR), a noncarrier, filed a verified notice of exemption under 49 CFR 1150.31 to operate approximately 2,132 feet of track (the Line) located in a terminal facility (the Facility) in West Sacramento, Yolo County, Cal. Notice of CHPR’s exemption was served and published in the Federal Register on May 28, 2026 (91 Fed. Reg. 31318) (May 28 Notice), and the notice became effective on June 11, 2026.

On July 31, 2026, the City of West Sacramento, Cal., and the Sacramento-Yolo Port District (together, the Sacramento-area Government Entities or SGEs) filed a petition to reject the verified notice, revoke the exemption, or declare the exemption void ab initio (the Petition).² CHPR filed a reply to the Petition on August 20, 2026 (Reply). For the reasons discussed below, the Board will decline to institute a revocation proceeding and deny the Petition. Pursuant to 49 U.S.C. 10502(d), the Board’s decision will be published in the Federal Register.

BACKGROUND

The Line consists of two tracks that begin at a point of connection with a rail line owned by Union Pacific Railroad Company (UP) at the northern boundary of the Facility, immediately south of Channel Drive, and extends southward to ending points immediately north of the

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 The Petition is styled both as a petition “to reject or revoke exemption,” (Pet. 1), and a petition “to revoke exemption pursuant to 49 U.S.C. 10502(d) or declare exemption void ab initio pursuant to 49 CFR 1150.42(c),” (id. at 2).

Sacramento River Deep Water Ship Channel.³ (Verified Notice 3; see id., Ex. A (map).) The Line has no mileposts and is owned by CHPR’s noncarrier corporate affiliate, Greencycle Properties, LLC (Greencycle).⁴ (Verified Notice 1.)

According to the verified notice, CHPR and Greencycle have agreed that CHPR would “acquire the right to conduct railroad common carrier service over” the Line and that CHPR would “assume responsibility for the provision of associated commodity-handling and transloading services within” the Facility. (Id. at 2.) CHPR asserts that it is leasing the Line and Facility from Greencycle under a lease effective July 1, 2026. (Reply 26-27.) CHPR states that it will deliver “comprehensive, railroad-oriented transportation services within” the Facility, “including, among other things, the inbound and outbound transportation of railroad-borne shipments.” (Verified Notice 2-3; see Reply 11-12 (describing its intended services package to involve “comprehensive transload and logistics services,” including “[t]he offloading, temporary storage, and reloading of bulk commodities into motor carriers for local distribution”).) CHPR further asserts that it has “communicated its short line operations plans with UP” and that UP has indicated willingness “to coordinate with CHPR on its common carrier implementation and subsequent operating plans.” (Verified Notice 4; see Reply 13 (noting that CHPR and UP executed a formal interchange agreement, effective July 14, 2026).)

The May 28 Notice provided that petitions for stay were due by June 4, 2026; no stay requests were filed. By decision served June 10, 2026 (June 10 Decision), the Board waived the 60-day advance notice requirement under 49 CFR 1150.32(e) and established that CHPR’s exemption would become effective on June 11, 2026.

On July 31, 2026, the SGEs filed the Petition, arguing that the Board should reject the verified notice, revoke the exemption, or declare the exemption void ab initio. On August 20, 2026, CHPR replied to the petition.

PRELIMINARY MATTER

On September 8, 2026, the SGEs filed a request for leave to file a rebuttal to CHPR’s reply. In the filing, the SGEs assert, among other things, that the reply contains factual inaccuracies and is misleading. On September 23, 2026, CHPR filed an opposition to the SGEs’ request for leave. The Board’s rules do not permit a reply to a reply, see 49 CFR 1104.13(c),⁵ and the SGEs’ filing, which they characterize as a “limited rebuttal,” largely repeats or expands

³ CHPR states that a third track, which is excluded from the linear footage of the Line, will be spur track pursuant to 49 U.S.C. 10906. (Verified Notice 3; see id., Ex. A (map).)

⁴ According to CHPR, it and Greencycle are both controlled by Teichert Inc. (Teichert), a noncarrier that does not own any other rail carriers. (Verified Notice 1.)

⁵ As a general matter, to promote the orderly and efficient administration of cases, the Board is more strictly enforcing 49 CFR 1104.13(c). Kan. & Okla. R.R.—Lease & Operation Exemption with Interchange Commitment—Union Pac. R.R., FD 36849, slip op. at 7 (STB served Mar. 20, 2026) (citing Sunflower State Indus. Ry.—Pet. for Declaratory Ord., FD 36714 (Sub-No. 1), slip op. at 2 n.3 (STB served Mar. 28, 2025)).

on arguments and information presented in the Petition. Accordingly, the SGEs' request for leave to file a rebuttal will be denied.

DISCUSSION AND CONCLUSIONS

As noted above, CHPR's notice of exemption has already become effective, with no party having sought a stay of the effective date. Because the exemption is already in effect, the Petition—which seeks rejection and revocation—will be treated as a petition to revoke. See Middletown & N.J. R.R.—Lease & Operation Exemption—Norfolk S. Ry., FD 35412, slip op. at 2 n.1 (STB served Dec. 23, 2010). Pursuant to 49 U.S.C. 10502(d), “an already-effective exemption may be revoked, in whole or in part, if regulation is necessary to carry out the [Rail Transportation Policy (RTP)] of 49 U.S.C. 10101.” Mid-Atl. Gateway LLC—Lease & Operation Exemption—Certain Rail Line Assets of J.P. Rail, Inc., FD 36644, slip op. at 2 (STB served Feb. 15, 2023). Furthermore, “[t]he Board shall, within 90 days after receipt of a request for revocation . . . determine whether to begin an appropriate proceeding.” 49 U.S.C. 10502(d). If it “decides not to begin a proceeding,” the Board must publish “the reasons for the decision” in the Federal Register. Id.

“A party seeking revocation or rejection of a notice of exemption has the burden of demonstrating that the notice contains false or misleading information, or that regulation is necessary to carry out the” RTP. TGS Cedar Port R.R.—Operation Exemption—in Chambers Cnty., Tex., FD 36627, slip op. at 3 (STB served Apr. 1, 2024) (quoting Gen. Ry.—Exemption for Acquis. of R.R. Line—in Osceola & Dickinson Cntys., Iowa, FD 34867, slip op. at 4 (STB served June 15, 2007)) (denying petition to revoke); see 49 U.S.C. 10502(d). An exemption under 49 CFR part 1150 subpart D is void ab initio if the verified notice of exemption contains false or misleading information that is material to the authorization process. TGS Cedar Port R.R., FD 36627, slip op. at 3 (citing 49 CFR 1150.32(c); Berkshire Scenic Ry. Museum, Inc. v. ICC, 52 F.3d 378, 381 (1st Cir. 1995)). The “[f]ailure to disclose material information can render a notice misleading by omission.” Ohio River Partners LLC—Acquis. & Operation Exemption—Hannibal Dev., LLC, FD 35984, slip op. at 3 (STB served Apr. 1, 2016) (citing U S Rail Corp.—Lease & Operation Exemption—Shannon G., a N.J. LLC, FD 35042 (STB served Oct. 8, 2008)). Information is material if the transaction would not otherwise have qualified for an exemption. TGS Cedar Port R.R., FD 36627, slip op. at 3 (citing Berkshire, 52 F.3d at 381). Additionally, in considering whether a statement is misleading, “the relevant question is whether the Board itself has been materially misled.” Id. (citing Snohomish Cnty., Wash. v. STB, 954 F.3d 290, 303 (D.C. Cir. 2020)).

As discussed below, the SGEs argue that the exemption should be declared void ab initio or revoked because the verified notice is misleading, CHPR is not prepared to operate as a common carrier, and the circumstances are too complicated for the class exemption process. The Board addresses these arguments in turn below.

Request to declare exemption void ab initio

Alleged omissions and misstatements. According to the SGEs, CHPR omits material information from the verified notice and presents other material information in a misleading

manner, “which appear to have been intended to mask the full scope of the owners’ activities,” rendering the verified notice void ab initio. (Pet. 3.) The SGEs assert that the verified notice refers to the Facility as a railroad-served “terminal complex” but fails to discuss how “one of the primary activities at the site would be transfer of petroleum product from ships to storage tanks” and then from storage tanks to trucks. (*Id.* at 5; *see also id.* at 9-10 (arguing that the verified notice omitted details about plans for receiving asphaltic oil via maritime shipments, making related infrastructure developments, and negotiating a dock lease).) The SGEs further criticize CHPR’s filing for not discussing plans to repurpose the Facility’s existing chemical storage tanks to accommodate asphaltic oil storage, (*see, e.g., id.* at 3), and claim that CHPR’s intended operations are not “a typical rail to truck transload operation” because the “loading of trucks activity will physically occur over 300 feet from the rail spur,” (*id.* at 12). The Petition also describes interactions between the SGEs and Teichert personnel since August 2025 concerning anticipated operations at the Facility (including rail) and attaches correspondence related to such plans and related permitting issues. (*See, e.g., id.* at 2-4, 6-8, 10-11; *id.*, Exs. B, E.)

The SGEs further assert that the verified notice should have explained that Greencycle is the only entity with “physical access to the rail lines,” which, according to the SGEs, makes Greencycle the only possible shipper, (*id.* at 5⁶), but that CHPR instead uses terminology that “might invoke images of a multi-tenant rail park or a logistics park,” (*id.* at 11). According to the SGEs, Greencycle “is merely a rail served customer of” UP, (*id.* at 6), and CHPR’s activities will occur “behind the gate” (or fence) at the Facility, (*id.* at 4; *see id.* at 6, 12, 13, 14).⁷ The SGEs also take issue with the verified notice’s description of the track as “2,132 linear feet” without clarifying, in text, that the total embraces three segments of track (one 985-foot track, one 897-foot track, and a 250-foot connector track). (*Id.* at 5.) Additionally, the SGEs suggest that CHPR’s projection of \$5 million in annual operating revenues “refers to revenues from sales of asphalt,” not rail transportation. (*Id.* at 14.)

In response, CHPR argues that its verified notice provides what is required under the regulations: an accurate description of “the lines of railroad that would become the subject to the proceeding.” (Reply 9 (emphasis omitted) (citing 49 CFR 1150.33(e)(3)-(4)).) CHPR asserts that “an exhaustive, granular inventory of . . . ancillary transportation infrastructure” is not required by the regulations. (*Id.* at 9.) CHPR also argues that its negotiations for a river dock lease and the repurposing of storage tanks have “no bearing on” the exemption criteria here, which focus on “the relevant transaction elements—specifically, the acquisition of operating rights over the track and the commitment to provide common carrier service over them.” (*Id.* at 10.) CHPR further argues that the Board should reject the SGEs’ suggestion that the filing falsely “*implied* direct, side-by-side rail-to-truck transloading” despite the 300-foot distance between the truck bay and the rail spur. (*Id.* at 14 (citing Pet. 12).) According to CHPR, the

⁶ The SGEs claim that “there are no other rail customers involved, nor can there be unless Greencycle sells parcels of its property to other entities who might be served by” CHPR. (Pet. 12.)

⁷ According to the SGEs, a closed gate and/or fence runs across the tracks at the Facility. (*See* Pet. 12 (citing Pet., Ex. F (photos dated July 17, 2026)).) The SGEs similarly describe the Facility’s prior owner as “a behind the fence shipper facility that was rail served by” UP. (*Id.* at 13.)

verified notice made no such representations, such details would not have affected the validity of the exemption, and CHPR's plans regarding transfer of commodities are standard for multimodal logistics providers. (*Id.*)

CHPR further states that its description of the site as a "terminal complex" was accurate because the Facility will function as "a multimodal transload terminal," with CHPR "receiving asphaltic oil via multiple modes (rail and ship), storing it in tanks, and transferring it to tanker trucks for distribution to off-site asphalt plants." (*Id.* at 9-10; *see* Verified Notice 2, 3.) CHPR avows that the Facility "can and will be made available to other customers" beyond Greencycle and that CHPR is fully aware of—and "steadfast[ly] commit[ted]" to fulfilling—its common carrier obligation. (Reply 12; *see id.* at 23-24.) CHPR further asserts that it is standard practice for rail customers to use terminal facilities for transloading "using available ground space" without any need for an on-site real estate footprint or intermediate storage. (*Id.* at 27, 28.⁸) Additionally, CHPR states that the verified notice accurately describes the length of the Line, (*id.* at 14-15), and that its projection of annual operating revenues exceeding \$5 million is "a good-faith estimate of the revenues to be generated from the comprehensive railroad services package CHPR will provide," (*id.* at 11; *see id.* at 12 (stating that the estimate reflects the "comprehensive scope of projected common carrier logistics services")). CHPR represents that the figure did not account for the sale of the commodity as "CHPR will merely transport and handle asphaltic oil for a charge; it will not be the beneficial owner of it." (*Id.*)

The information that the SGEs claim is either misleading or omitted from the verified notice is not material because it does not bear on the exemption criteria. (*See, e.g.*, Reply 9-10.) The Board's regulations require a notice of exemption to include "[a] brief summary of the proposed transaction." 49 CFR 1150.33. CHPR's verified notice met this requirement. The information about CHPR's operations that the SGEs argue was omitted or misleading—such as CHPR's plans to facilitate maritime shipments (in addition to rail) or repurpose storage tanks and the distance between the rail spur and truck loading—are not required by the regulation. Additionally, the verified notice's description of the Facility as a "terminal complex" (or "railroad-served terminal facility") was not misleading, as it appears to reflect CHPR's plans for rail service. (Verified Notice 2, 3.) Furthermore, as discussed below, CHPR has verified that it has prospective third-party customers. (*See* Reply 28-29.) The Board also does not take issue with CHPR's description of the track as 2,132 linear feet, particularly in light of the verified notice's map depicting the segments of track, (*see* Verified Notice 3; *id.*, Ex. A (map depicting a "track 1" and a "track 2" as 897 and 985 feet, respectively, with a 250-foot "connector track," and a "track 3 spur track" as 709 feet)), and the SGEs have provided no basis for the Board to find that CHPR's "good-faith estimate" of anticipated revenues was false or misleading.

⁸ CHPR asserts that if any customers require intermediate storage, it is possible to provide that "without triggering California subdivision laws," as the SGEs appear to suggest. (Reply 28; *see* Pet. 12.) According to CHPR, "customers can contract for the throughput of asphaltic oil via" the existing storage tanks, or they could "execute simple facility lease agreements for the large on-site warehouse or individual storage tanks to accommodate completely different rail-borne products." (Reply 28.) CHPR states that it is "in preliminary discussions with third-party construction companies to provide exactly these services." (*Id.*)

Alleged lack of readiness or intention to commence common carrier operations. The SGEs contend that CHPR is not a legitimate rail carrier and that it is seeking operating authority “to take advantage of the preemptive authority of the Board’s jurisdiction . . . and avoid certain state and local land use regulations.” (Pet. 4; see *id.* at 3, 4-5.) The SGEs also claim that a lack of preparation for common carrier operations by CHPR indicates that it does not intend to provide common carrier service. The SGEs assert that “[i]nstead of . . . an interchange agreement with Union Pacific, as one would expect from a short line railroad, [CHPR] apparently has only an industry track agreement with Union Pacific, which is what one would expect of a typical rail served customer.” (*Id.* at 6 (citing *id.*, Ex. B at 5 (August 2025 letter from Teichert’s attorney to City of West Sacramento noting that Teichert had “entered into a track licensing agreement with [UP] for ongoing rail service” at the Facility))).) The SGEs also question CHPR’s intentions by asserting that there are no discernable locomotives or rail equipment in place yet at the Facility, (*id.* at 12-13), CHPR is not listed on UP’s website as a short line that it connects with, (*id.* at 8, 13), and CHPR does not yet have an official Standard Carrier Alpha Code (SCAC) identifier, (*id.* at 8, 13).

In its reply, CHPR acknowledges that it sought common carrier authority in part to address “the community’s attempts to ‘regulate’ away the Terminal’s historic access to the interstate network.” (Reply 23.) CHPR argues, however, that it is not problematic for it to consider preemption in invoking the Board’s common carrier authorization processes, (*id.* at 23), and that it is “a lawful prerogative, provided the entity assumes the actual, objective obligations of a common carr[ier], as CHPR pledges to do,” (*id.* at 24). CHPR also responds with a detailed description of its preparations to provide common carrier service. (*Id.* at 12-14, 25, 26, 28-29.)

The Board’s regulations and precedent do not require CHPR to have all operating assets and administrative arrangements in place prior to seeking common carrier operating authority. See Townline Rail Terminal, LLC—Constr. & Operation Exemption—in Suffolk Cnty., N.Y., FD 36575 (STB served Nov. 15, 2023) (denying motion to dismiss petition for exemption and rejecting argument that the exemption filer’s “failure to provide evidence that it ha[d] entered into an interchange agreement with [railroad] indicates [filer] would not be a rail carrier”); Mid-Atl. Gateway LLC, FD 36644, slip op. at 2 (“The grant of the exemption here does not require the parties to complete the transaction, and revoking the exemption is not necessary simply because the parties have not reached a final agreement to go forward.”). The verified notice states that CHPR was in communication with UP about its intended short line operations, (see Verified Notice 4), and CHPR explains that it and UP now have executed a formal interchange agreement and have continued discussions regarding interline service, (Reply 13 (stating that the parties “are forging ahead with other interline service arrangements consistent with UP’s acceptance of CHPR’s intended common carrier status”); *id.* at 26 (referring to “active, ongoing commercial discussions regarding the handling of traffic in interline service” and asserting that “UP has been highly receptive here”))).

Further, CHPR has pledged that it “will acquire the administrative identifiers and operational assets in the ordinary course of business as it acts upon its permissive authority,” (Reply 13-14), and indicates that it has been making progress on those efforts since the exemption took effect, (*id.* at 25 (asserting that it is in the process of obtaining SCAC registration, developing common carrier tariffs, and coordinating with the Railroad Retirement

Board)); see Riverview Trenton R.R.—Pet. for Exemption from 49 U.S.C. 10901 to Acquire & Operate a Rail Line in Wayne Cnty., Mich., FD 34040, slip op. at 3-4 (STB served Nov. 30, 2007) (carrier’s delay in beginning operations was not a basis to revoke the exemption where it was taking “steps . . . to restore rail service” and appeared to “remain[] committed to instituting the proposed rail service”). Moreover, CHPR has repeatedly affirmed that it “fully understands its statutory obligations to hold itself out to the public as a common carrier” and that it “stands ready” to provide its services and Facility access to third parties upon reasonable demand. (Reply 12; see id. at 3, 23-24, 26); Townline Rail Terminal, LLC, FD 36575, slip op. at 4-5 (STB served Nov. 15, 2023) (referring to exemption filer’s repeated statements “that it would offer common carrier rail service to the public for compensation”). CHPR has also represented that after it announced its plans to commence common carrier service, prospective third-party customers “promptly came forward seeking opportunities to transload additional, non-asphalt commodities,” which it states demonstrates “a plausible local need” for its intended services. (Reply 28-29.) The SGEs have not provided the Board with any basis to discredit these sworn statements.⁹

Finally, to support their argument that CHPR is not a rail carrier, the SGEs primarily rely on the Board’s decision in Hi Tech Trans, LLC—Petition for Declaratory Order—Newark, N.J., FD 34192 (Sub-No. 1), slip op. at 5 (STB served Aug. 14, 2003) (transloading activities not within the Board’s jurisdiction where, among other things, activities were “not performed by a rail carrier or under the auspices of a rail carrier holding itself out as providing those services”). However, Hi Tech is not applicable. Unlike the third-party transloader there, which operated a transloading facility located on a rail carrier’s property and was not itself a rail carrier, CHPR has stated that it will hold itself out to the public as a rail carrier and has sought operating authority to do so.¹⁰

Therefore, the Board finds that CHPR did not materially mislead the Board or omit material information and will deny the SGEs’ request to declare the exemption void ab initio.

⁹ CHPR’s reply includes a sworn verification from its Vice President. (Reply 61.)

¹⁰ The Board has revoked exemptions where there was specific evidence indicating that a transaction was merely a sham to preempt state or local condemnation actions and the record raised significant doubt as to whether the exemption-holder ever intended to initiate rail service. See, e.g., Milwaukee Ind. Trade Ctr., LLC—Acquis. & Operation Exemption—Line Owned by Milwaukee Ind. Trade Ctr., LLC, FD 35133, slip op. at 7-8 (STB served June 16, 2010); Jefferson Terminal R.R.—Acquis. & Operation Exemption—Crown Enters., Inc., 5 S.T.B. 461, 465 (2001). Here, that is not the case. Even though CHPR may have “sought common carrier status in part” to obtain preemption, there is no specific evidence on the record that its efforts to serve as a common carrier are not legitimate and thus there is no basis here for the Board to find that the verified notice was void ab initio or to revoke the exemption. Accordingly, while CHPR’s failure to disclose the existence of its dispute with the SGEs was not materially misleading, earlier disclosure could have allowed the Board to address this concern more expeditiously.

Request to revoke exemption

The SGEs claim that even if the Board does not conclude that the verified notice was deliberately false or misleading, the Petition shows that “the Board did not fully understand the situation on the ground when it issued its decision” and that this is “not a simple or straightforward transaction.” (Pet. 15; see id. at 19 (stating that the “circumstances concerning these so-called new railroad operations are too complicated to be handled in a notice of exemption”).) Accordingly, they claim that “it would be proper for the Board to . . . revoke the exemption.” (Id. at 15.) CHPR responds that the SGEs have failed to demonstrate that regulating CHPR would advance or support the RTP objectives. (Reply 15.)

However, the SGEs have not demonstrated that regulation is necessary to carry out the RTP. See 49 U.S.C. 10502(d); 49 CFR 1121.4(f) (“[t]he person seeking revocation has the burden of showing that the revocation criteria of 49 U.S.C. 10502(d) have been met”). As CHPR points out, the SGEs have not asserted that regulation is necessary to carry out the RTP or otherwise tried to show that CHPR’s operations will harm the national rail network, threaten competitive service, or harm shippers. (Reply 15.) Accordingly, the Board will decline to revoke the exemption on the basis that regulation is necessary to carry out the RTP.

For the reasons set forth above, the Petition will be denied, and accordingly, the Board will not institute a proceeding under 49 U.S.C. 10502(d).

It is ordered:

1. The Board declines to institute a proceeding under 49 U.S.C. 10502(d).
2. The Petition is denied.
3. The SGEs’ request for leave to file a rebuttal is denied.
4. This decision will be published in the Federal Register.
5. This decision is effective on its date of service.

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