

## Surface Transportation Board

## § 1150.1

(d) *Service*. All pleadings under this part shall be served by hand or by overnight delivery on the Board, other parties, and the Federal Railroad Administration.

[63 FR 71401, Dec. 28, 1998]

### PARTS 1148–1149 [RESERVED]

#### Parts 1150–1176—Licensing Procedures

#### Parts 1150–1159—Rail Licensing Procedures

### PART 1150—CERTIFICATE TO CONSTRUCT, ACQUIRE, OR OPERATE RAILROAD LINES

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AUTHORITY: 49 U.S.C. 721(a), 10502, 10901, and 10902.

SOURCE: 47 FR 8199, Feb. 25, 1982, unless otherwise noted. Redesignated at 47 FR 49581, Nov. 1, 1982.

#### Subpart A—Applications Under 49 U.S.C. 10901

##### § 1150.1 Introduction.

(a) *When an application is required*. This subpart governs applications under 49 U.S.C. 10901 for a certificate of public convenience and necessity authorizing the construction, acquisition or operation of railroad lines. Noncarriers require Board approval under section 10901 to construct, acquire or operate a rail line in interstate commerce. Existing carriers require approval under section 10901 only to construct a new rail line or operate a line owned by a noncarrier, since acquisition by a carrier of an active rail line owned by a carrier is covered by 49 U.S.C. 11323. We have exempted from these requirements the acquisition by a State entity of a rail line that has been approved for abandonment, as well as operations over these lines. See subpart C of this part. In addition, where appropriate, we have granted individual exemptions from these certification requirements. See 49 U.S.C. 10502.

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(b) *Content of the application.* Applications filed under this subpart shall include the information set forth in §§ 1150.2 through 1150.9. The applicant must also comply with the Energy and Environmental Regulations at 49 CFR parts 1106 and 1105 (including consulting with the Board's Section of Environmental Analysis at least 6 months prior to filing an application, to begin the scoping process to identify environmental issues and outline procedures for analysis of this aspect of the proposal).

[47 FR 8199, Feb. 25, 1982, as amended at 64 FR 53268, Oct. 1, 1999; 69 FR 58366, Sept. 30, 2004]

### § 1150.2 Overview.

(a) A brief narrative description of the proposal.

(b) The full name and address of applicant(s).

### § 1150.3 Information about applicant(s).

(a) The name, address, and phone number of the representative to receive correspondence concerning this application.

(b) Facts showing that applicant is either a common carrier by railroad or has been organized to implement the proposal for which approval is being sought.

(c) A statement indicating whether the rail line will be operated by applicant. If not, the operator which has been selected must join in the application, and provide all information required for an applicant. If the operator has not yet been selected, state who is being considered.

(d) A statement indicating whether applicant is affiliated by stock ownership or otherwise with any industry to be served by the line. If so, provide details about the nature and extent of the affiliation.

(e) Date and place of organization, applicable State statutes, and a brief description of the nature and objectives of the organization.

(f) If a corporation, submit:

(1) A list of officers, directors, and 10 principal stockholders of the corporation and their respective holdings. A statement whether any of these officers, directors or major shareholders

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control other regulated carriers. Also a list of entities, corporation(s) individual(s), or group(s) who control applicant, the extent of control, and whether any of them control other common carriers.

(2) As exhibit A, any resolution of the stockholders or directors authorizing the proposal.

(g) If a partnership or individual, submit the name and address of all general partners and their respective interests, and whether any of them control other carriers.

(h) If applicant is an entity other than as described in paragraphs (f) or (g) of this section, submit name, title, and business address of principals or trustee, and whether the entity controls any other common carriers.

(i) If applicant is a trustee, receiver, assignee, or a personal representative of the real party in interest, details about the appointment (including supporting documents, such as the court order authorizing the appointment and the filing) and about the real party in interest.

(j) If applicant is an existing carrier, it may satisfy the informational requirements of paragraphs (f) through (i) of this section by making appropriate reference to the docket number of prior applications that have been filed within the previous three years in which the information has been submitted.

[47 FR 8199, Feb. 25, 1982, as amended at 81 FR 8855, Feb. 23, 2016]

### § 1150.4 Information about the proposal.

(a) A description of the proposal and the significant terms and conditions, including consideration to be paid (monetary or otherwise). As exhibit B, copies of all relevant agreements.

(b) Details about the amount of traffic and a general description of commodities.

(c) The purposes of the proposal and an explanation of why the public convenience and necessity require or permit the proposal.

(d) As exhibit C, a map which clearly delineates the area to be served including origins, termini and stations, and cities, counties and States. The map

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should also delineate principal high-ways, rail routes and any possible interchange points with other railroads. If alternative routes are proposed for construction, the map should clearly indicate each route.

(e) A list of the counties and cities to be served under the proposal, and whether there is other rail service available to them. The names of the railroads with which the line would connect, and the proposed connecting points; the volume of traffic estimated to be interchanged; and a description of the principal terms of agreements with carriers covering operation, interchange of traffic, division of rates or trackage rights.

(f) The time schedule for consummation or completion of the proposal.

(g) If a new line is proposed for construction:

(1) The approximate area to be served by the line.

(2) The nature or type of existing and prospective industries (e.g., agriculture, manufacturing, mining, warehousing, forestry) in the area, with general information about the age, size, growth potential and projected rail use of these industries.

(3) Whether the construction will cross another rail line and the name of the railroad(s) owning the line(s) to be crossed. If the crossing will be accomplished with the permission of the railroad(s), include supporting agreements. If a Board determination under 49 U.S.C. 10901(d)(1) will be sought, include such requests.

### § 1150.5 Operational data.

As exhibit D, an operating plan, including traffic projection studies; a schedule of the operations; information about the crews to be used and where employees will be obtained; the rolling stock requirements and where it will be obtained; information about the operating experience and record of the proposed operator unless it is an operating railroad; any significant change in patterns of service; any associated discontinuance or abandonments; and expected operating economies.

### § 1150.6 Financial information.

(a) The manner in which applicant proposes to finance construction or ac-

quisition, the kind and amount of securities to be issued, the approximate terms of their sale and total fixed charges, the extent to which funds for financing are now available, and whether any of the securities issued would be underwritten by industries to be served by the proposed line. Explain how the fixed charges will be met.

(b) As exhibit E a recent balance sheet. As exhibit F, an income statement for the latest available calendar year prior to filing the application.

(c) A present value determination of the full costs of the proposal. If construction is proposed, the costs for each year of such construction (in a short narrative or by chart).

(d) A statement of projected net income for 2 years, based upon traffic projections. Where construction is contemplated, the statement should represent the 2 years following completion of construction.

### § 1150.7 Environmental and energy data.

As exhibit H, information and data prepared under 49 CFR Part 1105, and the "Revision of the Nat'l. Guidelines Environmental Policy Act of 1969," 363 I.C.C. 653 (1980), and in accordance with "Implementation of the Energy Policy and Conservation Act of 1975," 49 CFR Part 1106.

### § 1150.8 Additional support.

Any additional facts or reasons to show that the public convenience and necessity require or permit approval of this application. The Board may require additional information to be filed where appropriate.

### § 1150.9 Notice.

A summary of the proposal which will be used to provide notice under § 1150.10(f).

### § 1150.10 Procedures.

(a) *Waivers.* Prior to filing an application, prospective applicants may seek an advance waiver, either on a permanent or temporary basis, of required information which is unavailable or not necessary or useful in analysis of the proposal. However, if the information

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is clearly not applicable to the individual proposal, a waiver is not necessary and need not be sought. A petition must specify the sections for which waiver or clarification is sought and the reasons why it should be granted. No replies will be permitted. Parties may, upon an appropriate showing, demonstrate their need to examine data which have previously been waived. In such circumstances, the Board only requires that it be produced under § 1150.8 above.

(b) *Filing procedures.* The original and 10 copies of the application and all documents shall be filed with the Chief, Section of Administration, Office of Proceedings. A filing fee in the amount set forth in 49 CFR 1002.2(f) is required to file an application. Copies of documents shall be furnished promptly to interested parties upon request. The application shall include a stamped self-addressed envelope to be used to notify applicant of the docket number. Additionally, if possible, telephonic communication of the docket number shall be made.

(c) *Signatures.* The original of the application shall be signed by applicants (if a partnership, all general partners must sign; and if a corporation, association, or other similar form of organization, the signature should be that of the executive officer having knowledge of the matters and designated for that purpose). Applications shall be made under oath and shall contain an appropriate certification (if a corporation, by its secretary) showing that the affiant is duly authorized to verify and file the application. Any persons controlling an applicant shall also sign the application.

(d) *Related applications.* Applicant shall file concurrently all directly related applications (e.g., to issue securities, control motor carriers, obtain access to terminal operations, acquire trackage rights). All such applications will be considered with the main application.

(e) *Service.* As soon as the docket number is obtained the applicant shall serve a conformed copy of the application by first-class mail upon the Governor (or Executive Officer), Public Service Board, and Department of Transportation of each State in which

any part of the properties involved in the proposed transaction is located. Within 2 weeks of filing, applicant shall submit to the Board a copy of the certificate of service indicating that all persons so designated have been served a copy of the application.

(f) *Publication.* Within 2 weeks of filing, applicant shall have published the summary of the application (prepared under § 1150.9) in a newspaper of general circulation in each county in which the line is located. The notice should inform interested parties of the date by which they must advise the Board of their interest in the proceeding. This date shall be calculated as the 35th day after the filing of the application which is neither a Saturday, Sunday, or legal holiday in the District of Columbia. Applicant must file an affidavit of publication immediately after the publication has been completed. The Board will, as soon as practicable, either publish the notice summary in the FEDERAL REGISTER or reject the application if it is incomplete.

(g) *Public participation.* Written comments (with 10 copies) must be filed within 35 days of the filing of the application. Comments must contain the basis for the party's position either in support or opposition. Applicant must be served with a copy of each comment. On the basis of the comments and the assessment by the Section of Environmental Analysis, the Board will decide if a hearing is necessary. A hearing may be either oral or through receipt of written statements (modified procedure). (See 49 CFR 1112.1 *et seq.*) If there is no opposition to the application, additional evidence normally need not be filed, and a decision will be reached using the information in the application.

(h) *Replies to written comments.* Applicant's replies will be considered by the Board provided they are filed and served within 5 days of the due date of the pleadings they address.

[47 FR 8199, Feb. 25, 1982. Redesignated at 47 FR 49581, Nov. 1, 1982, and amended at 52 FR 46483, Dec. 8, 1987; 53 FR 19302, May 27, 1988; 64 FR 53268, Oct. 1, 1999; 74 FR 52908, Oct. 15, 2009]

**Subpart B—Designated Operators****§ 1150.11 Introduction.**

A certificate of designated operator will be issued to an operator providing service pursuant to a rail service continuation agreement under section 304 of the Regional Rail Reorganization Act of 1973, as amended by the Railroad Revitalization and Regulatory Reform Act of 1976. The designated operator (D-OP) may commence and terminate the service in accordance with the terms of the agreement. When service is terminated the D-OP must notify all shippers on the line. To obtain a D-OP certificate, the information in this subpart must be filed with the Board. A copy of the certificate of designated operator shall be served on the Association of American Railroads.

**§ 1150.12 Information about the designated operator.**

(a) The name and address of the D-OP.

(b) If a new corporation or other new business entity, a copy of the certificate of incorporation or, if unincorporated, the facts and official organizational documents relating to the business entity.

(c) The names and addresses of all officers and directors, with a statement from each which indicates present affiliation, if any, with a railroad.

(d) Sufficient information to establish its financial responsibility for the proposed undertaking, unless the D-OP is a common carrier by railroad. The nature and extent of all liability insurance coverage, including insurance binder or policy number, and name of insurer.

**§ 1150.13 Relevant dates.**

The exact dates of the period of operation which have been agreed upon by the D-OP, the offeror of the rail service continuation payment, and the owner of the line to be operated, in their lease and operating agreements.

**§ 1150.14 Proposed service.**

(a) A copy of all agreements between the D-OP, the offeror of the rail service continuation payment, and the owner of the line to be operated.

(b) Any additional information which is necessary to provide the Board with a description of:

(1) The line over which service is to be provided (e.g., U.S.R.A. Line); and

(2) All interline connections, including the names of the connecting railroads.

**§ 1150.15 Information about offeror.**

(a) The name and address of the offeror of the rail service continuation payment.

(b) Sufficient information to establish the financial responsibility of the offeror for the proposed undertaking, or if the offeror is a State or municipal corporation or authority, a statement that it has authority to perform the service or enter into the agreement for subsidy.

**§ 1150.16 Procedures.**

Upon receipt of this information, the matter will be docketed by the prefix initials "D-OP." Operators may begin operating immediately upon the filing of the necessary information (plus three copies). Although the designated operator will not be required to seek and obtain authority from the Board either to commence or to terminate operations, the designated operator is a common carrier by railroad subject to all other applicable provisions of 49 U.S.C. Subtitle IV. However, we have exempted designated operators from some aspects of regulation. See *Exemption of Certain Designated Operators from Section 11343*, 361 ICC 379 (1979), as modified by *McGinness v. I.C.C.*, 662 F.2d 853 (D.C. Cir. 1981).

[47 FR 8199, Feb. 25, 1982. Redesignated at 47 FR 49581, Nov. 1, 1982, and amended at 64 FR 53268, Oct. 1, 1999]

**Subpart C—Modified Certificate of Public Convenience and Necessity****§ 1150.21 Scope of rules.**

These special rules apply to operations over abandoned rail lines, which have been acquired (through purchase or lease) by a State. The rail line must have been fully abandoned, or approved for abandonment by the Board or a bankruptcy court. As used in these

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rules, the term “State” includes States, political subdivisions of States, and all instrumentalities through which the State can act. An operator has the option of applying for a modified certificate of public convenience and necessity under this subpart or a common carrier certificate under Subpart A of this part. A copy of the modified certificate shall be served on the Association of American Railroads.

[47 FR 8199, Feb. 25, 1982, as amended at 81 FR 8855, Feb. 23, 2016]

### § 1150.22 Exemptions and common carrier status.

The acquisition by a State of a fully abandoned line is not subject to the jurisdiction of the Surface Transportation Board. The acquisition by a State of a line approved for abandonment and not yet fully abandoned is exempted from the Board’s jurisdiction. If the State intends to operate the line itself, it will be considered a common carrier. However, when a State acquires a rail line described under §1150.21 and contracts with an operator to provide service over the line, only the operator incurs a common carrier obligation. The operators of these lines are exempted from 49 U.S.C. 10901 and 10903 which are the statutory requirements governing the start up and termination of operations. Operators exempted from these requirements must comply with the requirements of this part and must apply for a modified certificate of public convenience and necessity. The operator is a common carrier and incurs all benefits and responsibilities under 49 U.S.C. subtitle IV; however, the State through its operational agreement or the operator of the line may determine certain preconditions, such as payment of a subsidy, which must be met by shippers to obtain service over the line. The operator must notify the shippers on the line of any preconditions. The modified certificate will authorize service to shippers who meet these preconditions and the operator will be required to provide complete common carrier service under this certificate only to those shippers. (See 363 ICC 132.)

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### § 1150.23 Modified certificate of public convenience and necessity.

(a) The operator must file a notice with the Board for a modified certificate of public convenience and necessity. Operations may commence immediately upon the filing; however, the Board will review the information filed, and if complete, will issue a modified certificate notice.

(b) A notice for a modified certificate of public convenience and necessity shall include the following information:

(1) The name and address of the operator and, unless the operator is an existing rail carrier:

(i) Its articles of incorporation or, if it is unincorporated, the facts and organizational documents relating to its formation;

(ii) The names and addresses of all of its officers and directors and a statement indicating any present affiliation each may have with a rail carrier; and

(iii) Sufficient information to establish the financial responsibility of the operator.

(2) Information about the prior abandonment, including docket number, status and date of the first decision approving the abandonment.

(3) The exact dates of the period of operation which have been agreed upon by the operator and the State which owns the line (if there is any agreement, it should be provided);

(4) A description of the service to be performed including, where applicable, a description of:

(i) The line over which service is to be performed;

(ii) All interline connections including the names of the connecting railroads;

(iii) The nature and extent of all liability insurance coverage, including binder or policy number and name of insurer; and

(iv) Any preconditions which shippers must meet to receive service.

(5) The name and address of any subsidizers, and

(6) Sufficient information to establish the financial responsibility of any subsidizers (if the subsidizer is a State, the information should show that it has authority to enter into the agreement for subsidized operations).

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(c) The service offered and the applicable rates, charges, and conditions must be described in tariffs published by the operator to the Board's rules.

### § 1150.24 Termination of service.

The duration of the service may be determined in the contract between the State and the operator. An operator may not terminate service over a line unless it first provides 60 days' notice of its intent to terminate the service. The notice of intent must be:

(a) Filed with the State and the Board, and

(b) Mailed to all persons that have used the line within the 6 months preceding the date of the notice.

### Subpart D—Exempt Transactions Under 49 U.S.C. 10901

SOURCE: 51 FR 2504, Jan. 17, 1986, unless otherwise noted.

### § 1150.31 Scope of exemption.

(a) Except as indicated below, this exemption applies to all acquisitions and operations under section 10901 (*See* 1150.1, *supra*). This exemption also includes:

(1) Acquisition by a noncarrier of rail property that would be operated by a third party;

(2) Operation by a new carrier of rail property acquired by a third party;

(3) A change in operators on the line; and

(4) Acquisition of incidental trackage rights. Incidental trackage rights include the grant of trackage rights by the seller, or the assignment of trackage rights to operate over the line of a third party that occur at the time of the exempt acquisition or operation. This exemption does not apply when a class I railroad abandons a line and another class I railroad then acquires the line in a proposal that would result in a major market extension as defined at § 1180.3(c).

(b) Other exemptions that may be relevant to a proposal under this subpart are the exemption for control at § 1180.2(d)(1) and (2), and the exemption

from securities regulation at 49 CFR part 1177.

[51 FR 2504, Jan. 17, 1986, as amended at 81 FR 8855, Feb. 23, 2016]

### § 1150.32 Procedures and relevant dates—transactions that involve creation of Class III carriers.

(a) To qualify for this exemption, applicant must file a verified notice providing details about the transaction, and a brief caption summary, conforming to the format in § 1150.34, for publication in the FEDERAL REGISTER.

(b) The exemption will be effective 30 days after the notice is filed. The Board, through the Director of the Office of Proceedings, will publish a notice in the FEDERAL REGISTER within 16 days of the filing. A change in operators would follow the provisions at § 1150.34, and notice must be given to shippers.

(c) If the notice contains false or misleading information, the exemption is void *ab initio*. A petition to revoke under 49 U.S.C. 10502(d) does not automatically stay the exemption. Stay petitions must be filed at least 7 days before the exemption becomes effective.

(d) Applicant must preserve intact all sites and structures more than 50 years old until compliance with the requirements of Section 106 of the National Historic Preservation Act, 16 U.S.C. 470 is achieved.

(e) If the projected annual revenue of the carrier to be created by a transaction under this exemption exceeds \$5 million, applicant must, at least 60 days before the exemption becomes effective, post a notice of intent to undertake the proposed transaction at the workplace of the employees on the affected line(s) and serve a copy of the notice on the national offices of the labor unions with employees on the affected line(s), setting forth the types and numbers of jobs expected to be available, the terms of employment and principles of employee selection, and the lines that are to be transferred, and certify to the Board that it has done so.

[51 FR 2504, Jan. 17, 1986, as amended at 53 FR 4626, Feb. 17, 1988; 53 FR 5982, Feb. 29, 1988; 62 FR 47584, Sept. 10, 1997; 69 FR 58366, Sept. 30, 2004; 71 FR 62212, Oct. 24, 2006]

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**§ 1150.33 Information to be contained in notice—transactions that involve creation of Class III carriers.**

(a) The full name and address of the applicant;

(b) The name, address, and telephone number of the representative of the applicant who should receive correspondence;

(c) A statement that an agreement has been reached or details about when an agreement will be reached;

(d) The operator of the property;

(e) A brief summary of the proposed transaction, including:

(1) The name and address of the railroad transferring the subject property,

(2) The proposed time schedule for consummation of the transaction,

(3) The mile-posts of the subject property, including any branch lines, and

(4) The total route miles being acquired;

(f) A map that clearly indicates the area to be served, including origins, termini, stations, cities, counties, and States; and

(g) A certificate that applicant's projected revenues do not exceed those that would qualify it as a Class III carrier.

(h) *Interchange Commitments.* (1) The filing party must certify whether or not a proposed acquisition or operation of a rail line involves a provision or agreement that may limit future interchange with a third-party connecting carrier, whether by outright prohibition, per-car penalty, adjustment in the purchase price or rental, positive economic inducement, or other means ("interchange commitment"). If such a provision exists, the following additional information must be provided (the information in paragraphs (h)(1)(ii), (iv), (vii) of this section may be filed with the Board under 49 CFR 1104.14(a) and will be kept confidential without need for the filing of an accompanying motion for a protective order under 49 CFR 1104.14(b)):

(i) The existence of that provision or agreement and identification of the affected interchange points; and

(ii) A confidential, complete version of the document(s) containing or addressing that provision or agreement;

(iii) A list of shippers that currently use or have used the line in question within the last two years;

(iv) The aggregate number of carloads those shippers specified in paragraph (h)(1)(iii) of this section originated or terminated (confidential);

(v) A certification that the filing party has provided notice of the proposed transaction and interchange commitment to the shippers identified in paragraph (h)(1)(iii) of this section;

(vi) A list of third party railroads that could physically interchange with the line sought to be acquired or leased;

(vii) An estimate of the difference between the sale or lease price with and without the interchange commitment (confidential);

(viii) A change in the case caption so that the existence of an interchange commitment is apparent from the case title.

(2) To obtain information about an interchange commitment for use in a proceeding before the Board, a shipper or other affected party may be granted access to the confidential documents filed pursuant to paragraph (h)(1) of this section by filing, and serving upon the petitioner, a "Motion for Access to Confidential Documents," containing:

(i) An explanation of the party's need for the information; and

(ii) An appropriate draft protective order and confidentiality undertaking(s) that will ensure that the documents are kept confidential.

(3) *Deadlines.* (i) Replies to a Motion for Access are due within 5 days after the motion is filed.

(ii) The Board will rule on a Motion for Access within 30 days after the motion is filed.

(iii) Parties must produce the relevant documents within 5 days of receipt of a Board approved, signed confidentiality agreement.

[51 FR 2504, Jan. 17, 1986, as amended at 51 FR 25207, July 11, 1986; 53 FR 4626, Feb. 17, 1988; 53 FR 5982, Feb. 29, 1988; 56 FR 36111, July 31, 1991; 73 FR 31034, May 30, 2008; 78 FR 54590, Sept. 5, 2013]

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### § 1150.34 **Caption summary—transactions that involve creation of Class III carriers.**

The caption summary must be in the following form. The information symbolized by numbers is identified in the key below:

#### SURFACE TRANSPORTATION BOARD

#### *Notice of Exemption*

#### FINANCE DOCKET NO.

#### (1)—EXEMPTION (2)—(3)

(1) Has filed a notice of exemption to (2) (3)'s line between (4). Comments must be filed with the Board and served on (5). (6).

Key to symbols:

- (1) Name of entity acquiring or operating the line, or both.
- (2) The type of transaction, *e.g.*, to acquire, operate, or both.
- (3) The transferor.
- (4) Describe the line.
- (5) Petitioners representative, address, and telephone number.
- (6) Cross reference to other class exemptions being used.

The notice is filed under §1150.31. If the notice contains false or misleading information, the exemption is void *ab initio*. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

[47 FR 8199, Feb. 25, 1982. Redesignated at 47 FR 49581, Nov. 1, 1982, as amended at 53 FR 5982, Feb. 29, 1988; 69 FR 58366, Sept. 30, 2004]

### § 1150.35 **Procedures and relevant dates—transactions that involve creation of Class I or Class II carriers.**

(a) To qualify for this exemption, applicant must serve a notice of intent to file a notice of exemption no later than 14 days before the notice of exemption is filed with the Board, and applicant must comply with the notice requirement of §1150.32(e).

(b) The notice of intent must contain all of the information required in §1150.33, exclusive of §1150.33(g), plus:

(1) A general statement of service intentions; and

(2) A general statement of labor impacts.

(c) The notice of intent must be served on:

(1) The Governor of each State in which track is to be sold;

(2) The State(s) Department of Transportation or equivalent agency;

(3) The national offices of the labor unions with employees on the affected line(s); and

(4) Shippers representing at least 50 percent of the volume of local traffic and traffic originating or terminating on the line(s) in the most recent 12 months for which data is available (beginning with the largest shipper and working down).

(d) Applicant must also file a verified notice of exemption conforming to the requirements of (b) above and of §1150.34, and certify compliance with §1150.35 (a), (b), and (c), attaching a copy of the notice of intent.

(e) The exemption will be effective 45 days after the notice is filed. The Board, through the Director of the Office of Proceedings, will publish a notice in the FEDERAL REGISTER within 16 days of the filing.

(f) If the notice contains false or misleading information, the exemption is void *ab initio*. A petition to revoke under 49 U.S.C. 10502(d) does not automatically stay the transaction. Stay petitions must be filed within 7 days of the filing of the notice of exemption. Stay petitions must be filed at least 14 days before the exemption becomes effective. To be considered, stay petitions must be timely served on the applicant.

(g) Applicant must comply with §1150.32(d) regarding section 106 of the National Historic Preservation Act, 16 U.S.C. 470.

[53 FR 5982, Feb. 29, 1988, as amended at 53 FR 31341, Aug. 18, 1988; 62 FR 47584, Sept. 10, 1997; 69 FR 58366, Sept. 30, 2004; 71 FR 62213, Oct. 24, 2006; 81 FR 8855, Feb. 23, 2016]

EDITORIAL NOTE: At 81 FR 8855, Feb. 23, 2016, §1150.35 was amended; however, a portion of the amendment could not be incorporated due to inaccurate amendatory instruction.

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### § 1150.36 Exempt construction of connecting track.

(a) *Scope.* This class exemption applies to proceedings involving the construction and operation of connecting lines of railroad within existing rail rights-of-way, or on land owned by connecting railroads, under 49 U.S.C. 10901 (a), (b), and (c). (See the reference to connecting track in 49 CFR 1105.6(b)(1).) This class exemption is designed to expedite and facilitate connecting track construction while ensuring full and timely environmental review. The Surface Transportation Board (Board) has found that its prior review of connecting track construction and operation is not necessary to carry out the rail transportation policy of 49 U.S.C. 10101; that continued regulation is not necessary to protect shippers from abuse of market power; and that the construction of connecting track would be of limited scope. *See* 49 U.S.C. 10502. To use this class exemption, a pre-filing notice, environmental report, historic report, and notice of exemption must be filed that complies with the procedures in § 1150.36 (b) and (c), and the Board's environmental rules, codified at 49 CFR part 1105.

(b) *Environmental requirements.* The environmental regulations at 49 CFR part 1105 must be complied with fully. An environmental report containing the information specified at 49 CFR 1105.7(e), as well as an historic report containing the information specified at 49 CFR 1105.8(d), must be filed either before or at the same time as the notice of exemption is filed. *See* 49 CFR 1105.7(a). The entity seeking the exemption authority must also serve copies of the environmental report on the agencies listed at 49 CFR 1105.7(b). Because the environmental report must include a certification that appropriate agencies have been consulted in its preparation (*see* 49 CFR 1105.7(c)), parties should begin environmental and historic consultations well before the notice of exemption is filed. Environmental requirements may be waived or modified where a petitioner demonstrates in writing that such action is appropriate. *See* 49 CFR 1105.10(c). It is to the advantage of parties to consult with the Board's Section of Environmental Analysis (SEA) at the earliest

possible date to begin environmental review.

(c) *Procedures and dates.* (1) At least 20 days prior to the filing of a notice of exemption with the Board, the party seeking the exemption authority must notify in writing: the State Public Service Commission, the State Department of Transportation (or equivalent agency), and the State Clearinghouse (if there is no clearinghouse, the State Environmental Protection Agency), of each State involved. The pre-filing notice shall include: the name and address of the railroad (or other entity proposing to construct the line) and the proposed operator; a complete description of the proposed construction and operation, including a map; an indication that the class exemption procedure is being used; and the approximate date that construction is proposed to begin. This pre-filing notice shall include a certification that the petitioner will comply with the Board's environmental regulations, codified at 49 CFR part 1105, and a statement that those regulations generally require the Board to:

(i) Prepare an environmental assessment (EA) (or environmental impact statement (EIS) if necessary),

(ii) Make the document (EA or EIS, as appropriate) available to the parties (and to the public, upon request to SEA); and

(iii) Accept for filing and consideration comments on the environmental document as well as petitions for stay and reconsideration.

(2) Petitioner must file a verified notice of exemption with the Board at least 90 days before the construction is proposed to begin. In addition to the information contained in § 1150.36(c)(1), the notice shall include a statement certifying compliance with the environmental rules at 49 CFR part 1105 and the pre-filing notice requirements of 49 CFR 1150.36(c)(1).

(3) The Board, through the Director of the Office of Proceedings, shall publish a notice in the FEDERAL REGISTER within 20 days after the notice of exemption is received that describes the construction project and invites comments. SEA will then prepare an EA (or, if necessary, an EIS). The EA generally will be made available 15 days

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after the FEDERAL REGISTER notice. It will be served on all parties and appropriate agencies. Others may request a copy from SEA. The deadline for submission of comments on the EA will generally be within 30 days of its availability (*see* 49 CFR 1105.10(b)). If an EIS is prepared, the time frames and procedures set forth in 49 CFR 1105.10(a) generally will apply.

(4) The Board's environmental document (together with any comments and SEA's recommendations) shall be used in deciding whether to allow the particular construction project to proceed under the class exemption and whether to impose appropriate mitigating conditions upon its use (including use of an environmentally preferable route). If the Board concludes that a particular project will result in serious adverse environmental consequences that cannot be adequately mitigated, it may deny authority to proceed with the construction under the class exemption (the "no-build" alternative). Persons believing that they can show that the need for a particular line outweighs the adverse environmental consequences can file an application for approval of the proposed construction under 49 U.S.C. 10901.

(5) No construction may begin until the Board has completed its environmental review and issued a final decision.

(6) Petitions to stay the effective date of the notice of exemption on other than environmental and/or historic preservation grounds must be filed within 10 days of the FEDERAL REGISTER publication. Petitions to stay the effective date of the notice on environmental and/or historic preservation grounds may be filed at any time but must be filed sufficiently in advance of the effective date to allow the Board to consider and act on the petition before the notice becomes effective. Petitions for reconsideration must be filed within 20 days of the FEDERAL REGISTER publication.

(7) The exemption generally will be effective 70 days after publication in the FEDERAL REGISTER, unless stayed. If the notice of exemption contains false or misleading information, the exemption is void *ab initio* and the

Board shall summarily reject the exemption notice.

(8) Where significant environmental issues have been raised or discovered during the environmental review process, the Board shall issue, on or before the effective date of the exemption, a final decision allowing the exemption to become effective and imposing appropriate mitigating conditions or taking other appropriate action such as selecting the "no build" alternative.

(9) Where there has been full environmental review and no significant environmental issues have been raised or discovered, the Board, through the Director of the Office of Proceedings, shall issue, on or before the effective date of the exemption, a final decision consisting of a Finding of No Significant Impact (FONSI) to show that the environmental record has been considered (*see* 49 CFR 1105.10(g)).

(10) The Board, on its own motion or at the request of a party to the case, will stay the effective date of individual notices of exemption when an informed decision on environmental issues cannot be made prior to the date that the exemption authority would otherwise become effective. Stays will be granted initially for a period of 60 days to permit resolution of environmental issues and issuance of a final decision. The Board expects that this 60-day period will usually be sufficient for these purposes unless preparation of an EIS is required. If, however, environmental issues remain unresolved upon expiration of this 60-day period, the Board, upon its own motion, or at the request of a party to the case, will extend the stay, as necessary to permit completion of environmental review and issuance of a final decision. The Board's order will specify the duration of each extension of the initial stay period. In cases requiring the preparation of an EIS, the Board will extend the stay for a period sufficient to permit compliance with the procedural guidelines established by the Board's environmental regulations.

(d) *Third-Party Consultants.* An environmental and historic report required under 49 CFR 1105.7 and 1105.8 will not be required where a petitioner engages a third-party consultant who is approved by SEA and acts under SEA's

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direction and supervision in preparing the EA or EIS. In such a case, the third-party consultant must act on behalf of the Board, working under SEA's direction to collect the environmental information that is needed and to compile it into a draft EA or EIS, which is prepared under SEA's direction and then submitted to SEA for its final review and approval. See 49 CFR 1105.10(d).

[61 FR 29974, June 13, 1996, as amended at 64 FR 53268, Oct. 1, 1999]

### Subpart E—Exempt Transactions Under 49 U.S.C. 10902 for Class III Rail Carriers

SOURCE: 61 FR 32355, June 24, 1996, unless otherwise noted.

#### § 1150.41 Scope of exemption.

Except as indicated in paragraphs (a) through (d) of this section, this exemption applies to acquisitions or operations by Class III rail carriers under section 10902. This exemption also includes:

(a) Acquisition by a Class III rail carrier of rail property that would be operated by a third party;

(b) Operation by a Class III carrier of rail property acquired by a third party;

(c) A change in operators on such a line; and

(d) Acquisition of incidental trackage rights. Incidental trackage rights include the grant of trackage rights by the seller, or the acquisition of trackage rights to operate over the line of a third party, that occurs at the time of the purchase.

#### § 1150.42 Procedures and relevant dates for small line acquisitions.

(a) This exemption applies to the acquisition of rail lines with projected annual revenues which, together with the acquiring carrier's projected annual revenue, do not exceed the annual revenue of a Class III railroad. To qualify for this exemption, the Class III rail carrier applicant must file a verified notice providing details about the transaction, and a brief caption summary, conforming to the format in § 1150.44, for publication in the FEDERAL REGISTER.

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(b) The exemption will be effective 30 days after the notice is filed. The Board, through the Director of the Office of Proceedings, will publish a notice in the FEDERAL REGISTER within 16 days of the filing. A change in operators must follow the provisions at § 1150.44, and notice must be given to shippers.

(c) If the notice contains false or misleading information, the exemption is void *ab initio*. A petition to revoke under 49 U.S.C. 10502(d) does not automatically stay the exemption. Stay petitions must be filed at least 7 days before the exemption becomes effective.

(d) Applicant must preserve intact all sites and structures more than 50 years old until compliance with the requirements of section 106 of the National Historic Preservation Act, 16 U.S.C. 470f, is achieved.

(e) If the projected annual revenue of the rail lines to be acquired or operated, together with the acquiring carrier's projected annual revenue, exceeds \$5 million, the applicant must, at least 60 days before the exemption becomes effective, post a notice of applicant's intent to undertake the proposed transaction at the workplace of the employees on the affected line(s) and serve a copy of the notice on the national offices of the labor unions with employees on the affected line(s), setting forth the types and numbers of jobs expected to be available, the terms of employment and principles of employee selection, and the lines that are to be transferred, and certify to the Board that it has done so.

[61 FR 32355, June 24, 1996, as amended at 62 FR 47584, Sept. 10, 1997; 71 FR 62213, Oct. 24, 2006; 81 FR 8855, Feb. 23, 2016]

#### § 1150.43 Information to be contained in notice for small line acquisitions.

(a) The full name and address of the Class III rail carrier applicant;

(b) The name, address, and telephone number of the representative of the applicant who should receive correspondence;

(c) A statement that an agreement has been reached or details about when an agreement will be reached;

(d) The operator of the property;

(e) A brief summary of the proposed transaction, including:

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(1) The name and address of the railroad transferring the subject property to the Class III rail carrier applicant;

(2) The proposed time schedule for consummation of the transaction;

(3) The mileposts of the subject property, including any branch lines; and

(4) The total route miles being acquired;

(f) A map that clearly indicates the area to be served, including origins, termini, stations, cities, counties, and states; and

(g) A certificate that applicant's projected revenues as a result of the transaction will not result in the creation of a Class II or Class I rail carrier so as to require processing under § 1150.45.

(h) *Interchange Commitments.* (1) The filing party must certify whether or not a proposed acquisition or operation of a rail line involves a provision or agreement that may limit future interchange with a third-party connecting carrier, whether by outright prohibition, per-car penalty, adjustment in the purchase price or rental, positive economic inducement, or other means ("interchange commitment"). If such a provision exists, the following additional information must be provided (the information in paragraphs (h)(1)(ii), (iv), (vii) of this section may be filed with the Board under 49 CFR 1104.14(a) and will be kept confidential without need for the filing of an accompanying motion for a protective order under 49 CFR 1104.14(b)):

(i) The existence of that provision or agreement and identification of the affected interchange points; and

(ii) A confidential, complete version of the document(s) containing or addressing that provision or agreement;

(iii) A list of shippers that currently use or have used the line in question within the last two years;

(iv) The aggregate number of carloads those shippers specified in paragraph (h)(1)(iii) of this section originated or terminated (confidential);

(v) A certification that the filing party has provided notice of the proposed transaction and interchange commitment to the shippers identified in paragraph (h)(1)(iii) of this section;

(vi) A list of third party railroads that could physically interchange with

the line sought to be acquired or leased;

(vii) An estimate of the difference between the sale or lease price with and without the interchange commitment (confidential);

(viii) A change in the case caption so that the existence of an interchange commitment is apparent from the case title.

(2) To obtain information about an interchange commitment for use in a proceeding before the Board, a shipper or other affected party may be granted access to the confidential documents filed pursuant to paragraph (h)(1) of this section by filing, and serving upon the petitioner, a "Motion for Access to Confidential Documents," containing:

(i) An explanation of the party's need for the information; and

(ii) An appropriate draft protective order and confidentiality undertaking(s) that will ensure that the documents are kept confidential.

(3) *Deadlines.* (i) Replies to a Motion for Access are due within 5 days after the motion is filed.

(ii) The Board will rule on a Motion for Access within 30 days after the motion is filed.

(iii) Parties must produce the relevant documents within 5 days of receipt of a Board approved, signed confidentiality agreement.

[61 FR 32355, June 24, 1996, as amended at 73 FR 31035, May 30, 2008; 78 FR 54591, Sept. 5, 2013]

### § 1150.44 Caption summary.

The caption summary must be in the following form. The information symbolized by numbers is identified in the key as follows:

SURFACE TRANSPORTATION BOARD

*Notice of Exemption*

STB FINANCE DOCKET NO.

(1)—EXEMPTION (2)—(3)

(1) Has filed a notice of exemption to (2) (3)'s line between (4). Comments must be filed with the Board and served on (5). (6). Key to symbols:

(1) Name of carrier acquiring or operating the line.

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- (2) The type of transaction, e.g., to acquire or operate.
- (3) The transferor.
- (4) Describe the line.
- (5) Petitioner's representative, address, and telephone number.
- (6) Cross reference to other class exemptions being used.

The notice is filed under 49 CFR 1150.41. If the notice contains false or misleading information, the exemption is void *ab initio*. The filing of a petition to revoke will not automatically stay the transaction.

[61 FR 32355, June 24, 1996; 61 FR 36965, July 15, 1996]

### § 1150.45 Procedures and relevant dates—transactions under section 10902 that involve creation of Class I or Class II rail carriers.

(a) To qualify for this exemption, applicant must serve a notice of intent to file a notice of exemption no later than 14 days before the notice of exemption is filed with the Board, and applicant must comply with the notice requirement of § 1150.42(e).

(b) The notice of intent must contain all the information required in § 1150.43 plus:

- (1) A general statement of service intentions; and
- (2) A general statement of labor impacts.

(c) The notice of intent must be served on:

- (1) The Governor of each state in which track is to be sold;
- (2) The state(s) Department of Transportation or equivalent agency;
- (3) The national offices of the labor unions with employees on the affected line(s); and

(4) Shippers representing at least 50 percent of the volume of local traffic and traffic originating or terminating on the line(s) in the most recent 12 months for which data are available (beginning with the largest shipper and working down).

(d) Applicant must also file a verified notice of exemption conforming to the requirements of paragraph (b) of this section and of § 1150.44, and certify compliance with paragraphs (a), (b), and (c) of this section, attaching a copy of the notice of intent. In addition to

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the written submission, the notice must be submitted on a 3.5-inch diskette formatted for WordPerfect 5.1.

(e) The exemption will be effective 45 days after the notice is filed. The Board, through the Director of the Office of Proceedings, will publish a notice in the FEDERAL REGISTER within 16 days of the filing.

(f) If the notice contains false or misleading information, the exemption is void *ab initio*. A petition to revoke under 49 U.S.C. 10502(d) does not automatically stay the transaction. Stay petitions must be filed at least 14 days before the exemption becomes effective. Replies will be due 7 days thereafter. To be considered, stay petitions must be timely served on the applicant.

(g) Applicant must preserve intact all sites and structures more than 50 years old until compliance with the requirements of section 106 of the National Historic Preservation Act, 16 U.S.C. 470f, is achieved.

[61 FR 32355, June 24, 1996, as amended at 62 FR 47584, Sept. 10, 1997; 71 FR 62213, Oct. 24, 2006]

## PART 1151—FEEDER RAILROAD DEVELOPMENT PROGRAM

Sec.

- 1151.1 Scope.
- 1151.2 Procedures.
- 1151.3 Contents of application.
- 1151.4 Board determination.

AUTHORITY: 49 U.S.C. 10907.

SOURCE: 48 FR 9654, Mar. 8, 1983, unless otherwise noted.

### § 1151.1 Scope.

This part governs applications filed under 49 U.S.C. 10907. The Board can require the sale of a rail line to a financially responsible person. A rail line is eligible for a forced sale if it appears in category 1 or 2 of the owning railroad's system diagram map (but the railroad has not filed an application to abandon the line), or the public convenience and necessity, as defined in 49 U.S.C. 10907(c)(1), permit or require the sale of the line.

[48 FR 9654, Mar. 8, 1983, as amended at 56 FR 37861, Aug. 9, 1991; 64 FR 53268, Oct. 1, 1999]