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SERVICE DATE – DECEMBER 17, 2009

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35331]

Sierra Northern Railway—Lease and Operation Exemption—Union Pacific Railroad
Company

Sierra Northern Railway (SNR), a Class III rail carrier, has filed a verified notice of exemption under 49 CFR 1150.41 to lease and to operate, pursuant to a lease agreement with Union Pacific Railroad Company (UP), a line of railroad known as the Santa Cruz Branch line located between milepost 0.433, at the east boundary of Salinas Road, near Watsonville Junction, CA, to milepost 31.39, at the end of UP's line near Davenport, CA, including the interconnection with the Santa Cruz and Big Trees Railroad at milepost 20.4 at Santa Cruz, CA, and various associated siding and spur trackage. The total length of the line is approximately 31.0 miles, and there is an additional 3.6 miles of sidings and spurs.

SNR states that, pursuant to an interchange agreement attached to the lease agreement and made a part of this transaction, UP also is granting to SNR certain trackage rights over trackage in UP's Watsonville yard as necessary for interchange. SNR further states that neither the lease agreement nor the interchange agreement contain a provision or agreement that may limit future interchange with a third party. See 49 CFR 1150.43(h).

SNR states that it expects the transaction to be consummated in December 2009, on or shortly after the effective date of this exemption. The earliest this transaction may be consummated is December 31, 2009, the effective date of the exemption (30 days after the exemption was filed).

SNR certifies that its projected annual revenues as a result of the transaction will not result in SNR becoming a Class II or Class I rail carrier and further certifies that its projected annual revenues will not exceed \$5 million.

Pursuant to the Consolidated Appropriations Act, 2008, Pub. L. No. 110-161, § 193, 121 Stat. 1844 (2007), nothing in this decision authorizes the following activities at any solid waste rail transfer facility: collecting, storing, or transferring solid waste outside of its original shipping container; or separating or processing solid waste (including baling, crushing, compacting, and shredding). The term “solid waste” is defined in section 1004 of the Solid Waste Disposal Act, 42 U.S.C. 6903.

If the verified 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. Petitions for stay must be filed no later than December 24, 2009 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35331, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on David Magaw, President, Sierra Northern Railway, 341 Industrial Way, Woodland, CA 95776.

Board decisions and notices are available on our website at
WWW.STB.DOT.GOV.

Decided: December 14, 2009.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.