

## Voting Conference Statement

Good morning Chairman Nober, Vice-Chairman Burkes, and Commissioner Morgan.

This case is entitled YOLO SHORTLINE RAILROAD COMPANY–LEASE AND OPERATION EXEMPTION–PORT OF SACRAMENTO, STB Finance Docket No. 34114.

In 2001, the Sacramento-Yolo Port District (or “Port”), an industrial district in West Sacramento, California, granted to Yolo Shortline Railroad (or “Yolo”), a Class III rail carrier, exclusive operating rights on a segment of the Port’s trackage. Soon thereafter, Yolo filed a notice of exemption to lease and operate this trackage.

For a number of years, Union Pacific and its predecessor had been operating on the trackage under a lease agreement with the Port. Because the operating rights Yolo had acquired from the Port were exclusive, Yolo notified UP that, after the 1-year notice period specified in the lease agreement, UP must terminate its operations on the track. In an attempt to avoid its own removal from the track, UP has asked the Board to reject Yolo’s notice of exemption or to revoke Yolo’s exemption authority.

In its petition to reject, UP claims that Yolo’s notice of exemption is misleading. It asserts that the notice creates two false impressions: first, that UP’s removal from the line is voluntary, and second, that Yolo has direct access to the Port’s trackage.

In response, Yolo maintains that it accurately provided all information required by the Board's class exemption. Yolo asserts that it does not matter whether UP's removal is voluntary or whether it has direct access to the Port trackage.

In its petition to revoke, UP claims that its removal and the substitution of Yolo would harm UP, decrease transportation efficiency, and increase fees to shippers in the Port.

In response, Yolo argues that the transaction is routine, consistent with the public interest, limited in scope, and will not result in an abuse of market power.

The draft decision before you would deny UP's request for rejection. We conclude that Yolo's notice contains no false or misleading information. Nor did Yolo omit any information that is required by the Board's regulations.

The draft decision would also deny UP's request for revocation. In our view, UP has failed to show that Yolo's lease and operation of the Port trackage are contrary to the public interest or that the lease is not the type of transaction that the exemption was designed to encompass. Furthermore, Yolo's intent to remove UP from the trackage has no bearing on Yolo's right to lease and operate the trackage.

We would be happy to address any questions you might have.

Thank you.