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May 18, 2026

Chief of Case Administration
Office of Chief Counsel
Surface Transportation Board
395 E Street SW
Washington, DC 20423

Re: Rapid City, Pierre & Eastern Railroad, Inc. – Acquisition and Operation Exemption –
State of South Dakota, STB Finance Docket No. 36907

Dear Chief of Case Administration:

Enclosed for filing on behalf of Rapid City, Pierre & Eastern Railroad is a petition for exemption to acquire a line of railroad from the State of South Dakota. The filing fee has been paid via pay.gov.

If you have any questions related to this filing, please let me know.

Sincerely,

Justin J. Marks
Counsel to Rapid City, Pierre & Eastern Railroad

Enclosure
cc: South Dakota DOT

FEE RECEIVED
May 18, 2026
SURFACE
TRANSPORTATION BOARD

FILED
May 18, 2026
SURFACE
TRANSPORTATION BOARD

Before the
SURFACE TRANSPORTATION BOARD

STB Docket No. FD 36907

RAPID CITY, PIERRE & EASTERN RAILROAD, INC.
– ACQUISITION AND OPERATION EXEMPTION –
STATE OF SOUTH DAKOTA

PETITION FOR EXEMPTION OF
RAPID CITY, PIERRE & EASTERN RAILROAD, INC.

(includes color images)

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Dated: May 18, 2026

*Attorneys for Rapid City, Pierre & Eastern
Railroad, Inc.*

Before the
SURFACE TRANSPORTATION BOARD

STB Docket No. FD 36907

RAPID CITY, PIERRE & EASTERN RAILROAD, INC.
– ACQUISITION AND OPERATION EXEMPTION –
STATE OF SOUTH DAKOTA

PETITION FOR EXEMPTION OF
RAPID CITY, PIERRE & EASTERN RAILROAD, INC.

Pursuant to 49 U.S.C. § 10502 and 49 C.F.R. § 1121, Rapid City, Pierre & Eastern Railroad, Inc. (“RCPE”), a Class II railroad, files this petition to exempt from regulation under 49 U.S.C. § 10902, RCPE’s acquisition from the State of South Dakota, acting by and through its Department of Transportation (“State”) and operation of a line of railroad known as the Huron-Yale Line extending between Huron, S.D., at milepost 160.33 and Yale S.D., at approximately milepost 145, a distance of approximately 15.33 miles (sometimes hereinafter referred to as the “Line”). RCPE has leased, operated, dispatched and maintained the Huron-Yale Line since 2014.

As demonstrated below, the purchase of a rail line under these circumstances clearly satisfies the governing exemption standards. Converting RCPE’s longstanding leasehold interest into an ownership interest will result in no changes to rail service, operations, dispatching or maintenance of the Huron-Yale Line. Nor will this transaction have any adverse impact on RCPE employees, the environment or historic resources. RCPE also respectfully requests that the Board waive the application of its employee notice rules set forth at 49 C.F.R. § 1121.4(h).

RCPE and the State hope to close the transaction no later than October 31, 2026. Prompt closing is specifically important to the State since the proceeds it is to receive for the sale is tied

to the closing date. Further, the sale will allow the State to apply the revenue to the State's tax rolls and it will eliminate the State's ongoing administrative burden supervising the current RCPE leases. Finally, the State seeks to close the sales transaction as soon as possible to have certainty in the State's ability to incorporate the sale proceeds into its yearly budget process and legislative reporting requirements.

The parties cannot close the sales transaction until the Board grants RCPE's Exemption Petition. At the State's request, with the support of labor, RCPE asks that the Board serve its decision granting its Petition no later than September 30, 2026 (if possible). To the extent that granting the Petition by September 30th requires expedited consideration by the Board, RCPE requests expedited consideration.

I. Background

A. Identification of the Parties

Petitioner, RCPE, is a Class II common carrier by rail which owns or operates approximately 678 miles of rail line in Minnesota, Nebraska, South Dakota, and Wyoming. RCPE is a rail operating subsidiary of Genesee & Wyoming Inc. The complete name and address of Petitioner is Rapid City, Pierre & Eastern Railroad, Inc., 246 Founders Park Drive, Suite 202, Rapid City, SD 57701.

In the context of this proceeding, the State is considered to be a non-operating Class III rail carrier. Its address is 700 East Broadway Avenue, Pierre, SD 57501.

B. The Rail Line to be Acquired

The line of railroad subject to this transaction is the Huron-Yale Line extending between Huron, S.D., at milepost 160.33 and Yale, S.D., at approximately milepost 145.0, a distance of approximately 15.33 miles in the State of South Dakota. At Huron, the Line connects to RCPE's main east-west line running across South Dakota. At Yale, the Line connects to a BNSF Railway,

Inc. (“BNSF”) line that runs northeast to Watertown, S.D. A schematic showing the location of the Line is appended in Exhibit A.

The State acquired the Yale-Huron Line in 2008 through a series of sales transactions where ownership of the Line was ultimately transferred by the Dakota, Minnesota & Eastern Railroad Corporation (“DM&E”) to the State.¹ Since 2008, the State has leased the Huron-Yale Line to ECRRA. Between 2008 and 2014, ECRRA subleased the Line to DM&E, and following RCPE’s acquisition of DM&E in 2014,² ECRRA subleased the Line to RCPE. Pursuant to the terms of the current sublease, RCPE operates, maintains and dispatches the Huron-Yale Line.

C. The Proposed Transaction

The State and RCPE have entered into a purchase and sale agreement that calls for RCPE to purchase the Huron-Yale Line. As part of this transaction, the State and ECRRA have agreed to terminate their Line lease and ECRRA and RCPE have agreed to terminate their Line sublease.

RCPE will also acquire from the State 4.2 miles of sidetrack located in Wolsey, South Dakota that RCPE currently utilizes for interchange with BNSF. This track – known as the Wolsey Interchange Facility – is not subject to Board jurisdiction (*see* 49 U.S.C. § 10906) and, therefore, RCPE is not seeking authority to acquire the Wolsey Interchange Facility.

¹ In 2008, DME sold the Yale-Huron Line to the East Central Regional Railroad Authority (“ECRRA”). *See E. Cent. Reg’l R.R. Auth. – Acquis. Exemption – Dakota, Minnesota & E. R.R.*, FD 35184, slip op. at 1 (STB served Nov. 5, 2008). ECRRA then sold the Line to the South Dakota Railroad Authority (“SDRRA”) and SDRRA subsequently sold the Line to the State. *See State of S.D. by and through its S. Dakota R.R. Auth. and its Dep’t of Transp. – Acquis. Exemption – E. Cent. Reg’l R.R. Auth.*, FD 35185, slip op. at 1-2 (STB served Nov. 5, 2008). Following consummation of these transactions, “DM&E . . . “remain[ed] the operator of the [Huron-Yale] line by virtue of having retained sublease rights in the sale agreement with ECRRA.” *Id.* at 2.

² *See Rapid City, Pierre & E. R.R., Acquis. and Operation Exemption Including Interchange Commitment – Dakota, Minn. & E. R.R.*, FD 35799 (STB served Mar. 27, 2014).

Following its consummation of the proposed transaction, RCPE does not intend to change its existing operations over the Line. Nor does RCPE intend to make any changes in the way it currently maintains and dispatches the Line. The transaction will have no impact on current RCPE employees as they will be unaffected by the conversion of RCPE's leasehold interest in the Line to an ownership interest. The transaction will also have no impact on the State or ECRRA employees since none work on the Line; indeed, neither ECRRA nor the State has any rail carrier employees.

II. Jurisdiction and Statutory Standards

Pursuant to 49 U.S.C. §10902(a) and (c), a Class II rail carrier may acquire a line of railroad from another carrier if the Board finds that the acquisition is not inconsistent with the public convenience and necessity. However, under 49 U.S.C. § 10502, the Board must exempt a transaction from regulation under Part A of Subtitle IV of Title 49 if the Board finds that:

(1) application of the Subpart is not necessary to carry out the transportation policy of section 10101 of this title; and

(2) either –

(A) the transaction or service is of limited scope; or

(B) the application in whole or in part of the provision is not needed to protect shippers from the abuse of market power.

A. Application of 49 U.S.C. §10902 is not necessary to further the National Rail Transportation Policy of 49 U.S.C. §10101.

The Board need not perform a detailed scrutiny of the RCPE acquisition because compliance with the formal requirements of Section 10902 is not necessary to accomplish the national rail transportation policies of 49 U.S.C. § 10101 (the “RTP”). The RTP at sections 10101(2), (7), and (15) states as policy a preference towards minimizing federal regulatory control over the rail transportation system through expedited regulatory decisions and reducing barriers to

entry and exit from the rail industry. An exemption here furthers the RTP because RCPE and State are merely entering into an agreement for RCPE to purchase the Huron-Yale Line that RCPE has been leasing and operating since 2014, and the transaction does not require use of the Board's extensive application process, a result that minimizes the need for federal regulatory control, reduces barriers to entry and results in the expeditious handling of this proceeding. Other aspects of the RTP will not be adversely affected by the use of this exemption. But for RCPE's status as a Class II railroad (instead of it being a Class III rail carrier), RCPE would be able to file for authority of this acquisition under the Board's class exemption procedures. *See* 49 C.F.R. Part 1150, Subpart E.

B. The RCPE Acquisition is of limited scope.

The RCPE acquisition satisfies the second element of the Board's section 10502 exemption analysis because the transaction is of limited scope since RCPE only proposes to acquire – through purchase – the Rail Line that the Board had previously approved as a lease. Further, the RCPE acquisition is of limited scope because the Line extends only 15.33 miles; is located entirely in the State of South Dakota; and operations over the Line will not change.

C. Alternatively, application of 49 U.S.C. §10902 is not necessary to protect shippers from abuse of market power.

The RCPE acquisition also satisfies the criteria for an exemption because regulation is not necessary to protect shippers from the abuse of market power. There will be no loss of rail competition in the transportation market because RCPE has been providing service over the Line since 2014 and RCPE's acquisition will not change the current service or service options for any shipper on the Line.

III. Additional Requirements of 49 C.F.R. Part 1121

A. Environmental and Historic Reports - 49 CFR §1121.3(b)

This is an acquisition of a rail line that is currently leased by RCPE, and RCPE will continue to operate the Line. This transaction will not result in changes in carrier operations that will exceed the thresholds established in 49 C.F.R. §1105.7(e)(4) or (5). Further Board approval is required for RCPE to abandon service, or to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older. Accordingly, no environmental or historic documentation is required. *See* 49 C.F.R. §1105.6(c)(1); 49 C.F.R. §1105.8(b)(1).

B. Interchange commitment - 49 CFR §1121.3(d)

RCPE certifies that the acquisition of the Rail Line does not include an interchange commitment.

C. Labor Notice - 49 C.F.R. §1121.4(h)

Under 49 C.F.R. §1121.4(h), for transactions involving the acquisition or operation of rail lines by Class II rail carriers under 49 U.S.C. §10902, “the exemption may not become effective until 60 days after applicant certifies to the Board that it has posted at the workplace of the employees on the affected line(s) and served a notice of the transaction 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.” *Id.*

The Board has held: “[t]he purpose [of the 49 C.F.R. ¶ 1150.42(e) notice] requirement is to ensure that rail labor unions and employees who would be affected by the transfer of a line are given sufficient notice of the transaction before consummation.” *Wis. & S. R.R., – Acquis. and Operation Exemption – Soo Line R.R.*, FD No. 36452, slip op. at 3 (served Dec. 15, 2020) (“*WSOR 2020*”). While the Board takes seriously the requirements of the regulation, it routinely grants requests to waive its application in cases where the record shows no employees would be adversely affected by the waiver of the 60 day notice provision. *See, e.g., WSOR 2020*, slip at 3; *Wis. & S.*

R.R. – Acquis. & Operation Exemption – City of Fitchburg, Wis., FD 35838, slip op. at 4 (STB served Nov. 18, 2014); *W. & S. R.R. – Acquis. And Operation Exemption – Union Pac. R.R.*, FD 35848, slip op. at 5 (STB served Nov. 6, 2014) (“WSOR 2014”); *Wheeling & Lake Erie Ry. – Acquis. and Operation Exemption – CSX Transp.*, FD 34341, slip op. at 3 (STB served Sept. 2, 2003) (“WLE 2003”)

RCPE has the support of the employees and RCPE anticipates that the union representing its employees will be submitting a letter of support in this docket. As such, RCPE requests that the Board waive the 60-day notice requirement in this proceeding because it is clear that no railroad employees will be affected, much less adversely affected, by RCPE’s purchase of the Huron-Yale Line. RCPE is currently subleasing Huron-Yale Line and has been the common carrier operator of the Line since 2014. RCPE now proposes to acquire the Huron-Yale Line – the same line that is currently subleasing – and RCPE will continue to be the common carrier operator of the Line after it purchases the Line.³

If the sale transaction closes, no RCPE employee will be affected or have to make any career choices as a result of this transaction because there will be no operational changes on the Line. Nor would posting notices on the Line provide any relevant notice to any State or RCPE employees since none are railroad employees and none work on the Line.⁴ Thus, under the

³ The transaction preserves BNSF’s overhead trackage rights over the Line.

⁴ Notwithstanding that there will be no effect on employees of RCPE, RCPE is providing notice of this transaction to the national office of the union that represents employees working on the Rail Line by serving it with a copy of this Notice of Exemption.

circumstances of this transaction, compliance with the notice requirements will not further the purposes of the rule and should be waived.

Granting RCPE a waiver would also be consistent with the Board's decisions to grant waivers from the labor notice requirements in other cases where a common carrier has sought to purchase a rail line, or obtain a freight rail line operating easement, that it was previously operating as a lessee. *See, e.g., WSOR 2020*, slip op. at 3; *WSOR 2014*, slip op. at 5; *WLE 2003*, slip op. at 3.

IV. Labor Protection

Under 49 U.S.C. §10502(g), the Board may not exempt a rail carrier from otherwise applicable employee protection obligations. Since RCPE is a Class II carrier, the applicable level of labor protections for this transaction are specified by 49 U.S.C. §10902(d) and *Wis. Central Ltd. – Acquis. Exemption – Lines of Union Pac. R.R.*, 2 S.T.B. 218 (1997), *rev'd in part sub nom. Assoc. of Am. R.R.s v. STB*, 162 F.3d 101 (D.C. Cir. 1998). RCPE's acquisition and continued operation of the Rail Line is not expected to adversely impact any State of South Dakota (or RCPE) employees.

V. Request For Expedited Consideration

RCPE and the State hope to close the transaction as soon as possible and therefore seek Board approval of this transaction by September 30, 2026. Prompt closing is particularly important to the State since the compensation it is to receive for the sale is tied to the closing date; the Line assets will return immediately to the State's tax rolls; and the State will shed its current administrative burdens supervising the current RCPE leases. The State also seeks to close the sales transaction in calendar year 2026 to incorporate the sale proceeds into its yearly budget process and legislative reporting requirements.

RCPE recognizes that the Board has many competing regulatory priorities, but, at the State’s request, RCPE asks that the Board serve a decision granting this Petition no later than September 30, 2026 if it is reasonably possible for the Board to do so. A Board decision served on September 30, 2026 will become effective on October 30, 2026 (*see* 49 C.F.R. ¶ 1121.4(e)) and would provide the parties with sufficient time to close the transaction in accordance with the mutually preferred timetable.

To the extent that issuing a decision by September 30th requires expedited consideration by the Board, RCPE respectfully requests expedited consideration – a request that is supported by Board precedent. *See, e.g., WSOR 2020*, slip op. at 4 (granting a Class II carrier’s line and acquisition and operation exemption petition shortly after it was filed in November 2020 “so that the parties may close the transaction before the end of the year[]”); *Iowa Interstate R.R. – Sublease Exemption – Line From CSX Transp.*, FD 34796, slip op at 3 (STB served Jan. 18, 2006) (granting carrier’s request for expedited consideration so “that the exemption be[comes] effective prior to February 3, 2006, to allow for closing of the transaction on that date.”).

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Conclusion

RCPE respectfully requests that the Board grant (no later than September 30, 2026) the exemption sought in this Petition, and grant the waiver of the advance notice provisions of 49 C.F.R. §1121.4(h), authorizing RCPE to purchase the Huron-Yale Line.

Respectfully submitted,



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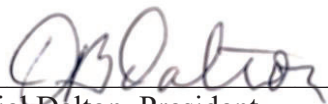
*Attorneys for Rapid City, Pierre & Eastern
Railroad, Inc.*

Dated: May 18, 2026

VERIFICATION

I, Daniel Dalton, President of Rapid City, Pierre & Eastern Railroad, Inc., verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file the foregoing document.

Executed on May 15, 2026



Daniel Dalton, President

EXHIBIT A

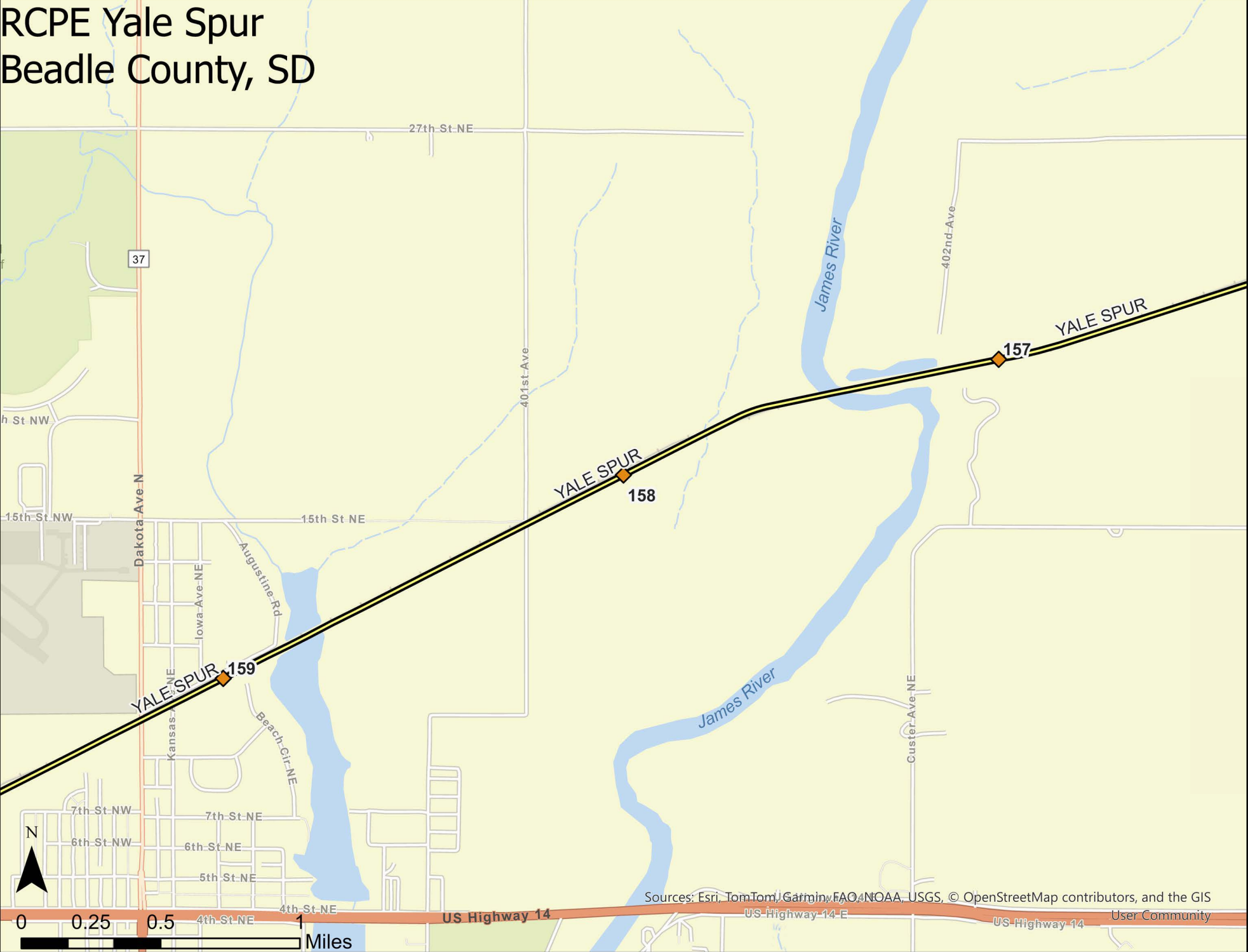
MAP

RCPE Yale Spur Beadle County, SD



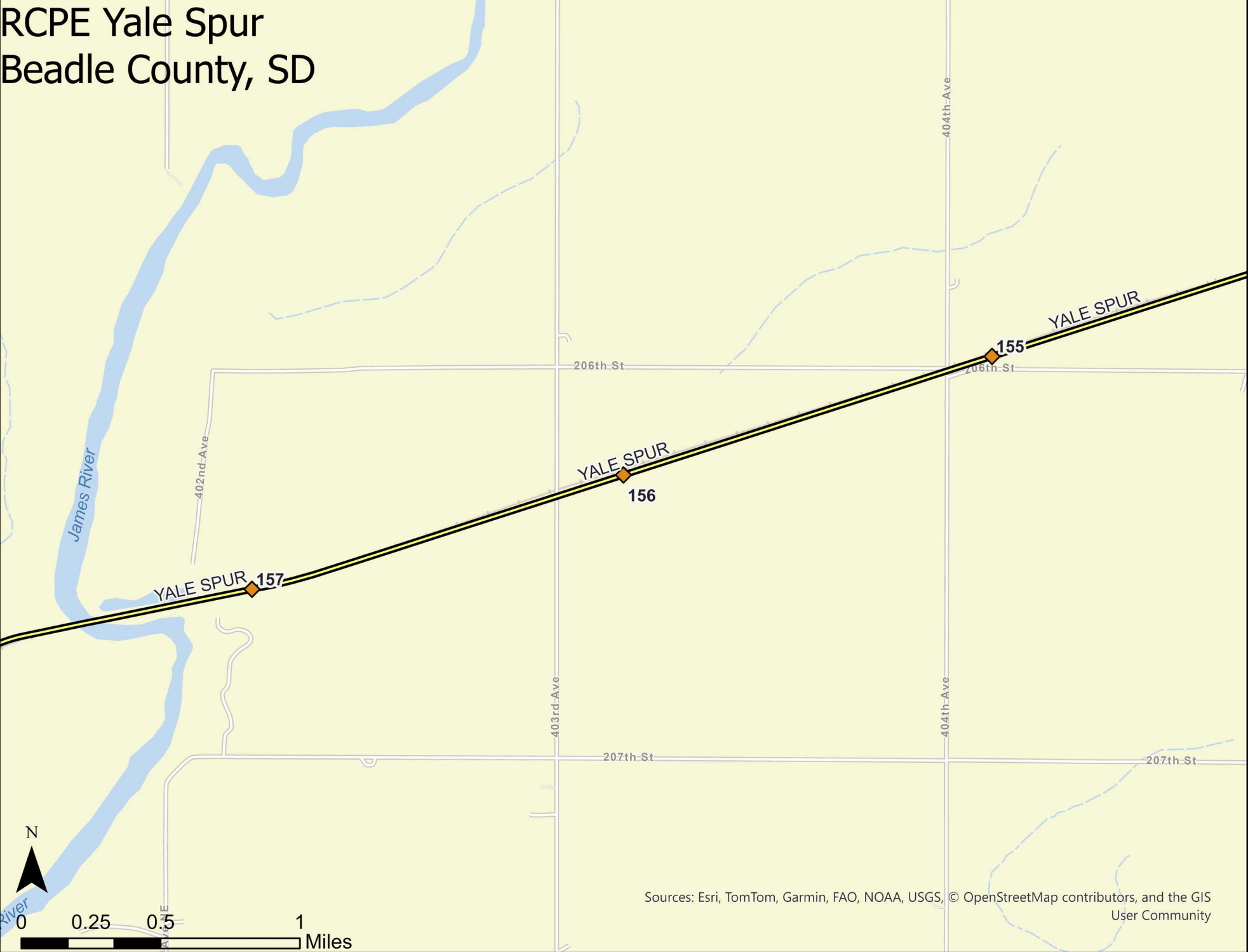
Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community

RCPE Yale Spur Beadle County, SD

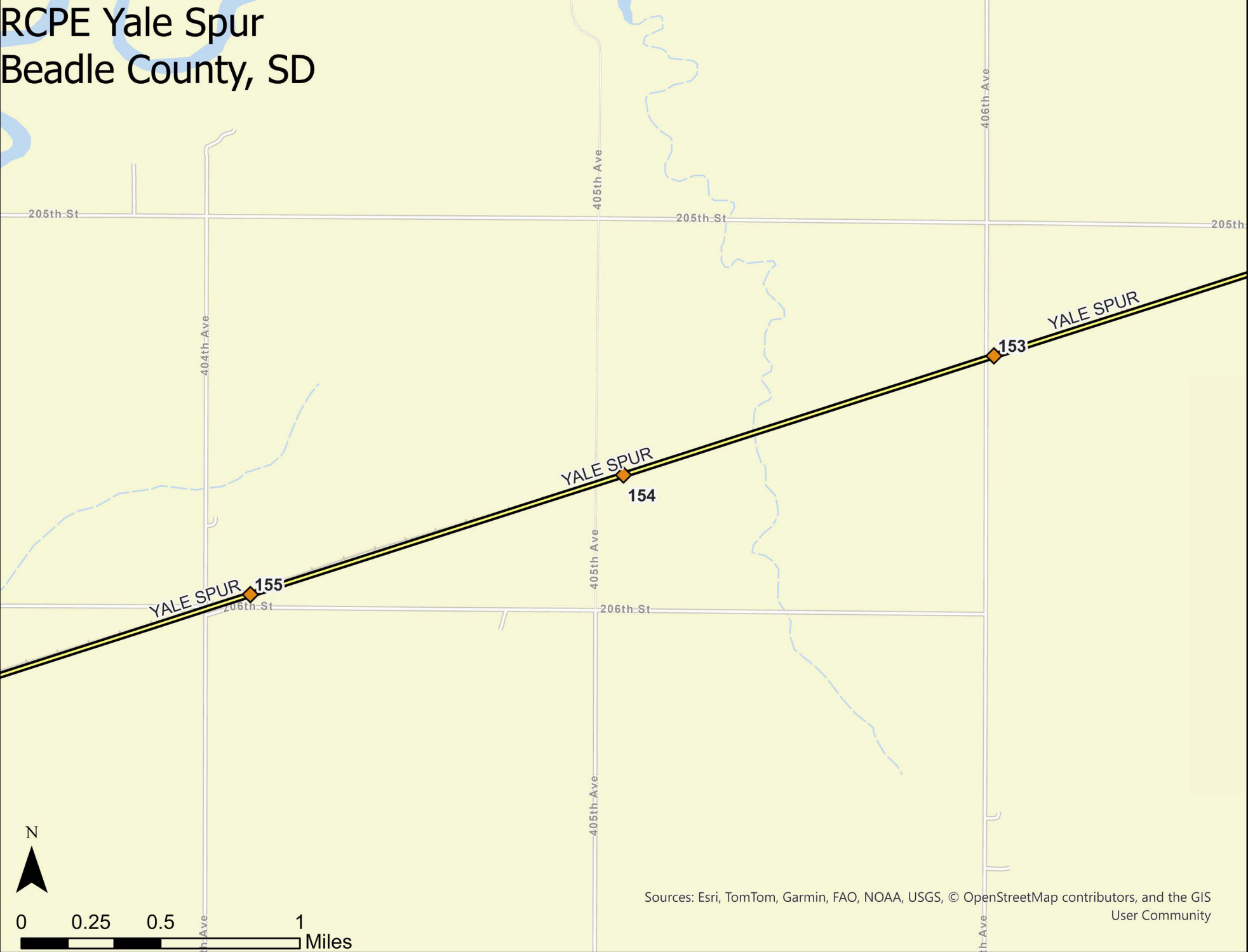


RCPE Yale Spur

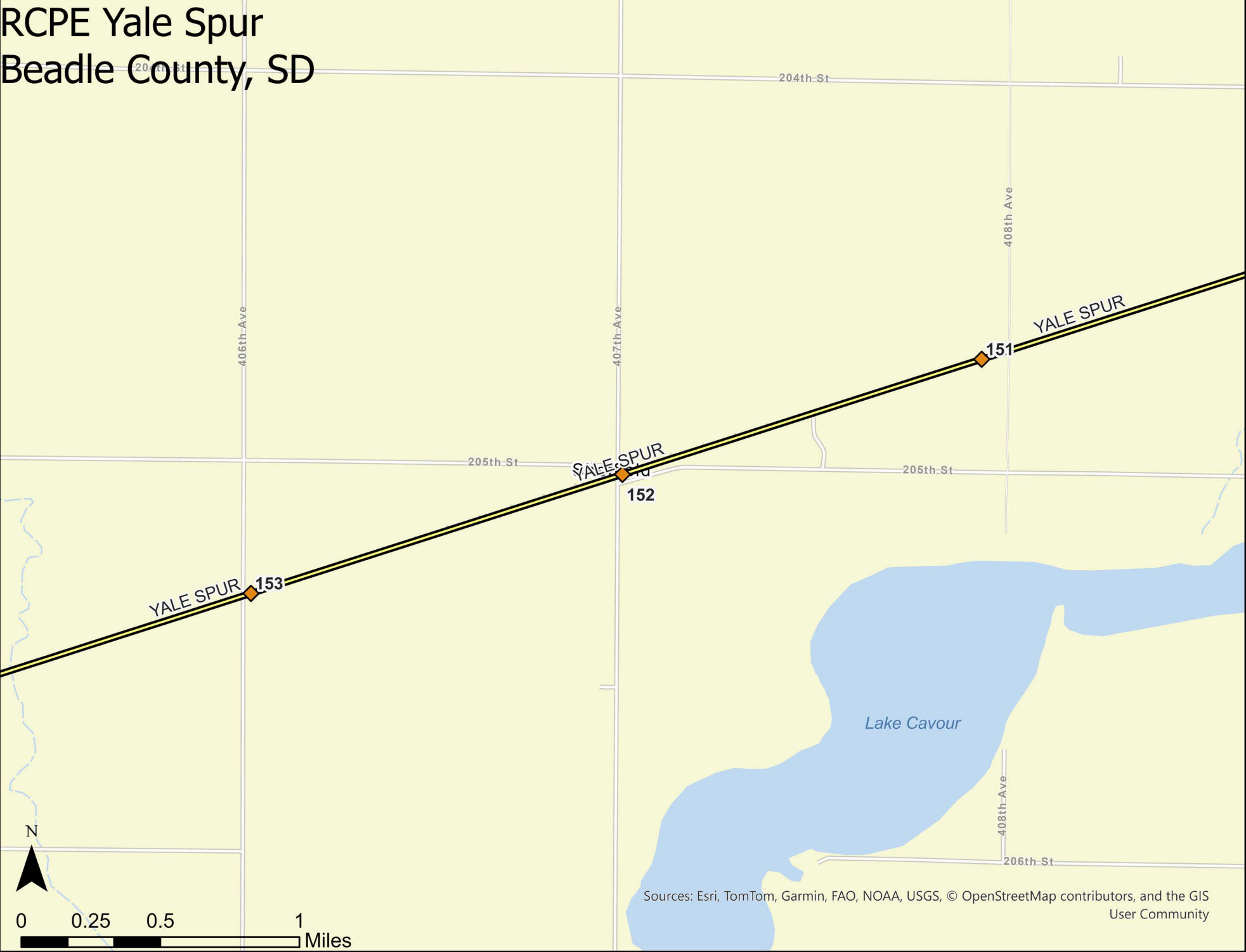
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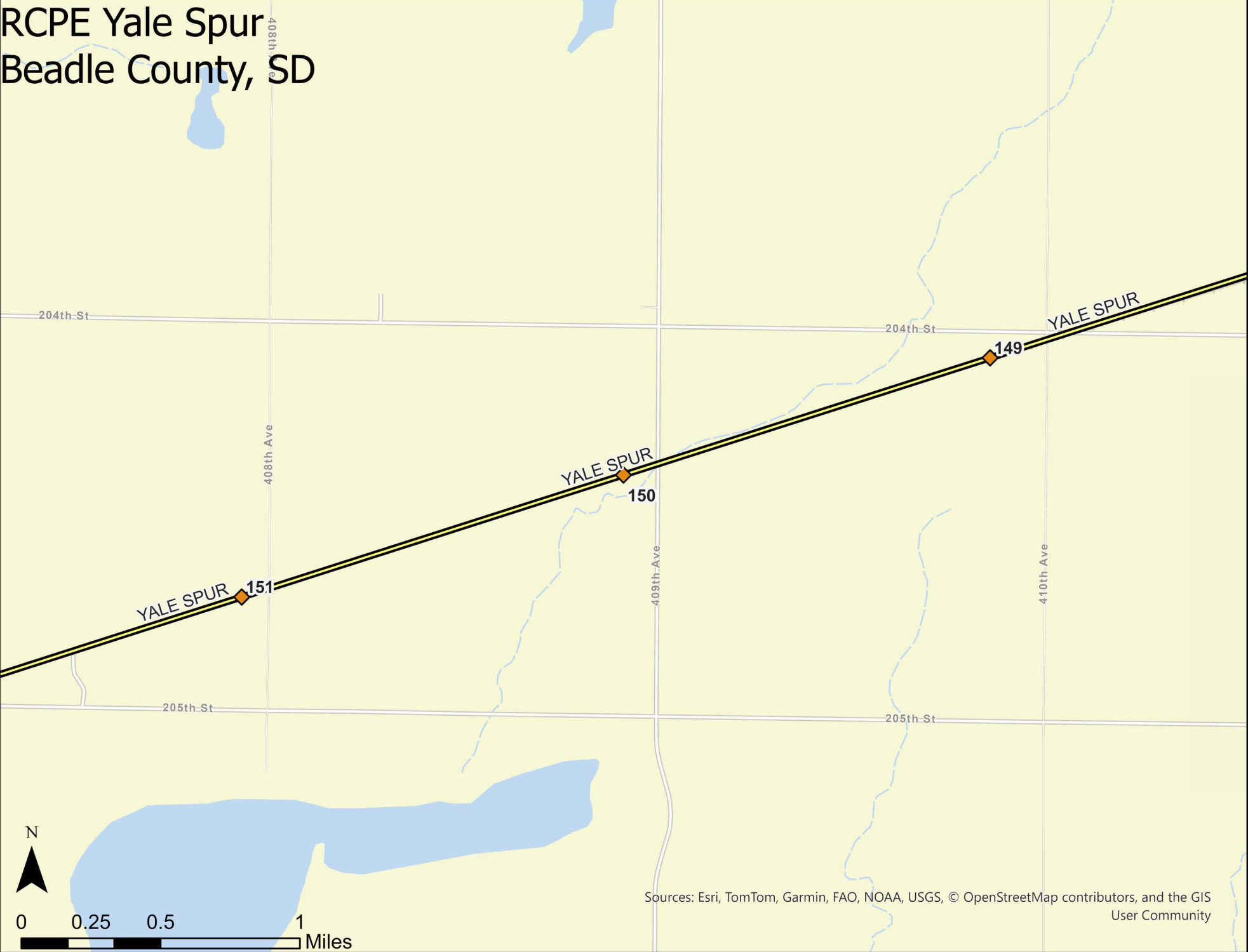
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RCPE Yale Spur Beadle County, SD

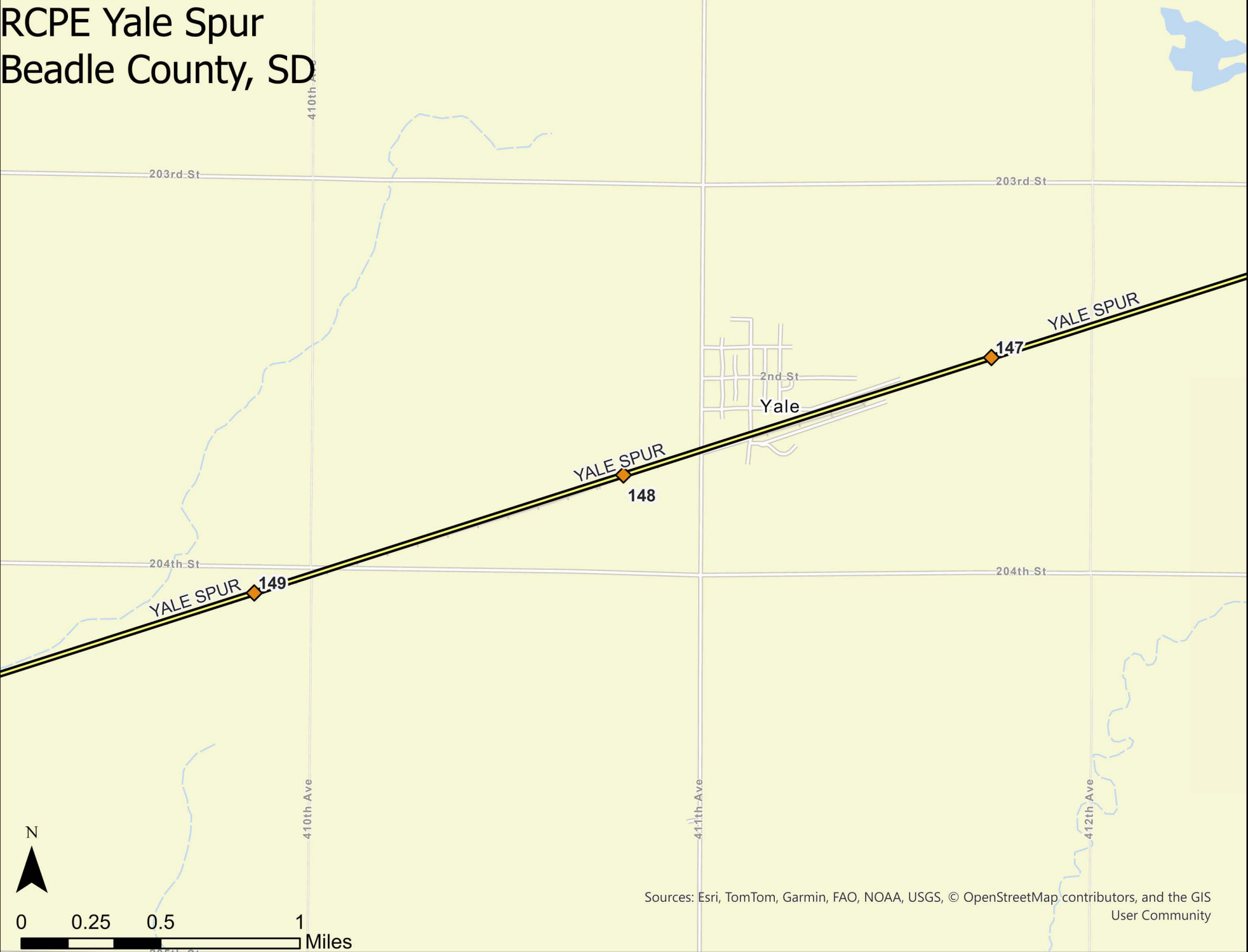


RCPE Yale Spur Beadle County, SD



RCPE Yale Spur

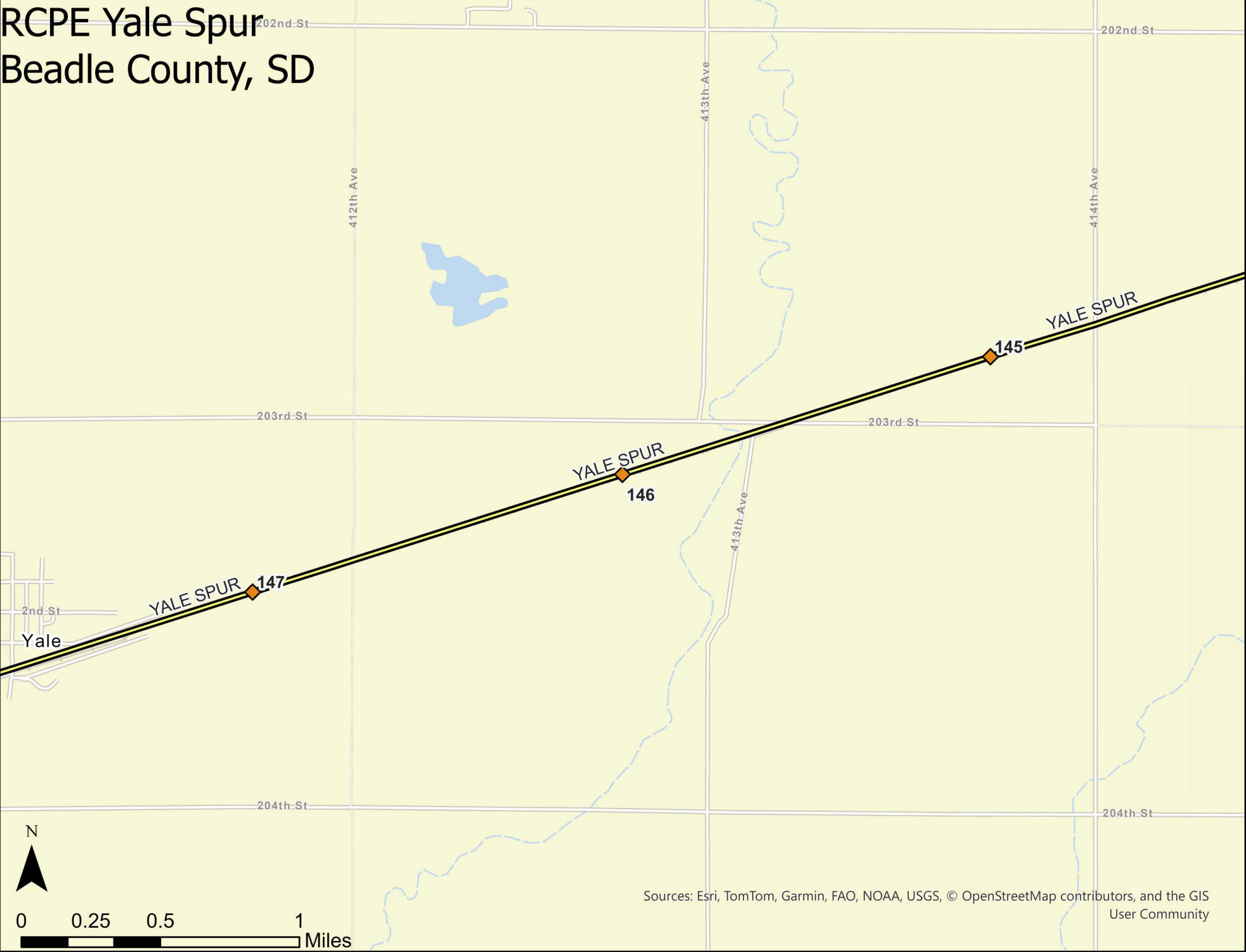
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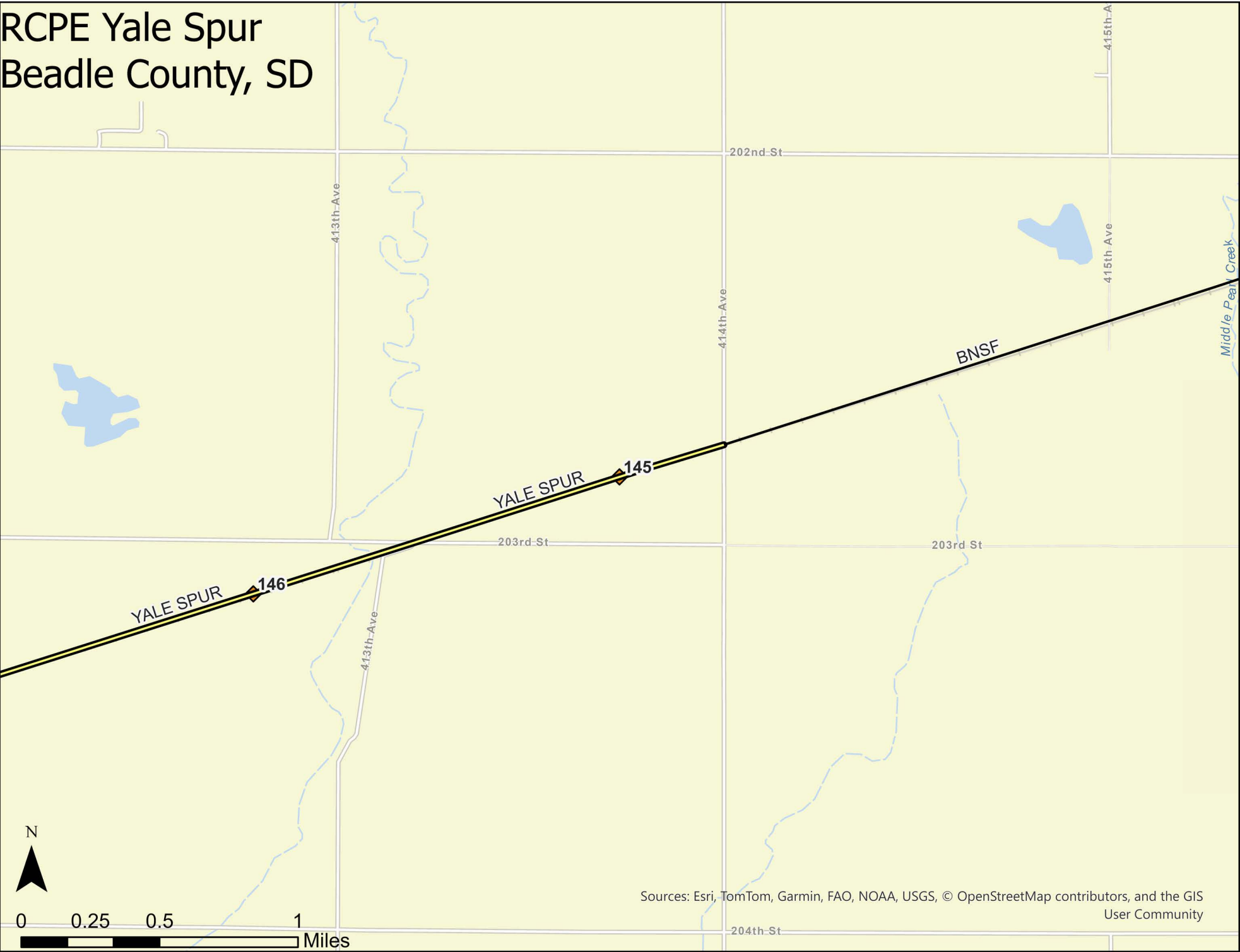
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RCPE Yale Spur

Beadle County, SD



RCPE Yale Spur Beadle County, SD



CERTIFICATE OF SERVICE

I hereby certify that on this date a copy of the foregoing document was served by email or U.S. first class mail, postage pre-paid on the International Association of Sheet Metal, Air, Rail and Transportation Workers – Transportation Division (SMART-TD).

Jeremy R. Ferguson

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Justin J. Marks

Dated: May 18, 2026