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2 **BEFORE THE PUBLIC UTILITIES COMMISSION**
3 **OF THE STATE OF CALIFORNIA**

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A2503016

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5 Application of Union Pacific Railroad
6 Company, d/b/a Keene Water System
7 (U 0434 W) for Adjustments to Revenue
8 Requirement, Rate Design, and Rates

A.25-03-016

9 In the Matter of Application of Union Pacific
10 Railroad Company d/b/a Keene Water System
11 (0434W) for Authorization to be Relieved of
12 its Public Utility Status and Water Service
13 Obligations

A.25-03-017

14 **MOTION OF**

15 **UNION PACIFIC RAILROAD COMPANY (KEENE WATER SYSTEM) (U 434 W)**

16 **FOR LEAVE TO FILE CONFIDENTIAL INFORMATION UNDER SEAL**

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March 12, 2026

1 **I. INTRODUCTION.**

2 Pursuant to Rule 11.4 of the Rules of Practice and Procedure of the California Public
3 Utilities Commission (“Commission”), Keene Water System (“KWS”), the water utility division
4 of Union Pacific Railroad Company (“UPRR”) hereby moves for leave to file under seal the
5 confidential version of its contemporaneously-filed Response to Section 4 of the March 2, 2026
6 Assigned Commissioner’s Scoping Memorandum and Ruling (“Response”). Section 4 of the
7 Assigned Commissioner’s Scoping Memorandum and Ruling (“Scoping Memo”) requires
8 certain documents to be filed and served no later than March 12, 2026.¹ Union Pacific
9 Corporation’s (“UPC”) and its subsidiaries’ 2012-2024 consolidated tax returns being submitted
10 as part of the Response are subject to protection under applicable state and federal law and
11 should be held under seal. In compliance with Rule 11.4, a proposed ruling is attached to this
12 Motion.

13 Because of the large size of UPC’s consolidated tax returns and technical difficulties in
14 converting them to PDF-A for e-filing with the Commission, on March 12, 2026, KWS
15 requested permission to submit them to the Commission through the Commission’s secure File
16 Transfer Protocol (“FTP”), rather than the e-filing system. The Assigned Administrative Law
17 Judge (“ALJ”) granted KWS’s request via an email to the service list dated March 12, 2026.
18 Despite this alternative mode of submission, the tax returns should remain under seal with the
19 Commission.

20 **II. UPC’S CONSOLIDATED TAX RETURNS ARE PRIVILEGED AND QUALIFY**
21 **FOR CONFIDENTIAL TREATMENT UNDER STATE AND FEDERAL LAW**
22 **AND THE CALIFORNIA PUBLIC RECORDS ACT.**

23 UPC’s consolidated 2012-2024 tax returns are proprietary and contain privileged,
24 competitively-sensitive financial information for UPC and its subsidiaries that is expressly
25 protected from public disclosure under state and federal law. These tax returns qualify for
26 confidential treatment and protection under state and federal law, and under the California Public
27 Records Act (“CPRA”) public interest “balancing test” set forth in Government Code Section

28 ¹ *Scoping Memo* at 5-6.

1 7922.000, *et seq.*

2 It is well established that state and federal tax returns are privileged and protected from
3 public disclosure under state and federal law.² This privilege from public disclosure applies to
4 corporate tax returns.³ Therefore, UPC’s consolidated tax returns are prohibited from disclosure
5 under the CPRA.⁴

6 UPC does not disclose its consolidated tax returns as part of any public financial
7 reporting, and the company has established procedures and protocols designed to maintain these
8 tax returns as confidential. Disclosure of UPC’s consolidated tax returns would expose UPC and
9 its subsidiaries to unfair competition, especially because they do not have parallel access to tax
10 returns from their competitors. UPC invested significant accounting time and resources to
11 compile this information. These sensitive financial documents qualify as trade secrets, the
12 statutory protections for which are incorporated into the exemptions from disclosure in the
13 CPRA.⁵ The tax returns are “compilations” and “patterns” that: (1) derive economic value from
14 not being known to the public or to the UPC’s or its subsidiaries’ competitors; and (2) are subject
15 to reasonable efforts to maintain their confidentiality by UPC.⁶ If revealed, the granular sensitive
16 information in UPC’s consolidated tax returns relating to its and its subsidiaries’ income, assets,
17 and liabilities could inform marketing, operational, investment, and business strategies by current

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19 ² See, e.g., *Weingarten v. Superior Court* (2002) 102 Cal.App.4th 268, 274 (“The purpose of the privilege is
20 to encourage voluntary filing of tax returns and truthful reporting of income, and thus to facilitate tax
21 collection.”); *Sav-On Drugs, Inc. v. Superior Court* (1975) 15 Cal.3d 1, 6 (discussing privileged nature of
22 tax returns, which should not be subject to public disclosure); *Firestone v. Hoffman* (2006) 140 Cal.App.4th
23 1408, quoting *Webb v. Standard Oil Co.* (1957) 49 Cal.2d 509, 512–514 (noting that the privilege has been
24 extended to federal tax returns “merely as a means of protecting the privileged status of California returns,”
25 because “forcing disclosure of the information in the federal tax return would be equivalent to forcing
26 disclosure of the state returns and would operate to defeat the purposes of the state statute.”); *Lampert v.*
27 *United States* (1988) 854 F.2d 335, 336 (federal statute requiring that tax returns be treated as confidential
28 “is designed to protect the flow of information between taxpayers and the Internal Revenue Service by
controlling the disclosure of tax information by government employees.”); Rev & Tax Code § 19542; 26
U.S.C. § 6103.

³ *Schnabel v. Superior Court* (1993) 5 Cal.4th 704, 718–723; *Aday v. Superior Court* (1961) 55 Cal.2d 789,
796.

⁴ Gov. Code § 7927.705 (incorporating restrictions on disclosure imposed by state or federal law).

⁵ See Pub. Util Code § 583; Gov. Code §§ 7927.705 (incorporating restrictions on disclosure imposed by
state or federal law); Civ. Code § 3426.1(d); Evid. Code § 1060.

⁶ See Cal. Civ. Code § 3426.1(d); see also *Fireman’s Fund Ins. Co. v. Superior Court*, 233 Cal.App.3d
1138, 1141 (1991) (superior court erred in ordering protection of “highly sensitive commercial
information”).

1 or potential competitors.

2 For similar reasons, the materials are also subject to protection under the CPRA
3 balancing test, which protects documents where “on the facts of the particular case the public
4 interest served by not disclosing the record clearly outweighs the public interest served by the
5 disclosure of the record.”⁷ Disclosure of the granular financial information in the tax returns
6 could facilitate unfair competition, distortions of the competitive market, and a destabilization of
7 the competitive playing field that would harm consumers. No countervailing public benefit
8 would accrue from revealing UPC’s consolidated tax returns.

9 **III. CONCLUSION.**

10 For the aforementioned reasons, UPC’s consolidated tax returns being produced in the
11 Response have been appropriately marked and presented subject to the protections of Public
12 Utilities Code Section 583, and the other provisions of law identified herein. The confidential
13 materials in the Response are limited in scope to the tax returns and the remaining responsive
14 exhibits have been produced as part of the public Response. A public version of the Response was
15 filed electronically through the Commission’s electronic filing system. Pursuant to the Assigned
16 ALJ’s email dated March 12, 2026, the confidential exhibits to the Response have been uploaded
17 to the Commission’s secure FTP, and should remain under seal.

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25 ⁷ Gov. Code § 7922.000; *see also Int’l Federation of Prof. and Tech. Eng. v. Superior Court*, 42 Cal.4th
26 319, 329 (2007). This balancing test is appropriately employed to protect competitive information of a
27 regulated entity from disclosure because a strong public interest exists in encouraging vigorous competition
28 for the benefit of consumers. *See Morlife, Inc. v. Perry*, 56 Cal. App. 4th 1514, 1520 (1997) (“Yet also
fundamental to the preservation of our free market economic system is the concomitant right to have the
ingenuity and industry one invests in the success of the business or occupation protected from the
gratuitous use of that “sweat-of-the-brow” by others.”); *Knevelbaard Dairies v. Kraft Foods, Inc.*, 232 F.3d
979, 988 (9th Cir. 2000) (recognizing the preservation of competition as “vital to the public interest.”).

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Respectfully submitted on March 12, 2026.

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ATTACHMENT A

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Application of Union Pacific Railroad Company, d/b/a Keene Water System (U 0434 W) for Adjustments to Revenue Requirement, Rate Design, and Rates

In the Matter of Application of Union Pacific Railroad Company d/b/a Keene Water System (0434W) for Authorization to be Relieved of its Public Utility Status and Water Service Obligations

A.25-03-016

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[PROPOSED] ORDER

Pursuant to Rule 11.4 of the California Public Utilities Commission’s Rules of Practice and Procedure, on March 12, 2026, Keene Water System (“KWS”), the water utility division of Union Pacific Railroad Company (“UPRR”) submitted a confidential version of its Response to Section 4 of the Assigned Commissioner’s Scoping Memorandum and Ruling, which contains Union Pacific Corporation’s (“UPC”) consolidated tax returns from 2012-2024. The confidential tax returns have been submitted via the Commission’s File Transfer Protocol (“FTP”) pursuant to authorization from the assigned Administrative Law Judge. For good cause shown in KWS’s Motion to Seal, and, based on Public Utilities Code Section 583, General Order 66-D, applicable provisions of state and federal law, and the California Public Records Act (Gov. Code § 7920.000, *et seq.*), UPC’s consolidated tax returns are privileged and appropriate for confidential treatment.

It is **THEREFORE ORDERED** that KWS’s Motion to Seal is granted, and the confidential version of its Response and tax returns submitted to the Commission’s FTP shall be held under seal. All pleadings and correspondence in this proceeding shall be made in a manner that protects the confidential information from unauthorized disclosure.

SO ORDERED.

Dated: _____, 2026

Administrative Law Judge