

SURFACE TRANSPORTATION BOARD

PRESCRIPTION OF DEPRECIATION RATES

for

KANSAS CITY SOUTHERN RAILWAY COMPANY

TRACK PROPERTY

KCS-TR-09

Rates Effective: January 1, 2009

Kansas City Southern Railway Company (KCS) submitted updated average remaining lives (ARLs) for its track property. KCS proposes to use the updated ARLs to amortize the variance between book accumulated depreciation and the calculated guideline for each account. The submitted ARLs are based on the average service lives that were used to develop the depreciation rates approved by the STB July 20, 2007. The calculations supporting these ARLs were provided and have been given appropriate consideration.

The depreciation rates prescribed herein replace any rates previously prescribed for the subject property. Beginning on the effective date of this prescription, the railroad is prohibited from using any rates other than those prescribed herein. As stated in *49 U.S.C. 11143*, a rail carrier may not:

- (1) charge to operating expenses a depreciation charge on a class of property other than that prescribed by the Board;
- (2) charge another rate of depreciation; or
- (3) include other depreciation charges in operating expenses.

IT IS ORDERED:

- (1) Kansas City Southern Railway Company (KCS) shall account for depreciation charges by applying to the ledger value of track property, owned and used in its operations, the annual component percentage rates shown herein.
- (2) The rates shall be effective from **January 1, 2009, through December 31, 2011**, or until further order of the Board.
- (3) KCS shall amortize the variance between book accumulated depreciation and the calculated guideline over the average remaining life of its track property through use of the "Depreciation Rates Including Accumulated Depreciation True-Up" shown herein.

KCS TRACK PROPERTY DEPRECIATION RATES		
ACCOUNT	ACCRUAL RATES	DEPN RATES INCLUDING ACCUM DEPN TRUE-UP
KCSR		
8. Ties		
Class 1	4.40	4.14
Class 2	3.93	3.57
Class 4	2.75	2.49
9. Rails and OTM		
Class 1	3.19	2.25
Class 2	2.63	2.02
Class 4	1.60	1.44
11. Ballast		
Class 1	3.99	3.29
Class 2	3.68	2.63
Class 4	2.50	2.27
MSLLC		
8. Ties		
Class 1	4.40	4.34
Class 2	3.93	3.55
Class 4	2.75	2.71
9. Rails and OTM		
Class 1	3.20	2.99
Class 2	2.67	1.66
Class 4	1.60	1.47
11. Ballast		
Class 1	4.00	3.77
Class 2	3.70	2.66
Class 4	2.50	2.44

Decided December 23, 2009 by the Surface Transportation Board, Accounting Board.