

36688
CO

SERVICE DATE – LATE RELEASE JANUARY 23, 2006

SURFACE TRANSPORTATION BOARD

DECISION

STB Finance Docket No. 34821

NORFOLK SOUTHERN RAILWAY COMPANY—TRACKAGE RIGHTS EXEMPTION—
MERIDIAN SPEEDWAY LLC—BETWEEN MERIDIAN, MS AND SHREVEPORT, LA

STB Finance Docket No. 34822

KANSAS CITY SOUTHERN, THE KANSAS CITY SOUTHERN RAILWAY COMPANY,
AND MERIDIAN SPEEDWAY, LLC—EXEMPTION FOR TRANSACTIONS WITHIN A
CORPORATE FAMILY

STB Finance Docket No. 34823

KANSAS CITY SOUTHERN RAILWAY COMPANY—TRACKAGE RIGHTS
EXEMPTION—MERIDIAN SPEEDWAY LLC

Decided: January 23, 2006

These proceedings involve a joint-venture between Kansas City Southern (KCS) and Norfolk Southern Railway Company (NSR) to share and upgrade a portion of the Meridian Speedway, a line located between Meridian, MS, and Dallas, TX.¹ KCS will contribute a 320-mile segment of the line between Meridian MS, milepost 0.0, and Shreveport, LA, milepost V-169.85 to the venture, and NSR will acquire an equity interest and will pay for increases in line capacity to accommodate projected traffic growth. More specifically, one of KCS's subsidiaries, Kansas City Southern Railway Company (KCSR), will contribute the line segment to Meridian Speedway, LLC (MSLLC), a newly created subsidiary of KCS. MSLLC, which will remain under the control of KCS, will grant certain trackage rights to KCSR and certain trackage and haulage rights to NSR. MSLLC will also contract with KCSR for KCSR to be the operator of the line.

KCSR currently operates via trackage rights over approximately four-tenths of a mile section of track in Jackson, MS that is controlled by Canadian National Railway Company (CN) as successor to Illinois Central Railroad Company (IC) pursuant to a trackage rights agreement dated March 26, 1986, between MidSouth Rail Corporation and IC (Jackson Trackage Rights Agreement). KCSR also currently operates over a railroad bridge over the Mississippi River at Vicksburg, MS, pursuant to a lease agreement between Vicksburg Bridge and Terminal

¹ These proceedings have not been consolidated and are being dealt with here in one decision solely for administrative convenience.

Company and The Yazoo and Mississippi Valley Railroad Company dated February 11, 1928, as amended and/or replaced from time to time (Vicksburg Bridge Lease). The transaction contemplates having both the Jackson Trackage Rights Agreement and the Vicksburg Bridge Lease assigned to MSLLC.

To obtain the Board authority necessary to implement the entire transaction, by separate verified notices of exemption filed on January 17, 2006, NSR seeks authority to acquire trackage rights in STB Finance Docket No. 34821; KCS, KCSR, and MSLLC seek an exemption for a transaction within a corporate family in STB Finance Docket No. 34822; and KCSR seeks authority to acquire trackage rights from MSLLC in STB Finance Docket No. 34823. Under the class exemption procedures, the notices would become effective on January 24, 2006 (7 days after they were filed). The parties have included complete and redacted versions of pertinent agreements with their notices, and requests for protective orders in reference to the confidential material in the complete documents.

On January 23, 2006, CN, KCS, KCSR, MSLLC, and NSR jointly filed a petition requesting that the Board stay the effectiveness of these exemptions for 30 days. The petitioners request a stay so that KCS, NSR, and CN can attempt to negotiate a mutually beneficial agreement addressing the operational impacts of the various transactions on CN's line in Jackson, MS.

The request for a stay will be granted. A stay of the effective dates of the exemptions is appropriate to allow the parties time to consider the issues presented and allow them to reach an amicable resolution on operational issues concerning the CN line. Accordingly, the effective dates of the instant exemptions will be stayed until February 23, 2006.

It is ordered:

1. The effective dates of the exemptions in STB Finance Docket Nos. 34821, 34822, and 34823 are stayed until February 23, 2006.
2. This decision is effective on its date of service.

By the Board, W. Douglas Buttrey, Chairman.

Vernon A. Williams
Secretary