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SERVICE DATE – JULY 27, 2007

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35065]

Norfolk Southern Railway Company—Trackage Rights Exemption—Michigan Central
Railway, LLC

Pursuant to a written trackage rights agreement, Michigan Central Railway, LLC (Michigan Central), a noncarrier, has agreed to grant limited local trackage rights to Norfolk Southern Railway Company (NSR), over certain lines to be acquired from NSR by Michigan Central extending between (a) milepost KH 1.4 at Elkhart, IN, and milepost KH 27.4 at Three Rivers, MI; (b) milepost FB 27.3 at Three Rivers, MI, and milepost FB 101.5 at Grand Rapids, MI; (c) milepost KY 0.0 at Gibson, MI, and milepost KY 0.3 at CP BO in Kalamazoo, MI; (d) milepost MH 143.03 at CP BO in Kalamazoo, MI, and milepost MH28 at CP Ypsi; and (e) milepost LZ 0.0 at Jackson, MI, and milepost LZ 35.0 at Holt, MI.¹

This transaction is related to a petition for exemption for the acquisition and operation of these and other rail lines concurrently filed in STB Finance Docket No. 35063, Michigan Central Railway, LLC—Acquisition and Operation Exemption—Lines of Norfolk Southern Railway Company. In that proceeding, Michigan Central

¹ A redacted version of the proposed agreement between NSR and Michigan Central was filed with the notice of exemption. The full version was concurrently filed under seal along with a motion for protective order. As required by 49 CFR 1180.6(a)(7)(ii), the parties must file a copy of the executed agreement within 10 days of the date that the agreement is executed.

seeks an exemption under 49 U.S.C. 10502 from the prior approval requirements of 49 U.S.C. 10901 to acquire and operate some 299 miles of rail line owned and operated by NSR, and some 85.5 miles of trackage rights, in Michigan and Indiana.² This transaction also is related to a concurrently filed verified notice of exemption in STB Finance Docket No. 35064, Watco Companies, Inc., and Watco Transportation Services, Inc. – Continuance in Control Exemption – Michigan Central Railway, LLC, wherein Watco Companies, Inc. and its wholly owned subsidiary, Watco Transportation Services, Inc., jointly have filed a verified notice of exemption to continue in control of Michigan Central upon its becoming a rail carrier.

The parties intend to consummate the transaction after the Board has issued a final decision granting the petition for exemption in STB Finance Docket No. 35063.

Under the trackage rights agreement, NSR will retain the right to serve, under certain specified conditions, the General Motors facilities at Grand Rapids and Lansing, MI, and the RSDC of Michigan LLC automotive steel processing facility at Holt, MI, as well as any subsequent occupant(s) of any of these facilities. The agreement will permit NSR to serve these facilities with its own trains, locomotives, cars and equipment, and with its own crews, only if Michigan Central fails to meet the specified service standards under the conditions and over the timeframes set forth in the agreement.

As a condition to this exemption, any employees affected by the acquisition of the temporary trackage rights will be protected by the conditions imposed in Norfolk and

² In STB Finance Docket No. 35063, Michigan Central also has filed a petition to revoke the otherwise applicable class exemption at 49 CFR 1150.31 for the acquisition and operation of rail lines by a noncarrier and a proposed procedural schedule.

Western Ry. Co. – Trackage Rights – BN, 354 I.C.C. 605 (1978), as modified in
Mendocino Coast Ry., Inc. – Lease and Operate, 360 I.C.C. 653 (1980).

This notice is filed under 49 CFR 1180.2(d)(7). If it contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Stay petitions must be filed no later than August 3, 2007 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35065, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on G. Paul Moates, Sidley Austin LLP, 1501 K Street, N.W., Washington, DC 20005.

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Decided: July 19, 2007.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary