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SERVICE DATE - OCTOBER 23, 2002

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34234)

Minnesota Prairie Line, Inc.–Modified Rail Certificate

On September 23, 2002, Minnesota Prairie Line, Inc. (MPL)¹ filed a notice for a modified certificate of public convenience and necessity under 49 CFR 1150, Subpart C, Modified Certificate of Public Convenience and Necessity, to acquire the common carrier obligation for a rail line extending from approximately milepost 51.4, at or near Norwood, MN, to approximately milepost 145.7, at or near Hanley Falls, MN, a total distance of approximately 94 miles.

The line was abandoned in 1982. Chicago and North Western Transportation Co.–Abandonment Between Norwood and Madison, MN, ICC Docket No. AB-1 (Sub-No. 142) (ICC served Dec. 2, 1982; corrected decision served Dec. 12, 1982). Subsequently, the Minnesota Valley Regional Rail Authority (Authority), a political subdivision of the State of Minnesota, bought the line. Since the date of the acquisition, several railroads have attempted to acquire and operate the line without success. The most recent operator, Minnesota Central Railroad Co., filed for bankruptcy in August 2000, and MPL expresses its

¹ MPL is a subsidiary of Twin Cities & Western Railroad Company (TCW), a Class III carrier.

belief that rail freight service has not been provided over the line since that time. According to MPL, the line has been virtually inoperable for some time due to lack of maintenance, but the Authority is currently rehabilitating it.

The Authority and MPL have entered into a lease and operating agreement, effective January 15, 2002, with an initial term of 10 years, commencing upon the satisfaction of the conditions precedent set forth in the agreement, including receipt of necessary approval for rail operations.

As indicated, MPL will acquire the common carrier obligation to serve the line, pursuant to this modified certificate. MPL will contract with TCW to perform the actual service. It is currently intended that traffic will be moved east, interlining with TCW at or near Norwood, MN, though the line also connects to The Burlington Northern and Santa Fe Railway Company at or near Hanley Falls.

The line qualifies for a modified certificate of public convenience and necessity. See Common Carrier Status of States, State Agencies and Instrumentalities and Political Subdivisions, Finance Docket No. 28990F (ICC served July 16, 1981).

At this time, the track rehabilitation is being subsidized, but there are no plans for rail operations to be subsidized. MPL represents that it has obtained liability insurance coverage.

MPL intends to restore service on segments of the line as rehabilitation progresses but

before the entire line is rehabilitated.² Accordingly, the following preconditions for operations apply to the line: (i) the line must be rehabilitated to FRA class 1 operating condition; (ii) a shipper must install and maintain industry track that connects to a rehabilitated portion of the line; and (iii) the shipper must arrange, at its own cost, to have goods transported to an accessible point on a rehabilitated portion of the line and there transloaded to/from railcars.

This notice will be served on the Association of American Railroads as agent for all railroads subscribing to the car-service and car-hire agreement: Association of American Railroads (Business Services Group), 50 F Street, N.W., Washington DC 20001; and on the American Short Line and Regional Railroad Association: American Short Line and Regional Railroad Association, 1120 G Street, N.W, Suite 520, Washington, DC 20005.

Board decisions and notices are available on our website at
“WWW.STB.DOT.GOV.”

Decided: October 16, 2002.

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

Vernon A. Williams

Secretary

² The Authority is performing its rehabilitation with deliberate speed, and MPL anticipates that some portions of the line may become serviceable earlier than others.