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SERVICE DATE – JANUARY 13, 2006

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34765]

Vicksburg Southern Railroad, Inc.–Lease and Operation Exemption–The Kansas City Southern Railway Company

Vicksburg Southern Railroad, Inc. (VSOR), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to lease from The Kansas City Southern Railway Company (KCS) and operate approximately 21.5 miles of rail line consisting of the following lines located in Mississippi: (1) KCS's Redwood Branch, which is located between milepost 21.9, at the end of the line near Redwood, MS, and milepost 218.0, north of KCS's Vicksburg Yard, at Vicksburg, MS, and includes track numbers 418, 419, 429, 430, 431, 432, and 433, and the locomotive facility buildings within the Vicksburg Yard; and (2) the branch line located between milepost 223.0, south of the connection with the KCS main line, and milepost 229.85, near Cedars, MS.

This transaction is related to STB Finance Docket No. 34766, Watco Companies, Inc.–Continuance in Control Exemption–Vicksburg Southern Railroad, Inc., wherein Watco Companies, Inc., has filed a notice of exemption to continue in control of VSOR upon its becoming a Class III rail carrier.

VSOR certifies that its projected revenues as a result of the transaction will not result in VSOR's becoming a Class II or Class I rail carrier. VSOR also certifies that its projected annual revenues will not exceed \$5 million.

The transaction is expected to be consummated on or shortly after January 8, 2006.

If the notice 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 transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34765, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Karl Morell, Of Counsel, Ball Janik, LLP, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

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

Decided: January 5, 2006.

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

Vernon A. Williams

Secretary