

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: February 21, 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, The 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 Gulf 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 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

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

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 have become effective on January 24, 2006 (7 days after they were filed). However, by decision served on January 23, 2006, the effective dates of the three exemptions were stayed, at the joint request of CN, NSR, KCS, KCSR, and MSLLC, until February 23, 2006.

On February 17, 2006, NSR, KCS, KCSR, and MSLLC jointly filed a petition asking the Board to extend the stay of the effective dates. The petitioners have contacted the Board's Section of Environmental Analysis (SEA) regarding the impacts of anticipated traffic growth over the line from this transaction and are now preparing necessary documents for SEA's review. The petitioners explain, however, that they need additional time to prepare the documents for SEA. Petitioners request that the Board further stay the notices' effective dates until April 10, 2006, or until such lesser time as it may take to resolve the environmental matters.

The request for an extension of the stay will be granted. An extension of the stay will allow the environmental effects of the transaction to be properly documented and addressed before the exemptions become effective. Accordingly, the effective dates of the instant exemptions will be further stayed until April 10, 2006. If the petitioners wish to consummate the transaction sooner than April 10, 2006, they may file a petition to lift the stay.

It is ordered:

1. The effective dates of the exemptions in STB Finance Docket Nos. 34821, 34822, and 34823 are stayed until April 10, 2006.
2. This decision is effective on its date of service.

By the Board, W. Douglas Buttrey, Chairman.

Vernon A. Williams
Secretary