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SERVICE DATE – APRIL 17, 2006

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34848]

The Kansas City Southern Railway Company—Trackage Rights Exemption—The Texas Mexican Railway Company

The Texas Mexican Railway Company (Tex Mex) has agreed to grant local and overhead trackage rights to The Kansas City Southern Railway Company (KCSR),¹ to permit KCSR to operate over its entire line of railroad, approximately 157 miles, between milepost 0.0 at Laredo, TX, and milepost 157.0 at Corpus Christi, TX, including access to all sidings, yards and connections thereto.

This notice is related to a concurrently filed notice of exemption in STB Finance Docket No. 34849, Kansas City Southern, The Kansas City Southern Railway Company, and The Texas Mexican Railway Company—Exemption for Transactions Within a Corporate Family, which involves the assignment to, and acquisition by, KCSR of all of Tex Mex's trackage and operating rights, generally: (1) over lines of Union Pacific

¹ A draft copy of the trackage rights agreement was filed with the notice of exemption. Applicants state that a copy of the executed agreement will be filed with the Board within the time frame specified at 49 CFR 1180.6(a)(7)(ii).

Railroad Company (UP) between Beaumont and Houston, TX; (2) over lines of Houston Belt & Terminal Railway Company (HBT) in and around Houston; and (3) over lines of UP between Houston and Corpus Christi and Robstown, TX.

The parties state that the transaction was scheduled to be consummated on April 1, 2006. However, on March 29, 2006, the record in the concurrently filed notice of exemption was supplemented, thereby causing the official filing date for both notices to be March 29, 2006. Therefore, the earliest this transaction could have been consummated was April 5, 2006 (the effective date of the exemption).²

This transaction, in conjunction with the assignment and acquisition of Tex Mex's trackage and operating rights in the related notice of exemption, will allow KCSR to provide single-line service from Kansas City to Laredo, and to market the route as a KCSR route without having to include Tex Mex in the routing or the bill of lading. KCSR will also provide local rail service to shippers located on the line.

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

² Under 49 CFR 1180.4(g), a railroad must file a verified notice of the transaction with the Board at least one week in advance of consummation, in order to qualify for an

revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34848, 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 Robert B. Terry, 427 West 12th Street, Kansas City, MO 64105, and William A. Mullins, 2401 Pennsylvania Ave., N.W., Suite 300, Washington, DC 20037.

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Decided: April 7, 2006.

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

Vernon A. Williams

Secretary

exemption under 49 CFR 1180.2(d).