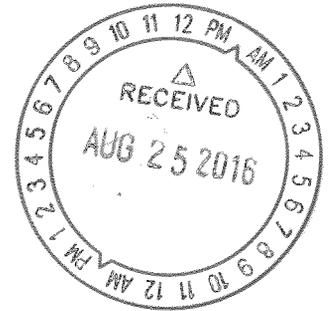


Karl Morell & Associates  
655 15<sup>th</sup> Street, NW, Suite 225  
Washington, DC 20005  
(202) 595-9045  
[karlm@karlmorell.com](mailto:karlm@karlmorell.com)



241349

HAND DELIVERY

August 25, 2016

Cynthia Brown  
Chief, Section of Administration  
Surface Transportation Board  
Office of Proceedings  
395 E Street, SW  
Washington, DC 20423

ENTERED  
Office of Proceedings  
August 25, 2016  
Part of  
Public Record

Re: Finance Docket No. 36060, Mississippi Southern Railroad,  
L.L.C. -- Lease Exemption -- The Kansas City Southern  
Railway Company

Dear Ms. Brown:

Attached for filing with the Surface Transportation Board, please find the original and ten copies of the Verified Notice of Exemption pursuant to 49 C.F.R. 1150.41. Enclosed is a check in the amount of \$1,900 to cover the filing fee.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in cursive script that reads 'Karl Morell'.

Karl Morell

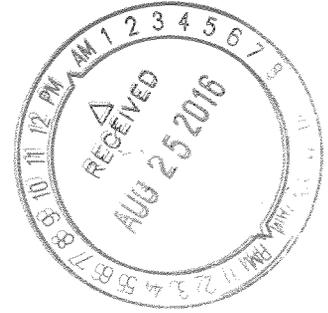
Enclosures

FILED  
August 25, 2016  
SURFACE TRANSPORTATION BOARD

FEE RECEIVED  
August 25, 2016  
SURFACE TRANSPORTATION BOARD

BEFORE THE  
SURFACE TRANSPORTATION BOARD

\_\_\_\_\_  
FINANCE DOCKET NO. 36060  
\_\_\_\_\_



MISSISSIPPI SOUTHERN RAILROAD, L.L.C.  
--LEASE AND OPERATION EXEMPTION--  
THE KANSAS CITY SOUTHERN RAILWAY COMPANY

\_\_\_\_\_  
VERIFIED NOTICE OF EXEMPTION  
Pursuant to 49 C.F.R. § 1150.41, Et Seq.  
\_\_\_\_\_

KARL MORELL  
Karl Morell & Associates  
Suite 225  
655 Fifteenth Street, N.W.  
Washington, D.C. 20005  
Tel: (202) 595-9045

Attorney for:  
MISSISSIPPI SOUTHERN  
RAILROAD, L.L.C.

Dated: August 25, 2016

BEFORE THE  
SURFACE TRANSPORTATION BOARD

\_\_\_\_\_  
FINANCE DOCKET NO. 36060  
\_\_\_\_\_



MISSISSIPPI SOUTHERN RAILROAD, L.L.C.  
--LEASE AND OPERATION EXEMPTION--  
THE KANSAS CITY SOUTHERN RAILWAY COMPANY

\_\_\_\_\_  
VERIFIED NOTICE OF EXEMPTION  
Pursuant to 49 C.F.R. § 1150.41, Et Seq.  
\_\_\_\_\_

Mississippi Southern Railroad, L.L.C. (“MSR”), a Class III rail carrier, files this Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart E--Exempt Transactions Under 49 U.S.C. 10902, to permit MSR to continue to lease from The Kansas City Southern Railway Company (“KCS”) and operate a 26.5-mile rail line located in Mississippi.

In support of this Notice of Exemption, MSR submits the following information as required by 49 C.F.R. § 1150.43:

- (a) Full name and address of applicant:

Mississippi Southern Railroad, L.L.C.  
315 W. 3<sup>rd</sup> Street  
Pittsburg, Kansas 66762

(b) Applicant's Representative:

KARL MORELL  
Karl Morell & Associates  
Suite 225  
655 Fifteenth Street, N.W.  
Washington, D.C.  
Tel: (202) 595-9045

(c) Statement of Agreement:

MSR originally entered into a Lease Agreement with KCS in 2005. *See* STB Finance Docket No. 34684, *Mississippi Southern Railroad, Inc. – Lease Exemption – The Kansas City Southern Railway Company* (not printed), served April 21, 2005. MSR has recently entered into an Amended and Restated Lease Agreement with KCS (“Amended Agreement”) which, among other things, extends the term of the lease to August 1, 2026.

(d) The operator of the property:

MSR will continue to be the operator of the leased line.

(e) Summary of proposed transaction:

Per the Amended Agreement, MSR will continue to lease and operate the 26.5 mile KCS line through August 1, 2026.

(1) The name and address of the company leasing the subject property:

The Kansas City Southern Railway Company  
Cathedral Square Headquarters Building  
427 West 12<sup>th</sup> Street  
Kansas City, MO 64105

(2) The involved transaction is expected to be consummated on or shortly after the effective date of this notice of exemption.

(3) The rail line that will continue to be leased by MSR is located between Milepost 133.0, near Bay Springs, MS, and Milepost 159.5, near Newton, MS.

(4) The length of the rail line being leased is approximately 26.5 miles.

(f) A map of the rail line being leased is attached as Exhibit A.

(g) MSR hereby certifies that MSR's projected revenues as a result of this transaction will not result in MSR becoming a Class II or Class I rail carrier. MSR further certifies that the projected annual revenue of MSR will not exceed \$5 million. Consequently, the requirements of 49 C.F.R. § 1150.42(e) do not apply to this transaction.

(h) The Amended Agreement does not contain any provision that prohibits MSR from interchanging traffic with a third party or limits MSR's ability to interchange with a third party.

#### **CAPTION SUMMARY**

A caption summary, as required by 49 C.F.R. § 1150.44, is attached as Exhibit B.

#### **ENVIRONMENTAL AND HISTORIC IMPACTS**

MSR is leasing the rail line from KCS for continued rail operations. Further Board approval is required for MSR to discontinue any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

MSR's lease and operation of the rail line will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of this line to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the line; (2) an increase of rail yard activity of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. MSR's lease and operation of the rail line will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds

of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, the transportation of ozone depleting materials is not contemplated. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted,



KARL MORELL  
Karl Morell & Associates  
Suite 225  
655 Fifteenth Street, N.W.  
Washington, D.C. 20005  
Tel: (202) 595-9045

Attorney for:  
MISSISSIPPI SOUTHERN RAILROAD, L.L.C.

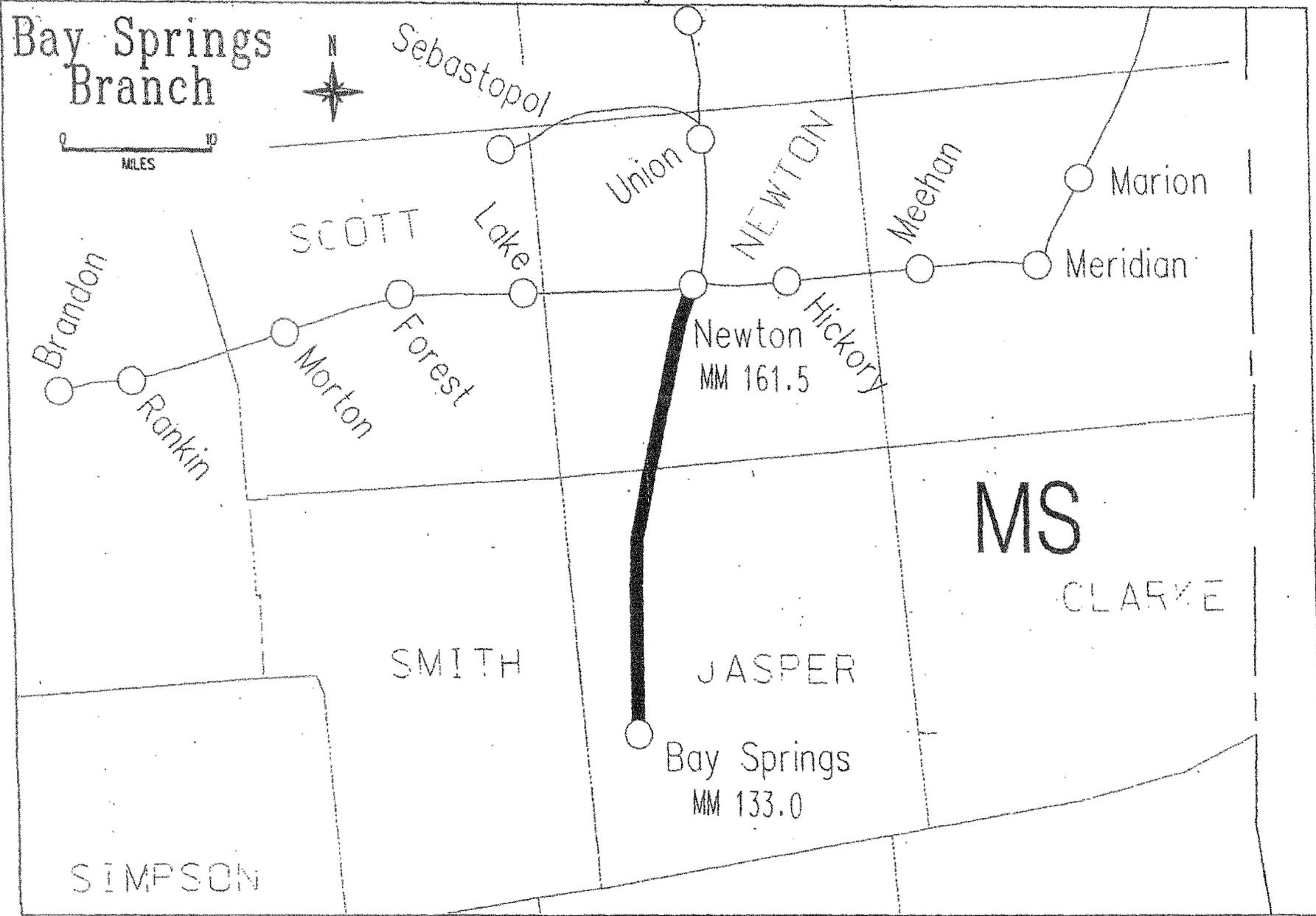
Dated: August 25, 2016

**EXHIBIT A**

**MAP**

Line Segment 035

Bay Springs Branch



**EXHIBIT B**

**CAPTION SUMMARY**

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 36060

MISSISSIPPI SOUTHERN RAILROAD, L.L.C.  
--LEASE AND OPERATION EXEMPTION--  
THE KANSAS CITY SOUTHERN RAILWAY COMPANY

Mississippi Southern Railroad, L.L.C. (“MSR”), a Class III rail carrier, has filed a verified notice of exemption under 49 CFR 1150.41, et seq. to continue to lease from The Kansas City Southern Railway Company and operate a 26.5-mile rail line. The rail line being leased is located between Milepost 133.0, near Bay Springs, MS, and Milepost 159.5, near Newton, MS.

Comments must be filed with the Board and served on Karl Morell, Karl Morell & Associates, Suite 225, 655 Fifteenth Street, N.W., Washington, DC 20005, (202) 595-9045.

This notice is filed under 49 C.F.R. 1150.41, et. seq. If the notice contains false or misleading information, the exemption is void ab initio. The filing of a petition to revoke will not automatically stay the transaction.

VERIFICATION

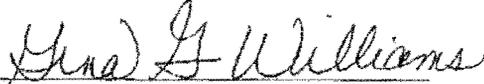
STATE OF KANSAS )  
 ) ss.  
COUNTY OF CRAWFORD )

I, Arthur E. McKechnie III, being duly sworn depose and state that I am Assistant Secretary of Mississippi Southern Railroad, L.L.C., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.

  
Arthur E. McKechnie III

SUBSCRIBED AND SWORN TO before me this 24 day of August, 2016, in the County of Crawford, State of Kansas.

My Commission Expires: 3/31/2018

  
Notary Public

