

Karl Morell
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Washington, DC 20001
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November 21, 2017



244750

BY HAND DELIVERY

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

ENTERED
Office of Proceedings
November 21, 2017
Part of
Public Record

Re: STB Finance Docket No. 36128, Vicksburg Southern Railroad,
L.L.C. – Lease and Operation Exemption – The Kansas City
Southern Railway Company

Dear Ms. Brown:

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 C.F.R. § 1150.41 and a check covering the \$2,000 filing fee.

If you have any questions, please contact me.

Sincerely yours,

A handwritten signature in black ink that reads 'Karl Morell'.

Karl Morell

Enclosures

FILED
November 21, 2017
SURFACE
TRANSPORTATION BOARD

FEE RECEIVED
November 21, 2017
SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36128

VICKSBURG 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 440
440 1st Street, N.W.
Washington, D.C. 20001
Tel: (202) 595-9045

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

Dated: November 21, 2017

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36128

VICKSBURG 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.



Vicksburg Southern Railroad, L.L.C. (“VSOR”), 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 VSOR to continue to lease from The Kansas City Southern Railway Company (“KCS”) and operate 21.5 miles of rail lines located in Mississippi.

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

- (a) Full name and address of applicant:

Vicksburg Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

(b) Applicant's Representative:

KARL MORELL
Karl Morell & Associates
Suite 440
440 1st Street, N.W.
Washington, D.C. 20001
Tel: (202) 595-9045

(c) Statement of Agreement:

VSOR originally entered into a Lease Agreement with KCS in 2005. *See* STB Finance Docket No. 34765, *Vicksburg Southern Railroad, Inc. – Lease and Operation Exemption – The Kansas City Southern Railway Company* (not printed), served January 13, 2006. VSOR 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 March 1, 2027.

(d) The operator of the property:

VSOR will continue to be the operator of the leased lines.

(e) Summary of proposed transaction:

Per the Amended Agreement, VSOR will continue to lease and operate 21.5 miles of KCS rail lines through March 1, 2027.

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

The Kansas City Southern Railway Company
Cathedral Square Headquarters Building
427 West 12th 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 lines that will continue to be leased by VSOR are: (1) KCS’s Redwood Branch which is located between Milepost 21.9, at the end of the line near Redwood,

MS, and Milepost 220.3¹, north of KCS's Vicksburg Yard, at Vicksburg, MS; and (2) the portion of the Redwood Branch located between Milepost 223.0, south of the connection with the KCS main line, and Milepost 225.6.²

(4) The length of the rail lines being leased is approximately 21.5 miles.

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

(g) VSOR hereby certifies that VSOR's projected revenues as a result of this transaction will not result in VSOR becoming a Class II or Class I rail carrier. VSOR further certifies that the projected annual revenue of VSOR 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 VSOR from interchanging traffic with a third party or limits VSOR'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

VSOR is leasing the rail lines from KCS for continued rail operations. Further Board approval is required for VSOR 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).

¹ KCS has agreed to extend the leased lines from Milepost 218.0 to Milepost 220.3 to provide VSOR better access to KCS's Vicksburg Yard.

VSOR's lease and operation of the rail lines 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. VSOR's lease and operation of the rail lines 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,



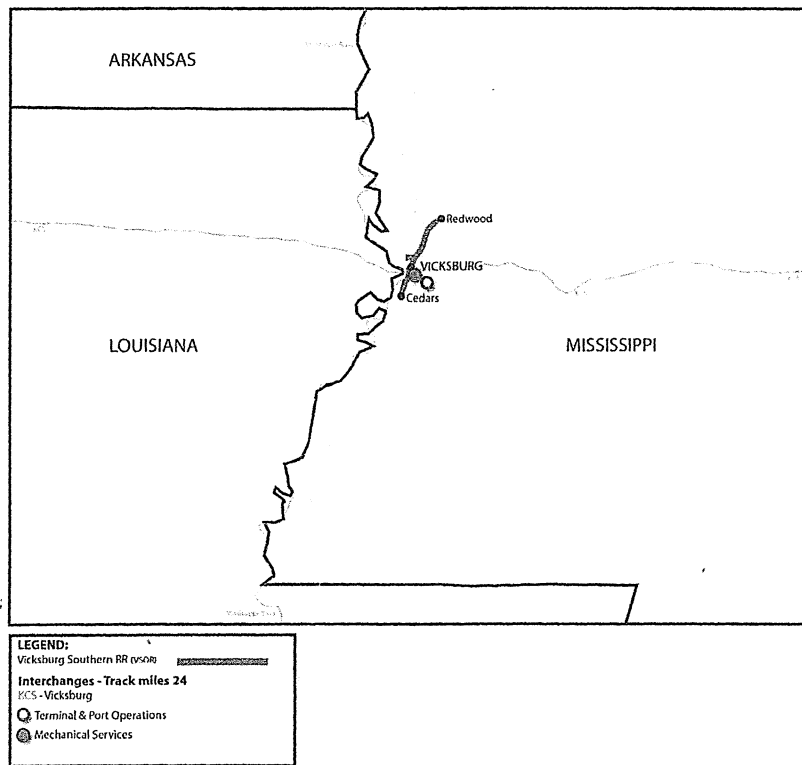
KARL MORELL
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Suite 440
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Washington, D.C. 20001
Tel: (202) 595-9045

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

Dated: November 21, 2017

² The Amended Agreement no longer includes track numbers 418, 419, 429, 430, 431, 432 and the locomotive facility buildings within the Vicksburg Yard. VSOR will shortly be filing to discontinue its operations over those tracks.

EXHIBIT A



SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 36128

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

Vicksburg Southern Railroad, L.L.C. ("VSOR"), 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 approximately 21.5 miles of rail lines. The rail lines being leased are: (1) KCS's Redwood Branch which is located between Milepost 21.9, at the end of the line near Redwood, MS, and Milepost 220.3, north of KCS's Vicksburg Yard, at Vicksburg, MS; and (2) the portion of the Redwood Branch located between Milepost 223.0, south of the connection with the KCS main line, and Milepost 225.6.

Comments must be filed with the Board and served on Karl Morell, Karl Morell & Associates, Suite 440, 440 1st Street, N.W., Washington, DC 20001, (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.

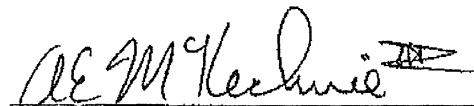
VERIFICATION

STATE OF KANSAS

COUNTY OF CRAWFORD

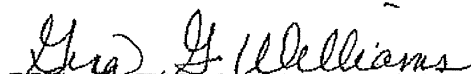
)
) ss.
)

I, Arthur E. McKechnie III, being duly sworn depose and state that I am Assistant Secretary of Vicksburg 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 15th day of November, 2017, in the County of Crawford, State of Kansas.

My Commission Expires: 3/31/2018


Notary Public

