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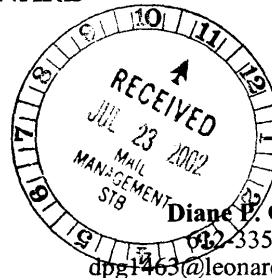
DID# 0102002001

July 19, 2002

ENTER
Office of Professional

JUL 23 2002

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VIA FEDERAL EXPRESS

The Honorable Vernon Williams
Secretary, Surface Transportation Board
1925 K Street NW
Washington, DC 20423-001

205917

**Re: Soo Line Railroad Company - Trackage Rights Exemption - Hennepin County Regional Rail Authority
STB Finance Docket No. 34208**

Dear Secretary Williams:

Enclosed for filing in the above-referenced matter are the original and 10 copies of the Verified Notice of Exemption of Soo Line Railroad Company and Soo Line's Motion for a Protective Order. Also included is a computer diskette with the filings.

This firm's check for ~~\$850~~ ^{\$900} in payment of the filing fee is also enclosed. I have enclosed an additional copy of this letter, the Notice, and the Motion for you to stamp to acknowledge your receipt and to return to me in the enclosed, self-addressed envelope.

If you have any questions concerning the filing, please do not hesitate to contact me.

Very truly yours,

LEONARD, STREET AND DEINARD
Professional Association

Diane P. Gerth

Diane P. Gerth
DPG: km

FILED

JUL 23 2002

**SURFACE
TRANSPORTATION BOARD**

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**SURFACE
TRANSPORTATION BOARD**

cc: Marilyn Maloney
Charles Clay
William Tuttle
Judy Mitchell
John Nail

150 SOUTH FIFTH STREET SUITE 2300 MINNEAPOLIS, MINNESOTA 55402 TEL 612-335-1500 FAX 612-335-1657

LAW OFFICES IN MINNEAPOLIS, SAINT PAUL AND MANKATO

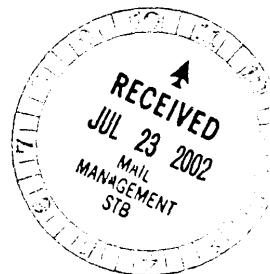
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BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 34208



SOO LINE RAILROAD COMPANY
- TRACKAGE RIGHTS EXEMPTION--
HENNEPIN COUNTY REGIONAL RAIL AUTHORITY

VERIFIED NOTICE OF TRACKAGE RIGHTS EXEMPTION

ENTERED
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Diane P. Gerth (#180786)
LEONARD, STREET AND DEINARD
PROFESSIONAL ASSOCIATION
150 South Fifth Street
Minneapolis, MN 55402
Telephone: (612) 335-1500

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 34208

SOO LINE RAILROAD COMPANY
— TRACKAGE RIGHTS EXEMPTION —
HENNEPIN COUNTY REGIONAL RAIL AUTHORITY



**CANADIAN PACIFIC RAILWAY COMPANY'S
VERIFIED NOTICE OF TRACKAGE RIGHTS EXEMPTION**

Pursuant to 49 C.F.R. §§ 1180.2(d) and 1180.4(g), Soo Line Railroad Company, d/b/a Canadian Pacific Railway ("CPR") hereby submits a notice of exemption in regard to certain trackage rights granted by Hennepin County Regional Rail Authority ("HCRRA"), to CPR over trackage located in Minneapolis, Hennepin County, Minnesota. Set forth below is the pertinent information related to these trackage rights.

§ 1180.6(a)(1)(i) (Transaction Summary). CPR is selling a short segment of trackage to HCRRA. The trackage is adjacent to trackage already owned by HCRRA over which CPR and the Twin Cities & Western (TCW) have rights pursuant to an August 10, 1998 Agreement. That Agreement is being supplemented to include this additional trackage under its terms. The trackage in the Supplemental Agreement is defined as the trackage and underlying right-of-way formerly owned by the Soo Line Railroad Company, extending from a point of connection with existing trackage rights in the City of Minneapolis at or near CNW milepost 16.2, to approximately 330 feet west in the City of St. Louis Park at a point of connection with Soo owned trackage located at or near Soo milepost 428.38, Engineering Station 381.90, at or near CNW milepost 16.3.

CPR is the applicant. CPR's business address is 401 9th Avenue S.W., Gulf Canada Square, Suite 500, Calgary, Alberta T2P 4Z4, Canada; its telephone number is 403-319-

7000. Questions regarding the exemption notice may be directed to counsel identified on the cover page of the notice.

§ 1180.6(a)(1)(ii) (Time Schedule for Consummation). The trackage rights will be consummated on the expiration of the seven-day notice period, or as soon thereafter as is practicable.

§ 1180.6(a)(1)(iii) (Transaction Purpose). The purpose of the transaction is to allow CPR to continue to hold rights to operate over a 330 foot section of trackage that is being sold to the Hennepin County Regional Rail Authority.

§ 1180.6(a)(5) (States In Which Applicant Operates and Owns Property). CPR's wholly owned subsidiaries, the Soo Line Railroad Company and the Delaware & Hudson Railway, operate or own properties in Illinois, Wisconsin, Minnesota, North Dakota, South Dakota, Indiana, Michigan (trackage rights only), Kentucky (trackage rights only), Montana (property ownership only), New York, Pennsylvania, New Jersey (trackage rights only), Maryland (trackage rights only), and Washington, D.C. (trackage rights only).

§ 1180.6(a)(6) (Map). Maps showing the lines of CPR and detailing the proposed transaction are attached as Exhibit A.

§ 1180.6(a)(7)(ii) (Agreement). Accompanying this Notice is a Motion for a Protective Order that will allow the filing of a redacted copy of the agreement, from which commercially sensitive information has been removed. At the time of filing, a fully executed copy of the Agreement is not yet available and an unexecuted copy is being submitted. A copy of the redacted version of the unexecuted Agreement is attached as Exhibit B. When a fully executed Agreement is available, it will be filed with the Board.

Labor Protection. The CPR trackage rights contemplated by this Notice allow CPR to continue to operate over this short segment of trackage, and simply replace existing common carrier operations. As such, these rights will affect no CPR employees, so the protections 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) are inapplicable.

Respectfully submitted,



Diane P. Gerth (#180786)
LEONARD, STREET AND DEINARD
PROFESSIONAL ASSOCIATION
150 South Fifth Street
Minneapolis, MN 55402
Telephone: (612) 335-1500

July 19, 2002

Attorneys for Soo Line Railroad Company
d/b/a Canadian Pacific Railway ("CPR")

EXHIBIT A
SYSTEM MAP AND MAP OF
RIGHTS BEING CONVEYED

Exhibit A
Rights being conveyed

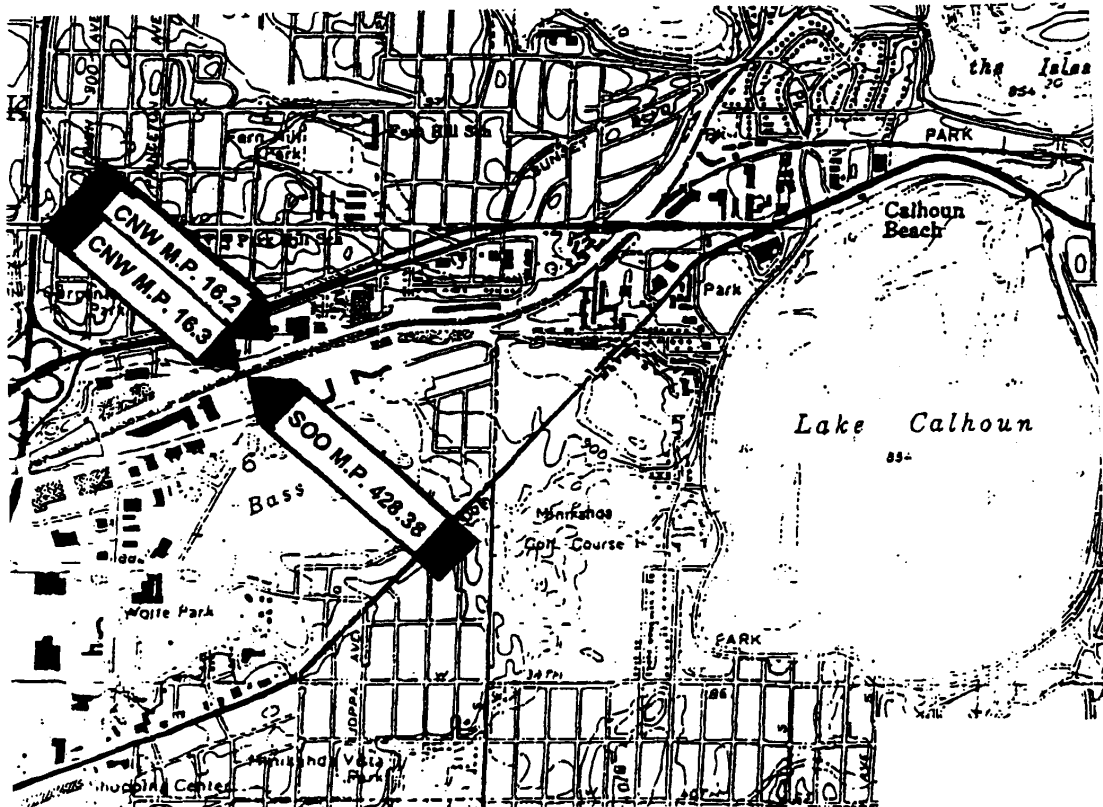


EXHIBIT B

DRAFT
AGREEMENT

(Redacted version; Motion for Protective Order
being filed simultaneously)

SUPPLEMENT TO
TRACKAGE RIGHTS AGREEMENT

THIS SUPPLEMENTAL AGREEMENT made and entered into this ____ day of _____, 2002 by and between SOO LINE RAILROAD COMPANY, a Minnesota Corporation d/b/a Canadian Pacific Railway (hereinafter referred to as "Soo"), TWIN CITIES & WESTERN RAILROAD COMPANY, a Minnesota Corporation (hereinafter sometimes called "TCW"), and the HENNEPIN COUNTY REGIONAL RAILROAD AUTHORITY, a political subdivision and local government unit of the State of Minnesota (hereinafter referred to as "Authority"); hereinafter sometimes referred to individually as the "Party " and sometimes collectively referred to as the "Parties"

WHEREAS, the Parties entered into a Trackage Rights Agreement dated August 10, 1998 granting Soo and TCW operating rights over 2.5 miles of rail trackage and right-of-way owned by the Authority (referred to in the Trackage Rights Agreement and hereinafter referred to as the "Rail Line").

WHEREAS, the Authority has agreed to purchase certain Soo owned property (hereinafter referred to as the "Sale Property") under HCRRA Contract No. A16541 dated December 21, 2001 that extends westerly from HCRRA's 29th Street Corridor at France Avenue to a north south line at the point of connection of the Rail Line with Soo owned trackage over which Soo and TCW presently operate.

WHEREAS, the Authority has agreed to acquire from Soo approximately 330 feet of the Soo owned trackage that traverses the Sale Property (hereinafter referred to as the "Trackage").

WHEREAS, Soo and TCW require a continuation of their right to operate over the Trackage following the Authority's purchase of it in order to maintain a continuous rail route through St. Louis Park and the Authority is willing to grant such operating rights by adding the Trackage and its underlying right-of-way to the length of the Rail Line.

WHEREAS, the Authority has entered into a Permit Agreement No. 73-32001, as amended, with Suburban Hennepin Regional Park District, also known as the Three Rivers Park District (hereinafter referred to as "Parks") granting to Parks the right to construct and operate at no cost to Soo or TCW a trail on Authority owned right-of-way from Hopkins to Minneapolis including the right to cross the Rail Line.

WHEREAS, Authority will acquire the Sale Property and Trackage for future transportation uses, including, without limitations for rail, bicycle and foot travel, and anticipates that such use will include the necessity of crossing the Rail Line or the extension added to the Rail Line by this Supplement.

NOW, THEREFORE, in consideration of the mutual and dependent covenants stated herein, the Parties agree to amend the Trackage Rights Agreement as follows:

A. Substituting the following paragraphs:

1.2 "Rail Line" is defined as the trackage and underlying right-of-way formerly owned by the CNW, extending from a point of connection with BNSF in the City of Minneapolis at or near CNW milepost 13.7, to CNW milepost 16.2 in the City of St. Louis Park and westerly therefrom approximately 330 feet over trackage located on the Sale Properties to a point of connection with Soo owned trackage at or near Soo milepost 428.38, Engineering Station 381.90, at or near CNW milepost 16.3.

1.3 "Rail Corridor" shall mean the area where a right of use is created by this Agreement providing for the operation by Soo and TCW over the Rail Line consisting of a corridor 50 feet in width centered on the Rail Line, except where the Authority does not own sufficient land to provide a 50 foot corridor, and where the Kenilworth Trail as described in Section 1.5 and the SW LRT Connection as described in Section 1.9 is to be located less than 25 feet from the center line of the Rail Line. The Rail Corridor is further described in amended Exhibit A attached hereto and made apart of this Supplemental Agreement.

3.1 The rental for use of the Rail Corridor payable by TCW or Soo, in addition to payment of any expenses provided elsewhere in this Agreement, shall be beginning July 1, 2002 per train mile, for each train operated by either TCW or Soo. To compute charges, the train mile rate shall be multiplied by 2.5625 miles. Any movement of one or more pieces of railroad equipment over the Rail Corridor, except maintenance-of-way equipment and work trains while actually engaged in work on the Rail Corridor, shall be considered a train movement.

3.2 Rent shall be payable to the Authority quarterly. The rate of per train mile shall be adjusted July 1, 2003 and on each July 1 thereafter, by utilization of the Annual Indices of Charge-Out Prices and Wage Rates (1977=100) Series RCR, including in the "AAR Railroad Cost Recovery Index", and supplements thereto, issued by the Association of American Railroads. In making such adjustment, the final "Material prices, wage rates and supplements combined (excluding fuel)" Index for the Western District for the calendar year 2001 shall be compared to the final Index for the calendar year immediately preceding the year in which such adjustment is to become effective.

Said Train Mile Rate shall then be adjusted by the percentage of increase or decrease, as the case may be, in the Index of the year to be escalated as related to the year 2001, provided, however, that said Train Mile Rate shall never be less than If the Association of American Railroads, or any successor organization or association, discontinues such Index, an appropriate substitute for determining in a similar manner the percentage of increase or decrease in the Train Mile Rate shall be agreed upon by the parties hereto.

4.3 The Authority will reimburse TCW for construction, maintenance, repair and renewal costs on an annual basis upon presentation of a complete description of work done and materials used for the preceding calendar year. The Authority shall have the right to audit such billings and to inspect work done upon reasonable notice. The Authority's obligation to reimburse TCW for such costs shall be limited to sixty percent (60%) of the trackage rights fees paid to the Authority by all users for the calendar year during which the maintenance charges were incurred, subject to an authorized minimum expenditure for maintenance cost of per year in any year when trackage rights fees are not sufficient to justify expenditures to that level. The authorized minimum expenditure shall be adjusted annually from : , beginning July 1, 2002 and thereafter in accordance with the formula set forth in Section 3.2 hereof. The authorized expenditures for maintenance, as limited by the foregoing, shall be known as the *Maintenance Allowance*. Any unexpended Maintenance Allowance may be drawn upon in future years for authorized expenditures, including the above minimum expenditure. TCW may draw, as additional Maintenance Allowance, an amount equivalent to a

maximum of 100% of the prior year's rentals as calculated under Section 3, only for the following purposes:

1. To reach the authorized minimum expenditure for maintenance;
or
2. To carry out necessary bridge repairs or repairs to crossing signals.

If at any time the cumulative Maintenance Allowance justified by rental payments and this Section 4.3 are not sufficient to permit the safe and continued operation of the Rail Line, the additional maintenance and repair costs will be borne by the Authority. The Authority shall have no other obligation to reimburse TCW for construction, maintenance, repair or renewal costs, including long-term rehabilitation and capital expenditures.

B. Adding the following paragraphs:

1.9. "SW LRT Connection" shall mean the public trail described in new Exhibit F attached hereto and made apart of this Supplemental Agreement.

2.6. The Parties recognize that it is the intent of Parks to cross the Rail Line at the location and in the manner identified in Exhibit F. Soo and TCW agree that they will not oppose the establishment of said trail crossing.

TCW shall, at the request of the Authority, construct said crossing and thereafter maintain, repair and renew said crossing and Authority or Parks shall reimburse TCW for such construction, maintenance, repair and renewal on an annual basis upon presentation of a complete description of work done and materials used for the preceding calendar year. Authority shall have the right to audit such billings and to inspect work done upon

reasonable notice. Such reimbursement shall be in addition to the reimbursement provided for in Section 4.2 hereof. Such reimbursement shall include the cost of warning signs and any automatic signal protection required by public authority in the future.

2.7. Additionally, the Parties recognize that upon the Authority's acquisition of the Sale Property, the Authority will have a continuous transportation corridor that runs westerly from Hiawatha Avenue in Minneapolis, Minnesota to Hopkins, Minnesota and that the Rail Line will traverse a segment of this transportation corridor. Subject to federal and state regulatory requirements applicable to the Rail Line, Soo and TCW agree that the Authority has a right at its expense to cross, go over and go under this segment for purposes of implementing future transportation uses on the corridor.

2.8 The Authority or Parks shall construct a split rail fence along the Sale Properties as shown on Exhibit F.

2.9 The Authority shall convey a Railroad Easement to TCW in the form shown on Exhibit G attached.

C. This extension of trackage rights to Soo and TCW is contingent upon proper regulatory approvals being obtained and successful completion of the Sale. It shall be effective upon transfer of title of the Sale Property and the Trackage to the Authority.

D. The trackage rights granted Soo and TCW by this Supplemental Agreement are subject to all the terms and conditions of the August 10, 1998 Agreement except as modified by this Supplement.

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be executed in triplicate as of the date first written.

ATTEST:

SOO LINE RAILROAD COMPANY d/b/a
CANADIAN PACIFIC RAILWAY

Title: _____

By _____

Its _____

ATTEST:

TWIN CITIES & WESTERN RAILROAD
COMPANY

Kathleen D. Hedman
Title: ASSISTANT SECRETARY

By William F. Dursch

Its President & CEO

ATTEST:

HENNEPIN COUNTY REGIONAL
RAILROAD AUTHORITY

By _____

Clerk of the Authority Board

By _____

Its Chair

and

By _____

Its Deputy/Executive Director

Approved as to Form and Execution

Assistant Hennepin County Attorney

Date: _____, 2002

EXHIBIT C
VERIFICATION

VERIFICATION

I, Judith A. Mitchell, the manager of Commercial Development, verify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this notice. Executed on the 19th day of July, 2002.

Judith A. Mitchell

EXHIBIT D
CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

Finance Docket No. 34208

Soo Line Railroad Company, d/b/a Canadian Pacific Railway Company ("CPR") will obtain from Hennepin County Regional Rail Authority trackage rights, to permit the grantee to continue to operate over the subject trackage. The trackage subject to the jurisdiction of the Surface Transportation Board is defined as the trackage and underlying right-of-way formerly owned by the Soo Line Railroad Company, extending from a point of connection with existing trackage rights in the City of Minneapolis at or near CNW milepost 16.2, to approximately 330 feet west in the City of St. Louis Park at a point of connection with Soo owned trackage located at or near Soo milepost 428.38, Engineering Station 381.90, at or near CNW milepost 16.3. The trackage rights will be effective on or after seven days after the filing of the Notice of Exemption. No employees of CPR will be affected by the trackage rights, and accordingly the provisions of 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) are inapplicable.

This notice is filed under § 1180.2(d)(7). 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 stay the transaction.

Dated: _____

By the Board.

Vernon A. Williams,
Secretary