

**SURFACE TRANSPORTATION BOARD DENIES REQUEST FOR RECONSIDERATION OF DECISION ALLOWING
RESUMPTION OF CERTAIN MIDWEST RAIL SERVICES**

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that the Board has issued a decision denying a request for reconsideration of the Board's 1998 decision permitting the resumption of certain railroad services in the Midwest. Today's decision also denied a motion seeking to dismiss the proceedings on the theory that the Board should go back and revoke its 1998 authorization for the rail operations because private contractual issues could block the proposed new services.

The case involves efforts to restore service over a former "Rock Island" line in Missouri, now owned by Union Pacific Railroad Company (UP) that, though not recently used, has never been formally "abandoned" in a Board proceeding. In its 1998 decision, the Board denied petitions to revoke certain exemptions that would ultimately permit the Missouri Central Railroad Company (MCRR) to conduct operations over the line. The petitions to revoke were based on arguments that the Board could not allow the transactions to go forward without first conducting an environmental review. In its 1998 decision, and again in the decision issued today, the Board found that the traffic levels expected on the line did not meet the thresholds for environmental review contemplated by the Board's environmental regulations.

Today's decision also denied a motion to dismiss the proceedings on the ground that a UP news release was issued indicating that, during the time parties were filing documents with the Board concerning the revocation of the exemption, the deadline for completing the purchase of the line at issue had passed. Noting that MCRR has apparently sued UP to require it to close the deal, the Board found no basis for dismissing the case. The Board stated:

[T]he notices of exemption in these proceedings, which are permissive in nature, were served and published and are effective. Thus, although operations by MCRR over the subject line cannot commence unless and until its right to use the line is established, once an exemption becomes effective, it is up to the parties to decide whether and how to go forward. . . [T]he fact that the private parties may have a contractual dispute--even one that could have the effect of undermining the transaction--provides no basis for dismissing the already effective exemptions.

The Board's decision was issued today in *Missouri Central Railroad Company--Acquisition and Operation Exemption--Lines of Union Pacific Railroad Company*, STB Finance Docket No. 33508. It is available on the Board's web site at www.stb.dot.gov.

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