

SURFACE TRANSPORTATION BOARD HOLDS IN ABEYANCE 'KCS' PROPOSAL TO CONSTRUCT 'GEISMAR' RAIL LINE IN LOUISIANA PENDING BOARD DECISION ON 'CN-IC' MERGER APPLICATION

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that the Board has decided to hold in abeyance all further proceedings involving the Kansas City Southern Railway Company's (KCS's) proposal to construct and operate nine miles of track in the Geismar industrial area near Gonzales and Sorrento, in Ascension Parish, Louisiana, until the Board has issued a final written decision in the "CN-IC" railroad merger application, [FOOTNOTE 1: *Canadian National Railway Company, Grand Trunk Corporation, and Grand Trunk Western Railroad Incorporated—Control—Illinois Central Corporation, Illinois Central Railroad Company, Chicago, Central and Pacific Railroad Company, and Cedar River Railroad Company*, STB Finance Docket No. 33556.] which was submitted to the Board on July 15, 1998.

In a decision issued to the public on June 30, 1995, the Board's predecessor agency, the Interstate Commerce Commission, had conditionally exempted KCS's construction proposal from the prior approval requirements of 49 U.S.C. 10901, subject to the completion of the environmental review process and the issuance of a further decision that would address the environmental impacts of the proposal and make the exemption effective at that time, if appropriate. Subsequently, a draft environmental impact statement (EIS) was issued, comments on it were filed, and a final EIS has been in preparation. In addition, the Illinois Central Railroad Company (IC) and the Concerned Citizens of Ascension Parish have petitioned to reopen the proceeding and revoke the conditional construction exemption.

In a decision issued today, the Board found that several recent developments related to the pending CN-IC merger proceeding have made it inappropriate to go forward with the Geismar proceeding at this time. In particular, the Board stated that the Canadian National Railway Company (CN), IC, and KCS recently announced that they have entered into an access agreement, contingent upon the Board's approval of the pending CN-IC merger application. This agreement would allow KCS access, in the fall of the year 2000, to chemical plants at Geismar, Louisiana, for which it is seeking construction authority in this case. The Board found that this alternative, by using existing track, would avoid the disruptive environmental consequences that would be involved in the construction of a new line. There would also be no need, the Board stated, for KCS to incur the cost of constructing a new line. The Board further emphasized that, if the CN-IC merger is approved, KCS should be able to offer service to this area at approximately the same time, if not sooner, than it would be able to do if the construction proceeding were to proceed. For these reasons, the Board found it appropriate to hold this construction proceeding in abeyance until the CN-IC merger has been decided. The Board's procedural schedule for the CN-IC merger proceeding provides for the issuance of a final written decision on the CN-IC merger by no later than May 11, 1999.

The Board issued its decision in *Kansas City Southern Railway Company—Construction and Operation Exemption—Geismar Industrial Area Near Gonzales and Sorrento, LA*, STB Finance Docket No. 32530.

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