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ENTERED
Office of Proceedings
December 18, 2014
Part of Karl Morell
Public Record Of Counsel
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December 18, 2014

BY HAND DELIVERY

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



Re: Finance Docket No. 35889, Alabama Southern Railroad,
L.L.C. – Lease and Operation Exemption Including
Interchange Commitment – 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 \$1,800 filing fee. Also enclosed is a CD containing the
Notice and Summary.

If you have any questions, please contact me.

Sincerely,

Karl Morell
Of Counsel

Enclosures

FILED
December 18, 2014
SURFACE
TRANSPORTATION BOARD

1

FEE RECEIVED
December 18, 2014
SURFACE
TRANSPORTATION BOARD

Bend, Oregon

Orlando, Florida

Washington, DC

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35889

ALABAMA SOUTHERN RAILROAD, L.L.C.
--LEASE AND OPERATION EXEMPTION
INCLUDING INTERCHANGE COMMITMENT--
THE KANSAS CITY SOUTHERN RAILWAY COMPANY



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

KARL MORELL
Of Counsel
BALL JANIK LLP
Suite 225
655 Fifteenth Street, N.W.
Washington, D.C. 20005
(202) 638-3307

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

Dated: December 18, 2014

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35889

ALABAMA SOUTHERN RAILROAD, L.L.C.
--LEASE AND OPERATION EXEMPTION
INCLUDING INTERCHANGE COMMITMENT--
THE KANSAS CITY SOUTHERN RAILWAY COMPANY

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

Alabama Southern Railroad, L.L.C. (“ABS”), a Class III railroad, 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 ABS to enter into a lease amendment to extend term of the lease and make other minor changes to its lease from The Kansas City Southern Railway Company (“KCS”) of approximately 85.6 miles of rail lines located in Mississippi and Alabama.

In support of this Notice of Exemption, ABS submits the following information as required by 49 C.F.R. § 1150.33:

(a) Full name and address of applicant:

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

(b) Applicant's Representative:

Karl Morell
Of Counsel
BALL JANIK LLP
Suite 225
655 Fifteenth Street, N.W.
Washington, DC 20005
(202) 638-3307

(c) Statement of Agreement:

ABS has entered into an Amended and Restated Lease Agreement which will extend the term of the lease until November 30, 2024, and make other minor changes to the lease.

(d) The operator of the property:

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

(e) Summary of proposed transaction:

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

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 85.6 miles of rail lines that ABS will continue to lease are located between: (1) Milepost 17.0, near Columbus, MS, and Milepost 78.9, near Tuscaloosa, AL, on the Tuscaloosa Subdivision; (2) Milepost 0.0, at Tuscaloosa, AL, and Milepost 9.3, near Fox, AL, on

the Warrior Branch; and (3) Milepost 443.5, at Brookwood Jct., AL, and Milepost 429.1, at Brookwood, AL, on the Brookwood Branch.

(4) The length of the rail lines being leased is approximately 85.6 miles.

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

(g) ABS hereby certifies that ABS's projected revenues as a result of this transaction will not result in ABS becoming a Class II or Class I rail carrier. ABS's annual revenues exceed \$5 million. Accordingly, the requirements of 49 C.F.R. § 1150.42(e) apply to this transaction. Providing the 60-day notice, however, would serve no useful purpose since ABS already operates the leased lines. Consequently, ABS is seeking a waiver of the notice period set forth in Section 1150.42(e).

(h) The Amended Lease Agreement contains interchange commitments that affects interchange with carriers other than KCS.

(i) The affected interchange points are Columbus, MS, Northport, AL, Tuscaloosa, AL, and Brookwood, AL.

(ii) A confidential complete version of the Amended and Restated Lease Agreement is being submitted under separate cover as part of a Confidential Appendix governed by 49 C.F.R. § 1104.14(a).

(iii) The following shippers have used the leased lines in the past two years: Hunt Refining Company; Merichem; Southern Ionics, McShan Lumber, Dixie Pulp & Paper Warehouse, ABH Enterprises, Inc., Warrior Asphalt, 84 Lumber, BF Goodrich, KMG-Bernuth, Inc., Elk Corporation, Graphic Packaging, Hanna Steel, Peco Farms, Nucor Steel, Industrial Warehouse Services, and Friday Lumber Company.

(iv) The aggregate number of carloads originated or terminated on the leased lines in the past two years is being filed under seal.

(v) ABS hereby certifies that it has provided notice of the proposed transaction and the interchange commitments by serving a copy of this Verified Notice of Exemption on the shippers identified in subparagraph (iii) above.

(vi) The third party railroads that can physically interchange with the leased lines are CSX Transportation at Brookwood, AL, Norfolk Southern Railway Company at Northport and Tuscaloosa, AL and BNSF Railway Company at Columbus, MS.

(vii) The difference between the lease price with and without the interchange commitment is being filed under seal.

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

ENVIRONMENTAL AND HISTORIC IMPACTS

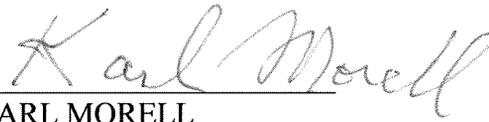
ABS will continue to lease the lines from KCS for continued rail operations. Further Board approval is required for ABS to discontinue any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does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

ABS's continued 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. ABS's continued 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.

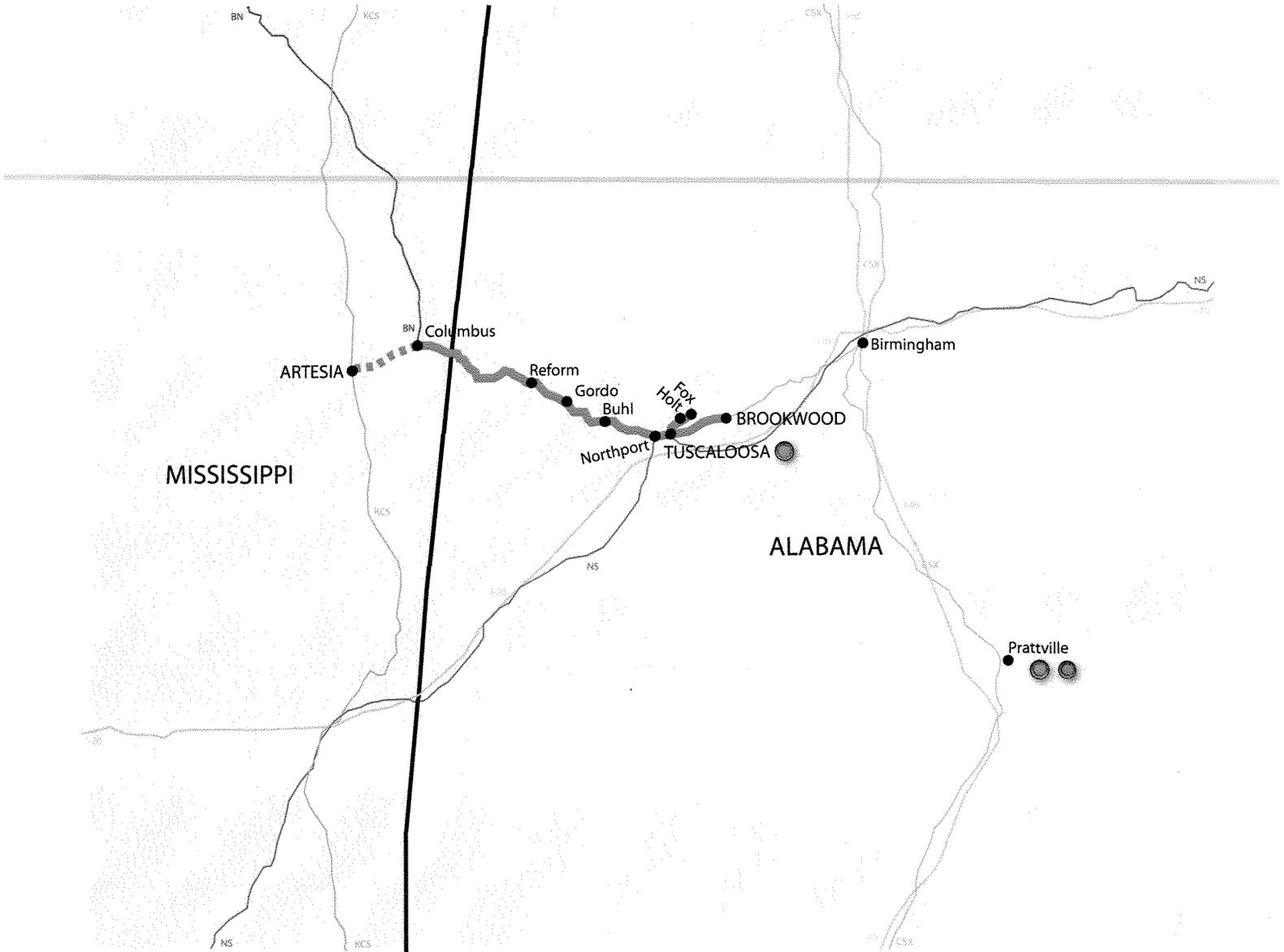
Respectfully submitted,



KARL MORELL
Of Counsel
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Suite 225
655 Fifteenth Street, N.W.
Washington, DC 20005
(202) 638-3307

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

Dated: December 18, 2014



LEGEND:

Alabama Southern RR (ABS) 

Alabama Southern Trackage Rights 

Interchanges - Track miles 85

KCS - Artesia

CSX - Brookwood

NS - Tuscaloosa

 Mechanical Services

 Switching Services

EXHIBIT A

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 35889

ALABAMA SOUTHERN RAILROAD, L.L.C.
--LEASE AND OPERATION EXEMPTION
INCLUDING INTERCHANGE COMMITMENT--
THE KANSAS CITY SOUTHERN RAILWAY COMPANY

Alabama Southern Railroad, L.L.C.. (“ABS”), a Class III railroad, has filed a notice of exemption to continue to lease from The Kansas City Southern Railway Company (KCS), and operate approximately 85.6 miles of rail lines.

The rail lines that will continue to be leased are located between: (1) Milepost 17.0, near Columbus, MS, and Milepost 78.9, near Tuscaloosa AL, on the Tuscaloosa Subdivision; (2) Milepost 0.0, at Tuscaloosa, AL, and Milepost 9.3, near Fox, AL, on the Warrior Branch; and (3) Milepost 443.5, at Brookwood Jct., AL, and Milepost 429.1, at Brookwood, AL, on the Brookwood Branch.

Comments must be filed with the Board and served on Karl Morell, Of Counsel, BALL JANIK LLP, Suite 225, 655 Fifteenth Street, N.W., Washington, DC 20005, (202) 638-3307.

This notice is filed under 49 C.F.R. 1150.41. 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 Alabama 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
Arthur E. McKechnie III

SUBSCRIBED AND SWORN TO before me this 10th day of December, 2014, in the County of Crawford, State of Kansas.

My Commission Expires: 5-19-2017

Cindy L. Davied
Notary Public

