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SERVICE DATE – MARCH 22, 2006

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34831]

Kansas City Terminal Railway Company—Intra-Corporate Exemption—Kansas City
Transportation Company LLC

Kansas City Terminal Railway Company (KCT) has filed a verified notice of exemption under 49 CFR 1180.2(d)(3) for a transaction within a corporate family. The transaction involves KCT's continuance in control of its wholly owned subsidiary Kansas City Transportation Company LLC (KCTL), upon KCTL's becoming a Class III rail carrier.

This transaction is related to STB Finance Docket No. 34830, Kansas City Transportation Company LLC—Lease and Assignment of Lease Exemption—Kansas City Terminal Railway Company and Kaw River Railroad, Inc.,¹ wherein KCTL:

(1) seeks to acquire by lease from KCT approximately 25.73 miles of rail line in the Kansas City Terminal District in Jackson County, MO, and Wyandotte County, KS; and
(2) seeks to acquire by assignment from Kaw River Railroad, Inc. (KRR) the operating and lease rights over all tracks owned by KCT which are currently subleased to KRR,

¹ On February 27, 2006, the Brotherhood of Locomotive Engineers and Trainmen, a Division of the Rail Conference, International Brotherhood of Teamsters, filed a petition for a stay of the transactions encompassed by both notices of exemption. The stay request was denied by decision served on February 28, 2006.

and over all tracks owned by The Kansas City Southern Railway Company which are leased to KRR.

The transaction was expected to be consummated on March 1, 2006, the effective date of the exemption (7 days after the exemption was filed).

KCT states that this is an intra-corporate family transaction that will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(3).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here, because all of the carriers involved are Class III carriers.

If the notice contains false or misleading information, the exemption is void ab initio. 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 automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34831, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on

Ronald A. Lane, 29 North Wacker Drive, Suite 920, Chicago, IL 60606-2832.

Board decisions and notices are available on our website at
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Decided: March 14, 2006.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary