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SERVICE DATE – MARCH 22, 2006

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[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.

Kansas City Transportation Company LLC (KCTL), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to acquire by lease from Kansas City Terminal Railway Company (KCT) approximately 25.73 miles of rail line in the Kansas City Terminal District in Jackson County, MO, and Wyandotte County, KS. KCTL also 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 and over all tracks owned by The Kansas City Southern Railway Company (KCS) which are leased to KRR. KCTL, a wholly owned subsidiary of KCT, states that it expects to enter into one or more agreements with contract operators, but that it will retain the common carrier obligation.<sup>1</sup>

The lines KCTL seeks to acquire by lease are: all leads and tracks connecting to the KCT Joint Track, including KCT Main 1 west of Osage Ave. to 12th Street in Kansas

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<sup>1</sup> Under 49 U.S.C. 10902 and the Board's rules at 49 CFR 1150.31, if KCTL elects to enter into agreements with contract operators, the operators must file a request with the Board for authority prior to commencing operations.

City, KS; KCT Main 2 west of Osage Ave. to Kansas Ave. in Kansas City, KS; KCT's Blue River Yard (KCT track nos. 402-405 and 933) and KCT's Mill Street Yard (KCT track nos. 1010-1018, 1020-1023, and 1030-1047) and certain other KCT leads and tracks (KCT track nos. 90, 109, 238, 243, 450, 451, 604, 610, 650, 664, 666, 276W, 278W, 280W, 4031, 4033, 4350, 4364, 4653, 4709, 5800, 5538, 1063, 1070, 1091, 6108, 6109, 6411, 6428 and 6481, and KCT's rights over Procter & Gamble's plant tracks).

The lines that KCTL seeks to acquire by assignment are: (i) the leads and tracks located (a) between the facilities of Inland Container on Kansas Avenue in Kansas City, KS, and the facilities of Constar Plastics, Inc., on Armourdale Parkway in Kansas City, KS, and (b) between the facilities of Lite-Weight Products, Inc., on Kansas Avenue in Kansas City, KS, and the facilities of Ace Pallet on Argentine Boulevard in Kansas City, KS, (ii) KCS's 12th Street yard located south of 12th Street in Kansas City, MO, and (iii) KCS's Armourdale Yard, located near the facilities of Kaw River Shredding on South 12th Street in Kansas City, KS.

KCTL states that there are no milepost designations associated with the rail lines being leased or assigned. The total length of the lines is 33.2 track miles (including yard tracks), including 7.5 miles of KCS tracks incidental to the principal transaction. KCTL will also have incidental rights over the KCT Joint Tracks for continued access to the tracks and interchange locations. Interchange with Union Pacific Railroad Company, BNSF Railway Company, KCS, Norfolk Southern Railway Company, and Iowa, Chicago and Eastern Railroad Corporation will continue at points in and around Kansas City

where KRR and KCS have interchanged, or as otherwise agreed to by KCTL and the other railroads involved.

This transaction is related to STB Finance Docket No. 34831, Kansas City Terminal Railway Company—Intra-Corporate Exemption—Kansas City Transportation Company LLC, wherein KCT seeks to continue in control of KCTL upon KCTL's becoming a Class III rail carrier.<sup>2</sup>

KCTL certifies that its projected revenues will not result in the creation of a Class II or Class I rail carrier, and that its projected annual revenues will not exceed \$5 million.

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

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. 34830, 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.

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<sup>2</sup> 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.

Board decisions and notices are available on our website at  
“WWW.STB.DOT.GOV.”

Decided: March 14, 2006.

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

Vernon A. Williams

Secretary