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April 23, 2009

VIA E-FILING

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

Re: STB Ex Parte No. 431 (Sub-No. 3)
Review Of The Surface Transportation Board's General Costing System

Dear Acting Secretary Quinlan:

Enclosed is The Kansas City Southern Railway Company's "Notice Of Intent To Participate As A Party of Record, And Written Comment" in the above referenced proceeding. If there are any questions concerning this filing, please contact me by telephone at (202) 663-7823 or by e-mail at wmullins@bakerandmiller.com.

Sincerely,



William A. Mullins

Enclosures

cc: Warren K. Erdman
W. James Wochner
David C. Reeves

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB EX PARTE NO. 431 (SUB-NO. 3)

**REVIEW OF THE SURFACE TRANSPORTATION BOARD'S
GENERAL COSTING SYSTEM**

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY'S
NOTICE OF INTENT TO PARTICIPATE AS A PARTY OF RECORD,
AND WRITTEN COMMENT**

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**Attorneys for The Kansas City Southern
Railway Company**

Dated: April 23, 2009

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AND WRITTEN COMMENT**

Pursuant to the Surface Transportation Board's Decision of April 6, 2009 issued in Ex Parte No. 431 (Sub-No. 3), The Kansas City Southern Railway Company ("KCSR") hereby gives notice of its intent to participate in the above-captioned proceeding as a party of record. Please add the following individuals to the service list as counsel on behalf of KCSR to assure that they receive copies of all motions, pleadings, correspondence, and other filings made in connection with the above captioned proceeding:

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KCSR does not intend to speak at the April 30, 2009 hearing; however, KCSR believes that the Uniform Rail Costing System ("URCS") does not accurately reflect the costs incurred by smaller carriers, such as KCSR, and agrees that URCS should be reviewed to determine whether and to what extent modifications are necessary to correct any deficiencies and to improve the

system outputs. In particular, because the cost of capital component within URCS is based upon an average of the four largest Class I carriers' capital costs, all of which have significantly lower capital cost structures than KCSR and other similarly situated carriers. As a result, URCS does not accurately reflect the costs associated with carriers, like KCSR, that have higher capital costs. Accordingly, application of URCS in proceedings involving KCSR creates an unfairness and inaccuracy – essentially a regulatory competitive disadvantage – against KCSR, and does not allow the long term opportunity for KCSR to achieve revenue adequacy contrary to the Board's statutory obligations.

KCSR has previously commented on this issue in Simplified Standards for Rail Rate Cases, STB Ex Parte No. 646 (Sub-No. 1) (written comments submitted on October 24 and November 30, 2006, oral testimony of William A. Mullins at the Board's January 31, 2007 hearing, and supplemental comments submitted February 26, 2007) and in Methodology to be Employed in Determining the Railroad Industry's Cost of Capital, STB Ex Parte No. 664 (written comments filed September 27, October 29, and November 27, 2007 and oral testimony of Michael Borrows at the Board's December 3, 2007 hearing). KCSR specifically incorporates those comments into the record of this proceeding by reference.

KCSR supports the Board's efforts to revisit URCS and appreciates the opportunity to provide these short written comments. If necessary, KCSR will supplement these written comments at the appropriate time.

Respectfully submitted,



William A. Mullins

April 23, 2009