

215842

FLETCHER & SIPPEL LLC

ATTORNEYS AT LAW

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MICHAEL J. BARRON, JR.
(312) 252-1511
mbarron@fletcher-sippel.com

February 21, 2006

VIA FEDERAL EXPRESS

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20006

FILED
FEB 22 2006
**SURFACE
TRANSPORTATION BOARD**



Re: **Finance Docket No. 34830**
Kansas City Transportation Company LLC—Lease and Assignment
of Lease Exemption—Kansas City Terminal Railroad Company, and
Kaw River Railroad, Inc.

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Verified Notice of Exemption of Kansas City Transportation Company LLC pursuant to 49 C.F.R. § 1150.31**, dated February 21, 2006. A check in the amount of \$1,500, representing the appropriate fee for this filing, and a computer diskette containing the text of the Notice and the *Federal Register* caption summary in MS Word 2000 format are attached.

One extra copy of the Notice and this letter also are enclosed. I would request that you date-stamp those items to show receipt of this filing and return them to me in the provided envelope.

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter.

Respectfully submitted,

Michael J. Barron, Jr.
Attorney for Kansas City
Transportation Company LLC

Enclosures.

cc: Mr. William Somervell
Mr. Scott Long
Mr. William A. Mullins

FEE RECEIVED
FEB 22 2006
**SURFACE
TRANSPORTATION BOARD**

ENTERED
Office of Proceedings
FEB 22 2006
Part of
Public Record

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

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.

FEE RECEIVED

FEB 22 2005

**SURFACE
TRANSPORTATION BOARD**

**VERIFIED NOTICE OF EXEMPTION
OF
KANSAS CITY TRANSPORTATION COMPANY LLC
PURSUANT TO 49 C.F.R. § 1150.31**

**ENTERED
Office of Proceedings**

FEB 22 2006

**Part of
Public Record**

FILED
FEB 27 2005
**SURFACE
TRANSPORTATION BOARD**

Ronald A. Lane
Michael J. Barron, Jr.
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

**ATTORNEYS FOR
KANSAS CITY TRANSPORTATION
COMPANY LLC**

Dated: February 21, 2006

BEFORE THE
SURFACE TRANSPORTATION BOARD

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.

**VERIFIED NOTICE OF EXEMPTION
OF
KANSAS CITY TRANSPORTATION COMPANY LLC
PURSUANT TO 49 C.F.R. § 1150.31**

Pursuant to 49 C.F.R. § 1150.31, et seq., Kansas City Transportation Company LLC ("KCTL"), a non-carrier, hereby files this Verified Notice of Exemption to lease approximately 30 miles of track in the Kansas City Terminal District, all as shown on Exhibit A, attached herein, in Jackson County, Missouri and Wyandotte County, Kansas. Based on projected revenues for the KCTL, it expects to become and remain a Class III rail carrier after consummation of the transaction proposed herein.

This Notice is related to Finance Docket No. 34831, Kansas City Terminal Railway Company—Intra-Corporate Exemption—Kansas City Transportation Company LLC, in which Kansas City Terminal Railway Company ("KCT"), the owner of KCTL, is concurrently filing a Verified Notice of Exemption pursuant to 49 C.F.R. § 1180.2(d)(3) to remain in control of KCTL.

In accordance with the requirements of 49 C.F.R. § 1150.33, KCTL submits the following information:

Name and Address of Applicant: 49 C.F.R. § 1150.33(a)

The full name and address of the rail carrier applicant herein is as follows:

Kansas City Transportation Company LLC
4501 Kansas Avenue
Kansas City, Kansas 66106

Applicant's Representative: 49 C.F.R. § 1150.33(b)

KCTL's representative to whom correspondence regarding this transaction should be sent is as follows:

Ronald A. Lane
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

Statement Concerning Agreement: 49 C.F.R. § 1150.33(c)

KCT has agreed to lease certain of its tracks to KCTL (the "KCT Tracks"). In addition, KCTL has reached agreement in principle with Kaw River Railroad, Inc. ("KRR"), and expects to finalize written documents by March 1, 2006, for KRR to assign to KCTL its operating and lease rights over certain tracks owned by KCT which are currently subleased to KRR (the "KCT Subleased Tracks") and certain tracks owned by The Kansas City Southern Railway Company ("KCS") which are leased to KRR (the "KCS Tracks").

Operation of the Property: 49 C.F.R. § 1150.33(d)

KCTL will provide all rail common carrier service on the KCT Tracks (including the KCT Subleased Tracks) and the KCS Tracks pursuant to the transactions proposed herein. KCTL expects to enter into one or more agreements with contract operators, but KCTL will retain the common carrier rights and obligations on this track.

Summary of the Transaction: 49 C.F.R. § 1150.33(e)

KCT leased the KCT Tracks and rights to serve local industries located on those tracks, about 25 track miles (including yard tracks), to a predecessor of KCS in 1994. See The

Atchison, Topeka and Santa Fe Railway Company and Gateway Western Railway Company -- Lease Exemption -- Kansas City Terminal Railway Company, F.D. 32238 (served Feb. 24, 1994).¹ In 2004, KCS subleased to KRR its rights on the KCT Subleased Tracks (a 4.5 mile portion of the KCT Tracks) under its lease from KCT; KCS assigned certain operating authority over 6.2 miles of the KCT's Joint Tracks to KRR, and KCS leased the KCS Tracks (an additional 7.5 miles of its own tracks) to KRR. See, Kaw River Railroad, Inc. -- Lease Exemption -- The Kansas City Southern Railway Company, F.D. 34509 (served June 24, 2004). The current transaction arises because the underlying lease of the KCT Tracks to KCS will expire on March 1, 2006.

Upon the effectiveness of this Notice, KCT will lease all 25.73 miles (including yard tracks) of its KCT Tracks to its wholly owned subsidiary, KCTL. KRR will assign any remaining rights under the KCS sublease of the KCT lease together with all its rights under the KCS lease to KCTL. KCS will assign any remaining rights it may have in the expired KCT lease to KCTL. KCT will grant to KCTL incidental trackage rights over about 60 track miles of KCT's Joint Tracks for access to and from all of the KCT Tracks, the KCS Tracks and various interchange points. Upon KCTL's lease of the KCT Tracks and assumption of KRR's rights and obligations on the KCT Subleased Tracks and the KCS Tracks, it will become a common carrier by rail and will assume operation of all track currently operated by KRR (including both the KCT Subleased Tracks and KCS Tracks) and of the balance of the KCT Tracks currently operated by KCS that were not subleased to KRR.

¹ KCT also entered into a maintenance lease for the upkeep of KCT's main lines, which are used primarily by connecting Class I carriers for movements through Kansas City and to interchange at Kansas City. Those main lines were referred to then, and will be referred to now as the "Joint Tracks."

Pursuant to the lease from KCT and the assignment of KRR's rights and obligations, KCTL shall provide all common carrier service on the following tracks in Jackson County, Missouri and Wyandotte County, Kansas (in and near Kansas City). KCTL expects to enter into one or more agreements with contract operators, but KCTL will retain the common carrier rights and obligations on this track. There are no milepost designations associated with the rail lines being leased by or assigned to KCTL. A description of the lines is as follows:

The KCT Tracks (the rail lines being leased by KCTL) are show in red on the map attached hereto as Exhibit A and are located in Kansas City, Kansas and Kansas City, Missouri and are described as follows: All leads and tracks connecting to the KCT Joint Track, including KCT Main 1 west of Osage Ave. to 12th Street in Kansas City, Kansas; KCT Main 2 west of Osage Ave. to Kansas Ave. in Kansas City, Kansas; 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 Proctor & Gamble's plant tracks).

The KCS Tracks (the KCS rail lines currently leased by KRR which are being assigned to KCTL by KRR) are show in blue on the map attached hereto as Exhibit A and are located in Kansas City, Kansas and Kansas City, Missouri and are described as follows: The leads and tracks (i) which are located between the facilities of Inland Container located on Kansas

Avenue in Kansas City, Kansas and the facilities of Constar Plastics, Inc, located on Armourdale Parkway in Kansas City, Kansas, (ii) which are located between the facilities of Lite-Weight Products, Inc., located on Kansas Avenue in Kansas City, Kansas and the facilities of Ace Pallet located on Argentine Boulevard in Kansas City, Kansas, (iii) KCS' 12th Street yard located south of 12th Street in Kansas City, Missouri, and (iv) KCS' Armourdale Yard, located near the facilities of Kaw River Shredding on South 12th Street in Kansas City, Kansas.

The total length of the leased and assigned lines is 33.2 track miles (including yard tracks), including 7.5 miles of KCS tracks incidental to the principal transaction, all within the Kansas City Terminal District. KCTL will also have incidental rights over the KCT Joint Tracks for continued access to the KCT Tracks, the KCS Tracks and interchange locations. The KCT Joint Tracks are shown in black on the map attached hereto as Exhibit A. Interchange with Union Pacific Railroad Company, BNSF Railway Company, KCS, Norfolk Southern Railway Company, and Iowa, Chicago and Eastern Railroad Corporation will continue at the points in and around Kansas City where KRR and KCS have interchanged, or as otherwise agreed to by KCTL and the other railroads.

KCTL intends to consummate the lease from KCT and the assignments from KRR and commence operations on March 1, 2006.

KRR's address is:
315 W. 3rd Street
Pittsburg, Kansas 66762

KCT's address is:
4501 Kansas Avenue
Kansas City, Kansas 66106

Map: 49 C.F.R. § 1150.33(f)

A map showing the KCT Tracks, the KCS Tracks, the Joint Tracks and the surrounding area is attached as Exhibit A to this notice.

Certificate of Compliance: 49 C.F.R. § 1150.33(g)

A Certificate of Compliance with the provisions of 49 C.F.R. § 1150.33(g) is attached as Exhibit B to this notice.

Advance Notice: 49 C.F.R. § 1150.32(e)

The projected annual operating revenue of KCTL upon consummation of this transaction does not exceed \$5 million, and, accordingly, the advance notice requirements of 49 C.F.R. § 1150.32(e) are not applicable to this transaction. See Exhibit B hereto.

Environmental and Historic Preservation Data: 49 C.F.R. § 1105

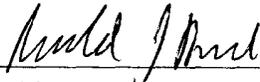
Under C.F.R. § 1105.6(c)(2), KCTL's proposed lease and operation of the KCT Tracks and the KCS Tracks (collectively the "Tracks") is exempt from environmental reporting requirements. The proposed transaction will not result in significant changes in carrier operations, i.e., changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5).

Under 49 C.F.R. § 1105.8(b)(1), KCTL's lease and operation of the Tracks also are exempt from historic preservation reporting requirements. The proposed assignment and lease is for the purpose of continued rail operations. Further, Surface Transportation Board approval is required to discontinue or abandon any service, and there are no plans to dispose of or alter properties subject to Board jurisdiction that are fifty years old or older.

Caption Summary: 49 C.F.R. § 1150.44

A caption summary in appropriate form is attached as Exhibit C to this notice.

Respectfully submitted,

By: 

Ronald A. Lane

Michael J. Barron, Jr.

Fletcher & Sippel LLC

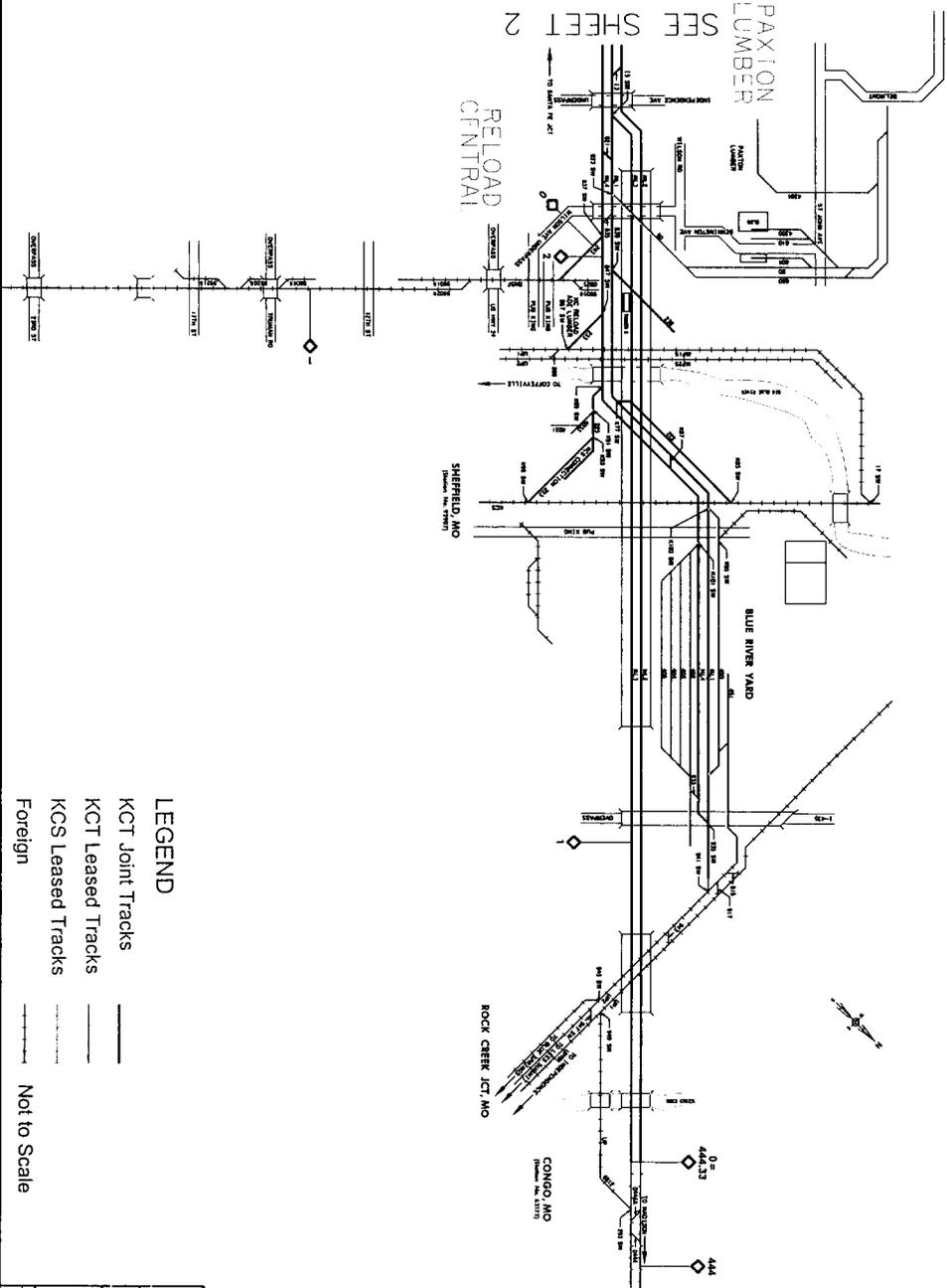
29 North Wacker Drive, Suite 920

Chicago, Illinois 60606-2832

(312) 252-1500

**ATTORNEYS FOR KANSAS CITY
TRANSPORTATION COMPANY LLC**

Dated: February 21, 2006



LEGEND

KCT Joint Tracks

KCT Leased Tracks

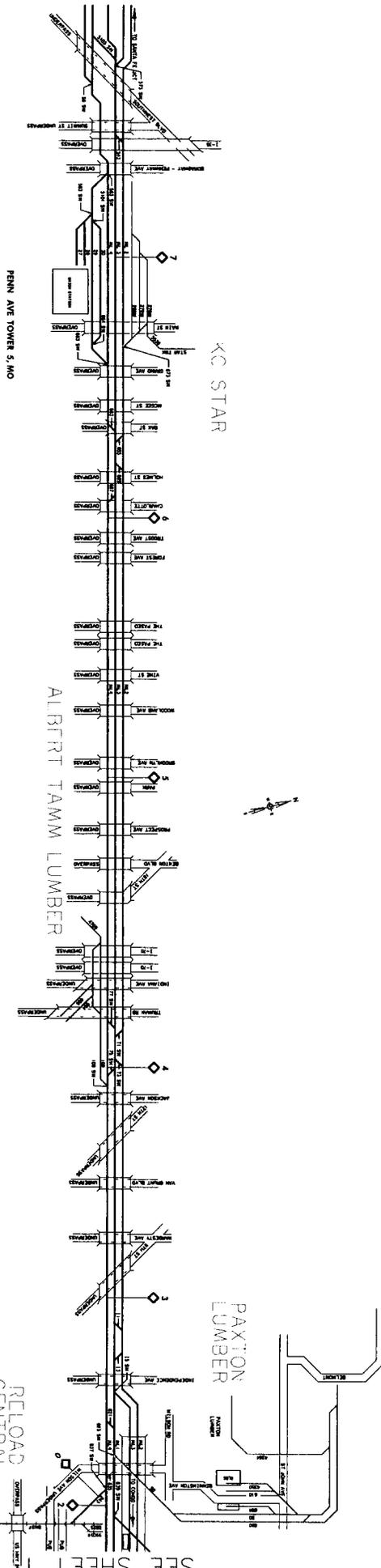
KCS Leased Tracks

Foreign

Not to Scale

				
TRANSYSTEMS <small>4100 South Bend Road, Suite 100 Omaha, NE 68105 (402) 426-1000</small>				
"EXHIBIT A" MP 0 - 2.5				
DESIGN BY	DATE	SHEET NO.	JOB	DRAWN BY
	02/14/06	1		

SEE SHEET 3



PENN AVE TOWER 5. MO

KCT STAR

ALBTRT TAMM LUMBER

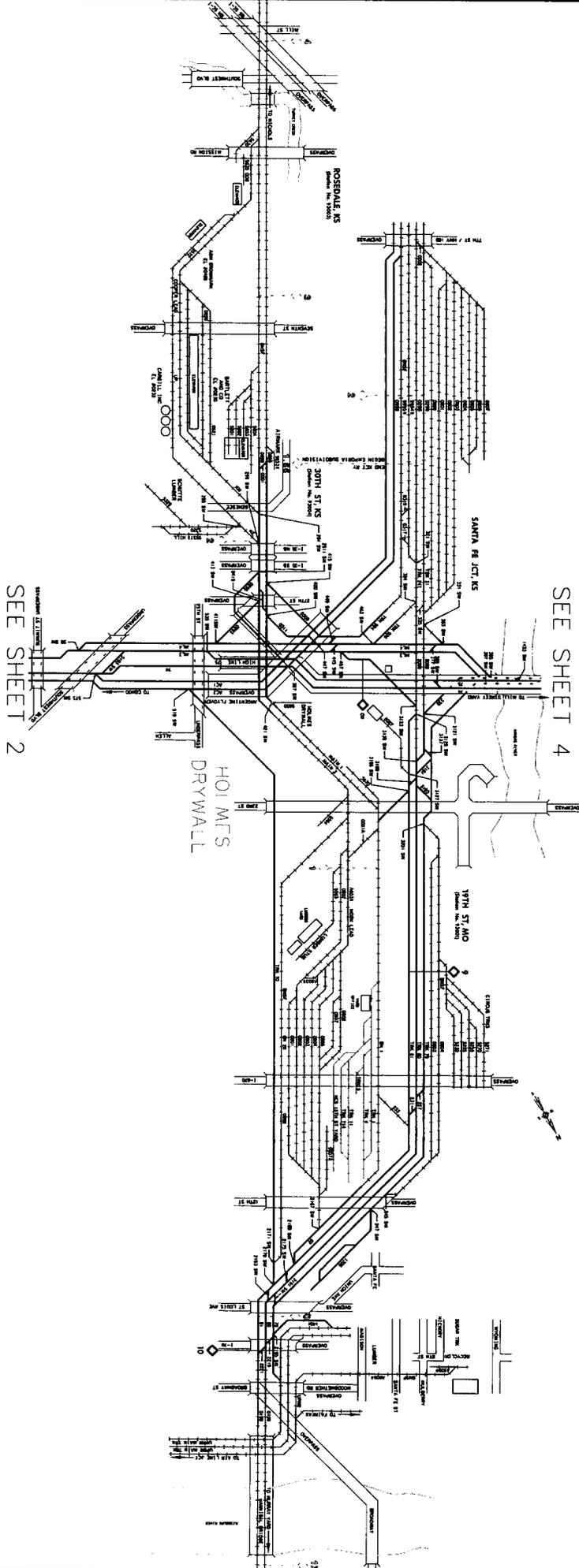
RELOAD CENTRAL

PAXTON LUMBER

- LEGEND**
- KCT Joint Tracks
 - KCT Leased Tracks
 - KCS Leased Tracks
 - Foreign

Not to Scale

TRANS SYSTEMS	
3400 North Central Expressway Suite 200 Dallas, TX 75245 Phone: 972.346.2000 Fax: 972.346.2001	
"EXHIBIT A" MP 2.5 - 7.5	
DESIGNED BY DRAWN BY	JAN 1
CHECKED BY	DATE 02/14/06
SHEET NO	2



Not to Scale

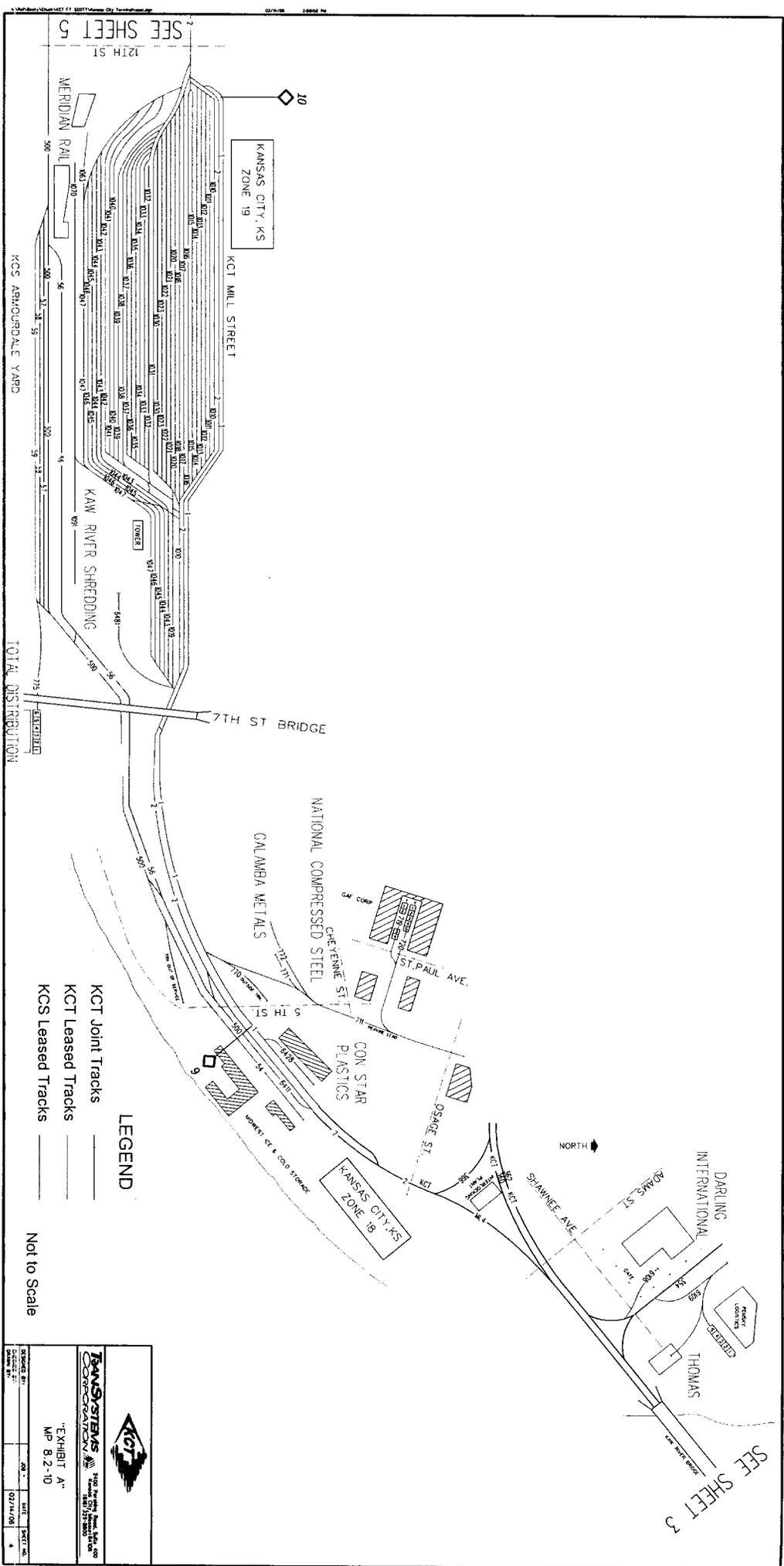
KCT

TRANS SYSTEMS

2400 West 10th Street, Suite 100
 Denver, CO 80202
 Phone: 303.733.9000

"EXHIBIT A"
 MP 7.5 - 10

DESIGNED BY	CHK'D BY	DATE	SHEET NO.
02/14/06		02/14/06	3



LEGEND

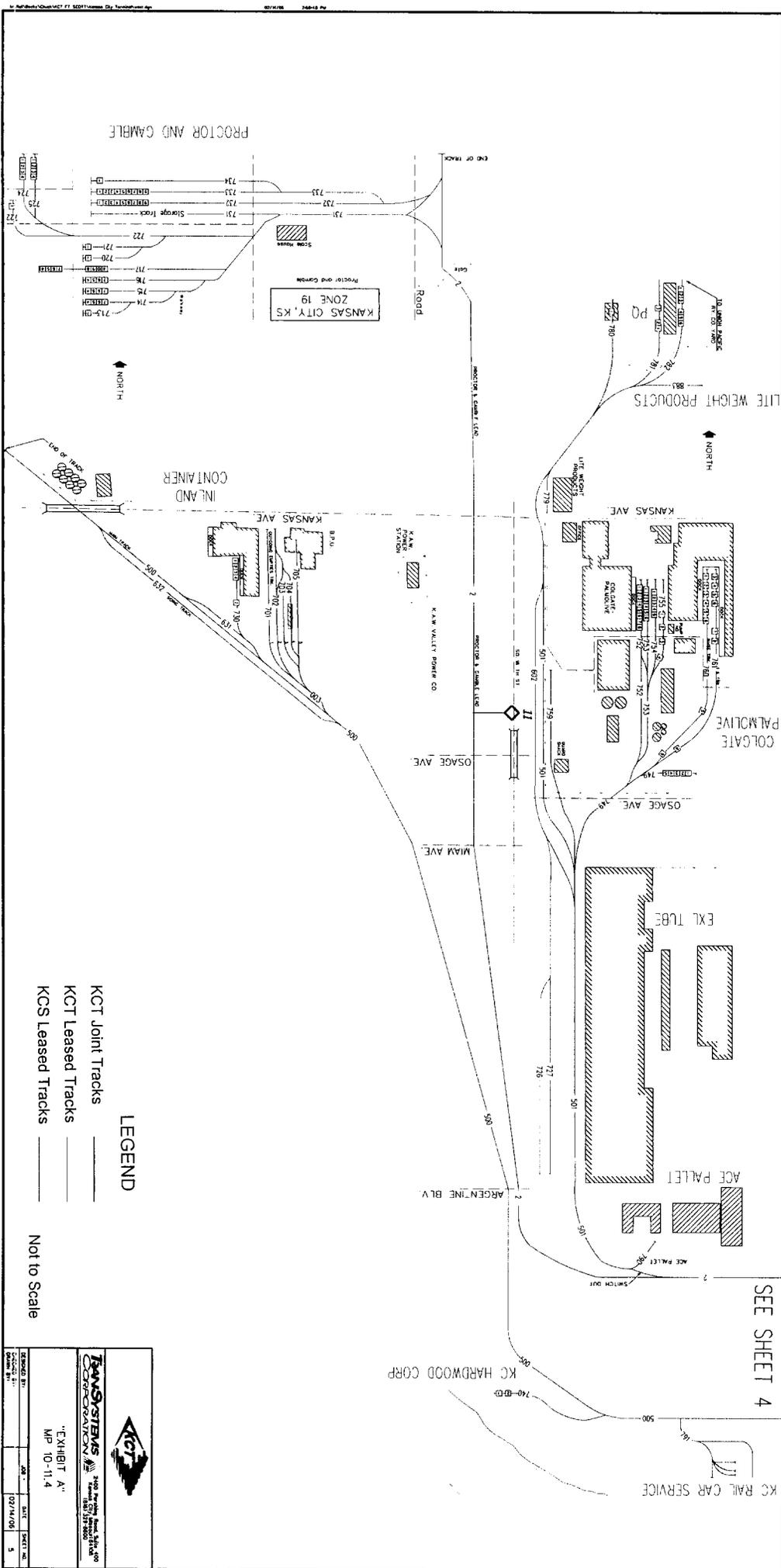
- KCT Joint Tracks
- KCT Leased Tracks
- KCS Leased Tracks

Not to Scale

KANSAS CITY, KS
 2100 Jackson Park Blvd., Ste. 100
 Overland Park, MO 66210
 (913) 491-1000

"EXHIBIT A"
 MP 8.2-10

DRAWING NO.	DATE	SHEET	SECTION
1000000000	02/14/05	4	



SEE SHEET 4

LEGEND

- KCT Joint Tracks
- KCT Leased Tracks
- KCS Leased Tracks

Not to Scale

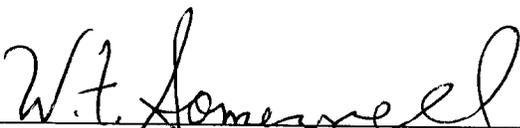
KANSYSTEMS CORPORATION
 2400 Prairie Road, Suite 400
 Kansas City, MO 64111
 Phone: (816) 432-1100
 Fax: (816) 432-1101
 E-Mail: kct@kansystems.com

PROJECT: "EXHIBIT A"
 MP 10-11.4
 SHEET NO. 5
 DATE: 02/14/05

CERTIFICATION

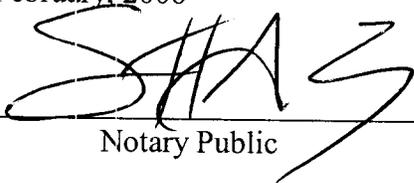
State of Missouri)
)
County of Jackson) ss:

William Somervell, being duly sworn, hereby certifies that the projected annual rail revenue of Kansas City Transportation Company LLC does not exceed \$5 million and will not result in the creation of a Class II or Class I carrier under the provisions of 49 C.F.R. § 1201(1-1).



William F. Somervell
President and Manager of
Kansas City Transportation Company LLC

SUBSCRIBED AND SWORN TO
before me this 14th day
of February, 2006



Notary Public

SCOTT A. LONG
Notary Public - Notary Seal
STATE OF MISSOURI - Jackson County
My Commission Expires Dec 1, 2006

My Commission expires:12/01/2006

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 34830

KANSAS CITY TRANSPORTATION COMPANY LLC
-- LEASE AND ASSIGNMENT OF LEASE EXEMPTION --
KANSAS CITY TERMINAL RAILWAY COMPANY, KAW RIVER RAILROAD, INC.

KANSAS CITY TRANSPORTATION COMPANY LLC ("KCTL") a non-carrier, has filed a Verified Notice of Exemption to lease tracks of the Kansas City Terminal Railway Company ("KCT") and take by assignment operating rights of Kaw River Railroad, Inc. on both the KCT and the Kansas City Southern Railway Company ("KCS") in order to provide common carrier service on the line of railroad described below:

The KCT rail lines being leased by KCTL are located in Kansas City, Kansas and Kansas City, Missouri and are described as follows: All leads and tracks connecting to the KCT Joint Track, including KCT Main 1 west of Osage Ave. to 12th Street in Kansas City, Kansas; KCT Main 2 west of Osage Ave. to Kansas Ave. in Kansas City, Kansas; 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 Proctor & Gamble's plant tracks).

The KCS rail lines being assigned to KCTL by KRR are located in Kansas City, Kansas and Kansas City, Missouri and are described as follows: The leads and tracks (i) which are located between the facilities of Inland Container located on Kansas Avenue in Kansas City, Kansas and the facilities of Constar Plastics, Inc, located on Armourdale Parkway in Kansas City, Kansas, (ii) which are located between the facilities of Lite-Weight Products, Inc., located on Kansas Avenue in Kansas City, Kansas and the facilities of Ace Pallet located on Argentine Boulevard in Kansas City, Kansas, (iii) KCS' 12th Street yard located south of 12th Street in Kansas City, Missouri, and (iv) KCS' Armourdale Yard, located near the facilities of Kaw River Shredding on South 12th Street in Kansas City, Kansas.

The total length of the leased and assigned 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 the points in and around Kansas City where KRR and KCS have interchanged, or as otherwise agreed to by KCTL and the other railroads.

This Notice of Exemption is related to Finance Docket No. 34381, KANSAS CITY TERMINAL RAILWAY COMPANY – INTRA-CORPORATE EXEMPTION – KANSAS CITY TRANSPORTATION COMPANY LLC, in which Kansas City Terminal Railway Company is concurrently filing a Verified Notice of Exemption pursuant to 49 C.F.R. §

1180.2(d)(3) for an exemption to remain in control of Kansas City Transportation Company LLC once it becomes a carrier.

KCTL expects to consummate the lease and assignment of rights on March 1, 2006. KCTL expects to engage a contract operator to operate the line, but KCTL will retain the common carrier rights and obligations.

Comments must be filed with the Board and served on:

Ronald A. Lane
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

This Notice is filed under 49 C.F.R. § 1150.31. If this 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.

Dated: _____, 2006

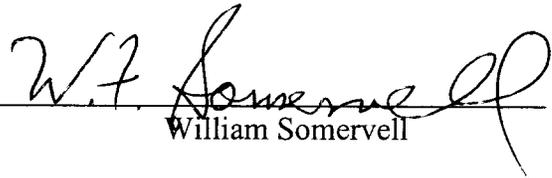
By the Board

Vernon A. Williams
Secretary

VERIFICATION

State of Missouri)
)
County of Jackson) ss:

William Somervell, being duly sworn, deposes and says that he is President and Manager of Kansas City Transportation Company LLC, that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.



William Somervell

SUBSCRIBED AND SWORN TO
before me this 14th day
of February, 2006



Notary Public

SCOTT A. LONG
Notary Public - Notary Seal
STATE OF MISSOURI - Jackson County
My Commission Expires Dec 1, 2006

My Commission expires: 12/01/2006