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April 19, 2006

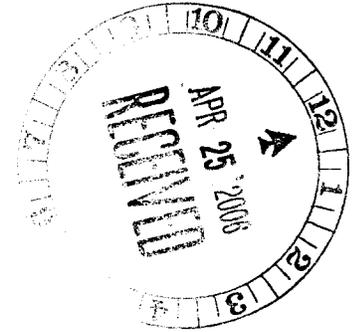
VIA FIRST-CLASS MAIL

Secretary Vernon Williams
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

ENTERED
Office of Proceedings

APR 25 2006

Part of
Public Record



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:

Kansas City Transportation Company (“KCTL”) seeks clarification of a footnote on the Board’s decision in this docket served March 22, 2006. Note 1 indicates that 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.” In fact, as applicants indicated in their Notice of Exemption, operations were contracted to Kaw River Railroad, Inc. on the effective date of the exemption and prior to service of this decision. For the reasons set forth below, KCTL understands that no further authority is required.

The contract operator that KCTL has retained is operating on KCTL lines solely as agent of KCTL. It provides service solely in the name of KCTL, and all operations and services on the line are conducted pursuant to KCTL’s rules and tariffs. KCTL retains its common carrier obligation on the lines, and the contract operator has no independent operating authority. Because KCTL retains the common carrier obligation it acquired as part of the referenced transaction, and the contract operator is solely an agent of KCTL with no independent operating authority, KCTL believes no further filings are necessary.

This kind of arrangement is not uncommon in the rail industry, and the Board has acknowledged it in past decisions without indicating any requirement for contract operators to seek further authority. See, e.g., Finance Docket No. 34729, Saginaw Bay Southern Railway Company—Acquisition and Operation Exemption—Rail Line of CSX Transportation, Inc., served September 27, 2005 (Saginaw Bay Southern Railway Company to provide service through a contract operator, Lake State Railway Company); Finance Docket No.

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33496, Delphos Terminal Company, Inc.—Acquisition and Operation Exemption—Indiana Hi-Rail Corporation, decision served October 31, 1997 (Delphos Terminal Company, Inc. to contract with Conrail to perform rail services over the line as a contract operator); and Finance Docket No. 32716, Hampton Railway, Inc.—Notice of Exemption, decision served June 29, 1995 (Hampton Railway to contract with Willamette & Pacific Company, to perform rail services as a contract operator). Conversely, in Central Illinois Railroad Company—Lease and Operation Exemption—Lines of the Burlington Northern and Santa Fe Railway Company at Chicago, Cook County, IL, Finance Docket No. 33960, served September 12, 2002, The STB rejected UTU's claim that the Board lacked jurisdiction over the Central Illinois Railway only after finding that the railroad was not merely a contract operator for BNSF.

In the KCTL transaction, KCTL is a common carrier and retains its common carrier obligation and authority over the lines involved in Finance Docket No. 34830; the contract operator has no independent operating authority or common carrier status. Accordingly, KCTL respectfully requests the Board to clarify its decision by eliminating note 1. Please contact me if you have any questions.

Respectfully submitted,



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

MJB: arw

Enclosures.

cc: Mr. Ronald A. Lane

Mr. Scott Long