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August 6, 2020

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Office of Proceedings
August 6, 2020
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Public Record

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Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street S.W., Room 1034
Washington, DC 20423-0001

Re: **AB-406 (Sub-No. 5X)**
Central Kansas Railway, Limited Liability Company — Abandonment
Exemption — In Clarke and Comanche Counties, Kan.

Dear Ms. Brown:

On July 22, 2020, the Surface Transportation Board (the “Board”) issued a Director’s Order (the “July 22 Order”), addressed to a number of potentially involved parties, seeking additional information concerning – (1) who currently owns the right-of-way of an approximately 30.3-mile segment of railroad line (the “Line”) extending between milepost 136, at or near Protection, and milepost 166 plus 1,846 feet, at or near Englewood, in Clark and Comanche Counties, Kansas; and (2) whether the railroad that had sought and obtained Board authorization to abandon that Line – Central Kansas Railway, Limited Liability Company (“CKR”) – still exists. Pursuant to the Board’s request, Kansas & Oklahoma Railroad, L.L.C. (“K&O” – formerly known as Kansas & Oklahoma Railroad, Inc.) and Watco Holdings, Inc. (“Watco” – a non-carrier short line and regional railroad holding company that controls K&O)¹ hereby respond to the July 20 Order.

As the Board observed, K&O acquired certain railroad lines and other, related assets from CKR pursuant to *Kan. & Okla. R.R. – Acquis. Exemption – Cent. Kan. Ry.*, FD 34030 (STB served June 12, 2001). In that proceeding, K&O identified the lines that it would acquire – and, pursuant to the class exemption, did acquire – from CKR. The Line at issue here was not

¹ Watco succeeded, and assumed control of the railroad holdings then under the control of, Watco Companies, Inc., in 2010 pursuant to *Watco Holdings, Inc., et al. – Corporate Family Transaction Exemption*, FD 35439 (STB served Nov. 4, 2010).

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included in K&O's FD 34030 class exemption filing by design, because neither it nor the reactivation rights were among the assets that K&O had agreed to acquire. K&O and Watco have since re-examined the documents governing that transaction, and they have found no evidence of any intent for K&O to acquire the Line's right-of-way or the common carrier service reactivation right that CKR presumably held at the time.

In short, K&O did not acquire the Line (whether the right-of-way or the reactivation rights associated with interim trails use over that corridor), and it also did not acquire control of CKR, which would have involved a separate Board proceeding that WATCO did not pursue and did not need to pursue. K&O and Watco do not know who holds title to (or owns) the subject railroad right-of-way.

K&O and Watco have no information to offer on whether CKR – which, again, is not, and has never been, a Watco holding – still exists.

Respectfully submitted,

A handwritten signature in black ink that reads "Bradon J. Smith". The signature is written in a cursive, flowing style.

Bradon J. Smith
Counsel for Kansas & Oklahoma Railroad, LLC, and
WATCO Holdings, Inc.

BJS:bs