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BALL JANIK LLP

A T T O R N E Y S

1455 F STREET, NW, SUITE 225
WASHINGTON, D.C. 20005

www.balljanik.com

TELEPHONE 202-638-3307

FACSIMILE 202-783-6947

KARL MORELL
OF COUNSEL



July 1, 2004

VIA HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Suite 715
Washington, DC 20423-0001

ENTERED
Office of Proceedings

JUL 01 2004

Part of
Public Record

**RE: Finance Docket No. 34509, Kaw River Railroad, Inc. -- Lease
Exemption -- The Kansas City Southern Railway Company**

Dear Secretary Williams:

Attached for filing are the original and ten copies of the Reply To Petition To Compel Discovery.

Please time and date stamp the extra copy of the Reply and return it with our messenger.

If you have any questions, please contact me.

Sincerely yours,

Karl Morell

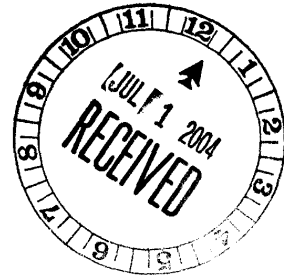
Enclosures

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34509

KAW RIVER RAILROAD, INC.
--LEASE EXEMPTION--
THE KANSAS CITY SOUTHERN RAILWAY COMPANY

REPLY TO PETITION TO COMPEL DISCOVERY



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KARL MORELL
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N.W.
Washington, D.C. 20005
(202) 638-3307

Attorney for:
KAW RIVER RAILROAD, INC.

Dated: July 1, 2004

BEFORE THE
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO. 34509

KAW RIVER RAILROAD, INC.
--LEASE EXEMPTION--
THE KANSAS CITY SOUTHERN RAILWAY COMPANY

REPLY TO PETITION TO COMPEL DISCOVERY

The Kaw River Railroad, Inc. ("KRR"), hereby replies to the Petition To Compel Discovery ("Petition") filed by the Brotherhood of Locomotive Engineers & Trainmen, a Division of the Rail Conference, International Brotherhood of Teamsters ("BLET") on June 25, 2004.

On June 4, 2004, BLET filed a Petition To Revoke with the Board and served a document production request on KRR. The discovery request was made pursuant to the provisions of 49 C.F.R. Part 1121 which, in pertinent part, provides that "[d]iscovery shall be completed 30 days after the petition to revoke is filed." 49 C.F.R. § 1121.2. Discovery under Part 1121 follows the procedures of 49 C.F.R. Part 1114, Subpart B ("Discovery Rules"). The Discovery Rules, however, are silent as to the deadline for producing documents pursuant to Section 1114.30. Responses to written interrogatories and documents produced pursuant to Section 1114.26 (b) are due within the time period designated by the requesting party, but not less than 15 days after service of the discovery request.

In its document production request, BLET declined to specify a deadline for the production of the requested documents. Consequently, the only operative deadline in the Board's rules is the 30-day response period provided for in Section 1121.2. Accordingly, the deadline for producing the requested documents is July 4, 2004. In any event, KRR is producing the requested documents today. Copies of the cover letters forwarding the documents are attached. In these circumstances, BLET's Petition should be denied.

The Petition contains several erroneous statements, one of which KRR feels compelled briefly to address. BLET states that "KRR steadfast (sic) refuses to furnish the basic documents sought...." KRR has never refused to produce the documents. In fact, the only communication that KRR has had with BLET's attorney concerning this matter was on June 22, 2004, when, in response to a question as to the status of the document production, the undersigned informed BLET's attorney that the bulk of the documents were still being copied by the client and had not yet been forwarded to outside counsel in Washington D.C. for further review and redaction.

The disingenuousness of the Petition is found not in what is said but in what remains unstated. KRR is accused of being "dilatory" and the Board is asked to issue an order compelling discovery because KRR has failed to meet a deadline. Nowhere in the Petition, however, does BLET identify the purported deadline that KRR has missed. BLET's failure to do so is understandable, since the deadline has not yet arrived.

BLET's Petition is simply an attempt to gain more time for the filing of its supplemental petition. If BLET has legitimate grounds for seeking more time it should come forward and present them. BLET should not be granted an extension that is predicated on false and disparaging remarks about KRR to cover up its own shortcomings.

In summary, KRR respectfully urges the Board to deny the Petition.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karl Morell", written over a horizontal line.

KARL MORELL
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005
(202) 638-3307

Attorney for:
KAW RIVER RAILROAD, INC.

Dated: July 1, 2004

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WASHINGTON, D.C. 20005

www.balljanik.com

TELEPHONE 202-638-3307
FACSIMILE 202-783-6947

KARL MORELL

kmorell@dc.bjllp.com

July 1, 2004

BY MESSENGER

Mr. Gordon MacDougall
Room 410
1025 Connecticut Ave., NW
Washington, DC 20036-5405

Re: Finance Docket No. 34509, Kaw River Railroad, Inc. -- Lease
Exemption -- The Kansas City Southern Railway Company

Dear Gordon:

In response to your document production request dated June 4, 2004, attached please find two sets of documents that are being produced to you pursuant to the Protective Order issued by the Surface Transportation Board on June 18, 2004, in this proceeding, and your Undertaking signed June 18, 2004.

The first set of documents are the Public Versions of all the documents you requested that are in the possession of Kaw River Railroad, Inc. Six of the documents you requested contain Highly Confidential information and were, therefore, redacted. The second set of documents are the unredacted versions of the Highly Confidential documents. These documents are marked "Highly Confidential Version" on the first page and each page that contains Highly Confidential information is stamped "Highly Confidential".

If you have any questions concerning these documents, please call me.

Sincerely,



Karl Morell

Enclosures

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WASHINGTON, D.C. 20005

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FACSIMILE 202-783-6947

KARL MORELL

kmorell@dc.bjllp.com

July 1, 2004

BY OVERNIGHT DELIVERY

Daniel Elliott III
Associate General Counsel
United Transportation Union
14600 Detroit Avenue
Cleveland, OH 44107-4250

Re: Finance Docket No. 34509, Kaw River Railroad, Inc. -- Lease
Exemption -- The Kansas City Southern Railway Company

Dear Mr. Elliott:

In response to your document production request dated June 9, 2004, attached please find the public version of the documents you requested. These documents are being produced to you pursuant to the Protective Order issued by the Surface Transportation Board on June 18, 2004, in this proceeding.

Six of the documents you requested contain Highly Confidential information and have, therefore, been redacted. Since there are only two versions of these documents, Highly Confidential and Public, there is no need for you to sign the Confidential Undertaking.

If you have any questions concerning these documents, please call me.

Sincerely,

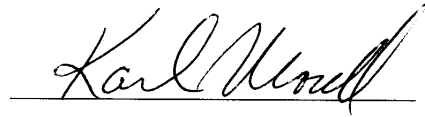


Karl Morell

Enclosures

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of July, 2004, I have caused a copy of the foregoing
Reply to the Petitions To Compel Discovery to be served on all parties of record in this
proceeding.

A handwritten signature in cursive script, reading "Karl Morell", is written over a horizontal line.

Karl Morell