

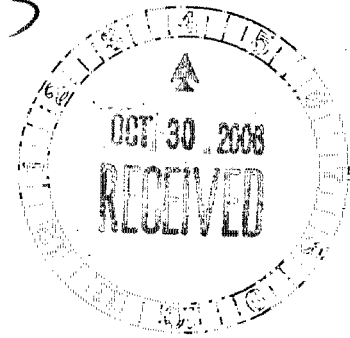
ENTERED
Office of Proceedings

OCT 30 2006

Part of
Public RecordGabriel S. Meyer
Assistant General Attorney

October 30, 2006

217983

**Via Fax and UPS Overnight**

The Honorable Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

**Re: Finance Docket No. 34866 (Sub. No. 2); Union Pacific Railroad Company –
Temporary Trackage Rights Exemption – Kansas City Southern Railway
Company**

Dear Secretary Williams:

Enclosed for filing in the above proceeding are the following:

1. An original and ten (10) copies of a Verified Notice of Exemption and Caption Summary (Exhibit 3 to the Notice) pursuant to the trackage rights class exemption, 49 C.F.R. § 1180.2(d)(8).
2. A payment form in the amount of \$1,000.00 for the filing fee required by 49 C.F.R. § 1002.2(f), Part IV (40).
3. Twenty (20) unbound copies of the Exhibit 1 map.

Please indicate receipt of the enclosed materials by returning a stamped copy of this letter in the self-addressed, stamped envelope enclosed for this purpose. Thank you for your time and attention to this matter.

Sincerely,

cc: (w/ attachments)
Douglas A. Banks -- Kansas City Southern Railway Company

RECEIVED

OCT 30 2006

SURFACE
TRANSPORTATION BOARD

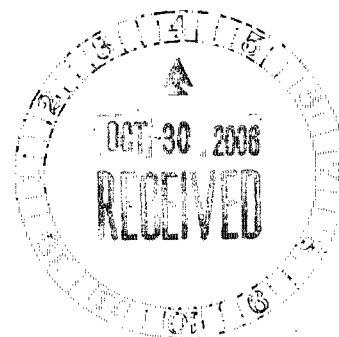
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SURFACE
TRANSPORTATION BOARD

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**BEFORE THE
SURFACE TRANSPORTATION BOARD**



FINANCE DOCKET NO. 34866 (SUB. NO. 2)

**UNION PACIFIC RAILROAD COMPANY
-- TEMPORARY TRACKAGE RIGHTS EXEMPTION (MODIFICATION) --
KANSAS CITY SOUTHERN RAILWAY COMPANY**

VERIFIED NOTICE OF EXEMPTION

FILED
OCT 30 2006
SURFACE
TRANSPORTATION BOARD

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TRANSPORTATION BOARD

**UNION PACIFIC RAILROAD COMPANY
Gabriel S. Meyer
Assistant General Attorney
1400 Douglas Street
STOP 1580
Omaha, NE 68179
(402) 544-1658
(402) 501-3393 (FAX)**

**Dated: October 30, 2006
Filed: October 30, 2006**

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 34866 (SUB. NO. 2)

**UNION PACIFIC RAILROAD COMPANY
– TEMPORARY TRACKAGE RIGHTS EXEMPTION (MODIFICATION) –
KANSAS CITY SOUTHERN RAILWAY COMPANY**

VERIFIED NOTICE OF EXEMPTION

Union Pacific Railroad Company ("UP") submits this Verified Notice of Exemption, pursuant to 49 C.F.R. § 1180.2(d)(8) for modification of an overhead, temporary trackage rights agreement. Under the agreement ("Original Agreement") filed with the Board on April 12, 2006, UP has the right to operate over lines of railroad of Kansas City Southern Railway Company ("KCS") between Kansas City, MO (Mexico Subdivision Milepost 482.0) on the one hand, and Godfrey, IL (East St. Louis Terminal Subdivision Milepost 252.1) on the other, a distance of approximately 285 miles. On June 30, 2006, UP filed with the Board a modified agreement ("Amendment"), extending the term of the trackage rights. UP now seeks to modify the Original Agreement, as modified by the Amendment, by extending its effective period through December 1, 2006.

Under 49 C.F.R. § 1180.2(d)(8), the acquisition of temporary trackage rights by a rail carrier over lines owned or operated by any other rail carrier or carriers is exempt if the rights are: (i) based on written agreements, (ii) not filed or sought in responsive applications in rail consolidation proceedings, (iii) for

overhead operations only, and (iv) scheduled to expire on a specific date not to exceed one (1) year from the effective date of the exemption. The trackage rights covered by this Notice: (i) are covered by the written agreement attached as Exhibit 2 ("Second Amendment"), (ii) are not being filed or sought in responsive applications in a rail consolidation proceeding, (iii) are for overhead operations only, and (iv) will expire on December 1, 2006, which is less than one (1) year from the effective date of the exemption.¹ As such, the § 1180.2(d)(8) exemption is applicable.

In accordance with the Board's regulations at 49 C.F.R. § 1180.4(g), a Notice of Exemption shall contain the information required in § 1180.6(a)(1)(i)-(iii), (a)(5)-(6), and (a)(7)(ii), and shall indicate the level of labor protection to be imposed. UP provides the following information:

1180.6(a)(1) Description of the Proposed Transaction

The transaction covered by this Notice is the modification of temporary, overhead trackage rights by UP over lines of KCS, between Kansas City, MO (Mexico Subdivision Milepost 482.0) on the one hand, and Godfrey, IL (East St. Louis Terminal Subdivision Milepost 252.1) on the other, a distance of approximately 285 miles. Pursuant to this transaction, the trackage rights will expire on December 1, 2006.

1180.6(a)(1)(i) Summary of the Proposed Transaction.

See answer to § 1180.6(a)(1), above.

¹ Under the Original Agreement, the temporary trackage rights were consummated on April 19, 2006.

1180.6(a)(1)(i) Name, business address and telephone number of applicant, and the name of counsel to whom questions can be addressed.

The name and business address of the applicant is:

Union Pacific Railroad Company
1400 Douglas Street
Omaha, Nebraska 68179

Questions regarding this transaction are to be addressed to the representative named below:

Gabriel S. Meyer
Assistant General Attorney
1400 Douglas Street
STOP 1580
Omaha, NE 68179
(402) 544-1658
(402) 501-3393 (FAX)

§ 1180.6(a)(1)(ii) Consummation Date

The Second Amendment to the Original Agreement will be consummated on November 6, 2006.

§ 1180.6(a)(1)(iii) Purpose of the Transaction

The trackage rights are temporary rights to facilitate maintenance work on UP lines, and are intended to expire on December 1, 2006.

§ 1180.6(a)(5) States in which Property of the Applicant is Situated

UP property is situated in the states of Arizona, Arkansas, California, Colorado, Idaho, Illinois, Iowa, Kansas, Louisiana, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, Oklahoma, Oregon, Tennessee, Texas, Utah, Washington, Wisconsin, and Wyoming.

1180.6(a)(6) Map (Exhibit 1)

A map is provided as Exhibit 1.

1180.6(a)(7)(ii) Agreement (Exhibit 2)

An executed copy of the Second Amendment showing the principal terms of the modification of the Original Agreement is attached as Exhibit 2.

1180.4(g)(1)(i) Labor Protection

The applicable labor protection conditions are those imposed in Norfolk and Western Ry. Co. -- Trackage Rights -- BN, 354 I.C.C. 605 (1978), as modified in Mendocino Coast Ry., Inc. -- Lease and Operate, 360 I.C.C. 653 (1980). The applicable labor protective conditions for the discontinuance of the temporary trackage rights are those imposed in Oregon Short Line Railroad Co.—Abandonment—Goshen, 360 I.C.C. 91 (1979).

1180.4(g)(2)(iii) Caption Summary (Exhibit 3)

A caption summary of this transaction suitable for publication in the *Federal Register* is attached as Exhibit 3.

1180.4(g)(3) Environmental Documentation

Environmental documentation is not required for this transaction. See 49 C.F.R. § 1105.6(c)(4) (no environmental documentation required for common use of rail terminals and trackage rights).

Respectfully submitted,

UNION PACIFIC RAILROAD COMPANY

By:

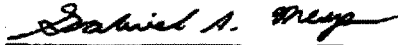


Gabriel S. Meyer
Assistant General Attorney
1400 Douglas Street
STOP 1580
Omaha, Nebraska 68179
(402) 544-1658
(402) 501-3393 (FAX)

VERIFICATION

I, Gabriel S. Meyer, Assistant General Attorney of Union Pacific Railroad Company, under penalty of perjury, declare and verify that I have read the foregoing Notice of Exemption in Finance Docket No. 34866 (Sub. No. 2), know the facts stated therein, and believe to the best of my knowledge and ability that said facts are true as stated.

Dated: October 30, 2006



Gabriel S. Meyer

Map

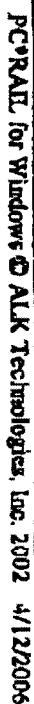


EXHIBIT 2
STB FINANCE DOCKET NO. 34866 (SUB NO.2)

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 218335 • KANSAS CITY, MO 64121-8335



Douglas A. Banks
General Director Joint Facilities & Contracts
(816) 983-1932
(816) 983-1933 Fax

October 30, 2006

Mr. Jeff Grinnell
Director Joint Facilities
Network Planning and Operations
Union Pacific Railroad
1400 Douglas Street, Stop 1180
Omaha, NE 68179-1180

Re: Temporary Trackage Rights Agreement

Dear Jeff:

The Kansas City Southern Railway Company ("KCS") and Union Pacific Railroad Company ("UP") entered into that certain temporary trackage rights agreement dated April 12, 2006 ("Agreement") covering KCS's grant of temporary overhead trackage rights to UP between Rock Creek Junction in Kansas City, Missouri and Godfrey, Illinois.

The rights granted under the Agreement were to be in effect from April 19, 2006 to July 31, 2006 while UP performed certain programmed track, roadbed and structural maintenance on its Jefferson City Subdivision. The parties subsequently extended the term of the Agreement to October 31, 2006. UP now desires to further extend the Agreement through November 2006.

KCS is agreeable to extending the term of the Agreement to December 1, 2006, and hereby grants its written consent to such an extension. Except as specifically revised, altered, supplemented, or amended by this letter, the terms and conditions of the Agreement shall continue to be binding upon the parties.

Sincerely,


Douglas A. Banks

AGREED:

UNION PACIFIC RAILROAD COMPANY

By: 
Title: Director Joint Facilities
Date: October 30, 2006

EXHIBIT 3
STB FINANCE DOCKET NO. 34866 (SUB. NO. 2)

CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION
FINANCE DOCKET NO. 34866 (SUB. NO. 2)

UNION PACIFIC RAILROAD COMPANY
-- TEMPORARY TRACKAGE RIGHTS EXEMPTION (MODIFICATION) --
KANSAS CITY SOUTHERN RAILWAY COMPANY

Kansas City Southern Railway Company has agreed to modify an overhead, temporary trackage rights agreement, under which Union Pacific Railroad Company is authorized to operate between Kansas City, MO (Mexico Subdivision Milepost 482.0) on the one hand, and Godfrey, IL (East St. Louis Terminal Subdivision Milepost 252.1) on the other, a distance of approximately 285 miles. The temporary trackage rights were effective on April 19, 2006. The modified temporary trackage rights agreement will expire on December 1, 2006.

This Notice is filed under 49 C.F.R. § 1180.2(d)(8). Petitions to revoke the exemption under 49 U.S.C. § 10505(d) may be filed at any time. The filing of a petition to revoke will not stay the transaction.

Dated:
By the Board,

Vernon A. Williams,
Secretary

CERTIFICATE OF SERVICE

I certify that I have this day served a copy of the foregoing document upon
the following by prepaid First Class United States mail:

Douglas A. Banks
Kansas City Southern Railway Company
114 W. 11th Street
Kansas City, MO 64105-1804

Dated at Omaha, Nebraska this 30th day of October, 2006.



Gabriel S. Meyer