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KARI MORELL



July 18, 2008

BY HAND DELIVERY

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423-0001

FILED

JUL 18 2008

**SURFACE
TRANSPORTATION BOARD**

Re: STB Finance Docket No. 35159, Baton Rouge Southern Railroad,
LLC – Lease and Operation Exemption – The Kansas City
Southern Railway Company

Dear Acting Secretary Quinlan:

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 C.F.R. § 1150.31 and a check covering the \$1,800 filing fee. Also enclosed is a Disc containing the Notice and Summary.

Pursuant to 49 C.F.R. §§ 1150.33(h)(1)(ii) and 1104.14(a), Baton Rouge Southern Railroad, LLC ("BRSR") is filing ten (10) copies of the latest draft of the Lease Agreement between BRSR and The Kansas City Southern Railway Company under seal.

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

If you have any questions, please contact me.

Sincerely yours,

FEE RECEIVED

JUL 18 2008

**SURFACE
TRANSPORTATION BOARD**

Karl Morell

Enclosures

ENTERED
Office of Proceedings
JUL 21 2008
Part of
Public Record

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO 35159

BATON ROUGE SOUTHERN RAILROAD, LLC
--LEASE AND OPERATION EXEMPTION--
THE KANSAS CITY SOUTHERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C F R. § 1150.31, Et Seq.

FEE RECEIVED

JUL 18 2008

**SURFACE
TRANSPORTATION BOARD**

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

Attorney for
BATON ROUGE SOUTHERN
RAILROAD, LLC

Dated July 18, 2008

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO 35159

BATON ROUGE SOUTHERN RAILROAD, LLC
--LEASE AND OPERATION EXEMPTION--
THE KANSAS CITY SOUTHERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.31, Et Seq.

Baton Rouge Southern Railroad, LLC ("BRSR"), a non-carrier, files this Notice of Exemption pursuant to 49 C F R Part 1150, Subpart D--Exempt Transactions, to permit BRSR to lease from The Kansas City Southern Railway Company ("KCS") and operate rail lines located in Louisiana totaling approximately 8.2 miles in length.

In support of this Notice of Exemption, BRSR submits the following information as required by 49 C.F.R. § 1150.33:

- (a) Full name and address of applicant.

Baton Rouge Southern Railroad, LLC
315 W. 3rd Street
Pittsburg, Kansas 66762

(b) Applicant's Representative.

**Karl Morell
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N W
Washington, DC 20005
(202) 638-3307**

(c) Statement of Agreement

BRSR and KCS have been negotiating an agreement for several months. All essential terms have been agreed to between the parties and the parties are expected to finalize the agreement within the next week.

(d) The operator of the property:

BRSR will be the operator of the leased line.

(e) Summary of proposed transaction.

(1) The name and address of the company leasing the subject property:

**The Kansas City Southern Railway Company
PO Box 219335
Kansas City, MO 64121-9335**

(2) The involved transaction is expected to be consummated on or shortly after August 19, 2008

(3) The rail lines that BRSR will lease are. (1) KCS's UTL Lead located between the end of the turnout of switch near Milepost 216.0 "D-Line" of the New Orleans Subdivision and extending west approximately 2 miles to the end of the UTL Lead; and (2) the tracks in KCS's New Yard and Dome Yard.

(4) The length of the rail lines being leased is approximately 8.2 miles, consisting of the 2-mile UTL Lead track and approximately 6.2 miles of yard tracks

(f) A map of the rail lines being leased is attached as Exhibit A

(g) BRSR hereby certifies that BRSR's projected revenues as a result of this transaction will not result in BRSR becoming a Class II or Class I rail carrier. The projected annual revenue of BRSR will exceed \$5 million. Consequently, BRSR has complied with the notice requirements of 49 C.F.R. § 1150.32(e), and certified its compliance to the Board on June 20, 2008. A copy of BRSR's letter is attached as Exhibit B.

(h) The Lease Agreement between KCS and BRSR will contain a provision that prohibits BRSR from interchanging traffic with a third party. The affected interchange point is Baton Rouge. A copy of the most recent draft Lease Agreement is being filed with the Board under 49 C.F.R. 1104.14(a).

A caption summary, as required by 49 C.F.R. § 1150.34, is attached.

ENVIRONMENTAL AND HISTORIC IMPACTS

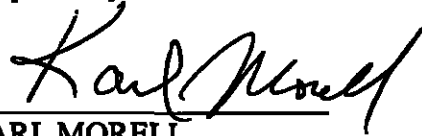
BRSR is leasing the rail lines from KCS for continued rail operations. Further Board approval is required for BRSR to discontinue any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

BRSR's lease and operation of the rail lines will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage, or (2) an average of 50 carloads per mile per year for any part of this line to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the line; (2) an increase of rail yard activity of at least 100 percent, or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. BRSR's lease and operation of the rail lines will

not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, the transportation of ozone depleting materials is not contemplated. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karl Morell", is 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.
BATON ROUGE SOUTHERN RAILROAD, LLC

Dated: July 18, 2008

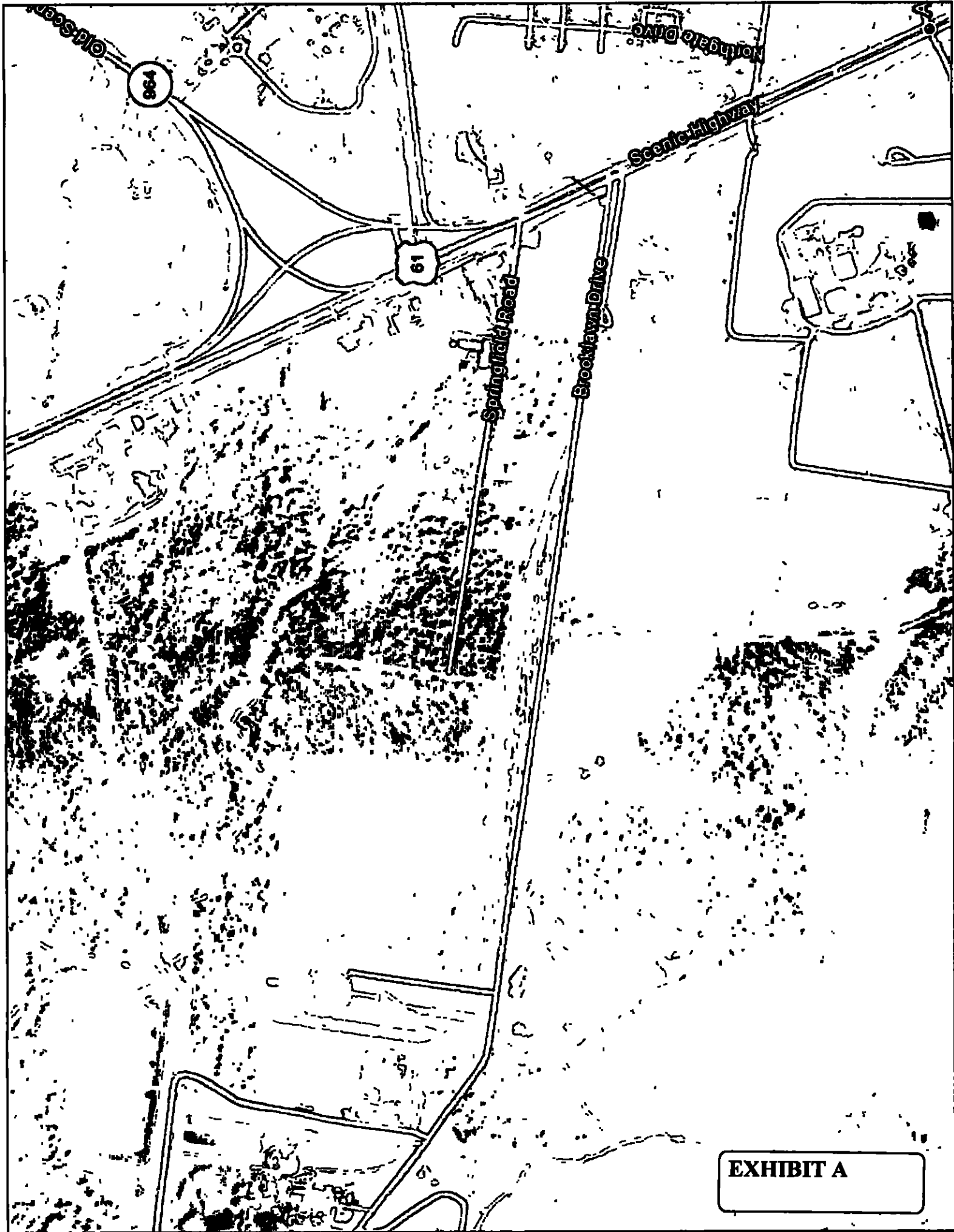
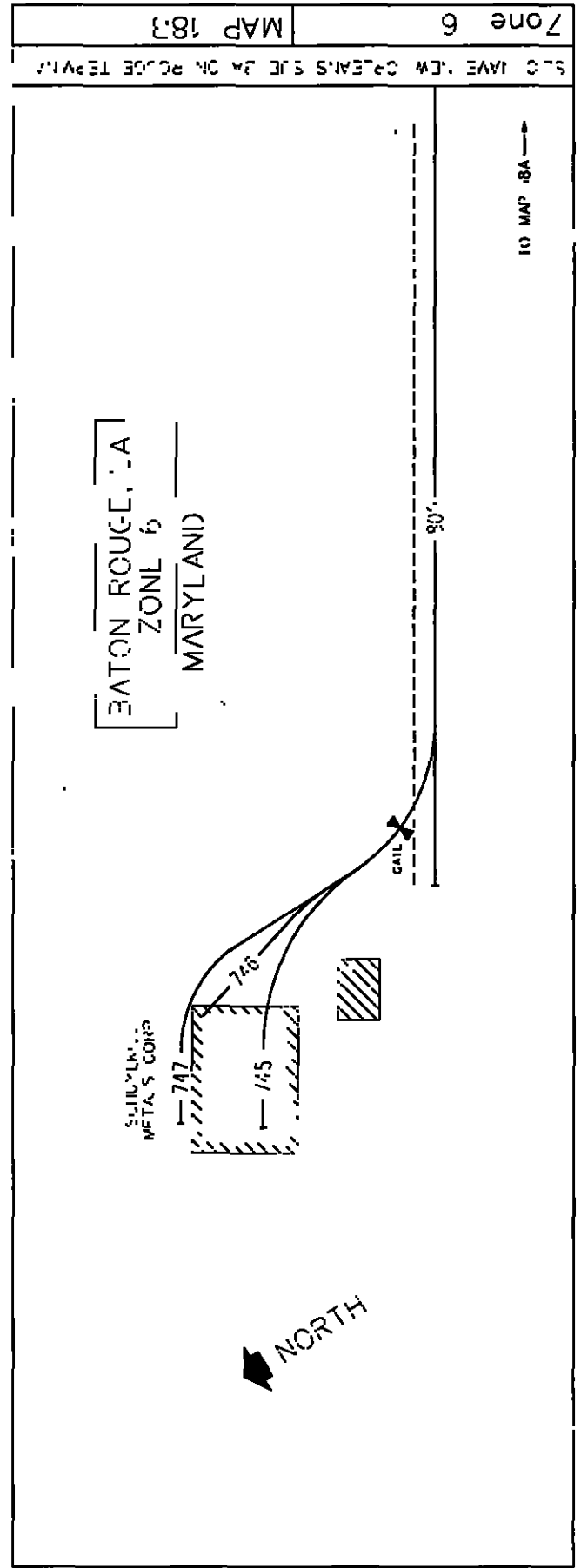
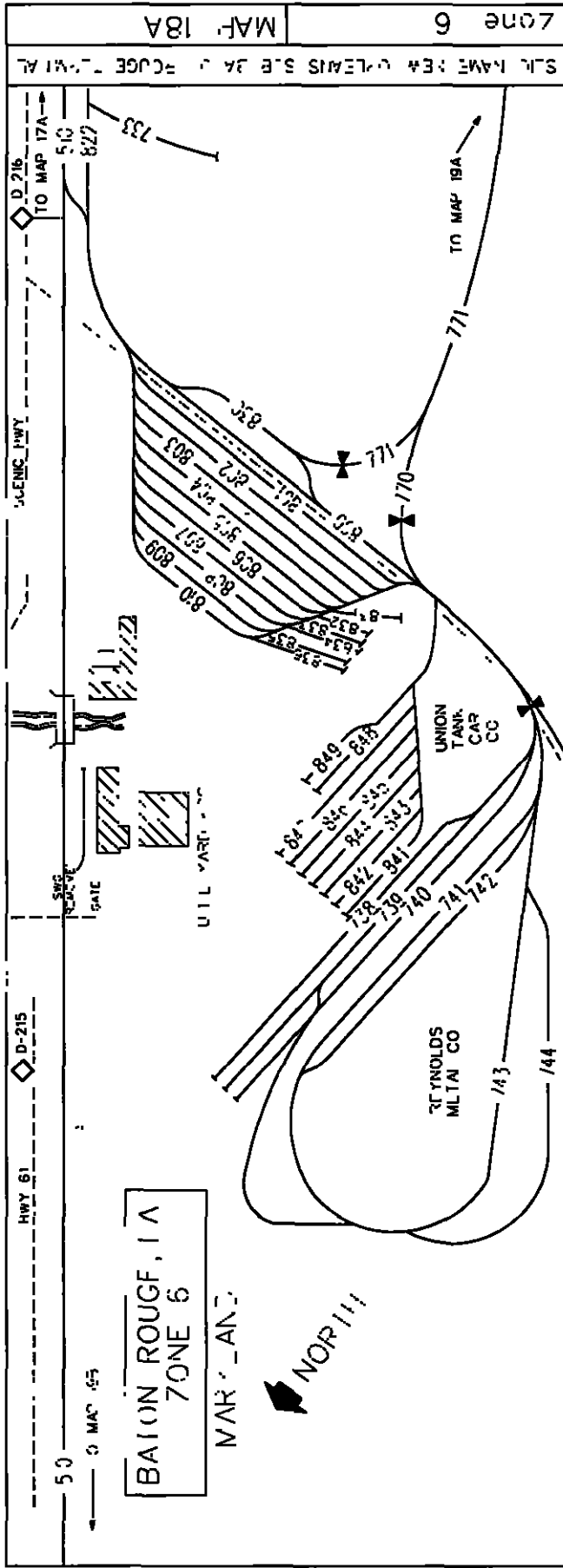


EXHIBIT A



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 0947

KARL MORELL



June 20, 2008

EXHIBIT B

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 F Street S.W.
Washington, DC 20423-0001

Re Finance Docket No. 35150, Baton Rouge Southern Railroad, Inc. – Lease
and Operation Exemption Kansas City Southern Railway Company

Dear Acting Secretary Quinlan:

Baton Rouge Southern Railroad, Inc. ("BRSR"), hereby certifies that on June 19, 2008, BRSR had posted the attached Notice at the workplace of the employees on the rail lines that are the subject of this transaction and on June 20, 2008, BRSR served a copy of the Notice on the national and local offices of all labor unions with employees on the affected line.

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

If you have any questions regarding this matter, please contact me.

Sincerely,

Karl Morell

Enclosure

NOTICE

Baton Rouge Southern Railroad, Inc ("BRSR"), a Louisiana Corporation, will be leasing and operating the "UTL Lead" between end of turnout of switch near MP 216 0 "D-Line" of the New Orleans Subdivision extending west approximately 2 miles including the "New Yard" and "Dome Yard"

As a result of operating the freight portion of the rail line, BRSR expects to have employment opportunities in the following areas

Freight Operation:

Approximately 7 positions located in Baton Rouge These positions require the following minimum skills and/or qualifications

General Manager:

1 Position, this position requires the following minimum skills and/or qualifications

- Must have at least 5 - 10 years of railroading experience in a supervisory and/or managerial role
- Manage operating and financial resources to achieve a specified level of revenue growth, return on invested capital and free cash flows
- Manage operating activities to satisfy customer needs for timely, accurate, safe and value-added transportation and switching service
- Supervises and coordinates activities of train crews engaged in switching/RR operations
- Organize, communicate, evaluate, and develop people in the organization to achieve defined results
- Ability to enhance and/or develop, implement and enforce policies and procedures of the organization by way of systems that will improve the overall operation and effectiveness of the corporation
- Ensure sound operating procedures according to Federal Railroad Administration ("FRA") and Corporate Safety rules
- A decisive individual who possesses a "big picture" perspective and is well versed in operational standards
- Must ensure that emphasis is placed on a strong Customer Focus
- Plans and implements safety policies and procedures in compliance with local, state, and federal Occupational Safety and Health Administration (OSHA), FRA, General Code of Operating Rules (GCOR), Watco Companies, Inc , and Customer Site Specific rules and regulations
- Inspects organization facilities to detect existing or potential accident and health hazards, determines corrective or preventative measures where indicated, and follows up to ensure measures have been implemented
- Maintains safety files and records
- Must possess a valid Engineer's certificate issued by a program in compliance with 49 CFR Part 240
- Must be able to meet all hearing and vision requirements of 49 CFR Part 240
- Must have an understanding of air brake and mechanical systems of a train and locomotives, and pass a written test to verify competency

Engineer/Conductor:

3 Positions, these positions require the following minimum skills and/or qualifications

- At least 1 year experience as a Locomotive Engineer
- Must possess a valid Engineer's certificate issued by a program in compliance with 49 CFR Part 240
- Must be able to meet all hearing and vision requirements of 49 CFR Part 240
- At least 1 year experience as a Conductor/Brakeman
- Must have Qualifications on the General Code of Operating Rules (GCOR) and have passed a written test in the past 18 months
- Must have an understanding of air brake and mechanical systems of a train and locomotives, and pass a written test to verify competency

Clerk:

1 Position, this position requires the following minimum skills and/or qualifications.

- Involved in day to day record keeping, billing, filing, and typing and general office duties
- Minimum of 6 months job-related experience, or equivalent combination of education and experience
- This position will be accountable to all managers within the operation and is responsible for office coordination of activities
- Other duties as assigned

Locomotive Mechanic:

1 Position, this position requires the following minimum skills and/or qualifications

- Makes repairs and performs scheduled maintenance to both inbound and outbound locomotives
- Must have knowledge of and comply with FRA standards
- Must possess a high school education or GED, and a minimum of 12 months job-related experience, or equivalent combination of education and experience
- Prefer background in technical training in Electrical maintenance/repair
- Demonstrated knowledge and ability in using required hand and power tools.

Track Inspector:

1 position, this position requires the following minimum skills and/or qualifications

- Inspect railroad track structure for compliance with railroad policy and federal/state regulations
- Implement remedial action on defects pending repair
- Inspect completed work to verify conformance to government regulations
- Prepare inspection reports for management and government compliance
- Must possess 3 years supervisory experience in Railroad Track Maintenance
- Responsible for performing maintenance of way activities in accordance with site specific rules, governed by FRA regulations
- Follows guidelines for proper maintenance of track equipment and complies with applicable FRA track safety standards and Roadway Worker Protection

The most qualified candidates will be selected from the available pool of applicants without regard to race, creed, color, religion, national origin, sex, age, marital status, disability or veteran status. The selection criteria will be job-related skills and attributes as outlined above. Successful candidates must have a stable work record and exhibit safe work practices. The ability to work in a

team environment with a focus on customer service is critical. Applicants must be able to read and comprehend regulations and instructions in English, as well as possess good oral communication skills. Successful applicants will be required to pass a pre-employment drug and alcohol screen and complete a medical questionnaire. Every employee is an at-will employee. All employees are expected to know and abide by the standard code of Employee Conduct.

Baton Rouge Southern Railroad, Inc.
315 West 3rd Street
Pittsburg, Kansas 66762
620.231.2230

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

STB FINANCE DOCKET NO. 35159

**BATON ROUGE SOUTHERN RAILROAD, LLC
--LEASE AND OPERATION EXEMPTION--
THE KANSAS CITY SOUTHERN RAILWAY COMPANY**

Baton Rouge Southern Railroad, LLC ("BRSR"), a non-carrier, has filed a notice of exemption to lease from The Kansas City Southern Railway Company ("KCS") and operate rail lines in Louisiana totaling approximately 8.2 miles in length. The rail lines being leased are (1) KCS's UTL Lead located between the end of the turnout of switch near Milepost 216.0 "D-Line" of the New Orleans Subdivision and extending west approximately 2 miles to the end of the UTL Lead; and (2) the tracks in KCS's New Yard and Dome Yard.

This transaction is related to STB Docket No. 35169, Watco Companies, Inc. -- Continuance In Control Exemption -- Baton Rouge Southern Railroad, LLC, wherein Watco Companies, Inc., has concurrently filed a verified notice to continue in control of BRSR upon BRSR becoming a Class III rail carrier.

Comments must be filed with the Board and served on Karl Morell, Of Counsel, BALL JANIK LLP, Suite 225, 1455 F Street, N.W., Washington, DC 20005, (202) 638-3307.

This notice is filed under 49 C.F.R. 1150.31. If the notice contains false or misleading information, the exemption is void ab initio. 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 automatically stay the transaction.

VERIFICATION

STATE OF KANSAS

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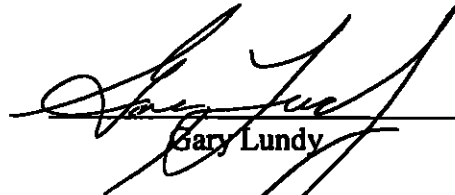
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COUNTY OF CRAWFORD

)

I, Gary Lundy, being duly sworn depose and state that I am Executive Vice President of Baton Rouge Southern Railroad, LLC, that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief

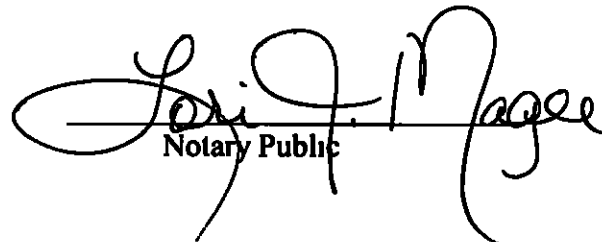


Gary Lundy

SUBSCRIBED AND SWORN TO before me this 17th day of July, 2008, in the County of Crawford, State of Kansas

My Commission Expires

8/16/08



Notary Public

