B.C.D. 01-82 NOV 21 2001

EMPLOYER STATUS DETERMINATION
Kansas & Oklahoma Railroad, Inc.

This is the determination of the Railroad Retirement Board concerning the status of Kansas & Oklahoma Railroad, Inc. (K&O) as a covered employer under the Railroad Retirement Act (45 U.S.C. § 231, et seq.) (RRA) and the Railroad Unemployment Insurance Act (45 U.S.C. § 351, et seq) (RUIA).

Mr. Cecil V. Taylor, Controller of the K&O, advised that K&O began actual operations and first compensated its employees on June 30, 2001. The K&O is a short line freight operator which services the western two thirds of Kansas on 957.6 miles of trackage. The K&O connects with the Union Pacific and Burlington Northern Santa Fe. The K&O, a wholly owned subsidiary of Watco Co's, acquired 678 miles of trackage from the Central Kansas Railway, L.L.C. (CKR) (BA. No. 2765) and the balance of its total trackage by assignment of leasing rights from CKR. Authority for these transactions is set forth in Surface Transportation Board Finance Docket Numbers 34030 and 34042, both decided on June 5, 2001.

Section 1(a)(1) of the Railroad Retirement Act (45 U.S.C. § 231(a)(1)), insofar as relevant here, defines a covered employer as:

> (i) any carrier by railroad subject to the jurisdiction of the Surface Transportation Board under Part A of subtitle IV of Title 49 [45 U.S.C. § 231(a)(1)(i)].

Sections 1(a) and 1(b) of the Railroad Unemployment Insurance Act (45 U.S.C. §§ 351(a) and (b)) contain substantially the same definition as does section 3231 of the Railroad Retirement Tax Act (26 U.S.C. § 3231).

Kansas & Oklahoma Railroad, Inc.

Based on the information summarized above, it is determined that Kansas & Oklahoma Railroad, Inc. became an employer covered under the Railroad Retirement Act and the Railroad Unemployment Insurance Act on June 30, 2001, the date it began operations.

Original signed by:

Cherryl T. Thomas

V. M. Speakman, Jr.

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