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ENTERED
Office of Proceedings
September 24, 2020

Part of
Public Record

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September 24, 2020

VIA ELECTRONIC FILING

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

Re: **Docket No. FD 36438**
Watco Holdings, Inc. — Continuance in Control
Exemption — Elwood Joliet & Southern Railroad, L.L.C.

Dear Ms. Brown:

Attached for filing in the above-captioned proceeding is a **Verified Notice of Exemption of Watco Holdings, Inc. Pursuant to 49 C.F.R. § 1180.2(d)(2)**, dated September 24, 2020. The sum of \$1,600, representing the appropriate fee for this filing, has been tendered electronically via Pay.gov.

If you have any questions regarding this filing, please feel free to contact me.
Thank you for your assistance on this matter.

Respectfully submitted,

FEE RECEIVED
September 24, 2020
SURFACE
TRANSPORTATION BOARD

RAW:bjs

Attachment

/s/ *R. A. Wimbish*
Robert A. Wimbish
Attorney for Watco Holdings, Inc.

FILED
September 24, 2020
SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36438

WATCO HOLDINGS, INC.
— CONTINUANCE IN CONTROL EXEMPTION —
ELWOOD JOLIET & SOUTHERN RAILROAD, L.L.C.

**VERIFIED NOTICE OF EXEMPTION OF
WATCO HOLDINGS, INC.
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Robert A. Wimbish
Bradon J. Smith
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 800
Chicago, Illinois 60606-3208
(312) 252-1500

**ATTORNEYS FOR
WATCO HOLDINGS, INC.**

Dated: September 24, 2020

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36438

WATCO HOLDINGS, INC.
— CONTINUANCE IN CONTROL EXEMPTION —
ELWOOD JOLIET & SOUTHERN RAILROAD, L.L.C.

**VERIFIED NOTICE OF EXEMPTION OF
WATCO HOLDINGS, INC.
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Watco Holdings, Inc. (“Watco”), a non-carrier, hereby files this notice of exemption under 49 C.F.R. § 1180.2(d)(2) to continue in control of Elwood Joliet & Southern Railroad, L.L.C. (“EJSR”) once EJSR leases a rail line and becomes a common carrier. EJSR is a non-carrier entity controlled by Watco that will lease from Wisconsin Central Ltd. (“WCL”) and operate a 1.2-mile rail line known as the “Phoenix Line” between Crest Hill and Joliet in Will County, Illinois. EJSR is concurrently filing a notice of exemption pursuant to 49 C.F.R. § 1150.32 to lease and operate the Phoenix Line. FD 36437, *Elwood Joliet & Southern Railroad, L.L.C. — Lease and Operation Exemption — Wisconsin Central Ltd.*

The rail line to be leased by EJSR does not connect with the lines of any of the thirty-nine rail carriers currently controlled by Watco, and this control transaction is not part of a series of anticipated transactions that would result in such a connection. Nor does this proposed control transaction involve a Class I carrier. Watco’s continuance in control of EJSR is accordingly exempt under 49 C.F.R. § 1180.2(d)(2).

In accordance with the requirements of 49 C.F.R. § 1180.4(g), Watco submits the following information:

Description of Proposed Transaction: 49 C.F.R. § 1180.6(a)(1)(i)

Watco is a non-carrier holding company which currently controls one Class II rail carrier and thirty-eight Class III rail carriers listed in the Appendix to this Notice. *See Watco Holdings, Inc. – Continuance in Control Exemption – Wisconsin Rapids Railroad, L.L.C.*, Docket No. FD 36340 (STB served Aug. 16, 2019).

EJSR is a new non-carrier entity controlled by Watco which will lease and operate the Phoenix Line. None of the rail lines of Watco's existing rail carrier holdings EJSR will connect with EJSR. Watco proposes to exercise common control of EJSR and Watco's existing rail carrier subsidiaries once EJSR exercises authority to lease and operate the Phoenix Line pursuant to the notice filed in FD 36437 and becomes a rail carrier.

The full name and address of the Applicant herein is:

Watco Holdings, Inc.
315 West 3rd Street
Pittsburg, Kansas 66762

Any questions concerning this Notice should be sent to Watco's representative at the following address:

Bradon J. Smith
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 800
Chicago, Illinois 60606-3208
(312) 252-1500

Proposed Schedule for Consummation: 49 C.F.R. § 1180.6(a)(1)(ii)

Watco intends to consummate the proposed continuance in control transaction on October 24, 2020, concurrently with EJSR's lease and operation of the Phoenix Line and thirty days after the filing of this notice of exemption. *See* 49 C.F.R. § 1180.4(g)(1).

Purpose Sought to Be Accomplished: 49 C.F.R. § 1180.6(a)(1)(iii)

The exemption sought herein will allow Watco to continue to exercise common control of its existing rail carrier subsidiaries and EJSR. In turn, the control exemption will allow EJSR to proceed with the lease and operation of the Line as contemplated in FD 36437.

States in Which Property of Applicants is Located: 49 C.F.R. § 1180.6(a)(5)

Watco is a non-carrier holding company and does not directly own any rail property. EJSR will lease and operate rail property in the state of Illinois. Watco's existing rail carrier subsidiaries own or lease and operate over rail property located in twenty-seven states, as shown in the Appendix.

Map - Exhibit 1: 49 C.F.R. § 1180.6(a)(6)

A map of the Line to be leased by EJSR is attached hereto as Exhibit 1A. A map generally showing the location of Watco's existing rail carrier subsidiaries in the United States is attached hereto as Exhibit 1B.

Agreement - Exhibit 2: 49 C.F.R. § 1180.6(a)(7)(ii)

Watco already controls EJSR, currently a non-carrier. No agreement is contemplated or necessary for Watco to continue in control of EJSR once EJSR leases the Line and commences operations.

Labor Protective Conditions: 49 C.F.R. § 1180.4(g)(1)(i)

The proposed transaction involves the control of one Class II carrier (Watco's existing subsidiary, Wisconsin & Southern Railroad, L.L.C.) and multiple Class III rail carriers (Watco's remaining existing rail carrier subsidiaries and EJSR). Accordingly, the transaction is subject to the labor protection requirements of 49 U.S.C. § 11326(b) and *Wisconsin Central Ltd.* –

Acq. Exempt. – Union Pac. R. Co., 2 S.T.B. 218 (1997), *rev'd in part sub nom. Ass'n of Amer. Railroads v. STB*, 162 F.3d 101 (D.C. Cir. 1998).

Environmental and Historic Preservation Matters: 49 C.F.R. § 1180.4(g)(3)

Under 49 C.F.R. § 1105.6(c)(2)(i) and (ii), the proposed control transaction is exempt from environmental reporting requirements. Watco's continuance in control of EJSR will not result in significant changes in carrier operations, *i.e.*, changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5).

Under 49 C.F.R. § 1105.8(b)(3), the proposed continuance in control also is exempt from historic preservation reporting requirements. That control transaction will not substantially change the level of maintenance of any railroad property.

Interchange Commitments: 49 C.F.R. § 1180.4(g)(4)

The proposed continuance in control transaction does not itself involve the acquisition or operation of a rail line, and thus the provisions of 49 C.F.R. § 1180.4(g)(4) are not applicable. The lease transaction that is the subject of the FD 36437 proceeding does not include a provision restricting EJSR's interchange of traffic with a third-party connecting carrier.

Respectfully submitted,

/s/ *R. A. Wimbish*

Robert A. Wimbish
Bradon J. Smith
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 800
Chicago, Illinois 60606-3208
(312) 252-1500

**ATTORNEYS FOR
WATCO HOLDINGS, INC.**

Dated: September 24, 2020

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB DOCKET NO. FD 36438

**WATCO HOLDINGS, INC.
— CONTINUANCE IN CONTROL EXEMPTION —
ELWOOD JOLIET & SOUTHERN RAILROAD, L.L.C.**

APPENDIX

**WATCO CONTROLLED CARRIERS AND
STATES OF OPERATION**

Class II Carriers

Wisconsin & Southern Railroad, L.L.C. [Illinois, Wisconsin]

Class III Carriers

Alabama Southern Railroad, L.L.C. [Alabama, Mississippi]
Alabama Warrior Railway, L.L.C. [Alabama]
Ann Arbor Railroad, Inc. [Michigan, Ohio]
Arkansas Southern Railroad, L.L.C. [Arkansas, Oklahoma]
Austin Western Railroad, L.L.C. [Texas]
Autauga Northern Railroad, L.L.C. [Alabama]
Baton Rouge Southern Railroad, L.L.C. [Louisiana]
Birmingham Terminal Railway, L.L.C. [Alabama]
Blue Ridge Southern Railroad, L.L.C. [North Carolina]
Bogalusa Bayou Railroad, L.L.C., also d/b/a Geaux Geaux Railroad [Louisiana]
Boise Valley Railroad, L.L.C. [Idaho]
Cicero Central Railroad, L.L.C. [Illinois]
Decatur & Eastern Illinois Railroad, L.L.C. [Illinois, Indiana]
Eastern Idaho Railroad, L.L.C. [Idaho]
Grand Elk Railroad, Inc. [Indiana, Michigan]
Great Northwest Railroad, L.L.C. [Idaho, Washington]
Ithaca Central Railroad, L.L.C. [New York, Pennsylvania]
Jacksonville Port Terminal Railroad, L.L.C. [Florida]
Kanawha River Railroad, L.L.C. [Ohio, West Virginia]
Kansas & Oklahoma Railroad, L.L.C. [Colorado, Kansas]
Kaw River Railroad, L.L.C. [Kansas, Missouri]
Louisiana Southern Railroad, L.L.C. [Louisiana]
Lubbock and Western Railway, L.L.C. [Texas]
Mission Mountain Railroad, L.L.C. [Montana]
Mississippi Southern Railroad, L.L.C. [Mississippi]
Pacific Sun Railroad, L.L.C. [California]
Palouse River & Coulee City Railroad, L.L.C. [Idaho, Oregon, Washington]
Pecos Valley Permian Railroad, L.L.C. d/b/a Pecos Valley Southern Railway [Texas]
Pennsylvania Southwestern Railroad, L.L.C. [Pennsylvania]
San Antonio Central Railroad, L.L.C. [Texas]
Savannah & Old Fort Railroad, L.L.C. [Georgia]
South Kansas and Oklahoma Railroad, L.L.C. [Kansas, Missouri, Oklahoma]
Stillwater Central Railroad, L.L.C. [Oklahoma]
Swan Ranch Railroad, L.L.C. [Wyoming]
Texas and New Mexico Railway, L.L.C. [New Mexico]
Timber Rock Railroad, L.L.C. [Louisiana, Texas]
Vicksburg Southern Railroad, L.L.C. [Mississippi]
Yellowstone Valley Railroad, L.L.C. [Montana, North Dakota]

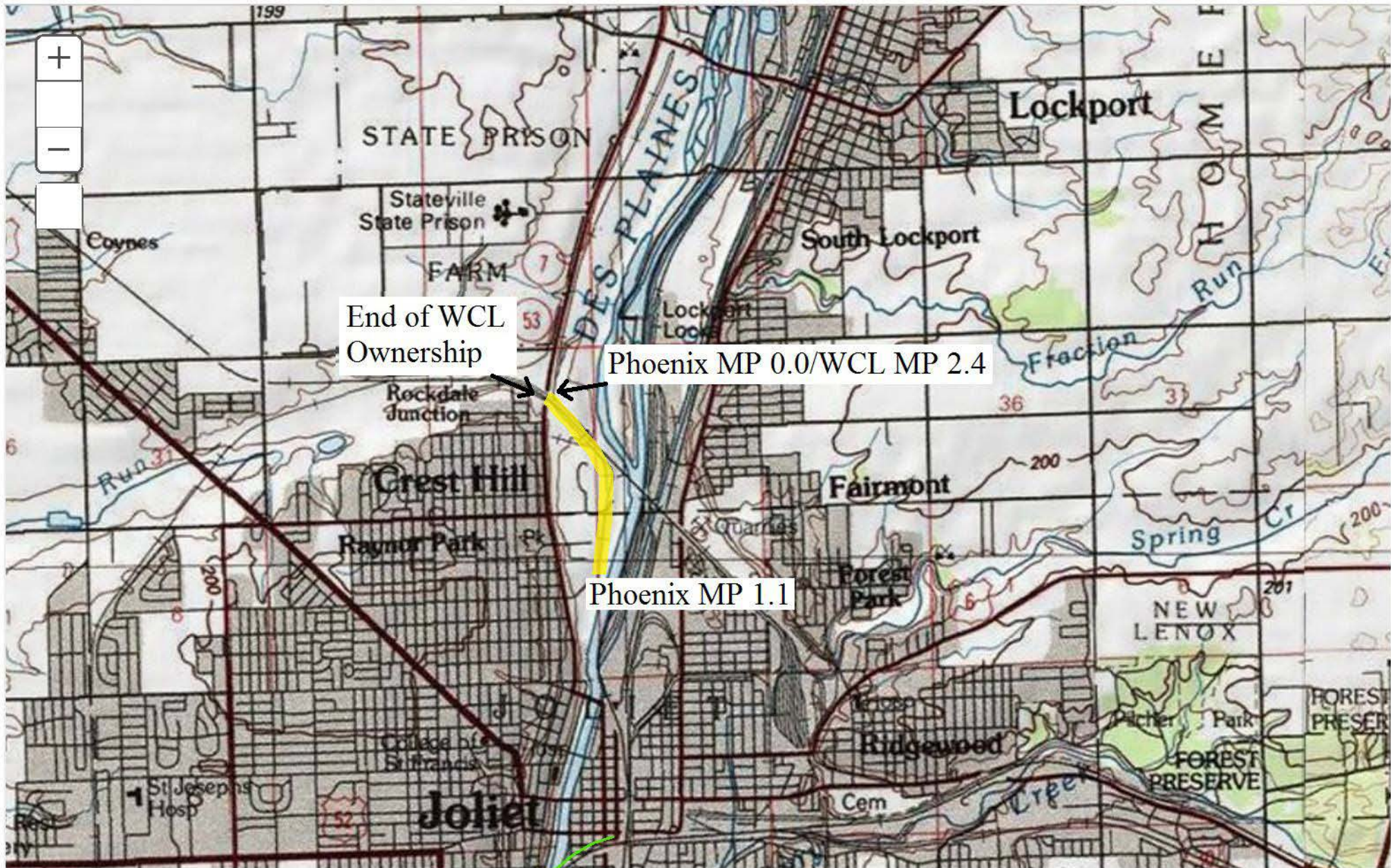
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SURFACE TRANSPORTATION BOARD**

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**WATCO HOLDINGS, INC.
— CONTINUANCE IN CONTROL EXEMPTION —
ELWOOD JOLIET & SOUTHERN RAILROAD, L.L.C.**

EXHIBIT 1A

**ELWOOD JOLIET & SOUTHERN
MAP**



**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB DOCKET NO. FD 36438

**WATCO HOLDINGS, INC.
— CONTINUANCE IN CONTROL EXEMPTION —
ELWOOD JOLIET & SOUTHERN RAILROAD, L.L.C.**

EXHIBIT 1B

**WATCO SYSTEM
MAP**



VERIFICATION

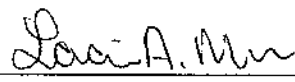
State of Kansas)
) ss:
County of Crawford)

Rick D. Baden, being duly sworn, deposes and says that he is Executive Vice President and Chief Financial Officer of Watco Holdings, Inc., that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.



Rick D. Baden

SUBSCRIBED AND SWORN TO
before me this 16th day
of September, 2020.



Notary Public

My Commission expires: 1/9/2022

