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SERVICE DATE – OCTOBER 14, 2020

FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36438]

Watco Holdings, Inc.—Continuance in Control Exemption—Elwood Joliet & Southern Railroad, L.L.C.

Watco Holdings, Inc. (Watco), a noncarrier, has filed a verified 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), a noncarrier controlled by Watco, upon EJSR's becoming a Class III rail carrier.

This transaction is related to a verified notice of exemption filed concurrently in Elwood Joliet & Southern Railroad, L.L.C.—Lease and Operation Exemption—Wisconsin Central Ltd., Docket No. FD 36437, in which EJSR seeks to lease from Wisconsin Central Ltd. (WCL) and operate approximately 1.2 miles of rail line extending from a point immediately east of a switch that lies 0.1 mile west of the switch at WCL milepost 2.4/Phoenix milepost 0.0 at Sprague, in Crest Hill, Ill., to Phoenix milepost 1.1 in Joliet, Ill.

The transaction may be consummated on or after October 28, 2020, the effective date of the exemption.

According to the verified notice of exemption, Watco currently controls indirectly 38 Class III railroads¹ and one Class II railroad, collectively operating in 28 states.² For a complete list of these rail carriers and the states in which they operate, see the Appendix to Watco's September 24, 2020 verified notice of exemption. The verified notice is available at www.stb.gov.

Watco represents that: (1) the rail line to be operated by EJSR does not connect with the rail lines of any of the rail carriers controlled by Watco; (2) this transaction is not part of a series of anticipated transactions that would connect EJSR with any railroad in the Watco corporate family; and (3) the transaction does not involve a Class I rail carrier. The proposed transaction is therefore exempt from the prior approval requirements of 49 U.S.C. § 11323 pursuant to 49 C.F.R. § 1180.2(d)(2). Watco states

¹ Watco's list of carriers states that Geaux Geaux Railroad (GGRR) is a trade name for Bogalusa Bayou Railroad, L.L.C. (BBRR). (See also Watco Letter 1-2 (stating that GGRR is a trade name of BBRR).) Some previous Watco filings in other dockets had suggested that GGRR was an additional, distinct carrier controlled by Watco. See Watco Notice of Exemption 8-9, Watco Holdings, Inc.—Continuance in Control Exemption—Savannah & Old Fort R.R., FD 36337 (listing "Geaux Geaux River" as an additional Watco carrier); Watco Notice of Exemption 8-9, Watco Holdings, Inc.—Continuance in Control Exemption—Ithaca Cent. R.R., FD 36243 (same); Watco Notice of Exemption 8-9, Watco Holdings, Inc.—Continuance in Control Exemption—Decatur & E. Ill. R.R., FD 36209 (same). Watco now states that that is not the case. Rather, Geaux Geaux Railroad, L.L.C.—an entity distinct from BBRR and not affiliated with Watco—acquired a line and later granted BBRR operating rights over it, which BBRR has carried out under the trade name GGRR. See Geaux Geaux R.R.—Acquis. & Operation Exemption—Ill. Cent. R.R., FD 35826 (STB served May 23, 2014); Bogalusa Bayou R.R. d/b/a Geaux Geaux R.R.—Operation Exemption—Geaux Geaux R.R., FD 35904 (STB served Feb. 13, 2015).

² Although Watco's verified notice states that the carriers it controls operate in 27 states, the notice lists 28 different states.

that the transaction will allow it to exercise common control of its existing rail carrier subsidiaries and EJSR and that, in turn, the control exemption will allow EJSR to proceed with the lease and operation of the line as contemplated in Docket No. FD 36437.

Under 49 U.S.C. § 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Because the transaction involves the control of one Class II and one or more Class III rail carriers, the transaction is subject to the labor protection requirements of 49 U.S.C. § 11326(b) and Wisconsin Central Ltd.—Acquisition Exemption—Lines of Union Pacific Railroad, 2 S.T.B. 218 (1997).

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions for stay must be filed no later than October 21, 2020 (at least seven days before the exemption becomes effective).

All pleadings, referring to Docket No. FD 36438, must be filed with the Surface Transportation Board either via e-filing or in writing addressed to 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Watco's representative, Bradon J. Smith, Fletcher & Sippel LLC, 29 North Wacker Drive, Suite 800, Chicago, IL 60606-3208.

According to Watco, this action is categorically excluded from environmental review under 49 C.F.R. § 1105.6(c) and from historic reporting requirements under 49 C.F.R. § 1105.8(b).

Board decisions and notices are available at www.stb.gov.

Decided: October 8, 2020.

By the Board, Allison C. Davis, Director, Office of Proceedings.