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VIA E-FILING

April 5, 2021

The Honorable Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
395 E. Street, S.W., Room #100
Washington, DC 20423-0001

Re: *Watco Holdings, Inc.—Exemption for Intra-Corporate Family Transaction—Fox Valley & Lake Superior Rail System, L.L.C. and Wisconsin & Southern Railroad, L.L.C.*,
FD 36505

Dear Ms. Brown:

Enclosed for filing is Watco Holdings, Inc.'s Notice of Exemption in the above-captioned proceeding. The filing fee under 49 C.F.R. § 1102(41)(iv) has been tendered electronically via Pay.gov.

Please let me know if you have any questions.

Sincerely,

Stinson LLP*David Rifkind*

David Rifkind

Enclosure

FILED
April 5, 2021
SURFACE
TRANSPORTATION BOARD

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SURFACE
TRANSPORTATION BOARD

1775 Pennsylvania Avenue N.W., Suite 800, Washington D.C. 20006

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36505

WATCO HOLDINGS, INC.
—EXEMPTION FOR INTRA-CORPORATE FAMILY TRANSACTION—
FOX VALLEY & LAKE SUPERIOR RAIL SYSTEM, L.L.C. AND
WISCONSIN & SOUTHERN RAILROAD, L.L.C.

VERIFIED NOTICE OF EXEMPTION

PURSUANT TO 49 C.F.R. § 1180.2(d)(3)

David F. Rifkind
Stinson, LLP
1775 Pennsylvania Avenue N.W., Suite 800
Washington, DC 20006-4605
(202) 969-4218

ATTORNEYS FOR WATCO HOLDINGS,
INC.

Filing contains color

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Watco Holdings, Inc. (“Watco”) files this Verified Notice of Exemption for the benefit of Fox Valley & Lake Superior Rail System, L.L.C. (“FOXY”) and Wisconsin & Southern Railroad, L.L.C. (“WSOR”) pursuant to 49 C.F.R. § 1180.2(d)(3) for an exemption from the prior approval requirements of 49 U.S.C. § 11323 *et seq.* in connection with a transaction within a corporate family.

In Fox Valley & Lake Superior Rail System, L.L.C.--Acquisition and Operation Exemption—Lines of Wisconsin Central Ltd. in the State of Wisconsin, FD 36504, FOXY, currently a non-carrier and a wholly-owned, indirect subsidiary of Watco, seeks authority to acquire from Wisconsin Central Ltd. (“WCL”) and operate certain rail lines on WCL’s Bradley, Pembine, Ashland, Valley, Medford, Shawano, West Bend, Saukville and White Pine Subdivisions, and New London, Kimberly, Eden, Denmark, and Luxemburg Spurs, all in the state of Wisconsin.¹

¹ Contemporaneously with that proceeding, in *Grand Elk Railroad, Inc.—Acquisition Exemption—Lines of Wisconsin Central Ltd. in the State of Michigan*, FD 36503, Grand Elk Railroad, Inc. (“GDLK”), a Class III carrier and wholly-owned, indirect subsidiary of Watco, seeks authority to acquire rail lines of WCL’s Newberry Subdivision and the segment of the White Pine Subdivision in the State of Michigan. In *Watco Holdings, Inc.—Continuance in*

The transaction that is the subject of this Verified Notice of Exemption is the transfer of the Eden Spur, the West Bend Subdivision, and the Saukville Subdivision from FOXY to WSOR, a Class II carrier and wholly-owned indirect subsidiary of Watco. Upon consummation of the transaction, the Eden Spur, the West Bend Subdivision, and the Saukville Subdivision will become part of WSOR and be operated by it.

SPECIFIC INFORMATION REQUIRED BY THE REGULATIONS

49 C.F.R. § 1180.4(g) specifies certain information that must be included in a Verified Notice of Exemption filed pursuant to 49 C.F.R. § 1180.2(d)(3). The required information is provided below, preceded by the subsection of the Board's regulations to which it is responsive.

1180.6(a)(1)(i) ***Brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of counsel to whom questions regarding the transaction can be addressed.***

Watco is a non-carrier holding company, which currently controls the one Class II rail carrier and thirty-nine Class III rail carriers listed in the Appendix to this Notice, in addition to FOXY (which will become a Class III carrier upon consummation of the transaction in FD 36504). *See Watco Companies, L.L.C.—Continuance in Control Exemption—Dutchtown So. R.R., L.L.C.*, FD 36457 (STB served Dec. 23, 2020). Upon consummation of the FOXY acquisition of WCL rail lines in FD 36504 and Watco's continuance in control of FOXY pursuant to exemption in FD 36506, WSOR will acquire the following rail lines from FOXY:

- Eden Spur from Eden, WI (MP 138.7) to Fond du Lac, WI (MP 146.04), a distance of approximately 7.34 miles
- West Bend Subdivision from Granville, WI (MP 99.5) to West Bend, WI (MP 114.42), a distance of approximately 14.92 miles

Control Exemption—Fox Valley & Lake Superior Rail System, L.L.C., FD 36506, Watco seeks authority to continue in control of FOXY upon FOXY becoming a Class III carrier.

- Saukville Subdivision from Mill (North Milwaukee), WI (MP 95.18) to Saukville, WI (MP 114.8), a distance of approximately 19.62 miles²

WSOR and FOXY are affiliated entities within the Watco corporate family and the transaction will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family. Accordingly, this transaction falls within the class of transactions described at 49 C.F.R. § 1180.2(d)(3), and is exempt from the requirement of prior approval by the Board.

The business address and telephone number for Watco is:

Watco Holdings, Inc.
315 West 3rd Street
Pittsburg, KS 66762
Phone: (620) 231-2230

The business address and telephone number for WSOR is:

Wisconsin & Southern Railroad, L.L.C.
1890 East Johnson Street
Madison, WI 53704
Phone: (608) 620-2050

² In 2004, WSOR obtained overhead trackage rights from WCL over the Saukville Subdivision from milepost 95.18 in North Milwaukee to milepost 114.8 in Saukville, WI. *See Wis. & So. R.R. Co.—Trackage Rights Exemption—Wis. Cent. Ltd.*, FD 34621 (STB served Dec. 20, 2004). With consummation of the transaction proposed herein, WSOR's trackage rights will be subsumed within its ownership of the Saukville Subdivision without need for discontinuance authority. *See Norfolk So. Ry. Co.—Acquisition and Operation—Certain Rail Lines of the Del. and Hudson Ry. Co., Inc.*, FD 35873, slip op. at 29 (STB served May 15, 2015); *Union Pac. R.R.—Amendment of Trackage Rights Exemption—BNSF Ry.*, FD 30868 (Sub-No. 1) (STB served July 20, 2006).

The business address and telephone number for FOXY is:

Fox Valley & Lake Superior Rail System, L.L.C.
315 West 3rd Street
Pittsburg, KS 66762
Phone: (620) 231-2230

Correspondence with respect to this transaction should be addressed to:

David F. Rifkind
Stinson, LLP
1775 Pennsylvania Avenue N.W., Suite 800
Washington, DC 20006-4605
(202) 969-4218

1180.6(a)(1)(ii) *Consummation Schedule*

The Parties intend to consummate the proposed transaction after consummation of the FOXY acquisition of WCL rail lines in FD 36504 and Watco's continuance in control of FOXY pursuant to exemption in FD 36506, and in any event no sooner than June 30, 2021.

11.80.6(a)(1)(iii) *Purpose of the Transaction*

The purpose of the intra-corporate family transaction that is the subject of this Verified Notice of Exemption is to allow WSOR to own and operate the Eden Spur, the West Bend Subdivision, and the Saukville Subdivision, the latter two of which connect with rail lines operated by WSOR. FOXY will continue to own and (as applicable) operate the rail lines on the Bradley, Pembine, Ashland, Valley, Medford, Shawano and White Pine Subdivisions and the New London, Kimberly, Denmark, and Luxemburg Spurs acquired by FOXY from WCL.

1180.6(a)(5) *List of States in which the Parties' Property is Located*

Watco is a non-carrier holding company and does not directly own any rail property. Watco's existing rail carrier subsidiaries own or lease and operate over rail property located in 27 states, as shown in the Appendix. FOXY is acquiring rail lines entirely in the state of Wisconsin.

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

Maps of the Lines to be acquired by FOXY, the current WSOR lines, and generally showing the location of Watco's existing rail carrier subsidiaries in the United States are attached hereto as Exhibit 1.

1180.6(a)(7)(ii) *Agreement*

Once FOXY consummates the acquisition transaction contemplated in FD 36504 and Watco obtains authority to continue in control of FOXY pursuant to an exemption in FD 36506, FOXY and WSOR expect to enter into a written agreement providing for the transfer of the Eden Spur, the West Bend Subdivision, and the Saukville Subdivision from FOXY to WSOR.

1180.4(g)(1)(i) *Level of Labor Protection*

Because the proposed transaction involves a Class II carrier, it is subject to the provisions of 49 C.F.R. § 11326(b) and *Wis. Cent. Ltd.—Acquisition Exemption—Lines of Union Pac. R.R.*, 2 S.T.B. 218 (1997).

1180.4(g)(4) *Transactions imposing interchange commitments.*

The proposed transaction does not impose or involve any interchange commitment by or affecting the Parties, nor are any of the transferred rail lines subject to any agreement that imposes an interchange commitment.

Environmental and Historic Preservation Matters.

Under 49 C.F.R. § 1105.6(c)(1)(ii), the proposed transaction is exempt from environmental reporting requirements. Moreover, the proposed transaction 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)(2), the proposed transaction is also exempt from historic preservation reporting requirements. Additional Board approval would be required to abandon

or discontinue railroad service over the Eden Spur, West Bend Subdivision, or Saukville Subdivision, and there are no plans to dispose of or alter properties subject to Board jurisdiction that are fifty years old or older. Accordingly, an historic report is not required under 49 C.F.R. § 1105.8(b)(1).

Respectfully submitted,

/s/ David F. Rifkind

David F. Rifkind

Stinson, LLP

1775 Pennsylvania Avenue N.W., Suite 800

Washington, DC 20006-4605

(202) 969-4218

ATTORNEYS FOR WATCO HOLDINGS,
INC.

Dated: April 5, 2021

VERIFICATION

I, Craig R. Richey, declare under penalty of perjury that the foregoing is true and correct.

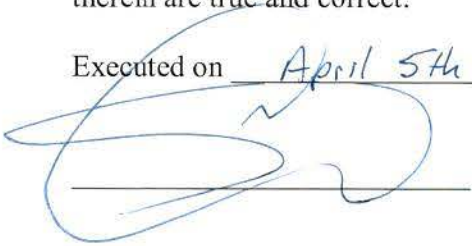
I am the Executive Vice President and General Counsel of Watco Holdings, Inc. ("Watco").

Further, I certify that I am qualified and authorized to file this Verified Notice of Exemption.

The proposed transaction does not involve any provision or agreement that would limit future interchange with a third-party connecting carrier.

I have read the foregoing Notice of Exemption, and hereby verify that the facts stated therein are true and correct.

Executed on April 5th, 2021

A handwritten signature in blue ink, appearing to be "CR Richey", is written over a horizontal line.

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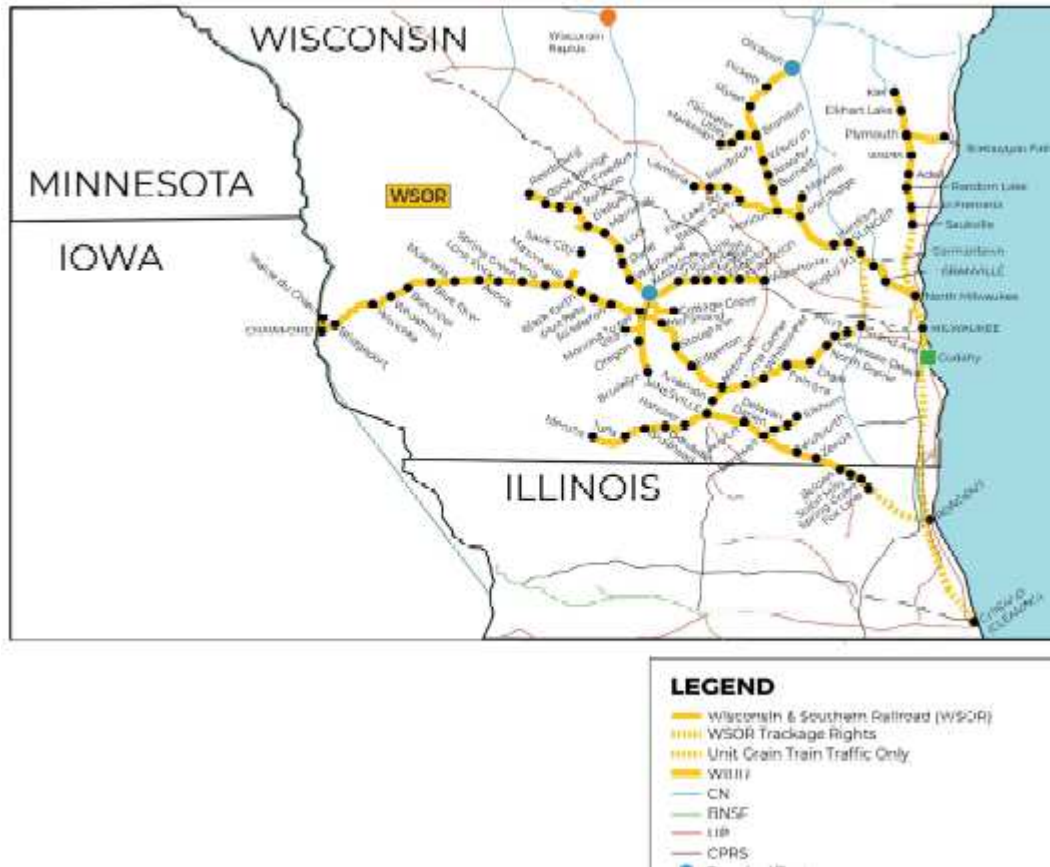
PURSUANT TO 49 C.F.R. § 1180.2(d)(3)

EXHIBIT 1
MAPS

Watco system map



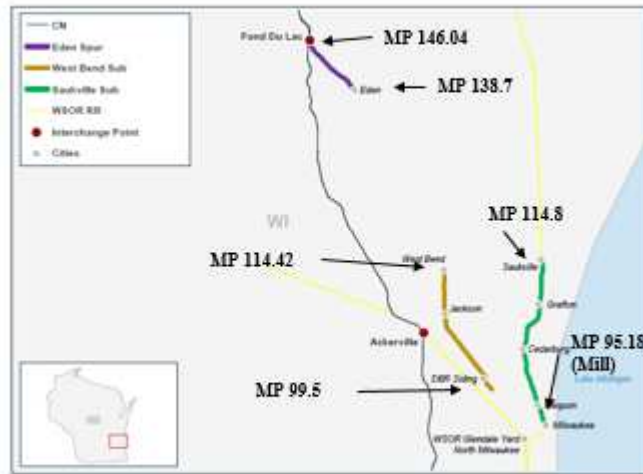
WSOR lines



FOXY lines

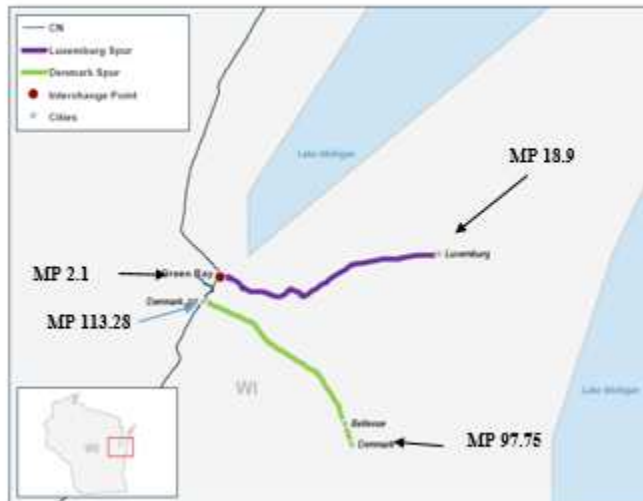
Southern Cluster

Eden Spur, West Bend and Saukville Subdivisions



Green Bay Cluster

Denmark and Luxemburg Spurs



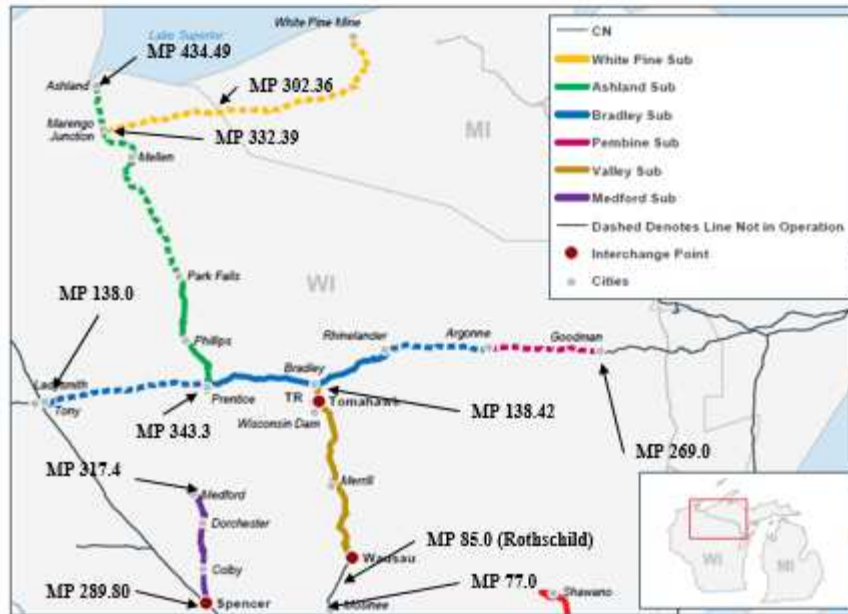
Appleton Cluster

Shawano Subdivision, New London and Kimberly Spurs



Northern Cluster

Valley, Bradley, Pembine, Ashland, White Pine, and Medford Subdivisions



APPENDIX

Class II Carrier

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]

Dutchtown Southern Railroad, L.L.C. [Louisiana]

Eastern Idaho Railroad, L.L.C. [Idaho]

Elwood Joliet & Southern Railroad, L.L.C. [Illinois]

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]

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]