

DO

FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36503]

Grand Elk Railroad, Inc.—Acquisition Exemption—Lines of Wisconsin Central Ltd. in the State of Michigan

Grand Elk Railroad, Inc. (Grand Elk),¹ a Class III carrier, has filed a verified notice of exemption under 49 C.F.R. § 1150.41 to acquire 142.64 miles of rail lines owned by Wisconsin Central Ltd. (WCL) in Michigan, consisting of 95.38 miles of active line and 47.26 miles of line over which WCL previously discontinued service (the Lines). Specifically, the Lines consist of (1) the Newberry Subdivision between Trout Lake, Mich., at milepost 27.5 and Munising Jct., Mich., at milepost 117.0, and between Munising Jct. at milepost 5.88 and Munising, Mich., at milepost 0.0, a total of 95.38 active route miles, and (2) the portion of the White Pine Subdivision located in Michigan between White Pine, Mich., at milepost 254.6 and the Michigan/Wisconsin border at milepost 302.36, a total of 47.26 miles that have been inactive since 2015.²

¹ Grand Elk is an indirectly controlled subsidiary of Watco Holdings, Inc. (Watco Holdings), a noncarrier Delaware limited liability holding company.

² In 2015, WCL discontinued service over the White Pine Subdivision, including the portion extending into Wisconsin. See Wis. Cent. Ltd.—Discontinuance of Serv. Exemption—in Ashland & Iron Cntys., Wis., & Gogebic & Ontonagon Cntys., Mich., AB 303 (Sub-No. 45X) (STB served Dec. 3, 2014) and notice of consummation filed on January 9, 2015.

Grand Elk's acquisition is part of a larger transaction pursuant to which, in addition to Grand Elk's acquisition, (1) Fox Valley & Lake Superior Rail System, L.L.C. (Fox System), a newly created noncarrier subsidiary of Watco Holdings, would acquire from WCL approximately 328.52 miles of active rail lines and 180.75 miles of rail line over which WCL had discontinued service, all in the State of Wisconsin;³ and (2) Fox System would transfer three segments of those lines, totaling approximately 42 miles, to Wisconsin & Southern Railroad, L.L.C. (WSOR), a Class II subsidiary of Watco Holdings.⁴

The effective date of the exemptions sought in Docket Nos. FD 36503, FD 36504, and FD 36505 was tolled to consider questions raised and solicit additional information. See Grand Elk R.R.—Acquis. Exemption—Lines of Wis. Cent. Ltd. in the State of Mich., FD 36503 et al. (STB served Apr. 27, 2021). In a decision served on December 20, 2021, the Board held that the exemptions in Docket Nos. FD 36503, FD 36504, and FD 36505 could proceed and granted the petition for exemption sought in Docket No. FD 36506. See Grand Elk R.R.—Acquis. Exemption—Lines of Wis. Cent. Ltd. in the State of Mich., FD 36503 et al. (STB served Dec. 20, 2021).

Grand Elk certifies that its projected annual revenues as a result of this transaction will not exceed those that would qualify it as a Class III rail carrier. Pursuant to 49 C.F.R. § 1150.42(e), which applies “[i]f the projected annual revenue of the rail lines

³ See Fox Valley & Lake Superior Rail Sys., L.L.C.—Acquis. & Operation Exemption—Lines of Wis. Cent. Ltd. in the State of Wis., Docket No. FD 36504. Additionally, to continue in control of Fox System once it becomes a carrier, Watco Holdings filed a petition for exemption in Watco Holdings, Inc.—Continuance in Control Exemption—Fox Valley & Lake Superior Rail System, L.L.C., Docket No. FD 36506.

⁴ See Watco Holdings, Inc.—Exemption for Intra-Corp. Family Transaction—Fox Valley & Lake Superior Rail Sys., L.L.C., Docket No. FD 36505.

to be acquired or operated, together with the acquiring carrier's projected annual revenue, exceeds \$5 million," Grand Elk certified on April 1, 2021, that notice of the transaction was posted at the workplaces of current WCL employees on the Lines and was being served on the national offices of the labor unions for those employees.

Grand Elk further certifies that the proposed transaction does not involve, and the purchase agreement does not include, any provision or agreement that would limit future interchange with a third-party connecting carrier.

The transaction may be consummated on or after December 31, 2021, the effective date of the exemption.

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 to stay must be filed no later than December 27, 2021.

All pleadings, referring to Docket No. FD 36503, should be filed with the Surface Transportation Board via e-filing on the Board's website. In addition, a copy of each pleading must be served on Grand Elk's representative: David F. Rifkind, Stinson, LLP, 1775 Pennsylvania Avenue, N.W., Suite 800, Washington, DC 20006-4605.

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

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

Decided: December 20, 2021.

By the Board, Scott M. Zimmerman, Acting Director, Office of Proceedings.