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SERVICE DATE - DECEMBER 23, 2021

DO

FR-4915-01-P

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.

Watco Holdings, Inc. (Watco Holdings), has filed a verified notice of exemption for an intra-corporate family transaction under 49 C.F.R. § 1180.2(d)(3) for the benefit of Fox Valley & Lake Superior Rail System, L.L.C. (Fox System), a Watco Holdings affiliate that is currently a noncarrier, and Wisconsin & Southern Railroad, L.L.C. (WSOR), a Class II carrier also controlled by Watco Holdings. Through this exemption, Fox System would transfer the following rail lines to WSOR for WSOR to operate as part of its system: (1) the Eden Spur from Eden, Wis. (milepost 138.7) to Fond du Lac, Wis. (milepost 146.04), a distance of approximately 7.34 miles; (2) the West Bend Subdivision from Granville, Wis. (milepost 99.5) to West Bend, Wis. (milepost 114.42), a distance of approximately 14.92 miles; and (3) the Saukville Subdivision from Mill (North Milwaukee), Wis. (milepost 95.18) to Saukville, Wis. (milepost 114.8), a distance of approximately 19.62 miles.

This intra-corporate family transaction is part of a larger transaction involving Watco Holdings, Fox System, and Grand Elk Railroad, Inc. (Grand Elk), a Class III carrier also controlled by Watco Holdings, in which Fox System and Grand Elk would acquire several hundred miles of rail lines in Wisconsin and Michigan, respectively, from Wisconsin Central

Ltd. (WCL).¹ The verified notice states that once Fox System consummates its acquisition of WCL lines contemplated in Docket No. FD 36504 (which lines include the Eden Spur, West Bend Subdivision, and Saukville Subdivision) and Watco Holdings obtains the authority to continue in control of Fox System pursuant to the exemption sought in Docket No. FD 36506, Fox System and WSOR expect to enter into an agreement for the transfer of the Eden Spur, West Bend Subdivision, and Saukville Subdivision from Fox System to WSOR.

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).

The verified notice states that 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.

Unless stayed, the exemption will be effective on December 31, 2021.

The verified notice states that the proposed transaction is within Watco Holdings’

¹ 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; Grand Elk R.R.—Acquis. Exemption—Lines of Wis. Cent. Ltd. in the State of Mich., Docket No. FD 36503. To continue in control of Fox System once Fox System 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.

corporate family and 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. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. § 11323. See 49 C.F.R. § 1180.2(d)(3).

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 one Class II rail carrier 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 December 27, 2021.

All pleadings, referring to Docket No. FD 36505, 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 Watco Holdings' representative: David F. Rifkind, Stinson, LLP, 1775 Pennsylvania Avenue, N.W., Suite 800, Washington, DC 20006-4605.

According to Watco Holdings, 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.