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SERVICE DATE – MAY 27, 2022

FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36595]

Watco Holdings, Inc.—Continuance in Control Exemption—Texas Coastal Bend
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 Texas Coastal Bend Railroad, L.L.C. (TCBR), a noncarrier controlled by Watco, upon TCBR's becoming a Class III rail carrier.

This transaction is related to a verified notice of exemption filed concurrently in Texas Coastal Bend Railroad—Change in Operator Exemption—Corpus Christi Terminal Railroad, Docket No. FD 36594, in which TCBR seeks to assume operation of approximately 12.0 miles of rail line owned by the Port of Corpus Christi Authority of Nueces County, Tex. (the Port), located on the north and south sides of the Inner Harbor of the Corpus Christi Ship Channel, along with incidental trackage rights.

The transaction may be consummated on or after June 12, 2022, the effective date of the exemption (30 days after the verified notice was filed).

According to the verified notice, Watco currently controls 42 Class III railroads and one Class II railroad, collectively operating in 28 states. For a complete list of these rail carriers and the states in which they operate, see the Appendix to Watco's May 13, 2022 verified notice of exemption, available at www.stb.gov.

Watco represents that: (1) the rail line to be operated by TCBR does not connect with the rail lines of any of the rail carriers currently controlled by Watco; (2) this transaction is not part of a series of anticipated transactions that would connect TCBR 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). 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 June 3, 2022 (at least seven days before the exemption becomes effective).

All pleadings, referring to Docket No. FD 36595, must be filed with the Surface Transportation Board either via e-filing on the Board's website 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.

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: May 24, 2022.

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