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SERVICE DATE – JANUARY 8, 2026

OCC

FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36902]

Watco Holdings, Inc.—Continuance in Control Exemption—Smoky Ridge Railroad,
L.L.C.

Watco Holdings, Inc. (Watco), a noncarrier, has filed a verified notice of exemption under 49 CFR 1180.2(d)(2) to continue in control of Smoky Ridge Railroad, L.L.C. (SMO), upon SMO's becoming a Class III rail carrier.

This transaction is related to a verified notice of exemption filed concurrently in Smoky Ridge Railroad, L.L.C.—Acquisition & Operation Exemption—EnergySolutions, LLC, Docket No. FD 36901, in which SMO seeks to acquire and operate as a common carrier over approximately 7.07 miles of railroad track (the Line), together with approximately 6.63 miles of spur track, in Anderson and Roane Counties, Tenn.

According to the verified notice, Watco currently controls 44 Class III rail carriers and one Class II rail carrier, collectively operating in 28 states and one Canadian province. For a complete list of these rail carriers and the states in which they operate, see the Appendix to Watco's December 23, 2025 verified notice of exemption, available at www.stb.gov.

The verified notice indicates that: (1) the Line does not connect with the rail lines of any of Watco's 45 existing rail carriers; (2) this transaction is not part of a series of anticipated transactions that would result in such a connection; and (3) the proposed

transaction does not involve a Class I rail carrier. The proposed transaction therefore is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

The transaction may be consummated on or after January 22, 2026, the effective date of the exemption (30 days after the verified notice was filed).

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 to stay must be filed no later than January 15, 2026.

All pleadings, referring to Docket No. FD 36902, 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, a copy of each pleading must be served on Watco's representative, Stephen J. Foland, Fletcher & Sippel LLC, 29 North Wacker Drive, Suite 800, Chicago, IL 60606-3208.

According to the verified notice, this action is categorically excluded from environmental review under 49 CFR 1105.6(c) and from historic preservation reporting requirements under 49 CFR 1105.8(b).

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

Decided: January 5, 2026.

By the Board, Anika S. Cooper, Chief Counsel, Office of Chief Counsel.