

Karl Morell & Associates

440 1st Street, NW, Suite 440
Washington, DC 20001
(202) 595-9045
karlm@karlmorell.com



August 9, 2018

246196

BY HAND DELIVERY

Cynthia Brown
Chief, Section of Administration
Surface Transportation Board
Office of Proceedings
395 E Street, SW
Washington, DC 20423

ENTERED
Office of Proceedings
August 9, 2018
Part of
Public Record

Re: ⁰¹ Docket No. 36290, Watco Holdings, Inc. – Continuance in Control
Exemption – Decatur & Eastern Illinois Railroad, L.L.C.

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 C.F.R. § 1180.2(d)(2), and a check covering the \$1,400 filing fee.

If you have any questions, please call me.

Sincerely,

Karl Morell

Enclosures

FILED
August 9, 2018
SURFACE
TRANSPORTATION BOARD

FEE RECEIVED
August 9, 2018
SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36209

WATCO HOLDINGS, INC.
-- CONTINUANCE IN CONTROL EXEMPTION --
DECATUR & EASTERN ILLINOIS RAILROAD, L.L.C.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1180.2(d)(2)



KARL MORELL
KARL MORELL & ASSOCIATES
Suite 440
440 1ST Street, N.W.
Washington, D.C. 20001
(202) 595-9045

Attorney for:
WATCO HOLDINGS, INC.

Dated: August 7, 2018

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36209

WATCO HOLDINGS, INC.
-- CONTINUANCE IN CONTROL EXEMPTION --
DECATUR & EASTERN ILLINOIS RAILROAD, L.L.C.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1180.2(d)(2)



Watco Holdings, Inc. ("Watco"), files this Notice of Exemption, pursuant to 49 C.F.R. § 1180.2(d)(2), for Watco to continue in control of Decatur & Eastern Illinois Railroad, L.L.C. ("DEIR"), a non-carrier, upon DEIR becoming a Class III railroad. In support of this Notice of Exemption, Watco submits the following information as required by 49 C.F.R. § 1180.4(g):

Section 1180.6(a)

- (1) A description of the proposed transaction.
 - (i) A 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 proposed transaction can be addressed.

Watco, a non-carrier, which currently controls indirectly thirty-eight (38) Class III railroads and one (1) Class II railroad, collectively operating in 26 States. Watco also owns, indirectly, 100 percent of the issued and outstanding stock of DEIR, a limited liability company and a non-carrier that was formed for the purpose of operating over the rail line being acquired by DEIR. Concurrently with the filing of this Notice of Exemption, DEIR is filing a Notice of Exemption in Finance Docket No. 36206, *Decatur & Eastern Illinois Railroad, L.L.C.* –

Operating Exemption Containing Interchange Commitment – CSX Transportation, Inc. under 49 C.F.R. § 1150.31, to operate the rail line owned by the CSXT. Upon consummation of the transaction in Finance Docket No. 36206, DEIR will become a Class III carrier.

Watco also controls, through stock ownership and management, the South Kansas and Oklahoma Railroad L.L.C. (“SKO”), Palouse River & Coulee City Railroad, L.L.C. (“PRCC”), the Timber Rock Railroad, L.L.C. (“TIBR”), the Stillwater Central Railroad, L.L.C. (“SLWC”), the Eastern Idaho Railroad, L.L.C. (“EIRR”), Kansas & Oklahoma Railroad, L.L.C. (“K&O”), the Pennsylvania Southwestern Railroad, L.L.C. (“PSWR”), the Great Northwest Railroad, L.L.C. (“GNR”), the Kaw River Railroad, L.L.C. (“KRR”), the Mission Mountain Railroad, L.L.C. (“MMT”), the Mississippi Southern Railroad, L.L.C. (“MSRR”), the Yellowstone Valley Railroad, L.L.C. (“YVRR”), the Louisiana Southern Railroad, L.L.C. (“LSRR”), the Arkansas Southern Railroad, L.L.C. (“ARSR”), the Alabama Southern Railroad, L.L.C. (“ABS”), the Vicksburg Southern Railroad, L.L.C. (“VSOR”), the Austin Western Railroad, L.L.C. (“AWRR”), the Baton Rouge Southern Railroad, L.L.C. (“BRSR”), the Pacific Sun Railroad, L.L.C. (“PSRR”), the Grand Elk Railroad, Inc. (“GER”), Alabama Warrior Railway, L.L.C. (“AWR”), Boise Valley Railroad, L.L.C. (“BVR”); Autauga Northern Railroad, L.L.C. (“ANRR”); Swan Ranch Railroad, L.L.C. (“SRRR”); Wisconsin & Southern Railroad, L.L.C. (“WSOR”); Birmingham Terminal Railway, L.L.C. (“BRS”); the Ann Arbor Railroad, Inc. (“AA”); the Pecos Valley Southern Railway (“PVS”); San Antonio Central Railroad, L.L.C. (“SAC”), Blue Ridge Southern Railroad, L.L.C. (“BLU”); Lubbock and Western Railway, L.L.C. (“LBWR”); Bogalusa Bayou Railroad, L.L.C. (“BBRR”); Texas and New Mexico Railway, L.L.C. (“TXN”), Cicero Central Railroad, L.L.C. (“CERR”); Kanawha River Railroad, L.L.C. (“KNWA”), Geaux Geaux River (“GOGR”), Jacksonville Port Terminal Railroad, L.L.C.

("JXPT") and Bayway Terminal Switching Company, L.L.C. ("BTSC"). SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR, BVR, ANRR, SRRR, WSOR, BRS, AA, PVS, SAC, BLU, LBWR, BBRR, TXN, CERR, GOG, KNWA, GOG, JXPT and BTSC are Class III carriers which operate rail lines in 26 States. WSOR is a Class II carrier operating in 2 States.

The rail lines operated by SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR, BVR, ANRR, SRRR, BRS, WSOR, AA, PVS, SAC, BLU, LBWR, BBRR, TXN, CERR, KNWA, GOG, JXPT and BTSC do not connect with the rail line being operated by DEIR. The rail line that is being operated by DEIR is located in Indiana and Illinois. No other Watco railroad is located near the rail line that will be operated by DEIR.

Also, the involved transaction is not part of a series of anticipated transactions that would connect the rail line that will be operated by DEIR with any railroad in the Watco corporate family. Finally, neither DEIR nor any of the carriers controlled by Watco are Class I rail carriers. Accordingly, this transaction falls within the class of transactions described at 49 C.F.R. § 1180.2(d)(2), and exempt from prior approval by the Surface Transportation Board.

The name and business address of Applicants are as follows:

Watco Holdings, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Decatur & Eastern Illinois Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Blue Ridge Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Austin Western Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Vicksburg Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Alabama Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Arkansas Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Louisiana Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Yellowstone Valley Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Mississippi Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Mission Mountain Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

South Kansas and Oklahoma Railroad, L.L.C.
123 N. Depot
Cherryvale, KS 67335

Palouse River & Coulee City Railroad, L.L.C.
325 Mill Road
Lewiston, ID 83501

Timber Rock Railroad, L.L.C.
505 West Avenue F
Silsbee, TX 77656

Stillwater Central Railroad, L.L.C.
123 N. Depot

Cherryvale, KS 67335

Eastern Idaho Railroad, L.L.C.
618 Shoshone St. West
Twin Falls, ID 83301

Kansas & Oklahoma Railroad, L.L.C.
1825 W. Harry
Wichita, KS 67213

Pennsylvania Southwestern Railroad, L.L.C.
10th Street and Midland Avenue
Midland, PA 15059

Great Northwest Railroad, L.L.C.
325 Mill Road
Lewiston, ID 83501

Kaw River Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Baton Rouge Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Pacific Sun Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Grand Elk Railroad, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Alabama Warrior Railway, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Boise Valley Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Autauga Northern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Birmingham Terminal Railway, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Swan Ranch Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Wisconsin & Southern Railroad, L.L.C.
5300 North 33rd Street
Milwaukee, WI 53209-0229

Pecos Valley Permian Railroad, L.L.C. d/b/a Pecos Valley Southern Railway Company
315 W. 3rd Street
Pittsburg, KS 66762

Ann Arbor Railroad, Inc.
4058 Chrysler Drive
Toledo OH 43608

San Antonio Central Railroad, L.L.C.
907 Billy Mitchell Blvd.
San Antonio, TX 78226

Bogalusa Bayou Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Lubbock and Western Railway, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Texas and New Mexico Railway, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Cicero Central Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Kanawha River Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Geaux Geaux River
315 W. 3rd Street

Pittsburg, KS 66762

Jacksonville Port Terminal Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Bayway Terminal Switching Company, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Applicants' representative:
Karl Morell
Karl Morell & Associates
440 1st Street, N.W.
Suite 440
Washington, D.C. 20001
(202) 595-9045

- (ii) The proposed time schedule for consummation of the proposed transaction.

Watco intends to consummate this transaction on or shortly after the effective date of this notice of exemption.

- (iii) The purpose sought to be accomplished by the proposed transaction.

Watco intends to reduce overhead expenses, coordinate billing, maintenance, mechanical and personnel policies and practices of its rail carrier subsidiaries and thereby improve the overall efficiency of rail service provided by the railroads in the Watco corporate family.

- (5) A list of the State(s) in which any part of the property of each applicant carrier is situated.

SKO's lines are located in Missouri, Kansas and Oklahoma.

EIRR's lines are located in Idaho.

PRCC's lines are located in Washington, Oregon and Idaho.

TIBR's lines are located in Texas and Louisiana.

SLWC's lines are located in Oklahoma.

K&O's lines are located in Kansas and Colorado.

PSWR's line is located in Pennsylvania.

GNR's lines are located in Idaho and Washington.

KRR's lines are located in Kansas and Missouri.

MMT's lines are located in Montana.

MSRR's line is located in Mississippi.

YVRR's lines are located in Montana and North Dakota.

LSRR's lines are located in Louisiana.

ARSR's lines are located in Arkansas and Oklahoma.

ABS's lines are located in Mississippi and Alabama.

VSOR's lines are located in Mississippi.

AWRR's lines are located in Texas.

BRSS's lines are located in Louisiana.

PSRR's lines are located in California.

GER's lines are located in Indiana and Michigan.

AWR's lines are located in Alabama.

BVR's lines are located in Idaho.

ANRR's lines are located in Alabama.

SRRR's lines are located in Wyoming.

WSOR's rail lines are located in Wisconsin and Illinois.

BHRR's lines are located in Alabama.

SAC's rail lines are located in Texas.

PVS's rail line is located in Texas.

AA's rail lines are located in Michigan and Ohio.

BLU's rail lines are located in North Carolina.

BBRR's rail line over which it has trackage rights is located in Louisiana.

LBWR's rail lines are located in Texas.

TXN's rail line is located in New Mexico.

CERR's rail line is located in Illinois.

KNWA's rail lines are located in Ohio and West Virginia.

GOCR's rail line is located in Louisiana.

JXPT's rail line is located in Florida.

BTSC's rail line is located in New Jersey

DEIR's rail line will be located in Indiana and Illinois.

(6) Map.

Maps illustrating the rail lines of the Watco carriers and the rail line to be operated by DEIR are attached as Exhibit A.

(7)(ii) Agreement.

Watco will not enter into any agreement, or sign any written instrument, to continue in control of DEIR.

SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSS, PSRR, GER, AWR, BVR, ANRR, SRRR, BHRR. SAC, PVS, AA, BLU, BBRR, LBWR, TXN, CERR, KNWA, GOCR, JXPT and BTSC are Class III carriers, and DEIR will become a Class III carrier. WSOR is a Class II carrier. Because the transaction involves the control of one or more Class III rail carriers and one Class

If rail carrier, the transaction is subject to the labor protective requirements of 49 U.S.C. § 11326(b) and *Wisconsin Central LTD. – Acquisition Exem. – Union Pac. RR*, 2 S.T.B. 218 (1997).

ENVIRONMENTAL AND HISTORIC IMPACTS

Watco will continue to control DEIR for the purpose of continued rail operations where further Board approval is required to abandon any service, and there are no plans to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

Watco's continuance in control of DEIR will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of these lines to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the lines; (2) an increase of rail yard activity of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. This transaction will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, this transaction does not contemplate the transportation of any ozone depleting materials. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted,


KARL MORELL
KARL MORELL & ASSOCIATES
440 1st Street, N.W.
Suite 440
Washington, D.C. 20001
(202) 595-9045

Attorney for:
WATCO HOLDINGS, INC.

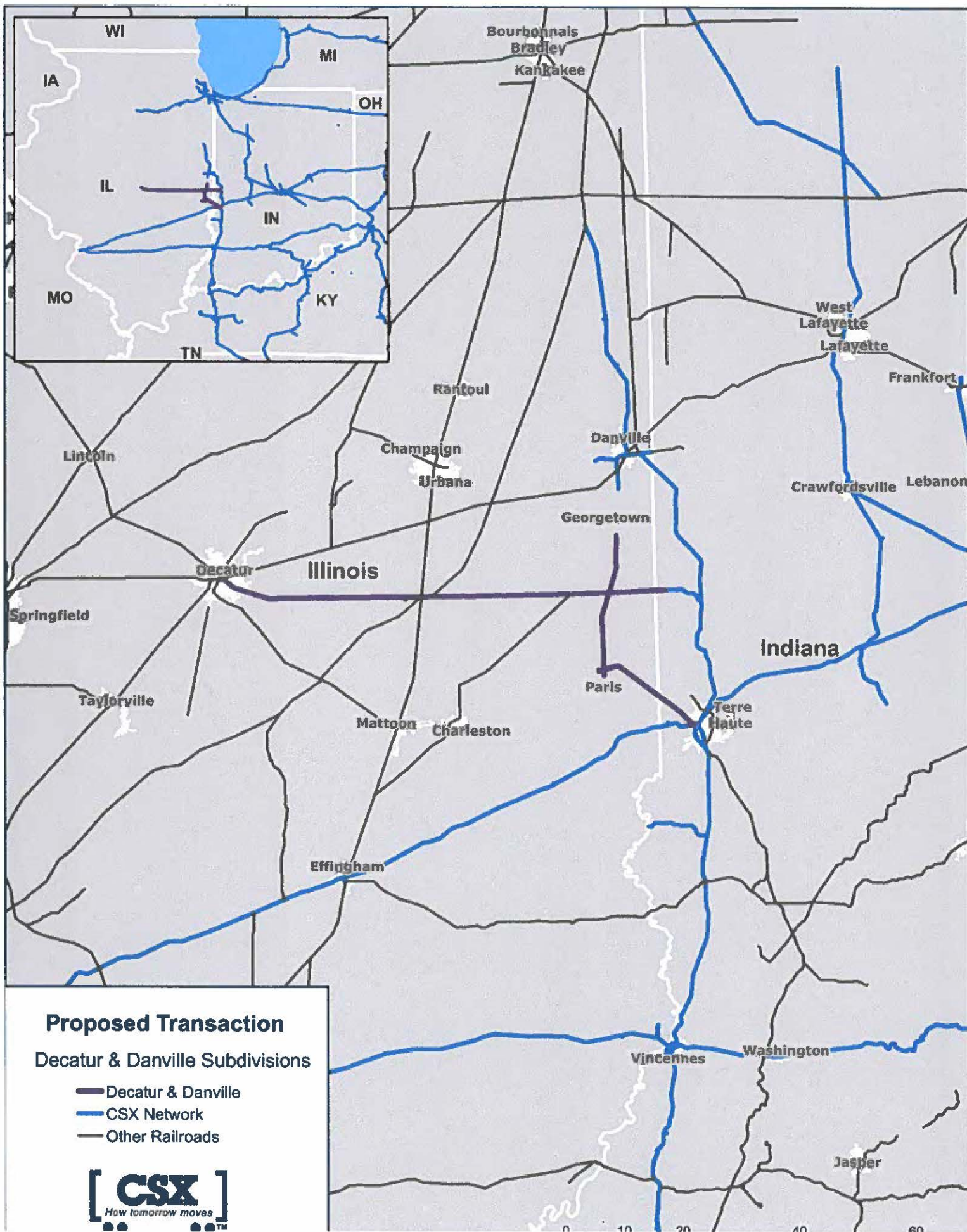
Dated: August 7, 2018

EXHIBIT A



- Railroad
- ▲ Contract Terminal Locations
- Merchant Terminal Locations
- Switching Locations
- GBW Railcar Locations

Leaflet | Tiles © Esri — Source: Esri, DeLorme, NAVTEQ, USGS, Intermap, iPC, NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, 2012, qgis2web.org.



Proposed Transaction

Decatur & Danville Subdivisions

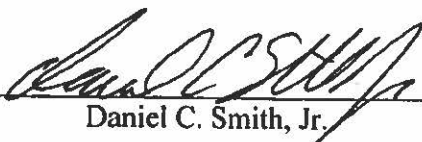
- Decatur & Danville
- CSX Network
- Other Railroads



VERIFICATION

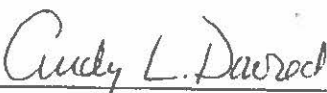
STATE OF KANSAS)
)
COUNTY OF CRAWFORD) ss.

I, Daniel C. Smith, Jr., being duly sworn depose and state that I am Chief Executive Officer of Watco Holdings, Inc., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.


Daniel C. Smith, Jr.

SUBSCRIBED AND SWORN TO before me this 7th day of August, 2018, in the County of Crawford, State of Kansas.

My Commission Expires: 5-19-2021



Notary Public

