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August 2, 2019

248285

VIA ELECTRONIC FILING

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

ENTERED
Office of Proceedings
August 2, 2019
Part of
Public Record

Re: **Docket No. FD 36340**
Watco Holdings, Inc. -- Continuance in Control
Exemption -- Wisconsin Rapids Railroad, L.L.C.

Dear Ms. Brown:

Attached for filing in the above-captioned proceeding is the **Verified Notice of Exemption of Watco Holdings, Inc. Pursuant to 49 C.F.R. § 1180.2(d)(2)**, dated August 2, 2019. The sum of \$1,500, representing the appropriate fee for this filing, has been tendered electronically via Pay.gov.

If you have any questions regarding this filing, please feel free to contact me.
Thank you for your assistance on this matter.

Respectfully submitted,



Audrey L. Brodrick
Attorney for Watco Holdings, Inc.

ALB:tjl

Attachment
FEE RECEIVED
August 2, 2019
SURFACE
TRANSPORTATION BOARD

FILED
August 2, 2019
SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36340

WATCO HOLDINGS, INC.
-- CONTINUANCE IN CONTROL EXEMPTION --
WISCONSIN RAPIDS RAILROAD, L.L.C.

**VERIFIED NOTICE OF EXEMPTION
OF
WATCO HOLDINGS, INC.
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Robert A. Wimbish
Audrey L. Brodrick
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 800
Chicago, Illinois 60606-3208
(312) 252-1500

**ATTORNEYS FOR
WATCO HOLDINGS, INC.**

Dated: August 2, 2019

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36340

WATCO HOLDINGS, INC.
-- CONTINUANCE IN CONTROL EXEMPTION --
WISCONSIN RAPIDS RAILROAD, L.L.C.

**VERIFIED NOTICE OF EXEMPTION
OF
WATCO HOLDINGS, INC.
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Watco Holdings, Inc. ("Watco"), a non-carrier, hereby files this notice of exemption under 49 C.F.R. § 1180.2(d)(2) to continue in control of Wisconsin Rapids Railroad, L.L.C. ("WRR") once WRR leases a rail line and becomes a common carrier. WRR is a non-carrier entity controlled by Watco that will lease from Wisconsin Central Ltd. ("WCL") and operate a 1.1-mile rail line in Biron, Wisconsin (the "Biron Lead"). WRR is concurrently filing a notice of exemption pursuant to 49 C.F.R. § 1150.32 to lease and operate the Biron Lead. *See Docket No. FD 36339, Wisconsin Rapids Railroad, L.L.C. -- Lease and Operation Exemption -- Line of Wisconsin Central Ltd.*

The rail line to be leased by WRR does not connect with the lines of any of the thirty-nine Class II or Class III rail carriers controlled by Watco, and this control transaction is not part of a series of anticipated transactions that would result in such a connection. Nor does this proposed control transaction involve a Class I carrier. Watco's continuance in control of WRR is accordingly exempt under 49 C.F.R. § 1180.2(d)(2).

In accordance with the requirements of 49 C.F.R. § 1180.4(g), Watco submits the following information:

Description of Proposed Transaction: 49 C.F.R. § 1180.6(a)(1)(i)

Watco is a non-carrier holding company which currently indirectly controls the one Class II rail carrier and thirty-seven Class III rail carriers listed in the Appendix to this Notice. *See Watco Holdings, Inc. -- Continuance in Control Exemption -- Ithaca Central Railroad, L.L.C.*, Docket No. FD 36243 (STB served Nov. 23, 2018). A notice of exemption seeking to continue in control of another subsidiary that will shortly commence rail carrier operations in Georgia is pending. *See Watco Holdings, Inc. -- Continuance in Control Exemption -- Savannah & Old Fort Railroad, L.L.C.*, Docket No. FD 36337 (notice of exemption filed Jul. 30, 2019).

WRR is a new non-carrier entity controlled by Watco which will lease and operate the Biron Lead in Biron, Wisconsin. The rail lines of Watco's existing (and pending) rail carrier subsidiaries and WRR will not connect. Watco proposes to exercise common control of WRR and Watco's existing rail carrier subsidiaries once WRR acquires authority to lease the Biron Lead pursuant to exemption in Docket No. FD 36339 and becomes a rail carrier.

The full name and address of the Applicant herein is:

Watco Holdings, Inc.
315 West 3rd Street
Pittsburg, Kansas 66762

Any questions concerning this Notice should be sent to Watco's representative at the following address:

Audrey L. Brodrick
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 800
Chicago, Illinois 60606-3208
(312) 252-1500

Proposed Schedule for Consummation: 49 C.F.R. § 1180.6(a)(1)(ii)

Watco intends to consummate the proposed continuance in control transaction on September 1, 2019, concurrently with WRR's lease and operation of the Biron Lead and thirty days after the filing of this notice of exemption. See 49 C.F.R. § 1180.4(g)(1).

Purpose Sought to Be Accomplished: 49 C.F.R. § 1180.6(a)(1)(iii)

The exemption sought herein will allow Watco to exercise common control of its existing rail carrier subsidiaries and WRR. In turn, the control exemption will allow WRR to proceed with the lease and operation of the Biron Lead as contemplated in Docket No. FD 36339.

States in Which Property of Applicants is Located: 49 C.F.R. § 1180.6(a)(5)

Watco is a non-carrier holding company and does not directly own any rail property. WRR will lease and operate rail property in the State of Wisconsin. Watco's existing rail carrier subsidiaries own or lease and operate over rail property located in twenty-five states, as shown in the Appendix.

Map - Exhibit 1: 49 C.F.R. § 1180.6(a)(6)

A map of the Biron Lead to be leased by WRR is attached hereto as Exhibit 1A. A map showing generally the location of Watco's existing rail carrier subsidiaries in the United States is attached hereto as Exhibit 1B.

Agreement - Exhibit 2: 49 C.F.R. § 1180.6(a)(7)(ii)

Watco already indirectly owns and controls WRR, currently a non-carrier. No additional agreement is contemplated or necessary for Watco to continue in control of WRR once WRR leases the Biron Lead and becomes a carrier.

Labor Protective Conditions: 49 C.F.R. § 1180.4(g)(1)(i)

The proposed transaction involves the control of one Class II carrier (Watco's existing subsidiary Wisconsin & Southern Railroad, L.L.C.) and multiple Class III rail carriers (Watco's remaining existing rail carrier subsidiaries and WRR). Accordingly, the transaction is subject to the labor protection requirements of 49 U.S.C. § 11326(b) and *Wisconsin Central Ltd. -- Acq. Exempt. -- Union Pac. R. Co.*, 2 S.T.B. 218 (1997), *rev'd in part sub nom. Ass'n of Amer. Railroads v. STB*, 162 F.3d 101 (D.C. Cir. 1998).

Environmental and Historic Preservation Matters: 49 C.F.R. § 1180.4(g)(3)

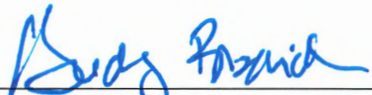
Under 49 C.F.R. § 1105.6(c)(2)(i) and (ii), the proposed control transaction is exempt from environmental reporting requirements. Watco's continuance in control of WRR will not result in significant changes in carrier operations, *i.e.*, changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5).

Under 49 C.F.R. § 1105.8(b)(3), the proposed continuance in control also is exempt from historic preservation reporting requirements. That control transaction will not substantially change the level of maintenance of any railroad property.

Interchange Commitments: 49 C.F.R. § 1180.4(g)(4)

The proposed continuance in control transaction does not itself involve the acquisition or operation of a rail line, and thus the provisions of 49 C.F.R. § 1180.4(g)(4) are not applicable. Watco notes that the underlying lease transaction proposed in Docket No. FD 36339 does not include a provision restricting WRR's future interchange of traffic with a third-party connecting carrier.

Respectfully submitted,

By: 

Robert A. Wimbish

Audrey L. Brodrick

Fletcher & Sippel LLC

29 North Wacker Drive

Suite 800

Chicago, Illinois 60606-3208

(312) 252-1500

**ATTORNEYS FOR
WATCO HOLDINGS, INC.**

Dated: August 2, 2019

APPENDIX
WATCO-CONTROLLED RAIL CARRIERS

Class II Carriers

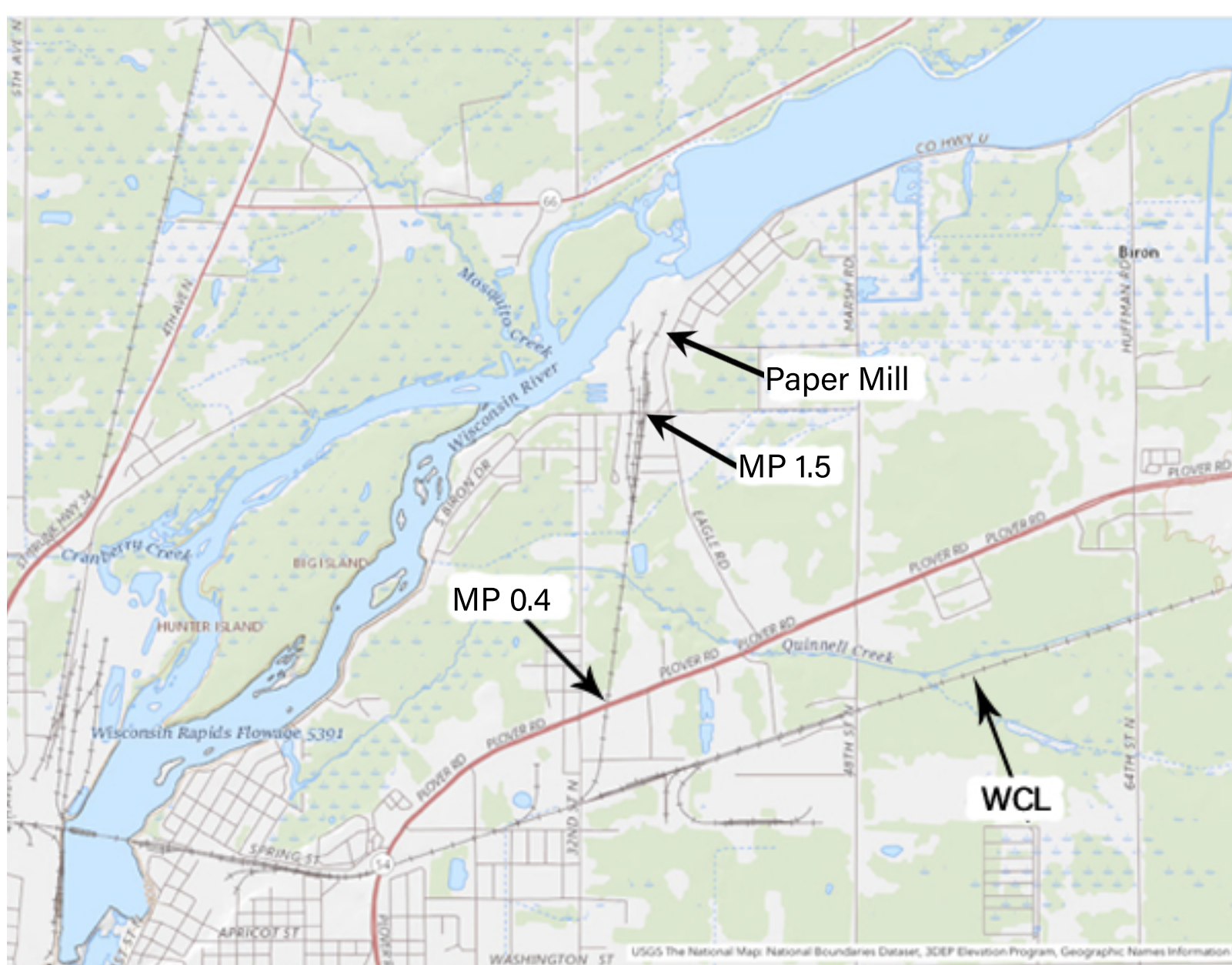
Wisconsin & Southern Railroad, L.L.C. [Illinois, Wisconsin]

Class III Carriers

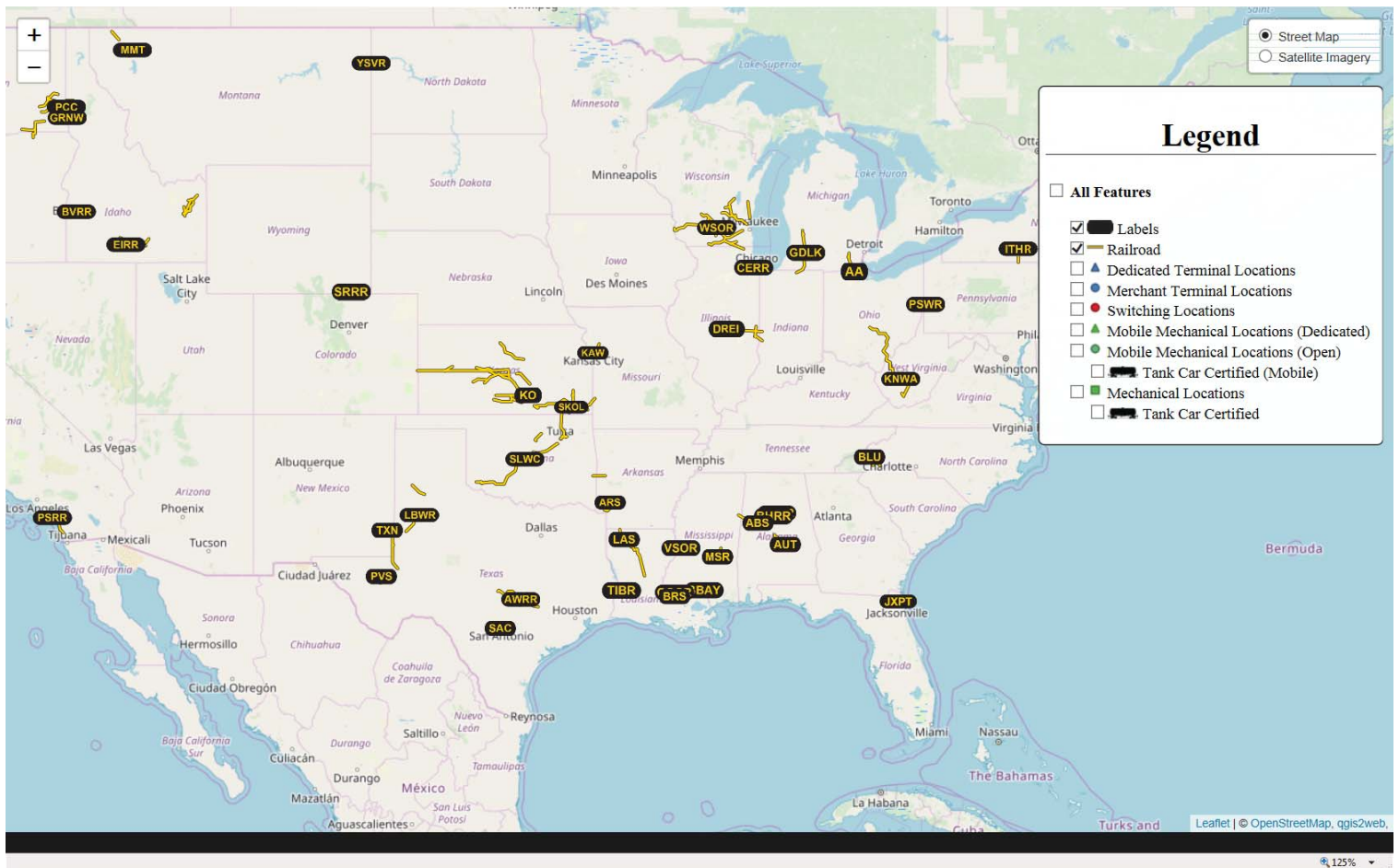
Alabama Southern Railroad, L.L.C. [Alabama, Mississippi]
Alabama Warrior Railway, L.L.C. [Alabama]
Ann Arbor Railroad, Inc. [Michigan, Ohio]
Arkansas Southern Railroad, L.L.C. [Arkansas, Oklahoma]
Austin Western Railroad, L.L.C. [Texas]
Autauga Northern Railroad, L.L.C. [Alabama]
Baton Rouge Southern Railroad, L.L.C. [Louisiana]
Birmingham Terminal Railway, L.L.C. [Alabama]
Blue Ridge Southern Railroad, L.L.C. [North Carolina]
Bogalusa Bayou Railroad, L.L.C., also d/b/a Geaux Geaux Railroad [Louisiana]
Boise Valley Railroad, L.L.C. [Idaho]
Cicero Central Railroad, L.L.C. [Illinois]
Decatur & Eastern Illinois Railroad, L.L.C. [Illinois, Indiana]
Eastern Idaho Railroad, L.L.C. [Idaho]
Grand Elk Railroad, Inc. [Indiana, Michigan]
Great Northwest Railroad, L.L.C. [Idaho, Washington]
Ithaca Central Railroad, L.L.C. [New York, Pennsylvania]
Jacksonville Port Terminal Railroad, L.L.C. [Florida]
Kanawha River Railroad, L.L.C. [Ohio, West Virginia]
Kansas & Oklahoma Railroad, L.L.C. [Colorado, Kansas]
Kaw River Railroad, L.L.C. [Kansas, Missouri]
Louisiana Southern Railroad, L.L.C. [Louisiana]
Lubbock and Western Railway, L.L.C. [Texas]
Mission Mountain Railroad, L.L.C. [Montana]
Mississippi Southern Railroad, L.L.C. [Mississippi]
Pacific Sun Railroad, L.L.C. [California]
Palouse River & Coulee City Railroad, L.L.C. Idaho, Oregon, Washington]
Pecos Valley Permian Railroad, L.L.C. d/b/a Pecos Valley Southern Railway [Texas]
Pennsylvania Southwestern Railroad, L.L.C. [Pennsylvania]
San Antonio Central Railroad, L.L.C. [Texas]
Savannah & Old Fort Railroad, L.L.C. [Georgia] [pending]
South Kansas and Oklahoma Railroad, L.L.C. [Kansas, Missouri, Oklahoma]
Stillwater Central Railroad, L.L.C. [Oklahoma]
Swan Ranch Railroad, L.L.C. [Wyoming]
Texas and New Mexico Railway, L.L.C. [New Mexico]
Timber Rock Railroad, L.L.C. [Louisiana, Texas]
Vicksburg Southern Railroad, L.L.C. [Mississippi]
Yellowstone Valley Railroad, L.L.C. [Montana, North Dakota]

Wisconsin Rapids Railroad, L.L.C.

Biron, Wisconsin



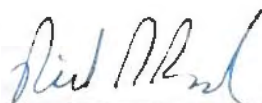
Watco Railroad Subsidiaries



VERIFICATION

State of Kansas)
) ss:
County of Crawford)

Rick D. Baden, being duly sworn, deposes and says that he is President of Watco Holdings, Inc., that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.



Rick D. Baden

SUBSCRIBED AND SWORN TO
before me this 2nd day
of August, 2019.



Notary Public

My Commission expires: 5-19-2021

