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SERVICE DATE – AUGUST 16, 2019

FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36340]

Watco Holdings, Inc.—Continuance in Control Exemption—Wisconsin Rapids 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 Wisconsin Rapids Railroad, L.L.C. (WRR), a noncarrier controlled by Watco, upon WRR's becoming a Class III rail carrier.

This transaction is related to a verified notice of exemption filed concurrently in Wisconsin Rapids Railroad—Lease & Operation Exemption—Line of Wisconsin Central Ltd., Docket No. FD 36339, in which WRR seeks to lease from Wisconsin Central Ltd. (WCL) and operate approximately 1.1 miles of rail line extending from milepost 0.4 at Plover Road to milepost 1.5 at Biron Drive in Biron, Wis.

The transaction may be consummated on or after September 1, 2019, the effective date of the exemption (30 days after the verified notice of exemption was filed).

According to the verified notice of exemption, Watco currently controls indirectly 37 Class III railroads¹ and one Class II railroad, collectively operating in 27 states.² For a complete list of these rail carriers and the states in which they operate, see the August 2, 2019 verified notice of exemption at page 8. The verified notice is available at www.stb.gov.

Watco represents that: (1) the rail line to be operated by WRR does not connect with any of the rail lines operated by railroads in the Watco corporate family; (2) this transaction is not part of a series of anticipated transactions that would connect WRR 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). Watco states that the transaction will allow it to exercise common control of its existing rail

¹ Watco states that Geaux Geaux Railroad is a trade name for Bogalusa Bayou Railroad, L.L.C.; however, it is unclear whether that is the case. Geaux Geaux Railroad may be an additional, distinct carrier. See Watco Notice of Exemption, 8-9, Watco Holdings, Inc.—Continuance in Control Exemption—Savannah & Old Fort R.R., FD 36337 (listing “Geaux Geaux River” as an additional Watco carrier); see also Watco, <https://www.watcocompanies.com/services/rail/geaux-geaux-railroad-gogr/> and <https://www.watcocompanies.com/services/rail/bogalusa-bayou-railroad-bbay/> (separately listing Geaux Geaux Railroad and Bogalusa Bayou Railroad as apparently distinct carriers). Moreover, Watco’s exemption to continue in control of an additional entity, Savannah & Old Fort Railroad, on its becoming a Class III railroad is scheduled to become effective on August 29, 2019. See Watco Holdings, Inc.—Continuance in Control Exemption—Savannah & Old Fort R.R., FD 36337 (STB served Aug. 15, 2019).

² Although Watco’s verified notice indicates that the carriers it controls operate in 25 states, the notice lists 27 different states.

carrier subsidiaries and WRR and that, in turn, the control exemption will allow WRR to proceed with the lease and operation of the Line as contemplated in Docket No. FD 36339.

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 August 23, 2019 (at least seven days before the exemption becomes effective).

All pleadings, referring to Docket No. FD 36340, must be filed with the Surface Transportation Board either via e-filing 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, Audrey L. Brodrick, Fletcher & Sippel LLC, 29 North Wacker Drive, Suite 800, Chicago, IL 60606-3208.

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: August 13, 2019.

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