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SERVICE DATE – DECEMBER 12, 2008

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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35204]

Watco Companies, Inc.—Continuance in Control Exemption—Alabama Warrior
Railway, L.L.C.

Watco Companies, Inc. (Watco), a noncarrier, has filed a verified notice of exemption to continue in control of Alabama Warrior Railway, L.L.C. (AWR), upon AWR's becoming a Class III rail carrier.¹

This transaction is related to a concurrently filed verified notice of exemption in STB Finance Docket No. 35203, Alabama Warrior Railway, L.L.C.—Operation Exemption—Sloss Industries Corporation and Jefferson Warrior Railroad Company, Inc. In that proceeding, AWR seeks an exemption under 49 CFR 1150.31 to operate approximately 24.575 miles of rail lines owned by Sloss Industries Corporation and Jefferson Warrior Railroad Company, Inc. (JWR) in Birmingham, AL. Also, JWR will assign its operating rights to AWR over approximately 1,532.1 feet of rail line owned by BNSF Railway Company in Birmingham.

The parties intend to consummate the transaction on or shortly after December 26, 2008, the effective date of the exemption.

¹ Watco owns 100% of the issued and outstanding stock of AWR.

Watco currently indirectly controls 19 Class III rail carriers: South Kansas and Oklahoma Railroad Company, Palouse River & Coulee City Railroad, Inc., Timber Rock Railroad, Inc., Stillwater Central Railroad, Inc., Eastern Idaho Railroad, Inc., Kansas & Oklahoma Railroad, Inc., Pennsylvania Southwestern Railroad, Inc., Great Northwest Railroad, Inc., Kaw River Railroad, Inc., Mission Mountain Railroad, Inc., Mississippi Southern Railroad, Inc., Yellowstone Valley Railroad, Inc., Louisiana Southern Railroad, Inc., Arkansas Southern Railroad, Inc., Alabama Southern Railroad, Inc., Vicksburg Southern Railroad, Inc., Austin Western Railroad, Inc., Baton Rouge Southern Railroad, LLC, and Pacific Sun Railroad, L.L.C.²

Watco states that the purpose of the proposed transaction is to reduce overhead expenses, and 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 its corporate family.

Watco represents that: (1) the rail lines to be operated by AWR do not connect with any other railroads in the Watco corporate family; (2) the transaction is not part of a series of anticipated transactions that would connect the rail lines with any other railroad in the Watco corporate family; and (3) the transaction does not involve a Class I rail carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

² Watco notes that it has recently filed a notice to control another new carrier, but indicates that the above transaction is expected to be consummated first. See Watco
(continued. . .)

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. Section 11326(c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here, because all of the carriers involved are Class III carriers.

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. Stay petitions must be filed no later than December 19, 2008 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35204, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Karl Morell, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

Board decisions and notices are available on our website at “WWW.STB.DOT.GOV.”

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Companies—Continuance in Control Exemption—Grand Elk Railroad, LLC, STB Finance Docket No. 35188 (STB served Nov. 17, 2008).

Decided: December 5, 2008.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Anne K. Quinlan

Acting Secretary