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BALL JANIK LLP

A T T O R N E Y S

1455 F STREET, NW, SUITE 225
WASHINGTON, D C 20005

www.balljanik.com

TELEPHONE 202 638 3307
FACSIMILE 202 783-6947

KARI MORELL



July 18, 2008

FILED

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**SURFACE
TRANSPORTATION BOARD**

BY HAND DELIVERY

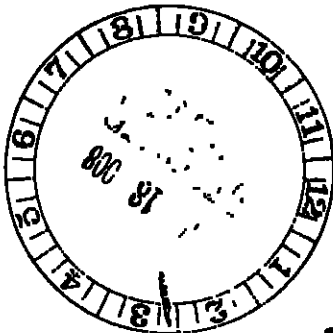
The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423-0001

Re STB Docket No. 35169, Watco Companies, Inc. – Continuance in
Control Exemption – Baton Rouge Southern Railroad, LLC

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 \$1,300 filing fee.

Please time and date stamp the extra copy of the Verified Notice of Exemption
and return it with our messenger.

If you have any questions, please call me.



Sincerely,

Karl Morell

Enclosures

ENTERED
Office of Proceedings
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Part of
Public Record

FEE RECEIVED
JUL 18 2008
SURFACE
TRANSPORTATION BOARD

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO 35169

**WATCO COMPANIES, INC
--CONTINUANCE IN CONTROL EXEMPTION--
BATON ROUGE SOUTHERN RAILROAD, LLC**

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

**KARL MORELL
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N.W
Washington, D C. 20005
(202) 638-3307**

**Attorney for
WATCO COMPANIES, INC**

Dated July 18, 2008

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35169

WATCO COMPANIES, INC
--CONTINUANCE IN CONTROL EXEMPTION--
BATON ROUGE SOUTHERN RAILROAD, LLC

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

Watco Companies, Inc ("Watco") files this Notice of Exemption, pursuant to 49 C F.R. § 1180.2(d)(2), for Watco to continue in control of Baton Rouge Southern Railroad, LLC ("BRSR"), a non-carrier, upon BRSR's 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, is a Kansas corporation which currently controls, indirectly, seventeen (17) Class III railroads operating in 15 States. Watco also owns 100 percent of the issued and outstanding stock of BRSR. BRSR, a Louisiana limited liability company, is a non-carrier that was formed for the purpose of leasing and operating certain rail lines owned by The Kansas City Southern Railway Company ("KCS") in Louisiana. Concurrently with the filing of this Notice of Exemption, BRSR is filing a Notice of Exemption

in STB Finance Docket No. 35159, *Baton Rouge Southern Railroad, LLC – Lease and Operation Exemption – The Kansas City Southern Railway Company*, under 49 C.F.R. § 1150.31, to lease and operate the KCS rail lines. Upon consummation of the transaction in STB Finance Docket No. 35159, BRSR will become a Class III carrier.

Watco also controls, through stock ownership and management, the South Kansas and Oklahoma Railroad Company (“SKO”), Palouse River & Coulee City Railroad, Inc. (“PRCC”), the Timber Rock Railroad, Inc. (“TIBR”), the Stillwater Central Railroad, Inc. (“SLWC”), the Eastern Idaho Railroad, Inc. (“EIRR”), Kansas & Oklahoma Railroad, Inc. (“K&O”), the Pennsylvania Southwestern Railroad, Inc. (“PSWR”), the Great Northwest Railroad, Inc. (“GNR”), the Kaw River Railroad, Inc. (“KRR”), the Mission Mountain Railroad, Inc. (“MMT”), the Mississippi Southern Railroad, Inc. (“MSRR”), the Yellowstone Valley Railroad, Inc. (“YVRR”), the Louisiana Southern Railroad, Inc. (“LSRR”), the Arkansas Southern Railroad, Inc. (“ARSR”), the Alabama Southern Railroad, Inc. (“ABS”), the Vicksburg Southern Railroad, Inc. (“VSOR”) and the Austin Western Railroad, Inc. (“AWRR”). SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR and AWRR are Class III carriers which operate rail lines in 15 States.

The rail lines operated by SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR and AWRR do not connect with the rail lines that will be operated by BRSR. The rail lines that will be operated by BRSR are located in Baton Rouge, Louisiana. LSRR and TIBR are the only Watco rail carriers with operations in Louisiana. The rail lines operated by LSRR are located between Tioga, Louisiana and Gibsland, Louisiana and between Shreveport, Louisiana and Springhill, Arkansas. The rail lines operated by TIBR are located in and to the west of De Ridder, Louisiana.

Also, the involved transaction is not part of a series of anticipated transactions that would connect the rail lines that will be operated by BRSR with any railroad in the Watco corporate family. Finally, neither BRSR 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 ("Board").

The name and business address of Applicants are as follows:

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

Austin Western Railroad, Inc
10801 North MoPac Expressway
Building 1, Suite 130
Austin, TX 78759

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

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

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

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

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

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

Mission Mountain Railroad, Inc
315 W 3rd Street
Pittsburg, KS 66762

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

Palouse River & Coulee City Railroad, Inc
325 Mill Road
Lewiston, ID 83501

Timber Rock Railroad, Inc
505 West Avenue F
Silsbee, TX 77656

Stillwater Central Railroad, Inc
123 N Depot
Cherryvale, KS 67335

Eastern Idaho Railroad, Inc
618 Shoshone St West
Twin Falls, ID 83301

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

Pennsylvania Southwestern Railroad, Inc
1200 Midland Avenue
Midland, PA 15059

Great Northwest Railroad, Inc.
325 Mill Road
Lewiston, ID 83501

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

Baton Rouge Southern Railroad, LLC
315 W 3rd Street
Pittsburg, Kansas 66762

Applicants' representative

**Karl Morell
Of Counsel
Ball Janik LLP
1455 F Street, N.W.
Suite 225
Washington, D C 20005
(202) 638-3307**

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

Watco intends to consummate this transaction on or shortly after August 19, 2008

- (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 18 railroads

- (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

ABS's lines are located in Mississippi and Alabama

VSOR's rail lines are located in Mississippi.

AWRR's rail lines are located in Texas

BRSR's rail lines will be located in Louisiana

(6) Map.

Maps illustrating the rail lines of SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR and AWRR and the rail lines to be operated by BRSR are attached as Exhibit 1

(7)(ii) Agreement

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

Because SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR and AWRR are Class III carriers and because BRSR will become Class III rail carriers, no labor protection may be imposed on this transaction pursuant to 49 U.S.C. § 11326(c).

ENVIRONMENTAL AND HISTORIC IMPACTS

Watco will continue to control BRSR for the purpose of continued rail operations where further Board approval is required to abandon or discontinue any service, and there are no plans to

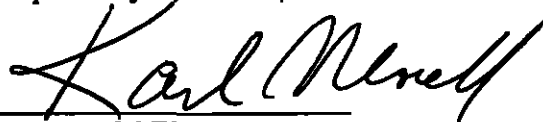
dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older

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 BRSR 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
Of Counsel
BALL JANIK LLP
1455 F Street, N.W.
Suite 225
Washington, D.C. 20005
(202) 638-3307

Attorney for
WATCO COMPANIES, INC.

Dated: July 18, 2008

VERIFICATION

STATE OF KANSAS

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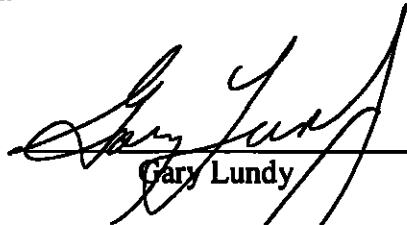
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COUNTY OF CRAWFORD

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I, Gary Lundy, being duly sworn depose and state that I am Executive Vice President of Watco Companies, 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



Gary Lundy

SUBSCRIBED AND SWORN TO before me this 17th day of July, 2008, in the County of Crawford, State of Kansas

My Commission Expires 8/16/08



Notary Public

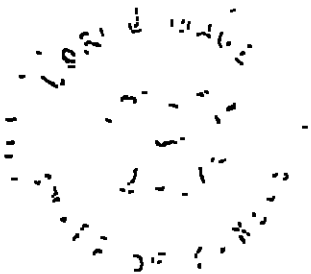
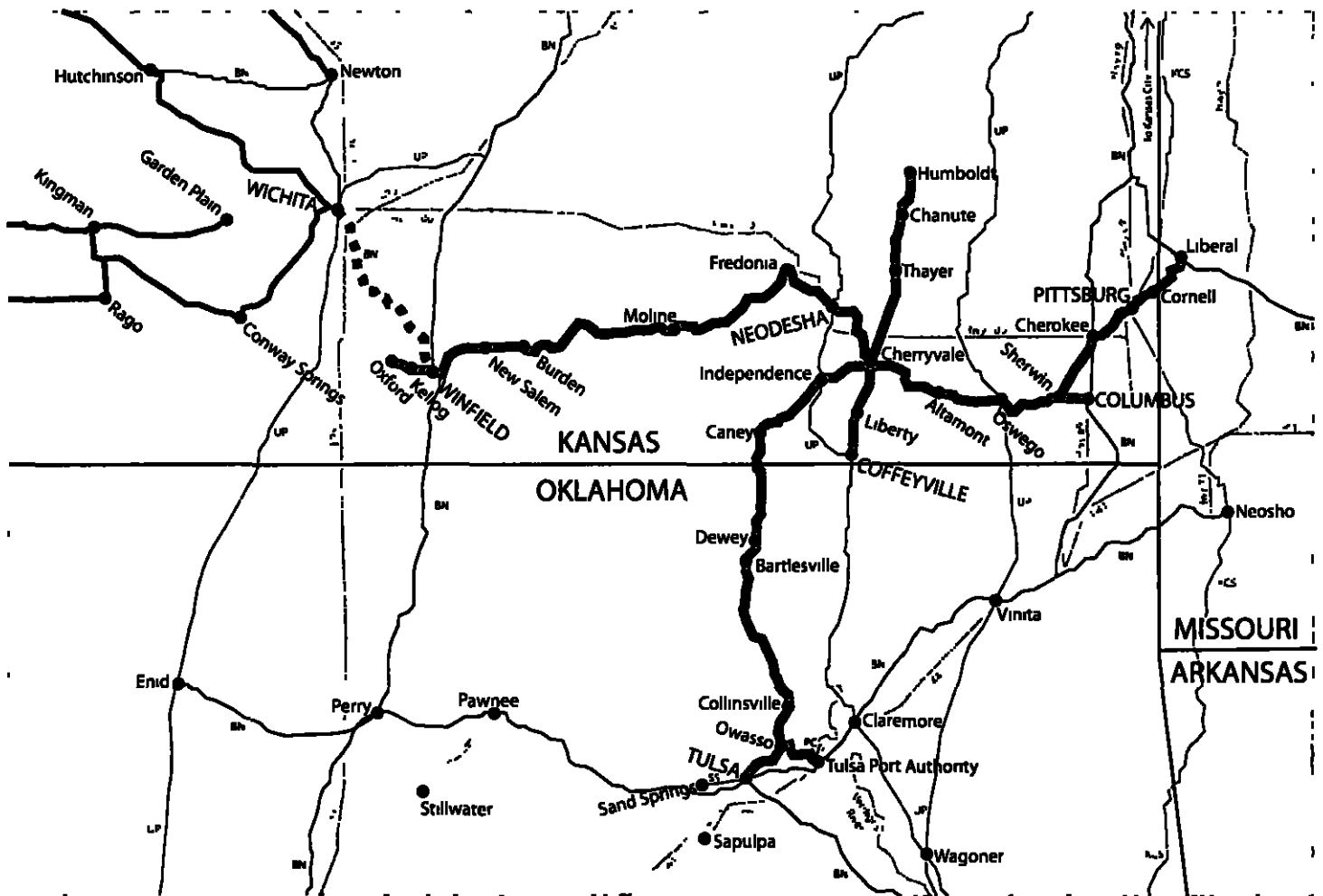


EXHIBIT 1



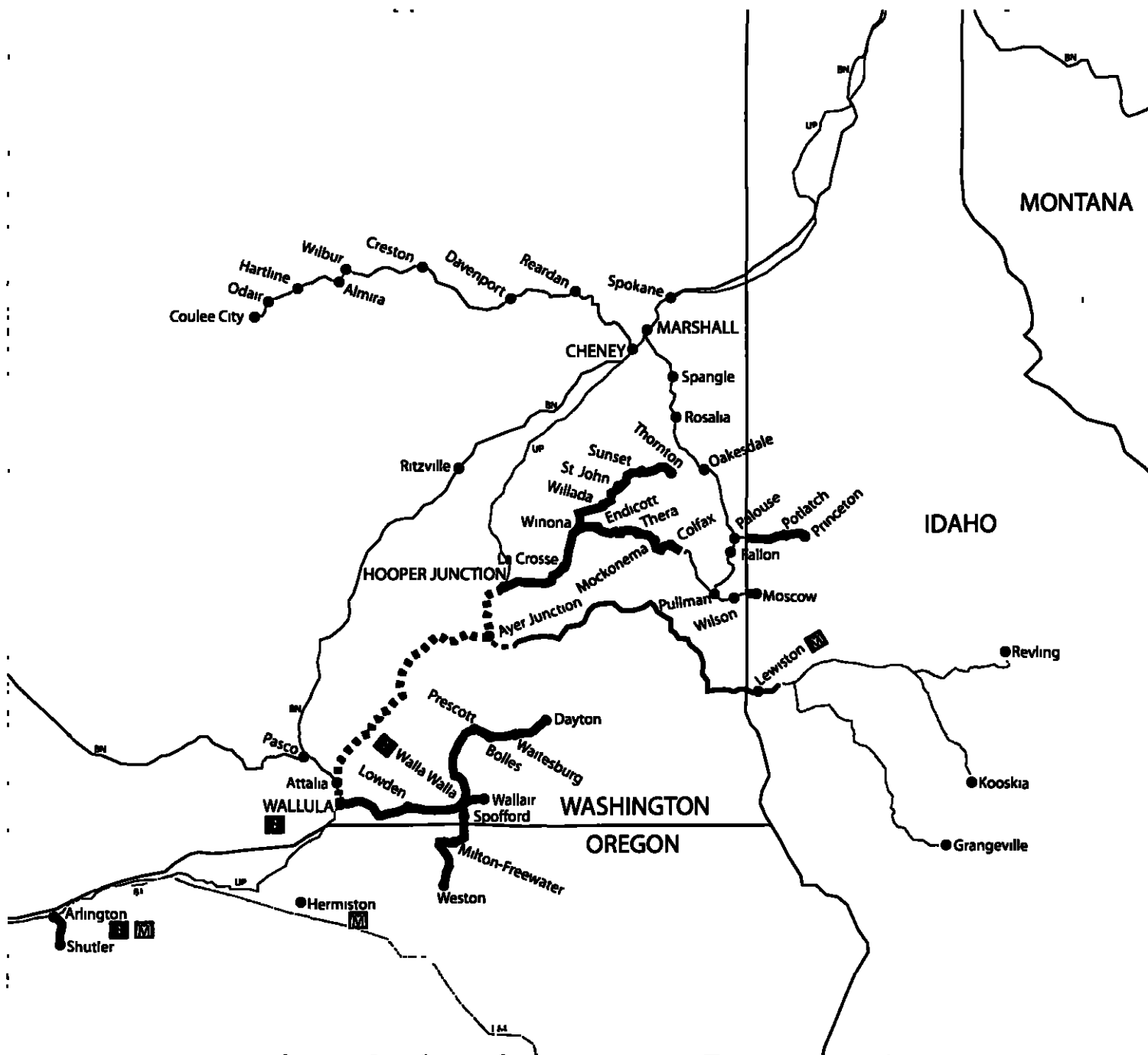
LEGEND:

South Kansas & Oklahoma RR (S&O)
 South Kansas & Oklahoma Trackage Rights
 Kansas & Oklahoma RR (K&O)
 Stillwater Central RR (SWC)
 Stillwater Central Trackage Rights
 Sand Springs RR (SS)
 Tulsa's Port of Catoosa (PC)



Interchanges

UP - Coffeyville, Winfield, Tulsa, Neodesha
 BNSF - Winfield, Tulsa, Columbus
 KCS - Pittsburg
 KO - Wichita
 SS - Tulsa



LEGEND:

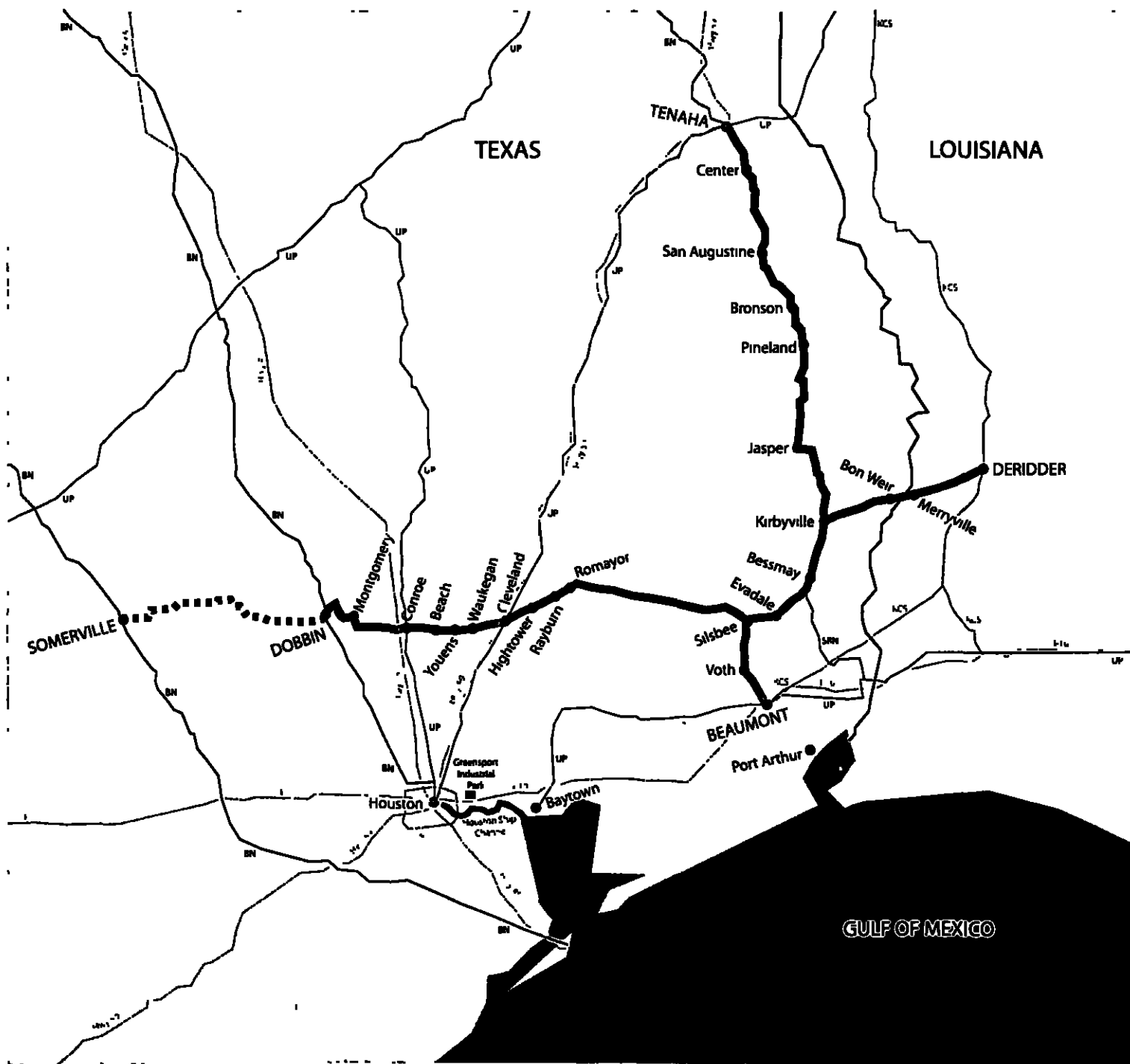
Palouse River & Coulee City RR, PRCC
 Palouse River & Coulee City Trackage Rights
 Great Northwest RR
 Great Northwest RR Trackage Rights
 Washington and Idaho Railway
 Eastern Washington Gateway RR
 BG & CM Railroad

Interchanges

BNSF - Wallula
 UP - Hooper Junction
 - Wallula

Track Miles -

Mechanical Shop Switching Services
 Locomotive Shop

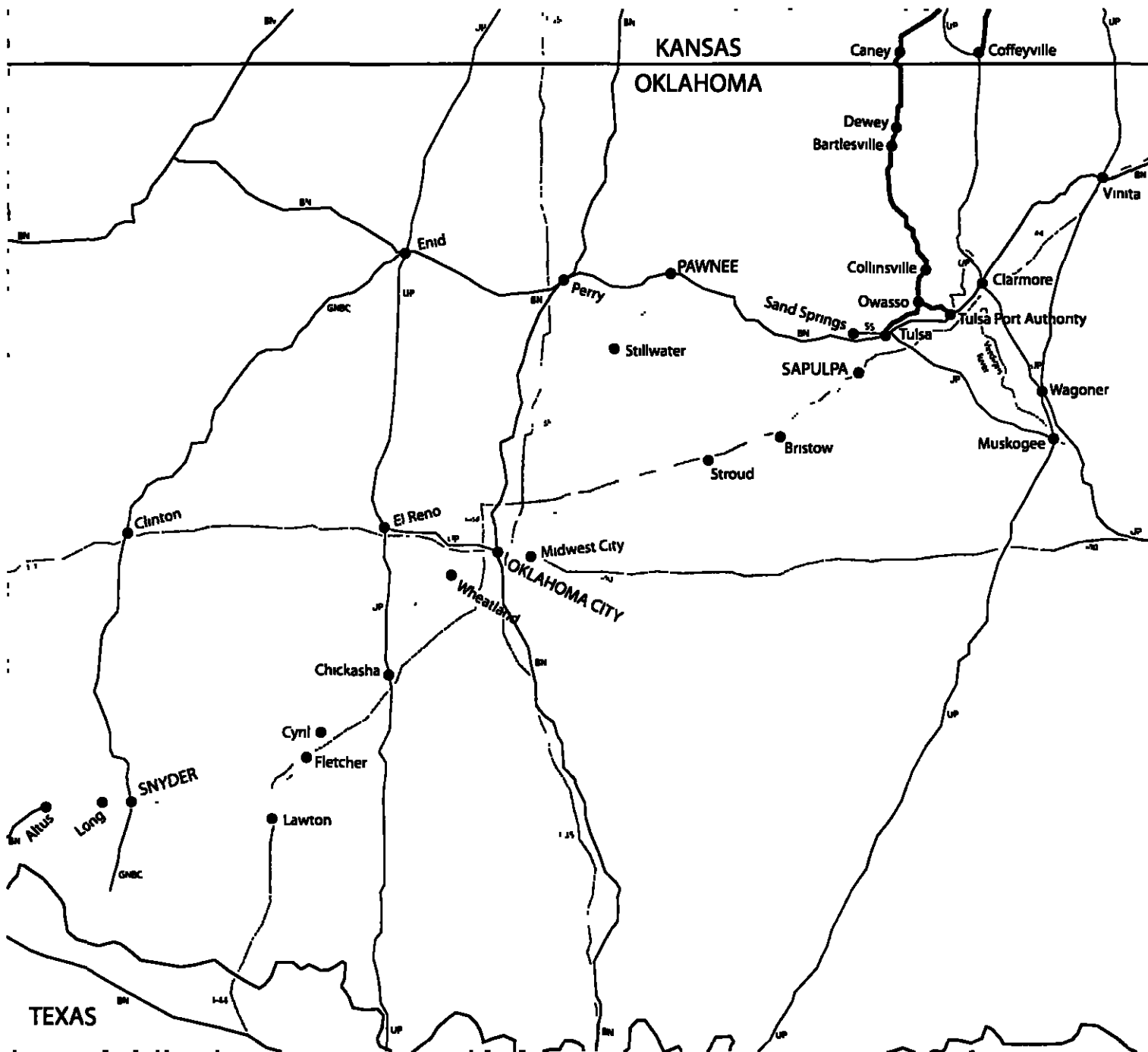


LEGEND:

Timber Rock RR (11BR) 
 Timber Rock Trackage Rights 

Interchanges

BNSF - Tenaha, Beaumont, Somerville, Dobbin
 KCS - DeRidder



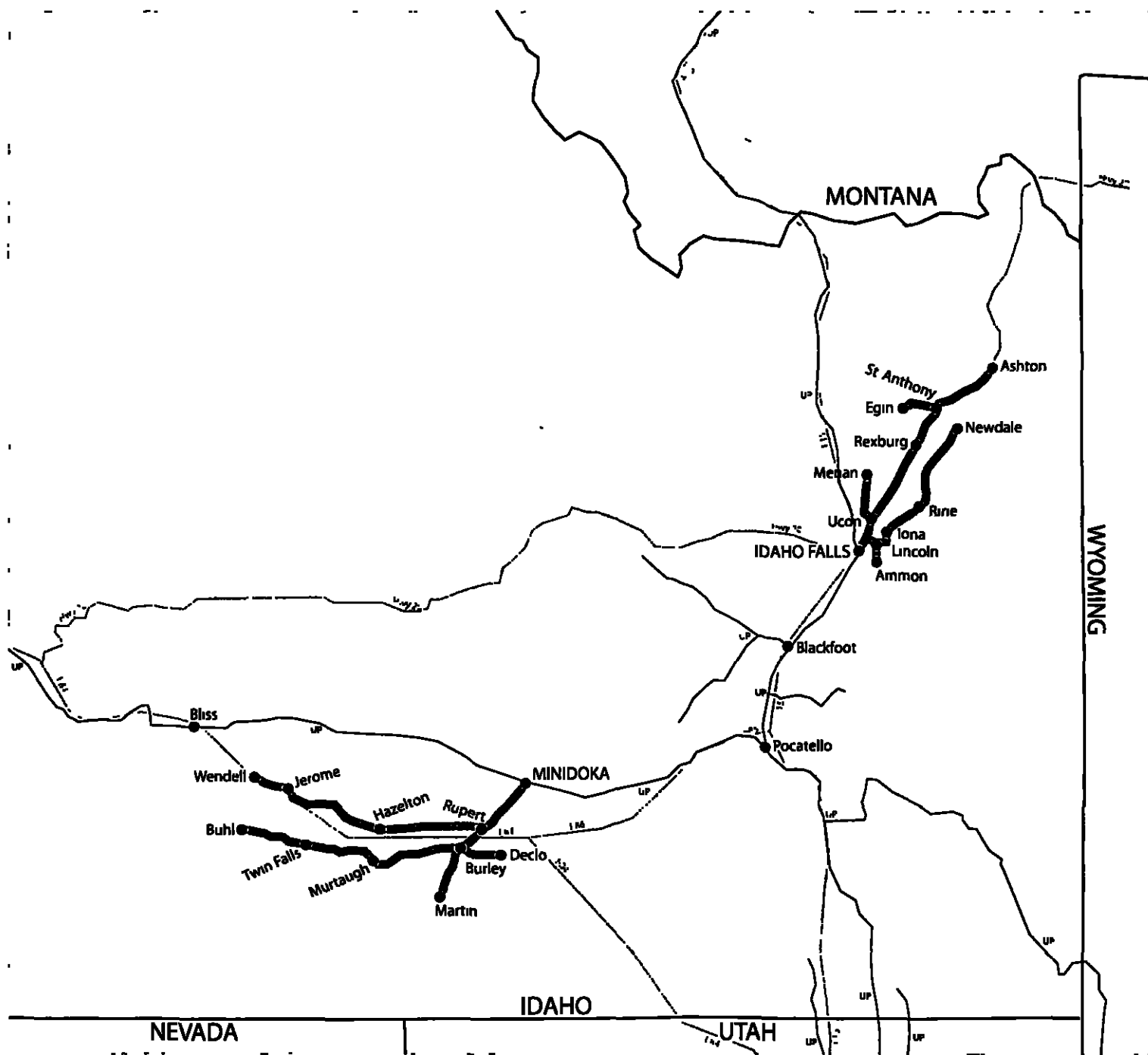
LEGEND:

Stillwater Central Railroad (SLWC)
 Stillwater Central Trackage Rights
 South Kansas & Oklahoma RR (SKOL)
 Sand Springs RR (SS)
 Grainbelt Corporation (GNBC)



Interchanges

BNSF - Oklahoma City, Sapulpa, Snyder
 GNBC - Snyder
 SKOL - Tulsa
 UP - Oklahoma City
 - 227.8 miles
 BNSF - Pawnee
 - 23.6 miles

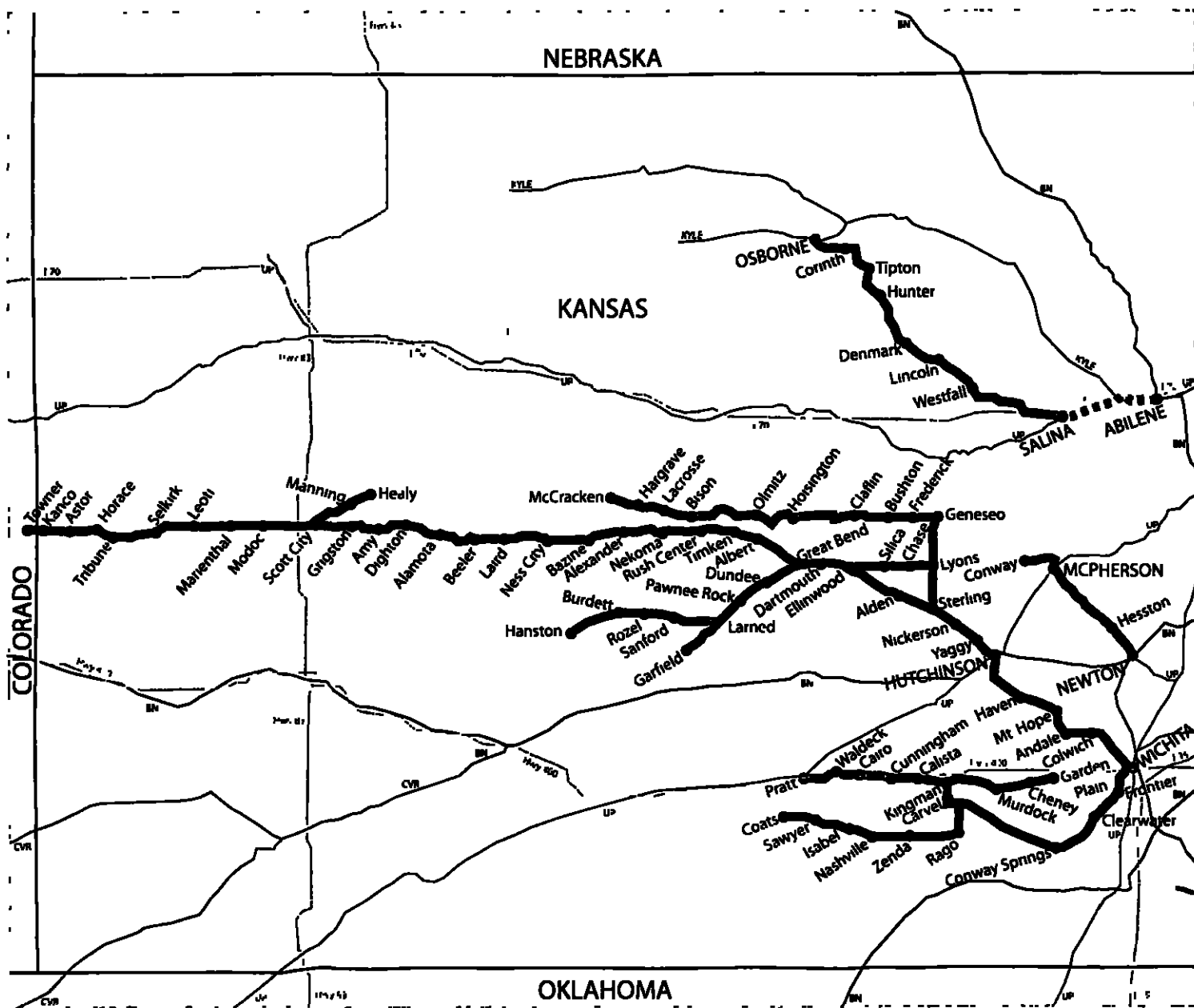


LEGEND:

Eastern Idaho RR (EIR) 

Interchanges

UP - Minidoka, Idaho Falls



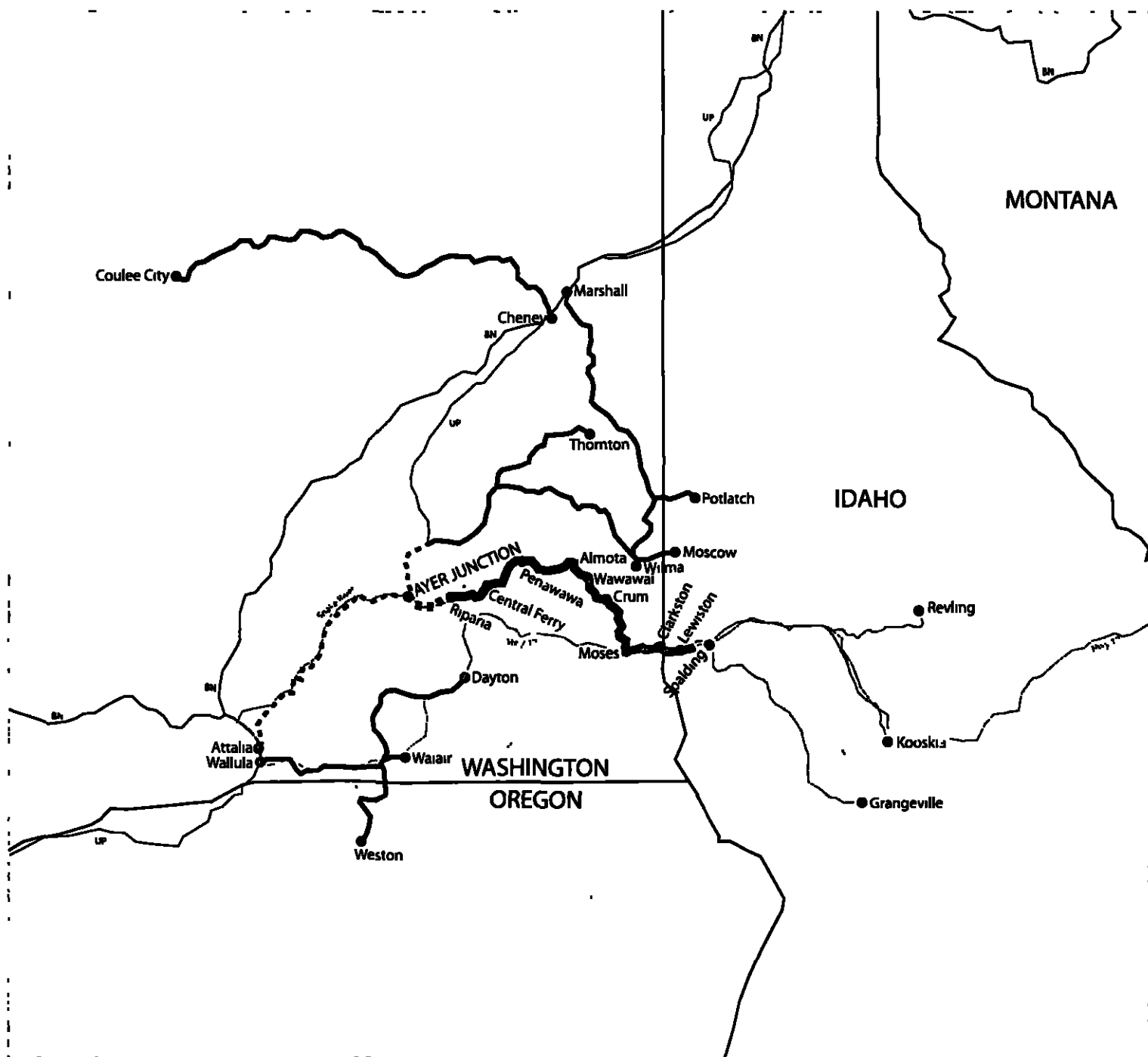
LEGEND:

Kansas & Oklahoma RR (KCO)
Kansas & Oklahoma Trackage Rights
South Kansas & Oklahoma RR (SKO)
Kyle Railroad (KYLE)
Cimmaron Valley Railroad (CVR)



Interchanges

UP - Hutchinson, McPherson, Salina, Wichita
BNSF - Abilene, Hutchinson, Newton, Wichita
KYLE - Osborne
SKOI - Wichita



LEGEND

Great Northwest RR (GNW)

Great Northwest Trackage Rights

Palouse River & Coulee City RR (PCC)

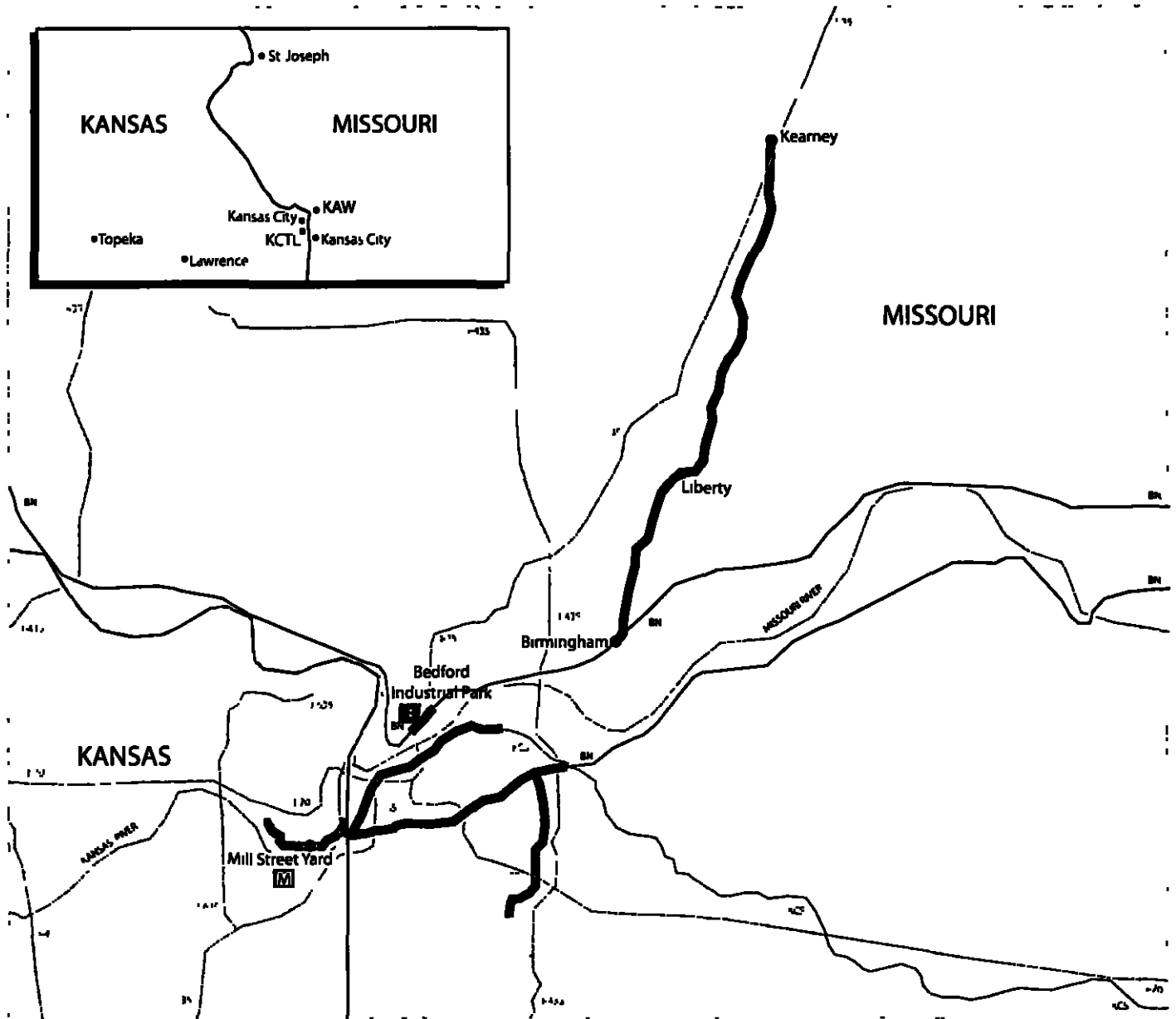
Palouse River & Coulee City Trackage Rights

BG & CM Railroad

Interchanges

UP - Ayer

BNSF - Ayer



LEGEND:

KAW River Railroad (KAW):



Interchanges

BNSF - Kansas City, MO (Bedford Industrial Park)

BNSF - Birmingham, MO (Kearney Subdivision)

Track miles - 21

Kansas City Transportation Company LLC (KCTL):



Interchanges

BNSF - Kansas City, KS

ICE - Kansas City, MO/KS

KCS - Kansas City, MO/KS

NS - Kansas City, MO

UP - Kansas City, MO/KS

Track miles - 32

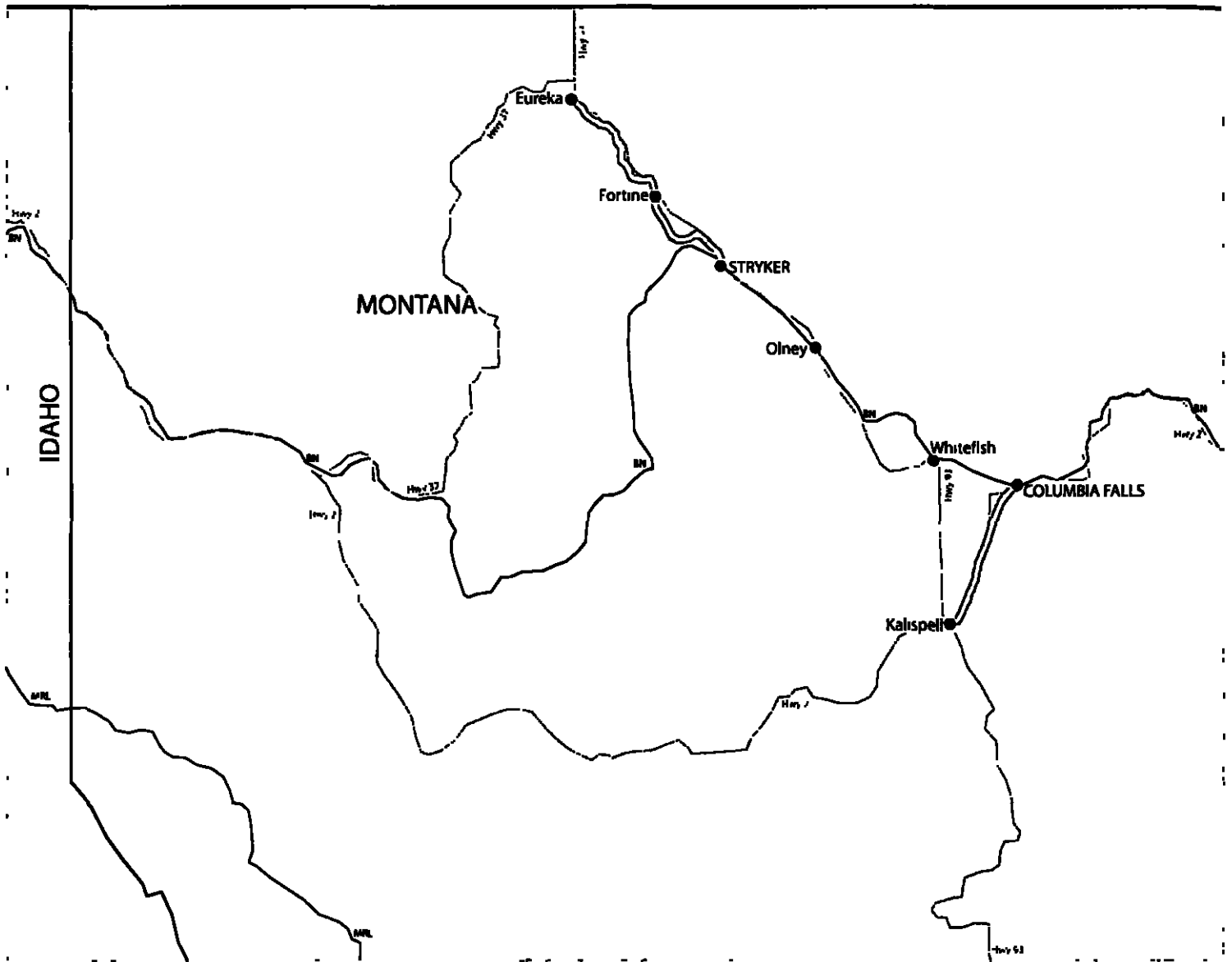


Mobile Repair Shop



Switching Service

CANADA



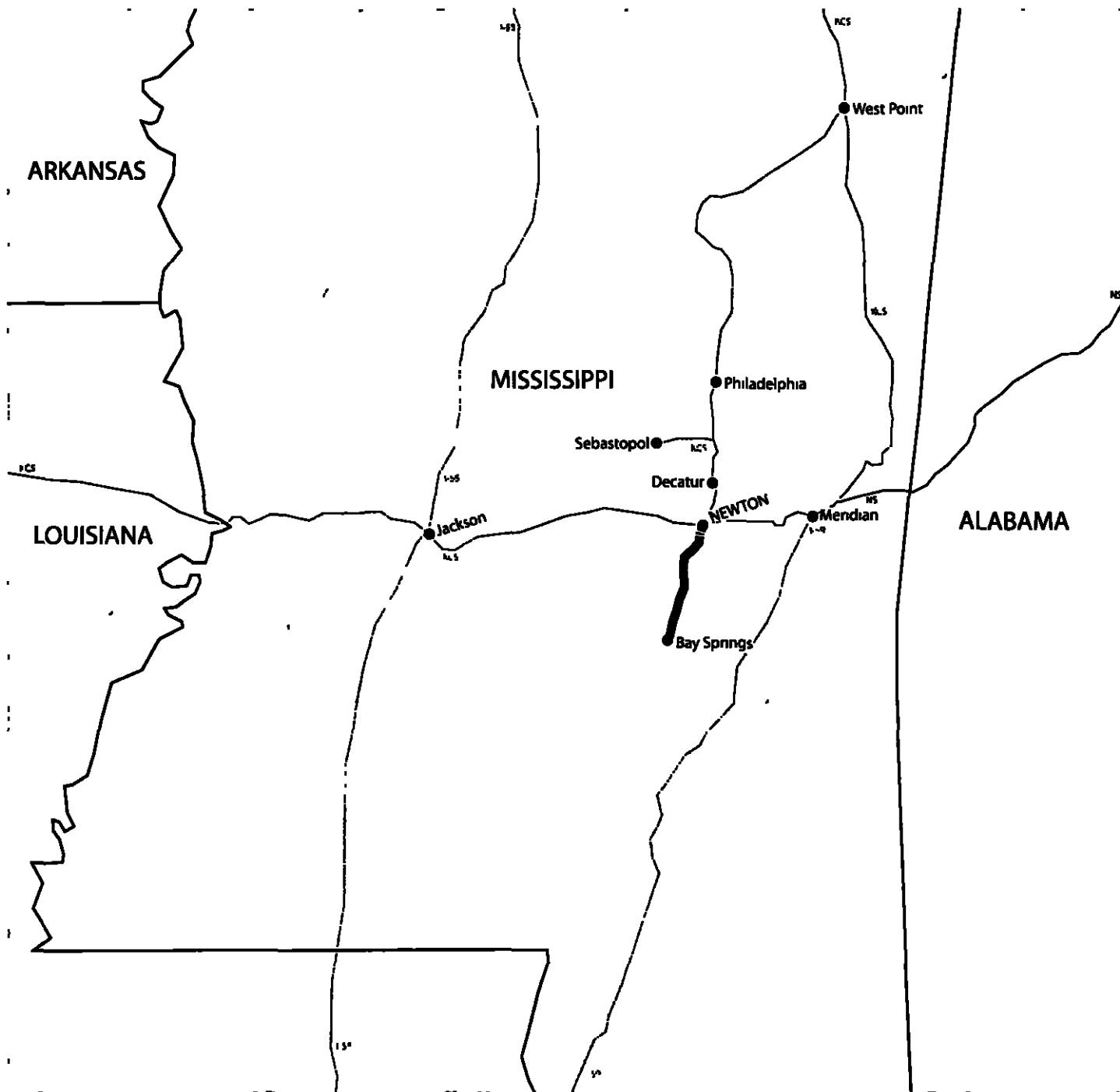
LEGEND

Mission Mountain Railroad (MMT)

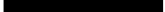


Interchanges

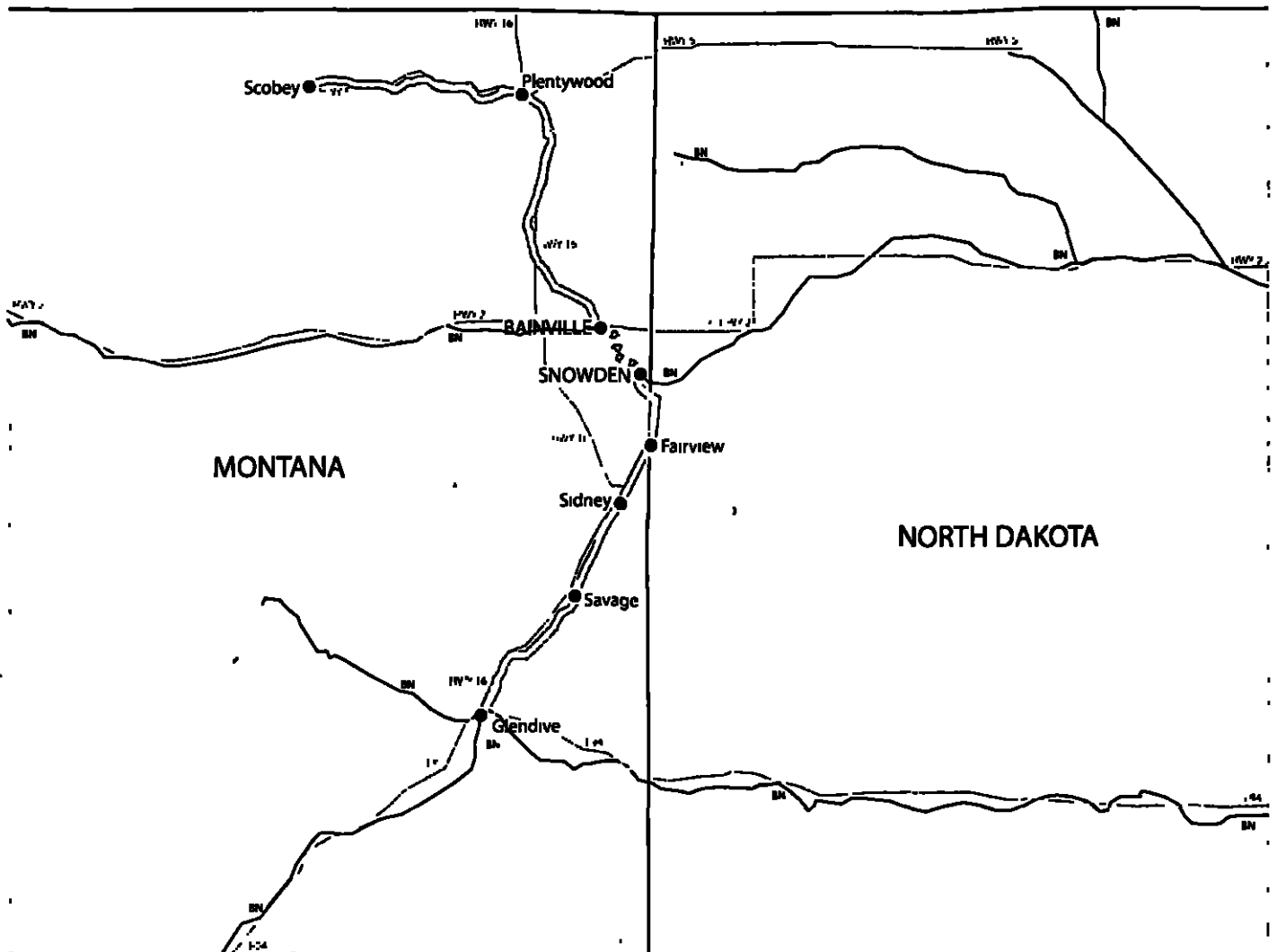
BNSF - Stryker, Columbia Falls



LEGEND

Mississippi Southern RR (MSR)		Interchanges KCS - Newton
Mississippi Southern RR Trackage Rights		

CANADA



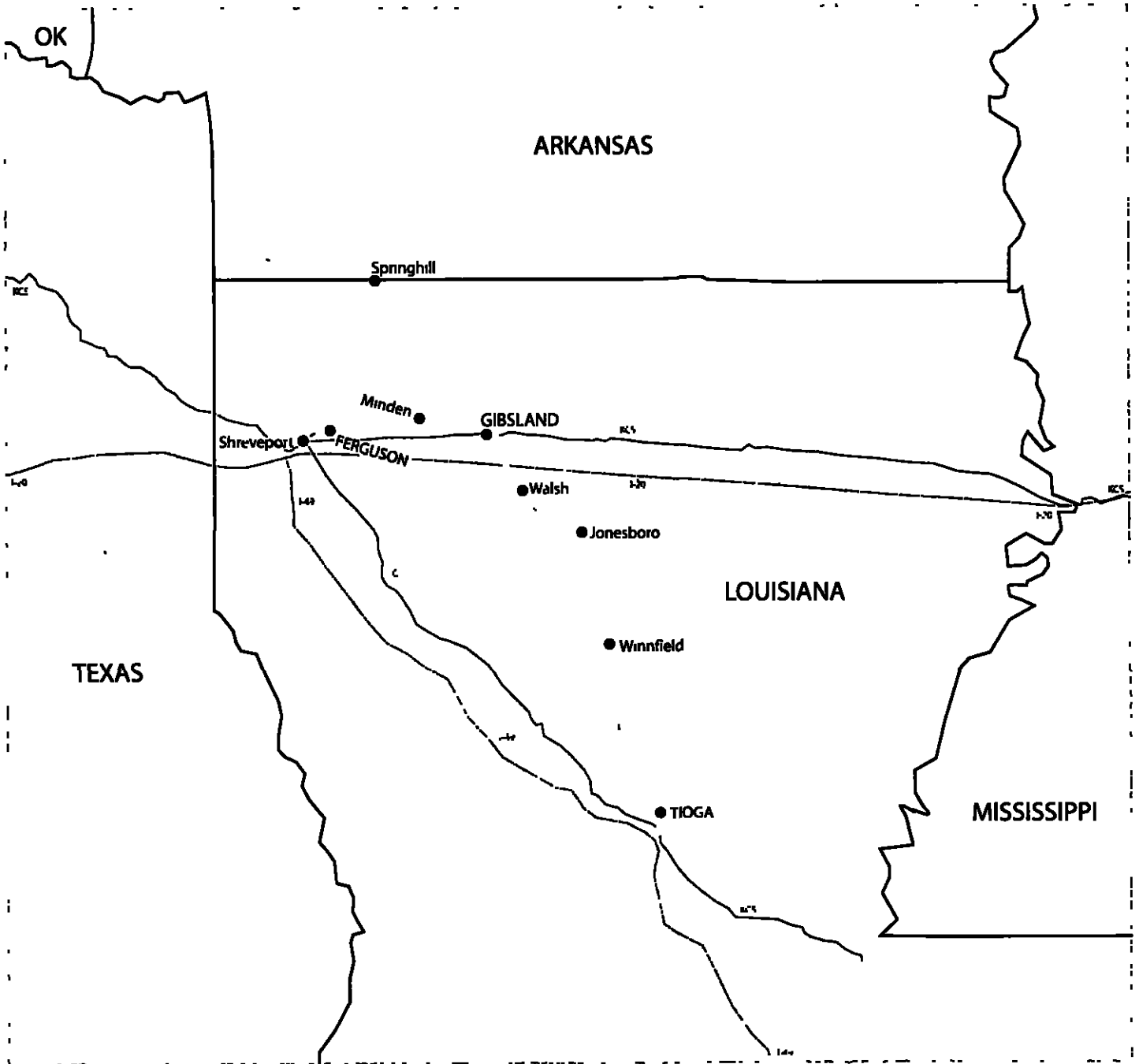
LEGEND:

Yellowstone Valley RR (YSVR)

Yellowstone Valley Trackage Rights

Interchanges

BN - Snowden, Bainville



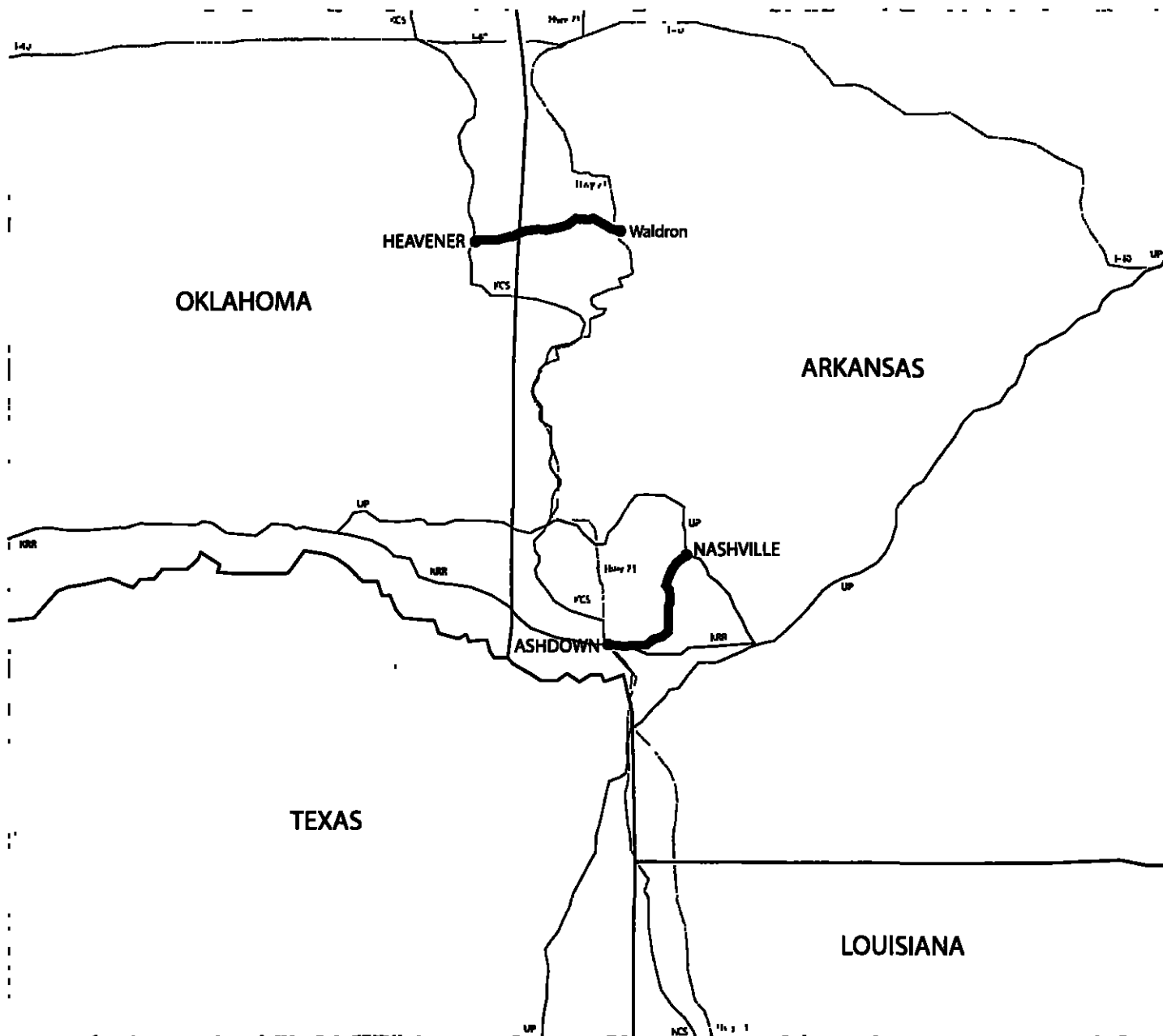
LEGEND:

Louisiana Southern RR (LAS)



Interchanges

KCS - Gibsland, Sibley, Pineville



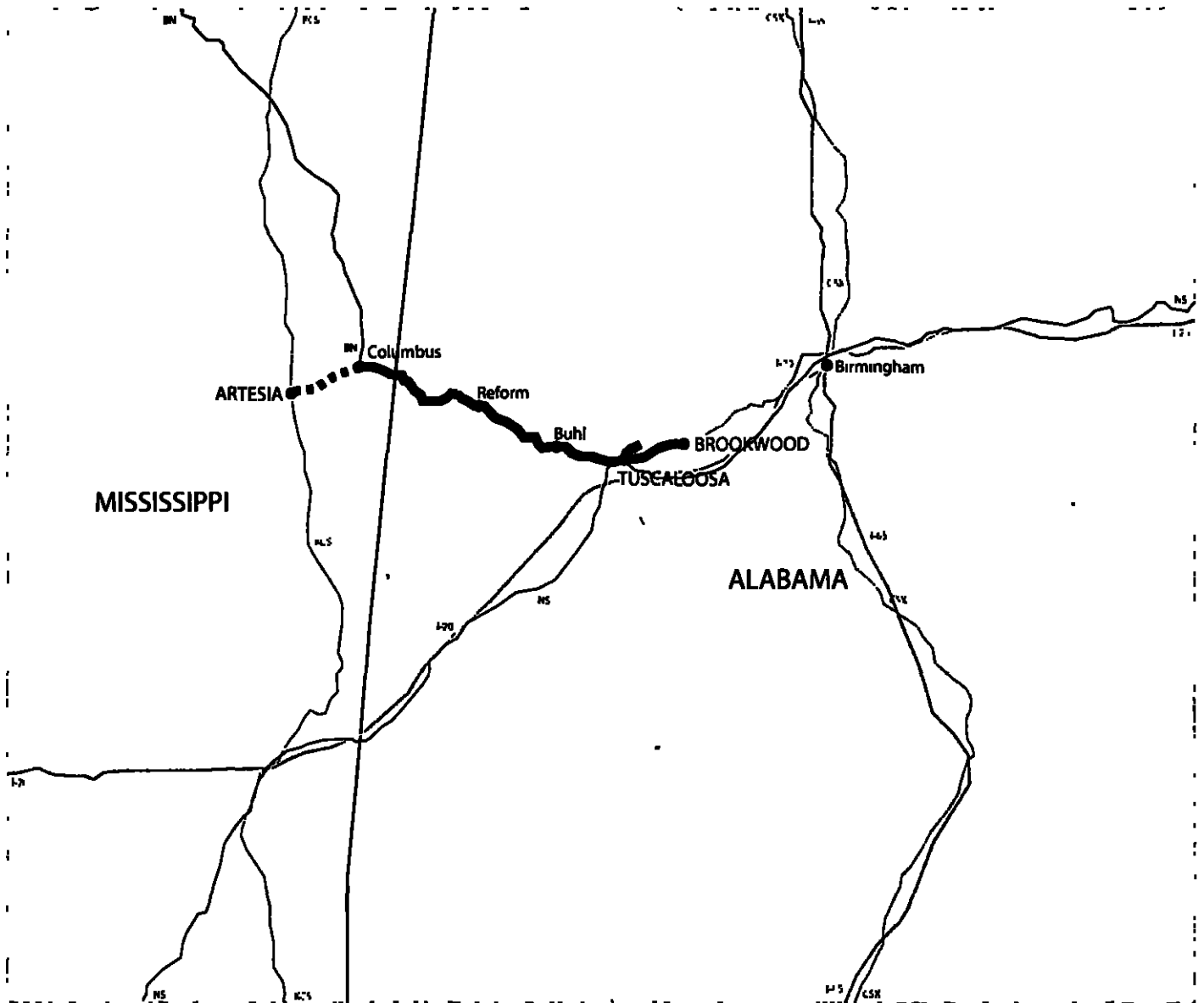
LEGEND.

Arkansas Southern RR (ARS) 

Interchanges

KCS - Ashdown, Heavener

UP - Nashville



LEGEND.

Alabama Southern RR (ABS)

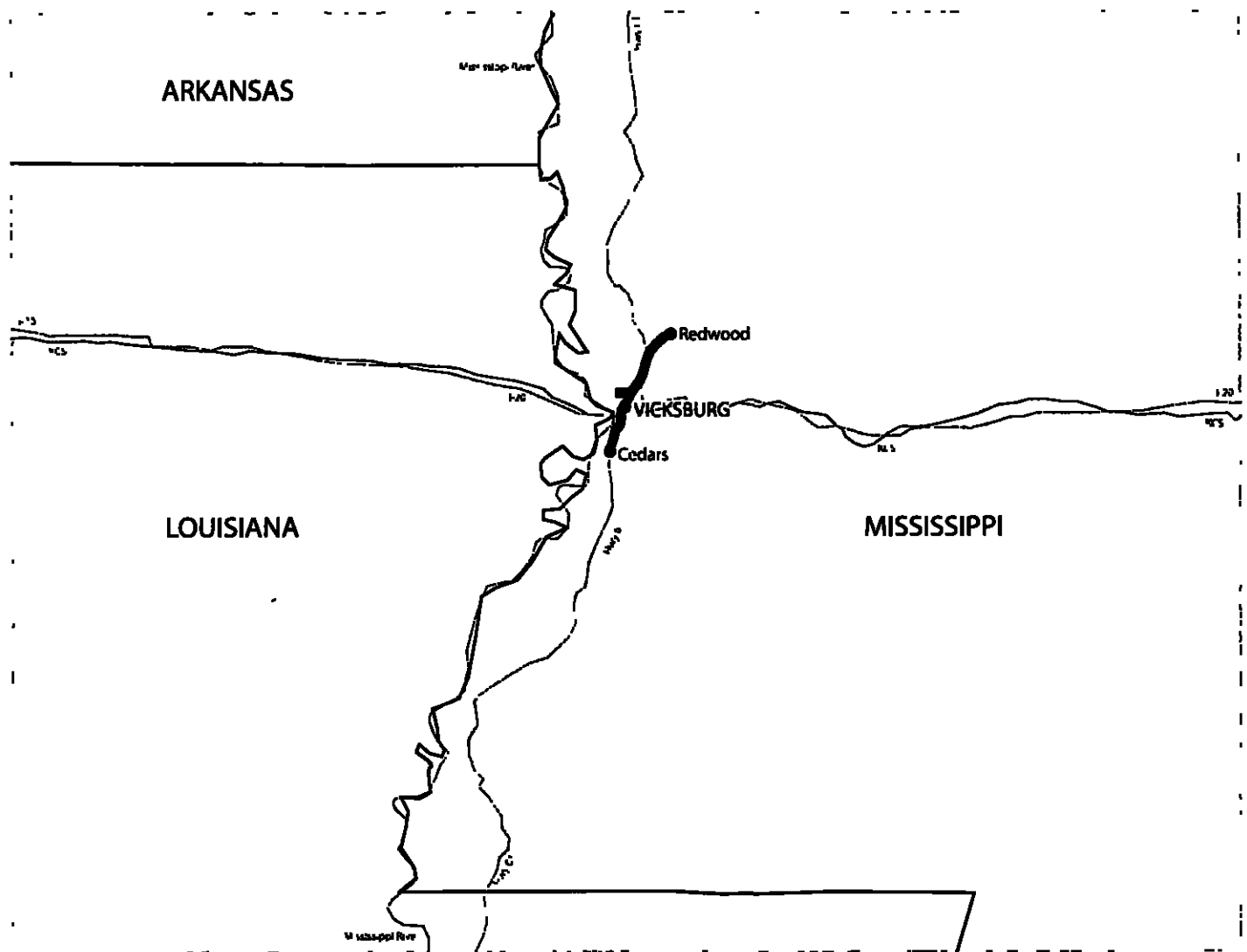
Alabama Southern Trackage Rights

Interchanges

KCS - Artesia

CSX - Brookwood

NS - Tuscaloosa



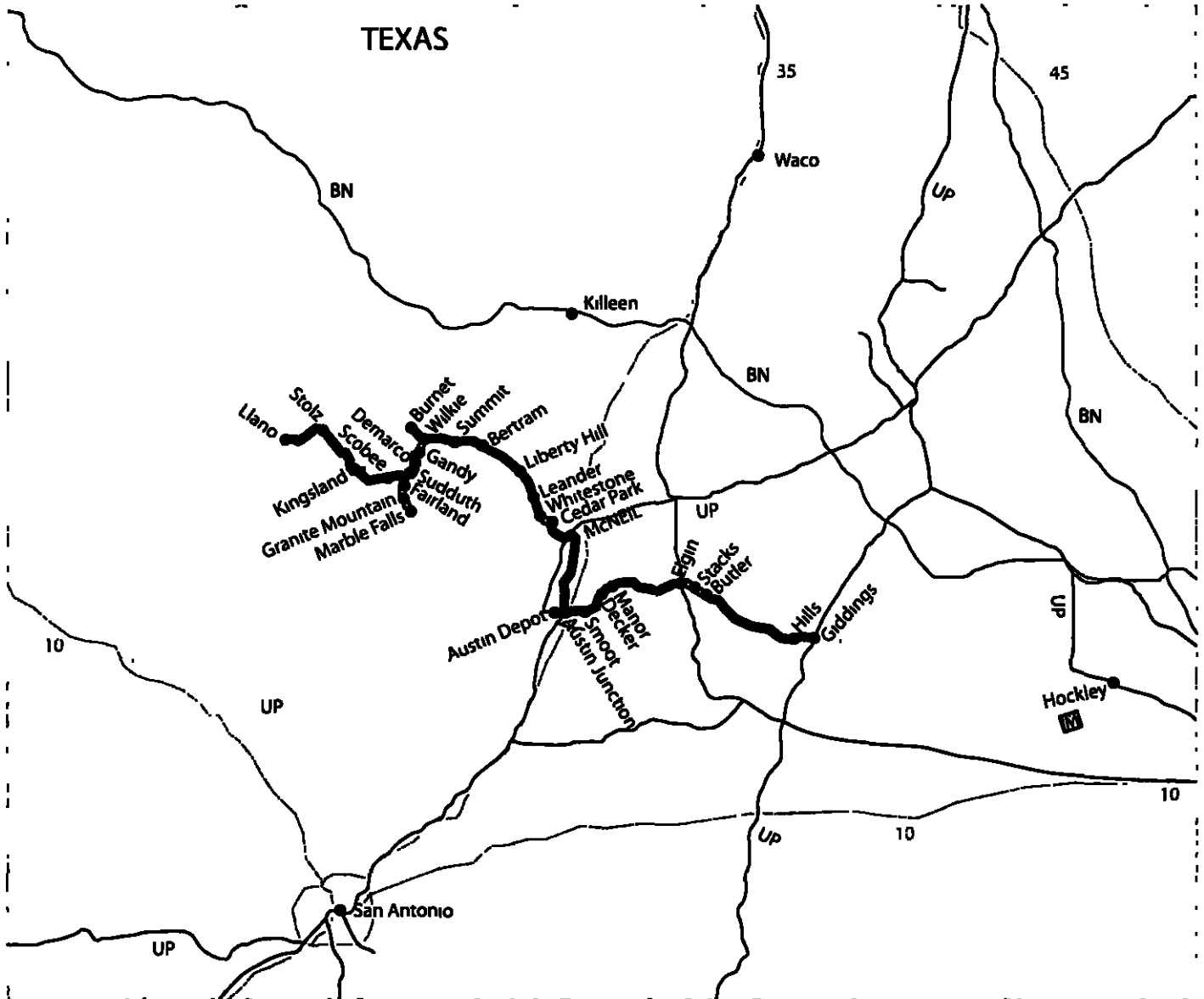
LEGEND.

Vicksburg Southern RR (VSOB)

Interchanges

KCS - Vicksburg

TEXAS



LEGEND:

Austin Western RR (AWRR)

Interchanges

UP - McNeil

BNSF - McNeil

- 154 miles



Mechanical Shop



Switching Services



Locomotive Shop



