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SERVICE DATE – OCTOBER 2, 2009

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35260]

Watco Companies, Inc.—Continuance in Control Exemption—Boise Valley Railroad, Inc.

Watco Companies, Inc. (Watco), a noncarrier, has filed a verified notice of exemption under 49 CFR 1180.2(d)(2) to continue in control of Boise Valley Railroad, Inc. (BVR), upon BVR's becoming a Class III rail carrier.<sup>1</sup>

This transaction is related to a concurrently filed verified notice of exemption in STB Finance Docket No. 35259, Boise Valley Railroad, Inc.—Assignment of Lease Exemption—Union Pacific Railroad Company and Idaho Northern & Pacific Railroad Company. In that proceeding, BVR seeks an exemption under 49 CFR 1150.31 to acquire by assignment of lease from Idaho Northern & Pacific Railroad Company (INPR) the operating and lease rights over approximately 35.99 miles (not including yard track) of rail line owned by Union Pacific Railroad Company (UP). BVR will also acquire from INPR approximately 12.11 miles of incidental trackage rights over two segments of UP's lines in order to interchange traffic with UP at Nampa, ID, and to access one of the leased lines.

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<sup>1</sup> Watco owns 100% of the issued and outstanding stock of BVR.

The parties intend to consummate the transaction on or shortly after October 16, 2009 (the effective date of this notice).

Watco currently controls 21 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., and Vicksburg Southern Railroad, Inc., Austin Western Railroad, Inc., Baton Rouge Southern Railroad, LLC, Pacific Sun Railroad L.L.C., Grand Elk Railroad, and Alabama Warrior Railway, L.L.C.

Watco represents that: (1) the rail lines to be operated by BVR 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 these 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).

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 October 9, 2009 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35260, 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, Of Counsel, Ball Janik, LLP, Suite 225, 1455 F Street, N.W., Washington, DC 20005.

Board decisions and notices are available on our website at “[WWW.STB.DOT.GOV](http://WWW.STB.DOT.GOV).”

Decided: September 28, 2009.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.

Anne K. Quinlan

Acting Secretary