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SERVICE DATE – MARCH 4, 2011

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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35464]

Watco Holdings, Inc.—Continuance in Control Exemption—Autauga Northern 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 Autauga Northern Railroad, L.L.C. (ANRR), upon ANRR's becoming a Class III rail carrier.<sup>1</sup>

This transaction is related to a concurrently filed notice of exemption in Docket No. FD 35465, Autauga Northern Railroad, L.L.C.—Lease and Operation Exemption—Norfolk Southern Railway Company. In that proceeding, ANRR seeks an exemption under 49 C.F.R. § 1150.31 to acquire by lease from Norfolk Southern Railway Company (NSR) and to operate approximately 43.62 miles of rail lines, located between: (1) milepost MA 130.00, at Maplesville, Ala., and milepost MA 171.05, at Autauga Creek, Ala.; and (2) milepost MD 0.00 and milepost MD 2.57, at Autauga Creek. ANRR will also acquire from NSR approximately 10.08 miles of incidental trackage rights over a rail line owned by CSX Transportation, Inc., extending between milepost 171.02, at Autauga Creek, and milepost 181.1, at Montgomery, Ala.

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

The parties intend to consummate the transaction on or shortly after March 19, 2011 (the effective date of this notice).

Watco currently controls 22 Class III rail carriers: South Kansas and Oklahoma Railroad Company, Inc.; Palouse River & Coulee City Railroad, L.L.C.; Timber Rock Railroad, L.L.C.; Stillwater Central Railroad, L.L.C.; Eastern Idaho Railroad, L.L.C.; Kansas & Oklahoma Railroad, L.L.C.; Pennsylvania Southwestern Railroad, L.L.C.; Great Northwest Railroad, L.L.C.; Kaw River Railroad, L.L.C.; Mission Mountain Railroad, L.L.C.; Mississippi Southern Railroad, L.L.C.; Yellowstone Valley Railroad, L.L.C.; Louisiana Southern Railroad, L.L.C.; Arkansas Southern Railroad, L.L.C.; Alabama Southern Railroad, L.L.C.; Vicksburg Southern Railroad, L.L.C.; Austin Western Railroad, L.L.C.; Baton Rouge Southern Railroad, L.L.C.; Pacific Sun Railroad L.L.C.; Grand Elk Railroad, Inc.; Alabama Warrior Railway, L.L.C.; and Boise Valley Railroad, L.L.C.

Watco represents that: (1) the rail lines to be operated by ANRR 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 C.F.R. § 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 §§ 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 March 11, 2011 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35464, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Karl Morell, Ball Janik LLP, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

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

Decided: February 28, 2011.

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