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SERVICE DATE – DECEMBER 17, 2014

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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35882]

Watco Holdings, Inc.—Continuance in Control Exemption—Bogalusa Bayou Railroad, L.L.C.

Watco Holdings, Inc. (Watco), a noncarrier, has filed a verified notice of exemption pursuant to 49 C.F.R. § 1180.2(d)(2) to continue in control of Bogalusa Bayou Railroad, L.L.C. (BBRR), upon BBRR's becoming a Class III rail carrier. Watco owns, indirectly, 100 percent of the issued and outstanding stock of BBRR, a limited liability company.

This transaction is related to a concurrently filed verified notice of exemption in Bogalusa Bayou Railroad—Acquisition of Trackage Rights Exemption Containing Interchange Commitment—Illinois Central Railroad, Docket No. FD 35880, wherein BBRR seeks Board approval to acquire overhead trackage rights over a one-mile rail line owned by Illinois Central Railroad Company extending between milepost 68.85, at Lees Creek, La., and milepost 69.85, at Bogalusa, La.

The transaction may be consummated on or after December 31, 2014, the effective date of the exemption (30 days after the verified notice of exemption was filed).

Watco currently controls, indirectly, one Class II rail carrier that operates in two states and 29 Class III rail carriers that collectively operate in 20 states. For a complete

list of these rail carriers, and the states in which they operate, see Watco's verified notice of exemption filed on December 1, 2014. The verified notice is available on the Board's website at "WWW.STB.DOT.GOV."

Watco represents that: (1) the rail lines to be operated by BBRR do not connect with any of the rail lines operated by the carriers in the Watco corporate family; (2) the transaction is not a part of a series of anticipated transactions that would result in such a connection; and (3) the transaction does not involve a Class I 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).

Watco states that the purpose of the transaction is 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 railroads in the Watco corporate family.

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 by December 24, 2014 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35882, 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, 655 Fifteenth 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: December 12, 2014.

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