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SERVICE DATE - JUNE 12, 2001

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FR-4915-00

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34045]

Watco Companies, Inc.--Control Exemption--Eastern Idaho Railroad, Inc.

Watco Companies, Inc. (Watco), a noncarrier, has filed a notice of exemption to acquire control through stock ownership of the Eastern Idaho Railroad, Inc., a Class III rail carrier.

The transaction was scheduled to be consummated on or shortly after May 25, 2001, the effective date of the exemption.

At the time it filed this notice, Watco controlled four Class III railroad subsidiaries: South Kansas and Oklahoma Railroad Company, operating in the States of Missouri, Kansas and Oklahoma; Palouse River & Coulee City Railroad, Inc., operating in the States of Washington, Oregon and Idaho; Timber Rock Railroad, Inc., operating in the States of Texas and Louisiana; and Stillwater Central Railroad operating in the State of Oklahoma.¹ Watco is proposing to acquire all of the outstanding stock of EIRR, an Idaho corporation.

Watco states that: (1) the railroads do not connect with each other; (ii) the acquisition of control is not part of a series of anticipated transactions that would connect

¹ On May 25, 2001, Watco also filed a notice of exemption in STB Finance Docket No. 34042, Watco Companies, Inc.--Continuance in Control Exemption--Kansas & Oklahoma Railroad, Inc., to permit its control of Kansas & Oklahoma Railroad, Inc., when that entity becomes a rail carrier.

the railroads with each other or any railroad in their corporate family; and (iii) 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 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. Because this transaction involves Class III rail carriers only, the Board, under the statute, may not impose labor protective conditions for this transaction.

If the 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 transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34045 must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.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.

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Decided: June 5, 2001.

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

Vernon A. Williams.

Secretary