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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35604]

Watco Holdings, Inc.—Continuance in Control Exemption—San Antonio Central 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), for Watco to continue in control of San Antonio Central Railroad, L.L.C. (SAC), upon SAC's becoming a Class III rail carrier. Watco owns, indirectly, 100 percent of the issued and outstanding stock of SAC, a Texas limited liability company.

This transaction is related to a concurrently filed verified notice of exemption in San Antonio Central Railroad, L.L.C.—Lease Exemption—Port Authority of San Antonio, Docket No. FD 35603, wherein SAC seeks Board approval to lease and operate approximately four miles of rail line owned by the Port Authority of San Antonio, in San Antonio, Tex.

The transaction may be consummated on or after July 1, 2012, the effective date of the exemption (30 days after the notice of exemption was filed).

Watco is a Kansas corporation that currently controls, indirectly, one Class II rail carrier, operating in two states, and 25 Class III rail carriers, operating in 19 states. For a complete list of these rail carriers, and the states in which they operate, see Watco's

notice of exemption filed on June 1, 2012. The notice is available on the Board's website at "WWW.STB.DOT.GOV".

Watco represents that: (1) the rail lines to be operated by SAC do not connect with any of the rail lines operated by the carriers in the Watco corporate family;<sup>1</sup> (2) the continuance in control 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

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<sup>1</sup> According to the notice, the rail lines that will be operated by SAC are located in San Antonio, Tex., and no other Watco railroad operates rail lines in or near San Antonio.

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 June 22, 2012 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35604, 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: June 12, 2012.

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