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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34755]

Watco Companies, Inc.–Continuance in Control Exemption–Alabama Southern Railroad, Inc.

Watco Companies, Inc. (Watco) has filed a verified notice of exemption to continue in control of Alabama Southern Railroad, Inc. (ABS), upon ABS's becoming a Class III rail carrier.¹

The transaction was scheduled to be consummated on or shortly after November 20, 2005.

This transaction is related to a concurrently filed verified notice of exemption in STB Finance Docket No. 34754, Alabama Southern Railroad, Inc.–Lease and Operation Exemption–The Kansas City Southern Railway Company, wherein ABS seeks to acquire by lease from The Kansas City Southern Railway Company (KSC) and operate approximately 85.6 miles of rail line in Mississippi and Alabama. As part of that transaction, ABS is also being assigned KSC's overhead trackage rights over a 44.4-mile line of railroad owned by CSX Transportation, Inc., extending between milepost 429.2 at Brookwood, AL, and milepost 384.8 at Birmingham, AL.

¹ Watco owns 100% of the issued and outstanding stock of ABS.

Watco, a noncarrier, is a Kansas corporation that currently controls, through stock ownership and management, 15 Class III rail carriers operating in 14 States.

Applicant states that: (1) the lines being leased and operated by ABS do not connect with the rail lines in its corporate family; (2) the continuance in control is not part of a series of anticipated transactions that would connect the leased lines with any other rail lines in Watco's corporate family; 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 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 transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34755, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Karl Morell, Of Counsel, BALL JANIK LLP, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

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Decided: November 23, 2005.

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

Vernon A. Williams

Secretary