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SERVICE DATE – JANUARY 13, 2012

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35579]

Watco Holdings, Inc.—Continuance in Control Exemption—Birmingham Terminal Railway, 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 Birmingham Terminal Railway, L.L.C. (BHRR), upon BHRR's becoming a Class III rail carrier.

This transaction is related to a concurrently filed verified notice of exemption in Docket No. FD 35578, Birmingham Terminal Railway, L.L.C.—Acquisition and Operation Exemption—Birmingham Southern Railroad Company, wherein BHRR seeks Board approval to acquire from Birmingham Southern Railroad Company and operate approximately 75.59 miles of rail line, including all sidings and yard tracks, in Ensley, East Thomas, Bessemer, Fairfield, and Birmingham, Ala.

The parties intend to consummate the transaction on or shortly after January 31, 2012.

Watco is a Kansas corporation which currently controls, indirectly, 24 Class III railroads and 1 Class II railroad, operating in 18 States. Watco also owns, indirectly, 100 percent of the issued and outstanding stock of BHRR, a Delaware limited liability company.

Watco controls, through stock ownership and management, Class III railroads South Kansas and Oklahoma Railroad, 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., Boise Valley Railroad, L.L.C., Autauga Northern Railroad, L.L.C., Swan Ranch Railroad, L.L.C., and Class II railroad Wisconsin & Southern Railroad, L.L.C.

Watco represents that: (1) the rail lines to be operated by BHRR do not connect with any other railroads in the corporate family; (2) the transaction is not part of a series of anticipated transactions that would connect the rail lines with any other railroads in the 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).

Watco states that the purpose of the proposed 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 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 or more Class III rail carriers and one Class II rail carrier, the transaction is subject to the labor protective 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. Stay petitions must be filed no later than January 20, 2012 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35579, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Karl Morell, 655 Fifteenth Street, N.W., Suite 225, Washington, DC 20005.

Board decisions and notices are available on our website at “WWW.STB.DOT.GOV.”

Decided: January 10, 2012.

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