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KARL MORELL



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September 16, 2009

BY HAND DELIVERY

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423-0001

ENTERED
Office of Proceedings

SEP 16 2009

Part of
Public Record

Re: STB Docket No. 35260, Watco Companies, Inc. – Continuance in Control Exemption – Boise Valley Railroad, Inc.

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 C.F.R. § 1180.2(d)(2), and a check covering the \$1,300 filing fee.

Please time and date stamp the extra copy of the Verified Notice of Exemption and return it with our messenger.

If you have any questions, please call me.

Sincerely,

Karl Morell

FEE RECEIVED

SEP 16 2009

Enclosures **SURFACE TRANSPORTATION BOARD**

FILED

SEP 16 2009

SURFACE TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35260

WATCO COMPANIES, INC.
--CONTINUANCE IN CONTROL EXEMPTION--
BOISE VALLEY RAILROAD, INC.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1180.2(d)(2)

KARL MORELL
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N.W.
Washington, D.C. 20005
(202) 638-3307

Attorney for:
WATCO COMPANIES, INC.

Dated: September 16, 2009

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35260

WATCO COMPANIES, INC.
--CONTINUANCE IN CONTROL EXEMPTION--
BOISE VALLEY RAILROAD, INC.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1180.2(d)(2)

Watco Companies, Inc. ("Watco"), files this Notice of Exemption, pursuant to 49 C.F.R. § 1180.2(d)(2), for Watco to continue in control of Boise Valley Railroad, Inc. ("BVR"), a non-carrier, upon BVR becoming a Class III railroad. In support of this Notice of Exemption, Watco submits the following information as required by 49 C.F.R. § 1180.4(g):

Section 1180.6(a)

- (1) A description of the proposed transaction.
 - (i) A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of counsel to whom questions regarding the proposed transaction can be addressed.

Watco, a non-carrier, is a Kansas corporation which currently controls, indirectly, twenty one (21) Class III railroads operating in 18 States. Watco also owns 100 percent of the issued and outstanding stock of BVR, a Delaware corporation and a non-carrier that was formed for the purpose of leasing and operating certain rail lines in Idaho owned by the Union Pacific Railroad Company ("UP") and currently leased and operated by Idaho Northern & Pacific Railroad Company. Concurrently with the filing of this Notice of Exemption, BVR is

filing a Notice of Exemption in STB Finance Docket No. 35259, *Boise Valley Railroad, Inc. – Assignment of Lease Exemption – Union Pacific Railroad Company and Idaho Northern & Pacific Railroad Company*, under 49 C.F.R. § 1150.31, to lease and operate the UP rail lines.

Upon consummation of the transaction in STB Finance Docket No. 35259, BVR will become a Class III rail carrier.

Watco also controls, through stock ownership and management, the South Kansas and Oklahoma Railroad Company (“SKO”), Palouse River & Coulee City Railroad, Inc. (“PRCC”), the Timber Rock Railroad, Inc. (“TIBR”), the Stillwater Central Railroad, Inc. (“SLWC”), the Eastern Idaho Railroad, Inc. (“EIRR”), Kansas & Oklahoma Railroad, Inc. (“K&O”), the Pennsylvania Southwestern Railroad, Inc. (“PSWR”), the Great Northwest Railroad, Inc. (“GNR”), the Kaw River Railroad, Inc. (“KRR”), the Mission Mountain Railroad, Inc. (“MMT”), the Mississippi Southern Railroad, Inc. (“MSRR”), the Yellowstone Valley Railroad, Inc. (“YVRR”), the Louisiana Southern Railroad, Inc. (“LSRR”), the Arkansas Southern Railroad, Inc. (“ARSR”), the Alabama Southern Railroad, Inc. (“ABS”), the Vicksburg Southern Railroad, Inc. (“VSOR”), the Austin Western Railroad, Inc. (“AWRR”), the Baton Rouge Southern Railroad, LLC (“BRSR”), the Pacific Sun Railroad, L.L.C. (“PSRR”), the Grand Elk Railroad (“GER”) and Alabama Warrior Railway, L.L.C. (“AWR”). SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER and AWR are Class III carriers which operate rail lines in 18 States. BVR will become a Class III.

The rail lines operated by SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER and AWR do not connect with the rail lines that will be operated by BVR. The rail lines that will be operated

by BVR are located in southwestern Idaho. The only Watco railroads that operate over lines in Idaho are EIRR, PRCC, and GNR. EIRR's rail lines are located in the eastern and south-central regions of Idaho, whereas PRCC's and GNR's rail lines are located in the west-central region of Idaho.

Also, the involved transaction is not part of a series of anticipated transactions that would connect the rail lines that will be operated by BVR with any railroad in the Watco corporate family. Finally, neither BVR nor any of the carriers controlled by Watco are Class I rail carriers. Accordingly, this transaction falls within the class of transactions described at 49 C.F.R.

§ 1180.2(d)(2), and exempt from prior approval by the Surface Transportation Board ("Board").

The name and business address of Applicants are as follows:

Watco Companies, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Austin Western Railroad, Inc.
10801 North MoPac Expressway
Building 1, Suite 130
Austin, TX 78759

Vicksburg Southern Railroad, Inc.
315 W. 3rd Street
Pittsburg, Kansas 66762

Alabama Southern Railroad, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Arkansas Southern Railroad, Inc.
315 W. 3rd Street
Pittsburg, Kansas 66762

Louisiana Southern Railroad, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Yellowstone Valley Railroad, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Mississippi Southern Railroad, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Mission Mountain Railroad, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

South Kansas and Oklahoma Railroad Company
123 N. Depot
Cherryvale, KS 67335

Palouse River & Coulee City Railroad, Inc.
325 Mill Road
Lewiston, ID 83501

Timber Rock Railroad, Inc.
505 West Avenue F
Silsbee, TX 77656

Stillwater Central Railroad, Inc.
123 N. Depot
Cherryvale, KS 67335

Eastern Idaho Railroad, Inc.
618 Shoshone St. West
Twin Falls, ID 83301

Kansas & Oklahoma Railroad, Inc.
1825 W. Harry
Wichita, KS 67213

Pennsylvania Southwestern Railroad, Inc.
1200 Midland Avenue
Midland, PA 15059

Great Northwest Railroad, Inc.
325 Mill Road
Lewiston, ID 83501

Kaw River Railroad, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Baton Rouge Southern Railroad, LLC
315 W. 3rd Street
Pittsburg, Kansas 66762

Pacific Sun Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Grand Elk Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Alabama Warrior Railway
1208 Ty Rogers Jr. Ave
Tuscaloosa, AL 35401

Boise Valley Railroad, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Applicants' representative:

Karl Morell
Of Counsel
Ball Janik LLP
1455 F Street, N.W.
Suite 225
Washington, D.C. 20005
(202) 638-3307

(ii) The proposed time schedule for consummation of the proposed transaction.

Watco intends to consummate this transaction on or shortly after the effective date of this Notice.

(iii) The purpose sought to be accomplished by the proposed transaction.

Watco intends 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.

- (5) A list of the State(s) in which any part of the property of each applicant carrier is situated.

SKO's lines are located in Missouri, Kansas and Oklahoma.

EIRR's lines are located in Idaho.

PRCC's lines are located in Washington, Oregon and Idaho.

TIBR's lines are located in Texas and Louisiana.

SLWC's lines are located in Oklahoma.

K&O's lines are located in Kansas and Colorado.

PSWR's line is located in Pennsylvania.

GNR's lines are located in Idaho and Washington.

KRR's lines are located in Kansas and Missouri.

MMT's lines are located in Montana.

MSRR's line is located in Mississippi.

YVRR's lines are located in Montana and North Dakota.

LSRR's lines are located in Louisiana.

ARSR's lines are located in Arkansas.

ABS's lines are located in Mississippi and Alabama.

VSOR's lines are located in Mississippi.

AWRR's lines are located in Texas.

BRSR's lines are located in Louisiana.

PSRR's lines are located in California.

GER's lines will be located in Indiana and Michigan.

AWR's lines are located in Alabama.

BVR's lines will be located in Idaho.

(6) Map.

Maps illustrating the rail lines of SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER and AWR and the rail lines to be operated by BVR are attached as Exhibit 1.

(7)(ii) Agreement.

Watco will not enter into any agreement, or sign any written instrument, to continue in control of BVR.

Because SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER and AWR are Class III carriers and because BVR will become a Class III rail carrier, no labor protection may be imposed on this transaction pursuant to 49 U.S.C. § 11326(c).

ENVIRONMENTAL AND HISTORIC IMPACTS

Watco will continue to control BVR for the purpose of continued rail operations where further Board approval is required to abandon or discontinue any service, and there are no plans to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

Watco's continuance in control of BVR will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of these lines to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the lines; (2) an increase of rail yard

activity of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. This transaction will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, this transaction does not contemplate the transportation of any ozone depleting materials. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted,



KARL MORELL
Of Counsel
BALL JANIK LLP
1455 F Street, N.W.
Suite 225
Washington, D.C. 20005
(202) 638-3307

Attorney for:
WATCO COMPANIES, INC.

Dated: September 16, 2009

VERIFICATION

STATE OF KANSAS

)

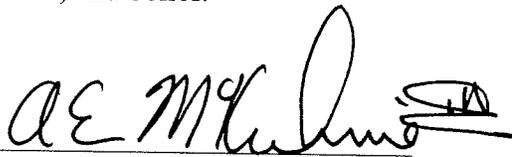
COUNTY OF CRAWFORD

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ss.

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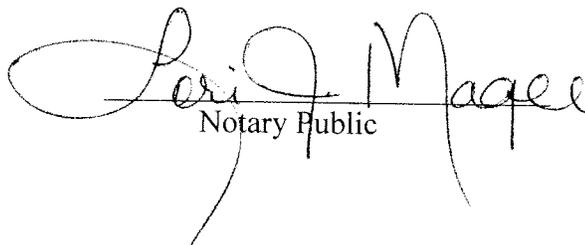
I, Arthur E. McKechnie, III, being duly sworn depose and state that I am Executive Vice President of Watco Companies, Inc., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.



Arthur E. McKechnie III

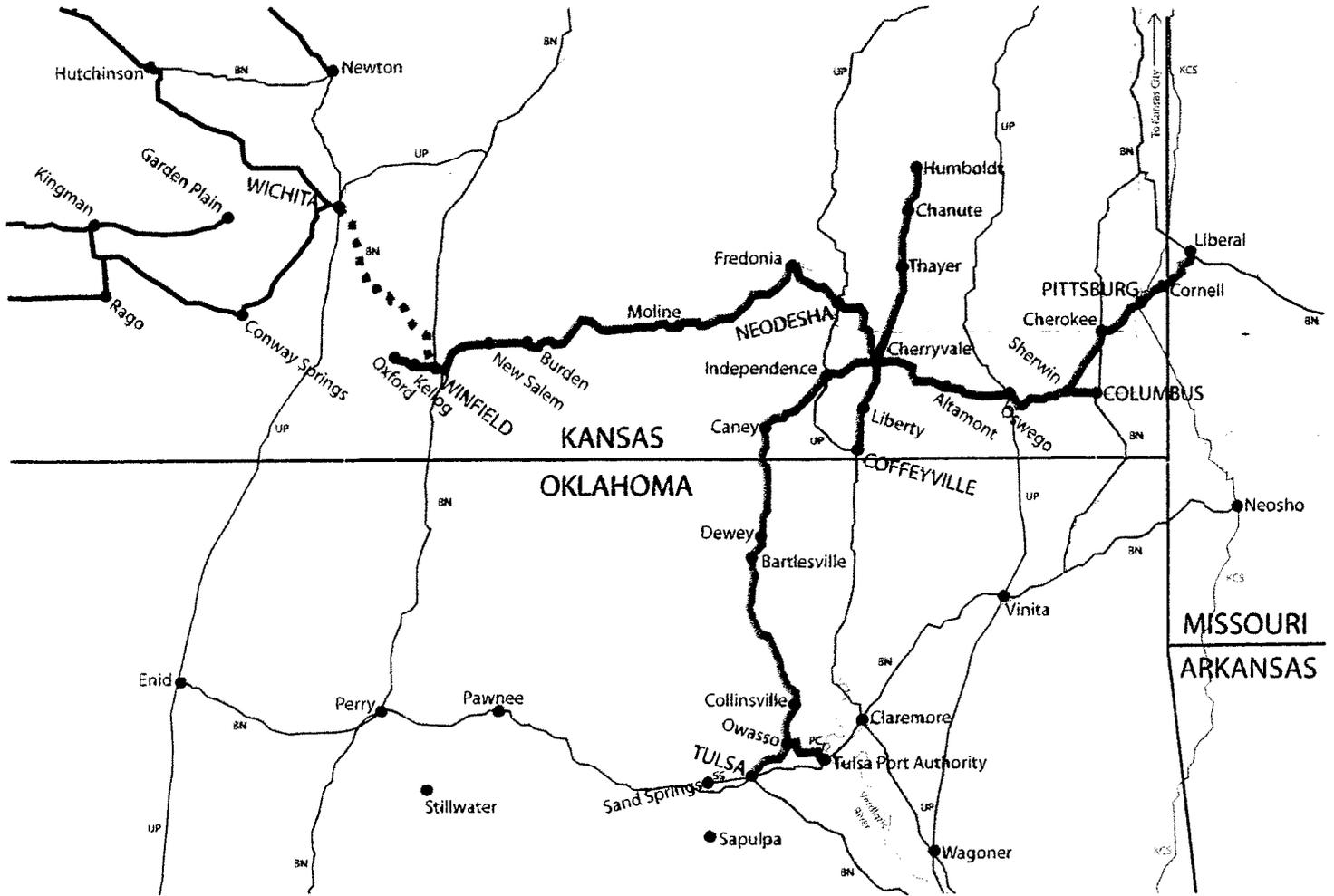
SUBSCRIBED AND SWORN TO before me this 2nd day of September, 2009, in the County of Crawford, State of Kansas.

My Commission Expires: 8/16/2012

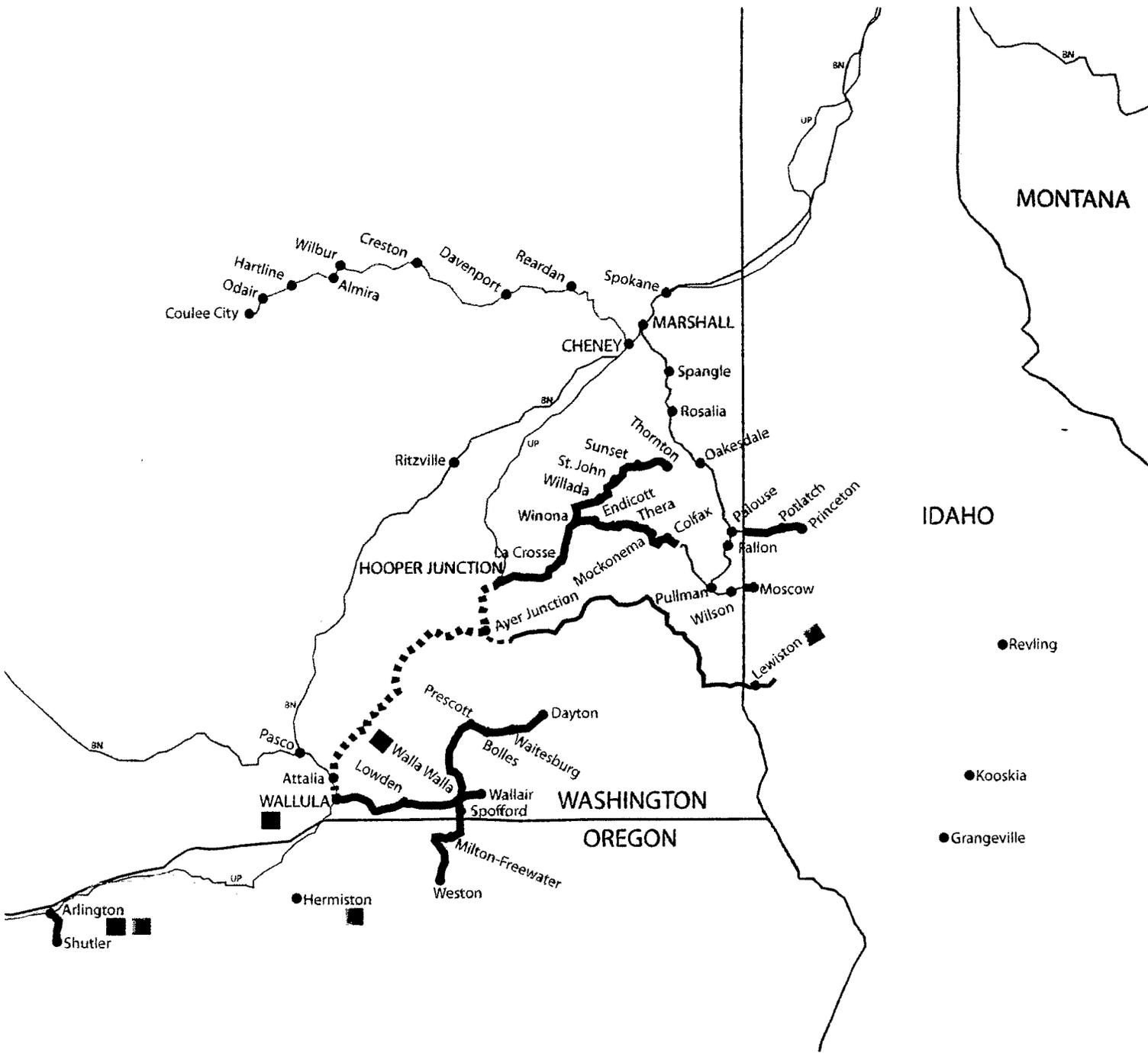


Notary Public

EXHIBIT 1



| LEGEND: | | Interchanges |
|---|--|---|
| South Kansas & Oklahoma RR (SKOL) | | UP - Coffeyville, Winfield, Tulsa, Neodesha |
| South Kansas & Oklahoma Trackage Rights | | BNSF - Winfield, Tulsa, Columbus |
| Kansas & Oklahoma RR (KOR) | | KCS - Pittsburg |
| Stillwater Central RR (SLWC) | | KO - Wichita |
| Stillwater Central Trackage Rights | | SS - Tulsa |
| Sand Springs RR (SS) | | |
| Tulsa's Port of Catoosa (PC) | | |



MONTANA

IDAHO

WASHINGTON

OREGON

● Revling

● Kooskia

● Grangeville

LEGEND:

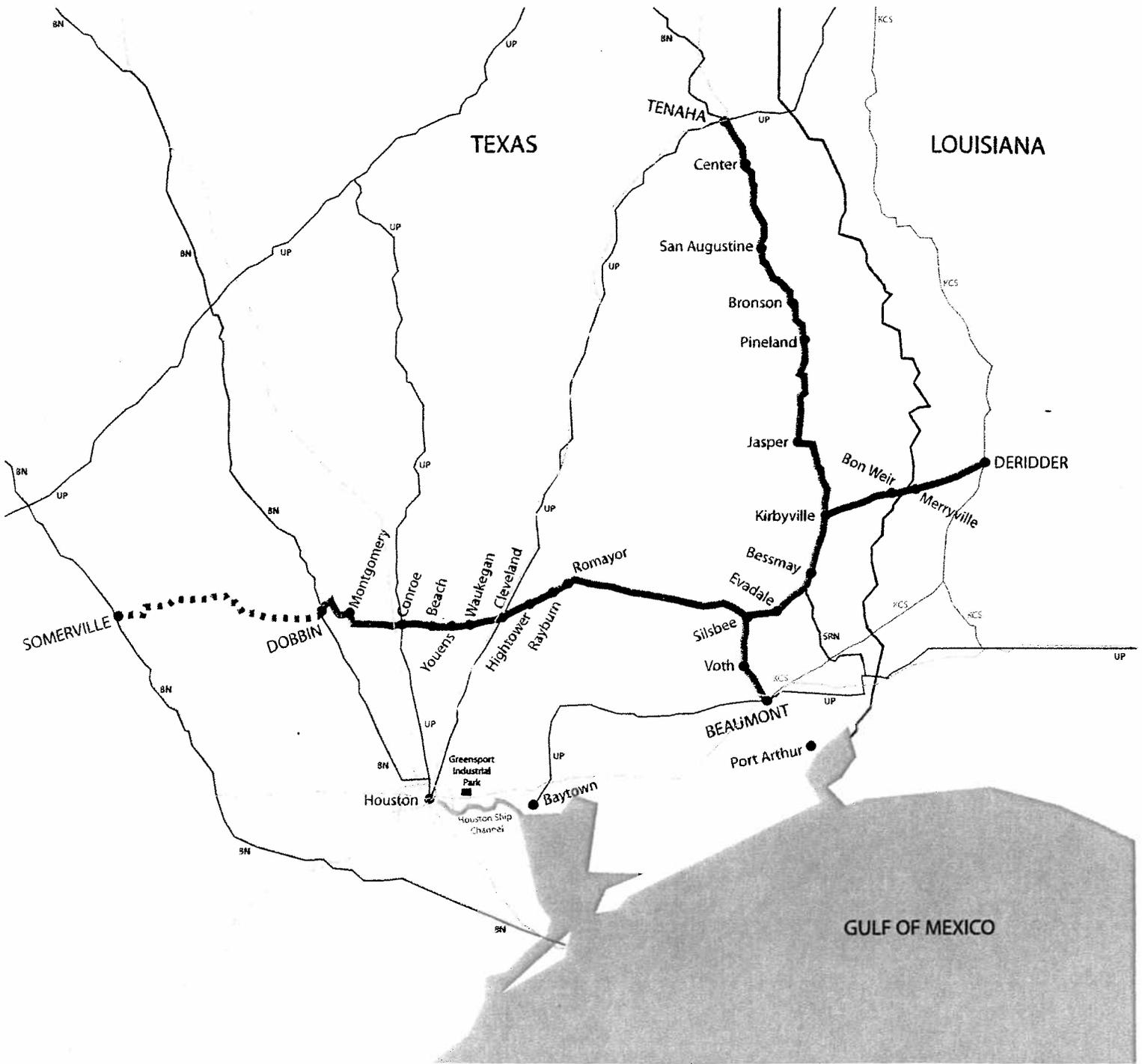
| | |
|---|--|
| Palouse River & Coulee City RR (PCC) | |
| Palouse River & Coulee City Trackage Rights | |
| Great Northwest RR | |
| Great Northwest RR Trackage Rights | |
| Washington and Idaho Railway | |
| Eastern Washington Gateway RR | |
| BG & CM Railroad | |

Interchanges

BNSF - Wallula
 UP - Hooper Junction
 - Wallula

Track Miles -

| | | | |
|--|-----------------|--|--------------------|
| | Mechanical Shop | | Switching Services |
| | Locomotive Shop | | |



LEGEND:

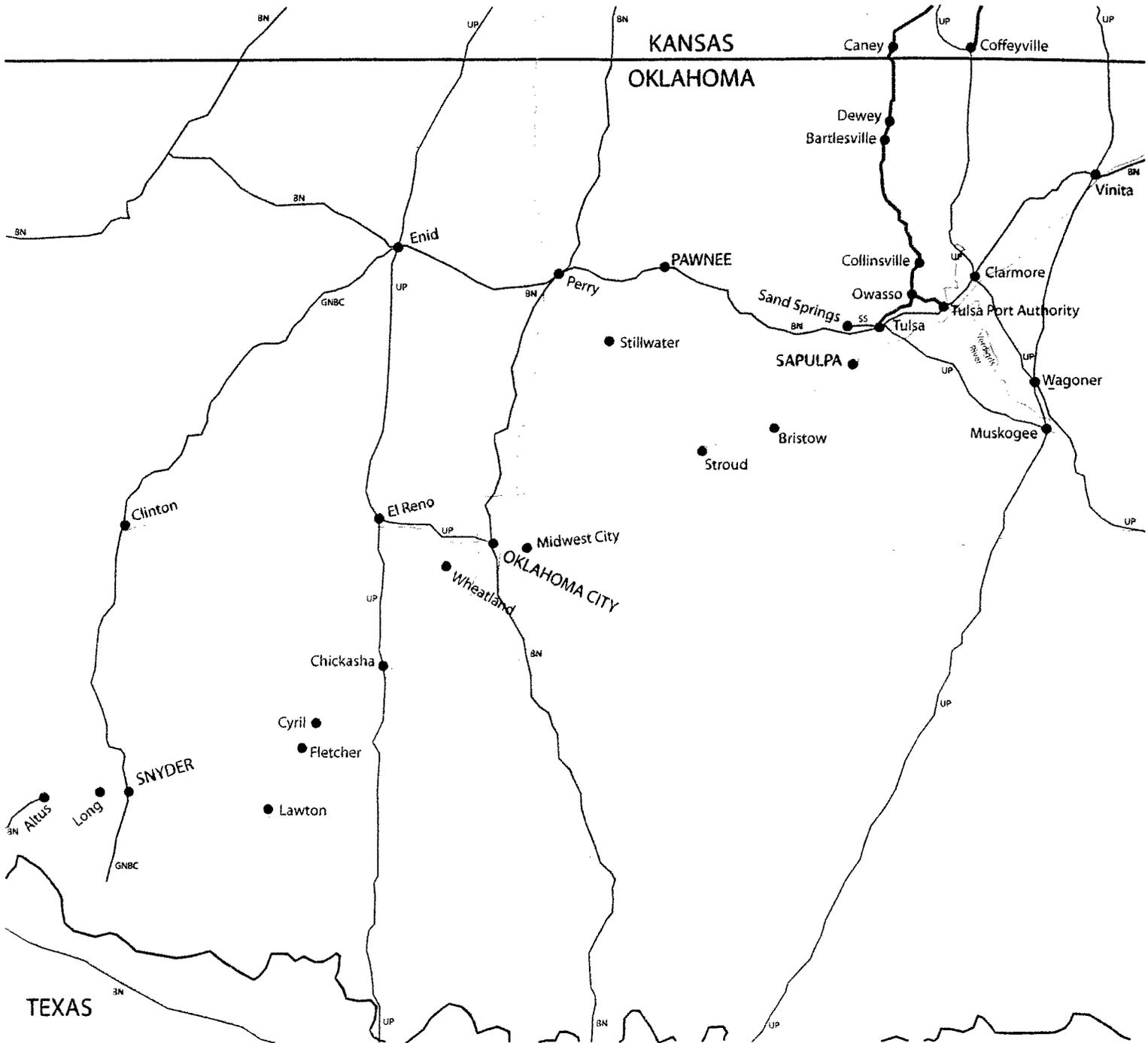
Timber Rock RR (TIBR) 

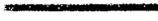
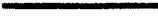
Timber Rock Trackage Rights 

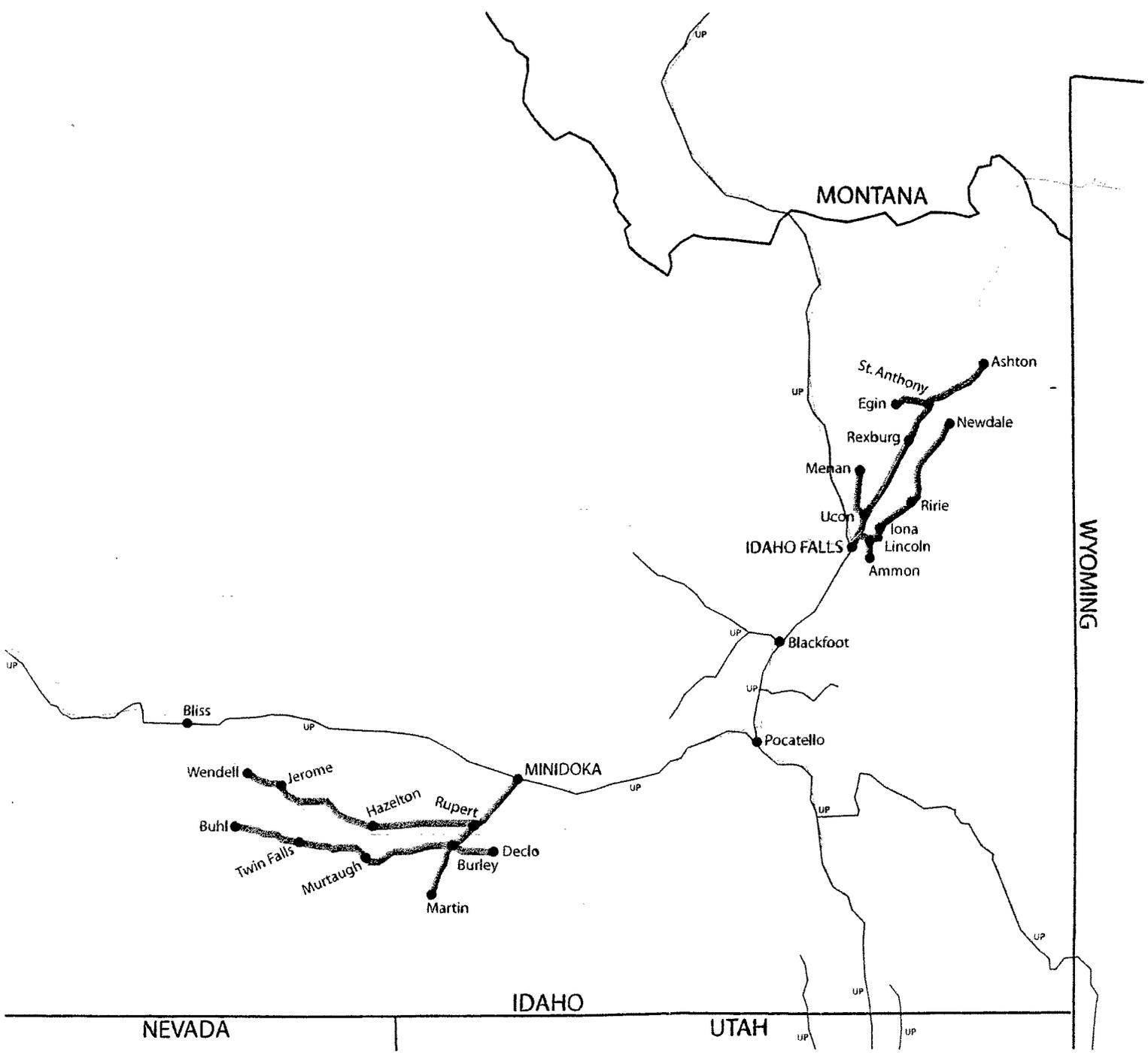
Interchanges

BNSF - Tenaha, Beaumont, Somerville, Dobbin

KCS - DeRidder



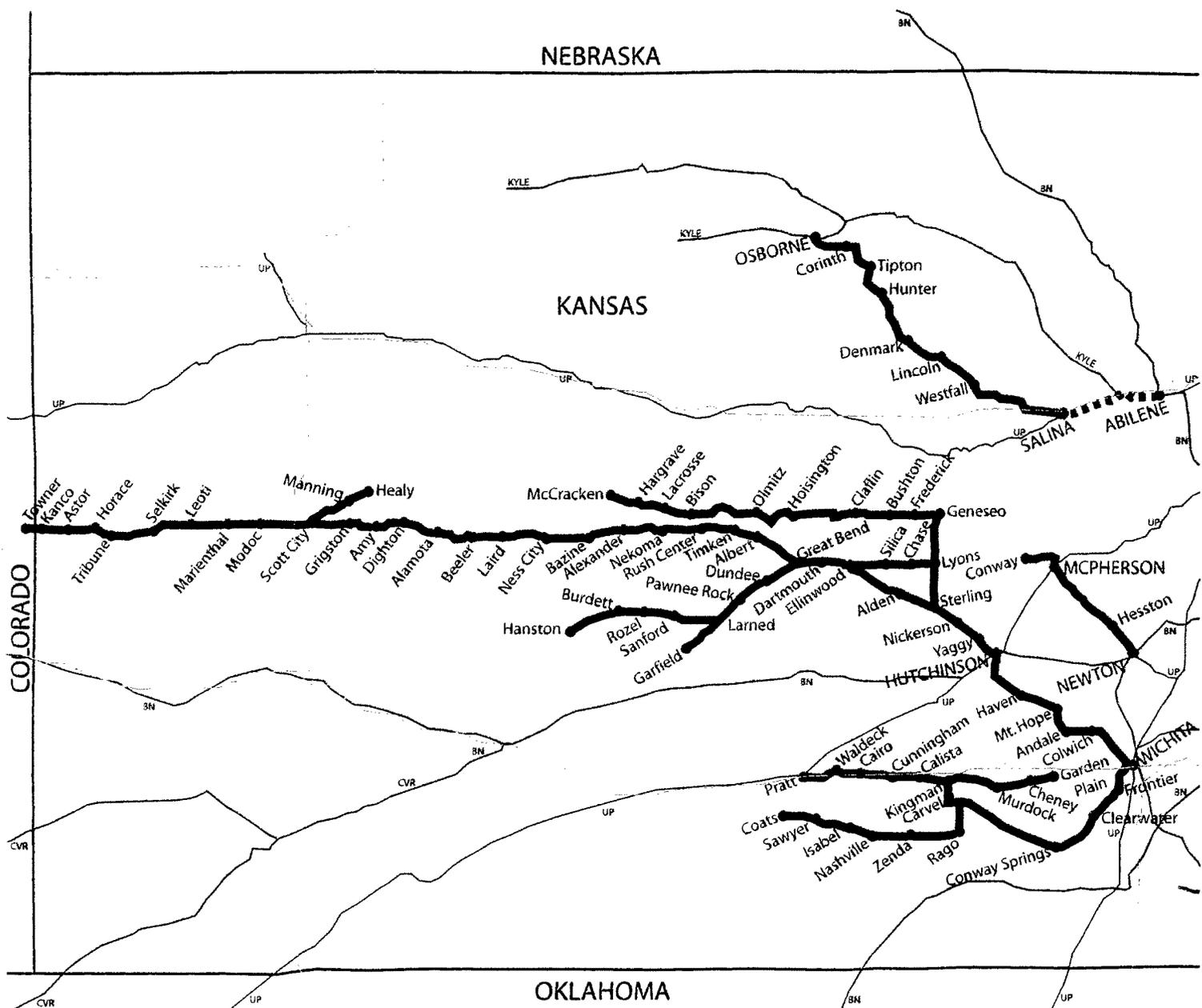
| | |
|------------------------------------|---|
| LEGEND: | |
| Stillwater Central Railroad (SLWC) |    |
| Stillwater Central Trackage Rights | |
| South Kansas & Oklahoma RR (SKOL) | |
| Sand Springs RR (SS) | |
| Grainbelt Corporation (GNBC) | |
| Interchanges | |
| BNSF | - Oklahoma City, Sapulpa, Snyder |
| GNBC | - Snyder |
| SKOL | - Tulsa |
| UP | - Oklahoma City |
| | - 227.8 miles |
| BNSF | - Pawnee |
| | - 23.6 miles |



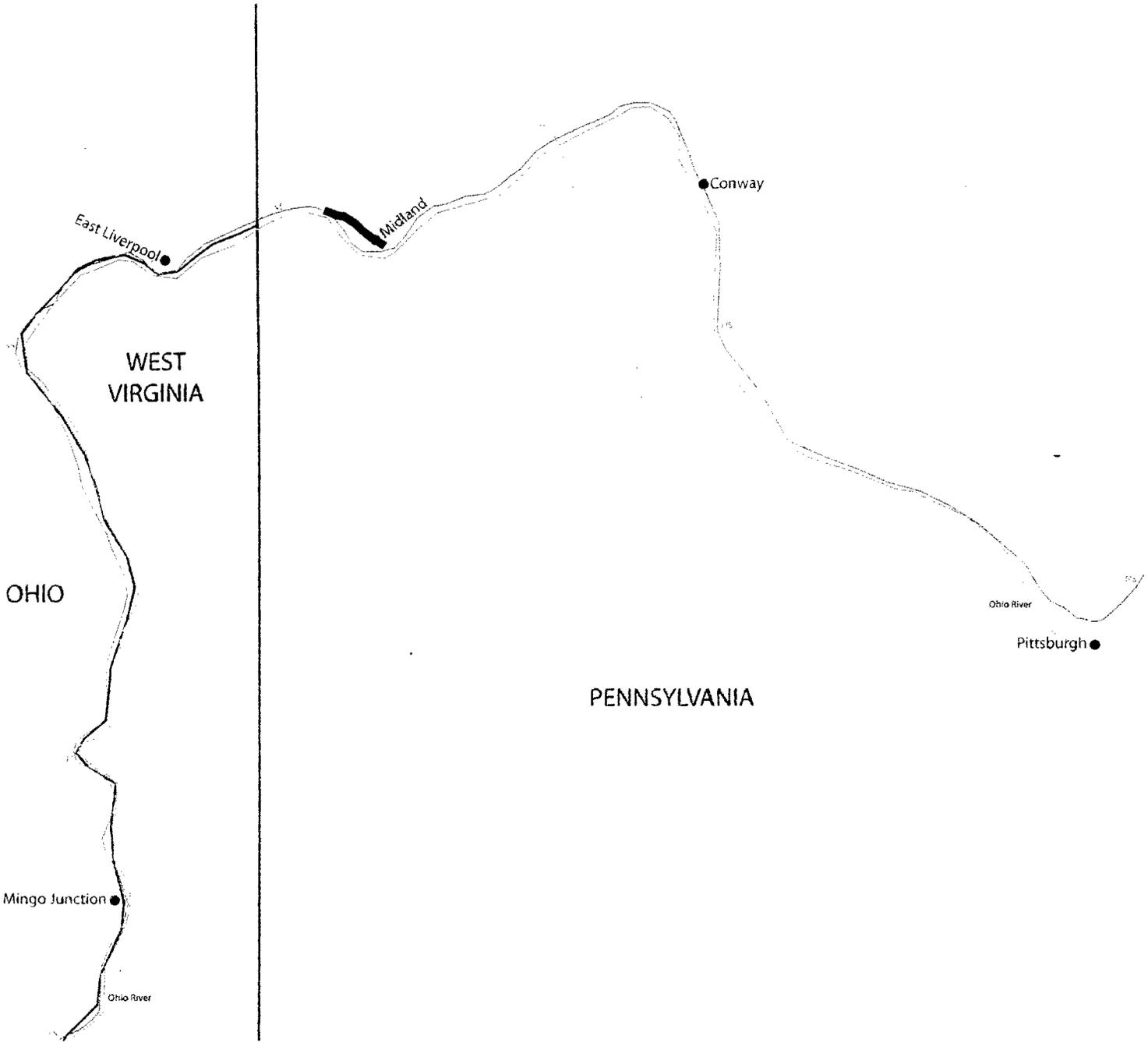
LEGEND:

Eastern Idaho RR (EIRR) 

Interchanges
 UP - Minidoka, Idaho Falls



| LEGEND: | |
|-----------------------------------|---|
| Kansas & Oklahoma RR (KO) | |
| Kansas & Oklahoma Trackage Rights | |
| South Kansas & Oklahoma RR (SKO) | |
| Kyle Railroad (KYLE) | |
| Cimmaron Valley Railroad (CVR) | |
| Interchanges | |
| | UP - Hutchinson, McPherson, Salina, Wichita |
| | BNSF - Abilene, Hutchinson, Newton, Wichita |
| | KYLE - Osborne |
| | SKO - Wichita |



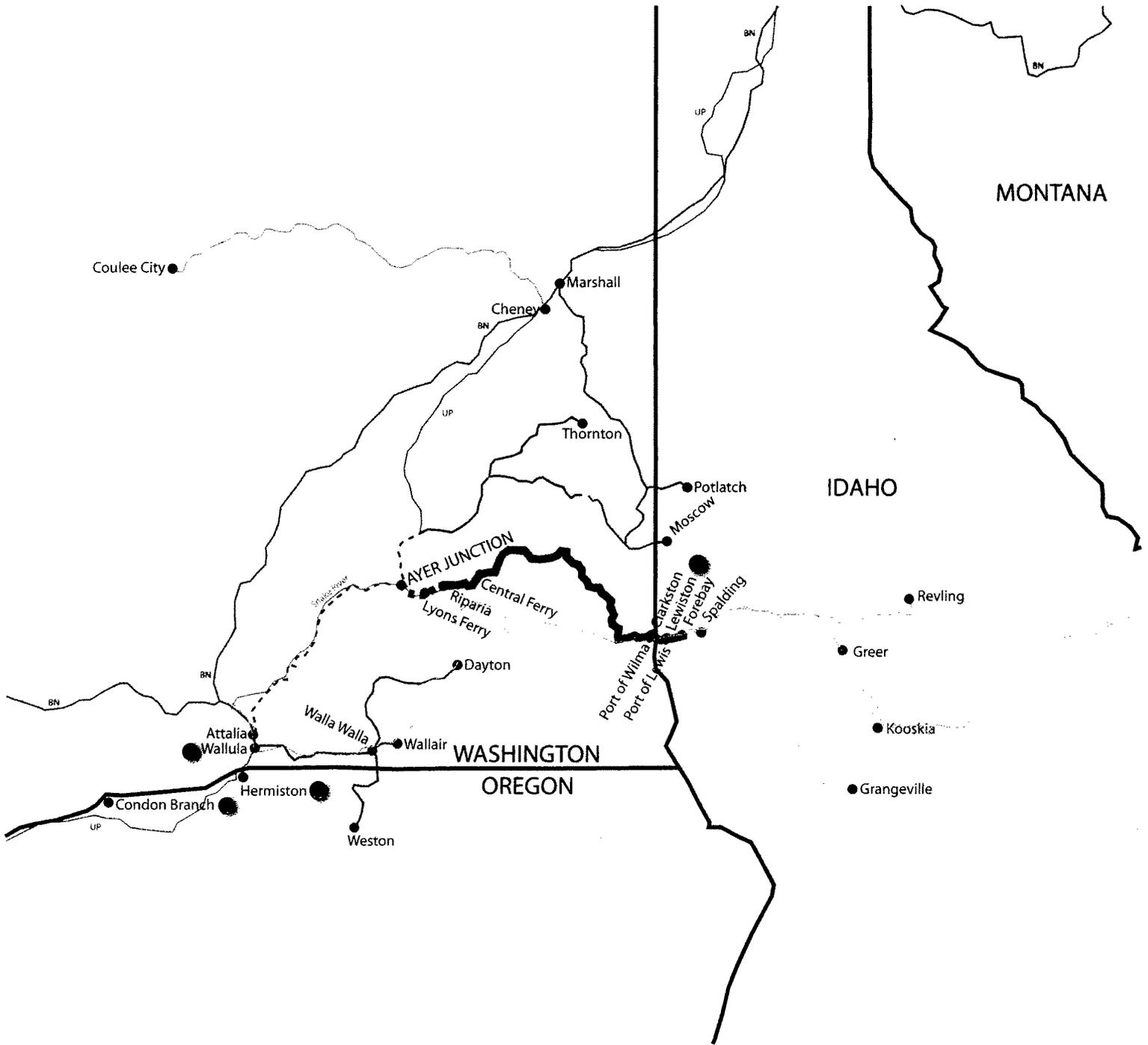
LEGEND:

Pennsylvania Southwestern RR (PSWR)



Interchanges

NS - Midland



LEGEND:

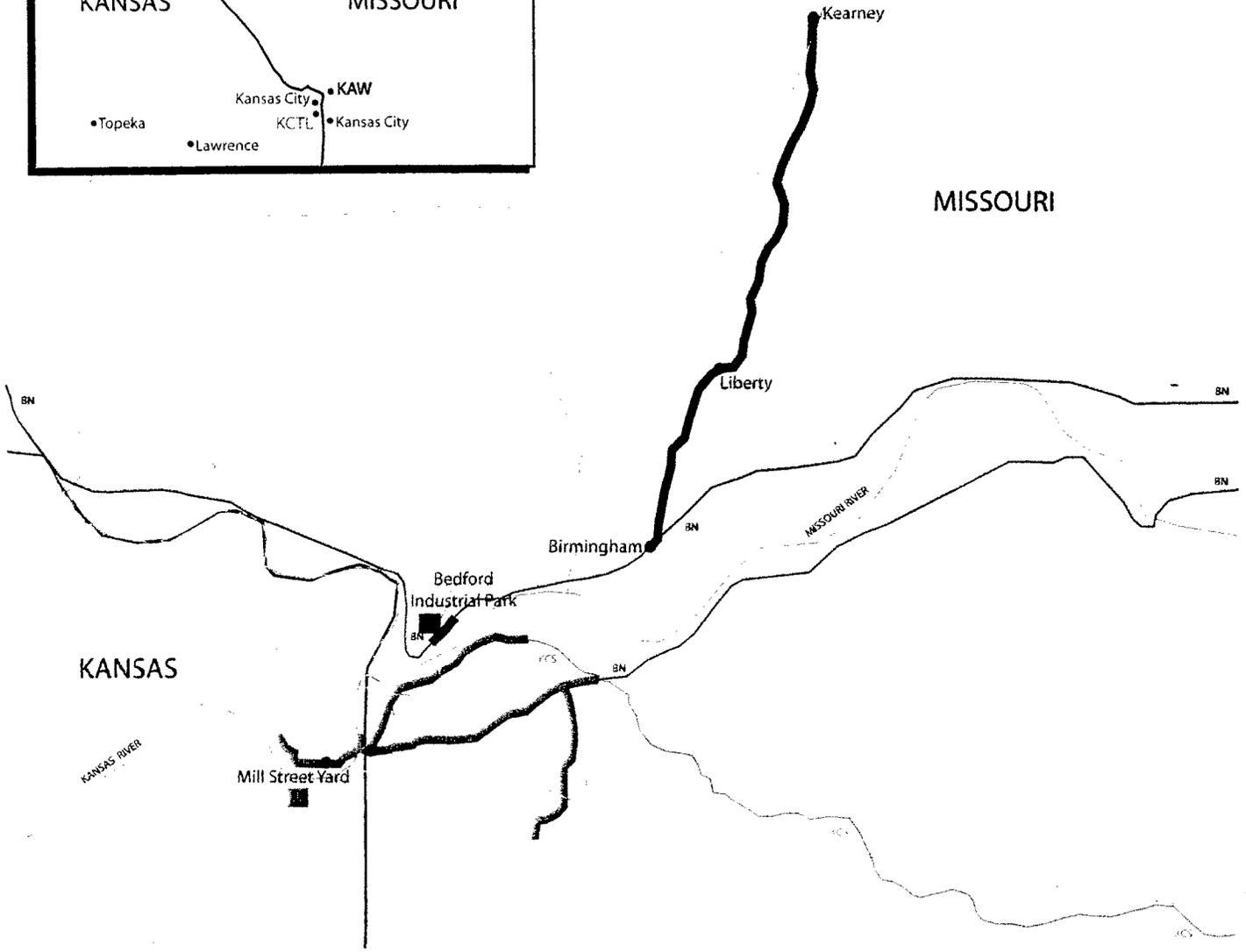
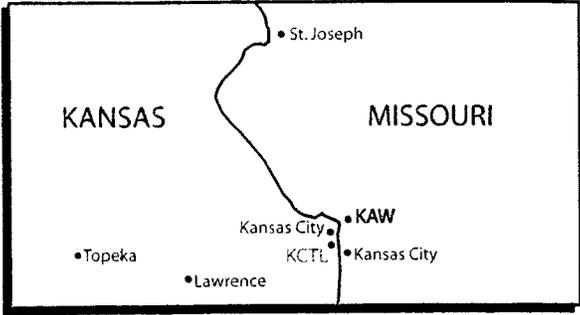
| | |
|---|--|
| Great Northwest RR (GRNW) | |
| Great Northwest Trackage Rights | |
| Palouse River & Coulee City RR (PCC) | |
| Palouse River & Coulee City Trackage Rights | |
| BG & CM Railroad | |
| Eastern Washington Gateway RR | |
| Washington and Idaho Railway | |

Interchanges - Track miles 77

UP, BNSF - Ayer

Mechanical Services

Switching Services



LEGEND:

KAW River Railroad (KAW) 

Interchanges

BNSF - Kansas City, MO (Bedford Industrial Park)

BNSF - Birmingham, MO (Kearney Subdivision)

Track miles - 21

Kansas City Transportation Company LLC (KCTL) 

Interchanges

BNSF - Kansas City, KS  Mobile Repair Shop

ICE - Kansas City, MO/KS  Switching Service

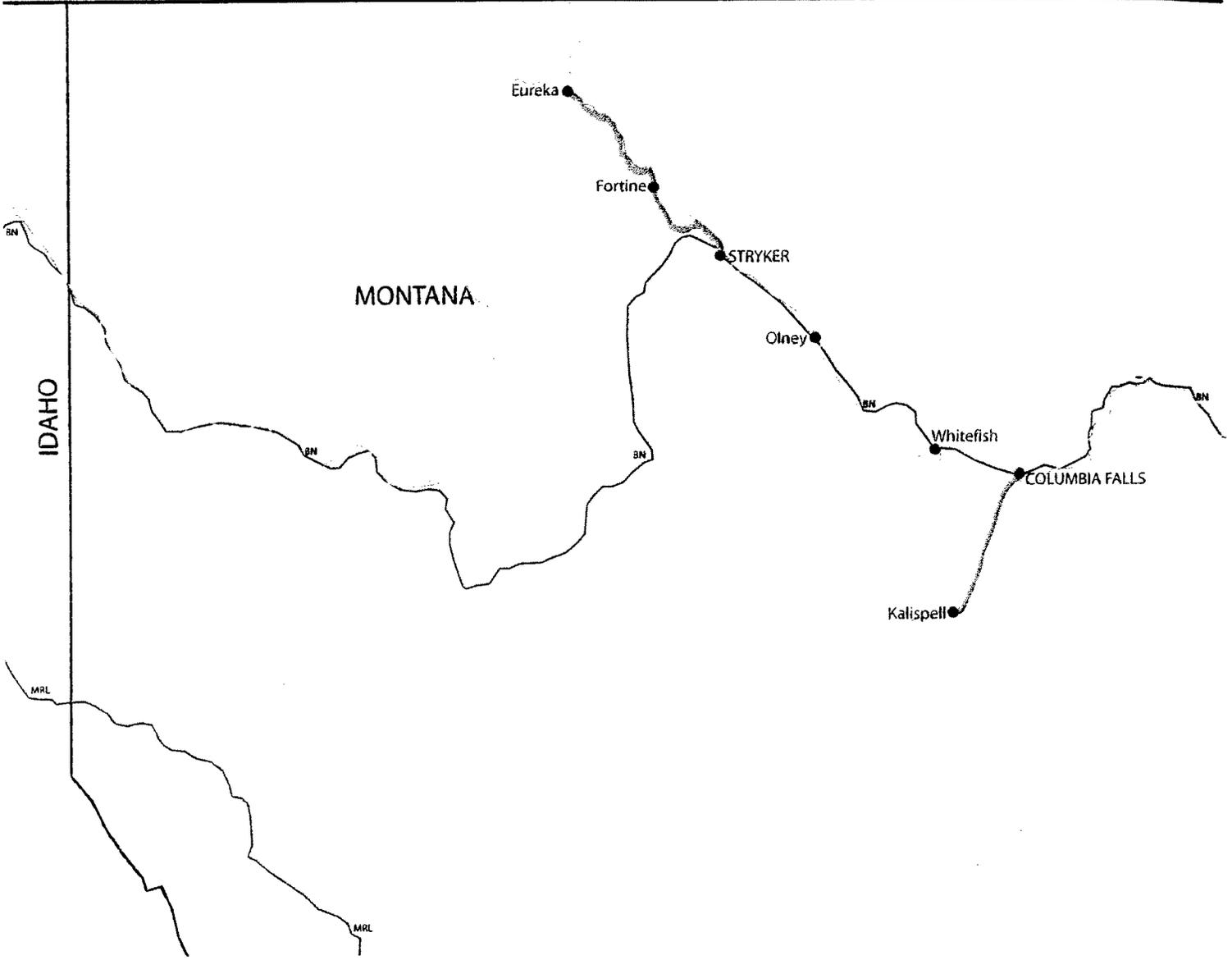
KCS - Kansas City, MO/KS

NS - Kansas City, MO

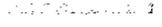
UP - Kansas City, MO/KS

Track miles - 32

CANADA

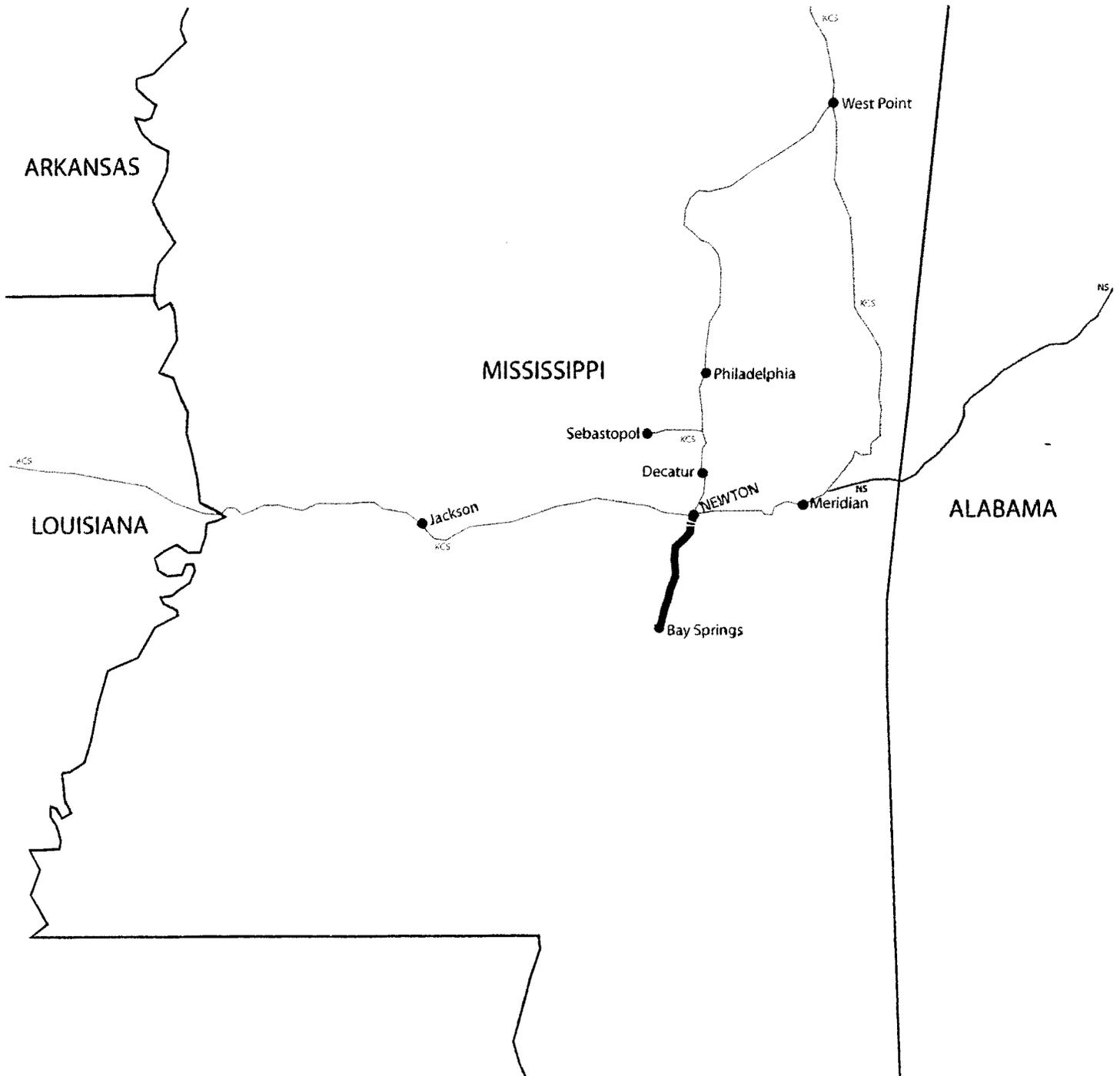


LEGEND:

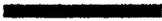
Mission Mountain Railroad (MMT) 

Interchanges

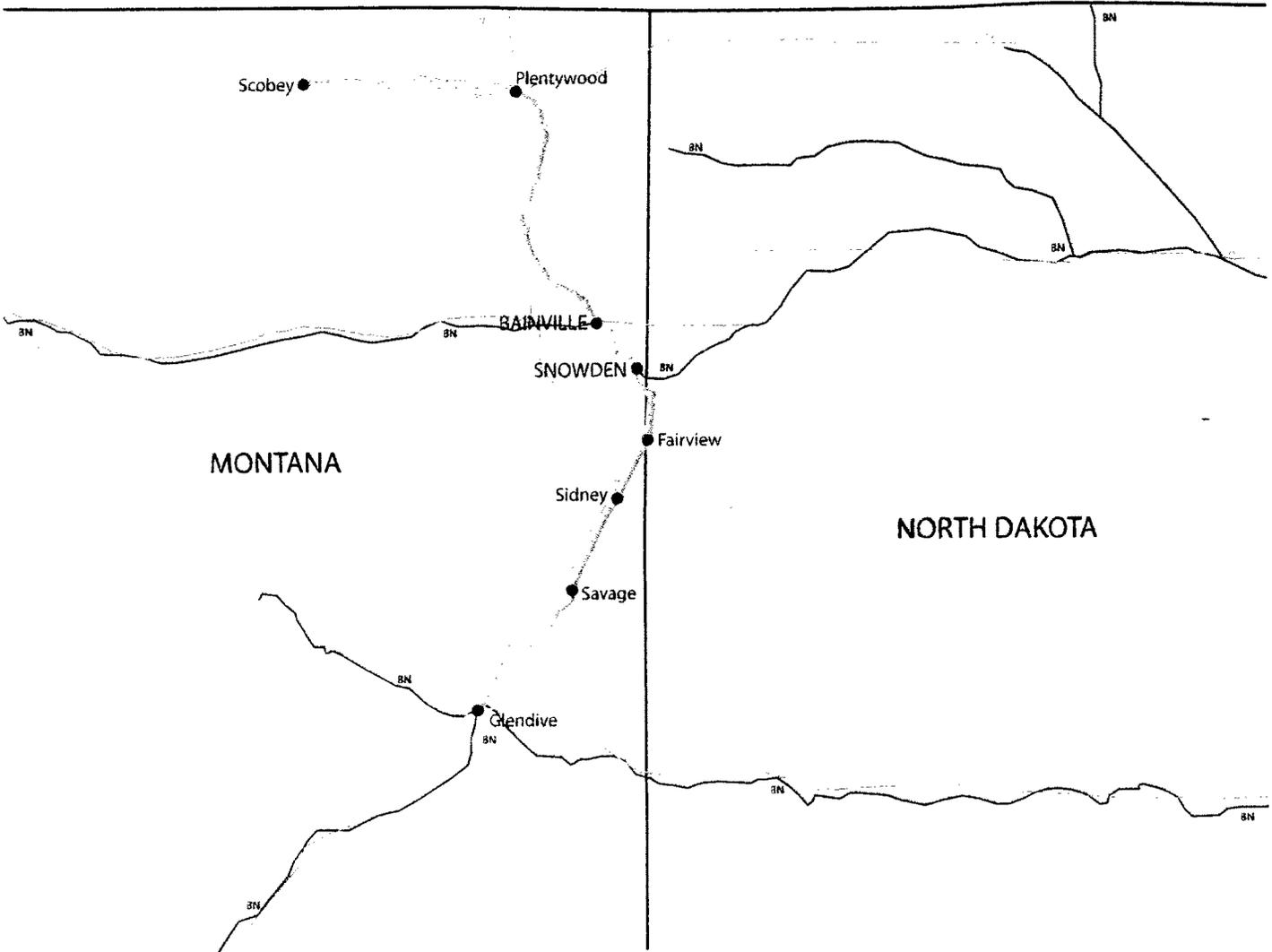
BNSF - Stryker, Columbia Falls



LEGEND:

| | | |
|---|---|---------------------|
| Mississippi Southern RR (MSR) |  | Interchanges |
| Mississippi Southern RR Trackage Rights |  | KCS - Newton |

CANADA



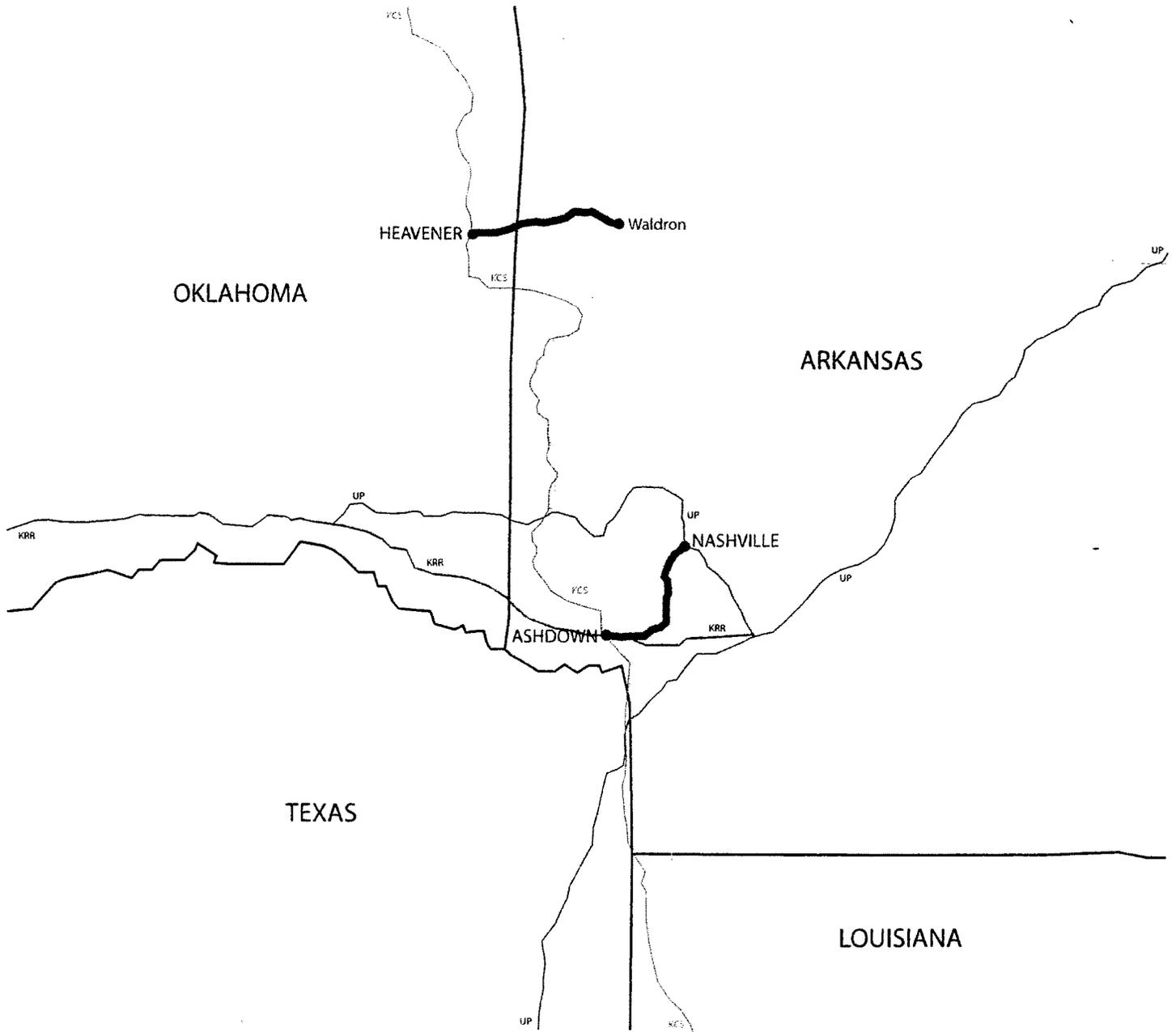
LEGEND:

Yellowstone Valley RR (YSVR) 
Yellowstone Valley Trackage Rights 

Interchanges

BN - Snowden, Bainville





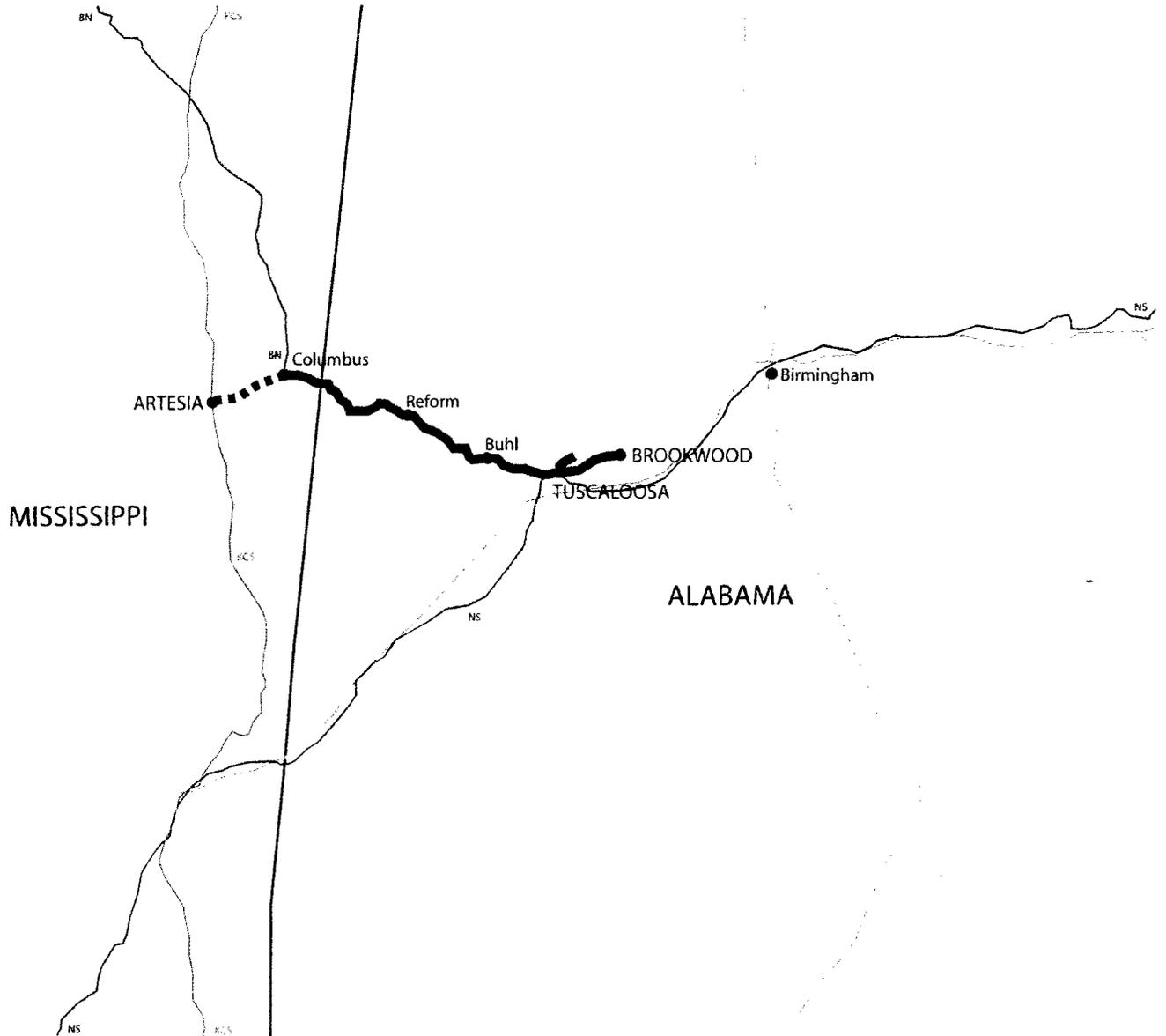
LEGEND:

Arkansas Southern RR (ARS) 

Interchanges

KCS - Ashdown, Heavener

UP - Nashville



LEGEND:

Alabama Southern RR (ABS) 

Alabama Southern Trackage Rights 

Interchanges

KCS - Artesia

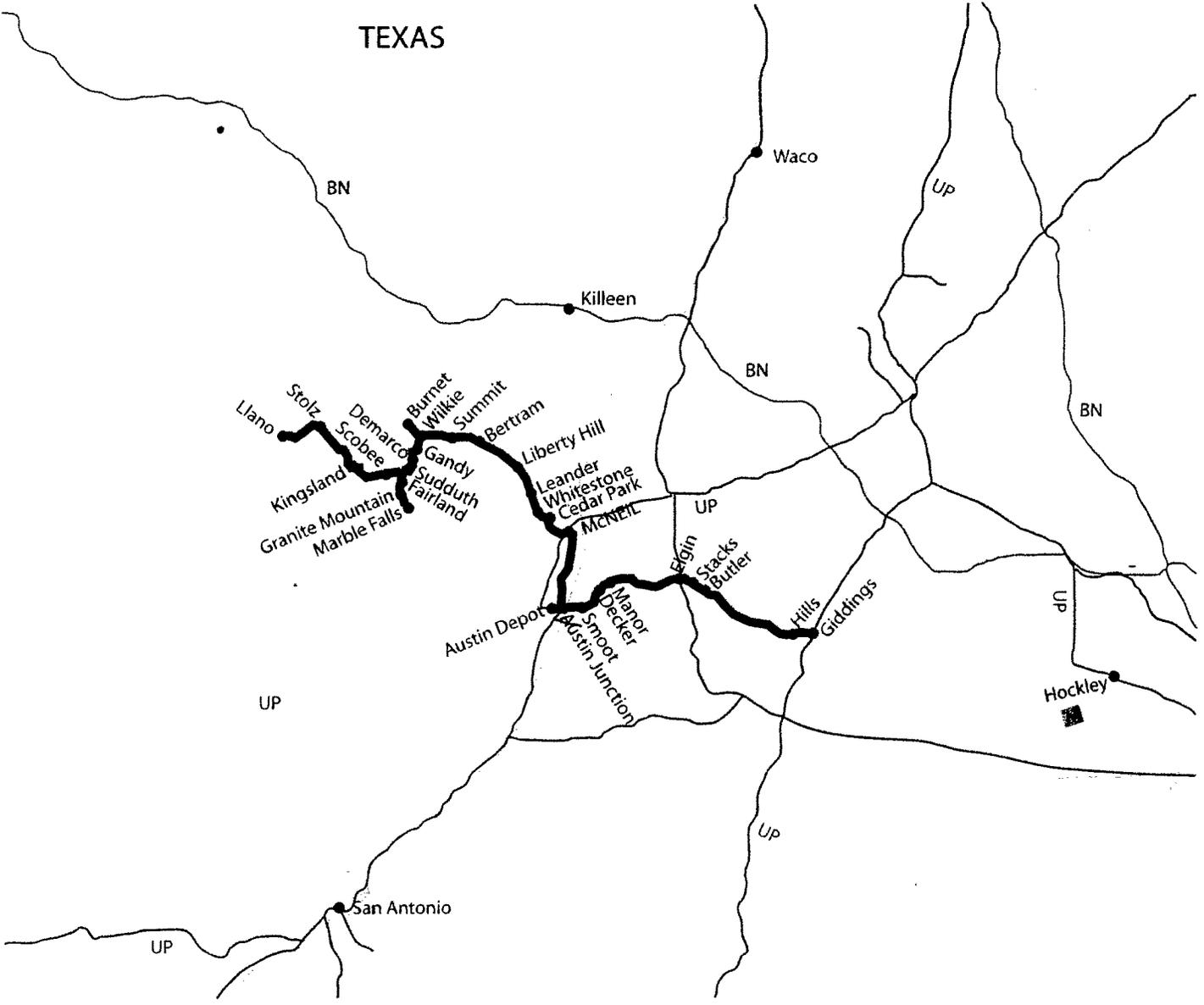
- Brookwood

NS - Tuscaloosa



LEGEND:
Vicksburg Southern RR (VSOR) 
Interchanges
KCS - Vicksburg

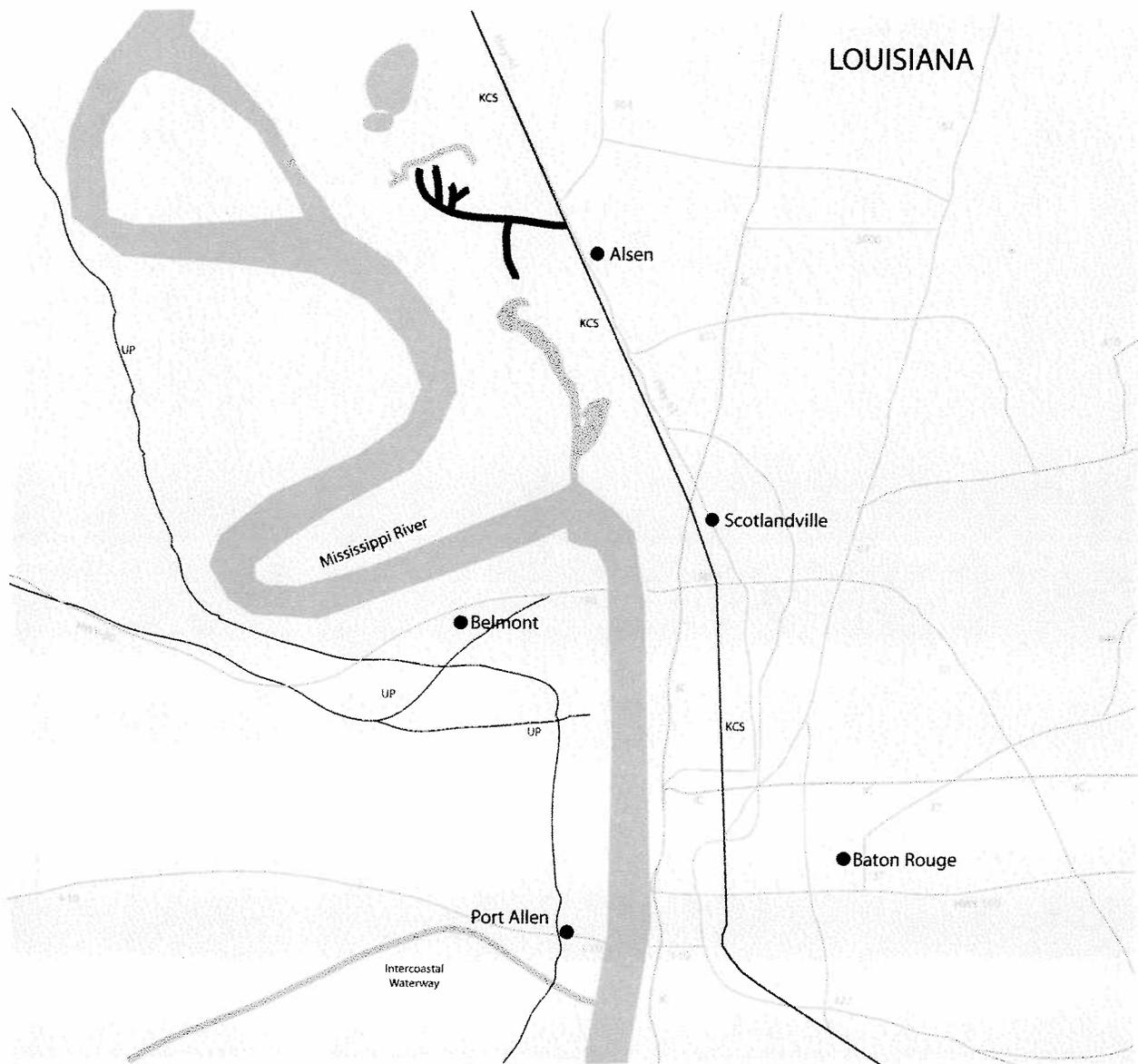
TEXAS



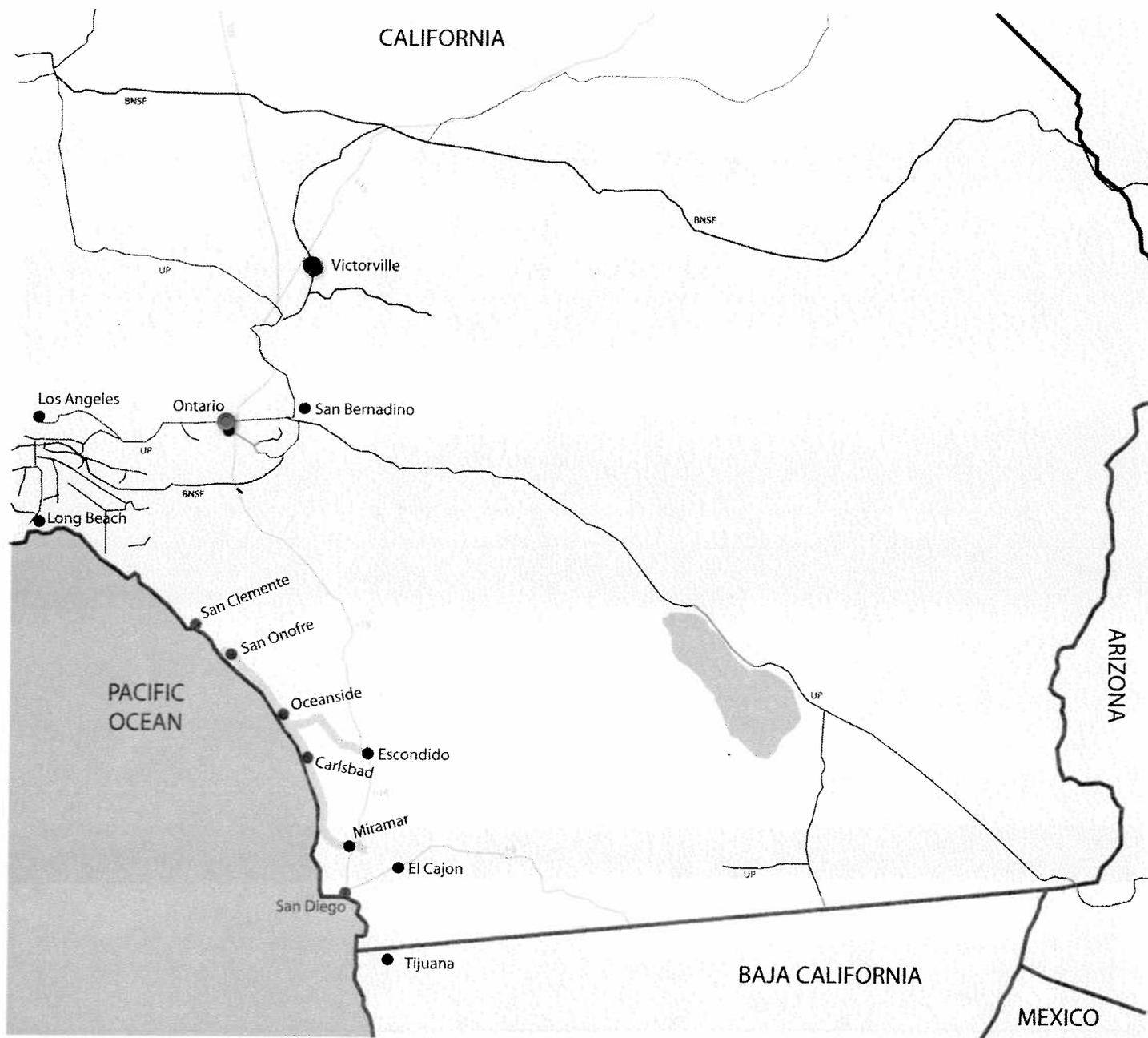
LEGEND:
 Austin Western RR (AWRR) 

Interchanges

| | |
|---------------|--|
| UP - McNeil |  Mechanical Shop |
| BNSF - McNeil |  Switching Services |
| - 154 miles |  Locomotive Shop |



| | | |
|-------------------------------|---|---------------------------------------|
| LEGEND: | — | Interchanges - Track miles 1.5 |
| Baton Rouge Southern RR (BRS) | | KCS - BRS spur |

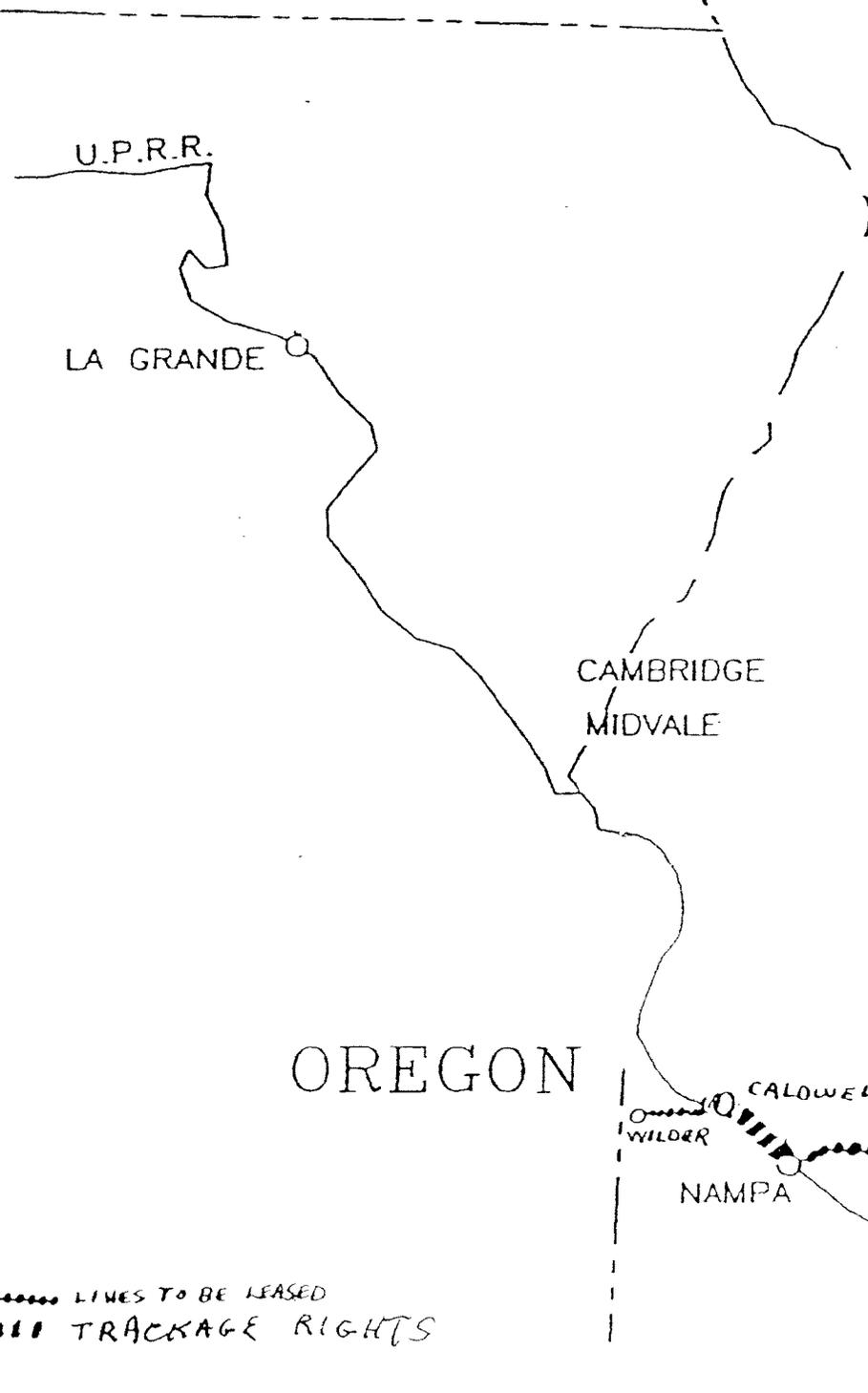


| | | | |
|-----------------------|--------------------|--------------------------------------|--|
| LEGEND: | | Interchanges - Track miles 62 | |
| Pacific Sun RR (PSRR) | | BNSF - Oceanside | |
| | Switching Services | | |

ALABAMA WARRIOR RAILWAY



WASHINGTON



IDAHO

OREGON

BOISE