

219906

BALL JANIK LLP
ATTORNEYS

1455 F STREET, NW, SUITE 225
WASHINGTON, D.C. 20005
www.balljanik.com
TELEPHONE 202-638-3307
FACSIMILE 202-783-6947

ENTERED
Office of Proceedings

AUG 02 2007

Part of
Public Record

KARL MORELL

kmorell@dc.bjllp.com

August 2, 2007



BY HAND DELIVERY

The Honorable Vernon Williams
Secretary
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

Re: STB Finance Docket No. 35064, Watco Companies, Inc., and
Watco Transportation Services, Inc. – Continuance in Control
Exemption – Michigan Central Railway, LLC

Dear Secretary Williams:

Attached for filing are the original and ten copies of the Reply To Petition
For Stay.

Please time and date stamp the extra copy of the Reply and return it with
our messenger.

If you have any questions, please contact me.

Sincerely yours,

Karl Morell

Enclosures

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35064

**WATCO COMPANIES, INC., AND
WATCO TRANSPORTATION SERVICES, INC. —
CONTINUANCE IN CONTROL EXEMPTION —
MICHIGAN CENTRAL RAILWAY, LLC**

REPLY TO PETITION FOR STAY

RECEIVED
AUG 2 2007
4

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. and
Watco Transportation Services, Inc.

August 2, 2007

ENTERED
Office of Proceedings
AUG 02 2007
Part of
Public Record

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35064

WATCO COMPANIES, INC., AND
WATCO TRANSPORTATION SERVICES, INC. —
CONTINUANCE IN CONTROL EXEMPTION —
MICHIGAN CENTRAL RAILWAY, LLC

RECEIVED
AUG 2 2007

REPLY TO PETITION FOR STAY

Watco Companies, Inc., and Watco Transportation Services, Inc. (“Watco”), hereby submit this Reply to the Petition for Stay submitted by the Brotherhood Of Locomotive Engineers & Trainmen, A Division Of The Rail Conference - International Brotherhood Of Teamsters (“BLET”) on July 31, 2007. BLET seeks a stay of the class exemption in this proceeding pending a decision in STB Finance Docket No. 35063, *Michigan Central Railway, LLC – Acquisition and Operation Exemption – Norfolk Southern Railway Company*.

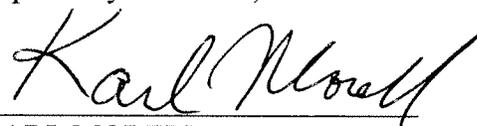
BLET has not attempted to address, much less satisfy, the well-established standards for a stay.¹ In particular, BLET has not shown that it has a strong likelihood of prevailing on the merits, if any, of its position, nor has it shown any possibility of irreparable harm in the absence of a stay. Similarly, BLET does not allege, much less demonstrate, that a stay is in the public interest.

¹ See, e.g., *Washington Metropolitan Area Transit Comm. v. Holiday Tours, Inc.*, 559 F.2d 841, 843 (D.C. Cir. 1977); *Virginia Petroleum Jobbers Ass’n v. FPC*, 259 F.2d 921, 925 (D.C. Cir. 1958).

The Board has already noted Watco's representation that it intends to consummate the control transaction in this proceeding "*after the Board has issued a final decision granting the petition for exemption in STB Finance Docket No. 35063.*" Decision served July 27, 2007, at 3 (emphasis added); *see* Verified Notice of Exemption Pursuant to 49 C.F.R. §1180.2(d)(2) (filed July 13, 2007) at 6, 8. In fact, the control transaction at issue in this proceeding (Watco's control of Michigan Central Railway LLC *as a rail carrier*), cannot possibly occur before Michigan Central becomes a rail carrier, which can only occur upon the completion of the transactions at issue in STB Finance Docket No. 35063. In these circumstances, the issuance of a stay in this proceeding is unnecessary and would serve no purpose.

Watco does not agree with BLET's characterizations of the transactions at issue in this proceeding and in STB Finance Docket No. 35063, and does not believe that the issuance of a stay is warranted. Nonetheless, Watco would not object if the Board elected to alter the effective date of the class exemption in this proceeding to coincide with the effective date of a final Board decision in STB Finance Docket No. 35063.

Respectfully submitted,



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. and
Watco Transportation Services, Inc.

Dated: August 2, 2007

CERTIFICATE OF SERVICE

I hereby certify this 2nd day of August, 2007, that I have caused the foregoing Reply to Petition For Stay to be served by first class mail, postage pre-paid, on all parties that have entered appearances in STB Finance Docket Nos. 35063, 35064 or 35065.



A handwritten signature in cursive script, reading "Karl Morell", is written over a horizontal line.

Karl Morell