

BALL JANIK LLP

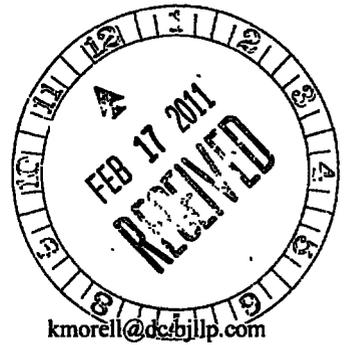
A T T O R N E Y S

1455 F STREET, NW, SUITE 225
WASHINGTON, D.C. 20005

www.balljanik.com

TELEPHONE 202-638-3307
FACSIMILE 202-783-6947

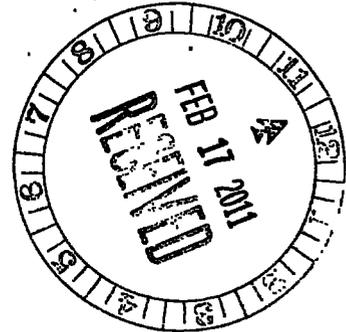
KARL MORELL



February 17, 2011

BY HAND DELIVERY

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423-0001



Re: STB Docket No. 35464, Watco Holdings, Inc. – Continuance in Control Exemption – Autauga Northern Railroad, L.L.C.

228846

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.

FILED

FEB 17 2011

**SURFACE
TRANSPORTATION BOARD**

Sincerely,

Karl Morell

Enclosures

ENTERED
Office of Proceedings

FEB 17 2011

Part of
Public Record

FEE RECEIVED

FEB 17 2011

**SURFACE
TRANSPORTATION BOARD**

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35464

**WATCO HOLDINGS, INC.
-- CONTINUANCE IN CONTROL EXEMPTION --
AUTAUGA NORTHERN RAILROAD, L.L.C.**

**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 HOLDINGS, INC.**

Dated: February 17, 2011

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35464

WATCO HOLDINGS, INC.
-- CONTINUANCE IN CONTROL EXEMPTION --
AUTAUGA NORTHERN RAILROAD, L.L.C.

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

Watco Holdings, Inc. ("Watco"), files this Notice of Exemption, pursuant to 49 C.F.R. § 1180.2(d)(2), for Watco to continue in control of Autauga Northern Railroad, L.L.C. ("ANRR"), a non-carrier, upon ANRR 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 two (22) Class III railroads operating in 18 States. Watco also owns, indirectly, 100 percent of the issued and outstanding stock of ANRR, a Delaware limited liability company and a non-carrier that was formed for the purpose of leasing and operating certain rail lines in Alabama owned by the Norfolk Southern Railway Company ("NS"). Concurrently with the filing of this Notice of Exemption, ANRR is filing a Notice of Exemption in STB Finance

Docket No. 35465, *Autauga Northern Railroad, L.L.C. – Lease and Operation Exemption – Norfolk Southern Railway Company*, under 49 C.F.R. § 1150.31, to lease and operate the NS rail lines. Upon consummation of the transaction in STB Finance Docket No. 35465, ANRR will become a Class III rail carrier.

Watco also controls, through stock ownership and management, the South Kansas and Oklahoma Railroad Inc. (“SKO”), Palouse River & Coulee City Railroad, L.L.C. (“PRCC”), the Timber Rock Railroad, L.L.C. (“TIBR”), the Stillwater Central Railroad, L.L.C. (“SLWC”), the Eastern Idaho Railroad, L.L.C. (“EIRR”), Kansas & Oklahoma Railroad, L.L.C. (“K&O”), the Pennsylvania Southwestern Railroad, L.L.C. (“PSWR”), the Great Northwest Railroad, L.L.C. (“GNR”), the Kaw River Railroad, L.L.C. (“KRR”), the Mission Mountain Railroad, L.L.C. (“MMT”), the Mississippi Southern Railroad, L.L.C. (“MSRR”), the Yellowstone Valley Railroad, L.L.C. (“YVRR”), the Louisiana Southern Railroad, L.L.C. (“LSRR”), the Arkansas Southern Railroad, L.L.C. (“ARSR”), the Alabama Southern Railroad, L.L.C. (“ABS”), the Vicksburg Southern Railroad, L.L.C. (“VSOR”), the Austin Western Railroad, L.L.C. (“AWRR”), the Baton Rouge Southern Railroad, L.L.C. (“BRSR”), the Pacific Sun Railroad, L.L.C. (“PSRR”), the Grand Elk Railroad, Inc. (“GER”), Alabama Warrior Railway, L.L.C. (“AWR”) and Boise Valley Railroad, L.L.C. (“BVR”). SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR and BVR are Class III carriers which operate rail lines in 18 States. ANRR 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, AWR and BVR do not connect with the rail lines that will be operated by ANRR. The rail lines that will be

operated by ANRR are located in south-central Alabama near Montgomery, AL. The only Watco railroads that operate over lines in Alabama are ABS and AWR. ABS's rail lines are located in the northwestern area of Alabama, whereas AWR's rail lines are located near Birmingham, AL.

Also, the involved transaction is not part of a series of anticipated transactions that would connect the rail lines that will be operated by ANRR with any railroad in the Watco corporate family. Finally, neither AWR 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 Holdings, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Austin Western Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

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

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

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

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

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

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

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

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

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

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

Stillwater Central Railroad, L.L.C.
123 N. Depot
Cherryvale, KS 67335

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

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

Pennsylvania Southwestern Railroad, L.L.C.
10th Street and Midland Avenue
Midland, PA 15059

Great Northwest Railroad, L.L.C.
325 Mill Road
Lewiston, ID 83501

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

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

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

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

Alabama Warrior Railway, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

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

Autauga Northern Railroad, L.L.C.
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 and Oklahoma

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 are located in Idaho.

ANRR's lines will be located in Alabama.

(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, AWR and BVR and the rail lines to be operated by ANRR 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 ANRR.

Because SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR and BVR are Class III carriers and because ANRR 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 ANRR 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 ANRR 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: February 17, 2011

VERIFICATION

STATE OF KANSAS

)

)

ss.

COUNTY OF CRAWFORD

)

I, Arthur E. McKechnie, III, being duly sworn depose and state that I am Executive Vice President of Watco Holdings, 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 16th day of February, 2011, in the County of Crawford, State of Kansas.

My Commission Expires: 11/20/2011


Notary Public

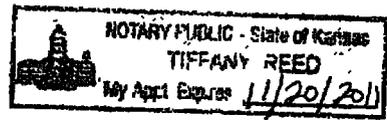
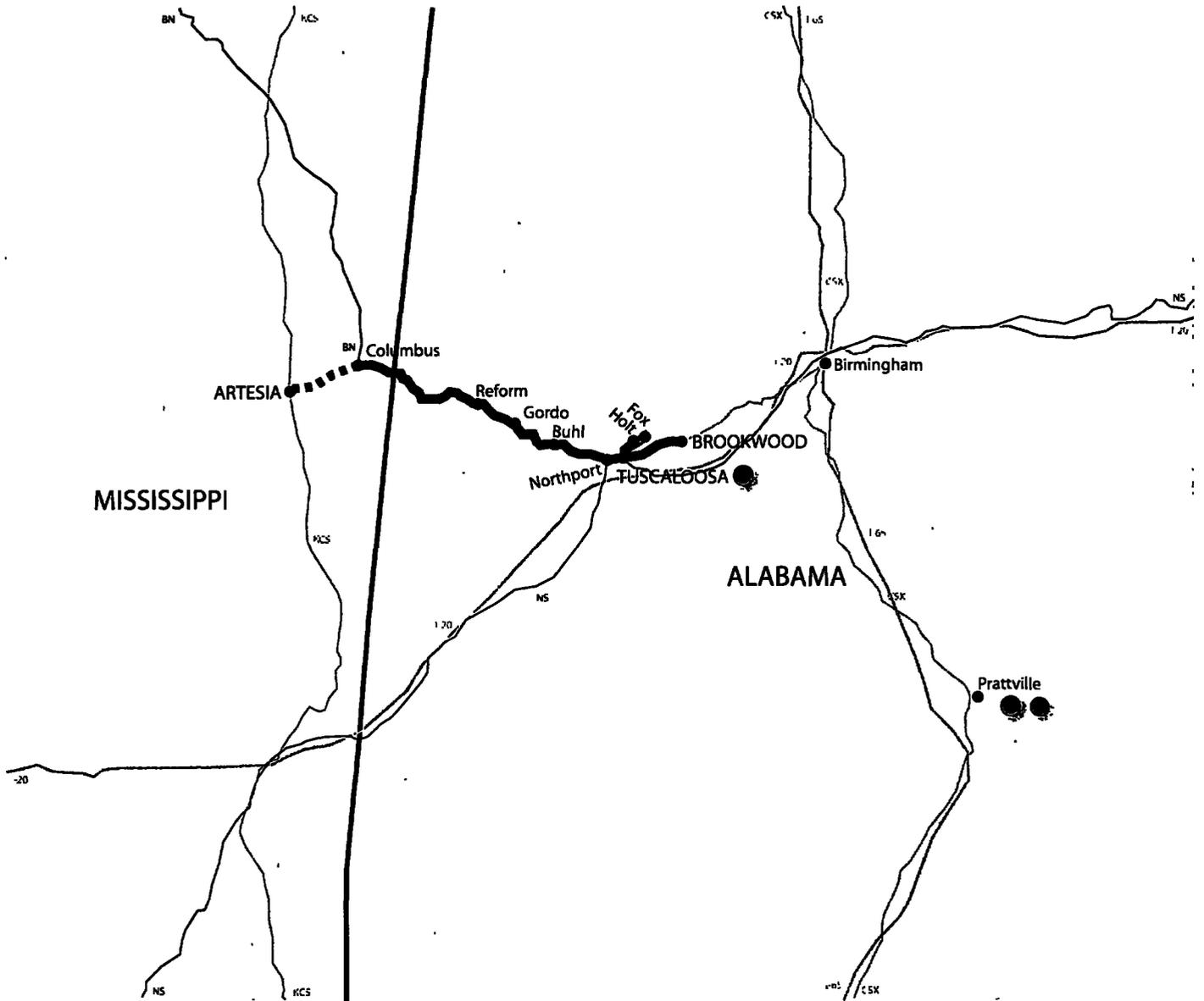


EXHIBIT 1



LEGEND:

Alabama Southern RR (ABS)

Alabama Southern Trackage Rights

Interchanges - Track miles 85

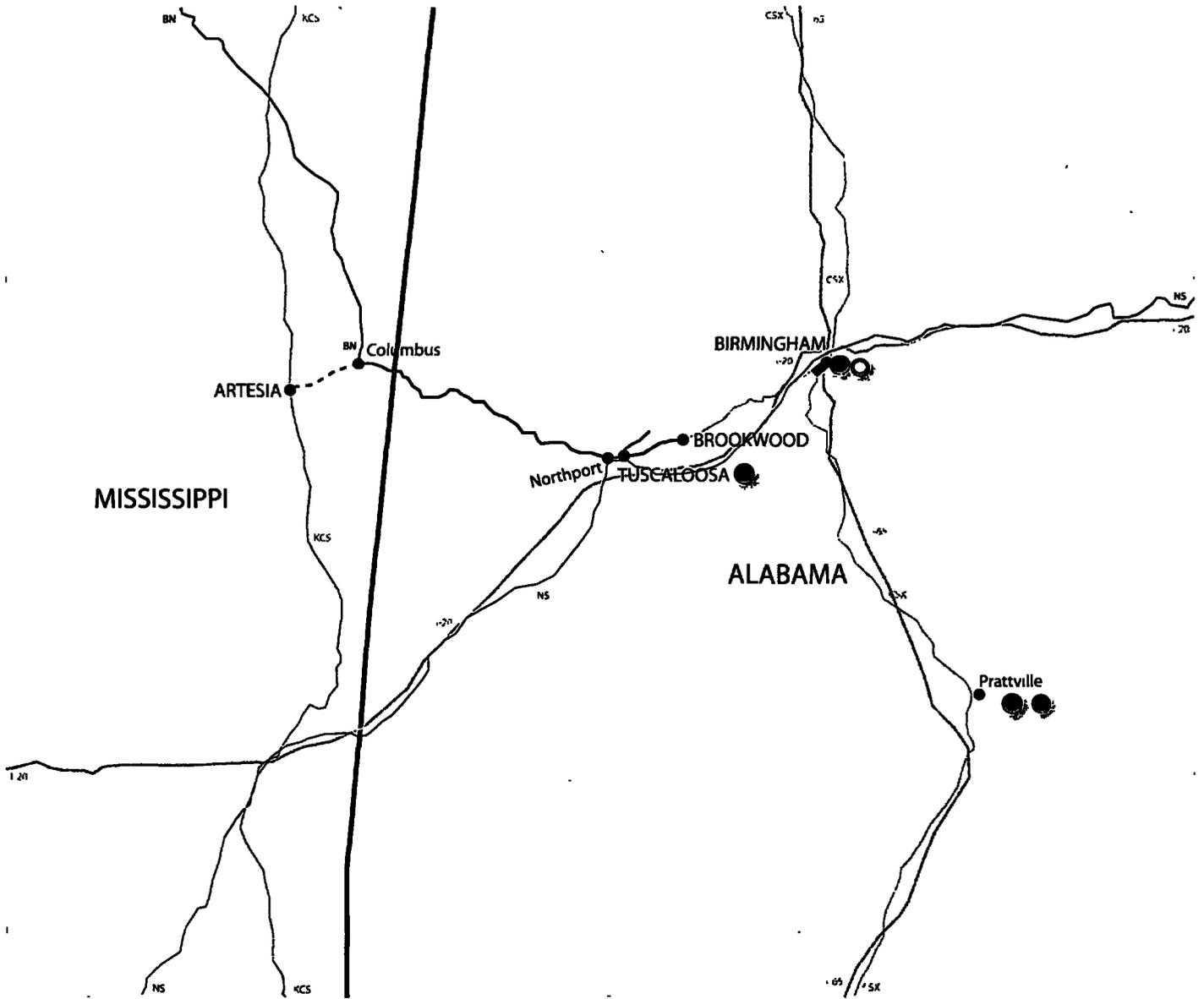
KCS - Artesia

CSX - Brookwood

NS - Tuscaloosa

Mechanical Services

Switching Services



LEGEND:

Alabama Warrior RR (ABWR) 

Interchanges - Track miles 15

BNSF - Birmingham

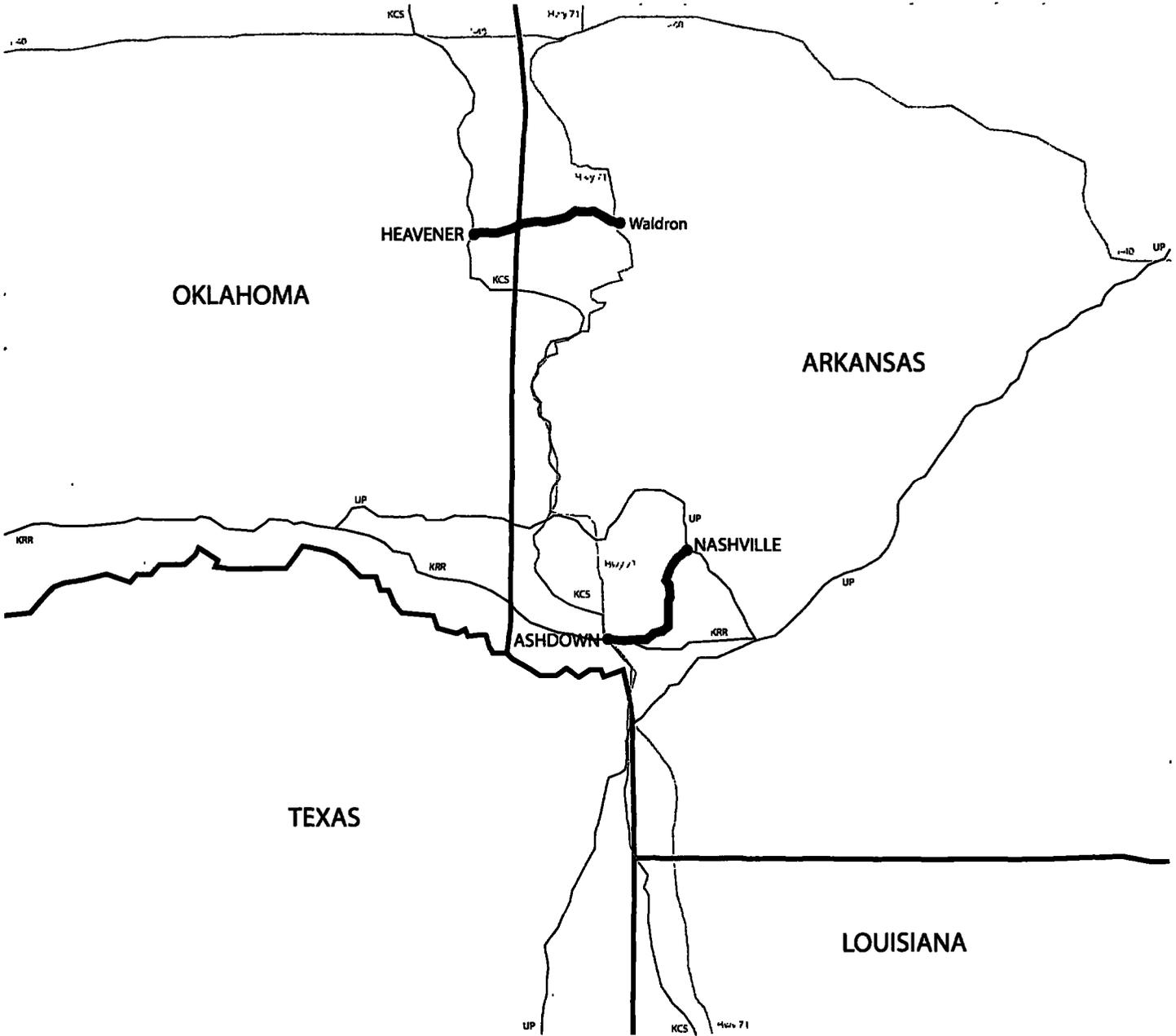
CSX - Birmingham

NS - Birmingham

 Mechanical Services

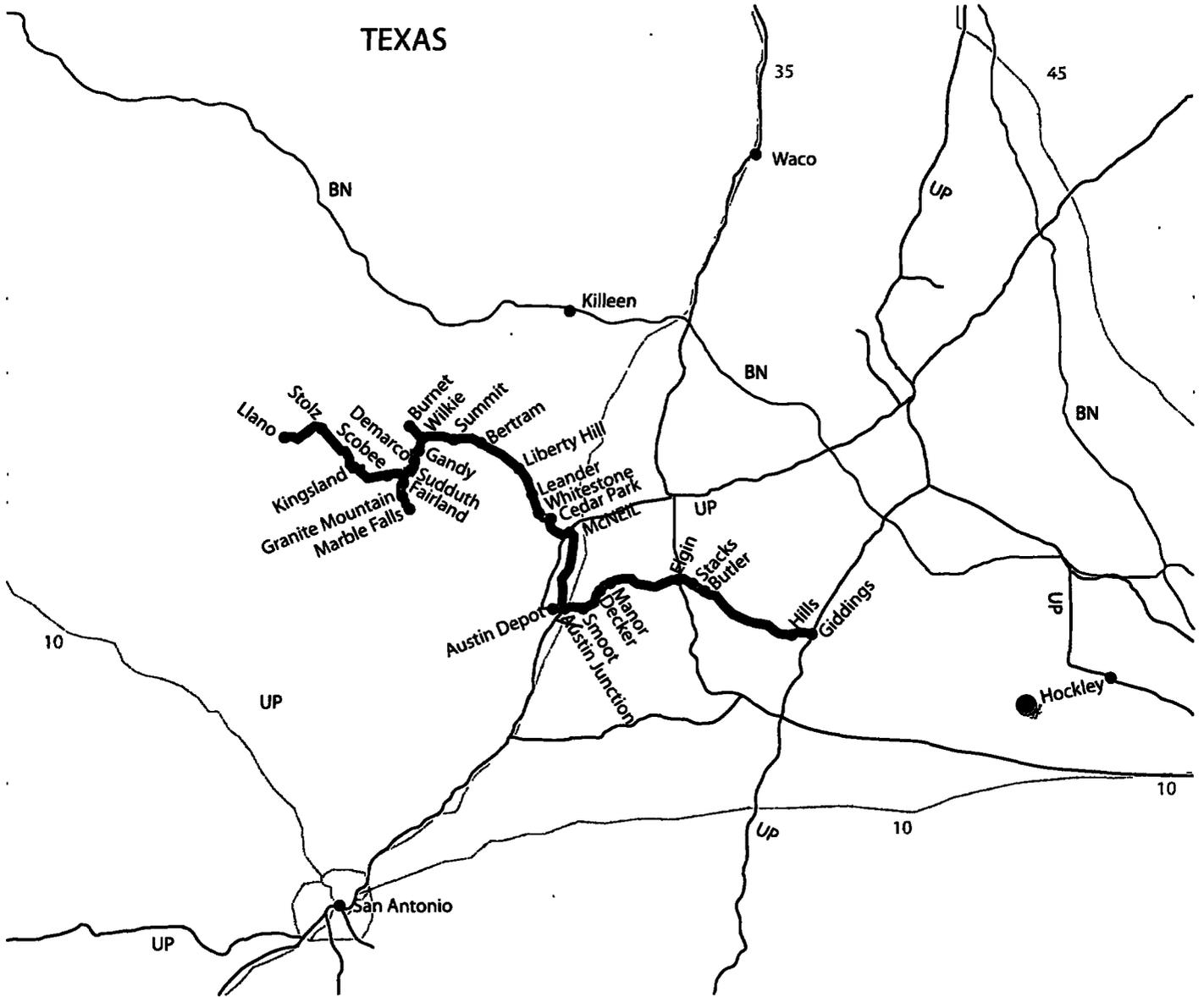
 Switching Services

 Transload Services

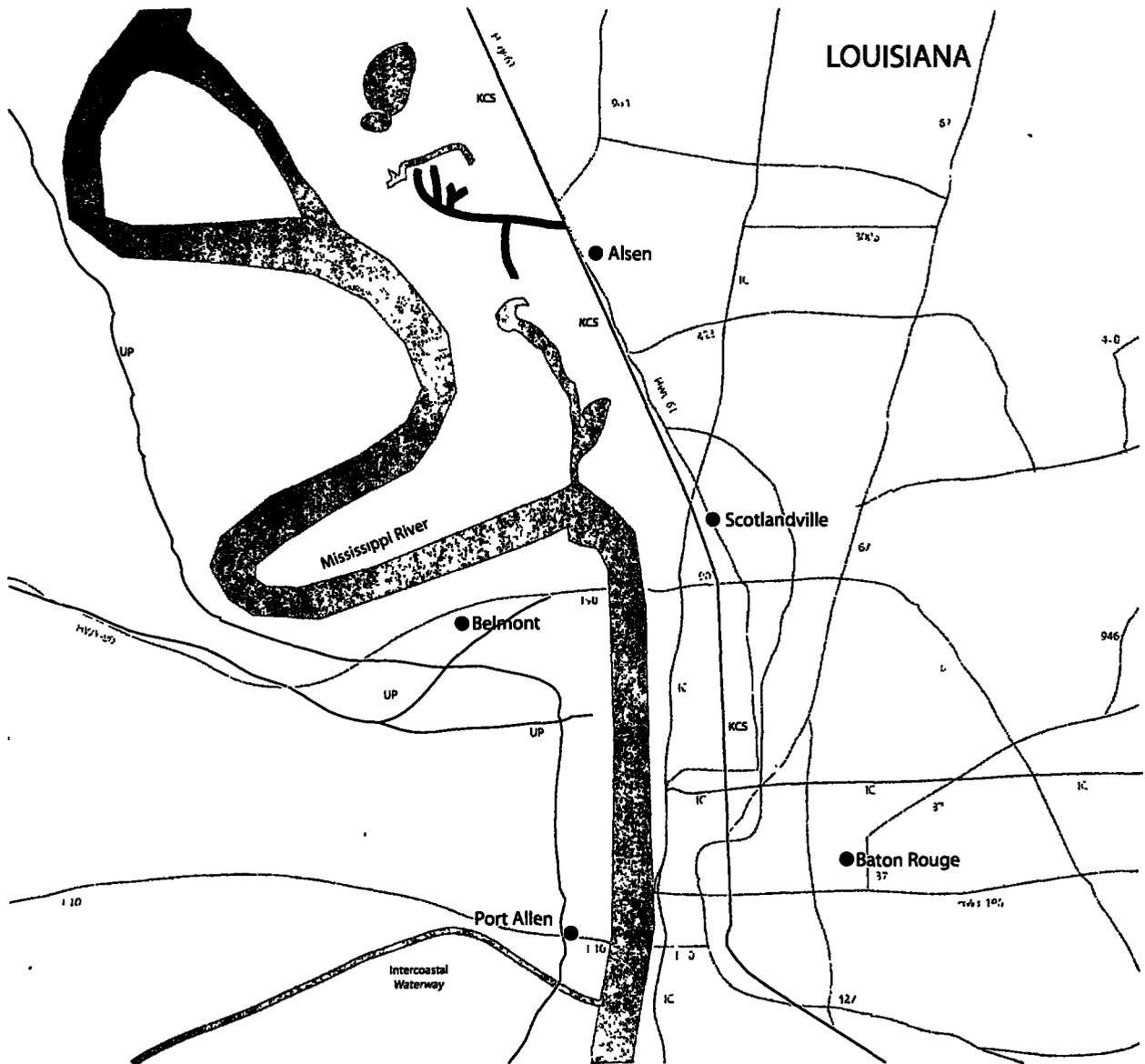


LEGEND:
 Arkansas Southern RR (ARS)
Interchanges - Track miles 62
 KCS - Ashdown, Heavener
 UP - Nashville

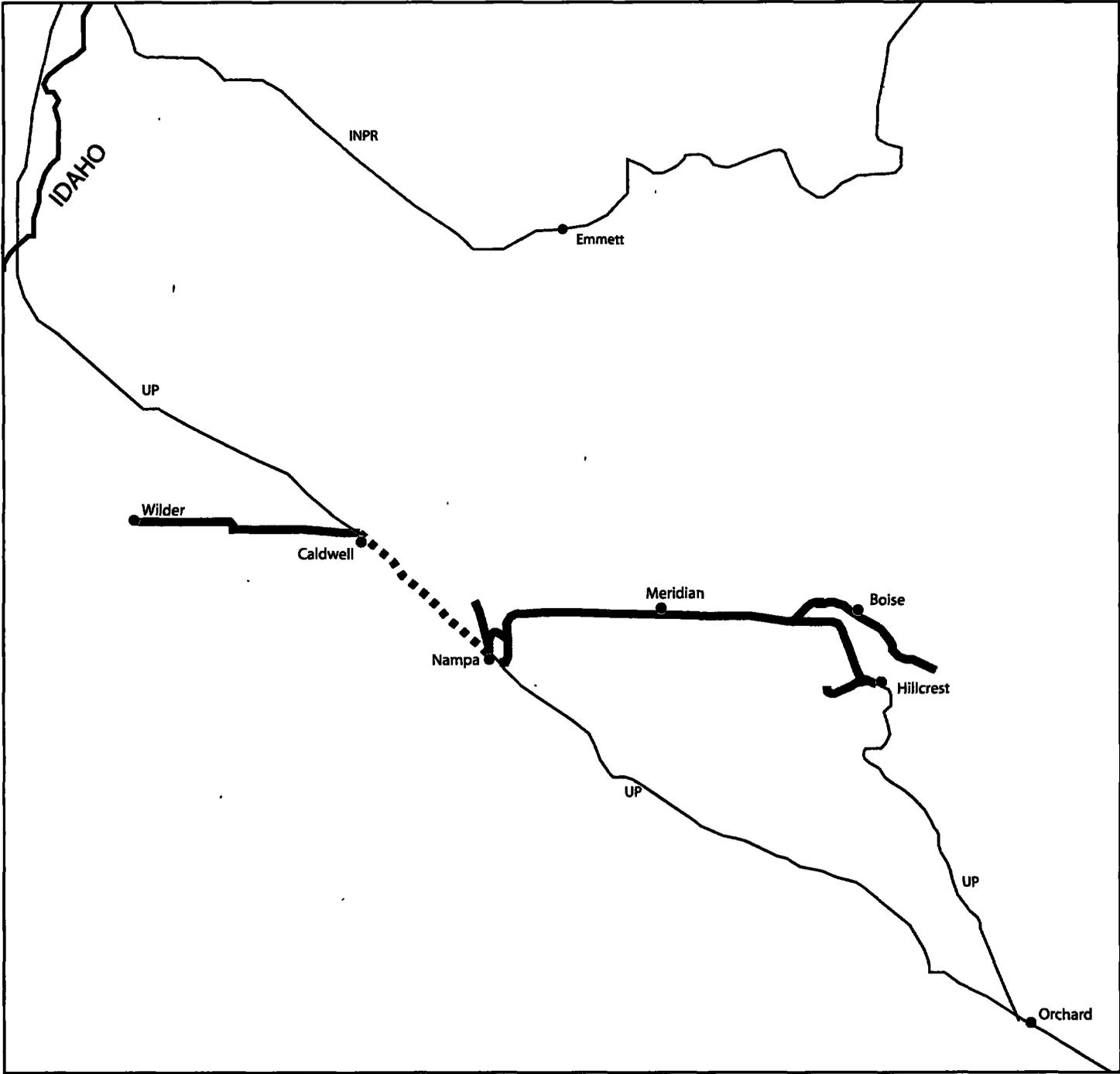
TEXAS



LEGEND:
Austin Western RR (AWRR) 
Interchanges - Track miles 154
UP - McNeil
BNSF - McNeil
 Mechanical Services



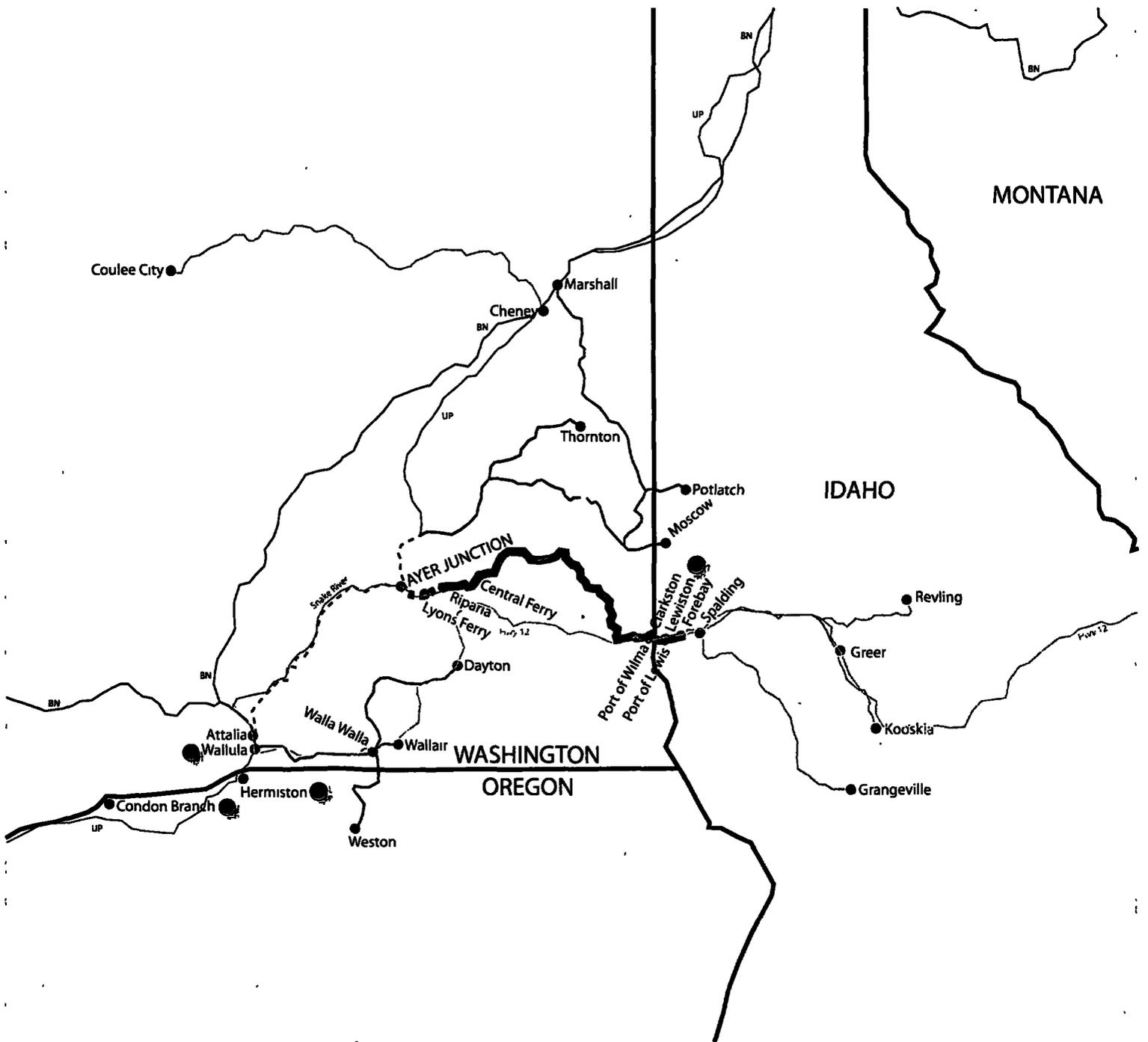
LEGEND:		Interchanges - Track miles 1.5
Baton Rouge Southern RR (BRS)		KCS - BRS spur



LEGEND:

Boise Valley RR (EIRR)	
Boise Valley Trackage Rights	
Idaho Northwest & Pacific	
Union Pacific	

Interchanges - Track miles 36
 UP - Nampa, Caldwell



LEGEND:

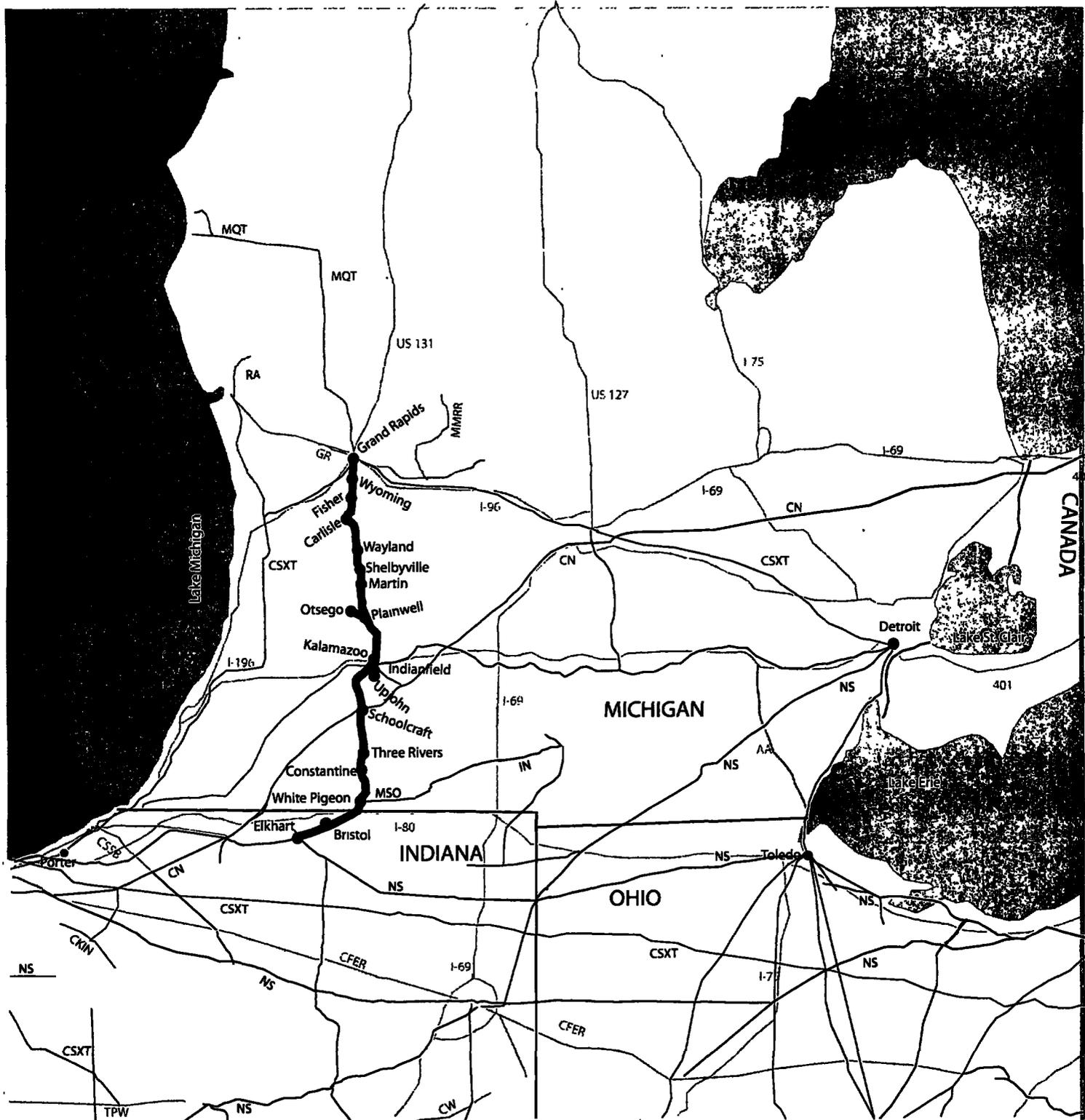
Great Northwest RR (GRNW)	
Great Northwest Trackage Rights	
Palouse River & Coulee City RR (PCC)	
Palouse River & Coulee City Trackage Rights	
BG & CM Railroad	
Eastern Washington Gateway RR	
Washington and Idaho Railway	

Interchanges - Track miles 77

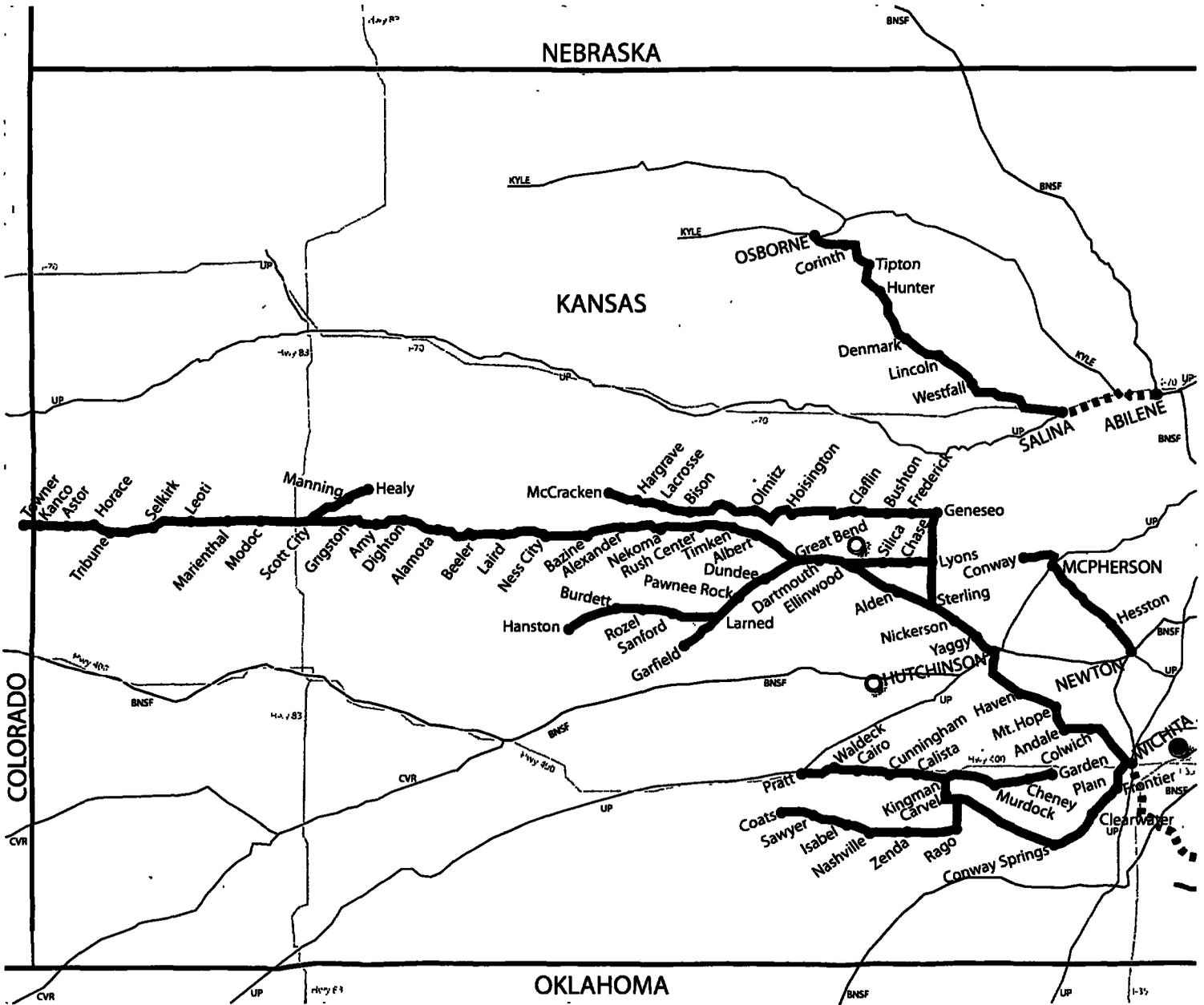
UP, BNSF - Ayer

Mechanical Services

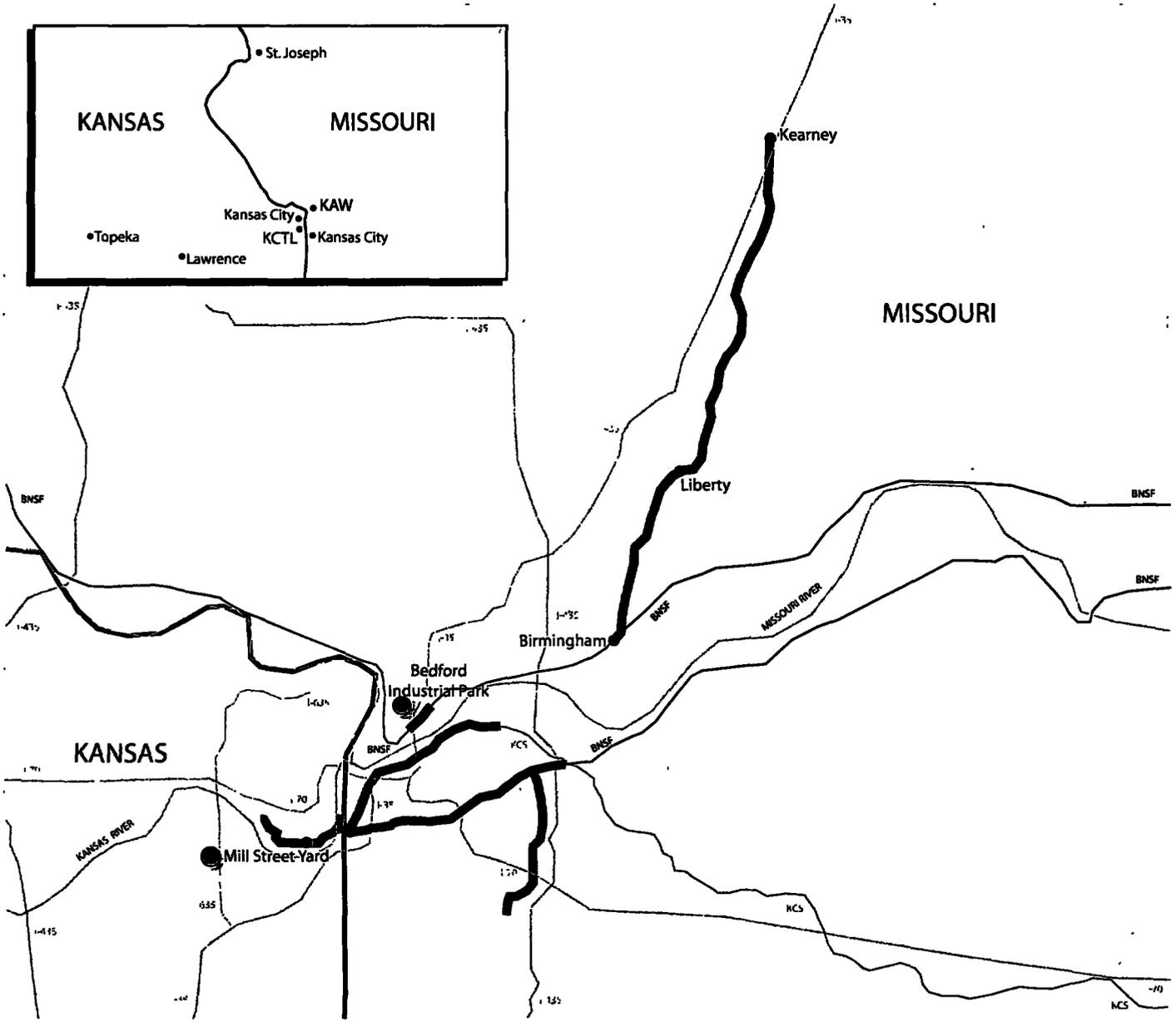
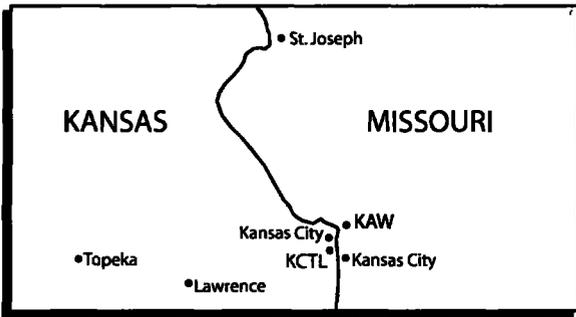
Switching Services



LEGEND:	
Grand Elk Railroad	
Amtrak	
Ann Arbor	
Central Indiana and Western	
Chesapeake and Indiana	
Chicago Ft. Wayne and Eastern	
Chicago Southshore and South Bend	
CSXT	
Canadian National	
Grand Rapids Eastern Railroad	
Indiana Northeastern	
Marquette Rail	
Michigan Southern	
Mid-Michigan Railroad	
Norfolk Southern	
Toledo, Peoria and Western	
Interchanges	
NS - Elkhart, IN & Kalamazoo, MI	
CN - Kalamazoo, MI	
CSXT - Grand Rapids, MI	
GR - Grand Rapids, MI	
MQT - Grand Rapids, MI	
MMRR - Grand Rapids, MI	
MSO - White Pigeon, MI	
Total Miles: 122.9	



LEGEND:	
Kansas & Oklahoma RR (KO)	
Kansas & Oklahoma Trackage Rights	
South Kansas & Oklahoma RR Trackage Rights (SKO)	
Kyle Railroad (KYLE)	
Cimmaron Valley Railroad (CVR)	
Interchanges - Track miles 820	
BNSF - Abilene, Hutchinson, Newton, Wichita	
KLYE - Osborne	
SKOL - Wichita	
UP - Hutchinson, McPherson, Salina, Wichita	
	Mechanical Services
	Transload/Warehouse 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 - Track miles 32

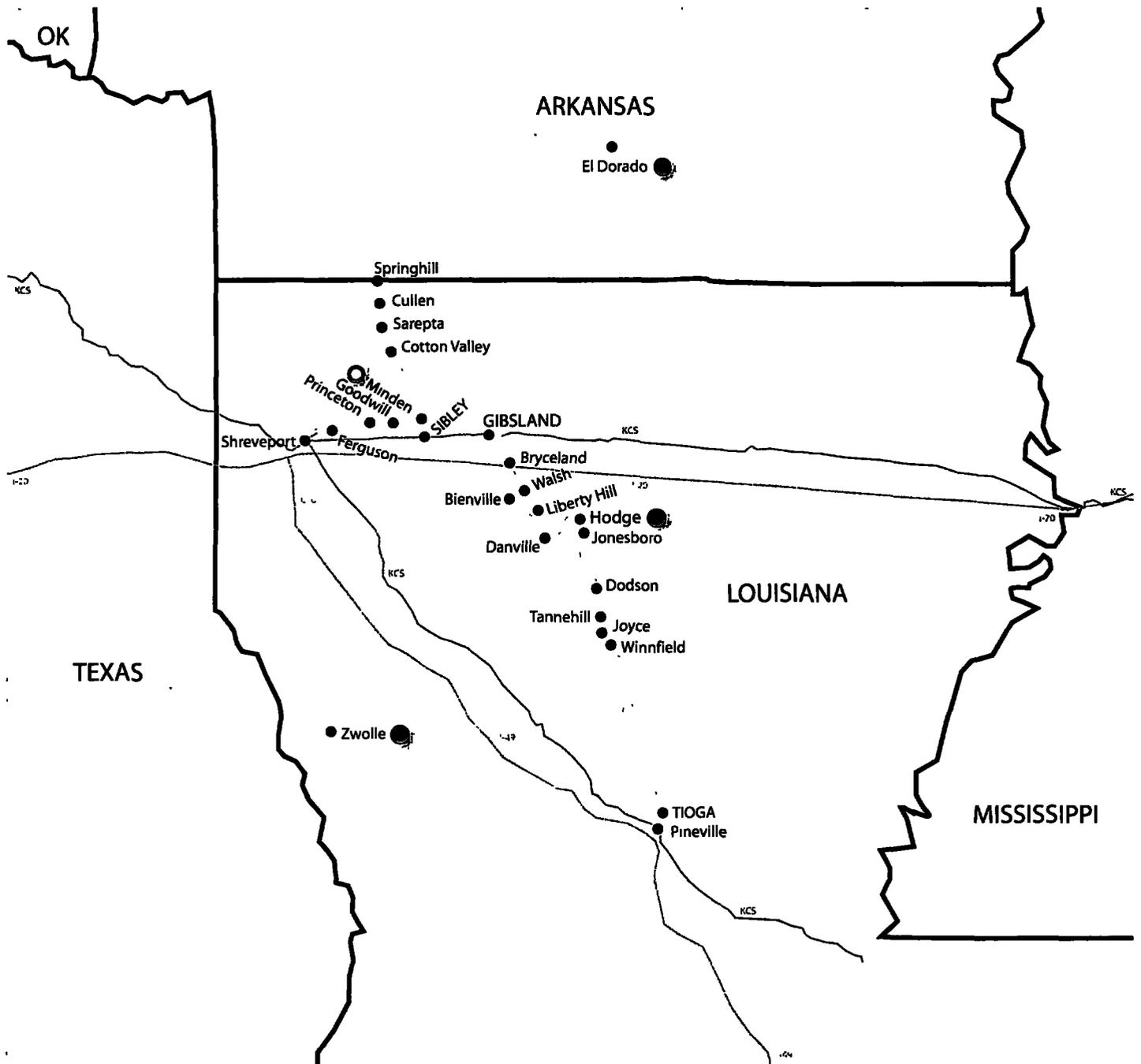
BNSF - Kansas City, KS  Mechanical Services

ICE - Kansas City, MO/KS  Switching Services

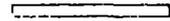
KCS - Kansas City, MO/KS

NS - Kansas City, MO

UP - Kansas City, MO/KS



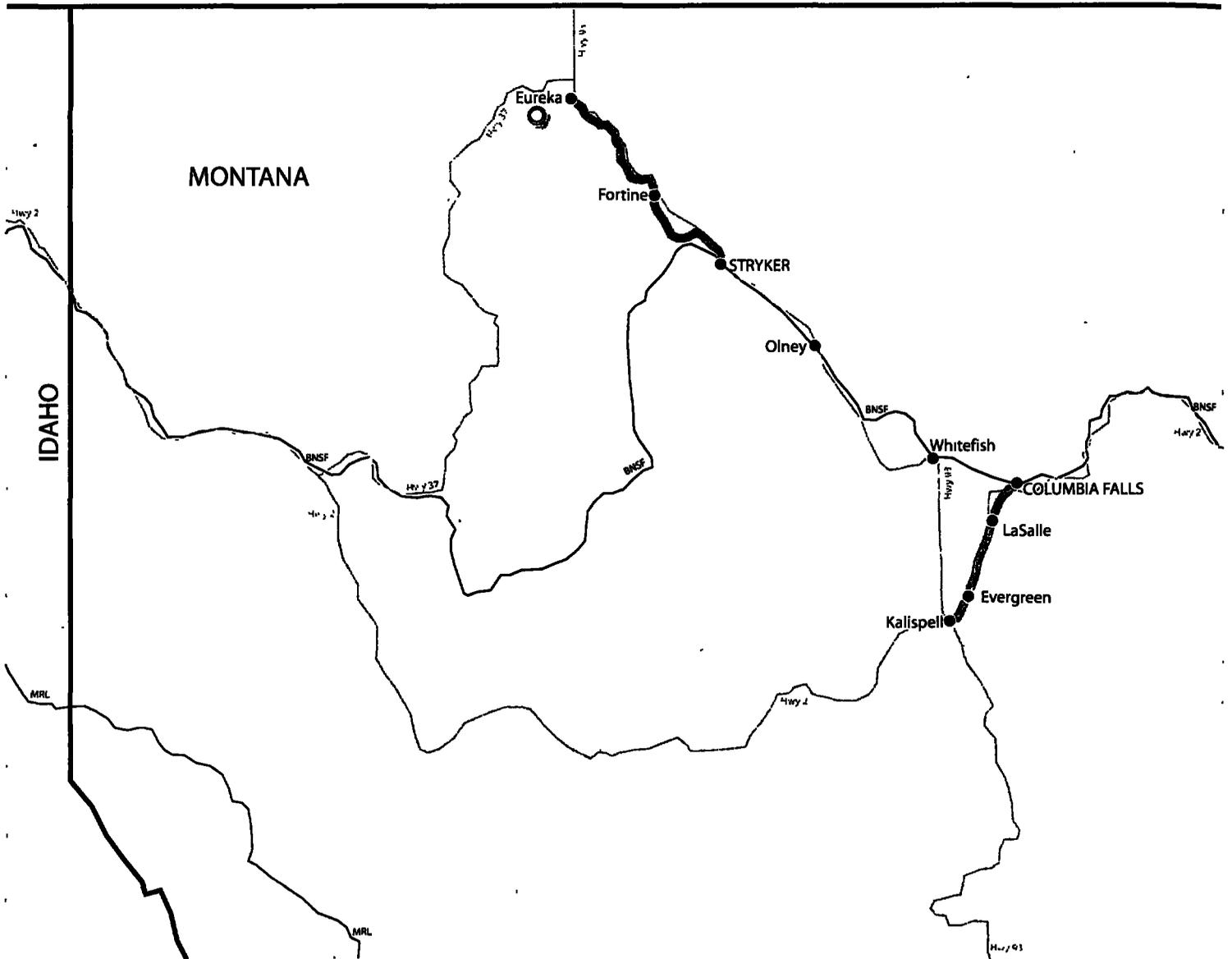
LEGEND:

Louisiana Southern RR (LAS) 

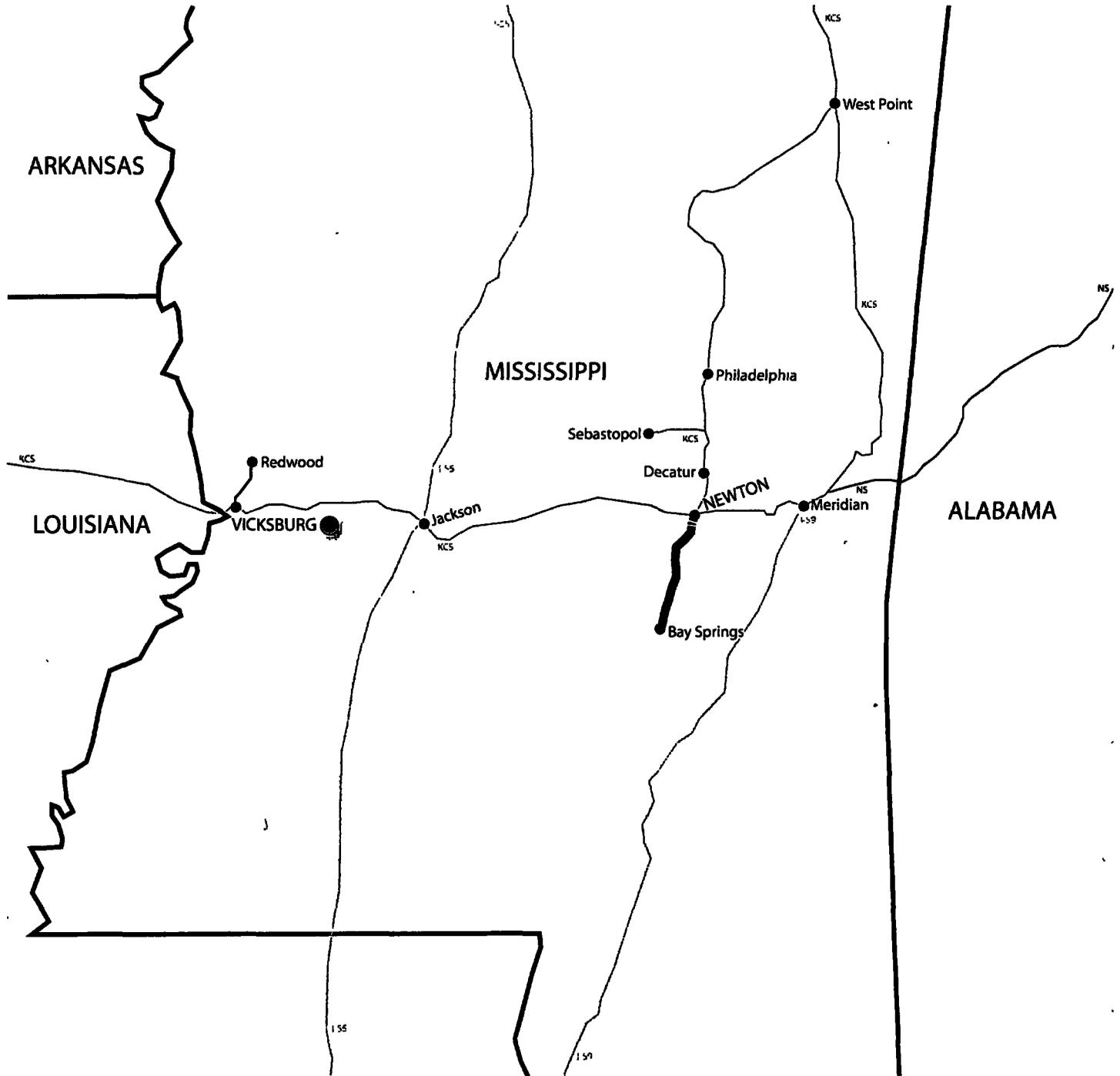
Interchanges - Track miles 166.6
 KCS - Gibsland, Tioga, Sibley

-  Mechanical Services
-  Switching Services
-  Transload/Warehouse Services

CANADA

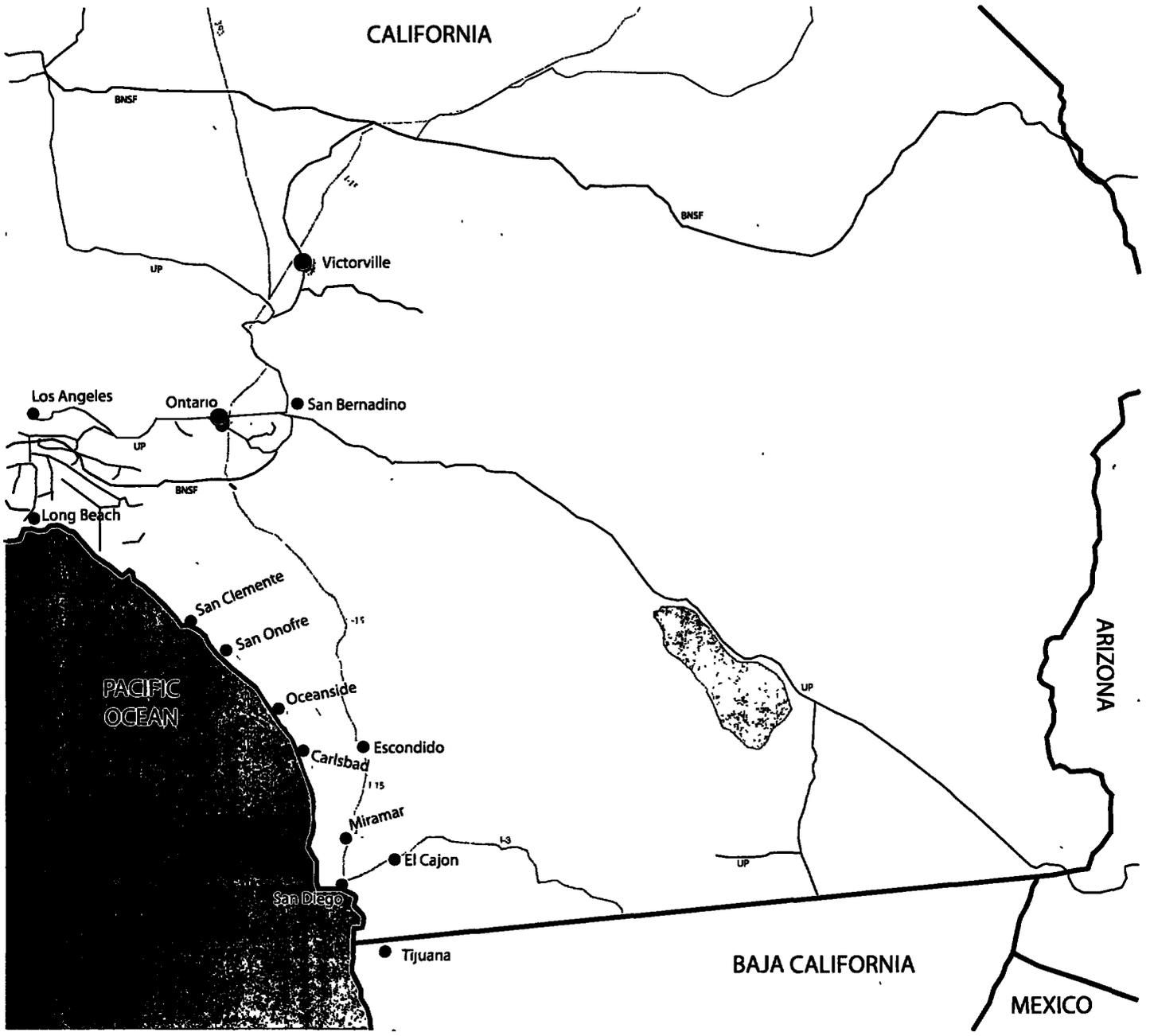


LEGEND:
Mission Mountain Railroad (MMT) 
Montana Rail Link (MRL) 
Interchanges - Track miles 39.5
BNSF - Stryker, Columbia Falls
 Transload/Warehouse Services

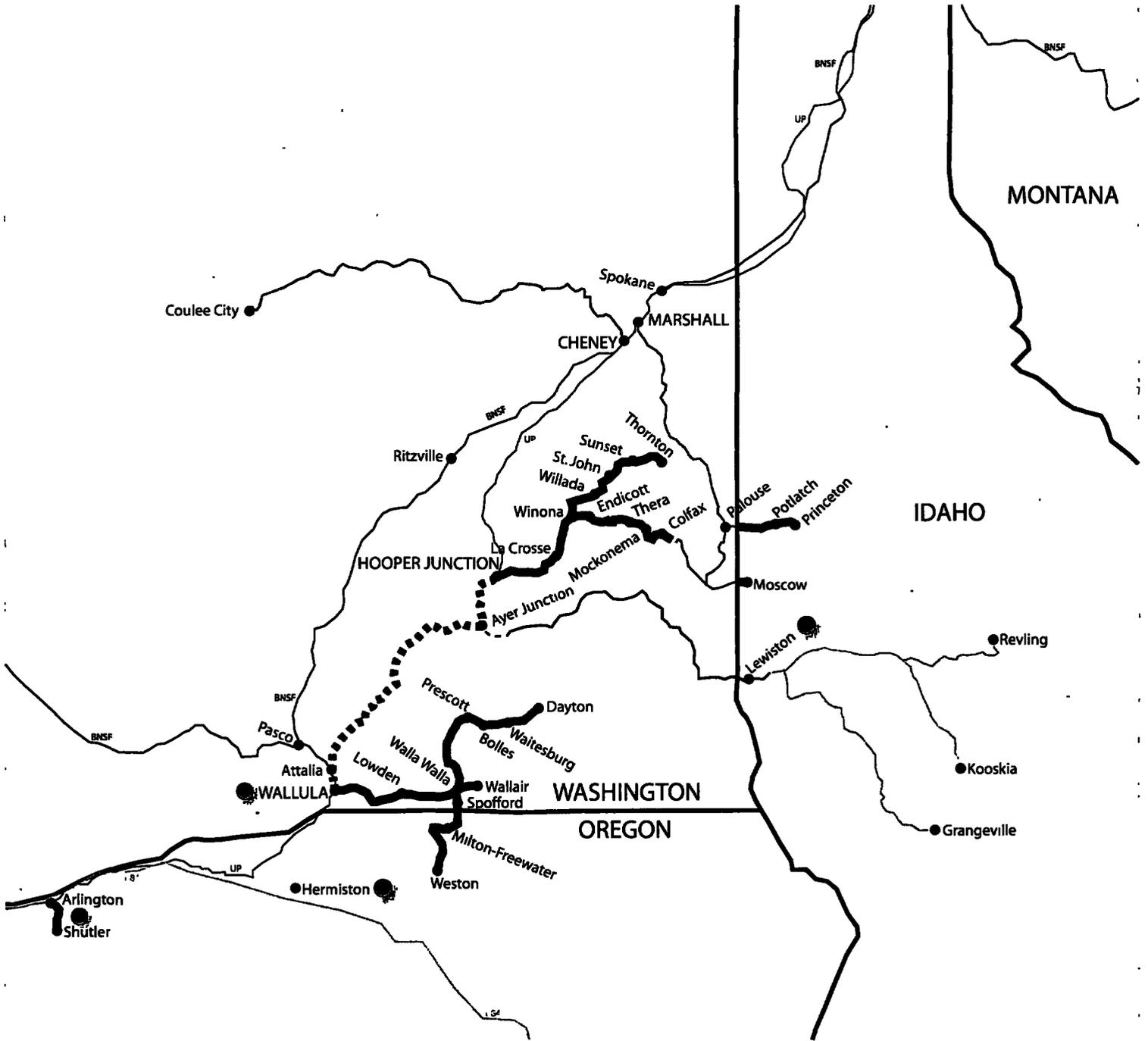


LEGEND:

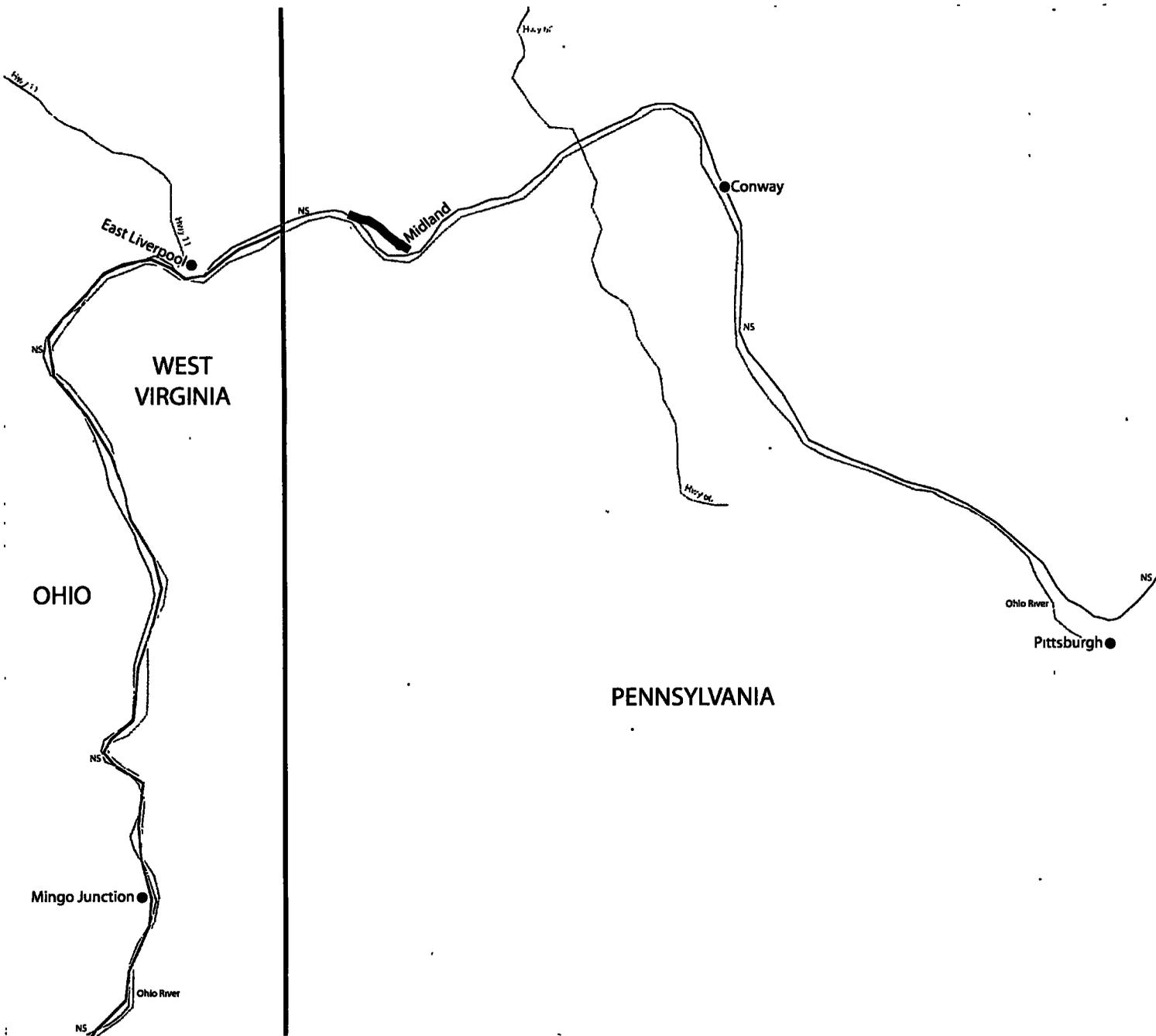
Mississippi Southern RR (MSR)		Interchanges - Track miles 28
Mississippi Southern RR Trackage Rights		KCS - Newton
Vicksburg Southern Railroad		Mechanical Services



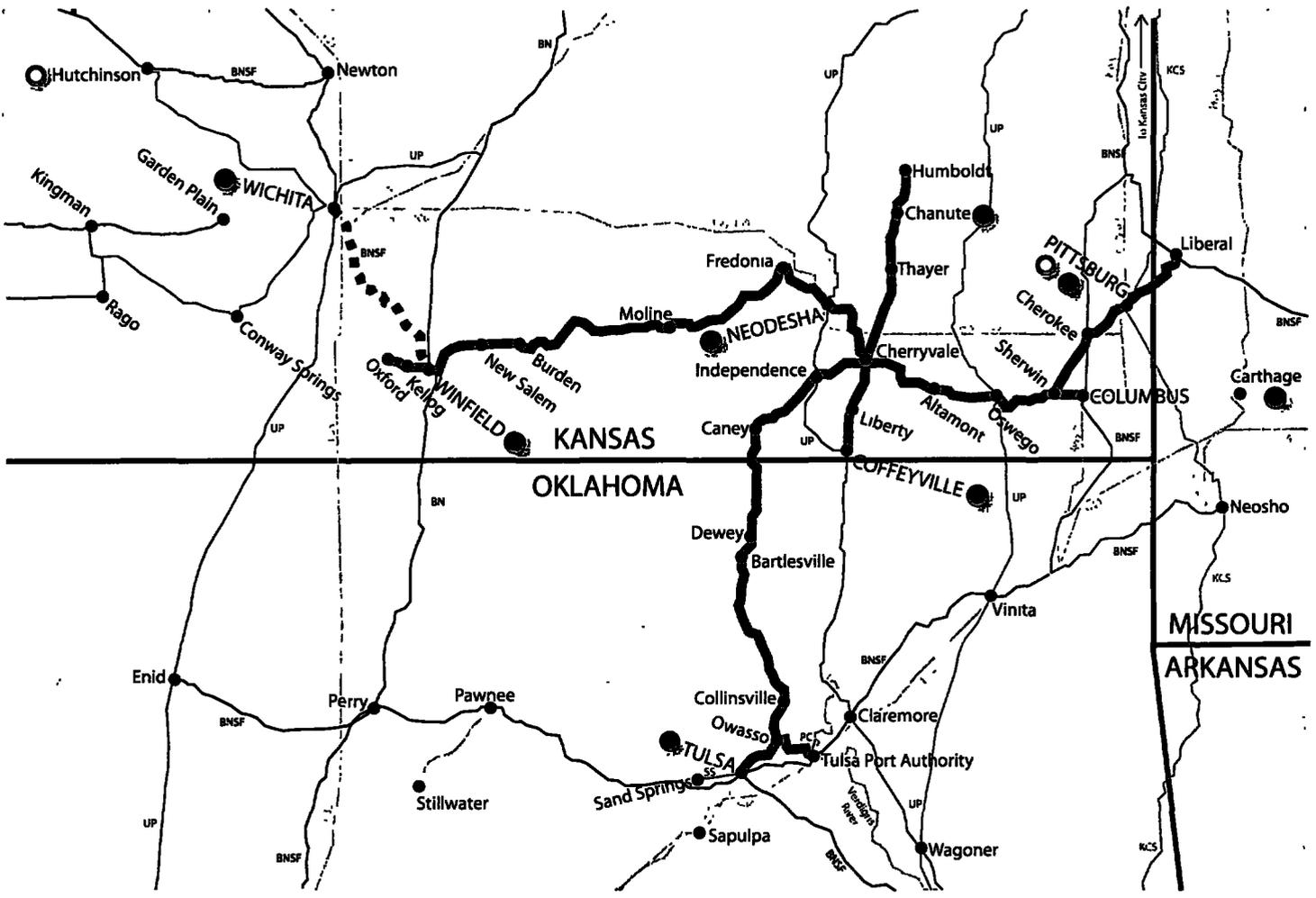
LEGEND:	
Pacific Sun RR (PSRR)	Interchanges - Track miles 62
● Switching Services	BNSF - Oceanside



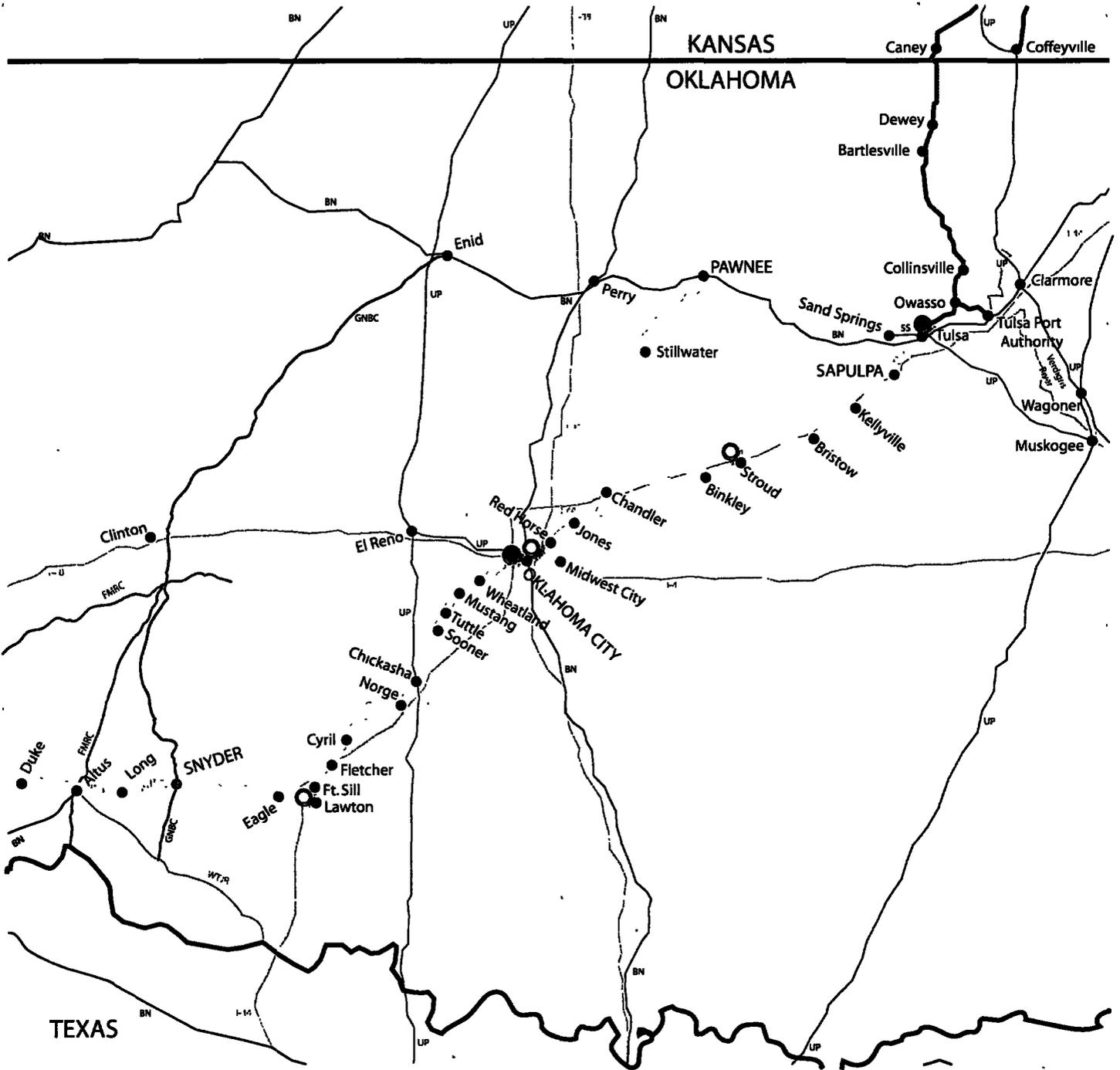
LEGEND:	
Palouse River & Coulee City RR (PCC)	
Palouse River & Coulee City Trackage Rights	
Great Northwest RR	
Great Northwest RR Trackage Rights	
Washington and Idaho Railway	
Eastern Washington Gateway RR	
BG & CM Railroad	
Interchanges - Track miles 202	
BNSF - Wallula	
UP - Hooper Junction, Wallula	
	Mechanical Services
	Switching Services



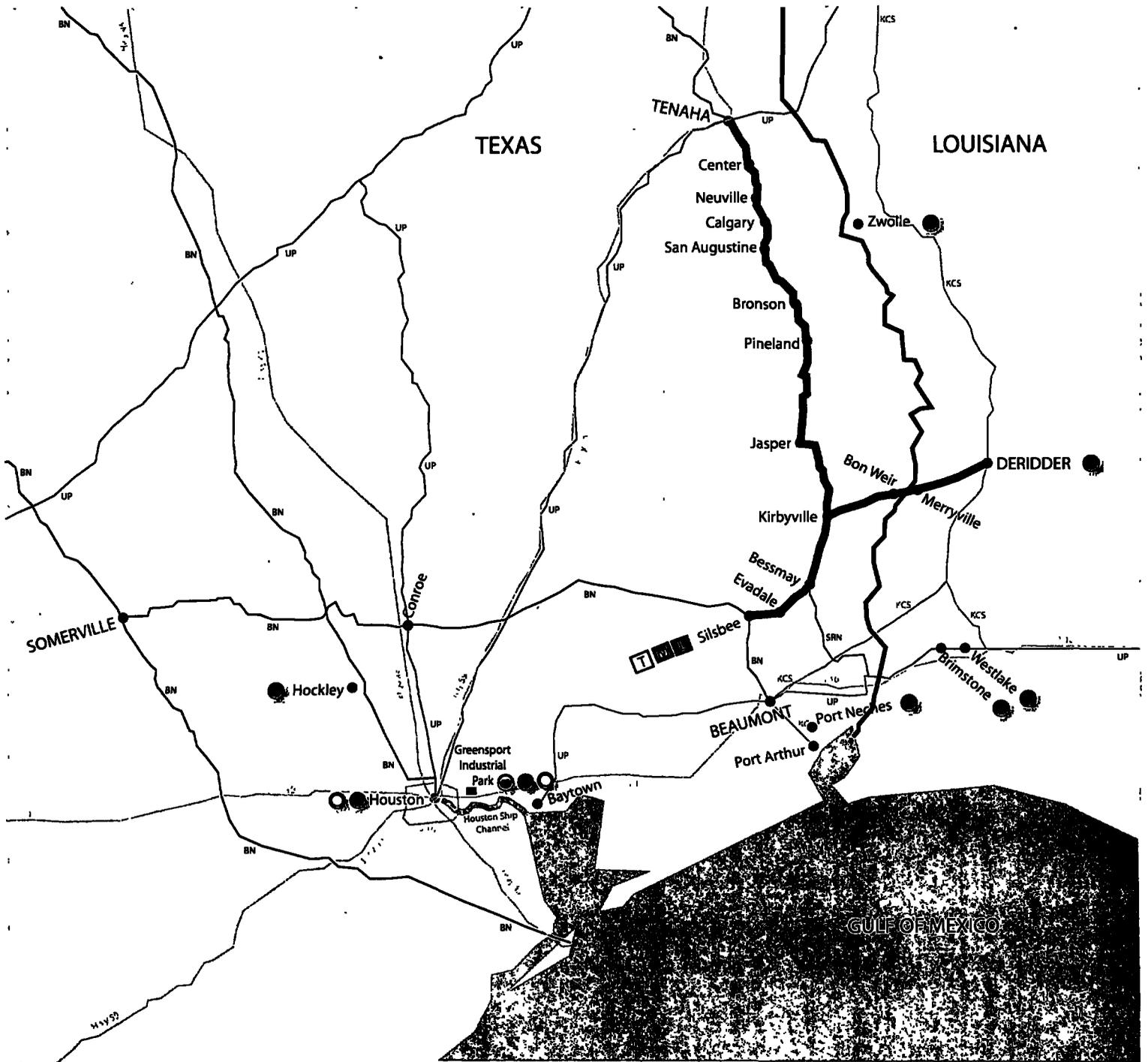
LEGEND:
 Pennsylvania Southwestern RR (PSWR) 
Interchanges - Track miles 12
 NS - Midland 



LEGEND:		Interchanges - Track miles 380	
South Kansas & Oklahoma RR (SKOR)		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)		SLWC - Tulsa	
Tulsa's Port of Catoosa (PC)			
Mechanical Services			
Switching Services			
Transload/Warehouse Services			



LEGEND:	
Stillwater Central Railroad (SLWC)	
Stillwater Central Trackage Rights	
South Kansas & Oklahoma RR (SKOL)	
Sand Springs RR (SS)	
Grainbelt Corporation (GNBC)	
● Mechanical Services	
● Switching Services	
○ Transload/Warehouse Services	
Interchanges - Track miles 265.4	
BNSF	- Oklahoma City, Pawnee, Sapulpa, Snyder, Altus
FRMC	- Altus
GNBC	- Snyder
SKOL	- Tulsa
UP	- Oklahoma City



LEGEND:

Timber Rock RR (TIBR)

Interchanges - Track miles 168

BNSF - Tenaha, Silsbee

KCS - DeRidder

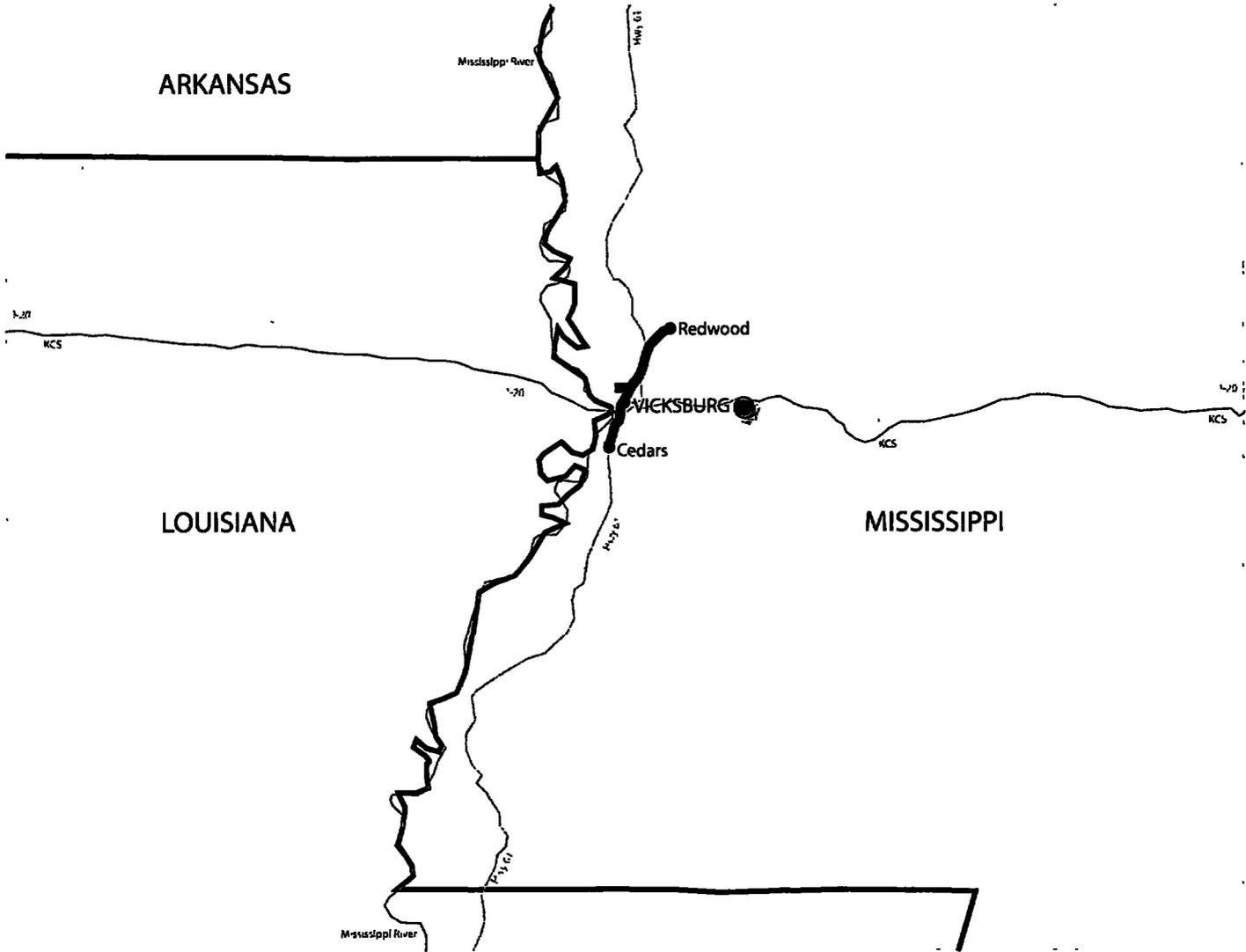
SRN - Bessmay

● Mechanical Services

● Switching Services

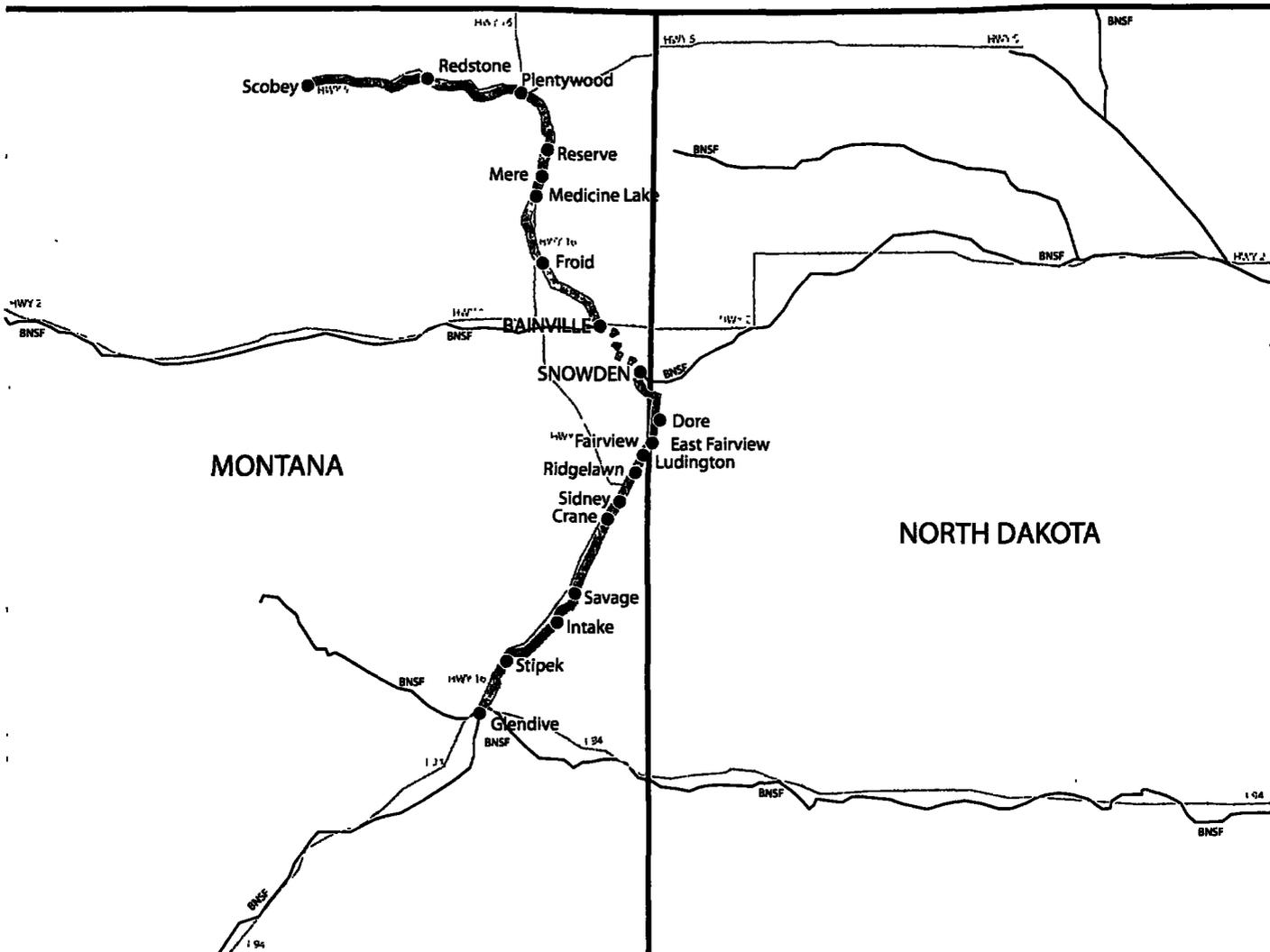
◻ Transload/Warehouse Services

● Port Operations



LEGEND:
 Vicksburg Southern RR (VSOR) 
Interchanges - Track miles 21
 KCS - Vicksburg 
 ● Mechanical Services

CANADA



MONTANA

NORTH DAKOTA

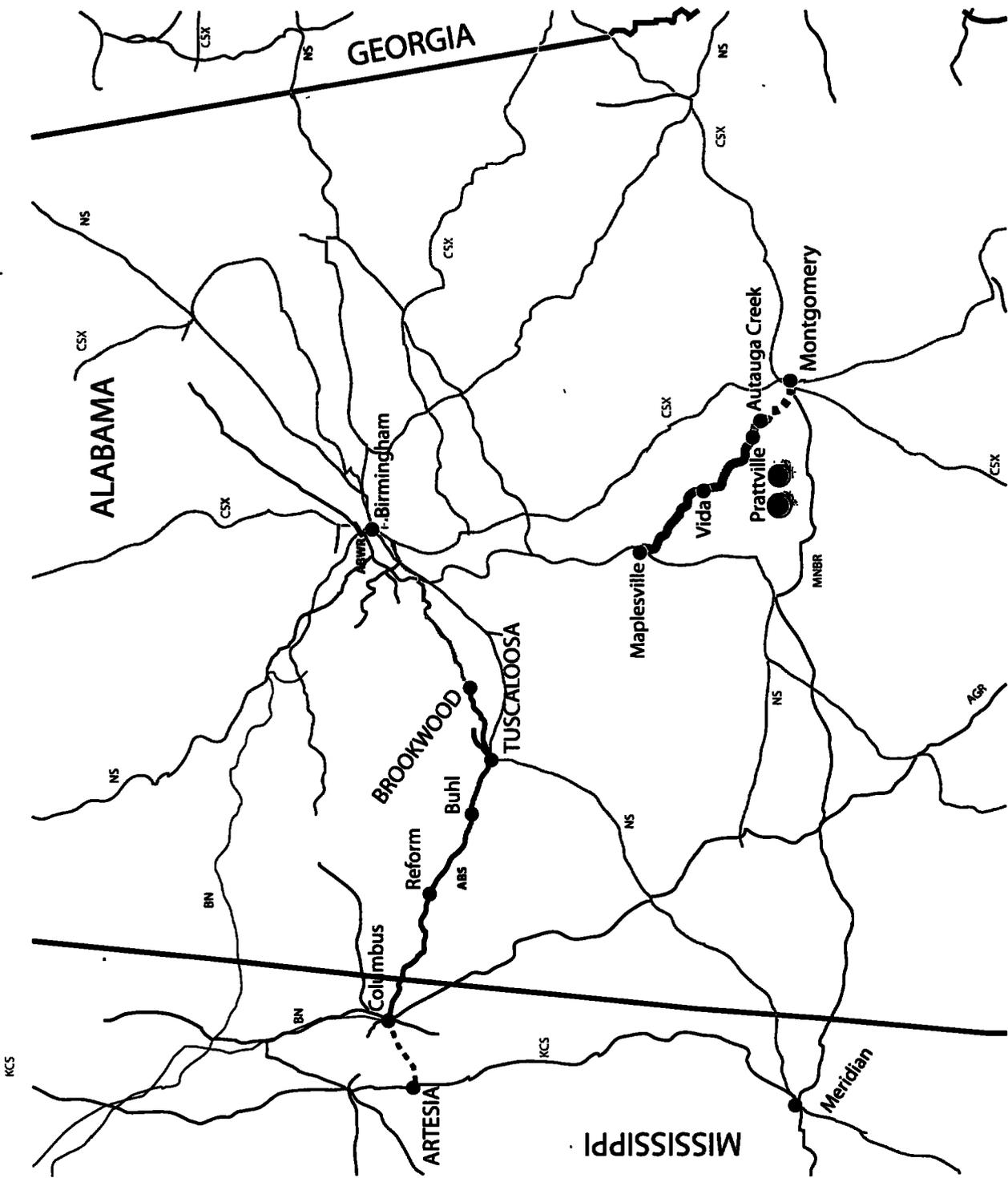
LEGEND:

Yellowstone Valley RR (YSVR) 

Yellowstone Valley Trackage Rights 

Interchanges - Track miles 172

BNSF - Snowden, Bainville



LEGEND:

- Autauga Northern (AUT)
- Autauga Northern Trackage Rights
- Interchanges - Track miles 43.57
- NS - Maplesville
- CSX - Montgomery
- Mechanical Services
- Switching Services