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SERVICE DATE – JULY 15, 2016

DO

FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36029]

Watco Holdings, Inc.—Continuance in Control Exemption—Kanawha River Railroad,
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 Kanawha River Railroad, L.L.C. (KNWA), upon KNWA's becoming a Class III rail carrier. Watco owns, indirectly, 100% of the issued and outstanding stock of KNWA, a limited liability company.¹

This transaction is related to a concurrently filed verified notice of exemption in Kanawha River Railroad, L.L.C.—Lease Exemption Containing Interchange Commitment—Norfolk Southern Railway Company, Docket No. FD 36028, wherein KNWA seeks Board approval to lease and operate approximately nine rail segments, totaling 308.85 miles of rail line from the Norfolk Southern Railway Company. The line segments run (1) between mileposts V 382.0 at Maben, W. Va., and V 435.0 at DB (Deepwater Bridge), W. Va.; (2) between milepost RR 7.0 at Refugee, Ohio, and milepost RR 116.5 at Hobson Yard, Ohio; (3) between milepost WV 125.6 at Conco, Ohio and milepost WV 253.4 at Cornelia, W. Va.; (4) between milepost VC 0.0 at Vaco

¹ The notice of exemption was initially filed on June 28, 2016. After representative consultation with the Board, the filing was resubmitted on July 1, 2016, and therefore that is the official filing date and the basis for all dates in this notice.

Junction, W. Va., and milepost VC 0.84 at Deepwater, W. Va. (5) between Hitop RT at milepost TP 0.0 at Charleston, W. Va., and the end of the track at milepost TP 1.0; (6) between Jones IT at milepost JT 0.0 at Jones, W. Va., and the end of the track at milepost JT 1.3; (7) between milepost VG 0.0 at Virwest, W. Va., and milepost VG 12.1 at Bolt, W. Va., (8) between milepost MY 0.0 at Milam, W. Va., and the end of the track at MY 1.0l; and (9) between milepost PE 0.0 at Putt, W. Va., and milepost PE 2.3 at Putt End Branch, W. Va.

The transaction may be consummated on or after July 31, 2016, the effective date of the exemption, 30 days after the supplemental notice of exemption was filed.

Watco currently controls, indirectly, 33 Class III rail carriers and one Class II rail carrier, collectively operating in 23 states. For a complete list of these rail carriers, and the states in which they operate, see Watco's notice of exemption filed on July 1, 2016. The notice is available on the Board's website at "WWW.STB.DOT.GOV."

Watco represents that: (1) the rail lines to be operated by KNEWA do not connect with any other railroads operated by the carrier in the Watco's corporate family; (2) the continuance in control is not part of a series of anticipated transactions that would connect the rail lines to be operated by KNEWA with any other railroad in applicant's 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).

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 §§ 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 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 July 22, 2016 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 36029, 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 Robert A. Wimbish, Fletcher & Sippel LLC, 29 N. Wacker Drive, Suite 920, Chicago, IL 60606, and Karl Morell, Karl Morell & Associates, Suite 225, 655 Fifteenth St., N.W., Washington, DC 20005.

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

Decided: July 12, 2016.

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