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December 23, 2025
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BEFORE THE
SURFACE TRANSPORTATION BOARD

FD 36902

WATCO HOLDINGS, INC.
— CONTINUANCE IN CONTROL EXEMPTION —
SMOKY RIDGE RAILROAD, L.L.C.

**VERIFIED NOTICE OF EXEMPTION OF WATCO HOLDINGS, INC.
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

FEE RECEIVED
December 23, 2025
SURFACE
TRANSPORTATION BOARD

FILED
December 23, 2025
SURFACE
TRANSPORTATION BOARD

Dated: December 23, 2025

Stephen J. Foland
Fletcher & Sippel LLC
29 North Wacker Drive, Suite 800
Chicago, Illinois 60606-3208
Telephone: (312) 252-1500
sfoland@fletcher-sippel.com

**ATTORNEY FOR WATCO
HOLDINGS, INC.**

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SURFACE TRANSPORTATION BOARD

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PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Watco Holdings, Inc. (“Watco”), a non-carrier holding company, hereby files this notice of exemption under 49 C.F.R. § 1180.2(d)(2) to continue in control of Smoky Ridge Railroad, L.L.C. (“SMO”). Watco seeks the authority in anticipation of SMO’s commencement of common carrier operations over certain railroad trackage (the “Line”) that is the subject of SMO’s concurrently-filed verified notice of exemption in FD 36901, *Smoky Ridge Railroad, L.L.C. — Acquisition and Operation Exemption — EnergySolutions, LLC*.

The Line over which SMO intends to commence common carrier operations does not connect with any lines of Watco’s forty-five (45) existing rail carriers in the United States, and this control transaction is not part of a series of anticipated transactions which would result in such a connection. Nor does this proposed control transaction involve a Class I carrier. Accordingly, Watco’s proposed continuance in control of SMO satisfies the class exemption criteria of 49 C.F.R. § 1180.2(d)(2).

In accordance with the requirements of 49 C.F.R. § 1180.4(g), Watco submits the following information:

Description of Proposed Transaction: 49 C.F.R. § 1180.6(a)(1)(i)

Watco is a non-carrier holding company that controls one (1) Class II rail carrier and forty-four (44) Class III rail carriers listed in the attached Appendix.

SMO, a new non-carrier entity established, and controlled, by Watco, will operate the Line. None of the rail lines of Watco's existing rail carrier holdings will connect with SMO, and this control transaction is not part of a series of anticipated transactions that would result in such an inter-connection. Watco seeks to continue in control of SMO once SMO commences common carrier operations over the Line.

The full name and address of the Applicant is:

Watco Holdings, Inc.
315 West 3rd Street
Pittsburg, Kansas 66762

Any formal responses to this Notice should be sent to Watco's representative at the following address:

Stephen J. Foland
Fletcher & Sippel LLC
29 North Wacker Drive, Suite 800
Chicago, Illinois 60606-3208
sfoland@fletcher-sippel.com
(312) 252-1500

Proposed Schedule for Consummation: 49 C.F.R. § 1180.6(a)(1)(ii)

Watco intends to consummate the proposed transaction upon the effectiveness of the present notice and of the notice of exemption that is the subject of the related FD 36901 proceeding, in keeping with 49 C.F.R. § 1180.4(g)(1).

Purpose Sought to Be Accomplished: 49 C.F.R. § 1180.6(a)(1)(iii)

Authorization will allow Watco to continue to exercise common control of its existing rail carrier subsidiaries along with SMO when SMO begins its common carrier operations over the Line.

States in Which Property of Applicant is Located: 49 C.F.R. § 1180.6(a)(5)

Watco is a non-carrier holding company. It does not directly own any rail property. SMO will acquire an easement to operate as a common carrier over the Line. Watco's existing rail carrier subsidiaries operate property located in twenty-eight (28) states and one (1) Canadian province, as listed in the Appendix.

Maps - Exhibits A and B: 49 C.F.R. § 1180.6(a)(6)

Attached as Exhibit A is map of the track over which SMO will operate. A system map generally showing the location of Watco's existing rail carrier subsidiaries in the United States is attached as Exhibit B. A user-friendly copy of this system map offered as Exhibit B is also available to the public at <https://www.watco.com/system-map/>.

Agreement: 49 C.F.R. § 1180.6(a)(7)(ii)

Watco already controls SMO, a non-carrier. No agreement is contemplated or necessary for Watco to continue in control of SMO once SMO commences common carrier operations.

Labor Protective Conditions: 49 C.F.R. § 1180.4(g)(1)(i)

The proposed transaction involves Watco's continued control of one Class II carrier (Wisconsin & Southern Railroad, L.C.C.) and multiple Class III

carriers (Watco's existing subsidiary carriers) along with SMO, once SMO becomes a common carrier itself. Accordingly, the subject control transaction is subject to the labor protection requirements of 49 U.S.C. § 11326(b) and *Wis. Cent. Ltd. — Acquisition Exemption — Union Pac. R.R. Co.*, 2 S.T.B. 218 (1997), *rev'd in part sub nom. Ass'n of Am. R.R.s v. S.T.B.*, 162 F.3d 101 (D.C. Cir. 1998).

Environmental and Historic Preservation Matters: 49 C.F.R. § 1180.4(g)(3)

Under 49 C.F.R. § 1105.6(c)(2)(i) and (ii), this proposed control transaction is exempt from environmental reporting requirements. Watco's control of SMO will not result in operational changes that exceed the 49 C.F.R. § 1105.7(e)(4) or (5) thresholds.

Under 49 C.F.R. § 1105.8(b)(3), the proposed control transaction also is exempt from historic preservation reporting requirements. The control transaction will not substantially change the level of maintenance of any railroad property.

Interchange Commitments: 49 C.F.R. § 1180.4(g)(4)

Watco's control of SMO does not, in itself, involve the acquisition of a rail line, and thus the provisions of 49 C.F.R. § 1180.4(g)(4) are not applicable. In any event, the transaction encompassed by the related FD 36901 proceeding does not include any provision restricting SMO's interchange of traffic with a third-party connecting carrier.

Respectfully submitted,

By: /s/*Stephen J. Foland*

Stephen J. Foland

Fletcher & Sippel LLC

29 North Wacker Drive, Suite 800

Chicago, Illinois 60606-3208

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**ATTORNEY FOR WATCO
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APPENDIX
WATCO-CONTROLLED CARRIERS
AND STATES OF OPERATION

Class II Carriers

Wisconsin & Southern Railroad, L.L.C. [Illinois, Wisconsin] (WSOR)

Class III Carriers

Alabama Southern Railroad, L.L.C. [Alabama, Mississippi] (ABS)
Alabama Warrior Railway, L.L.C. [Alabama] (ABWR)
Ann Arbor Railroad, Inc. [Michigan, Ohio] (AA)
Arkansas Southern Railroad, L.L.C. [Arkansas, Oklahoma] (ARS)
Austin Western Railroad, L.L.C. [Texas] (AWRR)
Autauga Northern Railroad, L.L.C. [Alabama] (AUT)
Baton Rouge Southern Railroad, L.L.C. [Louisiana] (BRS)
Birmingham Terminal Railway, L.L.C. [Alabama] (BHRR)
Blue Ridge Southern Railroad, L.L.C. [North Carolina] (BLU)
Bogalusa Bayou Railroad, L.L.C. (d/b/a Geaux Geaux Railroad) [Louisiana] (GOGR)
Boise Valley Railroad, L.L.C. [Idaho] (BVRR)
Cicero Central Railroad, L.L.C. [Illinois] (CERR)
Decatur & Eastern Illinois Railroad, L.L.C. [Illinois, Indiana] (DREI)
Dutchtown Southern Railroad, L.L.C. [Louisiana] (DUSR)
Eastern Idaho Railroad, L.L.C. [Idaho] (EIRR)
Elwood, Joliet & Southern Railroad, L.L.C. [Illinois] (EJSR)
Fox Valley & Lake Superior Rail System, L.L.C. [Wisconsin] (FOXY)
Grand Elk Railroad, Inc. [Indiana, Michigan] (GDLK)
Great Lakes Central Railroad, Inc. [Michigan] (GLC)
Great Northwest Railroad, L.L.C. [Idaho, Washington] (GRNW)
Ithaca Central Railroad, L.L.C. [New York, Pennsylvania] (ITHR)
Jacksonville Port Terminal Railroad, L.L.C. [Florida] (JXPT)
Kanawha River Railroad, L.L.C. [Ohio, West Virginia] (KNWA)
Kansas & Oklahoma Railroad, L.L.C. [Colorado, Kansas] (KO)
Kaw River Railroad, L.L.C. [Kansas, Missouri] (KAW)
Louisiana Southern Railroad, L.L.C. [Louisiana] (LAS)
Lubbock & Western Railway, L.L.C. [Texas] (LBWR)
Mission Mountain Railroad, L.L.C. [Montana] (MMT)
Mississippi Southern Railroad, L.L.C. [Mississippi] (MSR)
Palouse River & Coulee City Railroad, L.L.C. [Idaho, Oregon, Washington] (PCC)
Pecos Valley Permian Railroad, L.L.C. d/b/a Pecos Valley Southern Railway [Texas]
(PVS)
Pennsylvania Southwestern Railroad, L.L.C. [Pennsylvania] (PSWR)
Ringneck & Western Railroad, L.L.C. [South Dakota] (RWRR)
San Antonio Central Railroad, L.L.C. [Texas] (SAC)
Savannah & Old Fort Railroad, L.L.C. [Georgia] (SVHO)

South Kansas and Oklahoma Railroad, L.L.C. [Kansas, Missouri, Oklahoma]
(SKOL)

Stillwater Central Railroad, L.L.C. [Oklahoma] (SLWC)

Swan Ranch Railroad, L.L.C. [Wyoming] (SRRR)

Texas & New Mexico Railway, L.L.C. [New Mexico] (TXN)

Texas Coastal Bend Railroad, L.L.C. [Texas] (TCBR)

Timber Rock Railroad, L.L.C. [Louisiana, Texas] (TIBR)

Verdigris Southern Railroad, L.L.C. [Oklahoma] (VESO)

Vicksburg Southern Railroad, L.L.C. [Mississippi] (VSOR)

Yellowstone Valley Railroad, L.L.C. [Montana, North Dakota] (YSVR)

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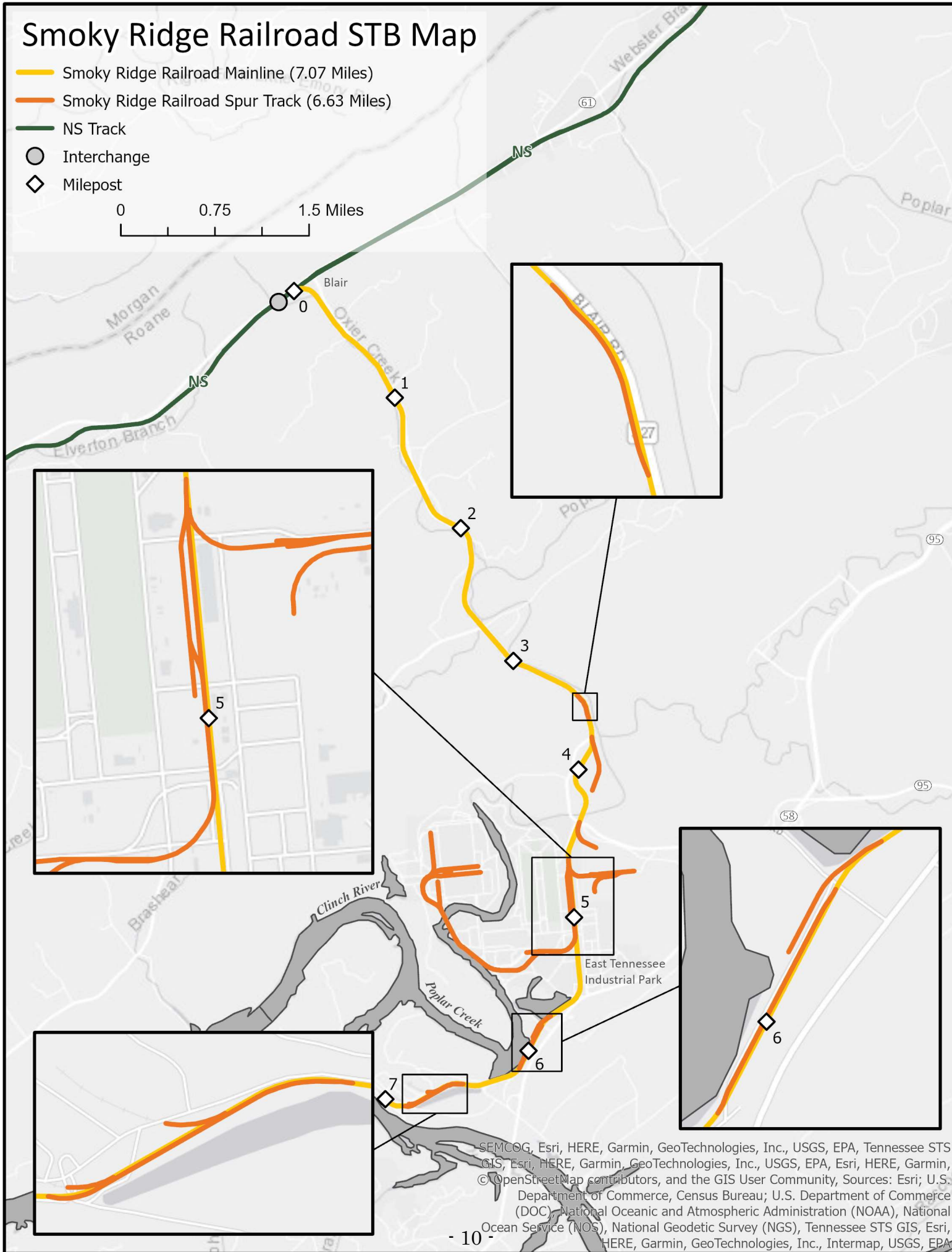
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EXHIBIT A
MAP

Smoky Ridge Railroad STB Map

- Smoky Ridge Railroad Mainline (7.07 Miles)
- Smoky Ridge Railroad Spur Track (6.63 Miles)
- NS Track
- Interchange
- Milepost

0 0.75 1.5 Miles



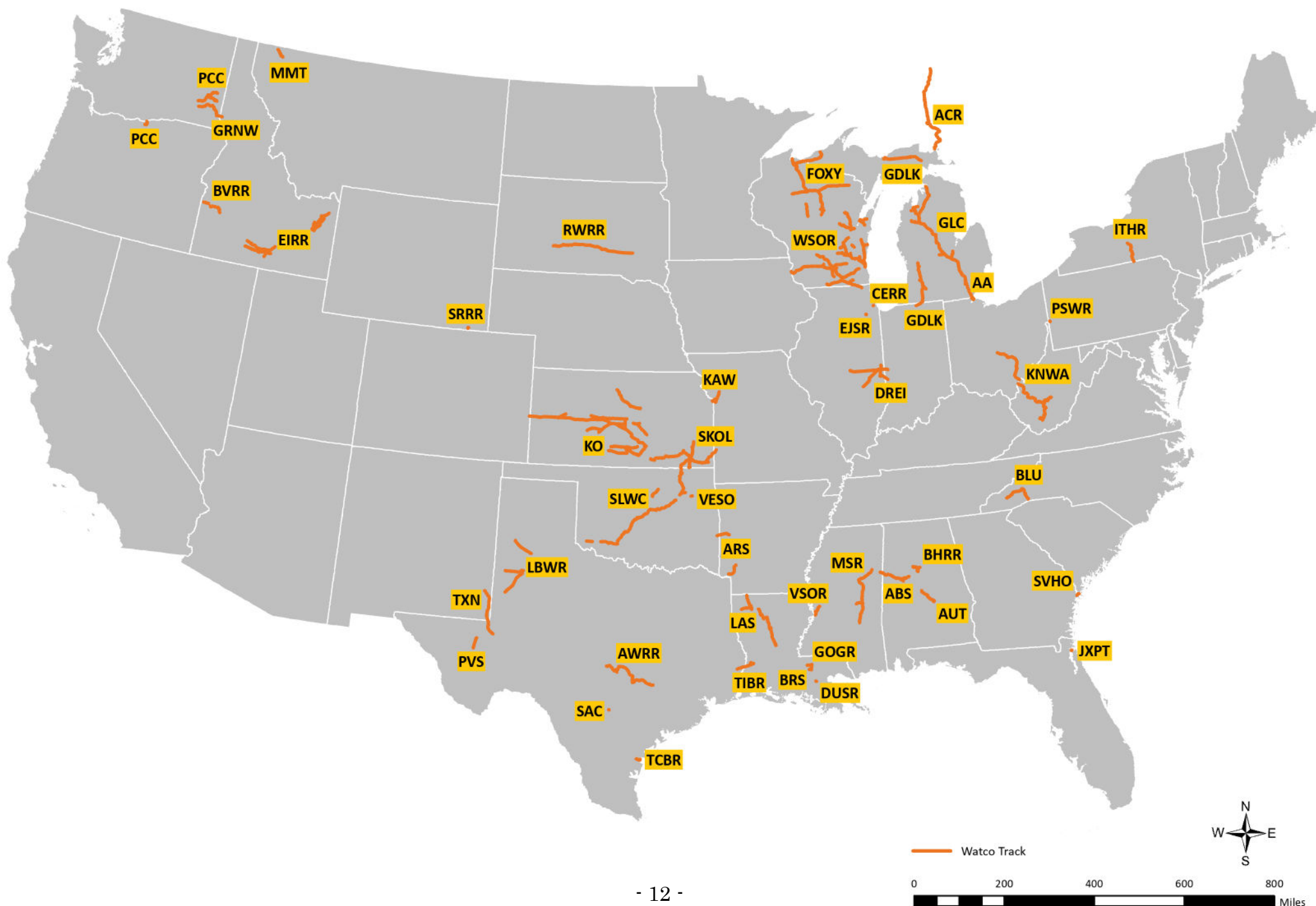
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EXHIBIT B
WATCO SYSTEM MAP

Watco System Map



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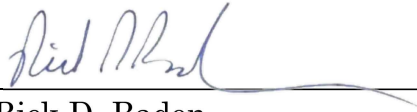
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VERIFICATION

VERIFICATION

I, Rick D. Baden, Chief Financial Officer of Watco Holdings, Inc., verify under penalty of perjury that the foregoing notice of exemption is true and correct. Further, I certify that I am qualified and authorized to verify this notice of exemption on behalf of Watco Holdings, Inc.


Rick D. Baden

Dated: December 22, 2025.