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SERVICE DATE – NOVEMBER 23, 2018

DO

FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36243]

Watco Holdings, Inc.—Continuance in Control Exemption—Ithaca Central Railroad,
LLC

Watco Holdings Inc. (Watco), a noncarrier, has filed a verified notice of exemption under 49 C.F.R. § 1180.2(d)(2) to continue in control of Ithaca Central Railroad, LLC (ICR), upon ICR's becoming a Class III rail carrier. Watco owns, indirectly, 100% of the issued and outstanding stock of ICR.

This transaction is related to a verified notice of exemption filed concurrently in Ithaca Central Railroad, LLC—Lease & Operation Exemption—Norfolk Southern Railway, Docket No. FD 36238, by which ICR seeks Board approval to lease from Norfolk Southern Railway Company (NSR) and operate approximately 48.8 miles of rail line between milepost 272.2 in Sayre, Pa. and milepost 321.0 in Lansing, N.Y.

The transaction may be consummated on or after December 8, 2018, the effective date of the exemption (30 days after the verified notice of exemption was filed).

According to the verified notice of exemption, Watco currently controls indirectly 38 Class III railroads and one Class II railroad, collectively operating in 25 states. For a complete list of these rail carriers and the states in which they operate, see the November 8, 2018 verified notice of exemption at pages 4-11. The verified notice is available on the Board's website at www.stb.gov.

Watco represents that: (1) the rail line to be operated by ICR does not connect with any of the rail lines operated by railroads in the Watco corporate family; (2) this transaction is not part of a series of anticipated transactions that would connect ICR with any railroad in the Watco corporate family; and (3) the transaction does not involve a Class I rail carrier. The proposed transaction is therefore exempt from the prior approval requirements of 49 U.S.C. § 11323 pursuant to 49 C.F.R. § 1180.2(d)(2). Watco states that the purpose of the transaction is to reduce overhead expenses and coordinate billing, maintenance, mechanical and personnel policies and procedures of its rail carrier subsidiaries, and thereby improve the overall efficiency of rail service provided by the railroads in the Watco corporate family.

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. Because the transaction involves the control of one Class II and one or more Class III rail carriers, the transaction is subject to the labor protection requirements of 49 U.S.C. § 11326(b) and Wisconsin Central Ltd.—Acquisition Exemption—Lines of Union Pacific Railroad, 2 S.T.B. 218 (1997).

If the verified 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. Petitions for stay must be filed no later than November 30, 2018 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 36243, 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 Karl Morell & Associates, 440 1st Street, NW, Suite 440, Washington, DC 20001.

According to Watco, this action is categorically excluded from environmental review under 49 C.F.R. § 1105.6(c).

Board decisions and notices are available on our website at www.stb.gov.

Decided: November 19, 2018.

By the Board, Scott M. Zimmerman, Acting Director, Office of Proceedings.