

October 12, 2021

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Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W., Room 1034
Washington, DC 20423-0001

VIA E-FILING

ENTERED
Office of Proceedings
October 12, 2021
Part of
Public Record

Re: *Grand Elk Railroad, Inc.—Acquisition Exemption—Lines of Wisconsin Central Ltd. in Michigan*, Docket No. FD 36503

Fox Valley & Lake Superior Rail System, L.L.C.—Acquisition and Operation Exemption—Lines of Wisconsin Central Ltd. in Wisconsin, Docket No. FD 36504

Watco Holdings, Inc.—Exemption for Intra-Corporate Family Transaction—Fox Valley & Lake Superior Rail System, L.L.C. and Wisconsin & Southern Railroad, L.L.C., Docket No. FD 36505

Watco Holdings, Inc.—Continuance in Control Exemption—Fox Valley & Lake Superior Rail System, L.L.C., Docket No. FD 36506

Dear Ms. Brown:

We are writing to urge the Board to act on the pending exemptions in the above referenced dockets and to issue decisions with expedited effective dates, in order to facilitate a safe, seamless, and efficient transfer of the lines.

On April 5, 2021, Watco Holdings, Inc. (Watco), and its subsidiaries, Fox Valley & Lake Superior Rail System, L.L.C. (FOXY) and Grand Elk Railroad, Inc., each filed a Notice of Exemption in connection with the acquisition from Wisconsin Central Ltd. of certain rail lines in Wisconsin and Michigan. Also on April 5, 2021, Watco filed a Petition for Exemption to continue in control of FOXY upon that entity becoming a Class III carrier and requested that the Board issue a decision on its Petition for Exemption effective no later than June 30, 2021. On April 26, 2021, however, the Board issued a decision holding the notices of exemption in abeyance. And on July 1, 2021, the Board instituted a proceeding under 49 U.S.C. § 10502(b) in FD 36506.

While awaiting Board action, Watco has been preparing to commence service in order to provide a seamless transfer of the lines as soon as practicable once the exemptions become effective. Watco has hired and trained over 40 team members (T&E, track laborers, etc.) and has purchased or leased and positioned equipment including 24 locomotives and track maintenance and inspection equipment. Our desire is to start these operations as safely and efficiently as possible. To that end, we are eager to commence operations before the onset of winter and snowfall which can pose multiple challenges, particularly to new operations.

Additionally, Watco has engaged with shippers on the lines and identified several opportunities for rail volume growth. To execute on those opportunities will require upgrades to track and bridge infrastructure. However, the window for making those upgrades this year will soon close with the arrival of winter.

Accordingly, in order to facilitate a safe, seamless and efficient transfer of the line and facilitate investment in the lines necessary to grow rail volumes, Watco encourages the Board to issue as soon as possible decisions in the above dockets with expedited effective dates.

We also write to address the completely baseless aspersion in Northwoods Distribution Services' (NDS) September 13, 2021 letter which was docketed in FD 36503 and 36504 on September 17, 2021. The letter purports to address "First Mile, Last Mile" service issues but instead collaterally attacks the above transactions and groundlessly implies, based on hearsay and innuendo, that Watco has engaged in conduct to discourage customers from raising concerns with the STB. Watco categorically rejects any such implication as false and belied by the fact that, notwithstanding NDS's many filings in the above dockets, Watco has tried to assist NDS as acknowledged in its letter.

Sincerely,

Stinson LLP

David F. Rifkind

Counsel for Watco Holdings, Inc.,
Fox Valley & Lake Superior Rail System, LLC, and
Grand Elk Railroad, Inc.

cc: All parties of record