



# NEWS

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## **Watco Companies signs agreement with Washington State for sale of Palouse River & Coulee City Railroad CW line**

**PITTSBURG, KS—February 14, 2007**—Watco Companies, Inc. (Watco) and the Washington State Department of Transportation (WSDOT) signed a memorandum of understanding (MOU) February 8, 2007, under which the state will purchase the CW line of the Palouse River & Coulee City Railroad (PCC). The PCC operates more than 420 miles of track, with the CW line consisting of 109 miles that run from Coulee City to Cheney.

The sale of the CW line culminates years of negotiations between Watco and WSDOT. For many years after its startup in 1992, the PCC was profitable, hauling 10,000 carloads of grain, lumber and agricultural products annually. In 2001, the economic climate changed with the implementation of alternative competitive transportation methods. Carloads and revenues subsequently declined causing the CW and P&L Branch lines to operate non-profitably. That year the PCC approached WSDOT seeking a solution, with WSDOT offering a public-private partnership to systematically purchase the PV Hooper, P&L, and CW lines over time.

In 2004, WSDOT purchased two of the PCC's lines; the P&L line from Marshall to Pullman and the PV Hooper line from Hooper to Thornton, and continuing to Pullman; with the understanding that Watco would continue to operate these lines. By acquiring the PCC lines, WSDOT hoped to be able to stabilize the current rail system by maximizing rail traffic and minimizing the number of large trucks on state roadways.

“We are certain this is the best solution for everyone concerned,” said Mark Blazer, Watco Senior Vice President of Strategic Development, West Region. “The PCC has been a large part of Eastern Washington’s economy since 1992. Although we’ve struggled in recent years, this agreement with the state will allow rail transportation to continue in this area.”

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Under the MOU signed February 8, 2007, Watco will continue to operate all three branch lines until May 31, 2007. After this date, WSDOT will seek proposals to assume operations of the CW and P&L lines.

“At this time we have agreed with WSDOT to continue operations of the PV Hooper line, to allow time to analyze and develop opportunities,” Blazer said. “We are confident that the principles outlined in the MOU will aid in the development of a plan to ensure rail viability on this line.”

Watco Companies, Inc. (Watco), a Pittsburg, Kansas, based company, operates 16 railroads in 14 states. In addition to the PCC, Watco owns and operates the Alabama Southern, Arkansas Southern, Eastern Idaho, Great Northwest, Kansas and Oklahoma, Kaw River, Louisiana Southern, Mission Mountain, Mississippi Southern, Pennsylvania Southwestern, South Kansas and Oklahoma, Stillwater Central, Timber Rock, Vicksburg Southern and Yellowstone Valley Railroads. Watco also operates industrial switching locations and mechanical and locomotive shops across the United States. More information about Watco can be found at [www.watcocompanies.com](http://www.watcocompanies.com).

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