

Karl Morell & Associates
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HAND DELIVERY

December 30, 2015

Cynthia Brown
Chief, Section of Administration
Surface Transportation Board
Office of Proceedings
395 E Street, SW
Washington, DC 20423

2391809
ENTERED
Office of Proceedings

DEC 30 2015

Part of
Public Record

Re: Finance Docket No. 35988, East Penn Railroad, L.L.C. --
Lease Exemption Containing Interchange Commitment --
Norfolk Southern Railway Company

Dear Ms. Brown:

Attached for filing with the Surface Transportation Board, please find the original and ten copies of the Verified Notice of Exemption pursuant to 49 C.F.R. 1150.41. Enclosed is a check in the amount of \$1,900 to cover the filing fee. Also attached is a CD containing the Notice of Exemption.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in cursive script that reads 'Karl Morell'.

Karl Morell

FILED

DEC 30 2015

**SURFACE
TRANSPORTATION BOARD**

Enclosures

FEE RECEIVED

DEC 30 2015

**SURFACE
TRANSPORTATION BOARD**

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35988

EAST PENN RAILROAD, L.L.C.
--LEASE EXEMPTION CONTAINING INTERCHANGE COMMITMENT--
NORFOLK SOUTHERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.41, Et Seq.

KARL MORELL
Karl Morell & Associates
Suite 225
655 Fifteenth Street, N.W.
Washington, D.C. 20005
(202) 595-9045

Attorney for:
EAST PENN RAILROAD, L.L.C.

Dated: December 30, 2015

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 359__

EAST PENN RAILROAD, L.L.C.
--LEASE EXEMPTION CONTAINING INTERCHANGE COMMITMENT--
NORFOLK SOUTHERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.41, Et Seq.

East Penn Railroad, L.L.C. ("ESPN"), a Class III rail carrier, files this Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart E--Exempt Transactions Under 49 U.S.C. 10902, to permit ESPN to lease a rail line from Norfolk Southern Railway Company ("NSR").

In support of this Notice of Exemption, ESPN submits the following information as required by 49 C.F.R. § 1150.43:

(a) Full name and address of applicant:

East Penn Railroad, L.L.C.
505 S. Broad Street
Kennett Square, PA 19348

(b) Applicant's Representative:

Karl Morell
Karl Morell & Associates
Suite 225
655 Fifteenth Street, N.W.
Washington, DC 20005
(202) 595-9045

(c) Statement of Agreement:

ESPN will shortly enter into an agreement with the NSR for the lease of the rail line.

(d) The operator of the property:

ESPN will be the operator on the involved rail line.

(e) Summary of proposed transaction:

(1) The name and address of the entity leasing the subject property is:

Norfolk Southern Railway Company
Three Commercial Place
Norfolk, VA 23510

(2) ESPN's lease of the rail line is expected to be consummated on or shortly after the effective date of this notice of exemption.

(3) ESPN is proposing to lease from NSR the rail line located between Milepost VE 0.00 and Milepost VE 1.80, near Philadelphia, PA (the "Line").

(4) The length of the Line is approximately 1.8 miles.

(f) A map of the rail line being leased is attached as Exhibit A.

(g) ESPN hereby certifies that ESPN's projected revenues as a result of this transaction will not result in ESPN becoming a Class II or Class I rail carrier. ESPN further certifies that its projected annual rail freight revenues from operation of the leased line, when combined with ESPN's projected revenues from current rail freight operations, will not exceed \$5 million. Consequently, the requirements of 49 C.F.R. § 1150.42(e) do not apply to this transaction.

(h)(i) The Lease Agreement between NSR and ESPN contains a provision that will enable ESPN to reduce its lease payments by receiving a credit for each car interchanged with NSR. NSR initially proposed a fixed rental payment with no option to reduce the rent. ESPN requested the lease credit option in order to provide it with an opportunity to earn lower rental payment so that ESPN will be able to invest in improvements on the leased line to increase traffic levels. The affected interchange point is West Falls Yard, Philadelphia, PA.

(ii) Ten copies of the Lease Agreement are being filed with the Board under 49 C.F.R. §§ 1104.14(a) and 1150.43(h)(1)(ii).

(iii) Paperworks Industries.

(iv) Information being filed under Section 1104.14(a).

(v) ESPN hereby certifies that ESPN has provided notice of the proposed transaction and interchange commitment to the shipper identified in paragraph (iii).

(vi) No railroad other than NSR is able to interchange with ESPN on the Line.

(vii) Information being filed under Section 1104.14(a).

A caption summary, as required by 49 C.F.R. § 1150.44, is attached.

ENVIRONMENTAL AND HISTORIC IMPACTS

ESPN is leasing the line from NSR for continued rail operations. Further Surface Transportation Board (“Board”) approval is required for ESPN to discontinue any service, and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

ESPN's lease will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of this line to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the line; (2) an increase of rail yard activity of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. ESPN's lease of the rail lines will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, the transportation of ozone depleting materials is not contemplated. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted,

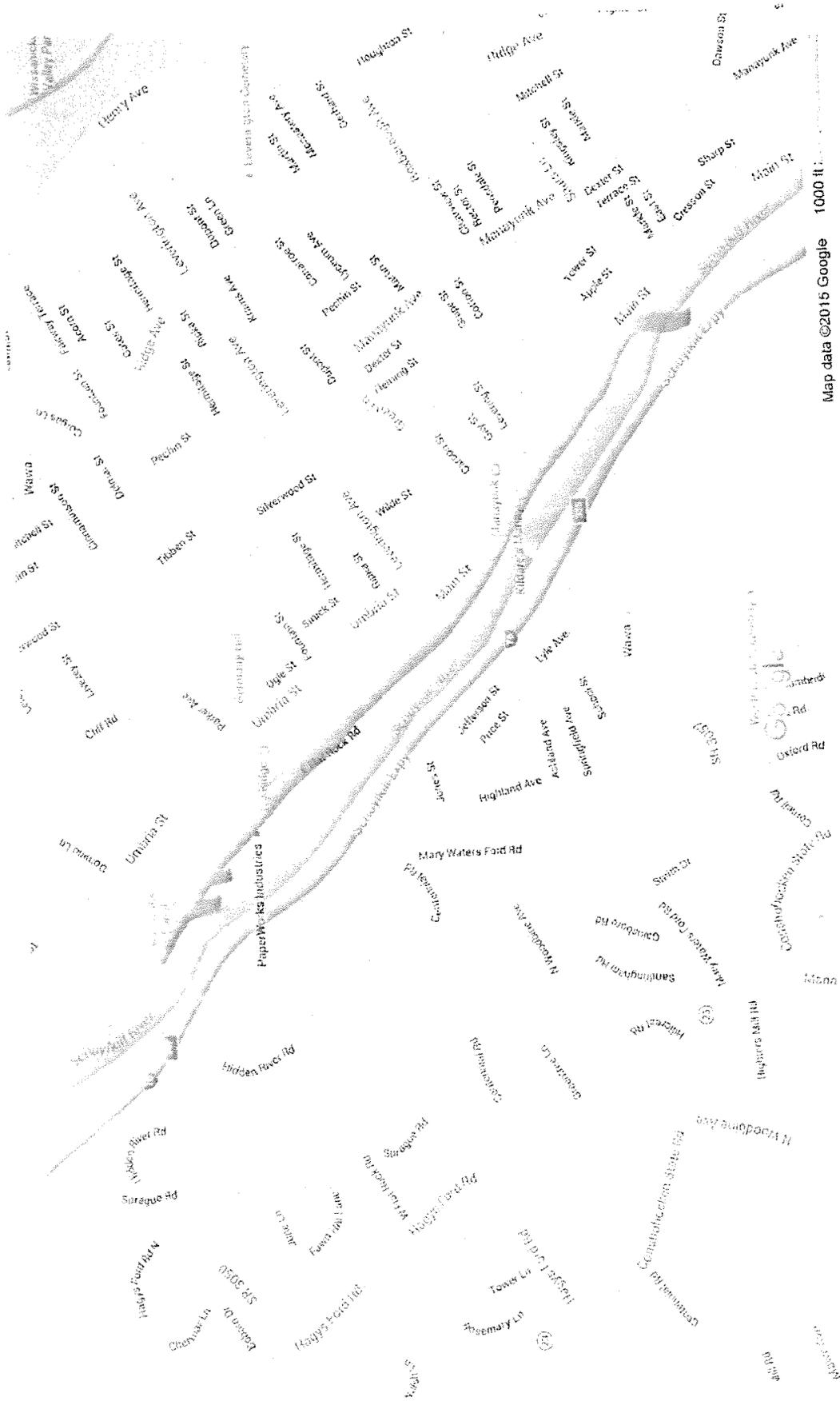


KARL MORELL
Karl Morell & Associates
Suite 225
655 Fifteenth Street, N.W.
Washington, DC 20005
(202) 595-9045

Attorney for:
EAST PENN
RAILROAD, L.L.C.

Dated: December 30, 2015

EXHIBIT A



Map data ©2015 Google 1000 ft

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

STB FINANCE DOCKET NO. 35988

EAST PENN RAILROAD, L.L.C.
--LEASE AND OPERATION EXEMPTION--
NORFOLK SOUTHERN RAILWAY COMPANY

East Penn Railroad, L.L.C. ("ESPN"), a Class III rail carrier, has filed a verified notice of exemption under 49 CFR 1150.41 to lease from the Norfolk Southern Railway Company ("NSR") the rail line located between Milepost VE 0.00 and Milepost VE 1.80, near Philadelphia, PA. The rail line is 1.8 miles in length.

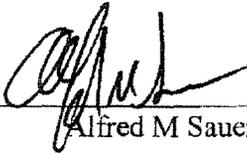
Comments must be filed with the Board and served on Karl Morell, Karl Morell & Associates, Suite 225, 655 Fifteenth Street, N.W., Washington, DC 20005, (202) 595-9045.

This notice is filed under 49 C.F.R. 1150.41. If the notice contains false or misleading information, the exemption is void ab initio. The filing of a petition to revoke will not automatically stay the transaction.

VERIFICATION

STATE OF PENNSYLVANIA)
)
COUNTY OF CHESTER) ss.

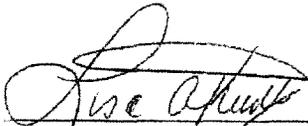
I, Alfred M Sauer, being duly sworn depose and state that I am Vice President of the East Penn Railroad, L.L.C., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.



Alfred M Sauer

SUBSCRIBED AND SWORN TO before me this 30 day of December, 2015, in the County of Chester, State of Pennsylvania.

My Commission Expires: 1-18-2019



Notary Public

NOTARIAL SEAL
LISA A KUNTZ, NOTARY PUBLIC
EAST MARLBOROUGH TOWNSHIP, CHESTER COUNTY
MY COMMISSION EXPIRES JANUARY 18, 2019