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SERVICE DATE - JANUARY 10, 1997

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33300]

New York & Atlantic Railway Company--Operation Exemption--

The Long Island Rail Road Company

New York & Atlantic Railway Company (NYAR), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to acquire the freight operations of The Long Island Rail Road Company (LIRR), a New York State public benefit corporation, including the right to operate the freight business on an exclusive basis, and conduct other freight operations on approximately 268.6 route miles in the State of New York, as follows: (1) the Bay Ridge Branch (MP 4.0 to MP 16.0), the Central Extension (MP 19.1 to MP 21.2), and the Bushwick Branch (MP 4.0 to MP 6.0) (collectively, the Freight Line); and (2) the Main Line (MP 9.3 to MP 94.3), the Montauk Branch (MP 0.0 to MP 115.8), the Port Jefferson Branch (MP 24.9 to MP 58.0), the Central Branch (MP 28.7 to MP 35.9), the Central Extension (MP 18.7 to MP 19.1), the Hempstead Branch (MP 13.3 to MP 18.7), the West Hempstead Branch (MP 15.5 to MP 20.1), and the Montauk Cut-off (MP 0.3 to MP 1.3)

(collectively the Joint Use Line, and, together with the Freight Line, the Subject Line). LIRR will continue to provide passenger operations on the Joint Use Line. NYAR will conduct exclusive freight operations on the Subject Line for an initial term of 20 years, with an extension option, under certain circumstances, for an additional 10 years.

The exemption was to become effective on December 12, 1996, and the parties expect to consummate the transaction in the first quarter of 1997.

This transaction is related to a concurrently filed verified notice to continue in control of NYAR, upon its becoming a Class III rail carrier in STB Finance Docket No. 33301, Peter A. Gilbertson, H. Terry Hearst, Bruce A. Lieberman, R. Lawrence McCaffrey, Jr., and Harold F. Parmly --Continuance in Control Exemption--New York & Atlantic Railway Company.¹

¹ On December 31, 1996, International Brotherhood of Locomotive Engineers (IBLE) filed a petition to reject the notices of exemption filed in STB Finance Docket Nos. 33300 and 33301 or to revoke the exemptions. The petition also supports a statement by Claire Shulman, President of the Borough of Queens (Shulman), filed December 11, 1996, which IBLE characterizes as a petition for rejection or revocation. By decision served on December 20, 1996, NYAR was granted an extension until January 10, 1997, for its reply to Shulman. The Shulman and IBLE filings, as well as

In addition to the filings mentioned in footnote 1, the Board received a number of letters from local governments, officials, and community leaders concerned with the movement of municipal solid waste (MSW) through their communities. LIRR submitted to the Board's Section of Environmental Analysis (SEA) an Environmental Assessment (EA), which was prepared under the New York State Environmental Quality Review Act by ICF Kaiser Consulting Group, and summary information drawn from its EA. The information provided by LIRR states that MSW carloads are projected to increase regardless of whether LIRR continues to conduct freight operations or the operations are transferred to NYAR.

SEA has carefully reviewed the EA and summary information submitted by LIRR. SEA has determined that the information satisfies the Board's obligations under the National Environmental Policy Act and provides the sufficient analysis which would normally be prepared by SEA in railroad operations that exceed the Board's thresholds at 49 CFR 1105.7(e)(4)(5). Therefore, the EA and summary information will be adopted as the Board's own with a

any replies, will be considered by the entire Board in a separate decision.

finding that there will be no significant environmental impacts associated with the proposed transaction.

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to reopen the proceeding 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 transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 33300, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Branch, 1201 Constitution Avenue, N.W., Washington, DC 20423. In addition, a copy of each pleading must be served on Paul C. Oakley, Esq., Weiner, Brodsky, Sidman & Kider, P.C., Suite 800, 1350 New York Avenue, N.W., Washington, DC 20005-4797.

Decided: January 7, 1997.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

STB Finance Docket No. 33300

Secretary