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SERVICE DATE - LATE RELEASE MAY 5, 1998

SURFACE TRANSPORTATION BOARD

DECISION

STB Docket No. AB-32 (Sub-No. 83)

BOSTON AND MAINE CORPORATION--ABANDONMENT--IN HARTFORD AND NEW
HAVEN COUNTIES, CT

STB Docket No. AB-355 (Sub-No. 23)

SPRINGFIELD TERMINAL RAILWAY COMPANY--DISCONTINUANCE OF SERVICE--IN
HARTFORD AND NEW HAVEN COUNTIES, CT

IN THE MATTER OF AN OFFER OF FINANCIAL ASSISTANCE

Decided: May 5, 1998

By decision served on April 22, 1998, the Board found that the public convenience and necessity permit applicants Boston and Maine Corporation (B&M) and Springfield Terminal Railway Company (ST) to abandon and discontinue service, respectively, over a line of railroad known as the Canal Branch extending from milepost 14.50 in Cheshire, CT, to milepost 24.00 in Southington, CT, a distance of 9.50 miles, in Hartford and New Haven Counties, CT (the line). The decision authorizing abandonment and discontinuance was scheduled to become effective on May 22, 1998, unless an offer of financial assistance (OFA) was filed on or before May 1, 1998.

On May 1, 1998, Dalton Enterprises, Inc. (Dalton), timely filed an OFA under 49 U.S.C. 10904 and 49 CFR 1152.27(c) to purchase the entire line for \$650,240.¹

An OFA to acquire a line for continued rail service need not be detailed, but an offeror must show that it is financially responsible and that the offer is reasonable. Conrail Abandonments Under NERSA, 365 I.C.C. 472 (1981).

Dalton has submitted a letter from Webster Bank in New Haven, CT, indicating that it has made available to Dalton ample credit required for Dalton to purchase the line. Dalton also submits a copy of its 1996 Federal income tax return. The financial information submitted shows that Dalton is a financially responsible entity.

¹ By letter dated May 1, 1998, applicants filed a reply to Dalton's OFA, challenging Dalton's estimate of the value of the line and the feasibility of its proposal to contract with the Naugatuck Railroad Company to operate the line.

Dalton's offer is substantially less than the Board's finding that the net liquidation value (NLV) of the line is \$1,530,240. Consistent with 49 U.S.C. 10904(c) and 49 CFR 1152.27(c)(1)(ii)(C), Dalton explains the disparity by asserting that the real estate and track materials may be worth considerably less than the amount determined by the Board if a segment-by-segment appraisal of the right-of-way is considered and if the costs of restoring at-grade crossings and removing bridges are factored in.²

Because Dalton, a financially responsible entity, has offered financial assistance, the effective date of the decision authorizing abandonment and discontinuance of the line will be postponed.

Any person filing a request to set terms and conditions must pay the requisite filing fee, set forth at 49 CFR 1002.2(f)(26), which currently is \$14,600. An original and 10 copies of the request should be submitted along with the fee, in an envelope bearing the docket number of the proceeding, along with the words "Attention: Application Unit, Request to Set Terms and Conditions" in the lower left hand corner.

Appeals to this decision are governed by 49 CFR 1011.2(a)(7). Any appeal must be filed within 10 days of the service date of this decision and will be heard by the entire Board.

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

It is ordered:

1. The effective date of the decision authorizing abandonment and discontinuance of the line is postponed in order to permit the OFA process under 49 U.S.C. 10904 and 49 CFR 1152.27 to proceed.

2. If B&M and Dalton cannot agree on the purchase price of the line, either party may request the Board to establish the terms and conditions of the purchase on or before June 1, 1998. If no agreement is reached and no request is submitted by that date, the Board will serve a decision vacating this decision and allowing the abandonment and discontinuance authorization to become effective.

² Dalton also states that certain sections of the line may be subject to reversionary rights in others and that the lack of marketable title to some portions of the line could have a substantial impact on NLV.

STB Docket No. AB-32 (Sub-No. 83), et al.

3. This decision is effective on its service date.

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

Vernon A. Williams
Secretary