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SERVICE DATE - SEPTEMBER 24, 1999

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33800]

Vermont Railway, Inc.—Modified Rail Certificate

On September 14, 1999, Vermont Railway, Inc. (VTR), a Class III rail carrier, filed a notice for a modified certificate of public convenience and necessity under 49 CFR 1150, Subpart C, Modified Certificate of Public Convenience and Necessity, to operate a 14-mile rail line owned by the State of Vermont (the line).

The line was approved for abandonment by Montpelier and Barre Railroad Company in Montpelier and Barre Railroad Company--Entire Line Abandonment--From Graniteville to Montpelier Junction in Washington County, VT, Docket No. AB-202 F (ICC served Mar. 12, 1980), and acquired by the State of Vermont on November 21, 1980. The Washington County Railroad Corporation (WACR) filed a notice for a modified certificate of public convenience and necessity on November 17, 1980, and a modified rail certificate was issued to WACR authorizing it to operate the line as of November 17, 1980.<sup>1</sup> On February 2, 1999, WACR agreed to assign its lease of the line to New England Central Railroad, Inc. (NECR).<sup>2</sup> NECR accepted the assignment on February 9, 1999, and operated

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<sup>1</sup> See Washington County Railroad Corporation--Operations--From Montpelier Junction to Graniteville, VT, Finance Docket No. 29536F (ICC served Jan. 2, 1981).

<sup>2</sup> See New England Central Railroad, Inc.--Modified Rail Certificate, STB Finance Docket No. 33715 (STB served Feb. 26, 1999).

the line through the close of business on September 8, 1999, when it terminated operations over the line. VTR indicates that VTR and the State of Vermont have reached an interim agreement that would provide for immediate operation of the line. During the term of the interim agreement, VTR and the State of Vermont intend to negotiate and enter into a lease and operating agreement that will govern future operations of the line by VTR or a subsidiary of VTR.

The line extends from the interchange with NECR, at Montpelier Junction, VT, to Graniteville, VT. Approximately the last two miles of the line, from a point near the Bombardier rail car assembly plant in Websterville, VT, to Graniteville are out of service. VTR will operate the segment of the line presently in service, providing at least three round trips per week (except when no service is required by the line's customers).

The rail segment qualifies for a modified certificate of public convenience and necessity. See Common Carrier Status of States, State Agencies and Instrumentalities and Political Subdivisions, Finance Docket No. 28990F (ICC served July 16, 1981).

A subsidy is involved. Under the letter agreement, the State of Vermont's Agency of Transportation (VAOT) agrees to pay VTR (or a VTR subsidiary) a subsidy of \$2,000 per week to provide service over the line. The letter agreement further provides that VTR (or a VTR subsidiary ) will be entitled to the line's share of freight revenues collected from customers.<sup>3</sup> VTR represents that it has extensive insurance coverage for property damage

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<sup>3</sup> VAOT states that it is authorized under 5 V.S.A. 3401-3409 to administer State-owned railroad properties and to take necessary action to ensure continuity of service over such properties.

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and personal injury. There are no preconditions for shippers to meet in order to receive rail service.

This notice will be served on the Association of American Railroads (Car Service Division) as agent for all railroads subscribing to the car-service and car-hire agreement: Association of American Railroads, 50 F Street, N.W., Washington, DC 20001; and on the American Short Line and Regional Railroad Association: American Short Line and Regional Railroad Association, 1120 G Street, N.W., Suite 520, Washington, DC 20005.

Decided: September 20, 1999.

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

Vernon A. Williams

Secretary