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July 6, 2011

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BY E-FILE

**ENTERED
Office of Proceedings**

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Public Record**

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

Re: STB Finance Docket No. 35353, VFRC, LLC Acquisition Exemption -- Union Pacific Railroad Company

Dear Ms. Brown:

Initially, VFRC, LLC ("VFRC") would like to thank the Surface Transportation Board ("Board") for providing VFRC an opportunity to submit a modified operating agreement and for subsequently extending the due date.

VFRC acquired the 5.35 mile rail line in order to restore rail service to its affiliated company Venell Farms. VFRC has no intention of performing railroad operations over the line nor does VFRC have the ability to do so. That is why the rail freight easement was transferred to the Albany & Eastern Railroad Company ("AERC"). Venell Farms and AERC currently have an excellent relationship. That, however, may not always be the case. Therefore, VFRC must have the ability to replace AERC should AERC decide to stop service or starts to provide inadequate service.

VFRC understands the Board's logic in *State of Maine* cases where the entity acquiring the physical assets of a rail line is a commuter or transit agency. There the owner of the physical assets may have an incentive to disadvantage freight service so as to improve passenger service to the detriment of the freight customers along the line. Here, however, the owner of the physical assets is the affiliate of the only freight customer on the line. VFRC has every incentive to maintain common carrier service along the line whether it be by AERC or a successor common carrier. Moreover, any removal of AERC would require Board involvement as would the entry of any new carrier. Thus, the Board would have continuous oversight to insure that common carrier service is maintained.

VFRC has attempted to work around the Board's concerns but has been unable to satisfy both the Board's concerns and protect its own interests. VFRC does not want to be in a position where its affiliate is again left without rail service.



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Under these circumstances, VFRC reluctantly withdraws its motion to dismiss.

Sincerely,

Karl Morell
Of Counsel