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BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 33388 (Sub No. 73)



CSX CORPORATION AND CSX TRANSPORTATION, INC.,
NORFOLK SOUTHERN CORPORATION
AND NORFOLK SOUTHERN RAILWAY COMPANY
--CONTROL AND OPERATING LEASES/AGREEMENTS--
CONRAIL, INC. AND CONSOLIDATED RAIL CORPORATION

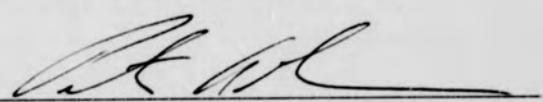
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**JOINT VERIFIED STATEMENT
OF NO SIGNIFICANT ENVIRONMENTAL IMPACT
ON BEHALF OF
THE EAST PENN RAILWAY INC.
AND THE
LANCASTER NORTHERN RAILWAY**

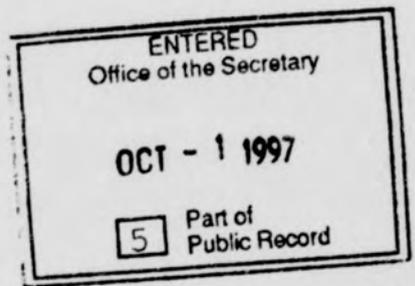
In accordance with the provisions of Decision No. 6 served May 30, 1997, the East Penn Railway Inc. ("EPRY") and the Lancaster Northern Railway ("LANO") submit the attached Verified Statement of John Nolan demonstrating that the anticipated responsive applications of EPRY and LANO will have no significant environmental impact.

Respectfully submitted,

EAST PENN RAILWAY INC.
LANCASTER NORTHERN RAILWAY

By: 

Peter A. Greene
David H. Baker
Thompson Hine & Flory LLP
1920 N Street, N.W., Suite 800
Washington, D.C. 20036



Dated: October 1, 1997

Its Attorneys

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SURFACE TRANSPORTATION BOARD

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CSX CORPORATION AND CSX TRANSPORTATION, INC.,
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CONRAIL, INC. AND CONSOLIDATED RAIL CORPORATION

**VERIFIED STATEMENT
OF
JOHN NOLAN**

1. My name is Mr. John Nolan and my business address is 1973 Wellington Drive, Langhorne, Pennsylvania 19047.
2. I am President of both the East Penn Railway Inc. ("EPRY") and the Lancaster Northern Railway ("LANO").
3. I am fully authorized to submit this Verified Statement on behalf of both EPRY and LANO.
4. EPRY and LANO are separately owned but commonly managed shortline railroads operating in Eastern Pennsylvania.
5. EPRY operates 29 miles of track consisting of three separate and noncontiguous branches owned by the Commonwealth of Pennsylvania, all connecting with Consolidated Rail

Corporation ("CR"). EPRY serves six customers that transport paper, minerals, food products, lumber and railroad car parts. This fall EPRY will begin operations on a 22 mile line between Telford, Pennsylvania and Hellertown, Pennsylvania owned by the Southeastern Pennsylvania Transportation Authority, and now operated by CR.

6. LANO operates 12 miles of track between Sinking Springs and Ephrata, Pennsylvania. LANO interchanges with CR at Reading, Pennsylvania via trackage rights on CR's Harrisburg Mainline. LANO serves five customers that transport lumber, feed grain, food products, steel and propane.

7. EPRY and LANO have previously advised the Surface Transportation Board ("STB") that they intend to file responsive applications requesting that the STB impose specific conditions on the proposed acquisition of CR by CSX Transportation, Inc. ("CSXT") and Norfolk Southern Railway Company ("NS") in order to protect EPRY and LANO from adverse impacts of the acquisition.

8. The specific operating conditions to be requested by EPRY and LANO are:

- a. removal of the restriction on the Canadian Pacific Railway's ("CP") Delaware and Hudson Railway ("D&H") that prevents interchange between EPRY and D&H at Emmaus Junction, Hellertown, Tipton, and Pottstown, Pennsylvania and between LANO and D&H at Reading, Pennsylvania. D&H operates over CR on trackage rights at all of these locations.

b. require that LANO be permitted to retain trackage rights on the CR Harrisburg Mainline under the same terms as are currently in effect with CR.

9. The responsive applications to be filed by EPRY and LANO will clearly satisfy the exemption criteria of 49 C.F.R. §1105.6(c)(2).

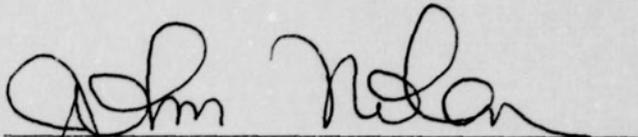
10. The conditions requested in the applications will involve no construction or abandonment.

11. The conditions requested in the applications will not cause any diversion from rail to motor carriage. They will simply allow EPRY and LANO to compete on a more equal basis with competitive shortlines who like EPRY and LANO have heretofore had only a single trunkline connection but under the operating plan submitted by applicants will have access to multiple trunkline connections. It is anticipated that this will simply allow EPRY and LANO to maintain moderate growth in traffic levels.

12. The conditions requested in the application will not affect a Class I or non-attainment area under the Clean Air Act and will not result in any of the following: (a) an increase in rail traffic of at least 100%; (b) an increase in at least eight trains per day on any segment of rail affected; (c) an increase in rail yard activity of at least 100%. Nor will they result in any increase in truck traffic. They will simply allow EPRY and LANO to compete on an equal basis with competitive shortlines who, like EPRY and LANO, have heretofore had only a single trunkline connection but under the operating plan submitted by applicants will have access to multiple trunkline connections. It is anticipated that this will simply allow EPRY and LANO to maintain moderate growth in traffic levels.

VERIFICATION

I, John Nolan, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement. Executed on September 26, 1997.



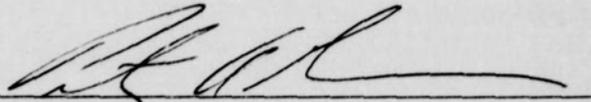
John Nolan

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CERTIFICATE OF SERVICE

I hereby certify that, a copy of the foregoing Joint Verified Statement of No Significant Environmental Impact on Behalf of The East Penn Railway Inc. and The Lancaster Northern Railway (EPRY-4) and Verified Statement of John Nolan (EPRY-5) were served on all parties of record identified in Decision No. 21, via first class mail, postage prepaid on this 1st day of October, 1997.



Peter A. Greene