

BEFORE THE  
INTERSTATE COMMERCE COMMISSION

29085

FINANCE DOCKET NO. ....

FILED JUN 20 1979

INTERSTATE COMMERCE COMMISSION

PETITION OF CONSOLIDATED RAIL  
CORPORATION (CONRAIL)  
UNDER 49 USCA SECT. 10505 FOR  
EXEMPTION OF THE PROPOSED MERGER  
OF CONRAIL AND RARITAN RIVER  
RAIL ROAD COMPANY FROM THE PROVISIONS  
OF 49 USCA SECT. 11343 ET SEQ.



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Corporation  
1138 Six Penn Center Plaza  
Philadelphia, PA 19104  
(215) 594-4241

Date: June 15, 1979

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To the Interstate Commerce Commission  
Washington, D.C.

Consolidated Rail Corporation (Conrail) and Raritan River Rail Road Company (Raritan), a wholly owned subsidiary, have agreed to a merger of the latter corporation into the former. The purpose of this petition is to request that the Commission, acting under 49 U.S.C.A. Sect. 10505, exempt the merger from the requirement of approval under 49 USCA §11343-11347. In support of such exemption Conrail represents as follows:

1. The Raritan, a Class III Railroad, was incorporated under the laws of New Jersey in 1888. Since April 18, 1979 all of the outstanding stock of that company has been, and is, owned by Conrail.
2. Raritan owns and operates 17.2 miles of railroad (comprising 32 miles of track) extending from South Amboy to New Brunswick, New Jersey as shown on the map attached hereto as Exhibit A. Raritan owns 6 locomotives and has an average of 52 employees, including officers and supervision. During the year 1978 Raritan handled 9,084 carloads of freight. Raritan does not connect with any other railroad

except Conrail and, for all practical purposes, functions as a component of Conrail.

3. The merger of the two railroads will be in the public interest. The consolidation of the traffic, equipment, and operations of the two carriers will permit a more efficient and expeditious handling of the traffic referred to in Paragraph 2, above. Savings of approximately \$173,000 annually will be accomplished by the reduction of 16 administrative and supervisory positions.

4. All employees who will be affected by the merger (except for two corporate officers) are entitled to the protection of Title V of the Regional Rail Reorganization Act of 1973. Nevertheless, Conrail is willing to have the Commission's granting of this petition conditioned on Conrail's protecting Raritan employees who are affected by the merger in accordance with the requirements established in New York Dock Railway Control, F.D. No. 28250, served Feb. 27, 1979.

5. The proposed merger will not adversely affect other carriers, shippers, the public, or the present operations of either Conrail or Raritan. The transaction will have no adverse effects on energy consumption or on the environment. No new capitalization, securities or other financial ramifications are involved. The objectives and the results of the merger will be limited to the achievement of administrative savings from corporate simplification. The proposed merger has been reviewed and approved by the U.S. Railway Association (U.S.R.A.). A copy of the U.S.R.A.

action is attached hereto as Exhibit B.

6. Application of the regulatory requirements and procedures set forth in 49 USCA §11343-11347 would involve unreasonable and disproportionate expense and administrative burden and would serve no useful purpose. Approval of the merger by the Commission under the aforesaid provisions of law is not necessary to protect or carry out the transportation policy set forth in 49 USCA §10101.

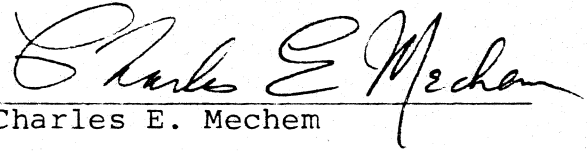
7. Conrail believes that the proposed merger is the type of transaction which Congress intended the Commission to exempt when it adopted 49 USCA § 10505 in 1976. The legislative history of the Railroad Revitalization and Regulatory Reform Act of 1976 reflects a Congressional purpose to exempt from regulation those transactions in respect to which regulation would serve little or no useful public purpose and where the expenditure of the Commission's already overtaxed resources would not be necessary to promote the national transportation policy. H.R. Rep. No. 94-781, 94th Congress, Second Sess., pg. 135 (Jan. 23, 1976).

8. The parties have established October, 1979 as the target date for the merger.

9. Petitioner acknowledges that if the requested exemption is granted it will apply solely to the merger transaction and that the merged company will remain subject to the jurisdiction of this Commission.

WHEREFORE, Conrail respectfully requests that the Commission exempt the proposed merger of Raritan River Rail Road Company into Consolidated Rail Corporation from the requirement of approval under 49 USCA §11403.

Respectfully submitted,



Charles E. Mechem

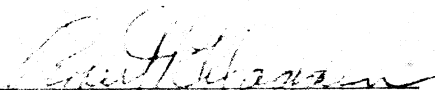
Counsel for Petitioner  
1138 Six Penn Center Plaza  
Philadelphia, PA 19104  
(215) 594-4241

Date: June 15, 1979

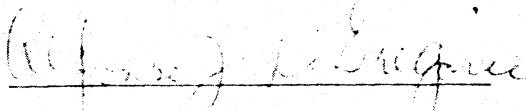
VERIFICATION

Commonwealth of Pennsylvania :  
: SS  
County of Philadelphia :

Robert V. Wadden, being duly sworn, deposes and says that he is Vice President & Controller and Chief Accounting Officer of Consolidated Rail Corporation and that the facts set forth in the foregoing petition for exemption are true and correct to the best of his knowledge and belief.

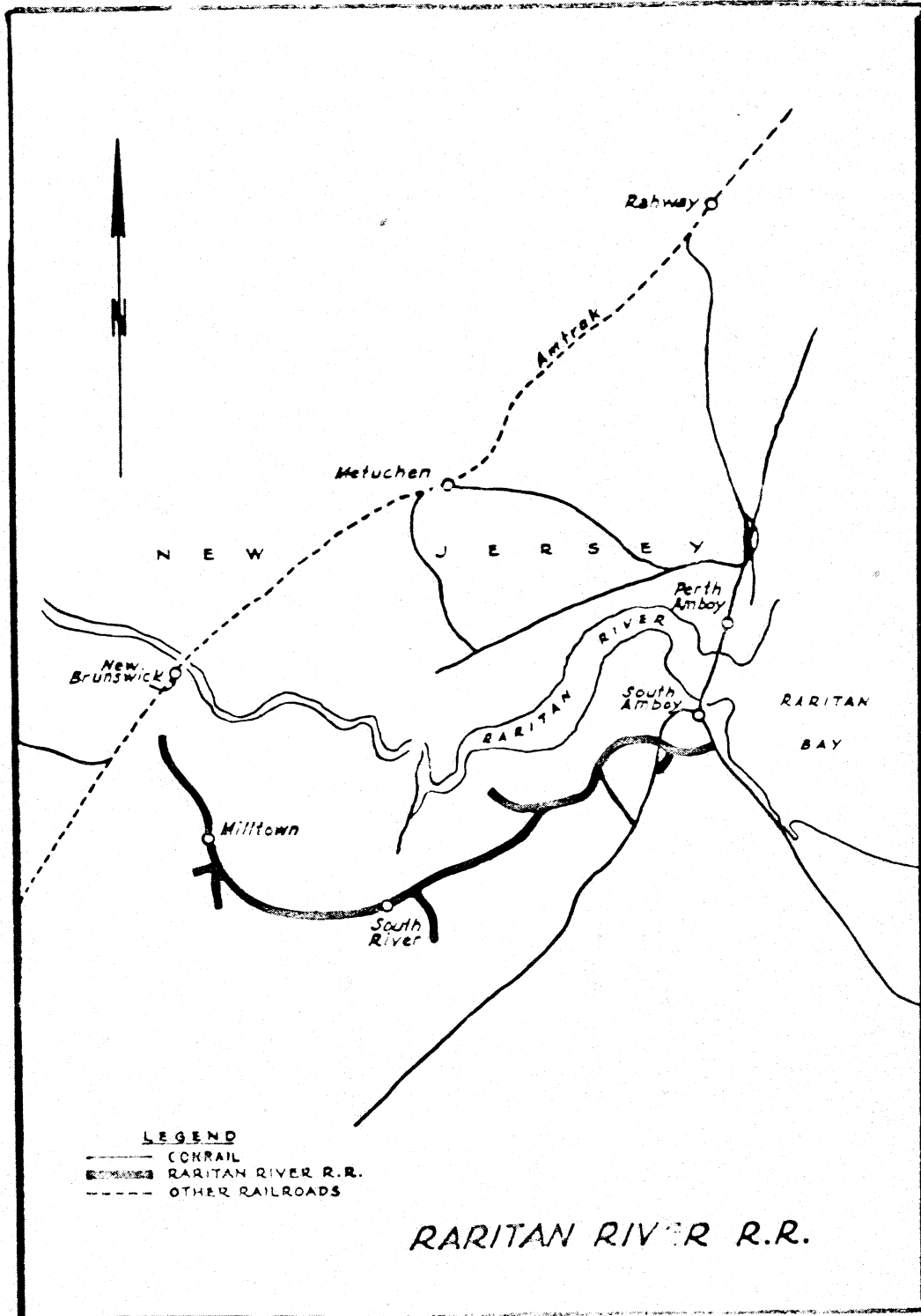
  
Robert V. Wadden

Subscribed and sworn to  
before me this 13<sup>th</sup> day  
June, 1979.

  
ALFONSO J. DIGREGORIO

Notary Public, Philadelphia, Philadelphia Co.  
My Commission Expires August 7, 1980

# EXHIBIT A



FINANCE COMMITTEE OF THE BOARD OF DIRECTORS  
UNITED STATES RAILWAY ASSOCIATION

Resolution

WHEREAS, the Consolidated Rail Corporation ("Conrail") has submitted a request to the United States Railway Association ("Association") seeking permission to merge the Raritan River Railroad Company, a New Jersey corporation ("Raritan"), into Conrail on the premises that Conrail owns all of the issued and outstanding shares of common stock of Raritan and 99,060 of the 99,080 issued and outstanding shares of the non-voting, non-cumulative preferred stock of Raritan and that Conrail will experience savings in personnel costs as a result of the merger;

WHEREAS, sections 6.01(c), 6.02(a), 6.02(e) and 6.02(m) of the Financing Agreement by and between the Association and Conrail dated March 12, 1976 ("Financing Agreement") contain terms and covenants applicable to Conrail's request for permission to merge Raritan into Conrail;

WHEREAS, section 216(e)(2) of the Regional Rail Reorganization Act of 1973 ("Act") authorizes the Finance Committee, in its discretion and upon a finding that such action is necessary or appropriate to achieve the purposes of the Act or the goals of the final system plan, to waive compliance with any term, condition, provision, or covenant of the securities of Conrail held by the Association or any term or covenant governing the purchase of the securities of Conrail by the Association; and

WHEREAS, the Board of Directors of the Association by resolution dated March 1, 1979 recommends that the Finance Committee waive those terms, conditions, provisions and covenants of the Financing Agreement which would prohibit or otherwise restrict Conrail from merging Raritan into Conrail.

NOW, THEREFORE, IT IS UNANIMOUSLY RESOLVED THAT:

(1) The Finance Committee finds that departure from the requirements of sections 6.01(c), 6.02(a), 6.02(e), and 6.02(m) of the Financing Agreement is appropriate to achieve the purposes of the Act; and

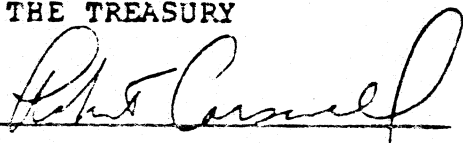


(2) To the extent necessary to permit such merger, the Finance Committee waives those terms and covenants of the Financing Agreement which would prohibit or otherwise restrict the merger of Raritan into Conrail.

This instrument may be executed in one or more counterparts, all of which when taken together shall constitute and be deemed to be one instrument.

IN WITNESS WHEREOF, the undersigned members of the Finance Committee of the Board of Directors of the Association have hereunto set their hands this 8 day of March, 1979.

ROBERT CARSWELI  
DEPUTY SECRETARY OF  
THE TREASURY



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ALAN BUTCHMAN  
DEPUTY SECRETARY OF  
TRANSPORTATION

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WILLIAM K. SMITH  
CHAIRMAN OF THE BOARD OF DIRECTORS  
UNITED STATES RAILWAY ASSOCIATION

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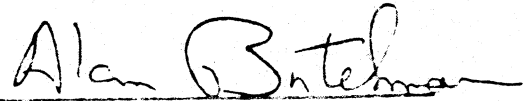
(2) To the extent necessary to permit such merger, the Finance Committee waives those terms and covenants of the Financing Agreement which would prohibit or otherwise restrict the merger of Raritan into Conrail.

This instrument may be executed in one or more counterparts, all of which when taken together shall constitute and be deemed to be one instrument.

IN WITNESS WHEREOF, the undersigned members of the Finance Committee of the Board of Directors of the Association have hereunto set their hands this 28 day of March, 1979.

ROBERT CARSWELL  
DEPUTY SECRETARY OF  
THE TREASURY

ALAN BUTCHMAN  
DEPUTY SECRETARY OF  
TRANSPORTATION



WILLIAM K. SMITH  
CHAIRMAN OF THE BOARD OF DIRECTORS  
UNITED STATES RAILWAY ASSOCIATION

(2) To the extent necessary to permit such merger, the Finance Committee waives those terms and covenants of the Financing Agreement which would prohibit or otherwise restrict the merger of Raritan into Conrail.

This instrument may be executed in one or more counterparts, all of which when taken together shall constitute and be deemed to be one instrument.

IN WITNESS WHEREOF, the undersigned members of the Finance Committee of the Board of Directors of the Association have hereunto set their hands this \_\_\_ day of March, 1979.

ROBERT CARSWELL  
DEPUTY SECRETARY OF  
THE TREASURY

ALAN BUTCHMAN  
DEPUTY SECRETARY OF  
TRANSPORTATION

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WILLIAM K. SMITH  
CHAIRMAN OF THE BOARD OF DIRECTORS  
UNITED STATES RAILWAY ASSOCIATION

*William K. Smith*