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NOTICE BY THE
UNITED STATES RAILWAY ASSOCIATION
PURSUANT TO SECTION 208(d)(3) OF THE
REGIONAL RAIL REORGANIZATION ACT OF 1973

Section 208(d)(3) of the Regional Rail Reorganization Act of 1973, as amended (the Act), authorizes the United States Railway Association (the Association) to modify, supplement or add to the designations of rail properties in the Final System Plan, as approved by Congress (FSP), under certain defined circumstances. As enacted into law on February 5, 1976, Section 208(d)(3) is designed to enable the Association to effect various changes in the Final System Plan in order to implement its basic objectives. Section 208(d)(3) requires the Association to exercise its authority under the Section by notice to Congress within 20 days after the enactment of the Railroad Revitalization and Regulatory Reform Act of 1976. The Association at the same time must submit that notice for publication in the Federal Register.

This notice contains the modified, supplemented or additional designations to the Final System Plan adopted by the Association pursuant to Section 208(d)(3), which provides, in pertinent part as follows:



"Within 20 days after the date of enactment of the Railroad Revitalization and Regulatory Reform Act of 1976, the Association may, by notice to the Congress and by publication in the Federal Register, modify, supplement, or add to the designations of rail properties in the final system plan if the Association finds such actions are necessary to --

(i) achieve the efficient implementation of the final system plan, or

(ii) provide for the offer to profitable railroads of rail properties designated in the final system plan to the Corporation, if such properties are not essential in the operation of other rail properties of the Corporation but are or would be integrally related to the operation of rail properties of (or which are offered pursuant to the final system plan to) such profitable railroad, or

(iii) provide for the designation of additional rail properties to the Corporation or to a subsidiary thereof to enable the Corporation to serve efficiently a line of railroad designated to the Corporation in the final system plan if such line does not connect with any other line of railroad so designated to the Corporation or if such line would be served more efficiently as a consequence of such designation.

Any designation to a profitable railroad pursuant to this paragraph shall comply with the second sentence of section 206(d)(4) of this title, and shall only be made upon a finding by the Association that such designation is integrally related to an offer of rail properties to a profitable railroad in the final system plan, that the goals of the final system plan require that the rail properties be operated as a part of the rail properties included in such offer, and that the implementation of such designation will not materially and adversely affect the impact of such offer on the profitability of the Corporation or any profitable railroad operating in the region. Any designation to a profitable railroad

pursuant to this subsection, which amends any prior offer, shall terminate 30 days after the date of enactment of this paragraph unless, prior to such date, such profitable railroad has notified the Association in writing of its acceptance of such amendment to the prior offer."

PART I. DESIGNATIONS TO ACHIEVE THE EFFICIENT IMPLEMENTATION OF THE FINAL SYSTEM PLAN PURSUANT TO SECTION 208(d)(3)(i) OF THE ACT.

A. Additions and modifications to the general designation and conveyance principles contained in the Final System Plan necessary to achieve the efficient implementation of the FSP.

In certain instances, rail properties designated in the Final System Plan have been alleged (by trustees or others) not to have been so designated. In each case, these allegations have led or may soon lead to judicial proceedings, consuming the time of the courts, the Association, the Consolidated Rail Corporation (Corporation) and the transferors over such questions as whether the Final System Plan means what the Association believes it says. Although the Association believes each of the following designations in this Category A to be superfluous, the Association finds it necessary, in order to achieve the efficient implementation of the Final System Plan, to make these designations, however redundant they may be.

1. Designations of rail lines, yard facilities, maintenance facilities and any other designated real properties of whatever character constituting rail properties include all of the

transferor's right, title and interest in such real property and all rights associated with such real property, including without limitation, air rights, the right to grant, renew or extend easements, or other use or occupancy interests, of any and all kinds over, upon, across or under such property, the right to receive rents or fees for existing or previously granted easements or licenses relating to such property, and the right to develop such property in any manner consistent with applicable law.

2. Designations of equipment, materials and supplies and administrative assets include all such assets as may be included within such categories by application of the principles set forth in the Final System Plan without any limitation as to the dollar amounts of such assets that are to be transferred.

3. Rolling stock and equipment, and all parts and components thereof, designated in the Final System Plan shall remain designated as long as such rolling stock or equipment or any part or component thereof, in the judgment of the Association, retains any capability of being used or useful in rail operations, notwithstanding the fact that such rolling stock or equipment, or part or component thereof, is deemed by its present owner to be physically or economically incapable of performing its original, intended function. This principle also applies to all track, ties and other track material installed, stored or located on designated rail lines.

4. Designations of stock interests in entities owning rail properties, particularly those interests conferring control of such entities, were made because of the rights, powers and interests they confer with respect to the assets and operations of the controlled entity. Recently, several such entities have been caused by various trustees of bankrupt estates to take actions which are outside of the ordinary course of business and which tend to destroy, encumber or diminish the control of, or rights with respect to, the underlying rail properties sought to be conferred on the Corporation through the designations of the stock interests. Concerns are raised by recent or threatened actions such as the removal of railroad operating personnel from customary and long-held directorships of subsidiaries and their replacement with non-railroad employees of the trustees and the similar removal of regular management employees of subsidiaries and their replacement on a part-time basis by employees of the trustees. Similarly, the declaration of extraordinary dividends, the payment of inter-company claims which are in dispute or which have long been withheld from payment, and efforts to dispose of substantial assets of subsidiaries are examples of the kinds of actions which are inconsistent with the basic intent and requirements of the Rail Act and the purpose of the designations of stock interests in the Final System Plan. The basic reason for the designation of

stock interests has been that the stock itself is a "rail property" because it provides control or rights with respect to underlying assets which themselves are used and useful in rendering rail transportation service. Consequently, pursuant to Section 304(i) of the Act, the Association interprets its designations of stock interests as prohibiting transferors from causing or permitting, directly or indirectly, any entity in which they hold a stock interest designated for transfer in the FSP from taking any action outside of the ordinary course of business which has the effect of impairing, encumbering or diminishing the usefulness of the stock interest in rail transportation service, including without limitation, any action of the kinds described above.

5. The conveyance of stock interest in any entity from a transferor to the Corporation or other transferee is intended to convey all right, title and interest of the transferor in such entity including any interest of the transferor as creditor. All of the stock interests listed or described on pages 12, 13, 14, and 15 of the Errata Supplement* to the FSP or alternatively designated to the Corporation on page 26 of the Errata Supplement, or designated to the Corporation by any additional, supplemental or modifying designations contained in this notice, are subject to this designation principle. This designation supplements the language added to footnote 14 of the FSP by the fourth

*Official Errata Supplement dated December 1, 1975.

entry on page 8 of the Errata Supplement. The creditor interests so designated are subject to the condition that any collections by or distributions to the transferee with respect to such a creditor interest shall be for the account of the transferor. Pursuant to this designation the matured bonds of the Canadian Southern Railroad held by the Penn Central Transportation Company (PCTC) and the advance to Canada Southern Railroad held by the Michigan Central Railroad (Michigan Central) are specifically designated to the Corporation subject to the above condition should the Corporation seek to collect rather than cancel such obligations. Similarly, all advances to the Pennsylvania Truck Line (PTL) held by the PCTC are specifically designated to the Corporation. The listing of these two specific designations does not limit the general applicability of the designation principle or condition stated above.

6. The FSP designates to various transferees the stock of various terminal and operating companies held by certain of the transferors rather than the assets of the terminal or operating company either because of (i) limitations on the power of the Association to reach directly the physical assets of the terminal or operating company or (ii) a determination by the Association that the Final System Plan would be most effectively implemented if the terminal or operating company remained an independent entity. The transferor of the stock of a terminal or operating company also often possesses operating rights, agreements, franchises,

or leases that are required to control the assets of or to operate over the properties of the entity whose stock is being transferred. The designation of any stock interest is, therefore, intended to transfer all such operating agreements, franchises, rights or leases as the transferor or its parent or any of its affiliates may possess (if they are transferors in the FSP), if used or useful in controlling the assets of or operating over the properties of the entity whose stock has been transferred. For example, Amtrak has been designated an option to acquire the Philadelphia, Baltimore, and Washington Railroad's (PB&W) stock interest in the Washington Terminal Company. Exercise of this option will transfer to Amtrak all of the PB&W's and the PCTC's rail operating interests in Union Station and will substitute Amtrak as a party to any rail operating agreements, leases, or contracts to which either the PB&W or the PCTC is a party. This designation will not divest the PB&W or the PCTC of any interest they may jointly or severally possess in subsidiaries generating non-rail operating income by virtue of real property interests in Union Station. This designation is in turn subject to the general power reserved to the Association to segregate, prior to certification, rail from non-rail property by application of the other designation principles contained in the FSP.

B. Additional Section 206(d)(3)(i) designations to the Corporation relating to Sections 206(c)(1)(A), 206(c)(1)(B) and 206(c)(2) necessary to achieve the efficient implementation of the FSP.

1. Designations of lines, facilities and equipment to be used in rail freight operations not initially designated to the Corporation or offered to a profitable railroad and necessary to achieve the efficient implementation of the FSP.

The Association finds that the following additional designations are necessary for the efficient implementation of the FSP. There is designated for transfer to the Corporation from the following transferors all of the following rail properties:

SYSTEM PCTC

a. Transferor - Central Indiana Railroad

That portion of the Central Indiana Railroad (Line Code 8370) (i) from Anderson, Ind. (MP-0.0) to Westfield, Ind. (MP-26.0) ceasing at a point 700 feet west of the points of the existing west passing track and (ii) Lebanon, Inc. (MP-45.2) to Gadsden, Ind. (MP-37.0) ceasing at a point 1500 feet east of the east edge of the crossing of County Road 650.

b. Transferor - PCTC

(i) That portion of Line Code 2229 between Arnold (MP-119.5) to Kistiminetas Jct. (MP-28.7);

(ii) An easement across the lower level of Fort Wayne Bridge at Pittsburgh, Pa. until such time as highway construction at the approaches to the Bridge prevents its use for railroad operations;

(iii) That portion of the Steelton Branch (Line Code 1338) from MP-0.0 to MP-1.2;

(iv) That portion of the Rochester Secondary (Line Code 4835) from MP-0.0 to MP-3.1;

(v) That portion of the Williamsburg Branch (Line Code 2326) from MP-243.4 to MP-245.6;

(vi) A one-year lease in that portion of the Belvidere-Delaware Branch (Line Code 1124) between Lambertville, New Jersey (MP-16.0) and Milford, New Jersey (MP-34.4);

(vii) That portion of Line Code 1164 between Lewis, New Jersey (MP-0.0) and Fort Dix, N. J. (MP-5.6) necessary to preserve access to the Union Transportation Company; and

(viii) The following designations to the Corporation listed at page 14 of the Errata Supplement are withdrawn:

(1) The option to acquire a portion of the PCTC's Oil City Secondary Track (USRA Line No. 647);

(2) The option to acquire a portion of the United New Jersey and Canal Co.'s

Belvidere-Delaware from Trenton Fair
to Phillipsburg; and

- (3) The option to acquire a portion of
the Erie and Kalamazoo Railroad's
Vulcan Old Road Branch.

(ix) The name "Chicago Belt Railway" listed on
the right hand column of page 15 is corrected to read
"Belt Railway of Chicago".

- c. Transferor: Cleveland, Cincinnati, Chicago
and St. Louis Railway (CCC&SL)

That portion of the Duff Running Track (Line
Code 8365) at Washington, Ind. from MP-77.6 to MP-79.9.

- d. Transferor: PB&W

The following portions of line located in or
near Louisville, KY. and Jeffersonville, Ind.

(i) Line Code 0334A - Jeffersonville (MP-0.1) to
Jeffersonville B&O (MP-0.0);

(ii) Line Code 8334 - Jeffersonville B&O
(MP-0.0) to Court Street (MP-0.5);

(iii) Line Code 8334B Louisville L&N (MP-3.2)
to Louisville Fulton Street (MP-1.7); and

(iv) Line Code 8334 Louisville Fulton Street
(MP-1.7) to Louisville Floyd St. (MP-2.6).

SYSTEM - READING COMPANY

That portion of the Reading and Columbia Branch (Line Code 0337) from MP-38.7 to MP-39.7

2. Additional Section 208(d)(3)(i) designations of stocks, leases, operating rights, buildings and administrative assets not initially designated to the Corporation or offered to a profitable railroad and necessary for the efficient implementation of the Final System Plan.

The Association finds that the following additional designations are necessary for the efficient implementation of the Final System Plan. There is designated for transfer to the Corporation:

- a. The PCTC's interest as lessor of certain rail properties to the Union Transportation Company.
- b. All locomotives of the Erie Lackawanna Railroad (E-L) if unencumbered, or subject to financing agreements other than leases, or if subject to leases, those locomotives meeting the lease designation standards contained in the Final System Plan.
- c. All right, title and interest of the PCTC in the Penn Central Communications Company.
- d. The Connecting Railroad's right, title and interest in the Akron and Barberton Belt Railroad.
- e. The Cleveland, Cincinnati, Chicago and St. Louis' Railroad interest in the TRAA.
- f. The Reading Railroad's interest in the agreement with the Reading Transportation Co. for the operation of the Erie Avenue TOFC Facility;

- f. The PCTC's operating interests in the Port Albany Railroad; and
- g. The Central of New Jersey's right, title and interest in the Jersey Central Transportation Company.

3. Section 208(d)(3)(i) modifications of initial offers of stocks, leases, operating rights, administrative assets, and buildings initially designated to the Corporation under Section 206(c)(1)(A) and necessary to achieve the efficient implementation of the Final System Plan.

The Association finds that the following modified designations to the Corporation are necessary for the efficient implementation of the FSP:

(a) All of the PCTC's right, title, and interest in the Pennsylvania Truck Lines Co., including its common stock.

(b) All of the PCTS's and American Contract Company's right, title and interest in Excelsior Truck Leasing Company, including its common stock.

(c) All of Central Railroad of New Jersey's (CNJ), the Central Railroad of Pennsylvania's (CR of PA) and the PCTC's right, title and interest in the Raritan River Railroad, including but not limited to that Railroad's common and preferred stock.

(d) The Final System Plan and/or Errata Supplement initially designated for transfer to the Corporation the assets of the entities whose stock is to be

transferred pursuant to (a), (b), and (c) above.
These designations are withdrawn subject to the
principle stated in Part I-14-Y of this Notice.

4. Section 208(d)(3)(i) alternative designations to the Corporation related to primary Section 206(c)(1)(B) designations and necessary to achieve the efficient implementation of the FSP.

The Chessie System did not accept the offering made to it of certain stock interests, administrative assets, and operating agreements listed at pages 27, 28, 29, and 30 of the Errata Supplement. To clarify the intent of the FSP and eliminate any ambiguities, the Association finds that the following designations are necessary to achieve the efficient implementation of the FSP. There is designated to the Corporation all assets initially offered to the Chessie System on pages 27, 28, 29, and 30 with the following exceptions:

- (i) Equipment leases not meeting the lease designation standards contained in the FSP;
- (ii) Those buildings of the Erie Lackawanna Railroad and Reading Railroad as may not be included in the certification to the Special Court for the reason that they are not used or useful in rail service provided by the Corporation;
- (iii) The Reading Railroad's interest in the Baltimore & Cumberland Valley Extension Railroad; and
- (iv) The optional designation with respect to Trailer Train Company stock is subject to the condition described in note 18 of Chapter 8 of the FSP.

No other interest of a railroad in reorganization offered to a profitable railroad is alternatively designated to the Corporation unless alternatively designated in the Final System Plan, the Errata Supplement, or this Notice, whichever contains the latest designation.

5. Section 208(d)(3)(i) designations of properties which may be offered to the Corporation by profitable railroads necessary for the efficient implementation of the Final System Plan.

The Association finds it necessary for the efficient implementation of the FSP to designate, as a rail property that may be offered to the Corporation by a profitable railroad, trackage rights over the Detroit, Toledo & Ironton (DT&I) in Lima, Ohio between Sugar Street (MP-137.0) and "ST" (MP-133.6) to service industries located on present E-L tracks designated for inclusion in the Corporation. The designation expires if the parties do not enter into a binding agreement prior to March 6, 1976 and execute any necessary agreements under Section 508 of the Act.

C. Section 208(d)(3)(i) additional or modified designations to profitable railroads relating to Section 206(c)(1)(B) and Section 206(c)(2) of the Act to achieve the efficient implementation of the Final System Plan.

This Section of the Notice contains a series of additional or modified designations to profitable railroads.

The Association finds for the reasons summarized in each designation that each designation is (i) integrally related to an offer of rail properties to a profitable railroad in the Final System Plan; (ii) that the goals of the Final System Plan require that the rail properties be operated as a part of the rail properties included in such offer; and (iii) that the implementation of such designation will not materially and adversely affect the impact of such offer on the profitability of the Corporation or any profitable railroad operating in the region.

1. ILLINOIS TERMINAL RAILROAD

a. SYSTEM - PCTC

Transferor: Penndel Co.

There is designated to the Illinois Terminal Railroad Company (ITRR) the entire Allentown and Peoria Secondary between Farmdale Jct. (MP-167.8) and S. Morton (MP-162.7), Ill., and between Allentown (MP-156.3) and Maroa (MP-107.5), Ill. This designation will permit the ITRR to operate an integrated line of railroad between Decatur and Peoria, Ill. and reflects the initial

intention of Project ITRR-1 contained in the Preliminary System Plan (PSP).

b. There is designated the following rail property interest of the Illinois Central Gulf Railroad (ICG) which may be offered to the ITRR by the ICG: Trackage rights between Maroa (MP-107.5) and Decatur (MP-95.5), Illinois. This interest, if offered by ICG and accepted by ITRR, will provide the final operating link in the Peoria-Decatur line to be operated by the ITRR. It is, therefore, integrally related to the initial offers to ITRR (ITRR-1 and ITRR-611B), is required to complete the project in an efficient manner, and is within the scope of the projects approved by the Association and the ICG.

This project is consensual and will expire on March 6, 1976, if the parties (ICG-ITRR) have not prior to that date entered into a binding agreement for the transfer of the rail property described and reached any necessary agreements pursuant to Section 508.

2. DETROIT AND MACKINAC RAILROAD

a. SYSTEM - PCTC

Transferor: Michigan Central

There is designated for offer to the Detroit and Mackinac Railroad (D&M) those portions of the Mackinac Branch (Line Code 5236) between Kawhawlin (MP-5.0) and Linwood (MP-11.0) Michigan and Sallings (MP-116.0) and Sallings (MP-116.5), Michigan. These modified designations will preserve service to portions of line initially offered to the D&M on FSP Projects D&M-440A and D&M-440B.

3. NORFOLK AND WESTERN

a. Transferor: Lehigh Valley Railroad

There is designated for offer to the Norfolk and Western (N&W) overhead trackage rights over the present line of the Lehigh Valley (LV) between Blasdell, N.Y. (MP-449.0) and Bison Yard (MP-440.7). Acceptance of this offer will substantially reduce delay and costs of interchange in the congested Buffalo area and result in a more efficient implementation of Project USRA-8 by facilitating interchange between N&W, the Corporation and other railroads interchanging at Buffalo. This designation is an integral part of Project NY-2 previously offered to and accepted by the N&W.

4. DELAWARE AND HUDSON RAILROAD

The FSP contains two offers to the D&H (USRA-8 and D&H-1) contingent in whole or in part on the failure by the Chessie System to accept the offers made to it in Projects USRA-1 and CS-5. Projects USRA-8 contemplated the extension of the D&H from Binghamton, New York to Buffalo, N. Y. by overhead trackage rights on the present Erie Lackawanna Main Line between those two cities. Project D&H-1 extended the D&H from a point near Scranton, Pa. (Avoca) to Allentown, Pa., and anticipated a possible further extension from Allentown, Pa., to Potomac Yard in Alexandria, Virginia via Reading and Philadelphia, Pa. The purpose of these projects was to preserve the D&H friendly western and southern connections and prevent its isolation by the Corporation. Chessie did not accept the offers made to it in CS-5 and USRA-1. The Association has, therefore, reviewed the extensions contemplated by Projects D&H-1 and USRA-1 and finds that the following additional and modified designations are necessary for the efficient implementation of the Final System Plan.

All of the designations include the right for either D&H or the Corporation to submit for binding arbitration to the American Arbitration Association any disputes regarding the reasonableness of terms for the provision of services pursuant to this designation if terms are not agreed to by conveyance date and to submit any additional disputes that may arise thereafter.

4.a. With respect to Project USRA-8, D&H is designated as a separate offer each of the enumerated rail properties from each of the transferors:

(1) Transferor: Erie Lackawanna Railroad

(a) Overhead trackage rights from Jefferson Jct., Pa. (MP-189.8) to Buffalo, (MP-422.4) (Line Codes 6301 and 6401), including the right to:

(i) use Bison Yard at Buffalo, N.Y. at D&H's option, and if it should exercise that option, the further right of contracting with the Corporation (or with its consent, the Norfolk and Western) to provide the D&H with all necessary terminal services in the Buffalo area, at reasonable terms based on actual costs, free from the need for any other regulatory authority;

(ii) to interchange with any railroad other than the Corporation presently connecting with or which in the future may connect with the present Erie Lackawanna line between Binghamton and Buffalo;

(iii) to interchange with all railroads (including the Corporation) operating or interchanging at the Buffalo terminal area;

(iv) the right, free from the need for any other regulatory authority, to contract with the Corporation for the handling of D&H traffic in blocks of cars and trains of cars with or without D&H locomotives and cabooses between Jefferson Jct. and Buffalo, on reasonable terms based on actual costs;

(v) to construct at its expense a crossover between the present E-L main and L-V main at approximately MP-417.5 title to such crossover to be vested in the Corporation; and

(vi) to specify the reasonable level of maintenance to be performed on those lines and facilities used on a joint basis in a manner otherwise consistent with Exhibit 2A of the Appendix to Chapter 8, or on such other basis as the parties may agree.

(b) Title to the portion of line between Jefferson Jct. (MP-1.7) and Lanesboro, Pa. (MP-3.5); and

(c) Trackage rights over the present Erie Lackawanna Branch between Attica (MP-401.0) and Groveland, N.Y. (MP-325.8) for the sole purpose of interchanging with other railroads presently connecting to the Groveland Branch.

(2) Transferor: Lehigh Valley Railroad

(a) All of the Lehigh Valley Railroad's right, title and interest in Line Code 0603A from Niagara Jct. (MP-438.0) to Tift Jct. (MP-442.2) and Line Code 0603B to Buffalo (MP-443.6), and in addition, the Lehigh Lake Erie Branch (Line Code 0603A) from Tift Jct. (MP-442.2) to Tift Terminal (MP-453.1) but excluding that portion of the branch serving the former Lehigh Valley Passenger Station and the Station itself;

(b) All of the Lehigh Valley Railroad's right, title and interest (including all related trackage rights and facilities) in the Niagara Falls Branch (Line Code 0615) between Niagara Jct. (MP-438.0) and Suspension Bridge (CP. 85) (MP-465.5) as currently owned or operated with trackage rights over those portions of the line to be included in the Corporation.

Each of these offers is integral to and refines the initial offer of Project USRA-8 approved by the Association and the ICC pursuant to Section 206(b)(3) of the Act. Acceptance of any or all of the offers will enable D&H to use its best operating judgment to implement a Project considered to be an essential element of the FSP.

4.b. With respect to Project D&H-1, there is designated to D&H as a separate offer each of the enumerated rail properties from each of the transferors:

(1) Transferor: Lehigh Valley Railroad

(a) Overhead trackage rights from Allentown Yard to Bethlehem Interlocking (MP-88.6) including the right, free from the need for any other regulatory authority, to enter into a contract with the Corporation to handle D&H traffic moving from the P,B&NE interchange to Allentown Yard on terms based on actual costs.

(2) Transferor: Reading Company & East Pennsylvania
Railroad

(a) Overhead trackage rights over those portions of the Reading System from Allentown Burn (MP-35.4) to Park Jct. (MP-2.4) as more specifically detailed on page 316 of Vol. 1 of the FSP, including the right to:

(i) interchange at Philadelphia with B&O at Park Jct. and the Corporation at a location to be agreed on by D&H and the Corporation; and

(ii) the right, free from the need for any other regulatory authority, to contract with the Corporation for the handling of D&H traffic in blocks of cars and trains of cars with or without D&H locomotives and cabooses between Allentown and Park Jct. or other point of interchange in Philadelphia, on reasonable terms based on actual costs.

(3) Transferor: Northern Central Railroad, PB&W
and PCTC

(a) Overhead trackage rights from Lemoyne (MP-83.2) to Wago (MP-66.7) via the present Northern Central Railroad, from Wago (MP-50.6) to Port Deposit (MP-33.7)

via the present PCTC, from Port Deposit (MP-33.7) to Perryville (MP-.03) and thence to the Long Bridge (MP-138.7) via the P,B&W, including the right to contract with the Corporation for the handling of D&H traffic in blocks of cars or in train loads with or without D&H power and cabooses between Enola and Potomac Yard on terms based on actual costs.

(b) That portion of the initial offer of overhead trackage rights on the P,B&W from Arsenal (MP-2.4) to Perryville (MP-59.5) is withdrawn.

This designation involves rerouting Project D&H-1 to assure maximum operating efficiency with no market penetration beyond that contemplated by the initial offer to D&H in the FSP.

4.c. With respect to both the modified designations in Projects USRA-8 (a above) and D&H-1 (b above), there is designated to D&H such equipment presently owned or operated by the following transferors (PCTC, LV, Reading and E-L) as may be necessary, in the opinion of the Association, to enable the D&H to implement efficiently and economically any or all of the additional offers designated to it under these projects. The numbers of the units to be offered shall be included in the certification to the Special Court.

5. Additional Section 208(d)(3)(i) designations to the Black River and Western Railroad necessary for the implementation of the FSP.

a. Transferor: United New Jersey and Canal Co.

There is designated to the Black River and Western Railroad that portion of the Belvidere-Delaware Branch at Lambertville, N.J. between MP-18.0 and MP-16.0.

6. Additional Section 208(d)(3)(i) designations to various profitable railroads in and around Cincinnati, Ohio necessary for the efficient implementation of Projects OH-12, OH-13, and DT&I-1.

Projects OH-12 and OH-13 and DT&I provided for new extensions of the Norfolk and Western (N&W) and Detroit, Toledo & Ironton (DT&I) to interchange at Cincinnati with the Southern Railroad (Southern) and Louisville and Nashville Railroads (L&N). All three Projects were major market extensions contained in the FSP and approved by the Association and the ICC pursuant to Section 206(d)(3). None of the modified designations will change the competitive relationships intended by the FSP, all are required if interchange is to occur in Cincinnati in a manner that is efficient and economical, all are integrally related to an initial offer and all are necessary for the efficient interchange at traffic at Cincinnati.

(a) Designations to the Norfolk and Western Railroad
System: PCTC

Transferor: Little Miami Railroad

(1) There is designated to the Norfolk and Western
the following lines between Clare Valley and Rendcomb Jct.:

(i) Clare to Red Bank (Line Code 8221, MP-110.0-
MP-112.2, C&X Branch);

(ii) Red Bank to Valley (Line Code 8221, MP-112.2-
MP-112.4, C&X Branch; and

(iii) Red Bank to Rendcomb Junction (Line Code
8235, MP-112.2 - MP-113.1, Undercliff #1 - North
Track Only). As a condition of this designation the
Corporation is designated operational control of the
above track west of and including the home signal
at Red Bank (MP-112.2) and is designated overhead
trackage rights over all of the above segments.

(2) There is designated for offer to the Norfolk
and Western Railroad ownership of all yard property and
facilities at Oasis Yard (approximately MP-117.9 to
MP-119.4) but excluding the main line tracks on the
north side of the yard which remain designated to the
Corporation. The designation is subject to:

(i) An easement to DT&I for the construction
of two tracks in Oasis Yard at DT&I expenses for
interchange with Southern and L&N;

(ii) The Corporation's right to utilize tracks

in Oasis Yard (except for the two interchange tracks constructed for DT&I pursuant to subparagraph (i) above) as needed for the classification of cars for industries in the Oasis vicinity;

(iii) That the N&W and/or DT&I pay the cost of the Corporation's constructing such cross-overs, switches and signalling as are reasonably necessary to permit the expeditious movement of trains through the east and west entrances to Oasis Yard with said facilities to be owned and controlled by the Corporation; and

(iv) If this offer is not accepted by N&W, the property is alternatively designated to the Corporation with DT&I alternatively designated the easement to construct two tracks for interchange with Southern and L&N at Oasis Yard.

(3) There is designated for offer to the Norfolk and Western Railroad that portion of the "Street Running Track", Undercliff Secondary Track (Line Code 8236) between Oasis (MP-119.7), and Front and Smith Streets (MP-121.5), subject to the following conditions:

(i) The overhead trackage rights over entire segment offered to DT&I, *infra.*;

(ii) The unrestricted trackage rights designated to the Corporation, infra. The word "unrestricted" means the right to operate overhead trains and to serve shippers at all points along the line;

(iii) The honoring of existing L&N overhead trackage rights;

(iv) The overhead trackage rights designated for offer to Southern Railway, infra; for the purpose of handling interchange traffic to and from N&W and DT&I at Oasis Yard.

4. There is designated for offer to the Southern Railroad overhead trackage rights over that portion of the "Street Running Track" (Line Code 8236, Undercliff Secondary Track) between Oasis (MP-119.7) and Front and Smith Streets (MP-121.5) for the purpose of handling interchange traffic to and from the N&W and DT&I at Oasis Yard.

5. There is designated for offer to the Louisville and Nashville Railroad overhead trackage rights from the vicinity of Oasis Yard from the beginning of the present Little Miami line of railroad at the eastern end of the L&N Bridge to Oasis Yard including the interlocking to the east and west entrances of Oasis Yard (Line Code 8236, MP-119.7-MP-117.9,

Undercliff Secondary Track) for the sole purpose of enabling L&N to move N&W or DT&I interchange traffic to or from Oasis.

6. There is designated for offer to the Detroit, Toledo, and Ironton Railroad:

(i) An easement at Oasis Yard to the extent described in offer 2(i) above (subject to the conditions stated therein) and overhead trackage rights over the Undercliff Secondary Track to the extent described in offer 3(b) supra;

(ii) An alternative designation of the same interests as (i) above if N&W should decline the offers (2) and (3) above subject to the same conditions described in offers (2) and (3), such conditions then attaching to the designation to the Corporation.

D. Additional Section 208(d)(3)(i) designations to the Corporation relating to the Northeast Corridor designations (206(c)(1)(C)) and necessary for the efficient implementation of the FSP.

Section 701(b) of the Railroad Revitalization and Regulatory Reform Act of 1976 mandates that the National Railroad Passenger Corporation (Amtrak) be granted operating and maintenance control of the Northeast Corridor. The FSP did not specifically designate maintenance equipment to Amtrak to fulfill its maintenance function.

The Association, therefore, finds that it is necessary for the efficient implementation of the FSP to designate to Amtrak an amount of roadway machinery, work equipment and association materials and supplies owned by the railroads in reorganization in the proportion of main track miles on which it will have maintenance of way responsibilities to main track miles being transferred or conveyed under the Act.

E. Additional Section 208(d)(3)(c) designations to the Corporation relating to Section 206(c)(1)(D) that are necessary for the efficient implementation of the FSP.

The Association determines that the following additional designations are necessary for the efficient implementation of the FSP:

1. Section 304(e) of the Act, as amended, requires the Corporation to provide commuter service for a minimum period of 180 days following conveyance. The FSP did not make all designations necessary to assure the Corporation would have access to all rail lines and facilities necessary to fulfill its obligation to provide continued service under Section 304(e). The Association, therefore, finds it necessary for the efficient implementation of the FSP to make additional designations to the Corporation under Section 206(c)(1)(A) to enable it to fulfill its statutory obligation. Specifically, the Corporation is designated any

necessary trackage and related user rights for all rail properties (including but not limited to track, stations, equipment, and yard facilities) necessary to meet its obligations under Section 304(e) of the Act. The trackage and related user rights transferred by this designation shall expire at such time as the Corporation is no longer obligated to provide commuter service under Section 304(e).

(2) On page 327 of the Final System Plan, States and local and regional transportation authorities were conveyed the right to acquire, by purchase or lease, the transferee's interests in all rail lines except main freight lines, on which there are present operations by a transportation authority and trackage rights on all rail lines, except main freight lines, which are useful for operations of trains by a transportation authority except for those lines which are designated to Amtrak and except for appropriate trackage rights for freight operations, which the Corporation retained. There is some ambiguity regarding the duration of this designation. After considering the recent amendments to the Rail Act, the

Association has concluded that the designation will terminate 900 days after the date of conveyance. Thus, for this period of time, pursuant to this designation and Section 206(d)(5)(c) of the Rail Act, transportation authorities will have the right to acquire them at a value related to the Corporation's acquisition price. In addition to those lines on which there are present operations, this option will apply to Line 0306, the Reading Company Chester Branch between MP-0.42 and MP-5.42.

(3) There is designated to the Corporation pursuant to Section 206(c)(1)(A) an option (as described in Chapter 8) to acquire the PCTC's stock interest in Chicago Union Station for transfer to The National Railroad Passenger Corporation pursuant to Section 206(c)(1)(D) and the PB&W's and PCTC's interest in the Trust Agreement relating to Ivy City Yard as more particularly described in Chapter 8.

PART II. SECTION 208(d)(3)(ii) DESIGNATIONS TO PROFITABLE RAILROADS OF RAIL PROPERTIES NOT ESSENTIAL TO THE CORPORATION BUT WHICH COULD BE AN INTEGRAL PART OF A PROFITABLE RAILROAD'S OPERATION.

For each of the designations below the Association finds that the designation is necessary to carry out the efficient implementation of the FSP, and further finds that this designation is (i) integrally related to an offer of rail properties to a profitable railroad in the Final System Plan; (ii) that the goals of the Final System Plan require that the rail properties be operated as a part of the rail properties included in such offer; and (iii) that the implementation of such designation will not materially and adversely affect the impact of such offer on the profitability of the Corporation or any profitable railroad operating in the region.

A. Designations to the Burlington Northern.

SYSTEM: PCTC

Transferor: Cleveland, Cincinnati, Chicago &
St. Louis Railway

There is designated to the Burlington Northern (BN) overhead trackage rights between Joan, Ill. (MP-205.7) and Mitchell, Ill. (MP-237.7) (Line Code 8405), including the right to construct any connections necessary to utilize these trackage rights. The line in question was initially designated one-half in fee to BN, one-half in fee to the Chicago & Eastern Illinois (CE&I). The failure of the CE&I to accept its portion

of the offer has created problems which are best resolved by placing unitary ownership in ConRail with trackage rights to BN. This additional designation is an integral part of the initial offer to the BN contained in the offer to the C&E in Project IL-8. Acceptance of the offer will result in integrated operations on the BN's line from Centralia, Ill. to Alton, Ill.

B. Designation to the Union Railroad

Transferor: Penn Central Transportation Company

The Union Railroad has already accepted the offer made to it pursuant to Project PA-13. There is designated for offer to the Union Railroad those tracks on the McKeesport Branch the Union Railroad now leases from PCTC at South Duquesne and Riverton, PA., subject to trackage rights reserved to the Corporation. This designation will grant the Union Railroad ownership of all facilities used in its operations which were previously owned by the PCTC and leased by the Union Railroad. The offer is, therefore, integrally related to the present operations of the Union Railroad.

C. Designations to the Norfolk and Western.

SYSTEM: PCTS

Transferor: PB&W

Projects OH-12 and OH-13 designated a complex series of ownership and joint operating patterns to the Corporation and the Norfolk and Western (N&W).

The efficient implementtion of Project OH-12 and OH-13 requires additional designation to integrate local and overhead operations on the line and to avoid potential operating conflicts at Muncie, Ind. There is, therefore, designated to the Norfolk and Western the rail line (Line Code 8222) from Glen, Ind. MP-72.4) to Eaton, OH (MP-57.4). In addition, there is designated to the N&W the present Penn Central wye track and industrial lead in Muncie, Ind., from connecting with PCTC track No. 71.0 at PCTC MP-230.0 plus 70 feet ± to a point adjacent to N&W MP-42.68 on N&W's New Castle District with rights to construct a crossover from said PCTC track to N&W's line; the right to construct crossovers, at its expense, on and between PCTC's four tracks between PCTC MP-230.0 plus 70 feet ± and N&W right-of-way at N&W MP-174.43 ± on N&W's Frankfort District, a distance of approximately 1,235 feet, including trackage rights on PCTC's four tracks between PCTC MP-230.0 plus 70 feet ± and PCTC MP-230.0 plus 70 feet ± and PCTC's MP-230.0 plus 1,305 feet ± for negotiating said crossovers and to construct a connection with N&W track at N&W MP-174.47 ±. The crossovers are to be under the operating control of the Corporation.

PART III. SECTION 208(d)(3)(iii) DESIGNATIONS THAT WILL ENABLE THE CORPORATION TO SERVE MORE EFFICIENTLY LINES DESIGNATED TO IT.

The Association finds that the following additional or modified designations are necessary to enable the Corporation

to serve more efficiently lines which are presently designated to it. Certain of these additional and modified designations are required as a result of additional, modifying, or supplemental designations previously made to this Notice. There is designated for transfer to the Corporation:

1. Transferor: Lehigh Valley Railroad

That portion of the present Lehigh Valley Main Line from MP-409.2 to MP-409.5 at Batavia, N.Y. (Line Code 0063A) and that portion of the Caledonia Secondary from MP-47 to MP-49.0 at Caledonia, N.Y. (Line Code 4839).

2. SYSTEM: PCTC

(a) Transferor: PB&W

Trackage rights over the wye track from PCTC track No. 71 to a point adjacent to NW MP-42.68 for local service to industry south of Willard Street at Muncie, Ind.

(b) Transferor: PCTC

(1) A three-year lease on the Panhandle Bridge at Pittsburgh, Pa. (Line Code 2206);

(2) That portion of the Oil City Secondary Track (Line Code 2329) between Red Bank, Pa. (MP-64.6) and Ementon, Pa. (MP-88.9);

(3) That portion of the West Shore Secondary Track (Line Code 47-3) near New York Mills, New York, between MP-233.6 and MP-234.3; and

(4) That portion of the Allegheny Secondary Track (Line Codes 2229 & 2329) between Templeton, Pa. (MP-53.5) and Red Bank, Pa. (MP-63.5).

(c) Transferor: Little Miami Railroad

The interests, rights, and powers specifically reserved to the Corporation in Part I-C-5-a-1, 2 and 3 of this Notice relating to the modification of certain offers to profitable railroads in the Cincinnati, Ohio region, and an alternative designation of all rail properties offered to profitable railroads in Part I-C-5 in the event that any or all of those profitable railroads do not accept those offers.

3. Transferor: Erie Lackawanna Railroad

(a) That portion of present River Line (Line Code 6541) between River Jct. (MP-358.1) and Cuba Jct. (MP-390.7);

(b) That portion of the present Main Line (Line Code 6501) between Niobe Jct., Pa. (MP-47.0) and CM Jct., Pa. (MP-56.3);

(c) That portion of the Phillipsburg Branch Line Code 6192) between Washington, N.J. (MP-78.0); and Phillipsburg (MP-80.3);

(d) That portion of Syracuse Branch (Line Code 6251) at Oswego, N.Y. between W. 9th St. and W. 2nd St.



Arthur D. Lewis
Chairman of the Board of
Directors
United States Railway Association