

Service Date- December 27, 1996

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STE Finance Docket No. 333101]

Housatonic Railroad Company, Inc.--Corporate Family

Transaction Exemption--Danbury Terminal Railroad Company Housatonic Railroad Company, Inc. (HRRC)¹ and Danbury Terminal Railroad Company (DTRR)², Class III railroads, have jointly filed a verified notice of exemption. The exempt transaction is a merger of DTRR into HRRC³. The transaction is expected to be consummated on December 31, 1996. HRRC will assume operation of DTRR's rail lines and operating rights in the States of Connecticut and New

¹ HRRC operates approximately 72.29 miles of track, of which approximately 36.25 miles are within the State of Connecticut and owned by the State of Connecticut, and of which approximately 36.04 miles are within the Commonwealth of Massachusetts and owned by HRRC.

²DTRR operates approximately 89.1 miles of track, of which approximately 47.1 miles are located in the State of Connecticut and owned by May brook Railroad Company, and of which 42 miles are located in the State of New York and owned by Metro North Commuter Railroad. DTRR also holds approximately 10 miles of incidental overhead trackage right over tracks owned by the State of Connecticut within the State of Connecticut.

³ HRRC and DTRR are wholly owned subsidiaries of Housatonic Transportation Company.

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York.⁵¹ The proposed merger is intended to enable the merged carrier to provide more efficient service to shippers. The merger will also eliminate the significant administrative burden and expense associated with billing and accounting services. This is a transaction within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1180.2 (d) (3). The parties state that the transaction will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family. Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Because this transaction involves Class III rail carriers only, the Board, under the statute, may not impose labor protective conditions for this transaction. If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to

⁴ No ownership interests are transferred or otherwise affected **by** this transaction.

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reopen the proceeding to revoke the exemption under 49 U.S.C . 10502(d) may be filed at any time. The filing of a petition to reopen will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to S.B. Finance Docket No. 33310, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Branch, 1201 Constitution Avenue, NW, Washington,. DC 20423. In addition, a copy of each pleading must be served on Edward J. Rodriguez, Esq., Housatonic Railroad Company, Inc., 67 Main Street, P.O. Box 298, Center brook, CT 0 64 0 9.

Decided: December 18, 1996.

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

Vernon **A.** Williams

Secretary