

CONRAIL®



205609



June 12, 2002

VIA UPS OVERNIGHT

Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

**Re: Finance Docket No. 34054 – Morristown & Erie Railway, Inc. –
Application for a Modified Certificate of Public Convenience and
Necessity - Union County, New Jersey**

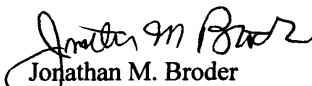
Dear Mr. Williams:

Please enter my appearance in the above-referenced proceeding on behalf of Consolidated Rail Corporation ("Conrail"). Conrail intends to participate in this proceeding as a party of record. Accordingly, please place my name, at the address provided below, on the service list to receive all pleadings and decisions in these proceedings.

Also attached are the Comments of Consolidated Rail Corporation in this proceeding. An original and ten copies are provided.

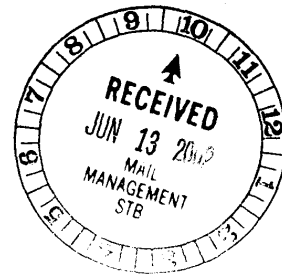
Please time stamp the extra copy of this letter and return it in the enclosed self-addressed, stamped envelope.

Very truly yours,


Jonathan M. Broder
Vice President - Law and General Counsel
Consolidated Rail Corporation
2001 Market Street, 16th Floor
Philadelphia, PA 19103
(215) 209-5020 (phone)
(215) 209-4819 (fax)

ENTERED
Office of the Secretary
JUN 13 2002
Part of
Public Record

cc: All parties of record



Surface Transportation Board

Finance Docket No.:

FD-34054

In the Matter of
Application of the Morristown & Erie Railway Inc.
for a Modified Certificate of Public Convenience and Necessity
to Operate a Portion of the Staten Island Railway Corporation and the
Rahway Valley Railway Company, Both of Which Are Owned by the
State of New Jersey and Which Are Currently in the Custody of
the County of Union, New Jersey

COMMENTS OF CONSOLIDATED RAIL CORPORATION

June 12, 2002

Jonathan M. Broder
Vice President - Law and General Counsel
Consolidated Rail Corporation
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Philadelphia, PA 19103

Counsel for Consolidated Rail Corporation

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Rahway Valley Railway Company, Both of Which Are Owned by the
State of New Jersey and Which Are Currently in the Custody of
the County of Union, New Jersey

COMMENTS OF CONSOLIDATED RAIL CORPORATION

Consolidated Rail Corporation ("Conrail") hereby files Comments in response to the Request of the Morristown and Erie Railroad Company ("M&E") for a Modified Certificate of Public Convenience and Necessity to operate portions of the former Staten Island Railway Company and Rahway Railway Company filed on June 5, 2002. Conrail files these comments to clarify certain representations made in the M&E's filing. Conrail takes no position on the merits of the request at this time.

I. Background

Conrail operates certain rail lines in Northern New Jersey on behalf of CSX Transportation, Inc. and Norfolk Southern Railway Company known as the North Jersey

Shared Assets pursuant to the Board's Decision in Finance Docket No. 33388, Decision No. 89. The properties that M&E seeks to operate as a common carrier are adjacent to certain portions of the North Jersey Shared Asset Area. Conrail, NS and CSXT are not currently exchanging any traffic with the M&E with respect to the rail lines at issue.

II. The Facts Underlying M&E's Application Are Not Accurate

A. Future Interchange and Operating Agreements Between Conrail and M&E Have Not Been Arranged

Despite M&E's representation to the contrary, no interchange and/or operating arrangements have been made between Conrail, M&E, CSXT and NS in conjunction with M&E's proposal to operate the subject rail lines. Thus, M&E's reference to "interline" points at Cranford, Bayway (Linden), and Bound Brook (Application, p. 5) is not accurate. At such time as M&E is ready to commence operations, and the volume, frequency and character of those operations are presented to Conrail operating personnel, Conrail will enter into discussions with M&E to provide reasonable and adequate interchange facilities at a location and on such terms as are reasonable, and which do not negatively impact Conrail's operations. At this time it is premature for M&E to make any representations about any such operations. Conrail understands that reactivation of service on the subject lines is not imminent.

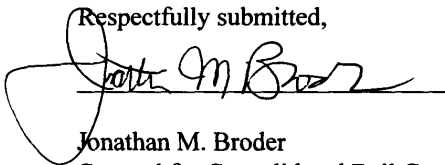
B. Connectivity of the Proposed M&E Operation Is Unclear

The common carrier rights M&E seeks to obtain do not appear to be connected. There is no connection between the former Rahway Valley and Staten Island Railway. The connection M&E seeks to create is over the Raritan Valley Line which is owned by New Jersey Transit ("NJT"). Contrary to M&E's implication, the exclusive freight rights over the NJT line were granted to Conrail by agreement effective October 1, 1984. To that end, Conrail is not aware of any rights that would allow M&E to connect with either NS, CSX, or Conrail at Bound Brook, NJ.

III. Conclusion

For the foregoing reasons, Conrail reserves the right to make future comments once M&E is prepared to activate rail service on the above-identified rail lines in the event reasonable interchange and/or operating arrangements cannot be made reached between Conrail and M&E. It would be far more efficient and appropriate for M&E to establish connections with Conrail in advance, and not make representations about interchanges that may be unreasonable or without foundation.

Respectfully submitted,

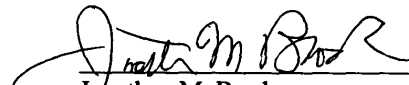


Jonathan M. Broder
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CERTIFICATE OF SERVICE

I hereby certify that of 12th day of June, 2002, a copy of the foregoing Notice of Appearance and Comments of Consolidated Rail Corporation was served by first class mail, postage pre-paid, upon the following:

John K. Fiorilla, Esq. 390 George Street P. O. Box 1185 New Brunswick, NJ 08903	Gordon R. Fuller, COO Wesley R. Weiss, CEO Morristown & Erie Railway Inc. 49 Abbett Avenue Morristown, NJ 07960
John D. Heffner, Esq. 555 12 th Street, NW Suite 950-N Washington, DC 20004	Ronald Weening Principal Transportation Planner Union County Administration Bldg. Elizabethtown Plaza Elizabeth, NJ 07207


Jonathan M. Broder