

DID #0102075001

206661

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Of Counsel
W.Patrick Quast
164 Franklin Tpk.,
Waldwick, N.J. 07463,
201-444-5990
Fax 201-444-5094

November 15, 2002

The Honorable Vernon A. Williams
Secretary, Surface Transportation Board
Mercury Building, Room 700
1925 K Street, N.W.
Washington, D.C. 20423

FD 34281

ENTERED
Office of Proceedings

NOV 18 2002

Part of
Public Record

Re: LB Railco, Notice of Exemption pursuant to 49 C.F.R.
§1150.42

Honorable Sir:

Enclosed please find the unbound original and ten bound copies of the Notice of Exemption of LB Railco, and ten copies of the Caption Summary, a 3 ½ disk containing the same documents in Microsoft Word 6.0 as well as our check for \$1,300 as the filing fee for the same.

Also please find an extra copy of the Notice of Exemption and a self addressed, stamped, envelope and I would appreciate receiving a receipted copy of the Notice.

Thank you for your attention to this matter.

Very truly yours,

John F. McHugh

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NOV 18 2002

**SURFACE
TRANSPORTATION BOARD**

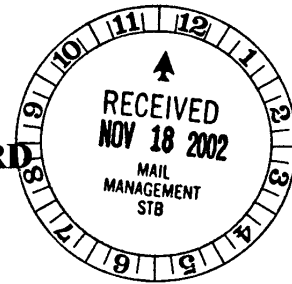
FILED

NOV 18 2002

**SURFACE
TRANSPORTATION BOARD**

206661

BEFORE THE
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO. 34281

**LB RAILCO, INC.
-- LEASE AND OPERATION EXEMPTION --
PROVIDENCE AND WORCESTER RAILWAY COMPANY**

FILED
NOV 18 2002
SURFACE
TRANSPORTATION BOARD

**NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.42**

Pursuant to 49 C.F.R. § 1150.41 et seq., L B. Railco, Inc. a Class III rail carrier authorized and exempt as of December 31, 2000 pursuant to FD 33985, is filing this Notice of Exemption to lease certain track and lands currently owned, in part, by the Providence and Worcester Railroad Company and to enter into an interchange agreement with Providence and Worcester Railroad Company and other carriers to move LB Railco, Inc. cars and equipment between its terminal in Millbury, Massachusetts and destinations in New York, Pennsylvania Ohio and other states. The line to be acquired does not connect with the carrier's present operation which is located in San Francisco, Cal. and no plans exist to connect these operations or properties.

In accordance with the requirements of 49 C.F.R. § 1150.43, LB Railco submits the following information:

Name and Address of Applicant

The full name and address of the applicant is as follows:

LB Railco, Inc.
100 Cargo Way

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San Francisco, California, 94124

Applicant's Representative

LB Railco, Inc.'s representative to whom correspondence regarding this transaction should be addressed is as follows:

John F. McHugh
6 Water Street, Suite 401
New York, NY 10004
212-483-0875
Fax: 212-483-0876

Statement Concerning Agreement

LB Railco, Inc. and the Providence and Worcester Railroad Company have entered into a lease and interchange agreement providing for LB Railco's operation of a certain track and terminal in Millbury, Massachusetts for the purpose of moving non-hazardous waste products and aggregates in continuous intermodal service from origins in the area tributary to Millbury, to locations in New York, Pennsylvania, Ohio and other states by rail. The operation will commence no earlier than the effective date of this exemption.

Operation of the Property

LB Railco will provide common carriage service utilizing the tracks and facilities leased and will operate the subject line and service utilizing the services of Providence and Worcester Railroad Company and other carriers.

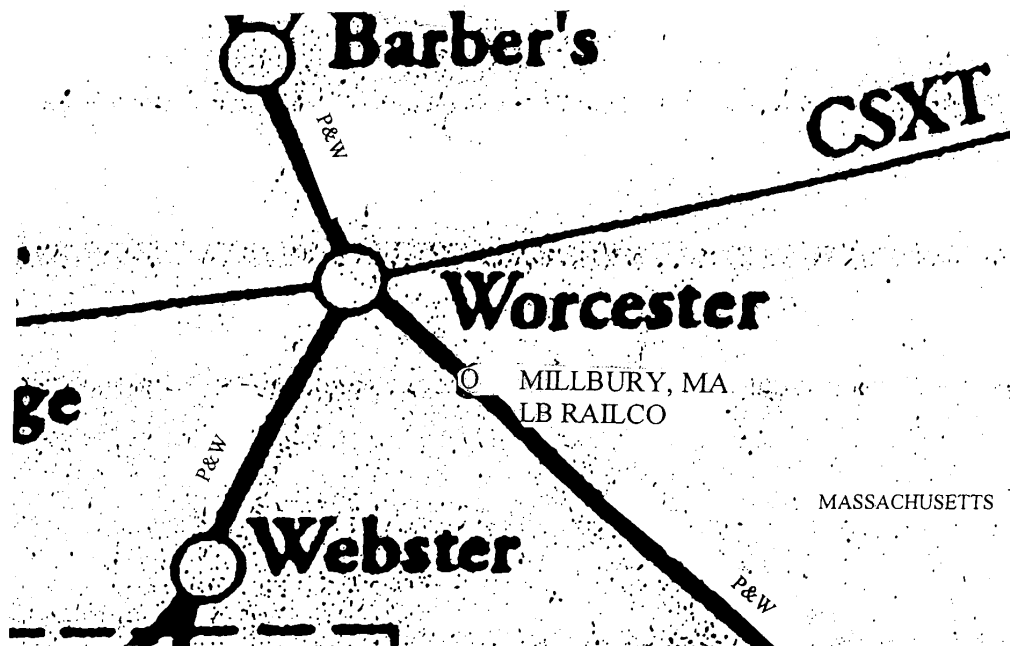
Summary of the Transaction

Pursuant to the agreement entered into between LB Railco and Providence and Worcester, LB Railco has leased the tracks within the Millbury terminal area. Providence and Worcester will provide a locomotive and crew not less than once a day, six days per week and will move LB Railco equipment within the terminal and in interchange with the Providence and Worcester pursuant to an interchange agreement. LB Railco traffic will be carried by the Providence and Worcester in interchange. LB Railco will own or lease equipment sufficient to accommodate its traffic. Its services will be limited to non-hazardous waste and aggregates ("materials"). The company from whom the rail lines in question are leased is

Providence and Worcester Railroad Company
P.O. Box 16551
Worcester, Massachusetts 01601
Or
75 Hammond Street
Worcester, Massachusetts 01610

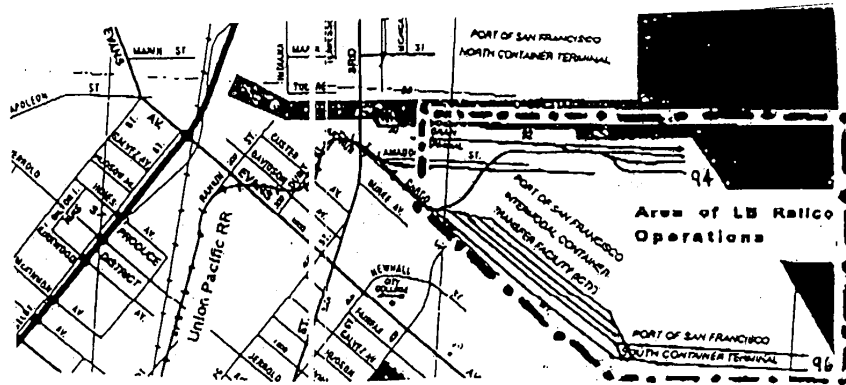
Map

The Subject Line is depicted as follows:



LB Railco's present operation is depicted as follows:

Entirely within the City of San Francisco looking north



Certification of Class III Status

Pursuant to the provisions of 49 C.F.R. § 1150.43(g) the applicant certifies that the transaction will not result in the creation of a Class I or II carrier nor will the projected revenues of both operations be in excess of \$5 million per year.

Miscellaneous

The proposed acquisition will have no significant environmental effect as the Millbury terminal will be located on a site used historically for rail purposes, most recently as a lumber transloading facility operated until November 30 of 2000 by the Providence and Worcester Railroad and C&S Lumber. No new track or connection must be constructed; existing track must be rehabilitated. The terminal will occupy a 3.5 acre site, between the main line of the Providence and Worcester and the Blackstone River. The terminal is bordered on the North by an installation of the Massachusetts Highway Department and on the South Interstate Highway, Rt. 146. There are no residences adjacent to the terminal site.

As the terminal will be within a Riverfront Area, as designated by the Commonwealth of Massachusetts, (which designation applies to a significant portion of the existing railroad within Millbury) the site plan complies with 310 Commonwealth of Massachusetts Regulations 10.58(5) in that, if within a protected riverfront area, the facilities to be installed constitute an exempt redevelopment within previously developed riverfront areas which will improve the existing conditions on the site. Further the site plan complies with the Water Body Protection section of the Town of Millbury Zoning By-Laws in that it is not within the 50 horizontal feet from the normal bank of the Blackstone River and constitutes redevelopment a site previously used within the last two years for commercial purposes and thus, is entitled to continue a nonconforming use under the Zoning By-Law. The terminal will include movable office facilities, the rehabilitation of existing railroad track and the reuse of degraded areas. The site is presently degraded, as that term is defined in the State regulations, in that there exists currently (and existed prior to August 7, 1996) essentially impervious compacted gravel with the absence of topsoil. The modifications related to the rail operation, the rehabilitation of the existing track, scale, office facility and materials transfer container, will be confined to areas within the currently degraded areas and outside the fifty foot buffer established by local zoning regulations. Based upon a recently filed survey the surface of the Blackstone River lies approximately twelve feet below the top of the rail of the track to be used for this facility. This site is within the 100 year flood plain of the river, therefore, the terminal's facilities have been designed to minimize potential impacts associated with flooding in that all facilities are designed to minimize water displacement and as no materials will remain on the premises beyond the time needed for immediate

immediate transfer between modes. The development of the site complies with applicable state and local regulatory schemes other than licensing and/or permitting. On reasonable review, no alternative to the proposed terminal location exists, being existing industrial and railroad land with an existing switch and track in the areas in question which is available. For these reasons this transaction will have no adverse environmental effect.

Due to continued discussions with local and state officials LB Railco will be handling only materials generated during site development in Millbury as well as containerized intermodal cargos for the first four months of operation to provide time come to an understanding with such officials as to reasonable actions to be taken to deal with local concerns. After the fourth month LB Railco will transload and move cargoes in continuous intermodal movements whether or not containerized.

Dated, New York, N.Y.
November 15, 2002

Respectfully Submitted

John F. McHugh
6 Water Street, Suite 401
New York, N.Y. 10004
212-483-0875

VERIFICATION

John F. McHugh, verifies under penalty of perjury that he is the Attorney for the Applicants and has acted as Counsel for LB Railco, Inc that he reviewed the information set forth in this Notice of Exemption and that it accurately describes the transaction and interests in issue to the best of his knowledge and belief

Dated, November 15, 2002

John F. McHugh

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34281

**LB RAILCO, INC.
-- LEASE AND OPERATION EXEMPTION --
PROVIDENCE AND WORCESTER RAILWAY COMPANY**



CAPTION SUMMARY

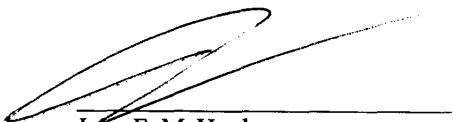
L. B. Railco, Inc., a Class III rail carrier authorized and exempt as of December 1, 2000 pursuant to FD 33985, operating within the City of San Francisco, California, is filing this Notice of Exemption pursuant to 49 C.F.R. § 1150.41 et seq., to lease certain track and lands in Millbury, Massachusetts, currently owned, in part, by the Providence and Worcester Railroad Company and to enter into an interchange agreement with Providence and Worcester Railroad Company and other carriers to move LB Railco, Inc. cars and equipment between a terminal in Millbury, Massachusetts and destinations in New York, Pennsylvania, Ohio and other states. The line to be acquired does not connect with the carrier's present operation which is located in San Francisco and no plans exist to connect these operations or properties. Petitioner intends to commence limited operations at the new terminal by November 28, 2002 and to begin full operation by April 1, 2003. Petitioner's representative is John F. McHugh, 6 Water Street, New York, N.Y. 10004, 212-483-0875.

Dated, New York, N.Y.
November 15, 2002

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