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WATSON, STEVENS, FIORILLA & RUTTER, LLP

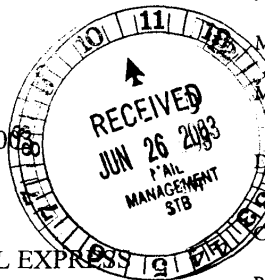
Attorneys At Law

Representing clients with vigor and integrity.

Vernon A. Williams
Office of the Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 2024203

June 24, 2003

VIA FEDERAL EXPRESS



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Member also MD Bar

Of Counsel
Joseph Stevens
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TTisza@WSFR.net
Member also NY Bar

Russell E. Watson (1909-1970)
A. Dudley Watson (1917-1990)
Edward L. Webster, Jr. (1950-1987)

Re: In the Matter of the Application of the Morristown & Erie Railway,
Inc. for a Modified Certificate of Public Convenience and
Necessity to Operate the Octoraro Branch (USRA Line Code 142)
Owned by the Southeastern Pennsylvania Transportation
Authority Finance Docket No. FD-34369

Dear Mr. Williams:

This firm represents the Morristown & Erie Railway, Inc. of Morristown, New Jersey. Enclosed please find for filing an original and ten copies of the Application of the Morristown & Erie Railway, Inc. for a Modified Certificate of Public Convenience and Necessity in the above captioned matter and a \$ 1200.00 filing fee. Also enclosed is a disc with a copy of the Application in Word Perfect format.

Also enclosed are two additional copies to be stamped filed and returned to me in the self-addressed stamped envelope enclosed. Your prompt attention to this matter is kindly appreciated.

Sincerely,


John K. Fiorilla

Cc: Gordon R. Fuller, COO Morristown & Erie Railway-w/enc.
Wesley R. Weiss, CEO Morristown & Erie Railway-w/enc.
Eric M. Hocky, Esq.-w/enc.
Leonard M. Kellerman- CSXT-w/enc.
Thomas J. Egan, Jr.- CSXT-w/enc.
John M. Kraemer- NS- w/enc.
Nicholas J. Staffieri, Esq.- SEPTA-w/enc.
John E. Brown, Director, PENNDOT-w/enc.
Harold N. Blank, Herr Foods-w/enc.
Edward Moran, Jr., Coastal Lumber-w/enc.
David R. Poorbaugh, McGearly Grain-w/enc.

FILED

JUN 26 2003

OFFICE OF PROCEEDINGS
SURFACE TRANSPORTATION BOARD

ENTERED
Office of Proceedings

JUN 26 2003

Part of
Public Record

FILE RECEIVED

JUN 26 2003

SURFACE
TRANSPORTATION BOARD

390 George Street, P. O. Box 1185, New Brunswick, NJ 08903
732-545-2250 • FAX 732-214-0242 • FAX 732-545-3814

630 Third Avenue, New York, NY 10017
212-840-2700

Surface Transportation Board

Finance Docket No:

FD-34369



In the Matter
of

Application of the Morristown & Erie Railway Inc.
For a Modified Certificate of Public Convenience and Necessity
to Operate the Octoraro Branch a portion of USRA Line Code 142 previously
owned by the Penn-Central Transportation Company and currently owned by
the Southeastern Pennsylvania Transportation Authority (SEPTA).

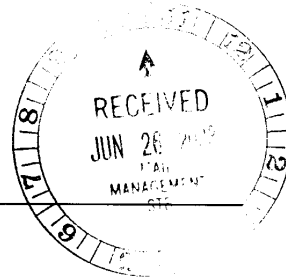
NOTICE

June 24, 2003

John K. Fiorilla, Esq.
Watson , Stevens, Fiorilla & Rutter LLP
390 George Street
PO Box 1185
New Brunswick, N.J. 08903

Counsel for Morristown & Erie Railway Inc.

Surface Transportation Board



Finance Docket No:

FD-34369

In the Matter
of

Application of the Morristown & Erie Railway Inc.

For a Modified Certificate of Public Convenience and Necessity
to Operate the Octoraro Branch a portion of USRA Line Code 142 previously
owned by the Penn-Central Transportation Company and currently owned by
the Southeastern Pennsylvania Transportation Authority (SEPTA).

The following information is provided in accordance with the Board's
procedures as found at 49 C.F.R. § 1150.23.

Operator

The operator is the Morristown & Erie Railway Inc., (hereinafter
M&E) an existing rail carrier. M&E will use the Alternate Trade Name of
Octoraro Railroad for the operation of this line.

Prior Abandonments

Until recently, the lines were operated by the Brandywine Valley Railroad Company (BVRV) and the purchaser of its rail assets ISG Railways Inc.(ISG) pursuant to a *Verified Notice of Modified Certificate* in Docket No. FD 33722 dated March 16, 1999. In a previous Docket No. FD 32535 the Interstate Commerce Commission described the history of the prior abandonment. This history noted that the line was not included in the final system plan at the time the Consolidated Rail Corporation was formed, and as such was authorized to be abandoned without further Commission approval pursuant to the Railroad Revitalization and Regulatory Reform Act of 1976. Septa acquired its line segment (a portion of Line 142) from the Trustees of the Penn Central Transportation Company after the line was abandoned in 1976

The duration of BVRV's contract with SEPTA having expired, BVRV and ISG has given notice of its intent to terminate operation on the line as of May 31, 2003 pursuant to Notice of Partial Termination of Service filed on April 1, 2003 in Docket No. FD-33722 and attached hereto as Exhibit A. BVRV and ISG have in fact terminated operations on the line.

Operating Agreement Term

SEPTA has selected M&E to operate Line 142 for an interim period while it completes its procurement process to select a new railroad with which to contract to provide freight service on the line. M&E was selected to operate under an exclusive interim license for which it was selected in a drawing conducted by Septa of interested and qualified freight railroads to

provide this interim service. The conditions under which the service will be provided is described in a letter to counsel for M&E dated June 20, 2003 and attached hereto as Exhibit B.

Description of Service to be Performed

The service to be performed shall be provided between milepost 18.0 at WaWa, Pennsylvania and milepost 54.50 at the Pennsylvania/Maryland state line near Sylmar, MD, a distance of 36.50 miles.

A map of the line is attached hereto as Exhibit C.

Interline Connections

M&E shall interline freight via Haulage Agreement with ISG Railways Inc. with CSX Transportation at Elsmere, DE, with Norfolk Southern Railway at Coatesville, PA and with ISG Railways, Inc. at Chadds Ford, PA.

Insurance

M&E has secured railroad liability insurance covering its operations, maintenance, and use including but not limited to all tracks, side tracks, and spurs, bridges and structures, signals and right of way located upon or comprising the lines to be operated. The insurance shall cover death and injury to railroad employees and all invitees as well as for damage or destruction to and replacement of property including any claims involving environmental damage and the release of hazardous materials. The minimum amount of coverage shall be eight million dollars (\$8,000,000) per occurrence with a \$ 50,000.00 deductible. The insurance is being provided by Zurich Steadfast Insurance Company, policy number SCC-3638010-OZ.

Service Preconditions

There are no preconditions that shippers must meet to obtain service on the line to be operated.

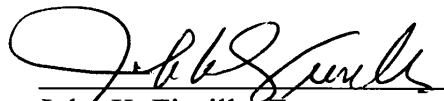
Subsidizers

There are no subsidies involved with the operation or maintenance of this line.

Tariff Services

M&E understands and agrees that the service offered and applicable rates, charges and conditions must be described in tariffs published by M&E to the Board's rules.

June 24, 2003



John K. Fiorilla, Esq.

Watson Stevens Fiorilla & Rutter LLP

390 George Street

P O Box 1185

New Brunswick, N.J. 08903

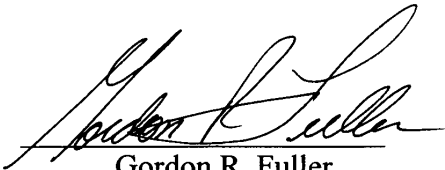
(732) 545-2250

Jfiorilla @ wsfr.net

CERTIFICATION

I, Gordon R. Fuller hereby certifies that I have read the foregoing Notice of Modified Certificate of Public Convenience and Necessity and I know the facts asserted therein, and that the same are true as stated to the best of my knowledge. I am aware that if any of the foregoing statements are willfully false, that I am subject to punishment.

June 24, 2003



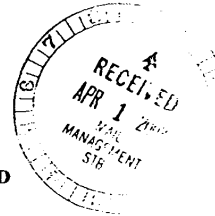
Gordon R. Fuller

EXHIBIT A

EXHIBIT A

Before the
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 33722



BRANDYWINE VALLEY RAILROAD COMPANY
- MODIFIED RAIL CERTIFICATE -

SIXTEENTH AMENDED
NOTICE OF PARTIAL TERMINATION OF SERVICE

ERIC M. HOCKY
GOLLATZ, GRIFFIN & EWING, P.C.
213 West Miner Street
P.O. Box 796
West Chester, PA 19381-0796
(610) 692-9116

Attorneys for Brandywine Valley
Railroad Company

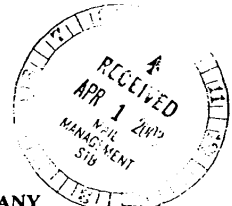
Dated: March 31, 2003

Before the
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 33722

**BRANDYWINE VALLEY RAILROAD COMPANY
- MODIFIED RAIL CERTIFICATE -**

**SIXTEENTH AMENDED
NOTICE OF PARTIAL TERMINATION OF SERVICE**



ENTERED
Office of Proceedings

APR 1 - 2003

Part of
Public Record

Brandywine Valley Railroad Company ("BVRR") is filing this sixteenth amended notice of termination to change the termination date for its service on Line 142 (more fully described below) to May 31, 2003. The background for the termination and the reasons for the change in termination date are as follows:

On March 17, 1999, BVRR filed a notice to operate the following lines of railroad under a modified certificate of public convenience:

- (a) Between milepost 12.7 at the Delaware/Pennsylvania line and milepost 30.29 at Modeno, PA, a distance of 17.59 miles, owned by PennDOT ("Line 907").
- (b) Between milepost 18.0 at Wawa, PA and milepost 54.50 at the Pennsylvania/Maryland state line near Sylmar, MD, a distance of 36.50 miles, owned by SEPTA¹ ("Line 142").

See STB Finance Docket No. 33722, *Brandywine Valley Railroad Company - Modified Rail Certificate* (served April 16, 1999).

¹ PennDOT had acquired from SEPTA an easement to allow a freight operator to provide freight rail service on SEPTA's line.

On October 14, 2000, pursuant to 49 CFR §1150.24, BVRR gave notice that it intended to terminate service over Line 142 described above. Service was originally scheduled to be terminated as of 11:59 p.m. on December 31, 2000. As year end approached, it became clear that SEPTA had not finalized arrangements with an operator to continue service. Accordingly, to protect the interests of shippers and at SEPTA's continuing requests, BVRR filed various amended notices (as shown on Exhibit A) indicating its agreement from time to time to continue operations.

SEPTA and BVRR have agreed on temporary arrangements for continued operations by BVRR. BVRR has now determined that it will not operate the line past May 31, 2003, and has notified SEPTA of this. Copies of this amended notice are being sent to PennDOT, SEPTA and each of the shippers that have used the line within the 6 months preceding the date of this amended notice as shown on the certificate of service attached hereto.

Respectfully submitted,


ERIC M. HOCKY
GOLLATZ, GRIFFIN & EWING, P.C.
213 West Miner Street
P.O. Box 796
West Chester, PA 19381-0796
(610) 692-9116

Attorneys for Brandywine Valley
Railroad Company

Dated: March 31, 2002

EXHIBIT A

<u>Notice</u>	<u>Extended Termination Date for Operations</u>
Amended Notice of Partial Termination of Service	January 31, 2001
Second Amended Notice	February 28, 2001
Third Amended Notice	March 31, 2001
Fourth Amended Notice	April 30, 2001
Fifth Amended Notice	May 31, 2001
Sixth Amended Notice	June 30, 2001
Seventh Amended Notice	July 31, 2001
Eighth Amended Notice	September 30, 2001
Ninth Amended Notice	November 30, 2002
Tenth Amended Notice	January 31, 2002
Eleventh Amended Notice	July 31, 2002
Twelfth Amended Notice	September 30, 2002
Thirteenth Amended Notice	November 30, 2002
Fourteenth Amended Notice	January 31, 2003
Fifteenth Amended Notice	March 31, 2003

CERTIFICATE OF SERVICE

I hereby certify that on this date a copy of the foregoing document was served by U.S. mail,

postage prepaid, on:

John E. Brown, Director
Bureau of Rail Freight, Ports & Waterways
PA Department of Transportation
Commonwealth Keystone Building
P.O. Box 2777
Harrisburg, PA 17105-2777

Joseph K. Kelly
Chief Government Information Officer
SEPTA, Government Affairs
1234 Market Street, 10th Floor
Philadelphia, PA 19107-3780

James Lemongelli
Purchasing Department
SEPTA
1234 Market Street
Philadelphia, PA 19107

Frank W. Manfredi, President
Manfredi Cold Storage
P.O. Box 368
Kennett Square, PA 19348

Chip Moran, Manager
Coastal Lumber
385 Waterway Road
Oxford, PA 19363

Joel L. Frank, Esq.
Lamb, Windle & McErlane, P.C.
24 East Market Street
Box 565
West Chester, PA 19381-0565

Schagrin Gas Co.
1000 N. Broad Street
P.O. Box 427
Middletown, DE 19709

Lynn Curry
Operations Manager
Tastykake Baking Oxford, Inc.
700 Lincoln Street
Oxford, PA 19383

McGeary Grain, Inc.
P.O. Box 299
Lancaster, PA 17808

Harold N. Blank
Vice President/Manufacturing
Herr Foods Inc.
P.O. Box 300
Nottingham, PA 19362

Frank L. Tipton, President
Tipton Trucking Co., Inc.
397 Waterway Road
Oxford, PA 19363

Nicholas J. Staffieri, General Counsel
Eugene N. Cipriani, Assistant Deputy Counsel
SEPTA
1234 Market Street
Philadelphia, PA 19107-3780


ERIC M. HOCKY

Dated: March 31, 2003

EXHIBIT B



Southeastern Pennsylvania Transportation Authority

Legal Division

1234 Market Street, 5th Floor
Philadelphia, PA 19107-3780

(215) 580-7571
(215) 580-7078 (Fax)

Direct Dial Number:
(215) 580-7450

Friday, June 20, 2003

John K. Fiorilla, Esquire
Watson, Stevens, Fiorilla & Rutter, L.L.P.
390 George Street
P.O. Box 1185
New Brunswick, NJ 08903

Re: Interim Operation of Line 142

SEPTA Legal Division File No. 2551

Dear Mr. Fiorilla:

I write to you as the attorney for Morristown & Erie Railway, Inc. ("M & E").

Background.

SEPTA owns Line 142, known as the Octoraro Branch ("Line"). In the Spring of 2003 SEPTA learned that Brandywine Valley Railroad Company ("Brandywine") would cease to provide freight service on the Line on May 31, 2003. SEPTA then began the procurement process that should result in it entering into a contract with another railroad to provide freight service on the Line. Five or six railroads expressed to SEPTA an interest in providing freight service on the Line.

A delay in the procurement process has resulted in a suspension of freight service on the Line. In order to restore freight service and to be in conformity with SEPTA's procurement procedures, on June 12, 2003 SEPTA asked each interested railroad whether it was willing and able to provide freight service on an interim basis. Four railroads answered that they were interested and were able to meet SEPTA's requirements for interim service.

On June 13, 2003 SEPTA held a drawing. Your client, M & E, was the first draw and, under the rules established before the drawing, SEPTA offered M & E the right to operate freight service on the Line on an interim basis on condition that M & E (i) produce certificates that indicate it has in place the insurance set forth in the proposed agreement associated with the request for proposals; (ii) has entered into an agreement with Brandywine by which it and Brandywine may exchange rail cars; (iii) commits to the commencement of freight service on the Line sometime during the week of June 23, 2003; and (iv) commits to maintaining the right-of-way.

John K. Fiorilla, Esquire
Friday, June 20, 2003
Page 2



Southeastern Pennsylvania
Transportation Authority

Michael Warren, SEPTA's Director of Enterprise Risk Management, has approved the insurance certificate that your client gave to SEPTA.

Interim License.

By signing this letter on the appropriate line, M & E, acting through you, agrees to the following terms of the interim License:

1. For the duration of the interim license, M & E will continue the insurance identified in the certificate that Mr. Warren approved.
2. For the duration of the interim license, M & E and Brandywine will have in place an agreement under which the railroads will exchange cars.
3. M & E will commence freight service on the Line sometime ~~during the week of June 23, 2003~~ prior to the end of June 2003 ~~to~~
4. For the duration of the interim license, M & E will maintain the right-of-way to ensure the safe operation of the railroad.
5. M & E will comply with all laws, statutes, and regulations.
6. In the event of an accident (property damage and/or personal injury), derailment, or hazard on the Line, M & E will immediately notify SEPTA.
7. All notifications by M & E to SEPTA will be made to:

Jeffrey D. Knueppel, P.E.
Chief Engineer of SEPTA
1234 Market Street, 14th Floor
Philadelphia, PA 19107-3780
Office: (215) 580-8280

8. All notification by SEPTA to M & E will be made to [state name, title, address, and telephone number of the person]:

John K. Fiorilla, Esq.

General Counsel

Watson Stevens Fiorilla & Rutter LLP

390 George St

P O Box 1185

New Brunswick, N.J. 08903

(732)545-2250 Tel

(732)545-3814 Fax

John K. Fiorilla, Esquire
Friday, June 20, 2003
Page 3



Southeastern Pennsylvania
Transportation Authority

9. SEPTA hereby gives M & E the exclusive interim license to provide freight service on the Line until such time as SEPTA enters into an agreement pursuant to the request for proposals.
10. For the duration of the interim license, M & E may occupy the station building or freight house in Avondale for use as an office so long as M & E notifies SEPTA at least five days before its intention do so.
11. M & E must vacate the Line within one week of notice by SEPTA of the termination of the interim license.
12. Before M & E allows a contractor, construction company, or other entity to perform any work that requires the contractor, construction company, or other entity to enter or occupy part on all of the Line, M & E must give SEPTA at least five days' notice (except in an emergency) so that SEPTA may impose reasonable restrictions and insurance requirements on the contractor, construction company, or other entity before the work commences.
13. SEPTA may terminate the interim license for any violation of the terms herein.

Sincerely,

A handwritten signature in black ink, appearing to read "Nick Staffieri".

Nicholas J. Staffieri
General Counsel

NJS/meg

Accepted on behalf of the Morristown & Erie Railway, Inc.

A handwritten signature in black ink, appearing to read "John K. Fiorilla".
John K. Fiorilla

EXHIBIT C

