

ORIGINAL

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THOMAS F. MCFARLAND

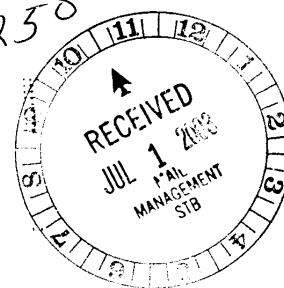
June 30, 2003

By UPS overnight mail

Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Unit, Suite 713
1925 K Street, N.W.
Washington, DC 20423-0001

ENTERED
Office of Proceedings

Part of
Public Record



Re: Finance Docket No. 34372, *Heritage Railroad Corporation -- Lease and Operation Exemption -- Rail Line of United States Department of Energy*

Dear Mr. Williams:

Enclosed please find an original and 10 copies of Verified Notice of Exemption Under 49 C.F.R. § 1150.31, for filing with the Board in the above referenced matter.

Also enclosed is a check for \$1,300 for the filing fee.

FEE RECEIVED

JUL - 1 2003

**SURFACE
TRANSPORTATION BOARD**

Very truly yours,

Tom McFarland

Thomas F. McFarland
Attorney for Heritage Railroad Corporation

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FILED

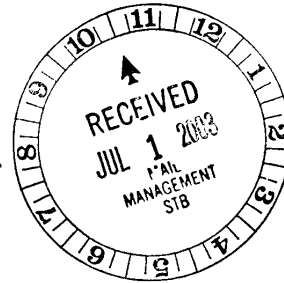
JUL - 1 2003

**SURFACE
TRANSPORTATION BOARD**

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BEFORE THE
SURFACE TRANSPORTATION BOARD

HERITAGE RAILROAD CORPORATION)
-- LEASE AND OPERATION EXEMPTION) FINANCE DOCKET
-- RAIL LINE OF UNITED STATES) NO. 34372
DEPARTMENT OF ENERGY)



**VERIFIED NOTICE OF EXEMPTION
UNDER 49 C.F.R. § 1150.31**

FILED
JUL - 1 2003
SURFACE
TRANSPORTATION BOARD

HERITAGE RAILROAD CORPORATION
East Tennessee Technology Park
2010 Highway 58, Suite 2010
Oak Ridge, TN 37830

Applicant

FEE RECEIVED

JUL - 1 2003

**SURFACE
TRANSPORTATION BOARD**

THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1194
(312) 236-0204

Attorney for Applicant

DATE FILED: July 1, 2003

BEFORE THE
SURFACE TRANSPORTATION BOARD

HERITAGE RAILROAD CORPORATION	)	
-- LEASE AND OPERATION	)	FINANCE DOCKET
EXEMPTION -- RAIL LINE OF UNITED	)	NO. 34372
STATES DEPARTMENT OF ENERGY	)	

**VERIFIED NOTICE OF EXEMPTION
UNDER 49 C.F.R. § 1150.31**

Pursuant to the class exemption codified at 49 C.F.R. § 1150.31, *et seq.*, HERITAGE RAILROAD CORPORATION (HRRC), a noncarrier, hereby files this verified notice of exemption from the prior approval requirements of 49 U.S.C. § 10901 for its lease and operation of a rail line owned by the United States Department of Energy (DOE), described as follows: between Milepost 0.0 at point of connection with a rail line of Norfolk Southern Railway Company (NS) at Blair, TN and the end of the line at Milepost 7.0 at East Tennessee Technology Center near Oak Ridge, TN, plus 24 spur tracks totaling an additional 7.5 miles more or less (the rail line).

BACKGROUND

By virtue of a lease of the rail line from DOE, HRRC alone is authorized to provide for the operation and maintenance of that rail line. That is evident from a letter from Mr. John A. Meredith, Account Executive, DOE, to Mr. Jeff Deardorff, President of HRRC, dated June 10, 2003, copy of which is attached to this Notice as Appendix 1.

Effective on September 30, 2000, HRRC entered into a Management Agreement with Southern Freight Logistics, Inc. (SFL). By virtue of that Agreement, SFL was given the

exclusive right to provide freight service on the rail line until September 14, 2005 unless terminated prior thereto on 90 days' written notice. *See Southern Freight Logistics, LLC -- Lease and Operation Exemption -- Community Reuse Organization of East Tennessee*, STB Finance Docket No. 33392, decision served May 15, 1997 (not printed).^{1/}

By letter dated June 16, 2003, from Mr. Deardorff of HRRC to Mr. Larry Minton, President of SFL, copy of which is attached to this Notice as Appendix 2, HRRC provided notice of termination of the Management Agreement effective 90 days from the date of that letter, i.e., on September 14, 2003.

The intent of HRRC in providing the termination notice to SFL was to replace SFL as operator of the rail line. However, HRRC is willing to allow SFL's continued use of the rail line after September 14, 2003 under terms and conditions to be developed and adopted by HRRC's Board of Directors.

HRRC is filing this Notice at this time to ensure that there will be no gap in operation of the rail line. Although the exemption for HRRC's operation of the line will become effective by operation of law seven days after this Notice is filed with the Board (49 C.F.R. § 1150.32), HRRC does not intend to consummate the operating authority conferred by virtue of the exemption until the 90-day notice of termination of the SFL Management Agreement has expired, i.e., on or about September 14, 2003.

^{1/} Prior to the 2000 Management Agreement, SFL leased the rail line from HRRC's predecessor, Community Reuse Organization of East Tennessee.

INFORMATION REQUIRED BY 49 C.F.R. § 1150.33

(a) *The full name and address of the applicant;*

Applicant is Heritage Railroad Corporation, East Tennessee Technology Park, 2010 Highway 58, Suite 2010, Oak Ridge, TN 37830.

(b) *The name, address, and telephone number of the representative of the applicant who should receive correspondence;*

Applicant's representative is Thomas F. McFarland, Thomas F. McFarland, P.C., 208 South LaSalle Street, Suite 1890, Chicago, IL 60604-1194, (312) 236-0204.

(c) *A statement that an agreement has been reached or details about when an agreement will be reached;*

An agreement has been reached between DOE and HRRC for HRRC's lease and operation of the rail line.

(d) *The operator of the property;*

HRRC will operate the property.

(e) *A brief summary of the proposed transaction, including:*

(1) *The name and address of the entities contracting for operation of the subject property;*

(A) Lessor:
United States Department of Energy
Oak Ridge Operations Office
P.O. Box 2001
Oak Ridge, TN 37831

(B) Lessor:
Heritage Railroad Corporation
East Tennessee Technology Park
2010 Highway 58, Suite 2010
Oak Ridge, TN 37830

- (2) *The proposed time schedule for consummation of the transaction;*

The transaction is to be consummated no earlier than September 14, 2003
(see Background, *supra*).

- (3) *The mile-posts of the subject property, including any branch lines, and*

The rail line extends between Milepost 0.0 at point of connection with a rail line of Norfolk Southern Railway Company (NS) at Blair, TN, and Milepost 7.0 at East Tennessee Technology Center, near Oak Ridge, TN, plus 24 spur track totaling 7.5 miles more or less.

- (4) *The total route miles being acquired;*

A total of 14.50 route miles is being acquired and operated.

- (f) *A map that clearly indicates the area to be served, including origins, termini, stations, cities, counties, and States; and*

The required map is attached to this notice as Appendix 3.

- (g) *A certificate that applicant's projected revenues do not exceed those that would qualify it as a Class III carrier, and that such revenues would not exceed \$5 million per year.*

The required certificate is attached to this notice as Appendix 4.

CAPTION SUMMARY

The caption summary required by 49 C.F.R. § 1150.34 is attached to this notice as Appendix 5. A general verification is attached to this notice as Appendix 6.

**ENVIRONMENTAL AND HISTORIC
REPORTING NOT REQUIRED**

Pursuant to 49 C.F.R. § 1105.6(c)(2)(i) and 49 C.F.R. § 1105.8(b)(1), no environmental or historical reporting is required in conjunction with this matter.

NO LABOR PROTECTION CONDITIONS

Pursuant to 49 U.S.C. § 10901(c), no labor protection conditions are to be imposed in this matter.

CONCLUSION AND REQUESTED RELIEF

WHEREFORE, the Board should publish a notice of the filing of this exemption in the Federal Register within 30 days of such filing in accordance with 49 C.F.R. § 1150.32(b).

Respectfully submitted,

HERITAGE RAILROAD CORPORATION
East Tennessee Technology Park
2010 Highway 58, Suite 2010
Oak Ridge, TN 37830

Applicant

Thomas F. McFarland

THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1194
(312) 236-0204

Attorney for Applicant

DATE FILED: July 1, 2003



Department of Energy

Oak Ridge Operations Office
P.O. Box 2001
Oak Ridge, Tennessee 37831—
June 10, 2003

Appendix 1

Mr. Jeff Deardorff, President
Heritage Railroad Corporation
East Tennessee Technology Park
2010 Highway 58, Suite 2010
Oak Ridge, TN 37830

Authorized Use of the Department of Energy's Railway System at East Tennessee Technology Park

Dear Mr. Deardorff:

In response to your earlier inquiry, subject as above, the purpose of this letter is to assure Heritage Railroad Corporation (HRRC) it alone is authorized to provide for the operation and maintenance of the Department of Energy's (DOE) railroad system at East Tennessee Technology Park (ETTP), formerly known as the K-25 Gaseous Diffusion Plant. This authority is provided by virtue of a real estate lease (REORDOER - 1 -XO-0505) of the railway system and its appurtenances from DOE to HRRC pursuant to DOE's Reindustrialization Program.

This lease allows for the use of the system by others with the permission of HRRC, pursuant to the users compliance with applicable policies established by the HRRC Board. Under the lease, DOE also reserves its right and ability to serve any unforeseen mission needs of the Department in the future. Please be advised that DOE has not provided this authority to any other entity, and does not currently envision granting this authority. Moreover, we do not anticipate any change in the lease agreement we have with HRRC that would affect it's authority.

I trust this responds to your letter. Please call me at (865) 576-2680 if I can be of further assistance.

Sincerely,

A handwritten signature in cursive script that reads "John A. Meredith".

John A. Meredith
Account Executive

cc:
R. Brown, DOE
L. Clark, DOE
L. Young, CROET



East Tennessee Technology Park

2010 Hwy. 58, Suite 2010

Oak Ridge, TN 37830

phone: 865.241.9890

fax: 865.241.9891

www.croet.com
info@croet.com

June 16, 2003

Mr. Larry Minton, President
Southern Freight Logistics
East Tennessee Technology Park
2010 Highway 58, Suite 2117
Oak Ridge, TN 37830

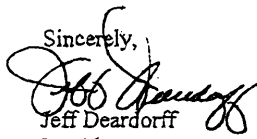
CERTIFIED MAIL

Dear Larry:

Pursuant to Section 6.7 of the Management Agreement between Southern Freight Logistics, LLC and Heritage Railroad Corporation, LLC, for the railway system at East Tennessee Technology Park (ETTP), please consider this letter our ninety day written notice to terminate that agreement. To prevent any disruption of service to our rail customers at ETTP, Southern Freight Logistics should continue to provide service under the terms of the contract for a period of up to ninety days, or until the operations and maintenance responsibilities may be transitioned to another entity, whichever occurs sooner.

Thank you for your timely response and cooperation with respect to this notice and request.

Sincerely,


Jeff Deardorff
President

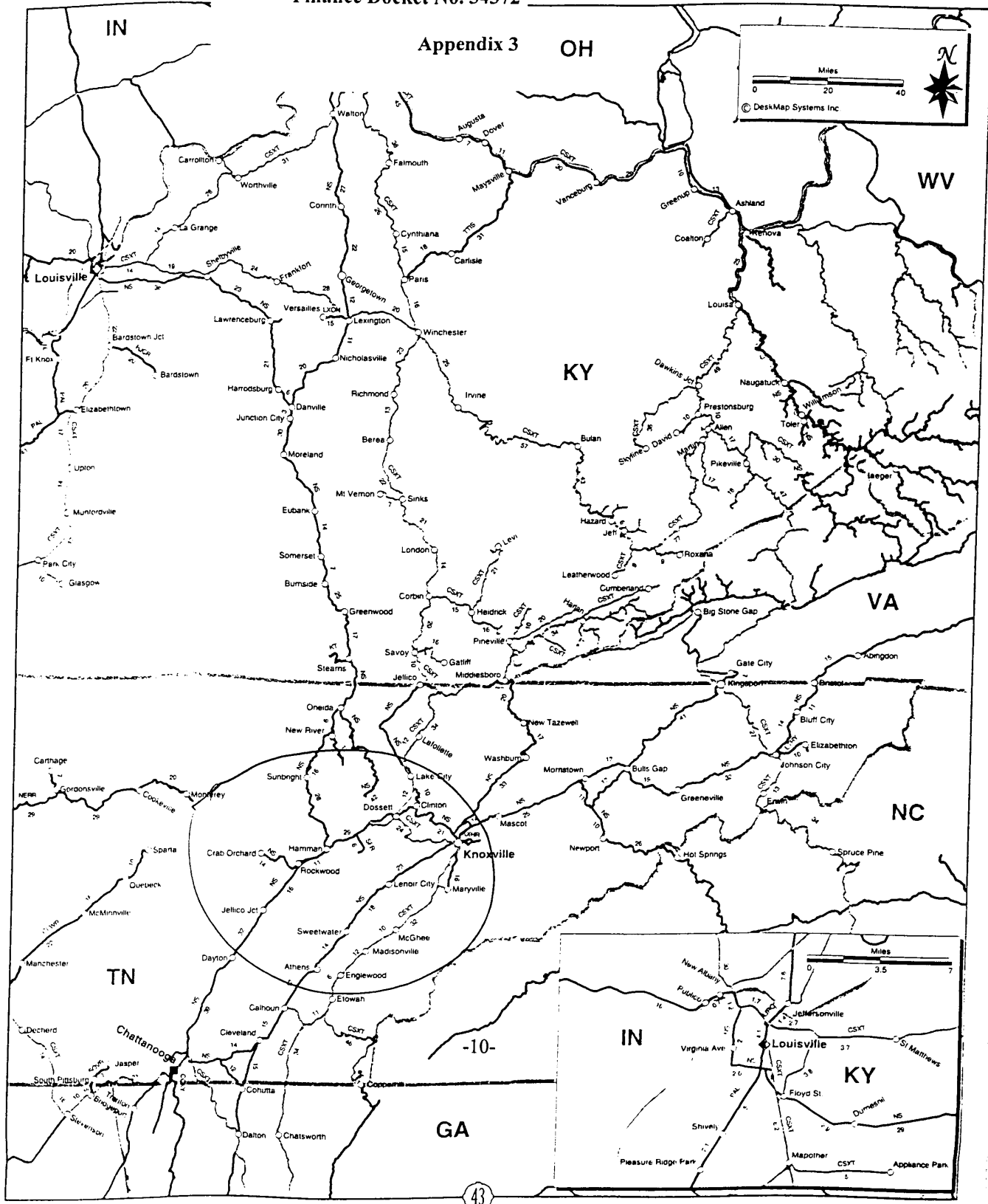
Cc: HRRC Board
Robert Brown
Larry Clark
John Meredith
Bill Snyder
Tom Southard

-9-

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Termination Letter - SFL.doc

Heritage Railroad Corporation
A subsidiary of Community Reuse Organization of East Tennessee

Appendix 3



Appendix 4

CERTIFICATION UNDER 49 C.F.R. § 1150.33(g)

Heritage Railroad Corporation hereby certifies under 49 C.F.R. § 1150.33(g), that the projected revenues from the operation proposed in this matter do not exceed those that would qualify it as a Class III rail carrier, and that such revenues will not exceed \$5 million annually.



Thomas F. McFarland

Thomas F. McFarland
*Authorized Representative of
Heritage Railroad Corporation*

SUBSCRIBED and SWORN to
before me this 30th day of
June, 2003.

Kathleen Lenihan

Notary Public

Appendix 5

CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

Notice of Exemption

FINANCE DOCKET NO. 34372,

**HERITAGE RAILROAD CORPORATION
-- LEASE AND OPERATION EXEMPTION --
RAIL LINE OF UNITED STATES DEPARTMENT OF ENERGY**

Heritage Railroad Corporation (HRRC), a noncarrier, has filed a Notice of Exemption to lease and operate a rail line owned by the United States Department of Energy (DOE), described as follows: between Milepost 0.0 at point of connection with a rail line of Norfolk Southern Railway Company (NS) at Blair, TN and the end of the line at Milepost 7.0 at East Tennessee Technology Center near Oak Ridge, TN, plus 24 spur tracks totaling an additional 7.5 miles more or less. Comments must be filed with the Board and be served on HRRC's representative, Thomas F. McFarland, Thomas F. McFarland, P.C., 208 South LaSalle Street, Suite 1890, Chicago, IL 60604-1194, (312) 236-0204.

The Notice is filed under 49 C.F.R. § 1150.31. If the Notice contains false or misleading information, the exemption is void *ab initio*. Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

By the Board

(SEAL)

Vernon A. Williams, Secretary

Appendix 6

VERIFICATION

STATE OF ILLINOIS)
)
COUNTY OF COOK)

Thomas F. McFarland, being duly sworn, states that he is attorney for Heritage Railroad Corporation; that he is familiar with the factual allegations made in the foregoing Notice of Exemption in behalf of that company; and that such allegations are true as stated.

Thomas F. McFarland

Thomas F. McFarland



SUBSCRIBED and SWORN to
before me this 30th day of
June, 2003.

Kathleen Lenihan

Notary Public