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BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34846

MONROE COUNTY RAILROAD AUTHORITY
--ACQUISITION EXEMPTION--
RAILROAD PROPERTIES OF LACKAWANNA
COUNTY RAILROAD AUTHORITY



VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 U.S.C. 10902 AND 49 C.F.R. 1150.41

NOTICE OF ACQUISITION OF RAIL LINES
INFORMATION REQUIRED BY 49 C.F.R. 1150

ENTERED
Office of Proceedings

MAY 12 2006

Part of
Public Record

FILED

MAY 12 2006

**SURFACE
TRANSPORTATION BOARD**

Keith G. O'Brien
1050 Seventeenth Street, NW
Suite 600
Washington, DC 20036
202-785-3700

Counsel for Monroe County
Railroad Authority

OF COUNSEL:

REA, CROSS & AUCHINCLOSS
Suite 600
1050 Seventeenth Street, NW
Washington, DC 20036

Dated: May 12, 2006

FEE RECEIVED

MAY 12 2006

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TRANSPORTATION BOARD**

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Name and Address of Applicant

49 C.F.R 1150.43(a)

Monroe County Railroad Authority
701 Wyoming Avenue
Scranton, PA 18509

Applicant's Representative

49 C.F.R. 1150.43(b)

Keith G. O'Brien
REA, CROSS & AUCHINCLOSS
Suite 600
1050 Seventeenth Street, NW
Washington, DC 20036

Statement of Agreement(s)**49 C.F.R. 1150.43(c)**

Monroe County Railroad Authority (MCRA) has entered into an agreement with Lackawanna County Railroad Authority (LCRA) pursuant to which MCRA will acquire LCRA's interests in rail properties which will continue to be operated by Delaware-Lackawanna Railroad Co. (D-L). The parties intend to consummate the transaction on or after May 20, 2006 and simultaneously change MCRA's name to Pennsylvania Northeast Regional Railroad Authority.

Operator of the Property**49 C.F.R. 1150.43(d)**

D-L will continue to serve as operator of the subject rail lines.

Brief Summary of the Transaction**49 C.F.R. 1150.43(e)**

Monroe County Railroad Authority (MCRA) is a political subdivision and non-operating Class III rail common carrier established under Pennsylvania law. MCRA owns a 17 mile line of railroad between Mt. Pocono, PA and Analomink, PA. MCRA also subleases approximately 10 miles of rail line consisting of that portion of the Stroudsburg Secondary Track extending between Milepost 2.0, approximately old milepost 74.4 (State) and milepost 12.2 approximately old milepost 84.6 (Gravel) in Monroe and Northhampton Counties, PA.¹ These lines are operated by Delaware-Lackawanna Railroad Co. (D-L) pursuant to contract agreement with MCRA.

Lackawanna County Railroad Authority (LCRA) is a political subdivision and non-operating rail common carrier established under Pennsylvania law. LCRA owns approximately 65 miles of rail lines in Lackawanna, Monroe and Wayne Counties, PA, including the Carbondale Line from Fell Township to the Borough of Moosic M.P. 174.6

¹ This line is leased from NSR and NSR retains overhead trackage rights over the line.

to M.P. 196.9; Vine St. Branch in the City of Scranton M.P. 2.0 to M.P. 0.3; Strawberry Hill Running Track in the City of Scranton (approximately 2,000 ft); the Pocono Line from Scranton to Mt. Pocono M.P. 134 to M.P. 101; the Laurel Line and Brady Lead M.P. 0 to M.P. 4.81; the Diamond Branch of the former DL&W extending 0.85 miles from M.P. 144.75 to M.P. 145.6 in Scranton and the Minooka Industrial Track in the City of Scranton extending 2.1 miles from Little Virginia to end of track including all sidings and spurs. All of the rail lines owned by LCRA are operated by D-L pursuant to contract and agreement.

As indicated above, the lines owned or leased by MCRA and LCRA are all operated by D-L and as shown by the attached map the lines of the respective authorities connect at MP 101 at Mt. Pocono, PA. Shippers will continue to benefit from established relationships with D-L and will stand to benefit from funding for railroad projects which will be facilitated by the proposed acquisition.

The respective Authorities have come to agreement pursuant to which MCRA will acquire the rail properties of LCRA. The parties intend to consummate the transaction on or after May 20, 2006. It is further contemplated that upon effectiveness of the requested exemption that the corporate name of MCRA will be changed to Pennsylvania Northeast Regional Railroad Authority to more accurately reflect the scope and interests which will result from regionalization of the authority. Since the proposed acquisition will not involve re-incorporation in another state, it appears that no additional authority or exemption is required in order to accomplish the contemplated name change. This transaction qualifies for a class exemption under 49 C.F.R. 1150.41, *et seq.* because

it involves acquisition by a non-operating Class III rail carrier of rail property that will continue to be operated by a third party.

Map

49 C.F.R. 1150.43(f)

A map depicting the area to be served is attached as Exhibit A.

Certificate of Carrier Classification

49 C.F.R. 1150.43(g)

MCRA hereby certifies that projected revenues as a result of the transaction will not result in the creation of a Class II or Class I rail carrier so as to require processing under Section 1150.46 and will not exceed \$5,000,000 annually. See Exhibit B.

Caption Summary

49 C.F.R. 1150.44

A caption summary in the prescribed form is attached as Exhibit C to this Notice.

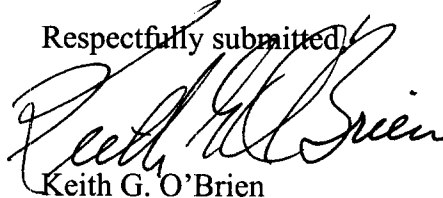
Environmental and Historic Preservation Data **49 C.F.R. 1105**

Pursuant to 49 C.F.R. 1105.6(c)(2), the proposed transaction is exempt from environmental review under 49 C.F.R. 1105.(c)(2)(i), because the action proposed herein will not cause any operating changes that exceed the thresholds established in 49 C.F.R. 1105.7(e)(4) or (5).

In addition, this transaction is exempt from historic review under 49 C.F.R. 1105.8(b)(1). Under this section, a sale, lease or transfer of a rail line is exempt if rail operations will continue. Further Board approval is required for the parties to abandon

service, and there are no plans to dispose of or alter the properties subject to Board jurisdiction.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Keith G. O'Brien", written in black ink.

Keith G. O'Brien
1050 Seventeenth Street, NW
Suite 600
Washington, DC 20036
202-785-3700

Counsel for Monroe County
Railroad Authority

OF COUNSEL:

REA, CROSS & AUCHINCLOSS
Suite 600
1050 Seventeenth Street, NW
Washington, DC 20036

Dated: May 12, 2006

VERIFICATION

State of Pennsylvania)
) ss:
County of Monroe)

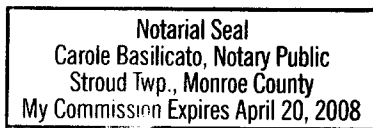
Robert C. Hay, being duly sworn, deposes and says that he has read the foregoing statement, knows the facts asserted there are true and that the same are true as stated.

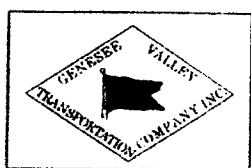
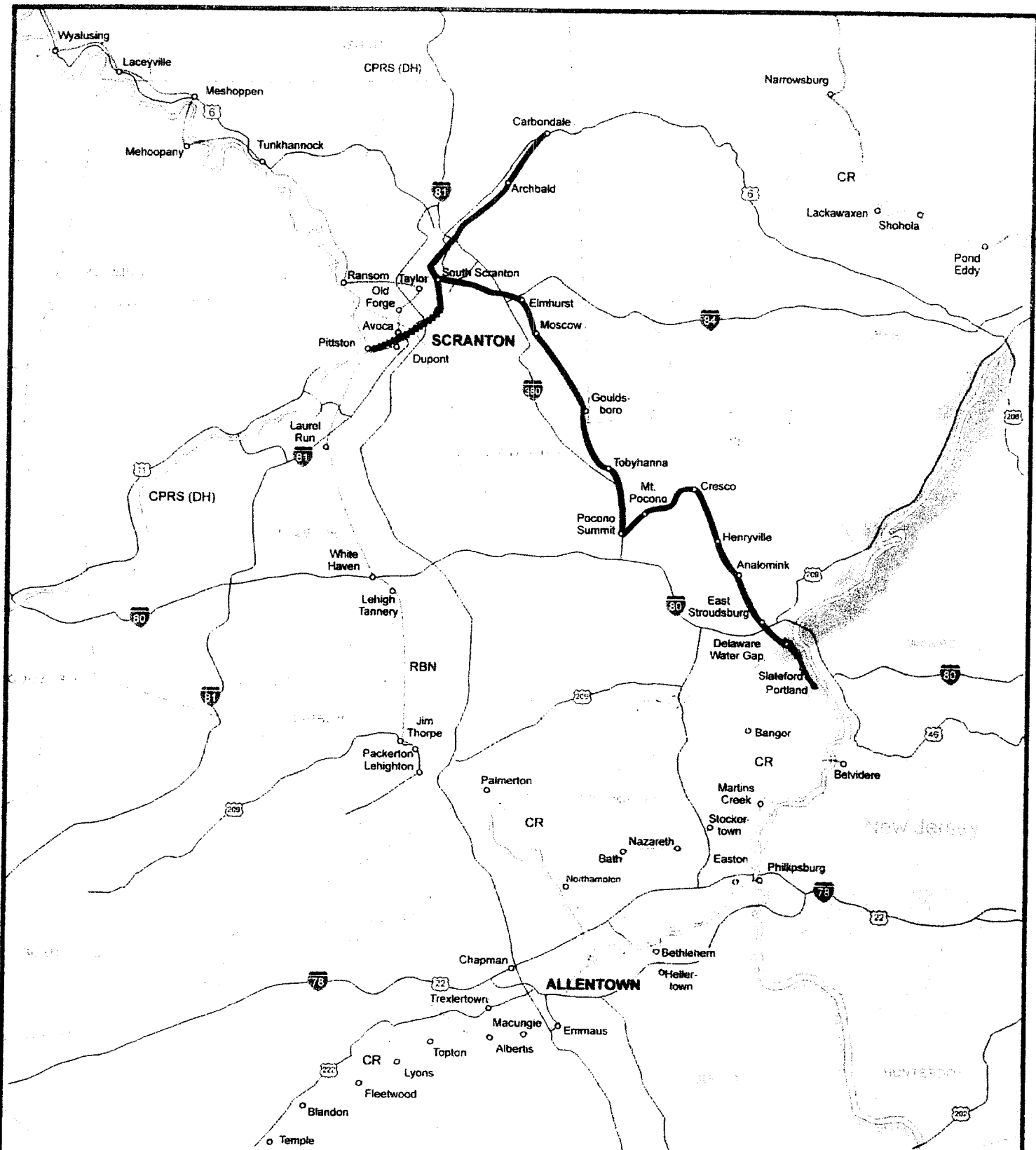

Robert C. Hay, Chairman

Subscribed and sworn to before me, a Notary Public, in and for the State of Pennsylvania, this 11th day of May, 2006.


Notary Public

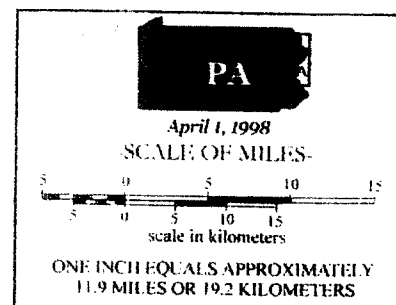
My Commission expires: 4/20/08





Delaware-Lackawanna Railroad Co., Inc.

EXHIBIT A



CERTIFICATION

Borough of Stroudsburg)
 : ss
County of Monroe)

Robert C. Hay hereby certifies under penalty of perjury that the projected annual revenues of MCRA after the acquisition will not exceed \$5,000,000.00, and that “the” Delaware-Lackawanna Railroad Co., Inc. (“D-L”) will continue to be a Class III rail carrier as set forth at 49 C.F.R. 1201 (1-1)(a). Further, I certify that we are qualified and authorized to make this certification on behalf of LCRA and MCRA.

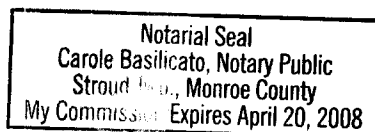


Signatory

Subscribed and sworn to before me, a Notary Public, in and for the State of
Pennsylvania, this 11th day of May, 2006.

Carol Basile
Notary Public

My Commission expires: 4/20/08



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RAILROAD PROPERTIES OF LACKAWANNA
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VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 U.S.C. 10902 AND 49 C.F.R. 1150.41

Monroe County Railroad Authority (MCRA), a political subdivision and non-operating Class III rail carrier, has filed a Verified Notice of Exemption under 49 C.F.R. 1150.41 to acquire from Lackawanna County Railroad Authority (LCRA) the approximately 65 miles of rail lines it owns in Lackawanna, Monroe and Wayne Counties, PA, including the Carbondale Line from Fell Township to the Borough of Moosic M.P. 174.6 to M.P. 196.9; Vine St. Branch in the City of Scranton M.P. 2.0 to M.P. 0.3; Strawberry Hill Running Track in the City of Scranton (approximately 2,000 ft); the Pocono Line from Scranton to Mt. Pocono M.P. 134 to M.P. 101; the Laurel Line and Brady Lead M.P. 0 to M.P. 4.81; the Diamond Branch of the former DL&W extending 0.85 miles from M.P. 144.75 to M.P. 145.6 in Scranton and the Minooka Industrial Track in the City of Scranton extending 2.1 miles from Little Virginia to end of track including all sidings and spurs.

The parties intend to consummate the transaction on or after May 20, 2006, and simultaneously to change MCRA's name to Pennsylvania Northeast Regional Railroad Authority (PNRRA).

Comments must be filed with the Board and served upon Keith G. O'Brien, Rea, Cross & Auchincloss, 1050 Seventeenth Street, NW, Suite 600, Washington, DC, 20036.

This notice is filed under 49 C.F.R. 1150.41. If the Notice contains false or misleading information, the exemption is void, *ab initio*. The filing of a petition to revoke will not automatically stay the transaction.