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August 11, 2008

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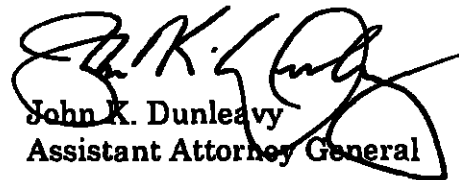
Honorable Anne K. Quinlan, Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20024

Re: *Norfolk Southern Ry. Co., Pan Am Railways, Inc., et al. – Joint Control and
Operating/Pooling Agreements – Pan Am Southern, LLC*
STB Finance Docket No 35147

Dear Ms. Quinlan:

Enclosed for filing in the above matter are "Comments of Vermont Agency of Transportation," including a certificate of service showing that VTTrans is serving copies of this filing upon all Parties of Record on the Board's Service List.

Sincerely,


John K. Dunleavy
Assistant Attorney General

jkd/bem
Enclosure

cc. Service List
Samuel B. Lewis, Director of Operations
Robert D. Ide, Rail Program Manager

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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 35147

**NORFOLK SOUTHERN RAILWAY COMPANY, PAN AM RAILWAYS, INC.,
ET AL. - JOINT CONTROL AND OPERATING/POOL AGREEMENTS -
PAN AM SOUTHERN, LLC**

**COMMENTS OF
VERMONT AGENCY OF TRANSPORTATION**

In accordance with the Board's decision served on June 26, 2008 in this proceeding, the Vermont Agency of Transportation ("VTrans") hereby submits its Comments concerning the above-referenced transaction.

The proposed transaction among Norfolk Southern Railway Company ("NS"), Pan Am Railways, Inc ("PAR"), and Pan Am Southern, LLC ("PAS") promises to enhance the rail infrastructure on the so-called Patriot Corridor between Mechanicville, NY and Ayer, MA, which is one of several primary rail arteries for traffic moving into and out of New England. The Application also represents that the PAR/B&M-owned Connecticut River Line between Springfield, MA and East Northfield, MA will be conveyed to PAS unburdened by the existing lease to the Springfield Terminal Railway Company ("ST"), while the PAR/B&M/ST trackage rights over the northern segment of the Connecticut River Line from East Northfield, MA to White River Junction, VT¹ will be assigned to PAS. Given these key features of the proposed Transaction, together with the Applicants' specific representations that no competitive options will be eliminated (Application, Volume

¹ See *National R R Passenger Corp - Conveyance of Boston & Maine Corp Interests in Connecticut River Line in Vermont and New Hampshire*, 61 C C 2d 539, 541-57, Appendix (1990). In 1994, New England Central Railroad, Inc ("NECR") acquired the former Central Vermont Railway's interest in the Brattleboro-Windsor, VT segment of the Conn River Line, subject to B&M's trackage rights. See *New England Central R R, Inc - Acquisition and Operation Exemption - Lines Between East Alburgh, VT and New London, CT*, Finance Docket No. 32432 (ICC served Dec. 9, 1994). B&M's trackage rights over the Conn River Line eventually were assigned to ST. See *Rymes Heating Oils, Inc - Petition for Declaratory Order*, Finance Docket No. 34098 (STB served Dec. 31, 2001).

I, at 3) and that there will be no adverse effects on commuter or other passenger service (Application, Volume I, at 44), VTrans believes that the proposed transaction will promote improved rail freight service in the region, increase competitive options for rail freight customers, allow freight to be removed from New England area highways, and allow existing initiatives for improvements to rail passenger service to advance, thus benefiting the environment and reducing congestion.

As mentioned above, VTrans' support for the proposed transaction is based on the Applicants' representation that competitive options for rail freight will be protected and that there will be no adverse effects on commuter or other passenger service. More specifically, VTrans is relying on these representations by the Applicants:

- **Commuter and Passenger Service:** The Applicants have represented that there will be no adverse effects on commuter or other passenger service operated over the lines involved in the proposed transaction (Application, Volume I, at 44). VTrans understands this representation to mean that the Applicants are prepared to honor PAR's existing commitments to Massachusetts and Vermont to cooperate with efforts to upgrade the Connecticut River Line between Springfield and East Northfield, MA for passenger train service, as well as to allow operation of Albany-Bennington-Rutland-Burlington passenger service over the Patriot Corridor between Mechanicville and Hoosick Junction, NY ²
- **Connecticut River Line:** The Applicants have represented that the existing PAR/B&M/ST trackage rights over the New England Central Railroad, Inc (NECR) between East Northfield, MA and White River Junction, VT³ will be assigned to PAS (Application, Volume I, at 41) and that "[n]o rail customer

² The initiative to extend Amtrak passenger service to western Vermont along the Albany-Bennington-Rutland-Burlington corridor is sometimes referred to as "ABRB" or the "Western Corridor." In addition to state support, the ABRB initiative has received support from Congress under TEA-21, Pub. L. No. 105-178, § 1602, 112 Stat. 107, 321 and the Department of Transportation and Related Agencies Appropriations Act, 2001, Pub. L. No. 106-346, 114 Stat. 1356, 1356A-40.

³ See note 1, above.

will be left with either reduced or no competitive rail service options as a result of the proposed transaction" (see Verified Statement of John H. Williams, Application, Volume I, Appendix B, at 3) (hereinafter "Williams V.S ").

- **Green Mountain Railroad Corp. ("GMRC"):** The Applicants have represented that GMRC's existing direct connection with PAR at Bellows Falls, VT will be assigned to PAS and will continue, with no adverse effects on GMRC or its connecting carriers (see Williams V S at 11-12).
- **New England Central Railroad, Inc. ("NECR"):** The Applicants have represented that NECR's existing direct connections with PAR at White River Junction and Windsor, VT will be assigned to PAS and will continue, with no adverse effects on NECR or its connecting carriers. Moreover, the Applicants have represented that a previously existing connection at Millers Falls, MA between NECR and PAR will be rehabilitated, with PAR succeeded by PAS (see Williams V.S. at 12)
- **Vermont Railway, Inc. ("VTR"):** The Applicants have represented that VTR's existing direct connection with PAR at Hoosick Junction, NY will be replaced by a direct connection with PAS at Hoosick Junction, with no adverse effects on VTR or its connecting carriers (see Williams V S at 14).
- **Washington County Railroad Corp. ("WACR"):** The Applicants have represented that WACR's existing direct connection with PAR at White River Junction, VT will be assigned to PAS and will continue, with no adverse effects on WACR or its connecting carriers (see Williams V S A at 14).

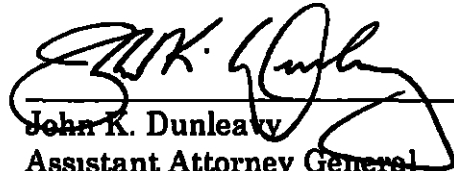
In view of the Applicants' specific representations on these points, VTrans agrees that the proposed transaction will be pro-competitive and in the public interest. Accordingly, VTrans supports the transaction as proposed, and hereby requests that any order issued by the Board in this matter require PAS and its affiliates to:

- Maintain connections at existing gateways;

- Surrender its exclusive right to serve certain shippers along the Brattleboro-Windsor segment of the Conn River Line should PAS fail to comply with the minimum service standards specified in the ICC's 1990 trackage rights decision.
- Honor existing PAR/B&M/ST commitments to cooperate with efforts to restore rail passenger service between Springfield and East Northfield, MA, as well as between Mechanicville and Hoosick Junction, NY.

In the event that conditions requested by third parties or ultimately added by the Applicants adversely affect the interests of Vermont railroads, shippers, or passengers, VTrans reserves the right to submit further Comments at an appropriate time.

Respectfully submitted,



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Dated: August 11, 2008

CERTIFICATE OF SERVICE

I hereby certify that on August 11, 2008 I served the foregoing Comments of Vermont Agency of Transportation by first-class mail, postage prepaid, on the following

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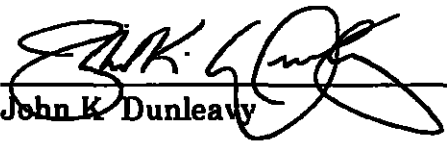
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