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BEFORE THE
SURFACE TRANSPORTATION BOARD

FILED

DEC 24 2002

FINANCE DOCKET NO. 34307

**SURFACE
TRANSPORTATION BOARD**

STATE OF NEW HAMPSHIRE
DEPARTMENT OF TRANSPORTATION
- ACQUISITION AND OPERATION EXEMPTION -
CERTAIN ASSETS OF MAINE CENTRAL RAILROAD COMPANY



FEE RECEIVED

DEC 24 2002

**SURFACE
TRANSPORTATION BOARD**

VERIFIED NOTICE OF EXEMPTION
OF

STATE OF NEW HAMPSHIRE, DEPARTMENT OF TRANSPORTATION
PURSUANT TO 49 C.F.R. §1150.31(a)(1)

ENTERED
Office of Proceedings
DEC 24 2002
Part of
Public Record

Pursuant to 49 C.F.R. § 1150.31 et seq., the State of New Hampshire, Department of Transportation ("THE STATE") hereby files this Notice of Exemption to acquire from the Maine Central Railroad Company ("MEC") a certain portion of the so called "Twin States Railroad". MEC is a Maine corporation and is a common carrier by railroad subject to 49 U.S.C. Subtitle IV, Chapter 105.

THE STATE will acquire MEC's current interest in the Twin State Railroad from approximately milepost P-103.20 to milepost P-111.56 between Whitefield, NH and Gilman, VT (the "Line"). The total distance of rail property to be acquired on the Line is approximately 8.36 miles in Coos County, State of New Hampshire and Essex County, State of Vermont.

THE STATE seeks to acquire the Line to maintain the availability of rail service in that area pursuant to NH RSA § 228:56, which provides: "[The Commissioner of the New Hampshire Department of Transportation]...is authorized to acquire...rail property...for the purpose of the continued and future operation of a railroad or transportation corridor...which is deemed to be in the public interest..."

The Lamoille Valley Railroad Company ("LVRC") and the Twin State Railroad Corporation ("TSR") currently lease the Line. Although LVRC and TSR maintain operating rights, they have not, based on MEC's representation, provided service on the Line since October 1999 nor have they maintained the Line in the anticipation of providing service or in compliance with applicable laws. THE STATE will acquire the Line subject to the operating rights of LVRC and TSR, but will likely seek to institute a new operator.

In accordance with the requirements of 49 C.F.R. §1150.33, THE STATE submits the following:

(a) 49 C.F.R. 1150.33(a) - Full name and address of the applicant:

State of New Hampshire, Department of Transportation
Bureau of Rail and Transit
P.O. Box 483
Concord, NH 03302-0483
(603) 271-2468

(b) 49 C.F.R. 1150.33(b) - Name, address, and telephone number of the representative of applicant who should receive correspondence:

Craig S. Donais, Esquire
Assistant Attorney General
Transportation & Construction Bureau
New Hampshire Department of Justice
Office of the Attorney General
33 Capitol Street
Concord, NH 03301-6397
(603) 271-3675

(c) 49 C.F.R. 1150.33(c) - A statement that agreement has been reached or details about when an agreement will be reached:

Following the effective date of the exemption, MEC will convey their right, title and interest in the Line to THE STATE.

(d) 49 C.F.R. 1150.33(d) - The Operator of the property:

Presently, LVRC and TSR maintain operating rights on the Line, but THE STATE will likely seek to institute a new operator to perform common carrier freight service over the Line.

(e) 49 C.F.R. 1150.33(e) - A brief summary of the proposed transaction:

1. Name and address of railroads transferring the subject property:

Maine Central Railroad Company
Iron Horse Park
North Billerica, MA 01862
Attn. Robert B. Culliford
(978) 663-1029

2. The proposed time schedule for consummation of the transaction:

Following the effective date of the exemption, MEC will convey their right, title and interest in the Line to THE STATE.

3. The mileposts of the subject property, including any branch lines:

The Subject Line extends from milepost P-103.20 in Whitefield, Coos County, New Hampshire to milepost P-111.56 in Gilman, Essex County, Vermont.

4. The total route miles being acquired:

THE STATE will acquire approximately 8.36 route miles.

(f) 49 C.F.R. 1150.33(f) - A map that clearly indicates the area to be served, including origins, termini, stations, cities, counties and States:

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

(g) 49 C.F.R. 1150.33(g) - A certificate that applicant's proposed revenues do not exceed those that would qualify it as a Class III carrier:

The projected revenues as a result of this transaction will not result in the creation of a Class I or Class II carrier. A certificate complying with the requirements of 49 C.F.R. §1150.33(g) is attached hereto as Exhibit B.

(h) 49 C.F.R. 1150.34 - Caption Summary:

A caption summary conforming to the requirements of 49 C.F.R. §1150.34 is attached hereto as Exhibit C.

(i) 49 C.F.R. §1105

Pursuant to 49 C.F.R. §1105.6(c)(2), the proposed transaction is exempt from environmental reporting requirements because it will not result in significant changes in carrier operations that would exceed the thresholds established by 49 C.F.R. §105.7(e)(4) or (5).

Pursuant to 49 C.F.R. §1105.8(b)(1) & (2), the proposed transaction is exempt from historic preservation reporting requirements. The proposed acquisition will not disturb or interrupt common carrier rights or obligations on the Line. Further, Surface Transportation Board approval will be required to abandon any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years or older. Finally, the proposed transaction will not substantially change the level of maintenance of railroad property.

Dated: December 20, 2002

Respectfully submitted,



Craig S. Donais, Esquire
Assistant Attorney General
Transportation & Construction Bureau
New Hampshire Department of Justice
Office of the Attorney General
33 Capitol Street
Concord, NH 03301-6397
(603) 271-3675

**Attorney for State of New Hampshire,
Department of Transportation.**

EXHIBIT B

CERTIFICATION

State of New Hampshire)

) SS:

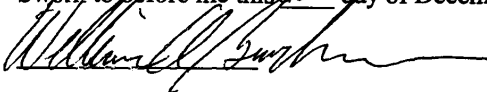
County of Merrimack

Christopher Morgan, being duly sworn, hereby certifies that the projected rail freight revenues of the State of New Hampshire, Department of Transportation upon consummation of the proposed transaction would not result in the creation of a Class I or Class II rail carrier under the provisions of 49 C.F.R. §1201(1-1).



Christopher Morgan
Administrator
Bureau of Rail and Transit
State of New Hampshire, Dept. of Transportation
P.O. Box 483
Concord, NH 03302-0483

Sworn to before me this 20th day of December 2002



Notary Public

WILLIAM A. BOUDREAU, Notary Public
My commission expires: My Commission Expires January 19, 2005

EXHIBIT C

Surface Transportation Board

Notice of Exemption

Finance Docket No.

State of New Hampshire, Department of Transportation

—Acquisition and Operation Exemption—

Maine Central Railroad Company

The State of New Hampshire, Department of Transportation ("THE STATE") has filed a Verified Notice of Exemption to acquire and operate a portion of the line known as the "Twin State Railroad" from the Maine Central Railroad Company. Upon the effective date of this Notice, THE STATE and MEC will enter into a Purchase and Sale Agreement whereby THE STATE will acquire MEC's right, title and interest in a portion of the Twin State Railroad between milepost P-103.20 in Whitefield, County of Coos, New Hampshire and milepost P-111.56 in Gilman, County of Essex, Vermont.

THE STATE and MEC will not consummate this transaction until this Notice becomes effective and is likely to occur on December 30, 2002.

The notice is filed under 49 CFR 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.

10505(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-

0001. In addition, a copy of each pleading must be served on:

Craig S. Donais, Esquire
Assistant Attorney General
Transportation & Construction Bureau
New Hampshire Department of Justice
Office of the Attorney General
33 Capitol Street
Concord, NH 03301-6397
(603) 271-3675

Dated: December __, 2002

By the Board

Vernon A. Williams

Secretary

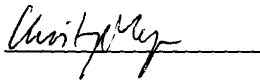
VERIFICATION

State of New Hampshire)

) SS:

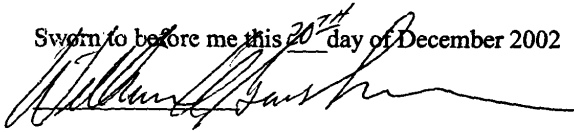
County of Merrimack

Christopher Morgan, being duly sworn, deposes and says that he is the Administrator of the Bureau of Rail and Transit of the State of New Hampshire, Department of Transportation, that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.



Christopher Morgan
Administrator
Bureau of Rail and Transit
State of New Hampshire, Dept. of Transportation
P.O. Box 483
Concord, NH 03302-0483

Sworn to before me this 20th day of December 2002



Notary Public

WILLIAM A. BOUDREAU, Notary Public
My Commission Expires January 19, 2005

My commission expires _____