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September 2, 2004

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Room 700
Washington, D. C. 20423



RE: Docket No. AB-565 (Sub-No. 17X), *New York Central Lines, LLC* - 211939
Abandonment Exemption-in Poughkeepsie, Dutchess County, NY
Docket No. AB-55 (Sub-No. 652X), *CSX Transportation, Inc.* - *Discontinuance*
Exemption-in Poughkeepsie, Dutchess County, NY - 211940
Docket No. AB-873X, *New York and Eastern Railway, LLC* - *Discontinuance*
Exemption-in Poughkeepsie, Dutchess County, NY 211941

Dear Secretary Williams:

Enclosed are the original and 10 copies of a Response and three computer diskettes in containing the Response.

Please time and date stamp the additional copy of this letter and Response and return it with our messenger. Thank you for your assistance.

If you have any questions please call or email me.

Sincerely yours

Louis E. Gitomer
Attorney for: CSX Transportation, Inc.

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Office of Proceedings

SEP - 2 2004

Part of
Public Record

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. AB-873X

NEW YORK AND EASTERN RAILWAY, LLC-DISCONTINUANCE EXEMPTION
IN POUGHKEEPSIE, DUTCHESS COUNTY, NY

DOCKET NO. AB-55 (SUB-NO. 652X)

CSX TRANSPORTATION, INC.-DISCONTINUANCE EXEMPTION
IN POUGHKEEPSIE, DUTCHESS COUNTY, NY

DOCKET NO. AB-565 (SUB-NO. 17X)

NEW YORK CENTRAL LINES, LLC-ABANDONMENT EXEMPTION
IN POUGHKEEPSIE, DUTCHESS COUNTY, NY

RESPONSE TO PROTEST OF CSX TRANSPORTATION, INC. AND NEW YORK
CENTRAL LINES, LLC

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Louis E. Gitomer, Esq.
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(202) 638-3307

Attorney for: CSX TRANSPORTATION,
INC.

Dated: September 2, 2004

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. AB-873X



NEW YORK AND EASTERN RAILWAY, LLC-DISCONTINUANCE EXEMPTION
IN POUGHKEEPSIE, DUTCHESS COUNTY, NY

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NEW YORK CENTRAL LINES, LLC-ABANDONMENT EXEMPTION
IN POUGHKEEPSIE, DUTCHESS COUNTY, NY

RESPONSE TO PROTEST OF CSX TRANSPORTATION, INC. AND NEW YORK
CENTRAL LINES, LLC

CSX Transportation, Inc. ("CSXT") and New York Central Lines, LLC ("NYC") (jointly referred to as "CSX") respond to the protest filed by Great Eastern Color Lithographic Corporation ("GECL").

On June 29, 2004, the New York and Eastern Railway, LLC ("NY&E"), CSXT, and NYC (jointly referred to as "Petitioners"), filed a Petition for Exemption. NYE and CSXT seek to discontinue service over and NYC seeks to abandon approximately 4.7 miles of railroad between milepost QCO 0.0 and milepost QCO 3.2 and between milepost QCK 29.5 and milepost QCK 31.0 (the "Line"), in the City and Town of Poughkeepsie, Dutchess County, NY. NY&E and CSXT lease the Line from NYC.

CSX acquired the Line as part of its acquisition of Conrail. At that time, the Line was in poor physical condition and there was little traffic on the Line. CSX continued to operate the Line, but determined that there was not sufficient traffic on the Line to warrant the expenditure of capital to rehabilitate the Line. The last traffic moved on the Line in November 2000. However, instead of seeking to abandon the Line, CSX agreed to lease the Line to NYE. See *New York and Eastern Railway LLC—Lease, Operation, and Future Purchase—New York Central Lines, LLC and CSX Transportation, Inc.*, STB Finance Docket No. 34358 (STB served June 27, 2003).

Since November of 2000, GECL admits that it has used alternative transportation to meet its transportation needs. GECL states that it either receives shipments by truck or through rail transload operations. Neither of these options will change with abandonment and discontinuance, and GECL will retain alternate inter- and intramodal competitive transportation.

GECL also claims that its use of trucks has resulted in a greatly increased “volume of truck traffic on the streets of the city and town of Poughkeepsie.” GECL then undermines its argument by stating that it requires only 36 truck loads per month. Thirty-six truck loads per month is an average of less two truck loads per day, if deliveries are limited to work days during a month, certainly not the great increase in volume GECL claims.

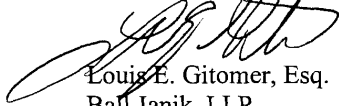
GECL claims that the track condition and not lack of demand is the reason that the Line has not been used. CSX inherited this poorly maintained rail line from Conrail. Faced with the prospect of only nine carloads per month, CSX weighted the costs of rehabilitating the Line and operating it in an urban area and determined that it would not even be a break even use of capital to rehabilitate and operate the Line. GECL obtained alternate transportation service, which it continues to use today.

Not only has CSX found it a poor investment to repair and operate the Line, but so has NYE, a short line operator with lower costs than CSX.

CSX tried to operate the Line, and when operation no longer made economic sense, CSX

sought a short line to operate the line. As can be seen from NYE's statement filed today, NYE could not make the Line viable. GECL sought and obtained alternate transportation, which it has used for nearly four years. There will be no harm to GECL from the abandonment and discontinuance of service over the Line. CSX respectfully requests the Board to grant the exemption to permit NY&E and CSXT to discontinue service over and NYC to abandon the Line.

Respectfully submitted,



Louis E. Gitomer, Esq.
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Attorney for: CSX TRANSPORTATION,
INC.

Dated: September 2, 2004

CERTIFICATE OF SERVICE

I hereby certify that I have this 2nd day of September 2004 served a copy of the foregoing Response upon all parties of record by mailing a copy thereof, first class, postage prepaid to:



Louis E. Gitomer