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July 19, 2006



VIA FEDERAL EXPRESS

Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20006

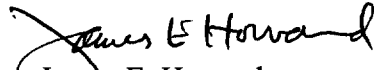
Re: Village of Croton-on-Hudson, New York v.
Buffalo Southern Railroad, Inc., et al.
Finance Docket No. 34905

ENTERED
Office of Proceedings
JUL 20 2006
Part of
Public Record

Dear Secretary Williams:

Enclosed for filing in the above-captioned matter are the original and 10 copies of the "Answer of Buffalo Southern Railroad, Inc. to Formal Complaint" and the original and 10 copies of the "Petition of Buffalo Southern Railroad, Inc. to Hold Proceedings in Abeyance and Motion for Protective Conditions Concerning Discovery". If you have any questions or need additional information, please contact me. Thank you very much for your attention to this request.

Very truly yours,


James E. Howard

Enclosures
cc: Michael B. Gerrard

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34905



VILLAGE OF CROTON-ON-HUDSON, NEW YORK

v.

BUFFALO SOUTHERN RAILROAD, INC., et al.

ANSWER OF BUFFALO SOUTHERN RAILROAD, INC.
TO FORMAL COMPLAINT

ENTERED
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Crane, Parente, Cherubin & Murray
90 State Street
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Telephone 518-432-8000

Attorneys for Buffalo Southern
Railroad, Inc.

Dated: July 19, 2006

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34905



VILLAGE OF CROTON-ON-HUDSON, NEW YORK

v.

BUFFALO SOUTHERN RAILROAD, INC., et al.

ANSWER OF BUFFALO SOUTHERN RAILROAD, INC.
TO FORMAL COMPLAINT

Buffalo Southern Railroad, Inc. ("BSOR") hereby answers the Formal Complaint (the "Complaint") filed by the Village of Croton-on-Hudson, New York (the "Village") in this proceeding, as follows:

The Parties

1. BSOR admits the allegations of paragraph 1 of the Complaint.
2. BSOR admits the allegations of paragraph 2 of the Complaint.
3. BSOR lacks sufficient knowledge or information to respond to the allegations of paragraph 3 of the Complaint.
4. BSOR lacks sufficient knowledge or information to respond to the allegations of paragraph 4 of the Complaint.
5. BSOR lacks sufficient knowledge or information to respond to the allegations of the first two sentences and the last two sentences of paragraph 5 of the Complaint.

Based upon the Verified Notice of Exempt Transaction referred to in the fourth sentence of paragraph 5 of the Complaint, BSOR admits the allegations of the third sentence of paragraph 3 of the Complaint.

The Facts

6. BSOR admits the allegations of paragraph 6 of the Complaint, but reference should be made to the documents referred to in paragraph 6 of the Complaint for the true, correct and complete contents thereof.

7. BSOR admits the allegations of the first sentence of paragraph 7 of the Complaint. BSOR lacks sufficient knowledge or information to respond to the allegations of the second sentence of paragraph 7 of the Complaint.

8. BSOR admits the allegations of paragraph 8 of the Complaint, but reference should be made to the documents referred to in paragraph 8 of the Complaint for the true, correct and complete contents thereof.

9. BSOR admits the allegations of paragraph 9 of the Complaint.

10. BSOR lacks sufficient knowledge or information to respond to the allegations of the first sentence of paragraph 10 of the Complaint. BSOR admits the allegations of the second sentence of paragraph 10 of the Complaint, but reference should be made to the documents referred to after the second sentence of paragraph 10 of the Complaint for the true, correct and complete contents thereof.

11. BSOR denies the allegations of paragraph 11 of the Complaint.

12. BSOR admits the allegations of paragraph 12 of the Complaint, but reference should be made to the documents referred to in paragraph 12 of the Complaint for the true, correct and complete contents thereof.

13. BSOR admits the allegations of paragraph 13 of the Complaint, but reference should be made to the document referred to in paragraph 13 of the Complaint for the true, correct and complete contents thereof.

14. BSOR admits the allegations of paragraph 14 of the Complaint.

15. BSOR denies the allegations of paragraph 15 of the Complaint.

16. BSOR admits the allegations of paragraph 16 of the Complaint, but reference should be made to the documents referred to in paragraph 16 of the Complaint for the true, correct and complete contents thereof.

17. BSOR admits the allegations of paragraph 17 of the Complaint, but reference should be made to the documents referred to in paragraphs 16 and 17 of the Complaint for the true, correct and complete contents thereof.

18. BSOR lacks sufficient knowledge or information to respond to the allegations of paragraph 18 of the Complaint.

19. BSOR denies the allegations of paragraph 19 of the Complaint. Reference should be made to the document referred to in paragraph 19 of the Complaint for the true, correct and complete contents thereof.

20. BSOR admits the allegations of paragraph 20 of the Complaint.

21. BSOR denies the allegations of paragraph 21 of the Complaint. Reference should be made to the document referred to in paragraph 21 of the Complaint for the true, correct and complete contents thereof.

22. BSOR admits the allegations of paragraph 22 of the Complaint, but reference should be made to the document referred to in paragraph 22 of the Complaint for the true, correct and complete contents thereof.

23. BSOR denies the allegations of paragraph 23 of the Complaint to the extent that they imply that BSOR voluntarily refused to accept solid waste as defined by New York State regulations. BSOR admits the other allegations of paragraph 23 of the Complaint, but reference should be made to the document referred to in paragraph 23 of the Complaint for the true, correct and complete contents thereof.

24. BSOR admits the allegations of paragraph 24 of the Complaint, but reference should be made to the document referred to in paragraph 24 of the Complaint for the true, correct and complete contents thereof.

25. BSOR denies the allegations of paragraph 25 of the Complaint.

Defenses to Complaint

1. The track which BSOR has acquired and is operating in Croton on Hudson, New York (the "Croton Track") is excepted track within the meaning of 49 U.S.C. 10906. The Croton Track is, therefore, not subject to the licensing authority of the Board. Consequently, the Complaint fails to state a claim upon which relief may be granted and must be dismissed.

2. The allegations of the Complaint are insufficient to provide any basis for any determination by the Board that BSOR has violated any provisions of 49 U.S.C. Subtitle IV, Part A or that any fines are warranted pursuant to 49 U.S.C. 11901. Consequently, the Complaint fails to state a claim upon which relief may be granted and must be dismissed.

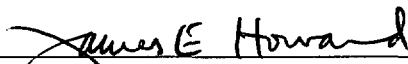
3. The necessary predicate for the relief requested in the Complaint is a determination that the Croton Track is a line of railroad within the meaning of 49 U.S.C. 10902 rather than an excepted track within the meaning of 49 U.S.C. 10906. This issue is

already before the Board as a result of the filing by BSOR of a Verified Notice of Exempt Transaction and motion to dismiss in Finance Docket No. 34903. The Complaint should, therefore, be dismissed as being duplicative and unnecessary.

WHEREFORE, BSOR requests the Board to dismiss the Complaint with prejudice.

Respectfully submitted,

BUFFALO SOUTHERN RAILROAD, INC.


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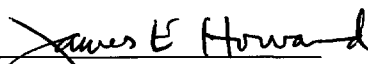
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Crane, Parente, Cherubin & Murray
90 State Street
Albany, NY 12207
Telephone 518-432-8000

Attorneys for Buffalo Southern Railroad, Inc.

Dated: July 19, 2006

Certificate of Service

I hereby certify that I have served the foregoing pleading by sending a copy via Federal Express on July 19, 2006 to Michael B. Gerrard, Arnold & Porter LLP, 399 Park Ave., New York, NY 10022-4690.


James E. Howard