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D.D.# 01031103011001

BEFORE THE
SURFACE TRANSPORTATION BOARD

FILED

OCT 31 2003

**SURFACE
TRANSPORTATION BOARD**

FINANCE DOCKET NO. 34431

ALLEGHENY VALLEY RAILROAD COMPANY
LEASE, OPERATION AND TRACKAGE RIGHTS EXEMPTION
LINES OF CSX TRANSPORTATION, INC.

VERIFIED NOTICE OF EXEMPTION

OF

ALLEGHENY VALLEY RAILROAD COMPANY
PURSUANT TO 49 C.F.R. § 1150.41

FEE RECEIVED

OCT 31 2003

**SURFACE
TRANSPORTATION BOARD**



**ENTERED
Office of Proceedings**

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**Part of
Public Record**

Keith G. O'Brien
Rea, Cross & Auchincloss
1707 L Street, N.W.
Suite 570
Washington, DC 20036
(202) 785-3700

Counsel for: Allegheny
Valley Railroad Company

DATED: October 31, 2003

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET No. 34431

ALLEGHENY VALLEY RAILROAD COMPANY
LEASE, OPERATION AND TRACKAGE RIGHTS EXEMPTION
LINES OF CSX TRANSPORTATION, INC.

VERIFIED NOTICE OF EXEMPTION

OF

ALLEGHENY VALLEY RAILROAD COMPANY
PURSUANT TO 49 C.F.R. § 1150.41

Name and Address of Applicant: 49 C.F.R. 1150.43 (a)
Allegheny Valley Railroad Company
25 South Broadway
Scottdale, PA 15683

Applicant's Representative: 49 C.F.R. 1150.43 (b)
Keith G. O'Brien
Rea, Cross & Auchincloss
1707 L Street, N.W.
Suite 570
Washington, DC 20036
(202) 785-3700

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

Allegheny Valley Railroad Company ("AVR") and CSX Transportation, Inc.
("CSXT") have entered into an agreement pursuant to which AVR will lease and operate
certain rail lines and acquire related trackage rights as follows:

1. Approximately 33.1 route miles of CSXT's W&P Subdivision from milepost B0-5.0 at Glenwood Junction to milepost B0-38.1 at Washington in Allegheny and Washington Counties, PA; and

2. Approximately 13.2 route miles of CSXT's P&W Subdivision in Allegheny County, PA:

- (a) from milepost BG-1.0 at Field to milepost BG 10.4 at Glenshaw;
- (b) the No. 2 Main from milepost BF-322.8 at Glenwood Junction to milepost BF-326 at East Schenley;
- (c) a portion of the Glenwood Yard to be agreed upon jointly;
- (d) from milepost 0.75¹ of the River Branch near 33rd Street in the City of Pittsburgh extending southwesterly to its end at milepost 1.35.

In addition AVR will acquire about 1.9 route miles of local trackage rights over CSXT's No. 1 Main from East Schenley to Field to provide connectivity between the leased portion that ends at East Schenley and the portion that begins at Field and to enable AVR to provide freight service to customers located on this segment

¹ AVR currently leases and operates the portion of the River Branch extending from milepost 0.0 near 43rd Street to milepost 0.75 near 33rd Street in the City of Pittsburgh pursuant to lease agreement with CSXT executed in accordance with the Notice of Exemption in Finance Docket No. 34095, published September 27, 2001.

Summary of the Transaction

49 C.F.R. 1150.43 (e)

This transaction qualifies for a class exemption under 49 C.F.R. 1150.41 et seq because it involves acquisitions of lease and trackage rights and related operations by an existing Class III short line rail carrier of property.

The total route miles being leased are approximately 46.3 miles. Under the Agreement AVR will have options to purchase the relevant portion of the W&P Subdivision and the River Branch. The parties intend to consummate this transaction as or soon after this Notice of Exemption becomes effective.

The name and address of the lessor and grantor of trackage rights concerning the subject lines is as follows:

CSX Transportation, Inc.
500 Water Street
Jacksonville, FL 32202

MAP:

49 C.F.R. 1150.43 (f)

Maps depicting the area to be served are attached as Exhibit A.

Certification of Class III Status:

49 C.F.R. 1150.43 (g)

A certificate complying with the requirements of 49 C.F.R. 1150.43 (g) is attached as Exhibit B to this Notice. Based on projected revenues for the Subject Line AVR will remain a Class III carrier after consummation of the proposed transaction.

Caption Summary

49 C.F.R. 1150.44

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

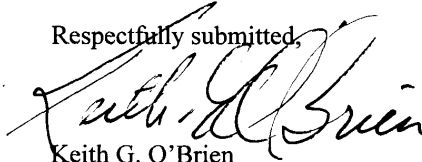
Environmental and Historic Preservation Date

49 C.F.R. 1105

Pursuant to 49 C.F.R. 1105.6 (c) (2) the proposed transaction is exempt from environmental review under 1105.6 (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 (c) (4) or (5).

In addition this transaction is exempt from historic review under 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 and further Surface Transportation Board ("STB" or "Board") approval would be required to abandon service and there are no plans to dispose of or alter the properties subject to Board jurisdiction that are 50 years old or older.

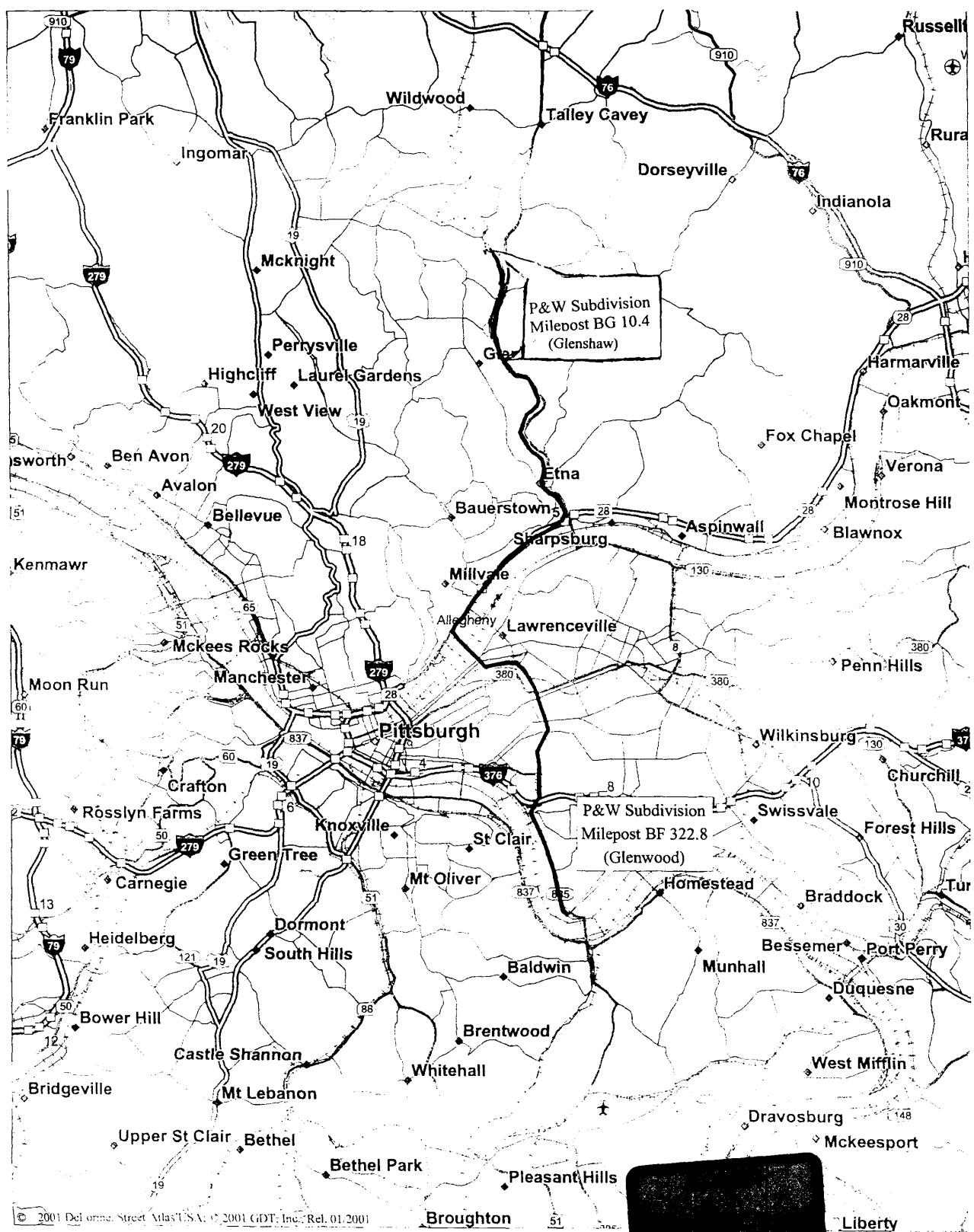
Respectfully submitted,



Keith G. O'Brien
Rea, Cross & Auchincloss
1707 L Street, N.W.
Suite 570
Washington, DC 20036
(202) 785-3700

Counsel for: Allegheny Valley Railroad Company

Dated: October 31, 2003



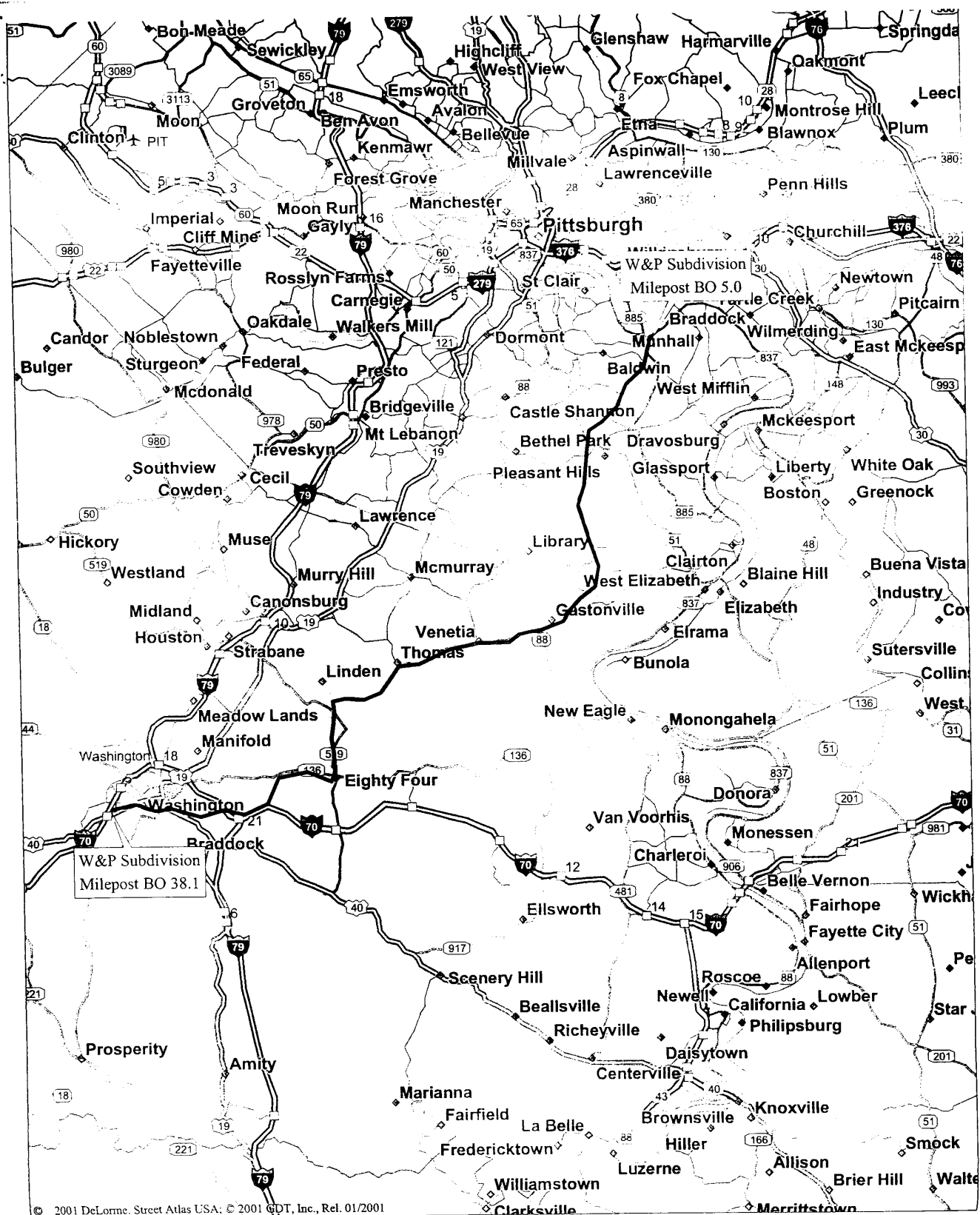
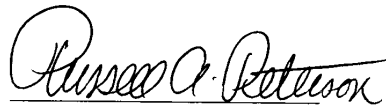


Exhibit B

CERTIFICATION

Russell A. Peterson, being duly sworn, certifies that the projected revenues of Allegheny Valley Railroad Company upon consummation of the proposed transaction will not result in creation of a Class I or Class II rail carrier under the provisions of 49 C.F.R. § 1201 (1-1) (a).



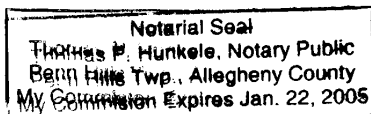
Russell A. Peterson
President – Allegheny Valley Railroad
Company

Subscribed and Sworn To before me
This 30th day of October, 2003.



Notary Public

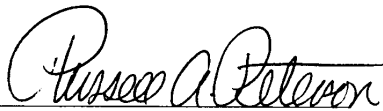
My Commission expires:



VERIFICATION

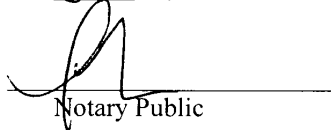
Commonwealth of Pennsylvania)
)
) SS
)
County of Allegheny)

Russell A. Peterson, being duly sworn, deposes and says that he is President of Allegheny Valley Railroad Company, that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.



Russell A. Peterson

Subscribed and Sworn to before me
this 30th day of October, 2003.



Notary Public

My Commission expires:

Notarial Seal
Thomas P. Hunkele, Notary Public
Penn Hills Twp., Allegheny County
My Commission Expires Jan. 22, 2005

Exhibit C

SURFACE TRANSPORTATION BOARD

Notice of Exemption

FINANCE DOCKET NO. 34431

**ALLEGHENY VALLEY RAILROAD COMPANY
LEASE, OPERATION AND TRACKAGE RIGHTS EXEMPTION**

CSX TRANSPORTATION, INC.,

Allegheny Valley Railroad Company ("AVR") a class III rail carrier, has filed a verified notice of exemption under 49 C.F.R. 1150.41 et seq., to lease from CSX Transportation, Inc., ("CSXT") and operate segments of two of its subdivisions known respectively as the W&P Subdivision and the P&W Subdivision. The portion of the W&P Subdivision extends from milepost BO-5.0 at Glenwood Junction to milepost BO-38.1 at Washington in Washington and Allegheny Counties, PA. The portion of the P&W Subdivision consists of segments from milepost BG-1.0 at Field to milepost BG-10.4 at Glenshaw; the No. 2 Main from milepost BF 322.8 at Glenwood Junction to approximately BF-326 at East Schenley; a portion of the Glenwood Yard to be agreed upon jointly; and, an extension of its existing lease from milepost 0.75 of the River Branch near 33rd Street extending southwesterly to its end at milepost 1.35 in Pittsburgh, Allegheny County PA. In addition AVR will have local trackage rights over CSXT's No. 1 Main extending from East Schenley to Field to provide freight service to customers on

the line and to provide connectivity between its leased portion that ends at East Schenley and begins at Field.

An original and 10 copies of all pleadings referring to STB Finance Docket No. 34431 must be filed with the Surface Transportation Board, 1925 K Street N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Keith G. O'Brien, Rea Cross & Auchincloss, Suite 570, 1707 L Street N.W., Washington, DC 20036. (202) 785-3700.

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. Petitions to revoke the petition under 49 U.S.C. 10502 (d) maybe filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

Dated: October ___, 2003

Vernon A. Williams
Secretary