

233276

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35654

**ENTERED
Office of Proceedings
October 26, 2012
Part of
Public Record**

GENESEE & WYOMING INC. – CONTROL – RAILAMERICA, INC., ET AL.

**REPLY COMMENTS OF
THE NATIONAL INDUSTRIAL TRANSPORTATION LEAGUE**

Karyn A. Booth
David E. Benz
Thompson Hine LLP
Suite 700
1919 M Street N.W.
Washington, D.C. 20036
Phone: (202) 331-8800
Fax: (202) 331-8330

*Attorneys for The National Industrial
Transportation League*

October 26, 2012

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35654

GENESEE & WYOMING INC. – CONTROL – RAILAMERICA, INC., ET AL.

REPLY COMMENTS

The National Industrial Transportation League (“NITL”) hereby provides these Reply Comments in the above-captioned proceeding. NITL supports the proposed acquisition of RailAmerica, Inc. (“RailAmerica”) by Genesee & Wyoming Inc. (“G&W”). As described in the Railroad Control Application (“Application”) filed on August 6, 2012 by G&W and RailAmerica, the acquisition does not raise significant anti-competitive concerns under 49 USC §§ 11323 to 11325. For the most part, the operating subsidiary railroads of G&W and RailAmerica do not connect with one another and, consequently, there are virtually no “2-to-1” locations which would reduce competitive rail service for shippers. See Application at 18-19.

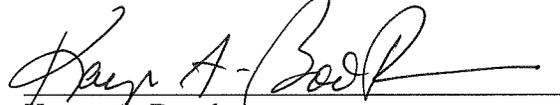
G&W and RailAmerica contend that the acquisition will result in public benefits such as increased efficiency, safety enhancements, and improved customer service. See Application at 16. Additionally, the applicants claim that no abandonments are expected as a result of the transaction and that GWI will manage operations using a “ long-term, growth-oriented investment perspective [that] will provide increased stability and certainty for employees, shippers and communities.” See Application at 17 and 29. Based on the important public benefits that are expected to result from the acquisition, as specified in the application, NITL is supportive of the acquisition.

NITL recognizes that several parties filed opening comments that oppose and/or seek to condition the proposed acquisition. Some of the opposition appears entirely related to local issues on which NITL takes no position. However, at least two parties have raised the issue of the debt burden on the newly-enlarged G&W that would result from the proposed transaction. See, e.g., Comments and Request for Conditions of Railroad Salvage & Restoration, Inc. and G.F. Wiedeman International, Inc. at p. 3 (filed Oct. 9, 2012); Comments and Request for Conditions of Central California Rail Shippers & Receivers Association at p. 4-5, 30, and 33 (filed Oct. 5, 2012) (“CCRSRA Comments”). A high debt level of a railroad holding company could be a concern if the debt impairs the ability of a railroad to meet its common carrier obligation or to meet the service requirements of its customers, or if it causes the operating subsidiaries to unreasonably raise rates or revenue from ancillary sources. NITL expects the operating subsidiaries of G&W and RailAmerica to comply with all applicable legal obligations and that it will work to achieve the public benefits it claims will result from the transaction.

Other comments expressed strong concerns over operating practices and pricing tactics of certain short-lines. See, e.g., CCRSRA Comments at 7-8, 14-28. As requested by CCRSRA, NITL encourages G&W and RailAmerica to work closely with their customers to ensure that the newly combined railroads provide highly efficient, and cost effective rail service, as well as strong customer service. If the customer service, operations, and other claimed public benefits to be realized by the combined entities falls short of the representations made in the application, then oversight by the Board would seem appropriate.

NITL thanks the Board for the opportunity to provide these Reply Comments.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karyn A. Booth", written over a horizontal line.

Karyn A. Booth

David E. Benz

Thompson Hine LLP

1919 M Street, N.W., Suite 700

Washington, D.C. 20036

(202) 331-8800

October 26, 2012

CERTIFICATE OF SERVICE

I hereby certify that on this 26th day of October 2012, I served a copy of the foregoing upon all parties of record via prepaid first-class mail.



David E. Benz