



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

RICK SNYDER  
GOVERNOR

KIRK T. STEUDLE  
DIRECTOR

September 12, 2016

Mr. Daniel R. Elliott III, Chairman  
Surface Transportation Board  
395 E Street, S.W.  
Washington, D.C. 20034

Ms. Deb Miller, Vice Chairman  
Surface Transportation Board 241481  
395 E Street, S.W.  
Washington, D.C. 20034

Ms. Ann D. Begeman, Commissioner  
Surface Transportation Board  
395 E Street, S.W.  
Washington, D.C. 20034

ENTERED  
Office of Proceedings  
September 12, 2016  
Part of  
Public Record

Dear Chairman Elliott, Vice Chairman Miller, and Commissioner Begeman:

Subject: Docket No. FD 35187 (Sub-No. 1)  
Grand Elk Railroad, Inc. - Acquisition of Incidental Trackage  
Rights Exemption - Norfolk Southern Railway Company

The Michigan Department of Transportation (MDOT) is writing on behalf of the impacted industries for west Michigan in response to the above-referenced proceeding. MDOT urges the Surface Transportation Board (STB) to act by resolving the recently-disrupted Grand Elk Railroad (Grand Elk) operations in Grand Rapids, Michigan. We understand that Grand Elk is taking necessary legal action to restore its service in Grand Rapids, in the face of CSX Transportation's (CSXT's) contested action.

The trackage-rights presently in dispute were originally established when two rail lines were consolidated to facilitate a public redevelopment project that eliminated several grade crossings in Grand Rapids. Those rights were transferred to the Norfolk Southern Railroad (NS) during the sale of Conrail assets, and later from NS to WATCO Companies/Grand Elk.

Prior to the establishment of the trackage-rights, Penn Central Railroad and CSXT/Chessie System Railroad operated two parallel and adjacent rail lines for several miles on the west side of the City of Grand Rapids and in the City of Walker, Michigan. These parallel lines provided access to customers on the lines, sometimes by both railroads, as well as their connecting lines into northern Michigan on their respective rail networks.

During the 1980s after Conrail was formed and Penn Central lines into northern Michigan were abandoned, the City of Grand Rapids began discussions with CSXT and Conrail to consolidate and abandon one of the adjacent rail lines. The objective was to eliminate many of the adjacent grade crossings on city streets and allow development of a new major city street (Seward Avenue) on the abandoned rail corridor.

Mr. Danielle R. Elliott, III  
Ms. Deb Miller  
Ms. Ann D. Begeman  
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After several years of negotiations, Conrail agreed to abandon most of its rail line in exchange for CSXT providing trackage-rights on the adjacent line to serve existing Conrail customers, access the remaining Conrail track at both ends of the joint segment, and interchange with Grand Rapids Eastern Railroad (and its predecessors). It is MDOT's understanding that the intent was for the trackage-rights to be permanent.

As recently as 2015, MDOT provided funding to Grand Elk and CSXT to allow both railroads to service a customer within the corridor, predicated on mutual agreements that the trackage-rights would be honored. Additionally, in 2014, MDOT provided funding assistance to another customer on the corridor to assist with the development of a transload facility served by Grand Elk.

It has now come to MDOT's attention that Grand Elk service has been disrupted due to a contract dispute. We have encouraged the railroads to work together to resolve any contractual issues in a manner that benefits current and potential rail customers in Grand Rapids. Unfortunately, it appears they have been unable to do so.

MDOT expected the trackage-rights to continue as long as there was a need for the referenced rail service. While MDOT has no authority on rates, maintaining competitive rail service in one of our largest cities is in the state's interest. We ask STB to help resolve this dispute in the best interest of the shippers. Ultimately, we believe that acting in the best interest of shippers will be in the long-term interest of all the railroads involved in this dispute as well.

Thank you for your consideration. MDOT looks forward to your prompt action on this issue. If you have any questions or need additional information, please contact either me or Tim Hoeffner, Office of Rail Director, at 517-373-6672.

Sincerely,



Kirk T. Steudle  
Director



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

KIRK T. STEUDLE  
DIRECTOR

CERTIFICATE OF SERVICE

I hereby certify that individual letters were sent on September 12, 2016, via the United States Postal Service to the Surface Transportation Board Chairman Elliott, Vice Chairman Miller, and Commissioner Begeman and by electronic mail to the following parties of record regarding Docket No. FD 35187 (Sub No. 1), Grand Elk Railroad, Inc. -Acquisition of Incidental Trackage Rights Exemption - Norfolk Southern Railway.

Electronic copies were submitted to the following:

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