



# Brotherhood of Locomotive Engineers and Trainmen

*A Division of the Rail Conference—International Brotherhood of Teamsters*

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July 30, 2007

Hon Vernon A Williams,  
Secretary  
Surface Transportation Board  
395 E Street, S. W.  
Washington, D C 20423-0001

Re. STB Finance Docket No. 35063  
Michigan Central Railway, LLC – Acquisition and Operation Exemption –  
Lines of Norfolk Southern Railway Company

STB Finance Docket No 35064  
Watco Companies, Inc., and Watco Transportation Services, Inc –  
Continuance in Control Exemption – Michigan Central Railway, LLC

STB Finance Docket No 35065  
Norfolk Southern Railway Company – Trackage Rights Exemption –  
Michigan Central Railway, LLC

ENTERED  
Office of Proceedings

JUL 31 2007

Part of  
Public Record

Dear Secretary Williams

This document is submitted on behalf of the Brotherhood of Locomotive Engineers & Trainmen, a Division of the Rail Conference, International Brotherhood of Teamsters (“BLET”), and the craft of locomotive engineers represented by it on the Norfolk Southern Railway Company (“NS”) BLET has reviewed the public filings in the above-identified dockets. Its review has provided a number of concerns and reservations about the contemplated transaction(s) between NS and the Watco Companies, including the creation of Michigan Central, a non-carrier, for fulfilling the alleged purposes of the combination

At the outset, the transaction(s) insofar as revealed to the public are complex, lack transparency, and are devoid of a rational basis on the face of the filings. Rather, they appear to suggest the potential for an unstable entity, both corporatewise and as a rail operating entity, with insufficient financial support and probable inadequate cash flow. If this suggestion achieves real life, shippers on these lines, as they already fear, may be subject to significantly higher freight rates, declining maintenance of facilities and equipment and accordingly slower and less frequent service. The documents filed by the movants recognize that Watco and Michigan Central do not offer any guarantee of the quality or amount of any future service. In fact, NS indicates to the two major and best users of service on these lines that it would come back on the lines to provide service for the General Motors operations at Grand Rapids and Lansing, Michigan, and the

RSDC of Michigan LLC automotive steel processing facility at Holt, Michigan; however, there appear to be such significant limitations upon this suggestion that may allow NS to circumvent the need to circumvent the need to exercise that obligation.

Under these circumstances and the reasons expressed by other parties, such as the Michigan Southern Railroad, the use of the petition for exemption and notice of exemption process, and even the proposal of Watco and Michigan Central to revoke the exemption and proceed to a review of the acquisition under the STB's individual exemption procedures in accordance with Watco's procedural schedule, are inadequate. BLET submits that neither gives the public and adequate opportunity to examine the transactions and to engage in needed discovery. Instead, we agree with the suggestion of certain short line carriers and the agri-business coalition that the Board should require and direct NS and the Watco Companies to use the application process.

BLET intends to engage in discovery and fully participate in these proceedings, most likely in opposition to the transaction(s).

Sincerely yours,



Harold A. Ross

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