The Honorable Daniel R. Elliott, III
Chair, United States Transportation Board
395 E Street, SW
Washington, DC 20423

Congressman Bill Shuster
Chair, House Transportation & Infrastructure Committee
100 Lincoln Way East, Suite B
Chambersburg PA 17201

Re: Canadian Pacific Railway (CP) Proposal to Acquire Norfolk Southern Corp. (NS)

Dear Chairman Elliott and Chairman Shuster:

I am writing on behalf of the Franklin County Area Development Corporation (FCADC) in opposition to the proposal offered by CP to acquire NS. I read CP’s proposal dated November 9, 2015 and listened to comments made by CP’s CEO Hunter Harrison and venture capitalist Bill Ackman and, candidly, I have concerns that it would negatively impact the economy of 9th Congressional District of Pennsylvania in which Franklin County is located. Should CP be allowed to acquire NS via a hostile take-over, it would have significantly negative consequences on our local and regional economy. With both its mainline and Franklin County Regional Intermodal terminal operating in our County, NS plays a significant stakeholder role in support of our local economic development efforts. Moreover, NS’s Juniata Locomotive Shop in Altoona has long been a cornerstone of the Blair County economy. From a macro standpoint, the CP acquisition would have a negative impact on interstate commerce and our country’s transportation infrastructure.

In working to ensure the safety of travelers and move goods across the state and nation, the FCADC recognizes that a modern, reliable transportation infrastructure is necessary. The FCADC supported the passage and enactment of PA Act 89 of 2013, a long-term, comprehensive transportation funding bill; and most recently applauded the leadership of Chairman Shuster for his efforts to secure Congressional support for passage of a five-year federal transportation funding plan that will provide about 40 percent of our state’s transportation funding needs. It is arguably the most impactful legislative achievement of 2015.
Not only has NS been a partner of the FCADC, its footprint extends throughout the Commonwealth as is evidenced by nearly 2,300 miles of track, 12 rail yards, 10 terminals, three ports, and three locomotive shops. To put its impact in context in 2014, NS was responsible for:

- Enabling the location or expansion of 16 industries that resulted in $2 billion in customer investment and 1,170 new jobs;
- $151 million of investments made in its tracks and facilities;
- Handling more than 1.7 million shipments of freight originating or terminating in the Commonwealth;
- Connecting 48 short line railroads to domestic and global markets;
- $1 billion in purchases and payments;
- $340 million in wages and benefits paid to 5,200 employees and 2,240 retirees; and
- $34.4 million in state and local taxes.

The best example of NS’s commitment to not only Pennsylvania, but to the entire Northeast, is its recent acquisition of the southern portion of the Delaware & Hudson (D&H) between Sunbury, PA and Schenectady, NY from CP. Under CP’s ownership, this 283-mile line segment was allowed to deteriorate through lack of maintenance, resulting in poor service to existing customers on the line and discouraging new rail-served business. NS’s $217 million purchase of the D&H South from CP strengthens transportation options for Pennsylvania businesses. In addition, the emergence just a few years ago of the rail service carrying crude oil from the Bakken region of North Dakota to the Philadelphia refineries has breathed new life into an area that was struggling from the high prices of oil imported from foreign countries. The continuation of this service is essential in the long term viability of the refineries. (As a Board member of the Northeastern Economic Developers Association, I have both an interest and understanding of the importance of NS on the northeastern US. In fact, our 2016 annual conference, scheduled for New Haven, CT, will focus on the impacts of transportation and infrastructure on our region.)

Of equal concern is the possible harm the proposed CP acquisition of NS could have on Pennsylvania’s short line railroads. Pennsylvania has more short lines than any other state in the U.S. These small railroads, in partnership with NS, are connecting businesses in rural areas with domestic and international markets. If CP’s lack of investment in the D&H is to be used as an indicator, Pennsylvania’s rail infrastructure could be in serious jeopardy under CP control.

In closing, the FCADC is concerned that any merger could potentially lead to detrimental impacts on freight rail service here in Franklin County, as well as across Pennsylvania, the Northeast, and the mid-Atlantic regions of the United States.
Therefore, it is imperative that an acquisition of NS by CP not put additional pressure on local or regional carriers, or reduce shipping options for Pennsylvania products.

Your consideration of this matter is greatly appreciated.

Sincerely,

L. Michael Ross
President

C: FCADC Board of Directors

*As a matter of background, the FCADC is a 501(c)(6) non-profit corporation charged with the delivery of a full range of economic development services across Franklin County, PA. The FCADC has facilitated more than 750 projects over the last 30 years. Those projects have resulted in more than $2 Billion of capital investment and the creation/retention of more than 44,000 family sustaining jobs. Norfolk Southern has been a primary contributor to the overall success of the FCADC.