January 27, 2016

The Honorable Daniel R. Elliott III
Chairman, United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

The Honorable Ann D. Begeman
Vice Chairman, United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

The Honorable Debra Miller
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

Dear Chairman Elliott and Surface Transportation Board Members:

I have been following the recent public developments between Canadian Pacific Railway (CP) and Norfolk Southern Corporation (NS) with great interest. After reading CP’s proposal letter dated November 9, 2015 and listening to recent public comments made by Mr. Hunter Harrison, CP’s Chief Executive Officer (CEO), I have significant concerns that CP’s unsolicited proposal to acquire NS, if allowed to proceed, would have a negative impact on the State of Ohio and for the United States of America.

The CP CEO E. Hunter Harrison made statements about reductions to NS physical plant and employment levels on November 19, 2015 that indicate severe cuts in resources will be a primary focus. These comments lead me to believe that there would be negative implications for employment and service levels if a merger were to occur.

NS has been a great partner to the State of Ohio, and especially to my constituents in the Mahoning Valley. Ohio is the home to over 3,990 Norfolk Southern employees, who operate 2,200 miles of track and 24 rail yards and facilities integral to the state’s industry and communities. In 2014 alone, NS helped 9 industries locate or expand in Ohio, resulting in $75 million in customer investment and 283 additional jobs. In recent years, NS and the Ohio Rail Development Commission collaborated to rehabilitate a portion of the “Lordstown Secondary,” a spur line that serves that GM facility in Lordstown. The southern portion of that line was able to remain in service because of that joint investment and allows for continued economic development opportunities across the Trumbull County line and into Mahoning County.
I am concerned that a combination between CP and NS would have a negative impact on the well-paying jobs and facilities as outlined above. I also have significant concerns regarding the impact that a railroad merger would have on the many businesses in Ohio and across the country that depend on railroads to get their products to market. I believe that a cost-cutting transaction as proposed by CP would result in decreased investment in our state’s transportation infrastructure.

Therefore, I do not believe any major railroad combination requires a compelling benefit to freight customers, which has not been demonstrated at all by this unilateral CP move on NS. As such, I intend to follow future developments between CP and NS closely and urge the Surface Transportation Board to do the same.

Thank you for your careful consideration of this important matter. If you have any further questions, please do not hesitate to contact me.

Sincerely,

Senator Joe Schiavoni  
Minority Leader  
Ohio Senate, District 33