December 28, 2015

The Honorable Daniel R. Elliott III, Chairman
The Honorable Ann D. Begeman, Vice Chairman
The Honorable Debra Miller, Board Member
United States Surface Transportation Board
395 E Street, SW
Washington, DC 2-423-0001

Dear Chairman Elliott and Surface Transportation Board Members:

I am writing to you regarding Canadian Pacific Railway’s proposal to acquire Norfolk Southern Corporation. As the Members of this Board are keenly aware, West Virginia has a proud heritage of railroading dating back to the industry’s infancy. The industry helped turn our State into the center of mining and manufacturing. While these industries have declined, we are striving to create new industries and new opportunities for West Virginians. In fact, thousands of West Virginians still rely on railroads for jobs, industrial development, intermodal transportation, coal mining and chemical production and distribution. In 2014, nearly 2,800 railroad workers and approximately 7,900 retirees, spouses and survivors remain dependent on a robust and secure rail industry.

The West Virginia Municipal League is a statewide, nonprofit, nonpartisan association of cities, towns and villages established in 1968 to assist local governments and advance the interests of the citizens who reside within. The League achieves this directive through legislative advocacy, research, education and other services for municipal elected officials. The membership includes all 232 municipalities in the state. The central purpose of the League is to advance the interests and welfare of the people residing in the municipalities of our state.

After carefully studying the various CP proposals, 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 West Virginia, interstate commerce and our country’s transportation infrastructure. I am especially concerned with the potential harm this proposal would have on the economic health of our State as we struggle to revitalize our communities and promote economic development.
A key goal of our members is to enhance economic development and create jobs for their citizens and stem the decline of population and job loss. Key to achieving this goal will be efficient rail transportation service and private freight rail companies with a record of making the necessary investments in its infrastructure to allow for efficient and competitive rail service. No one can deny that NS has continued to invest in the railroad in order to grow freight and enhance economic opportunities for the communities it serves. The “Heartland Corridor”, the first major public-private partnership involving States, a railroad and the federal government, was first conceived by NS and the State of West Virginia. Our State and the nation are starting to see the fruits of that project. NS is moving ahead with the construction and opening of the new intermodal terminal, which will serve as the Heartland Corridor Gateway, which many said would never happen. Even as NS restructures its network within the State because of declining coal traffic, it continues to invest in other areas in order to grow and attract new business in West Virginia. The Board can clearly see that NS is preparing for the day when coal may no longer be the number one product produced and transported by West Virginians. However, NS ships 35 million tons of coal annually through Bluefield.

In contrast, 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. Given comments by Mr. Harrison and his lack of interest in intermodal, we fear the public’s investment in the Heartland Corridor would be in jeopardy just as this market is starting to grow.

NS has been a great partner to the State of West Virginia. It is home to numerous Norfolk Southern employees, who operate 806 miles of track integral to the state’s industry and communities. The industries NS serves are companies involved in metals and construction, coal, chemicals, petrochemicals, agricultural and other consumer products, which, in turn, provide thousands of jobs and taxes for the State. Our members are concerned that a merger between CP and NS would have a negative impact as outlined above. I also have significant concerns regarding the impact that a railroad merger would have on the many businesses in West Virginia and across the country that depend on railroads to get their products to market. Finally, I am concerned that a cost-cutting transaction as proposed by CP would result in decreased investment in our transportation infrastructure. Accordingly, I do not believe an attempt by CP to take control of NS would be in the public interest of the State of West Virginia. 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.

Sincerely,

Lisa Dooley
Lisa Dooley, Executive Director
West Virginia Municipal League