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# ENTERED Office of the Secretary FIAN 1 5 1002 Part of Public Record January 14, 19

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### VIA FEDERAL EXPRESS

Mr. Vernon A. Williams Secretary Surface Transportation Board 1925 K Street, N.W., Room 700 Washington, DC 20423-0001

> Finance Docket No. 33388 Re:

> > CSX Corp. and CSX Transportation, Inc., Norfolk Southern Corp. and Norfolk Southern Railway Company -- Control and Operating Leases/Agreements -- Conrail Inc. and Consolidated Rail Corporation

Finance Docket No. 33388 (Sub-No. 59) Wisconsin Central Ltd. -- Purchase -- Line of The Baltimore & Ohio Chicago Terminal Railroad Company

Dear Secretary Williams:

Wisconsin Central Ltd. today filed its Rebuttai Comments and Evidence (WC-16) in the above-captioned proceedings. WC-16 was designated as highly confidential and thus was filed under seal

I am now enclosing for placement in the public record twenty-six copies of a redacted version of WC-16. Copies of this pleading have been served on all designated parties of record in these proceedings.

Please feel free to contact me should any questions arise regarding this filing. Thank you for your assistance on this matter.

Respectfully sub

Thomas J. Litwiler

Attorney for Wisconsin Central Ltd.

TJL:tl Enclosures

Parties of Record cc:

#### [PUBLIC]

BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 33388

CSX CORPORATION AND CSX TRANSPORTATION, INC., NORPOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY COMPANY
-- CONTROL AND OPERATING LEASES/AGREEMENTS -- CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION

FINANCE DOCKET NO. 33388 (SUB-NO. 59)

WISCONSIN CENTRAL LTD.
-- PURCHASE -LINE OF THE BALTIMORE & OHIO
CHICAGO TERMINAL RAILROAD COMPANY

Office of the Secretary

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Public Record

REBUTTAL COMMENTS AND EVIDENCE OF WISCONSIN CENTRAL LTD.

Janet H. Gilbert General Counsel Wisconsin Central Ltd. 6250 North River Road, Suite 9000 Rosemont, Illinois 60018 (847) 318-4691

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(312) 616-1800

ATTORNEYS FOR WISCONSIN CENTRAL LTD.

Dated: January 14, 1998

WC-16

#### BEFORE THE SURFACE TRANSPORTATION BOARD

#### FINANCE DOCKET NO. 33388

CSX CORPORATION AND CSX TRANSPORTATION, INC., NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY COMPANY
-- CONTROL AND OPERATING LEASES/AGREEMENTS -- CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION

FINANCE DOCKET NO. 33388 (SUB-NO. 59)

WISCONSIN CENTRAL LTD.
-- PURCHASE -LINE OF THE BALTIMON & OHIO
CHICAGO TERMINAL RAILROAD COMPANY

# REBUTTAL COMMENTS AND EVIDENCE OF WISCONSIN CENTRAL LTD.

Wisconsin Central Ltd. ("WCL") submits herewith the rebuttal verified statements of J. Reilly McCarren, Executive Vice-President and Chief Operating Officer of WCL, and William R. Schauer, Vice-President of Marketing for WCL, in reply to the rebuttal evidence filed by Primary Applicants herein on December 15, 1997. Both Mr. McCarren and Mr. Schauer previously filed verified statements on October 21, 1997, in support of WCL's Responsive Application (WC-9, WC-10). Additionally, WCL is filing herewith (Appendices 3 and 4) certain documents obtained during rebuttal discovery and relevant portions of the rebuttal deposition transcript of CSX Transportation, Inc. ("CSX") witness John W. Orrison. Finally, WCL also is attaching (Appendix 5) letters from certain shippers replying to Applicants' assertion that WCL would favor through traffic at the expense of local traffic if its Responsive Application is granted.

WCL's Responsive Application seeks to purchase portions the Altenheim Subdivision of the Baltimore & Ohio Chicago Terminal Railroad Company ("B&OCT"), starting at a connection between WCL and B&OCT trackage at B&OCT Milepost 37.4 at Madison Street, Forest Park, Illinois and extending to a point of connection with the Union Pacific Railroad Company ("UP") and the Consolidated Rail Corporation ("Conrail") Panhandle Line in the vicinity of Rockwell Street, Chicago, Illinois, including the associated 48th Avenue Yard. WCL has proposed that B&OCT will retain rights necessary to continue providing local service to the eleven customers it serves using the Altenheim Subdivision.

WCL's Responsive Application was intended to mitigate a very real impact of the proposed Conrail merger -- the concentration of ownership, management and control of Chicago intermediate switching carriers and facilities in the hands of Applicants, especially CSX.

Unfortunately, Applicants' Rebuttal Narrative addressing WCL's Responsive Application elected to engage in essentially ad hominem argument against WCL, suggesting that WCL was merely relitigating other outstanding issues between WCL and CSX and otherwise indulging a "vendetta." CSX-NS 176 at 324-327. The rhetorical excess is out of place and ignores the fact that WCL has publicly supported the Conrail merger. WCL's sole reservation is with respect to the Chicago Terminal, in which the concentration of the ownership, management and dispatching of intermediate switching facilities as a consequence of the merger creates a problem that requires mitigation. WCL has offered

minimally intrusive means to accomplish those limited mitigation goals without depriving Applicants of the hundreds of millions of dollars of benefits they seek to obtain in the merger. Indeed, WCL's Responsive Application will improve public merger benefits while eliminating one clear, identifiable problem.

WCL's Rebuttal Comments and Evidence seek to keep the record focused and reasoned. The Chicago Terminal issue is fairly simple to state:

Should CSX be permitted to own 100% of B&OCT, to own jointly with Norfolk Southern Railway Company ("NS") 51% of the Indiana Harbor Belt Railroad Company ("IHB"), to have absolute dispatching authority over IHB in the Chicago Terminal, to appoint the IHB general manager, to control the IHB Blue Island Yard and to own 25% of The Belt Railway Company of Chicago ("BRC").

The issue is perhaps most starkly drawn in the context of WCL and its shippers in the Upper Peninsula of Michigan and Wisconsin who rely upon WCL connections through Chicago. After the Conrail merger, absent WCL's Responsive Application or other equally effective relief, CSX will own or control the dispatching and operation of the switching carriers and their facilities by which WCL reaches non-CSX/B&OCT connections in Chicago, including NS. Today that is not the case, as shippers using WCL have alternatives through the independent IHB.

Discovery responses accompanying this filing demonstrate that the concerns over CSX's domination of the Chicago Terminal are well founded.

CSX 92 HC 000114 (emphasis added).1

CSX produced this document only after being compelled to do so by the administrative law judge and marked it "Highly Confidential." WCL may seek an order from the Board determining that the relevant portions of this document are not entitled to that protection but should be designated as "public" and made part of the public record.

2

Apparently CSX's Operating Plan for the Chicago Terminal, while originally very general, has been clarified and modified in important ways since it was filed last July. The actual operations being planned by CSX for Chicago are being resolved elsewhere and without benefit of STB oversight.

For example, WCL would note in this regard that CSX/B&OCT have apparently changed their plans concerning local service on the Altenheim Subdivision. No mention was made in CSXT's original plans for changes in the 48th Avenue Yard. In response to discovery, CSXT said it had no documents relating to changes planned or anticipated to the Altenheim Subdivision. (WC-10 at 190). CSX/B&OCT reply witness Orrison indicated that the 48th Avenue Yard in which WCL proposed to store trains when

WCL reached an agreement with NS with respect to post-Conrail operations in Chicago between NS and WCL. This Agreement was submitted to the Board along with WCL's Comments (WC-10). Although requested to do so, CSX has never engaged WCL in substantive negotiations concerning post-Conrail operations. McCarren R.V.S. at 3, n.2.

B&OCT's other lines were congested was necessary for local service and could not be used for such storage. Orrison R.V.S., NS/CSX-177, Vol. 2A at 544. Mr. McCarren's rebuttal statement includes photographs showing that B&OCT is apparently in the process of scrapping a substantial portion of that yard. McCarren R.V.S., Ex. B. Nothing in the Chicago Operating Plan even suggested that CSX planned to reduce terminal capacity at that point.

It is actions such as the scrapping of the 48th Avenue Yard and

that requires the STB to act favorably on WCL's Responsive Application.

Additionally, WCL notes that the State of Wisconsin Department of Transportation, after review of WCL's filings in this proceeding, advised the STB that it is specifically concerned about the impacts of the proposed merger on interchange movements through the Chicago Terminal and that is supports WCL's Responsive Application as a proper remedy. See Appendix 1 hereto.

Finally, WCL intends to reply to the argument and rhetoric comprising most of Applicants' Rebuttal Narrative in WCL's Brief.

Respectfully submitted,

Janet N. Gilbert Ceneral Counsel Wisconsin Central Ltd.

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ATTORNEYS FOR WISCONSIN CENTRAL LTD.

Dated: January 14, 1998

# REBUTTAL VERIFIED STATEMENT OF J. REILLY MCCARREN

My name is J. Reilly McCarren. I am Executive VicePresident and Chief Operating Officer for Wisconsin Central Ltd.

("WCL") as well as its affiliates, Fox Valley & Western Ltd.,
Sault Ste. Marie Bridge Company and Algoma Central Railway Inc.

I previously submitted a Verified Statement on October 21, 1997
in support of WCL's Responsive Application seeking to acquire a
portion of the Altenheim Subdivision owned and operated by The
Baltimore & Ohio Chicago Terminal Railroad Company ("BOCT"), a
wholly-owned subsidiary of CSX Transportation, Inc. ("CSX").

This statement is being submitted in reply to the rebuttal filings of Applicants made on December 15, 1997 with respect to the WCL Responsive Application.

As I described in my initial statement, the whole purpose of WCL's Responsive Application was to preserve alternative independent options for the movement of traffic to and from WCL lines through the Chicago Terminal. By allowing WCL to acquire a portion of the BOCT Altenheim Subdivision, the STB would preserve the status quo in which WCL has alternative independent routes by which to reach other carriers in Chicago for interchange purposes. As an additional and important public benefit, approval of the Responsive Application would eliminate congestion that will be compounded as a result of the Conrail merger.

I do not intend to repeat what I initially presented.

I have reviewed Applicants' Rebuttal and nothing in the rebuttal

causes me to change any statement I made. In fact, the rebuttal testimony and the continued behavior of CSX only confirms the public interest in what I have previously presented to the STB.

#### 1. Preserving Routing Options.

Currently, WCL can connect with other Chicago carriers using the services or facilities of The Belt Railway Company of Chicago ("BRC"), Indiana Harbor Belt Railroad Company ("IHB") or BOCT. Without the BOCT connection, WCL still can reach all carriers in Chicago through the facilities or services of the IHB and, using the IHB, the BRC. These routes are subject neither to dispatching nor to managerial control of BOCT/CSX.

Under the terms of the Conrail merger, that will no longer be the case. Added to its 100% ownership and control of BOCT, CSX will have, by binding contract with NS, the right to dispatch the IHB in the Chicago Terminal and appoint IHB's general manager. CSX also will have the right to operate the IHB Blue Island Yard. In seeking the most efficient movement of traffic through Chicago, WCL will no longer have available the

In my prior statement, I asserted that it was general knowledge that BOCT operations other than for CSX were negligible but that BOCT had refused to provide data concerning interchange through discovery. WC-10 at 20-21. In rebuttal, BOCT/CSX continues to appear to dispute this. Subsequent to my initial statement and after a motion to compel, BOCT provided disaggregated data concerning its interchange but marked it "highly confidential." Accordingly, I do not know the content of that data, but I requested that counsel provide the Board with summaries so that the Board could judge for itself whether BOCT was in any substantial fashion performing true intermediate switch service involving carriers other than CSX. I understand those summaries are being provided to the Board, under appropriate confidentiality protection, as Appendix 2 to WCL's rebuttal filing.

option of an independent IHB to reach other railroads or to reach the BRC for interchanges.

I note that Mr. Booth has stated that WCL has an independent means of reaching CSX for interchange which would not require BOCT. He states that WCL could unilaterally direct its interchange traffic to the BRC for delivery to CSX which, as an owner, would be required to accept the cars. (CSX/NS-177 at P-10.) That is not what we have been advised by BRC. I can state that on each occasion that I and others at WCL have explored that possibility with BRC officials, we have been uniformly advised that BRC will not accept cars from a non-owner, such as WCL, to interchange with CSX without CSX's prior concurrence. In other words, WCL does not have the unilateral power to direct its CSX interchange through BRC. CSX has the power to veto such an operation.

WCL's participation in these proceedings is solely to protect against this stranglehold concentration of Chicago switching capacity in the hands of CSX. I read that Applicants' Rebuttal Narrative suggests that WCL is participating in these proceedings as a "vendetta" against CSX. (CSX/NS-176 at P-325.) That is unfortunate rhetoric which serves no purpose.<sup>2</sup>

It is true that WCL and CSX/BOCT have unresolved issues over past interchange practices and charges that are now pending

Indeed, I have personally sought to engage CSX in discussions to resolve these operating issues arising from the merger, including possibly purchasing the Altenheim Subdivision and WCL's views of potential development of the line, but was unable even to initiate negotiations. See Exhibit A, attached.

in federal appellate court and before the STB in other proceedings. We fully expect that the past issues will be resolved in those respective forums and proceedings. Those proceedings are not the reason WCL is before the Board with a Responsive Application. We filed the Responsive Application because independent switching options through the Chicago Terminal presently enjoyed by shippers using WCL lines will disappear if CSX is allowed to proceed with the Conrail merger as planned. WCL's Responsive Application is about the public interest in preservation of interchange options and capacity in the Chicago Terminal. I believe that the public interest is serious and compelling and requires that the STB act to protect an independent Chicago switching district. WCL's proposed purchase of the Altenheim Subdivision is sought for that purpose.

#### 2. impact on CSX/BOCT.

In my initial statement, I made the point that WCL's Responsive Application seeks to purchase a line of railroad little used by BOCT, currently in a state of deterioration and totally disconnected from any part of CSX's merger plans for its Chicago operations. In short, the line was irrelevant to CSX/BOCT as they put forward their merger case. The line is at the northern-most point of BOCT; BOCT uses the line only to provide 5-days-a-week service to eleven shippers and has failed to maintain the line. By contrast, under WCL's proposed ownership, the present deteriorated track condition would be

upgraded, from the present nominal FRA Class 2 status<sup>3</sup> to Class 3, with attendant safety and service improvements. WCL would also invest to restore track capacity along the route and would invest in the 48th Avenue Yard which, little used by BOCT, could become an important holding area for WCL trains when BOCT's operations further east into Barr Yard became congested.

My major point was that under the proposed WCL ownership of the now neglected portion of the Altenheim Subdivision, badly-needed Chicago Terminal capacity would be increased and BOCT would suffer no detriment because its local operations would be preserved.

In rebuttal Mr. Reardon, current BOCT president, claimed that WCL's ownership of and operations on the Altenheim Subdivision would be inconsistent with BOCT's local freight service. Separately, Mr. Orrison claimed that if WCL were allowed to use the 48th Avenue Yard, BOCT would be deprived of yard capacity. Led to serve the eleven on-line BOCT shippers. Each claimed that WCL would favor its own operations to the detriment of local service. Finally, Mr. Reardon suggested WCL would not be interested in future development potential for the property. I want to set the record straight.

# A. Preservation of Local Service.

Mr. Reardon's statement maintains WCL should operate its through freight trains over the Altenheim Subdivision only

Parenthetically, I would note that the continued inattention to maintenance of the line has resulted in so many speed restrictions that the line today is the functional equivalent of a FRA Class 1 track.

from 6:00 P.M. to 8:00 A.M. That way there would never be any interference with BOCT's local service and, presumably, WCL would thus not experience the unreasonable operating delays occasioned today by BOCT's dispatching problems. It is true that if WCL were not to operate during periods that the BOCT local switcher is operating on the eastern end of the Altenheim Subdivision, one occasion for delay would be eliminated. But Mr. Reardon's solution actually demonstrates the precise problem WCL has.

Operations on the Altenheim Subdivision should be coordinated so that delays do not occur. Mr. Reardon apparently believes the rail line can accommodate only a single local freight during a ten-hour period. WCL believes that fair, neutral and diligent dispatching can coordinate train movements and accomplish far more efficient operation. The Altenheim Subdivision has more than sufficient capacity to avoid an "either/or" situation. It is not a matter of either disrupting local service or disrupting through service. WCL has established a long history of integrating both timely local service and efficient overheard service on its railroad and has consistently been an industry leader for service. We will provide the same shipper-oriented service on the Altenheim Subdivision. There is no question that the track can be operated and dispatched to accommodate both operation of overhead trains and local service. Moreover, given WCL's intent to restore additional track to service, Mr. Reardon's either/or solution (either local or overhead but not both) is a poor solution to a problem that will never exist under WCL ownership.

#### B. Dispatching and Maintenance Problems.

In addition, the problems which WCL, and its shippers, presently experience using the Altenheim Subdivision go far beyond the matter of coordinating one local freight with overhead trains. The dispatching failure on the Altenheim Subdivision occurs around the clock -- whether or not the local freight service is working. Mr. John Scott, WCL Terminal Superintendent at Schiller Park, made this quite clear in the few illustrations he submitted along with our Responsive Application. The problem is not the local BOCT freight. In our experience, the problem is that the Altenheim Subdivision is so unimportant to BOCT/CSX that it simply receives insufficient attention in dispatching and in maintenance. Restricting WCL to operating between 6:00 P.M. and 8:00 A.M. will do nothing to alter the fact that the track has been permitted to deteriorate and the 48th Avenue Yard has been run down.

Despite WCL efforts to have the maintenance problem addressed, BOCT continues to permit a third class railroad on this portion of its ownership. In one sense I can understand why BOCT may choose benign neglect -- the condition of this line of railroad is relatively unimportant to it in the grand scheme of things. It has little economic incentive to improve the facility. Nothing in CSXT's merger plans or even in its rebuttal to our Responsive Application suggests that it intends to do anything about this piece of track.

#### C. Future Development.

WCL is nothing if not entrepreneurial. The entire history of WCL has been marked by attention to finding every possible piece of traffic and, where none existed, seeking new development to generate traffic. Regional railroads, unlike large Class Is, are not blessed with high-density long haul traffic, but rather have to cultivate every possible source. I believe WCL would be most aggressive in seeking out new development for the Altenheim Subdivision if it were owned by WCL. Frankly, I have seen no evidence that CSX/BOCT have themselves done anything in this regard on the Altenheim Subdivision.

## 3. BOCT's Demolition of 48th Avenue Yard.

I have read Mr. Orrison's assertion that WCL's proposal to use the 48th Avenue Yard to hold trains when BOCT is otherwise congested would interfere with BOCT's local operations. (Orrison R.V.S., CSX/NS-177, Vol. 2A at C-544.)

On the basis of our operations over the line, that is not a true claim. BOCT rarely uses the yard for anything beyond periodic storage. Moreover, as the yard existed at the time of Applicants' December 15, 1997 Rebuttal, the 6 tracks provided more than enough room to accommodate both local service and holding WCL trains.

In any event, it now appears that CSX/BOCT no longer believe the yard has even much local service use. CSX/BOCT apparently have begun to salvage the majority of the yard. I can only conclude that CSX/BOCT were not content to simply let the

yard rust away, but now have opted to literally rip out track. I personally viewed the yard on January 3, 1998 and saw that all of 2 tracks and large parts of 4 other tracks, together about 2/3rds of the yard's capacity, were being salvaged. I took pictures of what I saw and have attached them to my statement. See Exhibit B, attached.

Substantially reducing the capacity of the 48th Avenue Yard makes no sense to me as a railroad man. The Chicago Terminal is congested, there is serious need for more -- not less -- capacity, and WCL is ready, willing and able to purchase, upgrade and make viable this unused rail yard. There is no transportation reason to scrap that yard. Doing so flies in the face of sound terminal operations.

I find equally disturbing the fact that BOCT/CSX are salvaging this yard at the very moment they are telling the STB that the 48th Avenue Yard cannot be used by WCL because BOCT needs it for local service. (Orrison R.V.S., CSX/NS-177, Vol. 2A at C-544). Mr. Reardon states that CSX is investing tens of millions of dollars to improve traffic flow and velocity through the Chicago terminal by providing more route options on the BOCT and others carriers in and through Chicago. (Reardon R.V.S., CSX/NS-177, Vol. 2B at P-221.) From everything I have seen, CSX has no intent to spend anything to improve operations for Wisconsin shippers using WCL; rather they are acting to restrict important capacity.

These ill-considered actions by CSX/BOCT to reduce capacity on this critical (at least to WCL) route all the more

underscore the imperative need that the Board act to protect the public interest in movement through the Chicago terminal by granting WCL's Responsive Application.

## 4. WCL Commitment to Acquiring Altenheim Subdivision.

CSX/BOCT questioned in their Rebuttal Narrative whether WCL is truly committed to purchasing and upgrading the Altenheim Subdivision because there have been no WCL Board of Director resolutions specifically authorizing the acquisition or specifically directing the filing of the Responsive Application. I can assure the Surface Transportation Board that all internally required WCL authority for the Responsive Application, the proposal to purchase the Altenheim Subdivision and the proposed capital expenditures associated therewith have been obtained. As contemplated by Exhibit 2 to the Responsive Application, all requisite corporate authorizations will be available as appropriate to consummate the transaction.

#### 5. Conclusion.

WCL seeks to preserve the Chicago Terminal options that have allowed it to serve the movement of freight to and from the upper midwest. I believe this can be done with no harm to CSX/BOCT under our Responsive Application.

#### EXHIBIT A

MAIL NG ADDRESS

P.O. Box 5052 Rosemont, IL 50017-5062



July 29, 1997

Mr. John Q. Anderson
Executive Vice President, Sales & Marketing
CSX Transportation Inc.
500 N. Water Street
Jacksonville, FL 32202

Dear John,

Thank you for arranging our meeting two weeks ago. It proved helpful in understanding CSX plans for Chicago gateway operations in the post-Conrail merger environment. Your succinct description of the markets targeted by CSX for share growth was quite enlightening as well.

As Bill Schauer and I indicated, WC is quite concerned about our ability to efficiently interchange traffic in the Chicago gateway following the merger. In addition, we would like to remedy the current situation that sees WC pay switch charges to a CSX subsidiary for traffic interchanged to CSX. We propose the following adjustments as the framework for a reasonable resolution of these concerns without detriment to CSX goals for the merger. In fact, we believe these proposals would improve operations for all concerned.

#### Operations and Physical Plant

WC currently depends heavily on routes of B&OCT and IHB to reach major Chicago connections including CSX, Conrail, Union Pacific, Illinois Central, Canadian National, Burlington Northern Santa Fe and Norfolk Southern WC's position as a tenant of B&OCT and IHB is likely to cause it increased operating difficulty in the post-merger environment, as additional traffic is added to these lines and CSX management attention is focused on achieving other merger-related benefits. We propose a series of property sales and trackage rights grants to WC designed to increase capacity for WC train movements and eliminate conflicts with CSX (and other railroad) movements to the greatest extent possible:

- WC would purchase from CSX the Altenheim subdivision from its connection with WC to Global One. The purchase would include all track, property, the 48th Ave. Yard and CSX interest in the joint facility industrial lead serving the former GE Hotpoint plant.
- WC would purchase from NS the former PRR "Panhandle" right-of-way and remaining track (currently unused) between Global One and the new Conrail-BNSF connection at Brighton Park.

- WC would have rights to cross over CSX (B&OCT) and NS (Conrail) to interchange with the BNSF at 21<sup>st</sup> St.-22<sup>st</sup> St. (former BN) as well as trackage rights on the new BNSF connection (former ATSF) and the ability to take sufficient headroom on CSX and/or NS to make such movement.
- WC would have trackage rights to use the new BNSF connection to access CSX and NS
  (Conrail) trackage at Brighton Park. We understand that the new Conrail-BNSF connection
  will be owned by NS but also used by CSX.
- WC would have trackage rights over the "Joint Track" to further connect with CN (GTW) trackage at Railport.
- WC rights over CSX (B&OCT) between Brighton Park and various carrier junctions and Barr Yard would be revised to reflect new arrangement.
- WC trackage rights over IHB would be preserved.

It is WC's intention to construct a single track main line and siding on the former Panhandie right-of-way between Global One and Brighton Park, connecting directly with the Altenheim Subdivision at Global One. This would keep WC off both CSX and NS lines in this congested corridor by adding new capacity. Engineering requirements between Global One and the BN bridge north of 21° St. may require modification of this plan; however, out initial review indicates that sufficient space is available to construct a single track route through this area. We believe this approach will also facilitate CSX and NS own post-merger plans.

## Interchange Arrangements between WC and CSX

It is the strong preference of Wisconsin Central that traffic it interchanges with CSX be unencumbered by switching charges. To WC, the lack of price certainty and CSX's unilateral control over switching price levels render this situation significantly inferior to the direct interchanges we use with other carriers in the Chicago terminal. This translates into higher costs to shippers whose traffic is interchanged with CSX than with other carriers.

In addition, we have concerns that in a post-merger environment, traffic currently directly interchanged with Conrail will become subject to switching charges at either B&OCT or IHB. In addition, traffic currently interchanged via B&OCT subject to the CSX-WC agreement of 1996 might be diverted to IHB, again with a significant increase in cost to WC, and ultimately, WC's shippers.

We propose the following approach to this situation:

- CSX and WC adopt a direct interchange at Barr Yard, or alternatively, CSX agrees to absorb all B&OCT intermediate charges on traffic delivered by WC.
- CSX and WC make a onetime adjustment of divisions on current carload traffic handled between them in the amount of \$25/car in favor of CSX.
- Unit train and other traffic moved under contracts which specify that WC will not pay switching charges will not be subject to division readjustment.
- Conrail/WC traffic will not be subject to division readjustment as a result of CSX
  acquisition of Conrail lines.

We appreciate your consideration of this multifaceted approach to our relationship in the Chicago terminal.

Sincerely.

J. Reilly McCarren

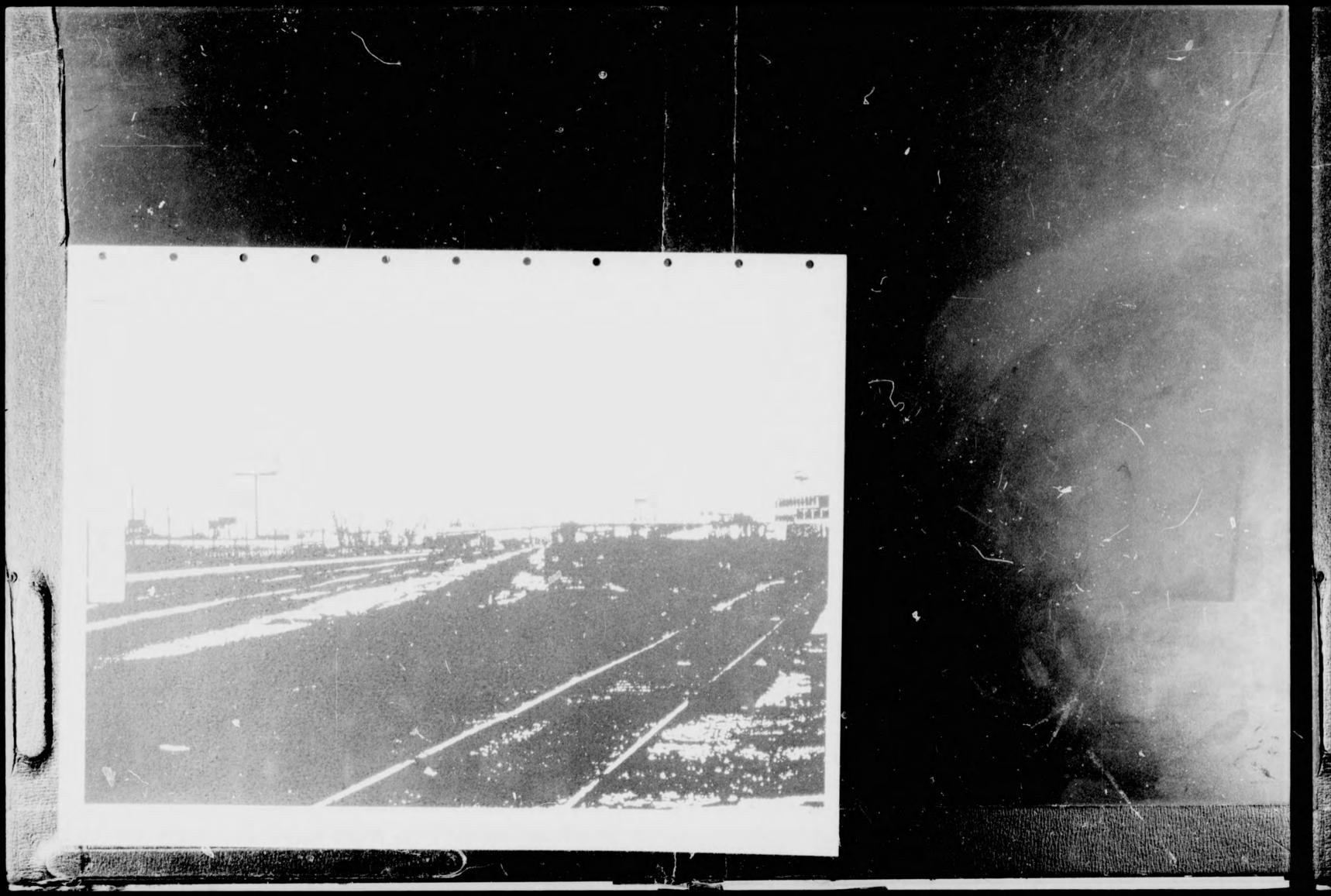
Executive Vice President and Chief Operating Officer

via Airborne Exp. next day air

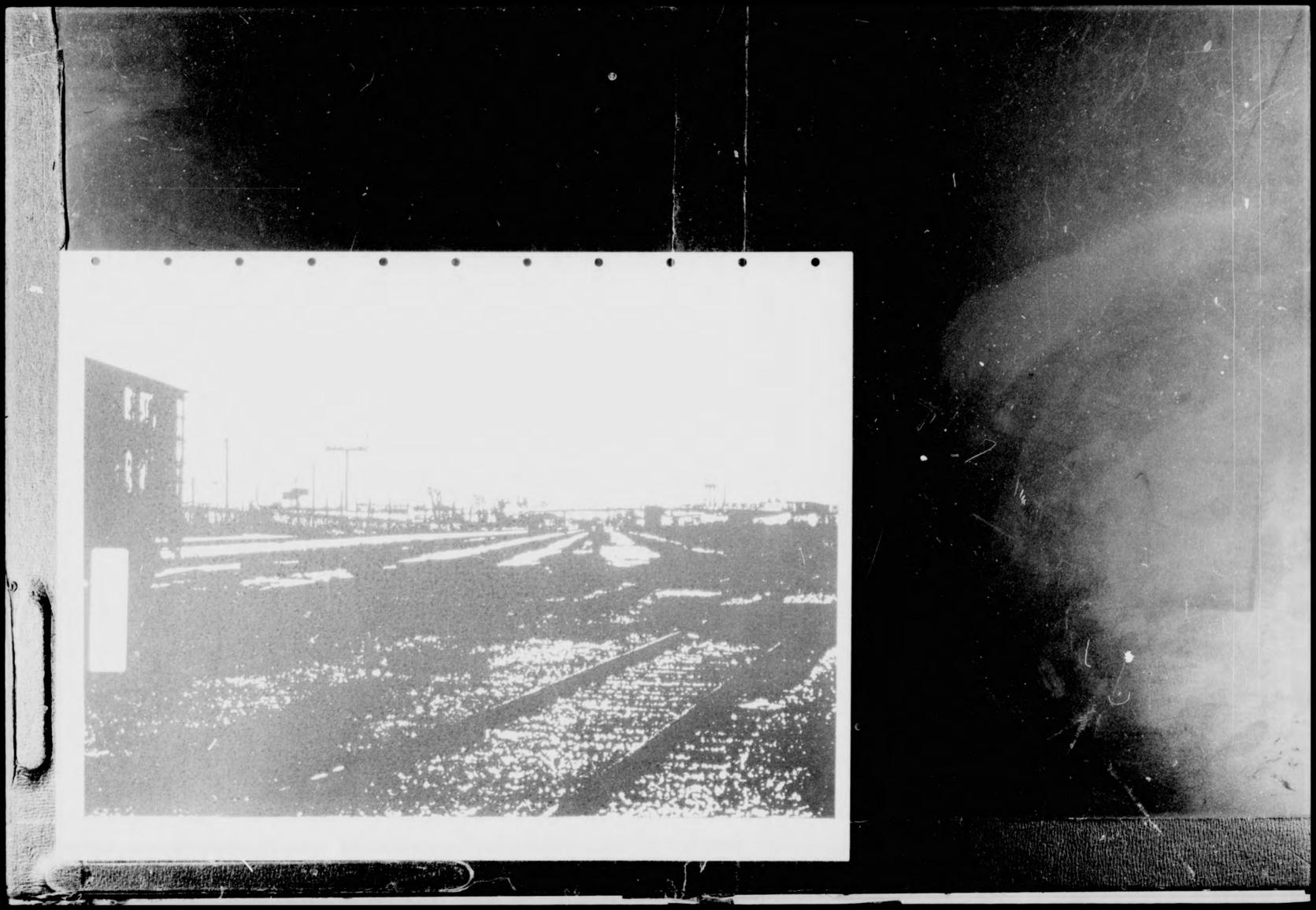












#### VERIFICATION

State of Illinois	)
	) SS
County of Cook	)

J. Reilly McCarren, being duly sworn, deposes and says that he is Executive Vice President and Chief Operating Officer of Wisconsin Central Ltd., that he has read the foregoing statement and knows the facts asserted therein, and that the same are true as stated.

J. Reilly McCarren

SUBSCRIBED AND SWORN to before me this 13 day of January, 1998.

Notary Public

My Commission expires:

"OFFICIAL SEAL"
CAROL BRANDENBURG
Notary Public, State of Illinois
My Commission Expires 10/07/01

# REBUTTAL VERIFIED STATEMENT OF WILLIAM R. SCHAUER

My name is William R. Schauer. I am Vice President of Marketing for the Wisconsin Central Ltd. ("WCL"), Fox Valley & Western Ltd., Sault Ste. Marie Bridge Company, and Algoma Central Railway Inc.

I previously filed a verified statement in this proceeding in support of WCL's Responsive Application. (WC-10, p. 40.) The purpose of this statement is to respond to statements submitted by Applicants in reply to WCL's Responsive Application. Our earlier filing conveyed our concern over the control of the Chicago terminal area that would be given CSXT if the Application is approved as submitted. This statement replies to Applicants' assertions that WCL's Responsive Application is motivated by other factors and that the operating control of the BOCT and IHB being in the hands of one carrier is not a problem. In addition, I intend to address Applicants' allegation that if WCL acquired BOCT's Altenheim Subdivision, the eleven active and unknown potential customers located on that line would suffer from deteriorated service as a result of WCL emphasis on overhead business.

The Applicants seem to have totally missed the point of our submissions. Our concern in this proceeding is not simply who owns or controls the BOCT Altenheim Subdivision but, as previously submitted, our concern is that combination of ownership and control of the Altenheim Subdivision and the alternate IHB routes creates serious problems. The combined ownership and control in CSX means that post-merger CSX will control WCL's access to the NS, the carrier that is supposed to act as the competitive counterbalance to the CSXT's increase in territory and market power resulting from the Application.

As clarification, from a WCL operating perspective, the Altenheim Subdivision could be likened to an entrance ramp to an express highway. While there may occasionally be congestion on the ramp itself, usually the traffic delays experienced on the ramp are a result of congestion beyond the ramp. This is the case on the Altenheim Subdivision. The trains the WCL operates on the Altenheim Subdivision do not stay on the Altenheim Subdivision (the entrance ramp). They proceed into the Chicago Terminal on the BOCT/CSXT and, consequently, delays and problems experienced beyond the Altenheim Subdivision now impact the dispatching of the line itself. With this in mind, the Applicants' suggestion that the WCL operating problems on the CSXT property are of our own making because we do not merely choose to operate across the Altenheim Subdivision on hours that CSXT industry switching operations are not active is naive at best. In 1997 we moved 81,242 rail cars on these trackage rights and we always operated when they told us to. As a portion of our suggested remedy, WCL ownership and dispatch of the Altenheim Subdivision will allow us to reach carriers other than the CSXT without CSXT control. WCL would be able to consequently avoid not only downstream congestion, but the impact of that congestion on the less-traveled Altenheim Subdivision. This Altenheim Subdivision route is currently used to reach the CSX and Conrail with our alternate route via IHB trackage rights being used to reach the Norfolk Southern, the Illinois Central, and the IHB proper. Needless to say, this list represents the majority of the business we handle in and out of Chicago. With the CSX operating the IHB, our Chicago operations would be under their control. I should also emphasize that our suggested remedy includes not just the acquisition of the Altenheim Subdivision, but also the terms agreed to by the NS which contemplate WCL acquiring the Panhandle Line currently controlled by Conrail that will go to the NS in the merger. The

combination of these two acquisitions will allow the WCL to retain the competitive access it enjoys today -- in other words, independent competitive access to the CSXT, NS, and other Chicago lines. We believe our concern is very real and the limited remedy proposed falls within the Board's criteria for imposing conditions. The relief is narrowly tailored to remedy only the specific adverse impact to the public interest which is a result of the Application and will not cause unreasonable operating problems for either of the Applicants. On the contrary, it will preserve a competitive service that one of the Applicants, the NS, will lose as a result of the transaction.

The rebuttal statements go to great lengths to point out that the WCL has been interested in acquiring the Altenheim Subdivision for many years. We do not deny it. We would prefer to be in control of our operations and to be in a position to invest and upgrade to support improved rail service. It has made commercial sense for years to have WCL, the dominant user of this line, be responsible for ownership, maintenance and operation. But the Conrail merger has now moved the matter from one of commercial sense to a clear and necessary public interest in preserving competitive routes and preventing a CSXT stranglehold.

The Applicants' (CSX's) rebuttal statement seems to suggest that WCL really has no viable alternatives, that WCL's alternative to the BOCT trackage rights, trackage rights over the IHB, are not "operationally desirable" because of "serious congestion problems." Needless to say congestion problems in the Chicago terminal are not unique to the IHB property yet the IHB route is used extensively, including use for our current access to the NS. The Applicants also state that usual regulatory reaction to a competitive problem caused by a transaction is trackage rights rather than a more extreme remedy of ownership transfer. However, in the Chicago terminal, the existence of trackage rights alone are not sufficient. Trackage rights without clear

exacerbated by CSXT control of the competitive alternative route makes us believe that the required remedy here is the very limited divestiture we propose. The Applicants' statement would have the STB dismiss our concerns because our complaints about dispatching were focused in the past and the present. On the other hand, however, if dispatching of the past and the present is unsatisfactory, when there are competitive alternatives, we have every right to be apprehensive about the dispatching in the future when all alternatives are controlled by the one party responsible for those problems.

The Applicants would also have the STB ignore the investments that the WCL intends to make to increase the capacity of both the Altenheim Subdivision and the Panhandle Line. The WCL has a strong record of investing in its infrastructure, and our intended investments would mitigate capacity problems in the Chicago Terminal. The Applicants dismissed WCL's intent to improve the route to accommendate double-stack intermodal business as being commercially available without ownership of the property and also that such improvements have not previously been sought. CSXT and NS are the only carriers that the WCL interchanges double-stack business within the Chicago terminal today. In both cases, we use trackage rights on the IHB and the BRC because of available clearances. We understand that after the acquisition, CSXT is intending to move intermodal operations to a terminal at 59th Street (Conrail property) which would be accessible most directly via the Altenheim Subdivision. The WCL's participation in double-stack intermodal business has been inhibited by our clearance route through Chicago and yet we still have managed growth. For that growth to survive the merger, double-stack clearance on the Altenheim Subdivision will be necessary and will benefit both the WCL and the

CSXT. Insofar as clearances being made available now if the WCL is willing to bear the expense, it is difficult to justify that level of investment in someone else's property.

Unfortunately, the Applicants' statement that the WCL and the BOCT have a long and contentious history of disputes over the BOCT intermediate switching charges is true. From the Applicants' point of view, I am not sure why this is relevant. It is not, as claimed, WCL's intent to use this transaction as an avenue of appeal for prior disagreements. Yet CSXT is making such an issue of this history that it seems to be trying to divert attention from the relevant issue of the independent competitive access the WCL seeks to maintain. The STB should not be mislead. The WCL's sole concern is maintenance of currently available competitive alternatives.

The Applicants also attempt to diffuse the CSX operating control of the IHB by pointing out that it is the intention of the CSX and NS to jointly own the Conrail majority ownership (51%). Thus, Applicants argue, ownership is dispersed among three owners (CSX, NS, CP) rather than the current two. It is stated that the current minority shareholder will no longer face a "unitary majority stockholder" but a CR controlled by two rivals, CSX and NS. I am doubtful that this accurately represents the post-merger equity ownership realities. If the control is to be so competitively distributed, I do not understand why the CSX and the NS need to commit to vote their 51% of the stock as a block, rat'rer than each having their own independent 25 1/2%. Regardless of the equity relationship, our real concern is that CSXT will have day-to-day operational control of IHB and thus control of the WCL's two accesses to the Chicago terminal, BOCT trackage rights, and IHB trackage rights.

The Applicants (again solely CSXT) claim that the WCL's desire to own and operate the Altenheim Subdivision would be detrimental to the 11 active customers located on that line. This is absolutely not the case. The WCL success record is based on customer service

and, in our case, customer service very definitely includes industrial switching. We often refer to ourselves as a pickup and delivery carrier performing typical railroad terminal service except that our "terminal" consists of the states of Wisconsin and the Upper Peninsula of Michigan. The WCL has built a strong reputation for customer service, including industry switching, throughout its territory. The territory includes overhead operations from the Illinois/Wisconsin border to the Chicago terminal. We have 29 active customers in this territory. In 1997, we handled 8,371 carloads for these customers. They are similarly situated to those served by the BOCT on the Altenheim Subdivision. Specifically, these shippers are located far from the majority of our online industrial operations and yet very much in the path of a great deal of our overhead train activity. Despite this situation, the WCL's customers in this area are satisfied with the WCL's service as demonstrated by the attached letters of support (Appendix, Ex. 5). I believe it is also relevant to note that BOCT customers on the Altenheim Subdivision are physically located closer to the WCL's Schiller Park yard than to the yard office of the BOCT. The Schiller Park yard is a 7-day-a-week, 24-hour-day operation better positioned to provide any extraordinary service that may be required and it is also a yard that is not on the opposite end of the congested Chicago terminal. Again, the Applicants would rather shift focus to speculative changes of operational priorities on the Altenheim Subdivision rather than the real issue which is maintaining independent competitive alternatives that are available before the transaction.

The Applicants also imply that if the WCL were to operate the Altenheim Subdivision much needed industrial development would be ignored. The WCL has been active in all forms of industrial development throughout our territory. We assisted potential customers in every way, shape and form. A great deal of our business growth is the result of expansion by our on-line customers and location of new industries along our lines due in part to our business

development activities. The WCL has access to almost no inactive industrial property in the Chicago area. One of the potentials for the Altenheim Subdivision is the development opportunities. I feel there would be a greater emphasis on industrial development if the WCL were promoting the property.

In closing, I would like to state the following: the Responsive Application WCL proposed relates specifically to remedying undue concentration of operating authority and influence in CSXT and consequently an elimination of independent competitive access for traffic moving to each of the two Applicants. Responding to Applicants' statements that our submissions are predicated on past and present experiences, I submit that this is the normal basis of decision making, but in this case, our ability to project from these prior experiences is enhanced by the fact that our operations will be under the control of one of the competing parties.

Our suggested remedies include: first, acquisition of the Altenheim Subdivision, which will allow us to control our own routing to a point where we would be able to independently connect with other railroads and also put us in a position to invest in the property and create much needed additional capacity for the Chicago terminal and second, the acquisition of future NS property for the creation of a new direct access interchange, thereby merely replicating the independent access and interchange we enjoy today.

The operation of the Altenheim Subdivision will not result in the customers reached through it being placed at a service disadvantage. Service to those customers would be generated out of nearby Schiller Park yard and would be consistent with the high levels of service currently enjoyed by similarly situated customers on the WCL in Illinois.

For all of these reasons, we believe it is necessary that the STB approve the Responsive Application.

#### **VERIFICATION**

State of Illinois )
SS:
County of Cook )

William R. Schauer, being duly sworn, deposes and says that he is Vice President-Marketing of Wisconsin Central Ltd., that he has read the foregoing statement and knows the facts asserted therein, and that the same are true as stated.

William R. Schauer

SUBSCRIBED AND SWORN to before me this 227# day of January, 1998.

Notary Public

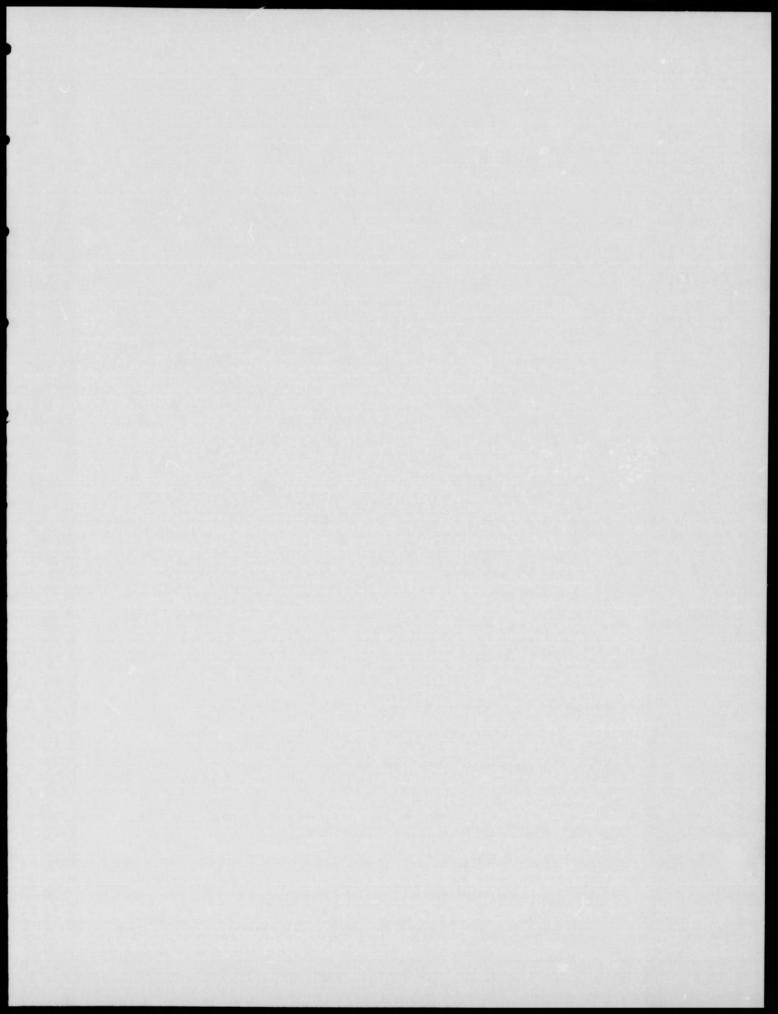
My Commission expires:

"OFFICIAL SEAL"

CAROL BRANDENBURG

Notary Public, State of Illinois

My Commission Expires 10/07/01



Wisconsin Department of Transportation Support Letter
 for WCL Responsive Application



### Wisconsin Department of Transportation



Tommy G. Thompson

Charles H. Thompson Secretary OFFICE OF THE SECRETARY P. O. Box 7910 Madison, WI 53707 7910

January 13, 1998

Mr. Vernon A. Williams, Secretary
Office of the Secretary
Surface Transportation Board, Room 1324
1925 K. Street, N.W.
Washington, D.C. 20423-0001

RF: Finance Docket No. 33388 CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/Agreement -- Conrail Inc. and Consolidated Rail Corporation Finance Docket No. 33388 (Sub.-No. 59) Wisconsin Central Ltd. -- Purchase -- Line of the Baltimore & Ohio Chicago Terminal Railroad Company

Dear Mr. Williams:

The Wisconsin Department of Transportation ("WisDOT") is the designated state agency in rail matters in Wisconsin. 49 U.S.C. Appx. § 1654(a) (formerly § 1654(j)), 49 C.F.R. § 266.1 and Ch. 85, Wis. Stats. It has provided financial and technical assistance to freight railroads operating in this state. WisDOT is responsible for all state and federally-aided highway and airport construction in Wisconsin. For many years, WisDOT has participated in ICC and STB rail matters.

Wisconsin Central Ltd. ("WCL") is a class II railroad that owns and operates approximately 2017 miles of railroad in Wisconsin, Michigan's Upper Peninsula, Minnesota and Illinois. WCL has a good reputation in terms of quality of service and paying attention to its customer's needs.

At the request of WCL, WisDOT reviewed WCL's application to purchase the line of the Baltimore & Ohio Terminal Railroad Company for fair market value. In the proposal, WCL proposes to upgrade the track and yard so that it could accommodate traffic to/from Wisconsin, relieving congestion and improving the operation through the Chicago Terminal district.

In light of the reported adverse effects of the Union Pacific/Southern Pacific and Burlington Northern/Santa Fe mergers, WisDOT would request that the Board carefully review the above transaction and approve the appropriate conditions to preserve a competitive alternative for interchange movements through the Chicago Terminal District.

WisDOT would support WCL's proposal to purchase and upgrade a portion of the B&OCT Altenhiem subdivision for fair market value with trackage rights to the CSX.

If you have any questions, feel free to contact Allyn Lepeska at 608-266-0253.

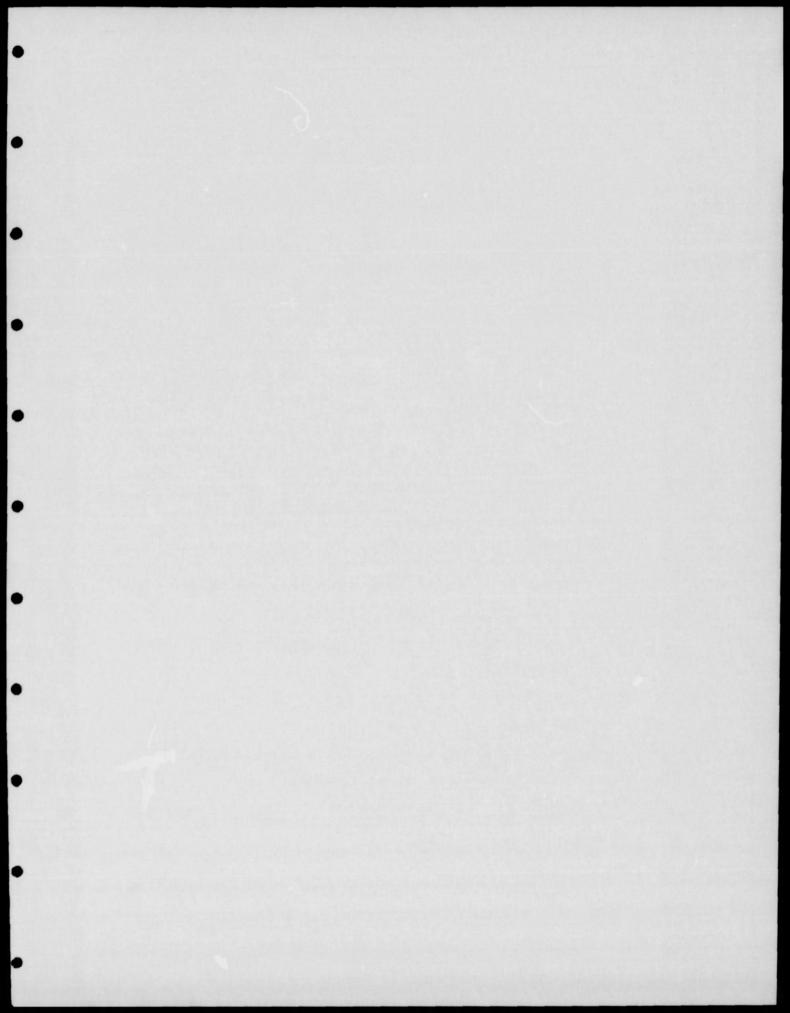
Sincerely.

Charles H. Thompson

Secretary

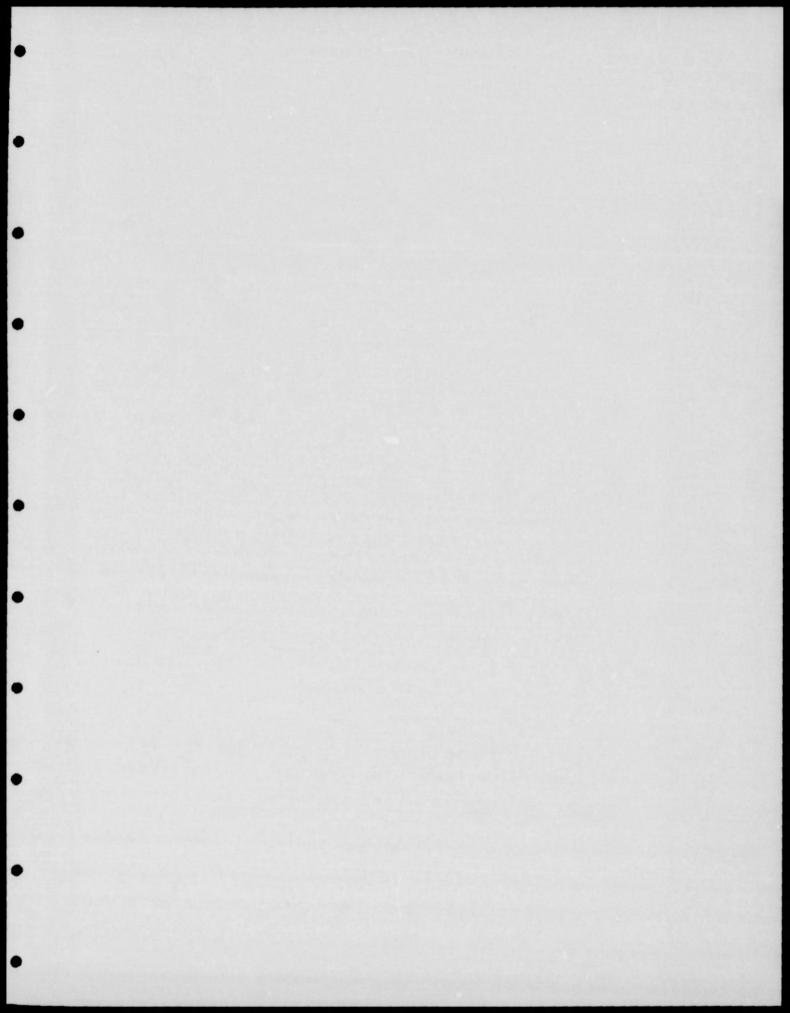
cc: Joe Dresser

Robert H. Wheeler Allyn Lepeska

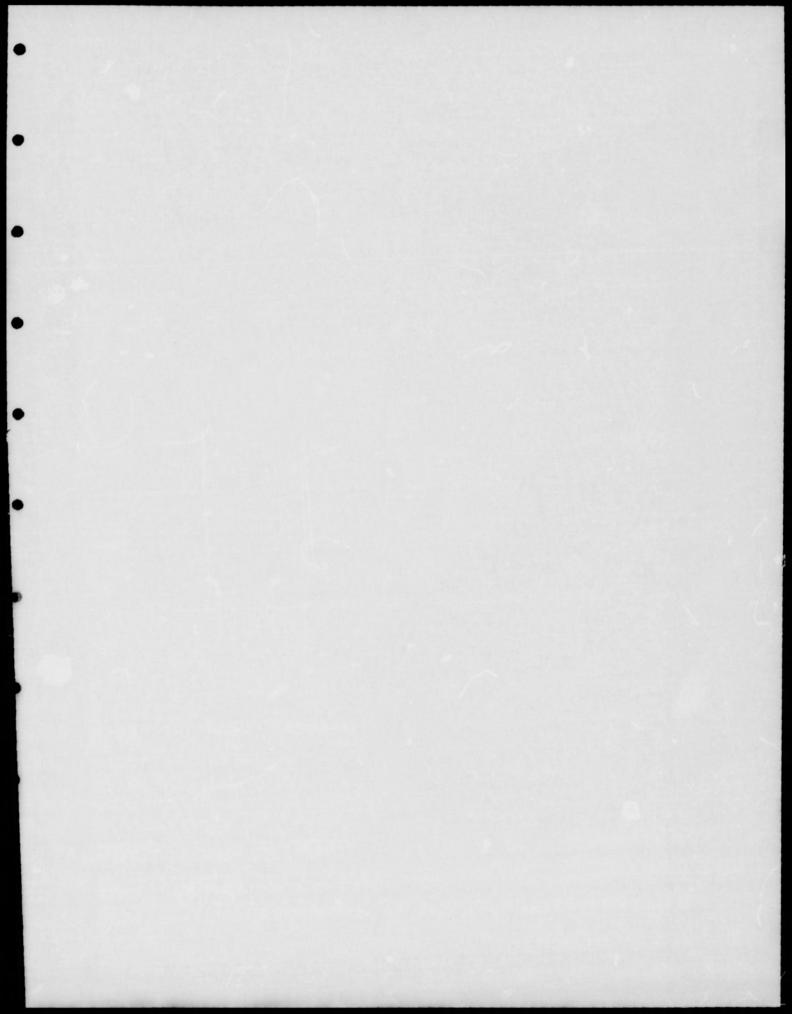


BOCT Chicago Interline Counts
 June and November 1995
 (highly confidential)

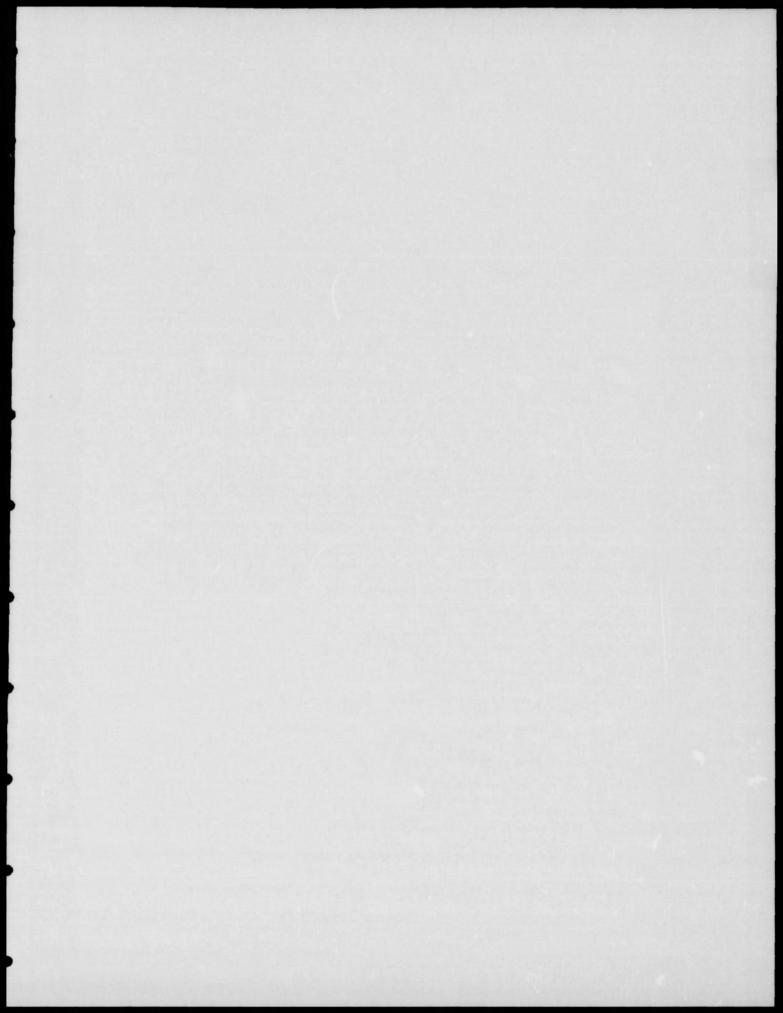
Pages 041 through 043 have been redacted from this volume because they contain material which has been designated "Highly Confidential"



 Excerpts from January 9, 1998 deposition of John W. Orrison, General Manager, Field Operations Development, CSX Transportation, Inc. (highly confidential) Pages 045 through 053 have been redacted from this volume because they contain testimony which has been designated "Highly Confidential"



 Selected Documents Produced in Discovery (highly confidential) Pages 055 through 072 have been redacted from this volume because they contain material which has been designated "Highly Confidential"



## APPENDIX 5

## SHIPPER STATEMENTS

Shipper	Representative		
Alan Josephson Co., Inc.	J.M. Kornacker		
Clear Shield National, Inc.	William Linden		
Commercial Plastics Company Courtesy Corporation  J. W. Allen & Co. Parade Packaging  Rexam Medical Packaging	H. Marie-Wells  David Corush  Douglas W. Allen  Alan Gilgen  Byran Peterson		
		Sunnyside Corporation	Thomas Martino
		Vulcan Materials Company	Richard Wright

1/12/98

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

RE: Finance Docket No. 33388

Dear Mr. Secretary:

I am J.M. Kornacker, the Traffic Manager for the Alan Josephsen Co., Inc. The Alan Josephsen Co., Inc. located in Mundelein, Illinois. The Alan Josephsen Co., Inc. is a paper stock dealer. Our plant is served by the Wisconsin Central Ltd The Alan Josephsen Co., Inc. currently utilizes the Wisconsin Central to handle rail shipments from our plant in Mundelein, Illinois to points in the United States, as well as Mexico, Canada, and overseas ports. The Wisconsin Central has handled these movements for our company. Paper grades range from #6 and #8 news, to high grade paper stock. Movements very from 1 to 25 per month.

We understand that WCL has proposed acquiring and operating a portion of BOCT trackage know as the Altenheim Subdivision and would invest in improving these routes. We also understand that BOCT would retain rights to continue serving the existing eleven Alterheim Subdivision customers. In the Applicants Rebuttal, CSXT and NS rejected WCL's purchase proposal and expressed concern that WCL would subordinate the local BOCT switching operations to WCL overhead movements and that service to these customers would suffer.

In many respects we currently occupy a position to that of customers on the Altenheim Subdivision should WCL acquire it - we are local shippers on a heavily-used WCL through route. The Illinois territory served by the Wisconsin Central and in which we are located has scheduled local rail service that is coordinated with WCL through trains operating between Fond Du Lac, Wisconsin and Chicago connections. Wisconsin Central provides the rail service for our plant in an appropriate manner that minimizes our total cost to conduct business and satisfies our customers needs. We are pleased with both the level of local service and the cooperation from the Wisconsin Central.

Based on our relationship with WCL and knowledge of WCL's practices and philosophy, we believe WCL will provide service that meets the need of customers located on the Altenheim Subdivision and that the Applicant's Rebuttal is without merit. The Wisconsin Central has historically operated to a high standard of local customer service and there is no cause to believe the Altenheim Subdivision operation would be handled differently.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely

M Kornacker

Traffic Manager, Alan Josephsen co., Inc.



#### MEMO

To: Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

From: Bill Linden

Date: January 8, 1998

Subject: Finance Docket No. 33388

Dear Mr. Secretary:

I am the traffic manager for Clear Shield National. I represent a plastics manufacturer in Wheeling, Illinois. Our plant is served by the Wisconsin Central Ltd. Clear Shield National currently utilizes the Wisconsin Central to handle our plasticware shipments going to California on a weekly or semi-weekly basis.

We understand that WCL has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and would invest in improving these routes. We also understand that BOCT would retain rights to continue serving the exixting eleven Altenheim subdivision customers. In the Applicants' rebuttal, CSXT and NS rejected WCL's purchase proposal and expressed concern that WCL would sub-ordinate the local BOCT switching operations to WCL overhead movements and that service to these customers woul suffer.

In many respects we currently occupy a position to that of customers on the Altenheim Subdivision should WCL acquire it - we are local shippers on a heavily used WCL through route. The Illinois territory served by the Wisconsin Central and is which we are located has scheduled local rail service that is coordinated with WCL throught trains operating between Fond du Lac, WI and Chicago connections. Wisconsin Central provides the rail services for our plant in an appropriate manner that minimizes

1175 South Wheeling Fusc Wheeling (0.10 × 600 × 1517) (847) 541-2900 • Fax (647) 541-3676

(2)

our total cost to conduct business and satisfies our customers needs. We are pleased with both the level of local service and the cooperation received from the Wisconsin Central.

Based on our relationship with WCL and knowledge of WCL's practices and philosophy, we believe WCL will provide service that meets the needs of customers located on the Altenheimer Subdivision and that the Applicants' Rebuttal is without merit. The Wisconsin Central has historically operated to a high standard of local customer service and there is no cause to believe the Altenheim Subdivision operation would be handled differently.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

William Linden
Traffic Manger

-- THE STANSON OF STHEPHALE

January 12, 1998

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K. Street, N.W.
Washington, DC 20423

RE: Finance Docker No. 33388

Dear Mr. Secretary:

I am Marie Wells, the Secretary-Treasurer for Commercial Plastics Company, located in Mundelein. IL. is a Plastic Manufacturing Firm. Our plant is served by the Wisconsin Central Ltd. Commercial Plastics Co. corrently utilizes the Wisconsin Central to handle rail shipments of Plastic Granulated Materials in 150,000 to 200,000 lb. lots.

We understand that WCL has proposed acquiring a portion of BOCT trackage known as the Altenneim Subdivision and would invest in improving these routes. We also understand that BOCT would retain rights to continue serving the existing eleven Altenheim Subdivision customers. In the Applicants' Reburnal, CSXT and NS rejected WCL's purchase proposal and expressed concern that WCL would subordinate the local BOCT switching operations to WCL overhead movements and that service to these customers would suffer.

In many respects we currently occupy a position to that of customers on the Altenheim Subdivision should WCL acquire it – we are local shippers on a heavily-used WCL through route. The Illinois territory served by the Wisconsin Central and is which we are located has scheduled local rail service that is coordinated with WCL through trains operating between Fon Du Lac, WI and Chicago connections. Wisconsin Central provides the rail services for our plant in an appropriate manner that minimizes our total cost to conduct business and satisfies our customers needs. We are pleased with both the level of local service and the cooperation received from the Wisconsin Central.

Based on our relationship with WCL and knowledge of WCL's practices and philosophy, we believe WCL will provide service that meets the needs of customers located on the Altenheim Subdivision and that the Applicants' Rebuttal is without merit. The Wisconsin Central has historically operated to a high standard of local customer service and there is no cause to believe the Altenheim Subdivision operation would be transled differently.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

H- Mrie Walls

Secretary-Treasurer



Corporate Headquarters 800 Corporate Grove Drive Buffalo Grove, IL 60089-4552 Tel. (847) 541-7900 FAX (847) 541-0018

January 9, 1998

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

RE: Finance Docket No. 33388

Dear Mr. Secretary:

I am David Consth. Director of Purchasing for Courtesy Corporation, located in Buffalo Grove, Illinois, is a Plastic Molder. Qur Plant is served by the Wisconsin Central Ltd. Courtesy Corporation currently utilizes the Wisconsin Central to handle rail shipments of approximately 277 railcar of Plastic Resin.

We understand that WCL has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and would invest in improving these routes. We also understand that BOCT would retain rights to continue serving the existing eleven Altenheim Subdivision customers. In the Applicants' Rebuttal CSXT and NS rejected WCL's purchase proposal and expressed concern that WCL would subordinate the locate BOCT switching operations to WCL, overhead movements and that service to these customers would suffer.

In many respects we currently occupy a position to that of customers on the Altenheim Subdivision should WCL acquire it-we are local shippers on a heavily-used WCL through route. The Illinois territory served by the Wisconsin Central and in which we are located has scheduled local rail service that is coordinated with WCL through trains operating between Food du Lac, WI and Chicago connections. We are pleased with both the level of local service and the cooperation required from the Wisconsin Central.

Based on our relationship with WCL and knowledge of fWCL's practices and philosophy, we believe WCL will provide service that meets the needs of customers located on the Altenheim Subdivision and that the Applicants' Rebuttal is without merit. The Wiscortsin Central has historically operated to a high standard of local customer service and there is no cause to believe the Altenheim Subdivision operation would be handled differently.

We strongly urge your to take these facts and comments into consideration in your deliberation of this very important issue.

1 A Bouch

Sincerely

David Carush

Director of Purchasing

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Courtesy Mold & Tool Tooling Division FAX (847) 541-0018



Courtesy Med/Tek
Clean Room Molding Division
Wheeling FAX (847) 215-0350
Buffalo Grove FAX (847) 541-0018



Caustive Packaging Corp. Packaging Affiliate FAX (847) 215-0351



FOUNCE IN GAIGNG

# J.W. ALLEN&CO.

SSS ALLENDALE DRIVE - WHEELING, ILLINOIS \$0000 - TEL (847) 459-5400 PROZEN DIVISION: 5701 COMMERCE BLVD. - MODULETOWN, TN 27914 - TEL (423) 587-4400

Jennery 12, 1998

Office of Secretary, Case Control Unit Serface Transportation Board 1925 K. Street, N. W. Washington, DC 20423

RE: Pinance Docket No. 33388

Dear Mr. Secretary:

I am Douglas W. Allen, the Vice President, Purchasing for J. W. Allen & Co. J. W. Allen & Co., located in Wheeling, IL, is a manufacturer of Bekery mixes, icings and fillings. Our plant is served by the Wisconsin Central Ltd. J. W. Allen & Co. currently utilizes the Wisconsin Central to handle rail shipments of various baloery flour; and sugar. They are all delivered in bulk airstide pailoars.

We understand that WCL has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and would invest in improving these routes. We also understand the BOCT would retain rights to continue serving the existing eleven Altenheim Subdivision customers.

The Ellinois territory served by the Wisconsin Contral and in which we are located, has scheduled local rail service that is coordinated with WCL through trains operating between Fond in Lac, WI and Chicago connections. Wisconsin Central provides the rail services for our plant in an appropriate manner that minimizes our total cost to conduct business and satisfies our customer's needs. We are pleased with both the level of local service and the cooperation received from the Wisconsin Central. In fact of the three still services we have had in the 18 years we have used rail; WCL has been the finest.

Based on our relationship with WCL and knowledge of WCL's practices and philosophy, we believe WCL will provide service that meets the needs of customers located on the Altenheim Subdivision. The Wisconsin Control has historically operated to a high standard of local customer service and there is no cause to believe the Altenheim Subdivision operation would be handled differently.

We strongly tage you to take those facts and comments into consideration in your deliberation of this very important issue.

Sincerely.

Vice President Purchasing

Las W. all

DISTRIBUTION CENTERS \*
WHEELING, EACIEN, MEMPHIS, MORRISTOWN, ORLANDO, ALLENTOWN

# Parade Packaging

YOUR BEST SOURCE FOR POLY PACKAGING



262 S. Shaddle Avenue • Mundelein, Illinois 60060 Phone # (847) 566-6264 • FAX # (847) 566-2017

January 8, 1998

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street N.W.
Washington, DC, 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am Alan Gilgen, the Plant Manager for Parade Packaging Material Inc. Parade Packaging, located in Mundelein, Illinois, is a manufacturer of polyethylene film and bags. Our plant is served by the Wisconsin Central Ltd. Parade Packaging currently utilizes the Wisconsin Central to handle rail shipments of railcars of polyethylene resins.

We understand that WCL has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and would invest in improving these routes. We also understand that BOCT would retain rights to continue serving the existing eleven Altenheim Subdivision customers. In the Applicants' Rebuttal, CSXT and NS rejected WCL's purchase proposal and expressed concern that WCL would subordinate the local BOCT switching operations to WCL overhead movements and that service to these customers would suffer.

In many respects we currently occupy a position to that of customers on the Altenheim Subdivision should WCL acquire it - we are local shippers on a heavily-used WCL through route. The Illinois territory served by the Wisconsin Central and in which we are located has scheduled local rail service that is coordinated with WCL through trains operating between Fond du Lac, WI and Chicago connections. Wisconsin Central provide the rail services for our plant in an appropriate manner that minimizes our total cost to conduct business and satisfies our customers needs. We are pleased with both the level of local service and the cooperation received from the Wisconsin Central.

Based on our relationship with WCL and knowledge of WCL's practices and philosophy, we believe WCL will provide service that meets the needs of customers located on the Altenheim Subdivision and that the Applicants' Rebuttal is without merit. The Wisconsin Central has historically operated to a high standard of local customer service and there is no cause to believe the Altenheim Subdivision operation would be handled differently.

Page 2 Mr. Secretary

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

Alan Gilgen Plant Manager. 33388 (Sub 59) 1-15-98 D 185239 2/2

January 12, 1998

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

RE: Finance Docket No. 33388

Dear Mr. Secretary:

I am Bryan Peterson, the Buyer / Planner for Rexam Medical Packaging. Rexam Medical Packaging, located in Mundelein, IL, is a manufacturer of plastic medical packaging. Our plant is served by the Wisconsin Central Ltd. Rexam currently utilizes the Wisconsin Central to handle rail shipments of raw plastic resins.

We understand that WCL has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and would invest in improving these routes. We also understand that BOCT would retain rights to continue serving the existing eleven Altenheim Subdivision customers. In the Applicant's Rebuttal, CSXT and NS rejected WCL's purchase proposal and expressed concern that WCL would subordinate the local BOCT switching operations to WCL overhead movements and that service to these customers would suffer.

In many respects we currently occupy a position to that of customers on the Altenheim Subdivision should WCL acquire it-we are local shippers on a heavily-used WCL through route. The Illinois territory served by the Wisconsin Central and is which we are located has scheduled local rail service that is coordinated with WCL through trains operating between Fond du Lac, WI and Chicago connections. Wisconsin Central provides the rail services for our plant in an appropriate manner that minimizes our total cost to conduct business and satisfies our customers needs. We are pleased with both the level of local service and the cooperation received from the Wisconsin Central.

Based on our relationship with WCL and knowledge of WCL's practices and philosophy, we believe WCL will provide service that meets the needs of customers located on the Altenheim Subdivision and that the Applicant's Rebuttal is without merit. The Wisconsin Central has historically operated to a high standard of local customer service and there is no cause to believe the Altenheim Subdivision operation would be handled differently. We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely.

Bryan Peterson Buyer / Planner

### SUNNYSIDE CORPORATION

225 Carpenter Avenue - Wheeling, Illinois 60090-6095 - 847 / 541-5700 - FAX # 847 / 541-9043

January 12, 1998

Office of the Secretary Case Control Unit Surface Transportation Board 1925 K Street, N.W. Washington, DC 20423

RE: Finance Docket No. 33388

Dear Mr. Secretary,

The Sunnyside Corporation located in Wheeling, Illinois is a manufacturer and packager of solvents, oils and chemicals. We produce these products for resale in the consumer market, as well as, for use in industrial applications. Our plant, located on the Wisconsin Central Line, currently utilizes the WCL to handle inbound tank car loads of petroleum distillates originating locally in Lemont, II. and also in Sarnia, Ontario, Canada. We received 12 inbound loads in 1997, delivered to us by the WCL.

We understand the WCL has proposed acquiring and operating a portion of BOTC trackage known as the Altenheim Subdivision and would invest in improving these routes. We also understand that the BOTC would retain rights to continue serving the existing eleven Altenheim Subdivision customers. In the Applicants' Rebuttal, CSXT and NS rejected WCL's purchase proposal, expressing concern that WCL would subordinate the local BOTC switching operations to WCL overhead movements, reducing service levels

In many respects we currently occupy a position similar to that of the customers on the Altenheim Subdivision, should the WCL acquire it. Our facility is located on a heavily-used WCL through-route. The Illinois territory served by the Wisconsin Central in which we are located, has scheduled local rail service that is coordinated with WCL through trains operating between Fond du Lac, Wi. and Chicago connections. Wisconsin Central provides the rail services for our plant in an appropriate manner, minimizing our production costs, thus allowing us to better satisfy our customers' requirements. We are pleased with both the level of local service and the cooperation received from the Wisconsin Central.

Based on our relationship with WCL, and the knowledge of WCL's philosophy and practices, we believe they will provide the services that meet the requirements of customers located on the Altenheim Subdivision, and that the Applicant's Rebuttal is without merit. The Wisconsin Central has historically operated to a high standard of local customer service, and there is no reason to believe the Altenheim Subdivision operation would be handled differently.

We strongly urge you to consider these facts and comments when deliberating this very important issue.

Sincerely,

SUNNYSIDE CORPORATION

Alomo R Martin

Thomas R. Martino

January 12, 1998

Office of Secretary Case Control Unit Surface Transportation Board 1925 K Street, N.W. Washington, DC 20423

RE: Finance Docket No. 33388

Dear Mr. Secretary:

I am Richard Wright, the Vice President-Sales for Vulcan Materials Company. Vulcan Materials, located in Lombard, Illinois, is the nation's largest producer of construction aggregates. Our plant is served by the Wisconsin Central Ltd. Vulcan Materials currently utilizes the Wisconsin Central to handle rail shipments from our Sussex, Wisconsin quarry to our Grayslake, Illinois distribution yard. With competitive rates and excellent service, from this Wisconsin Central, we have increased our shipments from 60,000/tons to the present rate of 800,000/tons annually. This growth was accomplished in four short years with nearly flawless performance from the Wisconsin Central.

We understand that WCL has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and would invest in improving these routes. We also understand that BOCT would retain rights to continue serving the existing eleven Altenheim Subdivision customers. In the Applicants' Rebuttal, CSXT and NS rejected WCL's purchase proposal and expressed concern that WCL would subordinate the local BOCT switching operations to WCL overhead movements and that service to these customers would

In many respects we currently occupy a position to that of customers on the Altenheim Subdivision should WCL acquire it - we are local shippers on a heavily-used WCL through route. Illinois territory served by the Wisconsin Central and in which we are located has scheduled local rail service that is coordinated with WCL through trains operating between Fond du Lac, Wisconsin and Chicago connections. Wisconsin Central provides the rail services for our plant in an appropriate manner that minimizes our total cost to conduct business and satisfies our customers needs. We are pleased with both the level of local service and the cooperation received from the Wisconsin Central.

MIDWEST DIVISION / 1501 THREE MILE ROAD . RACINE, WISCONSIN 53402 . TELEPHONE 414 838-1411

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Page 2.

Based on our relationship with WCL and knowledge of WCL's practices and philosophy, we believe WCL will provide service that meets the needs of customers located on the Altenheim Subdivision and that the Applicants' Rebuttal is without merit. The Wisconsin Central has historically operated to a high standard of local customer service and there is no cause to believe the Altenheim Subdivision operation would be handled differently. In fact, it is our belief that the Wisconsin Central has taken customer service to a level that the CSXT and NS cannot relate to, nor achieve.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

Richard Wright Vice President-Sales

cc: Will Glusac

Tom Nawa

Sharon Rissenbeck

#### CERTIFICATE OF SERVICE

I hereby certify that on this 14th day of January, 1998, a copy of the foregoing Rebuttal Comments and Evidence of Wisconsin Central Ltd. (WC-16) was served by overnight delivery upon the Primary Applicants herein, as follows:

Dennis G. Lyons, Esq. Arnold & Porter 555 12th Street, N.W. Washington, DC 20004-1202

Richard A. Allen, Esq.
Zuckert, Scoutt & Rasenberger, L.L.P.
888 Seventeenth Street, N.W.
Suite 600
Washington, DC 20006-3939

Paul A. Cunningham, Esq. Harkins Cunningham 1300 Nineteenth Street, N.W. Suite 600 Washington, DC 20036

and by first class mail, postage prepaid, upon all designated parties of record appearing on the Surface Transportation Board's official service list in this proceeding, served August 19, 1997 and revised on October 7, 1997 and December 5, 1997.

Thomas J. Litwiler

33388 (Sub 59) 10-23-97 D 183052 1/3

# OPPENHEIMER WOLFF & DONNELLY

Two Prudential Plaza 45th Floor 180 North Stetson Avenue Chicago, IL 60601-6710

(312)616-1800 FAX (312)616-5800

Thomas J. Litwiler (312) 616-5861

ONNELLY
ENTERED
Office of the Secretary

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Part of Public Record

October 22, 1997

Brussels

Chicago

Minneapolis

New York

Paris

Saint Paul

Washington, D.C.

#### VIA FEDERAL EXPRESS

Mr. Vernon A. Williams Secretary Surface Transportation Board 1925 K Street, N.W., Room 700 Washington, DC 20423-0001

Re: Finance Docket No. 33388

CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/Agreements - Conrail Inc. and Consolidated Rail Corporation

Finance Docket No. 33388 (Sub-No. 59) Wisconsin Central Ltd. - Purchase Line of The Baltimore & Ohio Chicago Terminal Railroad Company

Dear Secretary Williams:

Yesterday Wisconsin Central Ltd. ("WCL") filed its Responsive Application (designated WC-9) and Comments (designated WC-10) in the above-captioned proceedings. Because WC-10 included information of a confidential nature, it was filed under seal. I would note that while WC-10 was marked "Confidential" on its cover, it contained "highly confidential" material as that phrase has been used in this proceeding, and has been treated accordingly by WCL.

I am now enclosing for placement in the public record twenty-five copies of a redacted version of WC-10. I would also confirm that parties of record in this proceeding were served with this version of WC-10, rather than the confidential version previously submitted.

I have enclosed herewith an extra copy of this transmittal letter, and would request that you date-stamp that copy to show receipt of this filing and return it to me in the provided envelope.

## OPPENHEIMER WOLFF & DONNELLY

Mr. Vernon A. Williams October 22, 1997 Page 2

Please feel free to contact me should any questions arise regarding this filing. Thank you for your assistance on this matter.

Respectfully submitted,

Thomas J. Litwiler Attorney for

Wisconsin Central Ltd.

TJL:tl

Enclosures

cc: Parties of Record

# BEFORE THE SURFACE TRANSPORTATION BOARD

WC-10

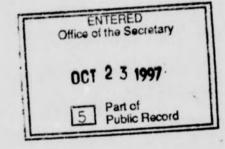
FINANCE DOCKET NO. 33388

CSX CORPORATION AND CSX TRANSPORTATION, INC., NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY COMPANY
-- CONTROL AND OPERATING LEASES/AGREEMENTS -- CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION

FINANCE DOCKET NO. 33388 (SUB-NO. 59)

WISCONSIN CENTRAL LTD.
-- PURCHASE -LINE OF THE BALTIMORE & OHIO
CHICAGO TERMINAL RAILROAD COMPANY

COMMENTS OF WISCONSIN CENTRAL LTD.



Janet H. Gilbert General Counsel Wisconsin Central Ltd. 6250 North River Road, Suite 9000 Rosemont, Illinois 60018 (847) 318-4691

Robert H. Wheeler
Thomas J. Healey
Thomas J. Litwiler
Oppenheimer Wolff & Donnelly
Two Prudential Plaza, 45th Floor
180 North Stetson Avenue
Chicago, Illinois 60601
(312) 616-1800

ATTORNEYS FOR WISCONSIN CENTRAL LTD.

Dated: October 21, 1997

#### BEFORE THE SURFACE TRANSPORTATION BOARD

#### FINANCE DOCKET NO. 33388

CSX CORPORATION AND CSX TRANSPORTATION, INC., NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY COMPANY
-- CONTROL AND OPERATING LEASES/AGREEMENTS -- CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION

FINANCE DOCKET NO. 33388 (SUB-NO. 59)

WISCONSIN CENTRAL LTD.
-- PURCHASE -LINE OF THE BALTIMORE & OHIO
CHICAGO TERMINAL RAILROAD COMPANY

# COMMENTS OF WISCONSIN CENTRAL LTD.

Wisconsin Central Ltd. submits these comments in response to the Primary Application filed herein by CSX Corporation ("CSX"), CSX Transportation, Inc. ("CSXT"), Norfolk Southern Corporation ("NSC"), Norfolk Southern Railway Company ("NSR"), Conrail, Inc. ("CRI") and Consolidated Rail Corporation ("CRC") (collectively "Primary Applicants") seeking authority for common control of Conrail by CSXT and NSC and the division of CRC's assets between CSXT and NSR. WCL in these Comments seeks to have the Surface Transportation Board impose conditions with respect to CSX's proposed ownership and operations in the Chicago Terminal. WCL also in these comments modifies its prior

CSX and CSXT are referred to collectively herein as "CSX."

NSC and NSR are referred to collectively herein as "NS."

CRI and CRC are referred to collectively herein as "Conrail." CSX, NS and Conrail are referred to collectively herein as the "Primary Applicants."

Description of Anticipated Responsive Application (WC-2) to reflect the agreement which it has reached with NS with respect to the ownership and operation of the Panhandle Line.

#### Agreement With NS for Lease of Panhandle Line

Application, WCL indicated that it would seek to purchase Conrail's Panhandle Line and right-of-way and remaining trackage (currently unused) between Rockwell Street and Brighton Park in Chicago, together with related trackage rights to connect to NS and CSX near Brighton Park and Grand Trunk Western Railroad, Inc. (Canadian National) at the Railport facility in Chicago. WCL proposed this acquisition of leasehold rights as a procompetitive response to the Primary Application. It will improve rail efficiency and will increase capacity in the Chicago Terminal District because WCL plans to rebuild and increase trackage on the Panhandle.

WCL and NS have reached an agreement under which this can be accomplished. A copy of that agreement is attached to these comments as Exhibit A. With this Agreement, WCL believes that NS' proposed control and operation of Conrail and associated trackage rights and leases have benefits outweighing any adverse affects and should be approved by the Surface Transportation Board.

# CSX Domination of Chicago Terminal

WCL's agreement with NS to lease the Panhandle Line will provide definite public benefits. However, it will not

eliminate the problems presented by CSX's domination of switching services in the Chicago Terminal District. WCL believes, however, that the anticompetitive impacts of that domination and the operational problems it presents can be mitigated by the imposition of the two conditions addressed in these comments and the grant of WCL's Responsive Application to purchase portions of the B&OCT's Altenheim Subdivision.

# CSX History of Terminal Operation and Potential Problem in Merger

CSX is the owner of B&OCT which is styled as an intermediate switching carrier operating in the Chicago Terminal. Since the combination of the Seaboard and Chessie/BO systems, CSX has operated B&OCT narrowly to service its own rail system's interests at the expense of the public interest in having B&OCT fulfill its common carrier obligations as an intermediate switching carrier. It has alternately deliberately chosen to drive away intermediate switching business in order improve CSX internal operations, increased switch charges above market rates, and used the threat of B&OCT intermediate switch charges as leverage to obtain blocking services from connecting western carriers. In short, CSX has a pattern in the Chicago Terminal District of operating B&OCT exclusively for its own benefits as a long haul carrier to the detriment of acting as an intermediate switching carrier connecting with all carriers.

The grave problem that the CSX's B&OCT pattern presents in the current proceeding is that after the merger, CSX will enjoy a dominant position in the Chicago Terminal District and

may choose to similarly operate IHB. Under the special CSX/NS Agreement (Vol. 8C, Ex. FF, p. 693), CSX will be responsible for dispatching IHB west of Gibson, managing IHB and exclusively controlling Blue Island Yard. Its Operating Plan indicates that CSX intends primarily to use IHB to satisfy its own needs for increased operation of direct run through trains. The principal IHB yard, Blue Island, will see significant increased traffic volume to benefit CSX. Unspecified Conrail traffic and local industrial traffic will be switched to B&OCT's Barr Yard. There is no indication what the attendant policy with respect to imposition of B&OCT switch charges on that traffic, today free of such charges, will be after the merger. Again the concern is that CSX will have the power to implement its Operating Plan in a fashion that will serve its narrow interests to the detriment of having IHB continue as a genuinely neutral switching carrier serving the shipping public in that capacity.

#### Sale of Altenheim Subdivision

The Altenheim Subdivision is owned by B&CCT which is totally controlled by and operated for the benefit of CSX. The WCL currently operates over B&OCT's Altenheim Subdivision under trackage rights from the point of connection between WCL and B&OCT at Altenheim Subdivision Milepost 37.4 at Madison Street, Forest Park, Illinois and B&OCT's Blue Island Subdivision Milepost 15.2 at Blue Island Jct., including all connections with other carriers at intermediate points. WCL seeks to purchase that portion of the Altenheim Subdivision from the Forest Park

connection with WCL to a point at the connection of the Altenheim Subdivision with Union Pacific Railroad Company and Conrail's former Panhandle Line at Rockwell Street in Chicago. ownership of this portion of the Altenheim Subdivision, coupled with its acquisition of leasehold in the Panhandle Line from NS, will allow it to establish independent of CSX control or domination connections with NS (including for portions of the former Conrail traffic that NS will begin to interchange with WCL after the merger) BNSF, and Grand Trunk (Canadian National). This acquisition will also provide WCL the opportunity to relieve congestion in the Chicago gateway by improving the condition of the Altenheim Subdivision, which presently is only in FRA Class 2 track condition, and subject to 10 m.p.h. slow orders. It will also allow WCL to have use of a small yard facility at 48th Avenue which can serve both as a holding area for WCL trains moving in interchange and an area for interchange classification. WCL's ownership of a portion of the Altenheim Subdivision as described will also provide opportunity for industrial development of sites adjacent to the route that CSX has evidenced little interest in developing.

The WCL acquisition will be accomplished with no harm to the intended benefits of the CSX Operating Plan. CSX discovery responses indicate no plans for any changes in the manner in which it operates over this track nor plans for increased expenditures or improvements. WCL's proposed acquisition will still allow CSX to continue present operations of a five times a week local switch movement. The change of

ownership would simply place the responsibility for maintenance, operation and dispatching of line on the carrier which is its primary user -- WCL.

#### Direct Interchange With CSX

Even with WCL's purchase of the Panhandle Line and acquisition of the Altenheim Subdivision, the domination of CSX with respect to switching operations in Chicago portends difficulties for all carriers seeking to connect with CSX or to generally use the services of an intermediate switching carrier in the Chicago Switching District. CSX has historically maintained that it has no presence in the Chicago Switching District and that the only means of reaching it for interchange purposes is through the B&OCT. Any carrier seeking to interchange with CSX in Chicago was thus faced with the imposition of a intermediate switching charge by B&OCT in order to reach CSX. The last published tariff provided for a \$105 charge per load and empty. Under the terms of the tariff, the charge could be levied against either the delivering or receiving carrier. The choice of whom to charge apparently was left to B&OCT/CSX. CSX exercised that discretion to its sole advantage. CSX had a practice since 1988 of either waiving or absorbing all or substantially all of the switch charge for those carriers who would provide it with preblocking of cars being interchanged to CSX. On cars being interchanged to carriers other than CSX, the full intermediate switch charge was applied, whether cars were delivered blocked or not, assuming even that B&OCT would handle the traffic.

From 1988, CSX would determine what traffic it sought to received pre-blocked and if it determined that preblocking did not suit its purposes, the applicable intermediate switching charge would be applied. This policy affected especially the cars interchanged to CSX from short line and regional carriers which, in CSX's opinion, had volumes of traffic which did not suit CSX's needs for pre-blocking.

The overall effect of the operation of B&OCT in this manner was to treat it primarily as a vehicle to obtain desired operating efficiency for CSX and not as a true intermediate switching carrier operating within a market environment competing with other switching carriers in Chicago for intermediate business. In fact, other than traffic destined to or from CSX and on-line industries, B&OCT performs next to no switching in the Chicago terminal.

Additionally, CSX has for some time operated its own trains over B&OCT trackage rights, using its own power and crews, in making direct interchanges in the Chicago Terminal when it suited CSX's purposes. This occurred principally in connection with unit run-through train operations. In discovery, CSX also acknowledged that it conducted its own operations using B&OCT Altenheim trackage in Chicago.

WCL is concerned that upon the merger, CSX, using its management of the IHB and ownership of B&OCT may direct traffic to Barr Yard currently being handled through direct interchange with Conrail and thus subject that traffic to the claim of an

B&OCT intermediate switch charge or obtain operating concessions for cars so interchanged.

Since CSX is present in the Chicago Switching District, conducting its own operations and interchanging directly with other carriers and since CSX has blatantly used B&OCT exclusively to accomplish its own transportation purposes without regard to any independent common carrier obligation as an intermediate switching carrier, and since its Operating Plan calls for CSX to operate extensively over IHB and effectively take over the Blue Island Yard, WCL believes that as a condition to approval of the Conrail merger, the STB should require that CSXT, apart from B&OCT and without the use of B&OCT as an intermediate switch carrier, conduct direct interchange in the Chicago Terminal. The fact of CSX's presence and operation as a direct interlining carrier in Chicago should be recognized.

Requiring CSX to conduct direct interchange would not interfere with CSX operations in Chicago and in fact would lead to increased efficiency by removing B&OCT from interlining accounting systems where not necessary. Finally, it would recognize the reality that CSX today and even more so under its own proposed Operating Plan, will be an active interlining carrier present in its own name and right in Chicago with free trackage rights over substantially all of B&OCT (except the Altenheim Subdivision which WCL seeks to purchase) and with rights to and over substantial portions of the IHB. The imposition of this condition does nothing more than implement the public policy codified in 49 U.S.C. § 10742.

## Imposition of Neutral Dispatching

Upon CSX/NS acquisition of control of CRC, Primary Applicants will obtain jointly control of Conrail's 51% ownership of IHB. This is the power to control IHB. Under the terms of their special "Agreement Relating to the Contractual Rights and Ownership interest of Consolidated Rail Corporation With Respect to the Indiana Harbor Belt Railroad Company", CSX will have the "right to direct the exercise by CRC of its ownership rights with respect to IHB dispatching, including Gibson Crossing. " (Vol. 8C Ex. FF, § 2(d)(2)). Additionally, CSX will have the power to appoint the IHB General Manager (Ex. FF, § 2(b)(1)) and exclusively control the Blue Island Yard. (Ex. Id. § 2(a)(1)). In the event NS should disagree with CSX with respect to operation of IHB, the dispute is referred to binding arbitration without the specification of any criteria by which the arbitration will be decided. (Ex. FF, § 6). Thus under the terms of the Agreement governing the operation of the IHB, CSX will both dispatch IHB between Gibson, Indiana and Franklin Park, Illinois, and manage Blue Island Yard and appoint the IHB General Manager. If CSX should operate IHB primarily for its own purposes to the detriment of the public interest in efficient switching services, even NS has no effective remedy other than binding arbitration!

WCL believes that it is necessary to condition CSX's acquisition of this control by the imposition of a requirement that dispatching over the IHB in the Chicago Terminal should be provided by a neutral carrier -- a carrier other than any of the

IHB owner roads. Absent such a provision, CSX would operationally control movements on both the B&OCT and IHB, at the same time being one of the two largest shareholders of the third Chicago switching carrier, The Belt Railway Company of Chicago.

The concerns WCL's Comments address are not simply make weight concerns. The serious problems being experienced in the West, and especially in the Houston Terminal, as Union Pacific Railroad Company struggles to implement its merger with Southern Pacific Transportation Company underscore the danger of concentration of switching power in a terminal area in one carrier.

By placing dispatching in the hands of a neutral carrier as proposed, the STB would mitigate the anticompetitive effect of the concentration of power in CSX and would also assure that actual daily operations of IHB would continue to serve the interests of <u>all</u> shippers and carriers and not just the narrow interests of CSX.

In conclusion, while WCL does not oppose Primary
Applicants overall, and expressly supports NS' proposals, WCL
strongly maintains the CSX's proposals for the Chicago Terminal

must be conditioned as set forth above to preserve competition and assure adequate terminal facilities and efficiencies.

Respectfully submitted,

By:

Janet H. Gilbert

General Counsel

Wisconsin Central Ltd. 6250 North River Road, Suite 9000

Rosemont, Illinois 60018 (847) 318-4691

Robert H. Wheeler Thomas J. Healey Thomas J. Litwiler Oppenheimer Wolff & Donnelly Two Prudential Plaza, 45th Floor 180 North Stetson Avenue

Chicago, Illinois 60601 (312) 616-1800

ATTORNEYS FOR WISCONSIN CENTRAL LTD.

Dated: October 21, 1997

#### **EXHIBIT A**

#### **AGREEMENT**

This Agreement is entered into this 17th day of October, 1997, between Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively "Norfolk") and Wisconsin Central Transportation Corporation, Wisconsin Central Ltd., Fox Valley & Western Ltd., and Sault Ste. Marie Bridge Company Ltd. (collectively "WC"), concerning the proposed acquisition by Norfolk of control of and certain operating leases and agreements from Conrail Inc. and Consolidated Rail Corporation (collectively "Conrail") in conjunction with similar acquisition of control of and certain operating leases and agreements from Conrail by CSX Corporation and CSX Transportation, Inc. (collectively "CSX") as more fully set forth in the pending application before the Surface Transportation Board, Finance Docket No. 33388, CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -Control and Operating Leases/Agreements -- Conrail Inc. and Consolidated Rail Corporation (the "Control Case").

WHEREAS, Wisconsin Central Ltd. ("WCL") is participating in the Control Case to ensure that its interests and the interests of its shippers originating, terminating, and moving traffic on and over its lines are not adversely affected by the Control Case itself or as a consequence of changes in rail operations that may be effected pursuant to such authorities as may be granted by the Surface Transportation Board ("STB");

WHEREAS, each of WC and Norfolk believe that it is in the best interest of the shipping public and the overall strengthening of inter- and intra-modal rail competitiveness that rail control applications which result in improved rail efficiency should be approved;

WHEREAS, WC and Norfolk agree that the Norfolk application for acquisition of control and certain operating leases and agreements as set forth in the Control Case will generally serve to achieve those goals;

THEREFORE, WC and Norfolk, in consideration of mutual promises and undertakings, agree as follows:

- lease to WC, at nominal rent for a period of 25 years, that line of railroad and associated right-of-way known as the "Panhandle Line" (currently owned by Conrail) between a point generally known as Ogden Junction (also known as Rockwell St.) on the north and a point near the Ash Street interlock on the south near the new Conrail/Burlington Northern and Santa Fe Railway Company ("BNSF") connection, as more fully illustrated on the attached Exhibit 1. Subject to its legal capacity to do so, Norfolk will grant WC an option to purchase the leased Panhandle Line beginning on the fifth anniversary date of the lease for an amount equal to the then fair market value less the actual cost of improvements made to the line by WC. WC shall have the right to make improvements, including construction of additional tracks along this line, as it may wish at its own expense. WC shall be responsible for obtaining all authorizations as may be necessary for such construction, but will not seek such authorization until the STB has decided the Control Case. Norfolk shall retain the right to operate over the Panhandle Line and shall receive the right to operate over any new line constructed thereon by WC.
- 2. To enable more efficient interchange of traffic and movement of traffic through the Chicago Switching District, Norfolk shall transfer to WC, to the extent Norfolk will have the capability to do so after the Control Case, such rights as necessary to permit the WC to

interchange traffic with CSX and NS at Brighton Park and Grand Trunk Western Railroad, Inc. at the Railport facility in Chicago.

- 3. WC shall support Norfolk in the Control Case; provided, however, that nothing herein shall be understood to prevent WC from pursuing its interests with respect to resolving interchange and operational issues through either the purchase of the "Altenheim Sub" from CSX, seeking the merger of Baltimore & Ohio Chicago Terminal Railway Company ("BOCT") into CSX and seeking neutral dispatching of the Indiana Harbor Belt between Gibson, Ind. And Franklin Park, II. as a condition to CSX' control of Conrail. Except as provided in this section, WC agrees not to support any requests for conditions or inconsistent applications filed by others in the Control Case.
- 4. The parties agree that the rights to be granted pursuant to paragraphs 1 and 2 shall be granted within 30 days of Norfolk obtaining control authority in the Control Case, subject only to such governmental approvals as may be required.
- 5. The parties agree to execute such other and further documents and to undertake such acts as shall be reasonably necessary to carry out the intent and purpose of this Agreement.
- 6. This Agreement is intended solely and exclusively for the benefit of the signatories to this Agreement. Nothing in this Agreement shall be construed or is intended to give any person or entity, other than the signatory parties, their affiliates and their successors by law, any right, remedy, or claim under this Agreement.
- 7. The Parties agree to cooperate with each other and to make such filings as are legally required to implement the terms of this Agreement.

WISCONSIN CENTRAL LTD.	WISCONSIN CENTRAL TRANSPORTATION CORPORATION
Ву:	Ву:
Title:	Title:
NORFOLK SOUTHERN CORPORATION	NORFOLK SOUTHERN RAILWAY COMPANY
Ву:	Ву:
Title:	Title:

# VERIFIED STATEMENT OF J. REILLY MCCARREN

My name is J. Reilly McCarren. I am Executive Vice President and Chief Operating Officer for Wisconsin Central Ltd. ("WCL"), as well as its affiliate companies, Fox Valley & Western Ltd. ("FVW"), Sault Ste. Marie Bridge Company ("SSMB") and Algoma Central Railway Inc. ("ACRI"). I have served in this capacity since May of 1996, prior to which I was President and Chief Executive Officer of Gateway Western. I have worked in the rail industry in various capacities for nearly twenty years but became particularly involved with the Chicago Terminal during my tenure with Conrail from 1978 to 1987 when, from 1982 to 1983, I served as Director of Service Control in Philadelphia and was actively involved in planning train schedules and run-through trains in the Chicago Terminal. Also from 1987 to 1990, I became generally familiar with the Terminal as General Superintendent for the Chicago, Missouri & Western.

#### BACKGROUND

WCL's Responsive Application and Comments in this matter focus on one aspect of the Primary Application -- the effect of common control of Conrail on the Chicago Switching Terminal. Most attention has been focused on the effects of the control application on rail operations in the east. In the east, there is little question that there are, on balance, substantial benefits to the public and to industry that will result from the NS/CSX proposal and WCL supports the achievement of those benefits. Yet, very little attention has been paid to the very

real effects this transaction will have on operations in and through the Chicago Terminal. This is surprising in view of the fact that most everyone agrees that Chicago is the rail hub of North America. In various statements, the Primary Applicants correctly recognize that Chicago is the major interchange point for traffic moving between eastern and western carriers and involves all major commodities moved by rail in the U.S. See CSX/NS-20 at 181, 182.

Finally, most everyone also agrees the Chicago Terminal is easily the most complicated system of intertwined rail lines in the country and maybe the world. The simplified map of the Terminal is compelling in and of itself (See Exhibit 1B to WCL's Responsive Application) but it barely hints at the maze of rail lines, connections and interlockings that make up the Terminal. In fact, the operating railroads in Chicago, under the auspices of the Chicago Operating Rules Association, have produced a binder of over 400 pages, with page after page of detail maps, rules and special instructions to allow even an experienced operator to navigate through the Terminal. While I believe that a substantial percentage of the U.S. rail traffic that flows through the Chicago Terminal, I know that roughly 60% of WCL's traffic moves through the Terminal. It is almost axiomatic to say that the railroad that controls the Terminal, controls the destiny of rail service for those carriers and shippers that must interchange traffic through that Terminal.

What is also common knowledge in the Chicago Terminal, given its complexity and density, is its propensity to come to a

near stop at the slightest deviation in traffic patterns. It can experience a "slow down" whenever any of its many railroads engage in construction or maintenance work on one of the major arteries in the Terminal or when one or more of the Class I's face work slowdowns or other operational problems, such as the problems Union Pacific is confronting today which result in an overloading of the Terminal. And of course, the Terminal is infamous for coming to a near halt during the more severe days of Chicago winters.

The important point to bear in mind whenever analyzing any change, large or small, in the Chicago Terminal is the fine balance between capacity and volume in the Terminal. That balance is such today that even a small perturbation from any source can result in a large disruption in train operations. Given this fine balance, not only is it imperative that as much capacity as possible be maintained in the terminal but it is equally imperative that interchange between carriers be as efficient and as equitable as possible. To allow significant control over operational and dispatching authority to be placed in the hands of one carrier, especially one for which the Chicago Terminal is at the far western end of its system, is, in my opinion, risky. Unless post-merger dispatching is handled as deftly as possible, the end result could be a major melt down in the nation's largest rail hub. Hence, it is imperative that the Surface Transportation Board ("STB") take a hard look at the effects this transaction will have on the ability of all carriers

to maintain fair, equitable, efficient and competitive service through the Terminal.

Carriers interchange traffic in the Chicago Terminal in one of three ways: (1) they have direct interchange because the rail lines owned by the carriers allow this; (2) they have direct interchange via trackage rights obtained over the lines of another carrier; or (3) they utilize the services of an intermediate carrier, which is some cases can also constitute a direct interchange where the carrier(s) own the intermediate carrier and directly connect with other owners via that route. As I'm sure the STB knows, the clear advantage of a direct interchange between carriers is the elimination of an intermediate switching charges and extra, unnecessary handling of cars.

All three types of interchanges take place in the Chicago Terminal to varying degrees. For example, WCL and the Canadian Pacific rail lines meet at Schiller Park, IL and the two companies directly interchange traffic at that location. WCL's rail lines do not physically connect with any other line haul carrier in the Chicago Terminal but WCL maintains direct interchanges with a number of its interchange carriers, such carriers as Conrail, Union Pacific, NS, Illinois Central and Canadian National (Grand Trunk Western), using trackage rights over the Indiana Harbor Belt ("IHB") or CSX's wholly owned subsidiary, the Baltimore & Ohio Chicago Terminal Railway Company ("BOCT"). In fact, one of the concerns we are raising with the STB in our Responsive Application and Comments is the risk that

WCL will lose some of these direct connections or they will be impaired to such an extent that WCL will be unable to adequately serve its shippers or to compete in a number of markets, most particularly in the intermodal market. Virtually all of WCL's business through the Chicago Terminal involves either use of trackage rights over or the services of the three intermediate carriers that operate in the Chicago Terminal -- the Belt Railway Company of Chicago ("BRC"), the IHB and the BOCT.

It is important that the STB understand the role of the intermediate carriers in the Chicago Terminal because, for most regional and short line (and some Class I's), the fair and equitable operation of these carriers is crucial to their ability to compete with other rail carriers, to meet the service requirements of their customers and to compete for business in the highly truck competitive markets in which most of these carriers, including WCL, operate. Switching charges for use of the services of intermediate carriers can often make the difference between a railroad having the business and losing it. Whether the intermediate charge is absorbed by the rail carrier or ultimately passed on to the shipper, the bottom line is the same -- it is a cost of doing business that affects the competitiveness of the carrier and the transportation choices of the shipper.

As the STB well knows, BOCT is a wholly owned subsidiary of CSX. While CSX claims that BOCT operates in the Chicago Terminal as an intermediate switch carrier, it is common knowledge by all who use the services of the BOCT that the BOCT

is a captive carrier to the CSX and serves almost exclusively the needs of CSX. I understand that, until October 16, CSX had refused to provide WCL with data on the BOCT interchange so I am obviously unable to cite to figures that show the volume of non-CSX, non-local BOCT business that passes through BOCT's Barr Yard but I venture to guess that if the STB were to review the data, the volumes of non-CSX/BOCT business are negligible.

The BRC is an intermediate carrier that is owned by several Class I railroad, namely NS, CSX, BNSF, CN(GTW), IC, UP(MP), CP (Soo Line) and Conrail. Currently NS owns 8.33% and has one seat on the Board, CSX owns about 25% and has 3 seats, Conrail owns 16.67% and has 2 seats, BNSF owns 16.68% and has 2 seats and the remaining carriers each own 8.33% and have one seat each. (See CSX/NS-18 at 283) It is my understanding that following the control transaction, NS and CSX will divide Conrail's shares such that NS and CSX will each have twenty-five percent ownership and 3 out of the 12 seats on the Board. By virtue of these arrangements, CSX/NS will clearly be the dominant owners of the BRC. Today the BRC operates a neutral intermediate carrier in the Chicago Terminal. However, the owners clearly have favorable treatment in terms of cost but the dispatching and treatment of traffic through BRC's busy Clearing Yard is generally fair and equitable.

While I understand that data is now being made available, as of the time of this Statement, we have seen none of it. I also understand it will be available only in disaggregated form because CSX contends it has no annual records of BOCT interchange activity. I find this hard to accept coming from a railroad that monthly settles accounts through the interline system on the basis of such data.

Conrail today owns 51% of the IHB and Soo/CP Rail owns the other 49%. The IHB is operated today as a neutral intermediate carrier. Its dispatching and handling of traffic, while at times overwhelming in terms of congestion, is generally fair and equitable. According to my understanding of the handling of Conrail's ownership of the IHB after the transaction, under a Special Agreement between NS and CSX (See CSX/NS-25, Volume 8C of 8, Exhibit FF), CRC (Conrail) will continue to own 51% of the IHB but the CRC will be subject to CSX and NS joint ownership. More relevant, however, to the issue of control of the Chicago Terminal, CSX will be responsible for dispatching everything west of Gibson, Indiana, which means all of the Chicago Switching District and appointing the General Manager of IHB. NS has limited approval rights under the agreement, but it appears the NS' only recourse should it disagree with CSX's operations is to go to binding arbitration. It also appears that the operation of IHB's major Chicago yard at Blue Island is given over exclusively to CSX direction and control. In essence, CSX will be controlling the operations of the IHB in Chicago following the transaction.

The end result is that, following the transaction, CSX will have a dominant control over switching and dispatching in the Chicago Terminal. It already owns BOCT outright, it will control the IHB and no carrier has a larger voice on the BRC. For reasons specified in more detail below and in other Verified Statements submitted herewith, I believe WCL and its shippers have every right to be gravely concerned that CSX's track record

in Chicago indicates that it operates switching services for its own business interests. It is generally expected that a business, when competing with other susinesses, will act out of self interest. But in the case of rail service, that self interest must be restricted by public interest when that carrier accumulates control over a Terminal as crucial to the railroad industry as the Chicago Terminal.

# WCL'S OPERATIONS TODAY

As I have already indicated, the Chicago Terminal is crucial to WCL's operation and its ability to service its shippers. A substantial portion of WCL's business at Chicago is interchanged via the BOCT or the IHB. If after the control transaction is consummated those two carriers are not operated in an efficient and equitable manner. WCL's business is at risk but particularly WCL's interchange with NS and the interchange of former Conrail traffic.

Currently, we interchange virtually all business with CSX at BOCT's Barr Yard, either directly to CSX, as is the case with most unit trains, or via the intermediate service of BOCT, who classifies the cars for CSX. The rail lines of WCL and the BOCT meet at Madison Street in Forest Park, Illinois. WCL operates over the BOCT from Madison Street to BOCT's Barr Yard in Chicago, IL, a distance of approximately 23 miles to deliver and receive traffic interchanged between WCL and CSX or traffic that is delivered or received from shippers located on the lines of the BOCT. WCL also has trackage rights over the northern portion of the BOCT, commonly referred to as the Altenheim Subdivision,

to enable it to have a direct interchange with Conrail, BRC (which then enables a direct interchange with IC and MJ), and the UP at Rockwell Street. The Altenheim Sub extends from Madison Street in Forest Park, IL approximately 10 miles to Rockwell Street, the current location of the interchange between BOCT and UP.

The Altenheim Subdivision is used exclusively by WCL, except (to the best of our knowledge) for five day per week and occasional Saturday use for BOCT switch to local industries on the Subdivision and irregular use by CSX to deliver unit trains to WCL at or near Madison Street. Because the Subdivision is little used by BOCT or CSX, CSX devotes little attention to maintenance on the line. CSX has stated it maintains the Altenheim Subdivision at FRA Class II standards, although the line is virtually restricted to 10 mph operations due to track conditions. (See Attachment 1 hereto). The Subdivision includes a small rail yard of 6 or 7 tracks, known as the 48th Avenue Yard, which is little used by BOCT and is not well maintained. WCL does not have rights to use the 48th Avenue Yard. dispatches the line and, as a result, totally controls WCL's ability to use the line. There is nothing in CSX's Operating Plan that suggests any role for the Altenheim Subdivision in its post-merger plans. Indeed, CSX has not even studied the Altenheim Subdivision as part of its review of Chicago in connection with the merger. It is clear from CSX's treatment of this line over the last 10 years and from CSX's Operating Plan, that the Altenheim Subdivision will only become a viable player

in preserving existing routes and enhancing the efficiency of the Chicago Terminal if it is in the hands of a carrier that is motivated to best utilize the track. (A map depicting the Altenheim Subdivision is attached to our Responsive Application as Exhibit 1D.)

Currently, WCL interchanges traffic with Conrail directly at Conrail's Ashland Avenue Yard via trackage rights over the Altenheim Subdivision. WCL today primarily interchanges traffic with NS directly at NS's Columet Yard via trackage rights over the IHB. Following consummation of the control transaction, the NS Operating Plan shows that Calumet Yard is being essentially eliminated for interchange purposes and its current traffic with WCL, as well as the Conrail traffic then moving on NS, will be interchanged at what is now Conrail's Ashland Avenue Yard. The Conrail traffic diverted to CSX will be interchanged with CSX via either Barr Yard of Blue Island on the IHB. In short, WCL faces the prospect that all of the traffic formerly interchanged with Conrail once its direct interchange with NS will be controlled by CSX terminal operations.

#### WCL'S RESPONSIVE APPLICATION

WCL is seeking to ameliorate the potential anticompetitive post-merger effects of CSX's market dominance in the Chicago Terminal following consummation of the control transaction and to improve the efficiency and capacity in the Chicago Terminal by purchasing the Altenheim Subdivision from CSX at fair market value and by consummating the agreement reached with NS for use and improvement of what is commonly referred to

as Conrail's "Panhandle" Line. WCL is not seeking conditions to protect itself from the traditional concerns in merger cases, i.e., loss of business due to traffic diversion. It seeks conditions that preserve effective access to the national rail system by WCL shippers and that assure their ability to compete in their markets. The conditions sought can be granted at no expense to CSX, NS, Conrail or the overall beneficial and desirable plans in the Primary Application.

# ACQUISITION OF THE ALTENHEIM SUBDIVISION

The benefits of the acquisition of the Altenheim Subdivision are threefold: (1) reduction of CSX's control over the routing of traffic to and from shippers in Wisconsin and the Upper Peninsula of Michigan located on WCL or its affiliates' lines; (2) better and more efficient use of the Subdivision; and (3) elimination of the fictitious intermediate switching charges levied on traffic moving through the Terminal using BOCT. As noted above, following consummation of the control transaction, virtually all of WCL's traffic will be captive to CSX's control, either by virtue of its ownership of BOCT, its control of the IHB or its influence over the BRC. There will be no neutral outlet such as is provided by the IHB today. For ten years, WCL has experienced CSX's dispatching techniques and the status of being subordinate to CSX's priorities for use of the BOCT and particularly Barr Yard. I refer you to the Verified Statement of John Scott for a few examples of this treatment.

CSX has been unresponsive to WCL attempts to have the Altenheim Subdivision upgraded and to improve the dispatching of

the line. This has directly affected our efficiency in use of the Subdivision for direct access to the BRC, Conrail and others. WCL now crawls over the Subdivision at 10 mph and waits CSX dispatching priorities for access off the Subdivision to the BRC or to the UP at Rockwell Street. Although the Altenheim Subdivision has the potential for increased capacity, CSX, because of its extremely limited use of the Subdivision, reduced capacity on the eastern end of the Subdivision by electing to maintain in service only one of the Subdivision's three lines. Two lines are currently not operated. While this may make operating sense to CSX, in my opinion it is a tragic waste of extremely valuable capacity in the Chicago Terminal.

WCL has also experienced firsthand CSX's flexing of its market power dominance in the Chicago Terminal by its successful imposition of BOCT switching charges on traffic WCL deliveries to CSX at Barr Yard. Yet, CSX itself is present in Chicago at Barr Yard for direct interchange and, in fact, conducts such direct interchange when it suites CSX's purposes. It is also my understanding the CSX uses the leverage of the potential imposition of a BOCT switch charge as a means to exact favorable blocking agreements from connecting carriers when it suits CSX's purposes.

Whatever CSX's motivations, the end result for WCL and its shippers has been relatively inefficient service through Barr Yard. One obvious market response for WCL has been to route as much traffic as possible via more efficient, competitive options to CSX. Those two competitive options are usually NS or Conrail,

both options of which will, without actions from the STB, be captive to CSX. Moreover, without the relief sought, both of those options may incur additional costs for BOCT switching charges on traffic that previously was interchanged directly. The prospect is not good for shippers in the Upper Midwest seeking access for their products moving through Chicago to the east and southeast.

If WCL's Responsive Application is approved by the STB, WCL would immediately enter into negotiations with CSX to acquire the Altenheim Subdivision at fair market value. WCL is prepared to consummate the acquisition as soon as that figure is agreed upon by the parties. In the event the parties cannot agree on a price, WCL would return to the STB to resolve the dispute and establish a purchase price. Upon acquisition of the Subdivision, WCL would invest the money necessary to upgrade the line to FRA Class III standards and activate the now unused track capacity on the line. We anticipate that over time volume would increase on the line because we would favor that route over other routes through the Terminal. But we also would make crucial changes that, while requiring substantial investment of capital, would greatly benefit our shippers. One example is the current double stack intermodal business enjoy with the CN and which has potential to grow if we can maintain efficient routing. Today this business operates over the IHB to the Gateway Terminal at Harvey, Illinois on the southside of Chicago. Currently, it could not be routed over the BOCT even if that were a viable rout because there are overhead clearance impediments on the Altenheim

Subdivision. It would be our intention to invest the necessary capital to eliminate the impediments and operate double stack intermodal trains via the Altenheim Subdivision to the CN(GTW) and other potential interchange partners.

We would also begin immediately to upgrade the condition of the 48th Avenue Yard located on the Altenheim Subdivision. One key advantage to obtaining the Yard is to enable WCL trains destined for Barr Yard or other locations to be staged closer to their final destination and not be parked on the main line. While perhaps not a major advantage in the overall perspective of the Chicago Terminal, this should help to relieve congestion and the burden of storing trains in Schiller Park or even further north awaiting clearance from the BOCT to move.

Also a key advantage of our Responsive Application is that WCL would now control dispatching onto and off the crucial interchange with the BRC as well as access to the UP at Rockwell Street. Not being captive to BOCT's or other railroad's dispatching priorities for use of these interchange locations will, in and of itself, improve efficiency in the Terminal. But the ability of WCL to improve service to its shippers in its service territory by the acquisition of the Altenheim Subdivision and the efficiencies and public benefits it brings cannot be understated.

One prime example is the development of intermodal business in the Upper Midwest. Today, I can state unequivocally that the number one impediment to development of intermodal business in our service territory is the congestion and

inefficiencies present in the Chicago Terminal. Intermodal trains can be tied up in the Chicago Terminal for eight to ten hours, if not more. A shipper in the Green Bay, Wisconsin area can load its product on one or more trucks and have the product to or through the Chicago in less time than some of our trains sit in the Terminal area. WCL has been successful in capturing certain intermodal business that travels over long distance, for example intermodal business coming off the Canadian National from the Vancouver, Canada area but we have had troubles making inroads in the shorter haul intermodal market. This is unfortunate and frustrating since, at the same time, we read about Illinois' and Wisconsin's constant battle with the ever busy but deteriorating highway infrastructure between those two states and a national emphasis on intermodal opportunities that help to reduce the expanse of maintaining the nation's roadways.

Another example is our intermodal interchange with NS. Today we interchange intermodal traffic with the NS at Landers via rail (whenever possible) but all too often by truck drayage through Chicago. With a direct interchange at Ashland Avenue, we would simultaneously contribute to reducing the current congestion on the IHB, over which this traffic currently moves if by rail, and contribute to the public interest by taking this business off the highway. Likewise, the CN unit train traffic we presently must route over the IHB to Blue Island, Illinois then over the IC to the CN(GTW) would be routed via the Altenheim Subdivision and the new Panhandle Line route described below to the CN(GTW) Railport facility.

Our Application envisions that CSX, through the BOCT, may want to retain the option to serve local industries on the Subdivision, some of which are jointly served by the BOCT and the BRC. WCL will provide the necessary trackage rights for CSX to do so. No customer would lose direct CSX service as a result of our acquisition of the Altenheim Subdivision. In fact, WCL's investment in the Subdivision will allow enhanced service to those industries. I think it is worthy to note that the CSX Operating Plan and CSX responses to discovery make no mention of any improvements intended by CSX to the Altenheim Subdivision. Although CSX plans to spend \$10 million in the Chicago Terminal, none of it appears scheduled for the Altenheim Subdivision. I can only conclude that CSX plans post-merger to continue to ignore the Altenheim Subdivision.

# PANHANDLE LINE AGREEMENT WITH NS

Ogden Junction (also known as Rockwell Street) on the north to a point near Brighton Park, a distance of approximately three miles. A map showing the Line is attached to our Responsive Application as Exhibit 1D. The right-of-way runs from a point near the BOCT at Ogden Junction to roughly the Brighton Park area. But for one small segment of the Line in the Brighton Park area, the line is unused today. Following the consummation of the control transaction, NS has agreed to lease the Line to WCL and to transfer to WCL such rights as are necessary to enable WCL to interchange traffic directly to NS at the Ashland Avenue yard, which is NS' preferred interchange with WCL. NS will also

extend, to the extent it can, whatever rights are necessary to allow WCL to reconnect with the BOCT for movement to and from Barr Yard and to allow WCL to establish an interchange with CN (GTW) at its Railport facility in Chicago.

Because the Panhandle Line is little used today, WCL will upgrade the Line to FRA Class II standards and rebuild the northern segment of the Line, including appropriate connections. Ultimately, WCL would upgrade the Line to FRA Class III standards. WCL would then be able to exit the BOCT at Ogden Junction and access the NS via the new BNSF connection south of the Ash Street interlocking. We would also interchange with the CN (GTW) via NS. Traffic destined to CSXT at Barr Yard could either remain on the BOCT or, as a bypass route, it could be handled over the Panhandle Line to Brighton Park. At Brighton Park, WCL would re-enter the BOCT. At a minimum, access to the Line will give Wisconsin and Upper Peninsula of Michigan shippers the benefit of an independent rail line, bypassing a congested area of BOCT's route containing interlockings with Conrail, UP, IC, two interlockings with BNSF and current as well as increased traffic on the BOCT resulting from changes in the use of Ashland Avenue.

In addition, however, WCL will add a siding track paralleling the Panhandle Line. This will greatly enhance our ability to stage trains closer to their ultimate destination, provide interchange flexibility, speed up delivery to and from carriers reached via this route, resulting in increased efficiency and added capacity in the Terminal -- all without any

detriment to the public benefits already identified by the Primary Applicants. The benefits of this extra capacity will be enjoyed by more than just WCL. For example, WCL will provide the NS trackage rights on the Line, including use of the siding, which, once again, has the trickle down effect of benefiting the entire Terminal.

### DIRECT INTERCHANGE WITH CSIT

Finally, WCL is seeking as a condition to the approval of the Primary Application that CSXT be obliged to be available in the Chicago Switching District for direct interchange to others carriers without insisting that it can be reached for interchange only through intermediate interchange with the BOCT. I understand that this point has been litigated in the past and that under the factual circumstances prevailing over ten years ago -- when CSXT itself was not present in Chicago and operated none of its own trains in Chicago, it was determined that CSXT would not have to be available for direct interchange and that every carrier reaching CSXT would have to literally move through its wholly owned subsidiary the BOCT.

That, of course, suited CSXT because it allowed CSXT to collect switching charges even in circumstances when BOCT did no intermediate work in connection with the interchange movements (such as is the case with WCL). It also gave CSXT a bargaining lever, unavailable to any other carrier reaching Chicago, to use in demanding blocking and classification services from those carriers in return for reduction or elimination of BOCT charges.

Whatever the conditions in the past, it is clear today and it is beyond any doubt under their Operating Plan, CSXT, as distinct from BOCT, will be present in Chicago as a railroad common carrier in its own right conducting business with its own trains and crews. It will be using trackage rights that it currently has in its own name (over BOCT) and trackage rights that under the Operating Plan it will receive in its own name. Moreover, under the terms of the "Agreement Relating to the Contractual Rights of Ownership Interest of Consolidated Rail Corporation with respect to The Indiana Harbor Belt Railroad Company," it appears that CSXT in its own name, and not that of BOCT, will in fact operate Blue Island Yard, dispatch IHB, appoint its General Manager, and receive other rights. In fact, the overall Operating Plan of CSXT is calculated to move CSXT trains (not BOCT trains) through Chicago more quickly by building blocks at CSXT major yard facilities outside Chicago and moving those CSXT trains into Chicago for direct interchange to receiving carriers at Blue Island Yard, or Barr Yard based on CSXT's judgment of each carrier's train and blocking strategies. In return, the Operating Plan contemplates that western carriers will deliver blocked trains for interchange to CSXT, not BOCT, at Blue Island.

For example, in workpapers regarding eastbound traffic being delivered to CSXT in Chicago, CSXT planners noted "CSX intends to design train service to balance terminal workloads between BOCT's Barr Yard and IHB's Blue Island Yard. Train schedules, routes and blocking schemes will be designed to

expedite traffic through Chicago." (See Appendix B). Clearly CSXT should not be able to, by directing traffic from Blue Island Yard to Barr Yard, claim that the interchange moves from being a direct interchange with CSXT to an interchange with BOCT at Barr and only indirectly to CSXT and thereby impose a BOCT intermediate switch charge on the transaction.

In short, the STB should require that as a condition of its approval, CSXT must be present and available for direct interchange at both Barr Yard and IHB Yard. Only if and when BOCT actually performs switching services that are requested by the carrier interchanging to or from CSXT should BOCT be entitled to an intermediate switching charge. Obviously there are other times when BOCT properly generates a switching charge -- such as when it originates or terminates on line business or the few times it may actually switch a car from one non-CSXT carrier to another non-CSXT carrier. Such activity would not be affected by the requested condition.

Imposing this condition in fact only extends to all CSXT interchange traffic what CSXT is already doing today on certain traffic in Chicago. For example, the WCL has several transportation contracts with CSXT (not BOCT) which provide expressly for the direct interchange of traffic between CSXT and WCL at Barr Yard without any fictitious imposition of a BOCT intermediate switch.

In light of the planned massive presence of CSXT in the Chicago Switching District after the merger, it is time that the

STB require CSXT to declare itself available for direct interchanges.

#### CONCLUSION

In conclusion, I want to emphasize that WCL, by filing its Responsive Application, is not opposing the Primary Application by which CSXT and NS will acquire Conrail. We are seeking discrete, limited conditions designed to mitigate the onerous effects that the transaction will have on shippers from Wisconsin and the Upper Peninsula that rely on WCL's interchanges through the Chicago Terminal. Our ability to continue to provide quality service to our shippers in the upper Midwest will be jeopardized by the implementation of the transaction as currently proposed in the Chicago Terminal. The transaction, without the conditions requested by WCL, eliminates a neutral interchange route, it places untoward control over the Terminal, certainly with respect to WCL's traffic, if not generally, in the hands of one carrier -- CSX. WCL's proposal is procompetitive, it improves efficiency and increases capacity in the Chicago Terminal and it has absolutely no negative impact on CSX's or NS' plans in the Terminal. Simply put, it turns over control of little used track capacity to a carrier that will maximize the use of the capacity to the ultimate benefit of everyone depending on the Chicago Terminal -- shippers, carriers and the general public.

#### CSX TRANSPORTATION CHICAGO SERVICE LANE SEPTEMBER 24, 1997

# CHICAGO DISTRICT GENERAL BULLETIN NO. 302

TO: ALL CONCERNED

SUBJECT: SUBDIVISION ITEMS -- REISSUE BULLETIN EFFECTIVE: 0001 HOURS, MEDNESDAY, OCTOBER 01, 1997

## ALTENHEIM SUBDIVISION \*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

# ITEM 1. SWITCHES SPIKED AND TEMPORARILY REMOVED FROM SERVICE

- 1. BRAN SOFA
- 2. VICTOR GASKET LEAD
- 3. WALKER LEAD
- 4. GRANT WILSON OFF THIRD MAIN
- 5. ALL TRACKS INTO TAYLOR FORGE
- 6. ELECTRO CAST
- 7. BLAKE LEE
- 8. G. P. SULLIVAN
- 9. BOND
- 10. ABELL-HOME AND FARLEY GREENHOUSE
- 11. THIRD MAIN FROM MADISON STREET CROSSOVER TO DESPLAINES AVENUE STANDARD OIL
- 12. SWITCHES ON BOTH ENDS OF TRACK NO. 7 AT 54TH AVENUE YARD
- 13. SWITCH TO MERICAN HETALS AT 46TH AVE.
- 14. J. P. CARTAGE LEAD AT HALSTED STREET

# ITEM 2. TEMPORARY SPEED RESTRICTION

BETWEEN LOCATION/MILEPOST	MPH	
NO. 1 TRACK 0C31.3 AND 0C37.4	10	
NO. 2 TRACK DC32.7 AND DC37.4	10	

# ITEM 3. TRACK OUT OF SERVICE

NO. 2 MAIN TRACK IS OUT OF SERVICE BETWEEN MP OC 29.8 ROCKHELL STREET, AND MP DC 31.9 SPRINGFIELD AVE.

# ITEM 4. RUSTY RAIL CONDITION

RUSTY RAIL CONDITION EXISTS ON NO. 2 TRACK BETWEEN 45TH AVE.. MP DC32.3 TO ROCKHELL ST., MP DC29.8. DUE TO RUSTY RATI CONDITIONS SIGNAL SEE AT MP DC31.5 AND SIGNAL 45E AT MP DC30.8 MAY OR MAY NOT SHUNT PROPERLY.

# ITEM 5. NORMAL POSITION OF MAIN LINE HAND OPERATED SWITCH

THE NORMAL POSITION FOR MAIN LINE HAND OPERATED SWITCH AT MILEPOST DC 30.2 ALTENHEIM SUBDIVISION AND UNION PACIFIC RAILROAD OGDEN JCT. (FACING POINT FOR WESTWARD MOVEMENT) IS CHANGED FROM LINED FOR ALTEMETH SUBDIVISION TO LINED FOR UNION PACIFIC RAILROAD OGDEN JCT. Finance Docket No. 33388 (Sub-No. McCarren Verified Statement

## TOLO ALTENHEMI SUBDIVISION - AL

#### 12.0 METHOD OF OPERATION

#### 12.1 AUTHORITY FOR MOVEMENT

Table 2. Authority for Movement		
Between Location/Mile Post	Rules	
DC29.8 Rockwell Street and DC37.4 Madison Street	D-251 (93)	

#### 13.0 SPEEDS

#### 13.1 MAXIMUM AUTHORIZED SPEED

Table 3. Meximum Authorized Speed	
Between Location/Mile Post	MPH
DC29.8 Rockwell Street and DC37.4 Madison Street	25

#### 13.2 SPEED RESTRICTIONS

Table 4. Speed Restrictions	
Between Location/Mile Post	MPH
No. 1 Track DC29.8 Rockwell Street and DC31.3 Homan Ave.	10
No. 2 Track DC29.8 Rockwell Street and DC32.7 48th Ave.	10
DC31.9 46th Ave. and DC32.7 Laramie Avenue	10
Other than main tracks	10

#### 15.0 INSTRUCTIONS RELATING TO **OPERATING RULES**

#### 15.93 YARD LIMITS

- 1. Trains moving from U.P. to Altenheim Subdivision must secure verbal permission from CSX train dispatcher before entering CSX tracks
- 2. Trains moving from Blue Island Subdivision to Attenheim Subdivision via Single Track must secure verbal permission from CSX train dispatcher before passing 14th Street.
- 3. Trains moving from CNW property to Blue Island subdivision or Altenheim subdivision must secure verbal authority from CSX train dispatcher before entering CSX trackage.

4. Trains moving on Altenheim Subdivision toward Rockwell Street and 14th Street must secure verbal permission from CSX train dispetcher before passing 48th Avenue.



- 5. All trains moving to CSX Altenheim Subdivision will not pass telephone box north of Madison Street without verbal permission from CSX train dispatcher.
- 6. Trains moving on Altenheim Subdivision toward Schiller Park must report clear of CSX Main Tracks to CSX train dispatcher on com-pletion of movement. For Foreign Line movement, the time clear may be relayed through operator at B-12 Tower.

#### 15.104 SWITCHES

#### 1. Hand-Operated Switches

- a) The normal position of switches at Rockwell Street is for movements to and from single track (Blue Island Subdivision). No. 1 Main track (Altenheim Subdivision).
- b) 12th Street crossover switches, previously lined for diverging movement to BRC lead, are now lined for the New Main and Old Main, straight track movement.

#### 15.105 USE OF SPECIFIED TRACKS

1. Train movements between Halsted Street and Rockwell Street will be made on verbal permission of U.P. Wood Street yardmaster and as prescribed by U.P. Rules.

Train crews must call from Halsted Street and/or Rockwell Street for permission to occupy trackage east of Rockwell Street. This permission must be obtained from U.P. yardmaster before proceeding onto U.P.

- 2. East Wye/46th Avenue Trains using East Wye at 46th Avenue must secure permission from the CSX train dispatcher before entering the East Wye.
- 3. West Wye Trains entering West Wye from 48th Avenue either from the Main track or the 48th Avenue Yard will secure permission from the CSX train dispatcher before entering the West Wye.

CSX-15

\*\* TOTAL PAGE.004 \*\*

#### VERIFICATION

State of Illinois )
) SS:
County of Cook )

J. Reilly McCarren, being duly sworn, deposes and says that he is Executive Vice President and Chief Operating Officer of Wisconsin Central Ltd., that he has read the foregoing statement and knows the facts asserted therein, and that the same are true as stated.

OFFICIAL SEAL MARLA L NARUT NOTARY PUBLIC STATE OF ILLINOIS MY COMMISSION EXP. JUNE 22,1998

J. Reilly McCarren

SUBSCRIBED AND SWORN to before me this day of October, 1997.

Notary Fublic

My Commission expires: 6/22/98

# VERIFIED STATEMENT OF WILLIAM R. SCHAUER

My name is William R. Schauer. I am Vice-President Marketing for Wisconsin Central Ltd. ("WCL"). I am also Vice-President Marketing for Fox Valley & Western Ltd. ("FVW"), Sault Ste. Marie Bridge Company ("SSMB") and Algoma Central Railway Inc. ("ACRI"). I joined WCL in 1987, when it first began operations, as Assistant Vice-President of Marketing and assumed the position of Vice-President in 1988. Prior to 1987, I served as General Marketing Manager for the Chicago and North Western Transportation Company from 1985 to 1987, and from 1963 to 1985, I was employed by the Chicago, Milwaukee, St. Paul & Pacific Railroad Company in various positions, most recently as Director of Marketing and Pricing. In sum, my entire career has been in the employ of railroads that have operated in and through the Chicago Switching District.

Since start up in 1987, WCL's marketing philosophy has been geared toward growth through customer service. We have viewed ourselves as partners with each of our customers and have designed the Marketing Department to identify and quickly respond to customer needs and opportunities. We view it as our obligation to protect and enhance our customers' competitiveness in their market as much as we can by providing viable, reliable transportation service.

WCL went into business on October 11, 1987 inheriting a system with annualized volume and revenue of about 139,000 units and \$95 million. At that time approximately two-thirds of our business was related to the paper industry. Paper mills in the state of Wisconsin produce more paper goods than are produced in any other state of the union with annual production of generally about 15% of all paper products produced in the United States. The

Wisconsin paper industry extensively uses rail transport for its raw material and distribution of its finished goods.

By offering a desirable transportation value through providing high quality equipment and consistent transportation at competitive prices, WCL's business has grown substantially nearly every year of operation. In addition, in 1991, WCL purchased the rail assets of both the then Chicago and North Western and the Soo Line Railroad rail lines which connected our property to the rail gateway of Duluth, Minnesota/Superior, Wisconsin. In 1993, our affiliate, the Fox Valley & Western Ltd., acquired the rail assets of the Fox River Valley Railroad and Green Bay and Western Railroad, adding additional paper mills, grain and aggregate customers. In 1995, we added Algoma Central Railway Inc. to the system, which connects with our affiliate Sault Ste. Marie Bridge Company ("SSMB") at Sault Ste. Marie, Ontario. Via the ACRI, we serve another paper mill, a steel mill and numerous forest products customers. Most recently, in 1997, we added three properties from the Union Pacific Railroad to our system, the largest of which was acquired by SSMB, once again, adding service to additional paper mills and iron ore mines. Through 1996, the business on our original property has about doubled. When included with acquisitions by affiliate companies, our revenue has grown 280% and our volume has increased by 335%.

A view of our System Map (See Exhibit 1A attached to WCL's Responsive Application) shows that the Wisconsin Central rail system now operates over 3,000 miles of rail lines located in Illinois, Michigan, Minnesota, Wisconsin and the province of Ontario. Our entire system functions much like an extended terminal pick up and delivery carrier, with 82% of our volume being interchanged with other railroads. Approximately 60% of our total volume either originates at, terminates at or flows through Chicago. We have a love-hate relationship with the

Chicago Terminal. Without access to it, WCL would not be able to provide the services we do for our system customers and consequently would not be what we are today. On the other hand, operation in the Terminal is the most frustrating to us of all the terminals in which we operate because we are at the mercy of other railroads and the infamous perpetual congestion that plagues Chicago.

As an aside, in 1996, WCL interchanged over 200,000 carloads at the Chicago gateway. This could equate to 600,000 truckloads, or approximately 2,000 truckloads per day, which would otherwise flow through Chicago and Wisconsin, primarily over highways in northern Illinois and Southeastern Wisconsin, an area that has been designated by the Environmental Protection Agency as an environmental non-attainment zone. Not only would this further contribute to an already significant air quality control problem but it would heighten the congestion on the busy highway corridor between Wisconsin and Chicago.

Still today more than 50% of our traffic is moved on behalf of the paper industry. Commodities moved by WCL and its affiliates for the paper industry include: wood fibers, woodpulp, pulpboard, paper, coal, clay and chemicals. In addition, we handle large volumes of intermodal, recyclables, metal products, forest products, food and grain. Basically we handle products from every commodity group, all car types, service modes, single car shipments, unit train shipments and mini-train shipments.

While we consider the best accolade from our customers to be the award of additional business, we are proud to report that the WCL and its affiliates have won many noteworthy quality awards, including:

Distribution Magazine - Annual Quality Carrier Award (9 times)

Railway Age Magazine Regional Railroad of the Year

The Belt Railway of Chicago - The Stickney Award

Consolidated Papers Inc. Quality Carrier Award

Mead Publishing Paper Division Service Excellence

Tenneco Packaging Carrier Appreciation

Appleton Paper Customer Award

To accommodate growth and to continue to provide high quality equipment and service, we have reinvested heavily in our rail equipment and property. By the end of 1997, we will have reinvested approximately \$400 million in our system. While this absolute dollar figure may not be as large as the dollar figures quoted in the Primary Application, dealing with a multi-billion dollar merger, it does represent a greater proportion of WC's revenues invested in its operating territory than is the industry norm.

As I stated before, the Wisconsin Central rail system operates as a large pick up and delivery/feeder line carrier for the national rail system. Our operations are organized into a hub and spoke system. The hubs are our classification yards in central Wisconsin (primarily Stevens Point, Green Bay, Fond Du Lac) while the spokes serve customers in the region and reach our connections at the system's territorial gateways, the largest of which is Chicago.

It is an understatement to say that Chicago is an absolutely essential hub to the nation's intricate rail network as well as to WCL and its shippers. It is a hub which operates on a delicate balance of capacity and volume. On a good day, tens of thousands of freight cars go through the terminal — a bad day, Chicago can become hopelessly congested virtually overnight due to weather, track work, traffic surges or derailments, to name a few causes. These situations happen today when control of the hub is spread over several independent competing

intermediate switching carriers. It is also important to note that what makes the terminal work is not only the services of the intermediate switch carriers that connect line haul carriers but also the extensive use of trackage rights over both intermediate switching carriers and line haul carriers to enable direct connections between carriers. If the Chicago Terminal is to function in the public interest, a system of obligatory neutral dispatch is necessary.

Given the proportion of traffic that the WCL interchanges at Chicago on behalf of its customers, Chicago is the lifeline for our entire system and the territory we serve. The WCL and its customers are seriously concerned over what could happen with the consolidation of control over the Chicago Terminal in the hands of one carrier - CSX. If this transaction is approved by the STB as is, CSX effectively will have operating control over both the BOCT and the IHB, the same two carriers that provide WCL virtually its only access to the Chicago Terminal via trackage rights or as intermediate carriers.

Such a charge will place CSX in virtual control of our connections to the NS, who is portrayed as the competitive alternative to the CSX after this transaction is complete. At the present time, WCL has direct, unrestricted access to NS at Chicago, putting competition between the NS and CSX on an equal level as far as interchange in the Chicago Terminal is concerned. We have the same access and competitiveness with Conrail today. To put this in context, in 1996 WCL interchanged in Chicago approximately 24,873 cars with NS, 24,748 cars with Conrail and 41,790 with CSX. Our customers regularly benefit by this competition which has been wide spread. To illustrate I will cite three current examples.

## Paper and Kaolin Clay

Both the NS and CSX originate paper products and kaolin clay and compete for delivery of these products to the WC system territory. In 1996, WCL received in interchange through Chicago nearly 15,000 carloads of these products from NS and CSX, as well as another 3500 carloads from Conrail. The NS has sought to gain a competitive advantage by creating an expedited northbound train dedicated to paper and clay. This train gathers products from several origins and builds a trainload volume for Chicago and north into Wisconsin. It is then handled as a unit train to Chicago where we receive it at Calumet Yard using trackage rights over IHB and move it through to Fond Du Lac, Wisconsin, where we distribute the shipments throughout our territory. This service gives NS a quicker delivery to Wisconsin and, therefore, an advantage over the CSX. The fact that the NS and WCL have a direct unrestricted interchange to one another in Chicago is an obvious key to this service and a major benefit to one of the largest paper producing areas in the country. If the proposed Chicago Operating Plan is approved without condition, particularly the IHB management plan (Vol. 8C, Exhibit FF), the WCL access to the NS will be controlled by CSX and the type of service I described above will be in jeopardy.

## Coal

Over one million tons of coal come into the WC territory by water annually. It arrives by both lake vessel and river barges. WCL has sought for some time to participate in this traffic by a variety of means over the years. In 1997, we were finally successful in putting together transportation price and service packages that would allow for all rail, unit train delivery to Green Bay, Wisconsin, replacing water-borne coal from the east. In trying to meet the customer requirements for this business, we worked with both CSX and NS. They were both interested in the business and submitted competing proposals. Eventually, the NS won out. Once

again, this was a situation where service -- unit train service in this case -- was critical and the direct interchange between the WCL and NS worked to NS' advantage. Under the CSX Operating Plan which allows it control of both the BOCT and the IHB in the Chicago Terminal, CSX will also be in control of service between WCL and CSX's competitor, the NS. In essence this control of access -- and thus service -- becomes control over competition. In the case of coal, the result may very well be to drive the product from rail altogether and back to water.

## Woodpulp

A critical raw material for Wisconsin paper makers is woodpulp. In 1996, WCL received in interchange at Chicago 11,610 carloads of woodpulp destined to WC system customers. Of that, 2370 carloads came from Conrail, 2505 came from CSX and 1324 came from NS.

There is on-going, head-to-head competition between NS and CSX for pulp coming from the southeast -- Coosa Pines, Alabama for example -- at a 1,000 carload volume annually. This traffic has been very competitive and, in my mind, the level of competitiveness has been supported by the unrestricted interchanges with WCL at Chicago. Once again, we fear that the balanced ability to compete will be jeopardized by the control CSX will have over the ability for WCL and NS to interchange traffic directly, efficiently and effectively in Chicago.

Our general experience in working with CSX over the last ten years has been that WCL and its customers have been subordinate to CSX's narrow priorities -- and that is before CSX controls all the alternatives. The switching disputes at Chicago between WCL and CSX are a matter of public record. WCL, in seeking the most efficient rail service to its customers, had arranged an interchange agreement with CSX whereby WCL would both deliver our trains to CSX at Barr Yard and pull CSX's business interchange to WCL from Barr Yard (work normally

done by the delivering carrier). V. CL believed this constituted a direct interchange with CSX to which no BOCT intermediate switching charges applied. CSX and BOCT disagreed and to date their view has prevailed in litigation. We are very concerned that after the merger as our Conrail interchange goes in part to CSX, and CSX managing the Blue Island yard will direct routing to interchange on other traffic, WCL may find even a greater volume of traffic subject to BOCT charges. Given the massive presence of CSX operations in its own name in Chicago, we trust the STB will condition control on the obvious --CSX is now present in Chicago and must accept direct interchange in its own name.

WCL currently interchanges (and has for some time) more than 80 cars per day at Barr Yard, and about 80 a day at Blue Island. We note that in CSX's work papers, they suggest the combined traffic would warrant blocking. But would the blocks be delivered to Barr Yard and WCL charged a BOCT switch charge? Or would the operation constitute a direct interchange to CSX, eliminating the fiction of BOCT as an intermediate in this case. Based on past experience with CSX's management of their BOCT and CSX operations in Chicago, WCL and its customers run the risk of becoming second class citizens at Barr Yard subject to the leverage of BOCT being forcibly interposed between WCL and CSX. The concern is multiplied throughout the Chicago Terminal since our access to the national rail system is and will be even more relegated to the domination of the CSX.

Since WCL and its affiliates revived rail services in our territory when the Class I's general intent was largely to abandon quality service in this area and also because we have taken a customer oriented approach to business, we have always enjoyed extraordinary support from our customers. Because of the intricacies of rail operations in the Chicago Terminal, our customers may not always be able to speak in detail about how their service will be affected but they

certainly understand in principle that placing their access to the nation's rail network at their largest gateway under the substantial control of one carrier who's interests are not geared to them or to their service territory is not a desirable position. Service is key to our customer support and unfettered access to and through the Chicago Terminal is key to our service. Thus, we have good reason to fear the CSX's control of WCL's access to the Chicago Terminal will denigrate our ability to service our customers and, of course, impede their ability to compete in their respective markets.

Since news of this transaction first became public, the STB has been making efforts to preserve competition by giving the Primary Applicants guidance as to what it would like to see in the Applicants' proposal to protect and foster competition. The STB has not as yet addressed or communicated to the Applicants any concern about the loss of competition to the shipping public created by the concentration of control of the Chicago Terminal. The WCL is filing a Responsive Application in this matter with two goals. First, we seek to maintain our current competitive routing through the Chicago Terminal. Second, we seek to create much needed additional capacity within the Terminal. We are not trying to protect against diversion nor are we attempting to shield our traffic from competition. On the contrary, the conditions we seek will help support the STB's goals of assuring that post control conditions provide equal competitive footing for NS and CSX in the Chicago Terminal. In addition, the benefit of the additional capacity options in WCL's Application will accrue to all users of the Chicago Terminal in helping alleviate chronic congestion.

The rail industry has come through decades of downsizing with the result that there is insufficient capacity to handle today's level of volume which is readily apparent in all of our industry's trade journals at this very moment. In the 10 years ending 1995 (the Base Year in

these proceedings), miles of track operated by Class I railroads has decreased by about 25%; Class I cars in service have declined by 30%; employment has declined by 37%. Yet over this same period, revenue ton miles have increased by almost 50%; carloadings originated increased 22%. In short, Class I's are operating much more efficiently, moving far greater volume of freight with fewer people, less equipment over fewer miles of track. But in some areas, including the Chicago Switching District, capacity strain is showing. Until recently, rail capacity had not been a factor in the STB's approval of rail mergers. However, Union Pacific's difficulties in the west, and terminal problems in Houston, indicate the STB cannot ign re the potential for this merger to compound already existing capacity problems in the nation's largest rail hub. It must give serious consideration to proposals such as that presented by WCL to increase capacity and maintain competitive balance.

The WCL's Responsive Application satisfies all of the STB's criteria for approving the Primary Application and indeed complements the Primary Application. It will not reduce any of the benefits which the Primary Applicants seek. It will maintain existing competitive routing and create additional capacity for rail shippers.

#### VERIFICATION

State of Illinois )
) SS:
County of Cook )

William R. Schauer, being duly sworn, deposes and says that he is Vice President - Marketing of Wisconsin Central Ltd., that he has read the foregoing statement and knows the facts asserted therein, and that the same are true as stated.

William R. Schauer

SUBSCRIBED AND SWORN to before me this 17+2 day of October, 1997.

Jones Markines Notary Public

My Commission expires:

"OFFICIAL SEAL"
GENISE MARTINEZ
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 07/21/01

## JOHN F. SCOTT VERIFIED STATEMENT

My name is John F. Scott. I am Terminal Superintendent for Wisconsin Central Ltd. ("WCL") at its Schiller Park Yard in Schiller Park, IL. I joined WCL in October of 1995.

Prior to that I worked in the Operating Department of the Union Pacific Railroad ("UP")

(formerly Chicago and North Western Transportation Company) ("CNW") since 1973 exclusively in the Chicago Area. From 1987 to 1995, I was Assistant Terminal Manager operations for both intermodal and freight based out of Proviso yard and the Global One and Global Two terminals.

I am very familiar with the operations and relationships between the many railroads operating into and through the Chicago Terminal. For any carrier to operate efficiently in Chicago, they must be able to gain access to the various routes needed to interchange. If access is denied for any reason, it severely hampers the carrier's ability to serve its customers and to provide a competitive alternative for the shipping community.

Since joining WCL, I have seen first hand how limits on the ability to gain access into the Chicago Terminal to affect interchange has negatively impacted our shippers. By our position as a "little fish in a big pond," most particularly in our day to day dealings with CSX, we are at a disadvantage. At CNW, we had our problems with CSX but at least our sizable presence in the Terminal allowed us some leverage against CSX. WCL as a regional railroad without significant facilities in Chicago, does not enjoy the same leverage.

In short, our day to day operations have been less than consistent because of being "locked out" of efficient access. It has been one of the most frustrating experiences to both myself and the WCL because we pride ourselves in providing a high standard of customer service. We take very seriously our commitments to our customers and our train and engine

Railroad ("IHB") and Baltimore and Ohio Terminal Railroad Company ("BOCT") for hours at a time without being able to access those lines, we are straining relationships with our customers and our employees. We simply have very little or no control of our operations south of Schiller Park. We are constantly told our trains can't move due to "traffic." The truth of the matter is that, most often, our trains are not being moved in a timely fashion due to the preoccupation of the larger railroads with their own interests and the fact that our trains are given a very low priority by those in control of the traffic flows in and through Chicago. There is a sad but true saying among many of our train and engine crews that "WCL" in the Chicago Terminal means "We Come Last." I have come to the unfortunate realization that there is a lot of truth to that statement.

In some cases, the problem at the IHB and the BOCT is the same -- congestion and who comes first on the priority list. But there are key differences between the two, most particularly at the northern most points of access on the two railroads. The IHB is faced with near maximum capacity on its whole system, including the northern end that services the CP, UP and WCL. The north end of the IHB literally becomes a parking lot for CP trains waiting to enter Bensenville. As such, the IHB frequently refuses to let WCL trains on the railroad until the congestion is relieved. Also, the very busy IHB Norpaul Yard is located at this same extreme north end of the IHB system.

The CSX, the other hand, has virtually an empty railroad at its northern end -- the Altenheim Subdivision. Yet, the WCL is unable to gain the access it needs on a consistent basis. Perhaps in CSX's mind, because the Altenheim Subdivision is at the northern most end of its line and of little operational concern to them, or perhaps because the CSX has a much greater volume

of traffic and congestion on its other subdivisions, they simply do not have the time to dispatch the Altenheim Subdivision with the attention that WCL operations require. The operation over the Altenheim Subdivision has little, if any, effect on the CSX. Therefore, when our trains are not handled properly, only the WCL and its customers are adversely affected.

Our access to the Chicago Terminal via the CSX's BOCT line is the most frustrating. There have been so many occurrences demonstrating this problem that I could not recount them all. There have been dozens upon dozens of times when a WCL eastbound train would pull up to the entrance of the Altenheim Subdivision at Madison St. in Forest Park only to sit for an hour or more trying in vain just to contact the CSX dispatcher by phone and radio. I have lost track of the number of times we have been held at Madison Street because the CSX claimed its crews were working an industry job somewhere on the Subdivision and we had to wait for them to "clear." The fact is there is double track between Madison St. and 46th Ave., plus a six track yard at 48th Ave. in which to meet and pass trains, so clearance should not be a major problem. But if we even attempt to question or offer a suggestion in order to expedite our train movement, we are told to stay out of their business and to stop trying to dispatch their territory.

I have personally talked with CSX's dispatchers and time and time again have received a response which conveyed a negative and arrogant attitude towards us. For example, there have been times when CSX will run a westbound unit train for delivery to WCL moving to Madison Sc. or Central Ave. and simply not notify us about it and then forget to tell the next dispatcher coming on duty about it. We discover the train when we come up to it on an opposing movement or pull up behind it with no place to get around it!

These are typical of the many incidents involving mishandling; and delay to our trains on the Altenheim Sub. A recent occurrence best summarizes CSX total lack of concern for

WCL or its shippers (and bear in mind we deliver between 80 and 100 cars a day to CSX at Barr Yard). Thursday morning, October 16, 1997, our eastbound CSX train with 72 cars had been ordered for 1800 hours Central Time, October 15, 1997, at Fond di Lac, Wisconsin about 140 miles north of Chicago. The train had arrived at Schiller Park, IL and was ready to depart to the CSX at 0250 on October 16, 1997. With 3 hours and 10 minutes left of working time, the original Fond du Lac inbound crew had enough time to deliver the train to Barr Yard if WCL's train were given any priority at all. However, due to the typical operational congestion on the CSX and their general treatment of our trains, the train progressed only as far as 51st St. on the BOCT. We relieved the Fond du Lac crew with a fresh crew ordered at 0430 that morning. The crew was cabbed directly to train, which was now already on CSX track and no more than an hour away from its destination at Barr Yard! That crew then was held at a stand still several hours while other trains moved around them.

The problem worsened. At 11:00 a.m., our crew was at 51st St. still waiting to be moved. The crew had been on the train now for almost six hours without turning a wheel. The operator at the 75th St. interlocking had a chance to advance our train and attempted to do so but was quickly told to hold our train so an NS track gang could do "a little work" at the 75th St. interlocking for about 15 minutes or so. The operator indicated to the CSX dispatcher that he would like to get our train over the interlocking first. It would only take about 20 minutes for us to clear and be on our way. He was again told by CSX to hold us back. After the NS was given access to the interlocking they, the NS maintenance crew, spiked the split derails open and announced that they would now need the plant for 4 hours or more.

The 75th St. interlocking operator once again called to CSX, explained the situation and asked for just 20 minutes to get our train across. He was ordered by someone on

the CSX to stand down and let the NS have the plant. Our crew sat on the train for the rest of their hours of service waiting for a chance to advance. It never arrived. I personally talked with the 75th St. operator to see when we might be able to advance our train. I did not want to pull our crew off fearing that the moment we did the NS would give the track back. I was dead wrong! The crew expired on that train without ever moving an inch. By the time they arrived back at Schiller Park and tied up, it was 1730 hours. The crew sat a total of 13 hours for absolutely nothing!

But, this is not the end. I called the CSX to ask them how this could happen. The trainmaster on duty at the time stated to me that the thought our train was already at Barr Yard! He had no information about what had transpired with our two crews or that train. He was never told anything about it by the day shift and was unaware that our train had been sitting on his main line for what now was over 14 hours. He indicated to me that he had no crews available to move the train and asked whether WCL could please help him out of a jam by sending yet a third crew to advance the train. I was tempted to say no but I knew I had another train enroute from Ford du Lac and that we would be flatly refused entry to the Altenheim Subdivision until the train was cleared, not to mention other traffic that needed to be moved over the Subdivision. So I agreed to "help." I redirected a crew on another job to the train and it finally was delivered to Barr Yard at 2100 hours on Thursday, October 16, 1997, 27 hours after it left Fond du Lac!

In my opinion, CSX's treatment of our crews and our customers' traffic on that train is just plain wrong and should not be permitted. That sort of treatment completely demoralizes our crews and further illustrates lack of priority we receive the CSX on a regular basis. While this example is more extreme than many, it demonstrates what happens when a large

carrier has so many other, differing priorities -- it can "lose" a 72 car train on its Chicago trackage less than one hour outside its main yard!

I want to make clear that I do not mean to suggest that CSX's treatment of WCL is the result of any one person or persons with a vendetta towards the WCL. In fact there are many fine dispatchers and trainmasters working for CSX in Chicago. But with the enormous amounts of business CSX handles, the WCL gets put on the shelf and becomes a second class citizen when compared to CSX's own traffic. Even on the Altenheim Subdivision, where CSX does not run regular trains other than an intermittent unit train or its 5 day industry job, WCL simply is not a priority. CSX has no incentive to upgrade the Subdivision nor to dispatch it with any urgency. The WCL and its customers suffer because of this.

immediate positive results. We would upgrade dispatching the line with the high standards of customer service that is our trademark. This would eliminate the burden to CSX of having to dispatch this line, and would free them to improve their operations elsewhere in Chicago. It would improve transit times for our trains, as well as those of the CSX, as we would give all traffic on that line the urgency and attention it needs. Ownership of the little used Altenheim Subdivision would enhance our ability to stage trains and increase the flow of traffic into and out of the Chicago Terminal to everyone's benefit. It could help also to alleviate the congestion on the IHB since we would have the ability to route trains away from the IHB and onto an improved Altenheim route. None of this would be a threat to the service or traffic of any other carrier. We simply are asking to establish the ability to serve our customers in and out of Chicago in an efficient and fair manner.

Further, I understand the post-merger operating plans call for CSX to have control of the management and dispatch of IHB and that conceivably CSX will want to interchange traffic with WCL at Blue Island Yard. This concerns me based on my experience with their handling of dispatching of BOCT and terminal operations at Barr Yard, which has proven to be detrimental to WCL and its shippers. While WCL's problems with CSX have been particularly troublesome, given the importance of the Altenheim Subdivision to WCL, I am aware from my years of experience in the Chicago Terminal that these problems are not unique to the WCL. As such, I fear that, post-merger, the operations of the IHB and at Blue Island, if under the control of CSX, could become another nightmare for WCL and its shippers, and possibly for other carriers in the Terminal. I would strongly urge the STB to consider some method to assure that the IHB, as one of the key intermediate routes through Chicago not now under CSX's control, be fairly and equitably organized and dispatched to maximize the overall efficiency of the Terminal, not just the operations of one carrier.

The situation in Chicago is not getting any better, especially with the increased traffic flows and the present problems on the UP. After the CSX-NS-CR merger occurs, the STB will have established routings well into the future. WCL is asking that these routings protect its shippers' right to fairly access the national rail network through Chicago interchange.

## VERIFICATION

STATE OF ILLINOIS	)	
	)	SS:
COUNTY OF COOK	)	

JOHN F. SCOTT, being duly sworn, deposes and says that he is Superintendent Schiller Park Yard, that he has read the foregoing statement, knows the facts asserted therein, and that the same are true as stated.

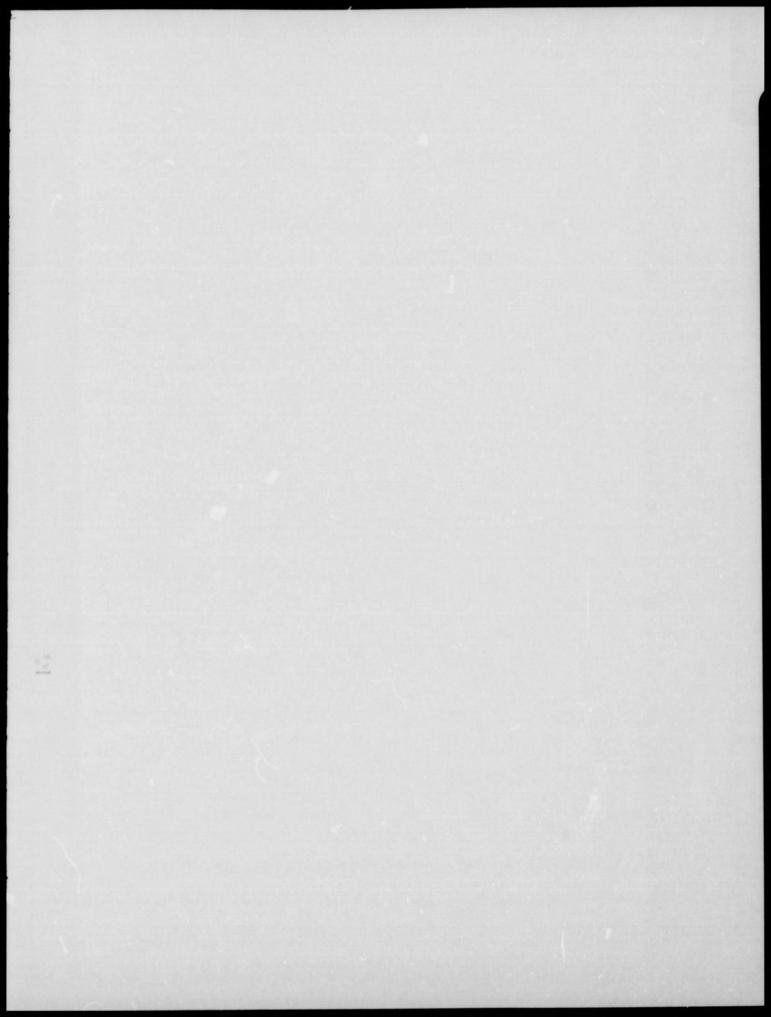
John F. Scott

SUBSCRIBED AND SWORN TO before me this day of October, 1997.

Notary Public

My Commission Expires:

"OFFICIAL SEAL"
GENISE MARTINEZ
NOTARY PUBLIC, STATE OF ELINOIS
MY COMMISSION EXPIRES 07/21/01



# APPENDIX A

# SHIPPER STATEMENTS

Shipper	Representative
A. E. Staley Manufacturing Co.	Lynn A. Hiser
Appleton Papers, Inc.	Daniel F. Regal
Badger Paper Mills, Inc.	Alan R. Steffen
Burlington Consumers Cooperative	Phil Yakish
Consolidated Papers	Duane Mayer
Continental Nitrogen Resources	Ronald Fiereck
Fort James Corp.	Tommie A. Turner
General Alum & Chemical Corporation	William Dedrick
Globe Building Materials, Inc.	John Dombrow
Grain Processing Corp.	Robert J. Willis
Kaytee Products, Inc.	Jim Roberts
Kimberly-Clark Corporation	Jerome L. Blankenship
MacMillan Bloedel Ltd.	Timothy G. Smith
Mead Paper	Kathy Krebs
Olsen's Mill, Inc.	Paul Olsen
Public Service Corp.	John L. Waltman
Quad/Graphics	Don Terkel

Aral Eaton

Sadoff Iron & Metal Co.

Samuels Recycling Co.

Tolko Industries, Ltd.

Tomorrow Valley Coop

Wisconsin Tissue

WRR Environmental Services Co., Inc.

Tom Hale

Alex Wallace

John A. Every

Jim Faust

Bruce Heath



A.E. STALEY MANUFACTURING COMPANY 2200 E. ELDORADO STREET DECATUR ILLINOIS 62525 TELEPHONE 217/623 4411

October 20, 1992

かんかくないれた

Mr. Vernon A. Williams Secretary Surface Transportation Board 1925 K Street NW Washington, D.C. 20423-0001

Re: Finance Docket No. 33388; CSX Corporation and CSX Transportation, Inc., Norfolk Southern Railway Company - Control and Opporation Leases/Agreements - Conrail Inc. and Consulidated Rail Corporation

## Statement in Support of Application

Dear Mr. Williams:

I am the Director, Rail Transportation of A.E. Staley Manufacturing Company, and have held that position for over three years. The Staley Rail Transportation group is responsible for the annual movement of over 30,000 railcar loads of raw agricultural commodities and processed build food and industrial ingredients.

A. E. Staley Manufacturing Company is a major com religio with processing plants in Illinois, Indiana, and Tennessee. These familities are served by the NS, CSXT, Conrail, and iC railroads. We transport products in covered hopper cars, tankcars, and boxcars to locations throughout North America.

A.E. Staley Manufacturing Company supports the application of the CSX Corporation and CSX Transportation, Inc., and Norfolk Southern Corporation and Norfolk Southern Railway Company, to acquire control of Conrail, Inc. and Consolidated Rail Corporation. While supportive of the application, we have concerns about the potential for disruption of service when the operations of Conrail are ultimately divided between the applicants. We urge the acquiring carriers to develop a sound operating plan before integrating the Conrail lines into their respective operations should approval of their application be granted by the STB.

On a regional matter, we are concerned about the effect of the CSX's proposed control and administration of the IHB on the vital neutral switching services that the IHB now provides in the Chicago Switching District. We are concerned about the future for fair, equitable, and prompt dispatching of trains and switching of customers in the Chicago area. We ask that the Board consider conditions that would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of the CSX.

Control of the second s

Respectfully,

Lynn A Hiser

Director, Rail Transportation



APPLICTON PAPERS INC.
EDS IL WISCONSIN AVE.
P.O. BOX 359
APPLICTON, WISCONSIN \$4912-0359

920-991-8338 920-991-8703 FAX

Office or Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 26423

Re: Finance Docket No. 31388

Dear Mr. Socretary:

I am Daniel F. Regal, Director of Distribution and Transportation for Appleton Papers, Inc. Appleton Papers is a manufacturer of high quality paper products and moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to ours and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the Indiana Harbor Belt (IHB) on the vital and neutral switching services that the IHB now provides. CSXT will dispatch and manage the IHB and, as our understanding of the CSXT/NS application, will utilize said terminal railroad to largely accommodate and service CSXT's own line-haul traffic to and from Chicago. It is understood that CSXT currently owns the Baltimore & Ohio Terminal Railway Company (BOCT) and will be the largest shareholder of the Belt Railway Company with approximately 33% ownership.

The Chicago Switching District is both an extremely important and extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of our company's traffic, not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish svailable rail capacity serving this role. With CSXT recking to utilize the IHB for it's own self-serving purposes, we are concerned about the charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

It is our understanding that the Wisconsin Central Ltd. (WCL) has proposed the acquisition and operation of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that the WCL would invest in improving the aftermentioned routes. Appleton Papers, Inc. strongly supports these sales as a condition of approval for the CKST and NS acquisition of Conrail. Each will mitigate the impact of CSXT demination of switching and serve to preserve and increase critical rail capacity in the Switching District.

Appleton Papers, Inc. also believes the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSXT.

Appleton Papers strongly urge you to take these facts and comments into consideration in the deliberation of this very important is use.

Sincerely

Daniel F. Regal

Director Distribution and Transportation





October 20, 1997

Office Secretary
Case Control Unit
Surface Transportation Board
1925 K. Street NW
Washington, D.C. 20423

RE: Finance Docket No. 33388

Dear Mr. Secretary:

I am Alan R. Steffen, the Corporate Traffic Manager for Badger Paper Mills, Inc. Badger Paper Mills is a paper company which moves traffic in and through the Chicago Switching District.

We are concerned about the potential competitive ramifications within the rail industry should CSX Transportation, Inc. gain control and ownership of Conrail rights and assets as proposed. Of particular concern is the effect of CSXT's proposed control and administration of the IHB. With CSXT seeking to utilize the services of IHB for its own benefit, we wonder what the intermediate switching charges to other competitive railroads will be. Equitable and prompt dispatching of trains and switching of customers must continue.

The Wisconsin Central Ltd. has proposed buying and operating a portion of BOCT trackage named the Altenheim Subdivision and a portion of Conrail trackage know as the Panhandle Line. WCL has committed to improving these routes. Badger Paper Mills, Inc. supports the WCL in this endeavor.

We urge you to take these facts and comments into consideration when deliberating this very important issue.

Sincerely.

Alan R. Steffen

Corporate Traffic Manager

OGER PAPER MILLS, INC.

ARS:hjm



MAIN OFFICE 400 N. Dodge St. PO Box 220 Burlington, WI 53:05-02. 7 Phone: (414) 767-2000 Fax: (414) 767-2005

October 16, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N. W.
Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary.

I am Phil Yaktsh, the General Manager for Burlington Consumers Co-op. Burlington Consumers Co-op is a Farmer owned Cooperative Grain Marketer which moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential remifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Con-all rights and essets as proposed. We are particularly concerned about the effect of CSXT's own line-haul traffic to and from Chicago. We are particularly concerned about the effect of CSXT's proposed control and administration of the !HB on the vital neutral switching services the IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic—not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity with seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact an charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is the it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of contrall trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strengly support these sales as a condition to approval of CSX and NS acquisition of Contrall. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure the IHB operations and facilities are dispatched in a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of the very important issue.

Sincerely,

Phil Yakish

the other office

# CONSOLIDATED PAPERS, INC.

P.O. BOX 8050, WISCONSIN RAPIDS, WI 54495-8060 PHONE: (715) 422-3111

October 17, 1997

Office of the Secretary Case Control Unit Surface Transportation Board 1925 K Street, N.W. Washington, DC 20423

Dear Mr. Secretary:

Re: Finance Docket No. 33388

I am Duane Mayer, the Director of Transportation for Consolidated Papers, Inc. Consolidated Papers, Inc. is a manufacture of printing paper which moves traffic in and through the Chicago Switching District.

Our concern deals with the potential ramifications to Consolidated Papers should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed, and the resulting effect on the control and administration of the IHB. The IHB presently exercises a vital neutral switching service. As we understand, the CSXT/NS application provides for CSXT dispatch and management of the IHB and will utilize the IHB largely to accommodate an secure CSXT's own line-haul traffic to and from Chicago. In addition, we understand the CSXT already owns the Baltimore and Ohio Terminal Railway (BOCT) and will be the largest shareholder in The Belt Railway Company.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis as vital for the movement of my company's traffic. We believe the CSXT's potential domination of terminal switching capacity could seriously diminish available rail capacity serving this role. We also are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching for our paper customers.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand the WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX potential domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

October 17, 1997

27. No 5 35

Office of Secretary Page 2.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

CONSOLIDATED PAPERS, INC.

Duane Mayer

Director of Transportation

dg

# CONTINENTAL NITROGEN & ... RESOURCES COMPORATION

12955 COURTHOUSE BLVD - 2050MOUNT, MN 55068 PHONE 612/437-3101 - FAX: 612/437-4136

October 17, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am Ronald Fiereck, the Director of Transportation, for Continental Nitrogen and Resources Corporation (CNR). CNR manufactures and distributes fertilizer and chemicals which moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services the IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic — not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

Surface Transportation Board October 17, 1997 Page 2

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

Director of Transportation



October 16, 1997

For Jones Corporation 800 Commedical Areas Normals, CT 96856

Office of Secretary Case Control Unit Surface Transportation Board 1925 K Street, N.W. Washington, D.C.

Re: Finance Locket No. 33388

Dear Mr. Secretary,

I am Tommie A. Turner, Manager of Rail, Intermodal and Bulk Transportation Sourcing for Fort James Corporation. Fort James is an international consumer products company employing approximately 30,000 people at more than 65 manufacturing facilities in the United States, Canada and Europe. We move rail traffic into and through the Chicago Switching District.

Fort James Corporation is extremely concerned about the potential ramifications to our rail shipments into and through this area should CSX Transportation, Inc. (CSXT) gain ownership and control certain Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the Indiana Harbor Belt Railroad Company (IHB) on the vital neutral switching services that IHB currently provides. CSXT proposes to dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line haul traffic to and from Chicago. Also, we understand CSXT currently owns the Baltimore & Ohio Chicago Terminal Railroad Company (BOCT) and will be the largest shareholder of The Belt Railway Company of Chicago with approximately one third ownership.

By nature, the Chicago Switching District is an extremely important and congested terminal area. Efficient switching services accessible to everyone on an equal basis are crucial for the movement of my company's rail traffic and for the handling of the vast amount of other freight that moves through this vital gateway. We believe CSXT's potential to dominate the terminal switching activity in this area will seriously diminish available rail capacity serving this role. If CSXT seeks to utilize the IHB for it's own self-serving purposes, we would be very concerned about the impact on charges assessed other line haul

carriers for intermediate switching service on our rail traffic. Our prior experience with movements to and through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand Wisconsin Central Limited (WCL) has proposed acquiring to operate a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand WCL would invest in improving these routes. We strongly support the sale of these lines to WCL as a contation of approval for the CSXT/MS acquisition of Conrail. Doing so will help to mitigate the impact of potential CSXT domination of this terminal area and serve to increase and preserve critical rail capacity in the Chicago Switching District.

We also believe the Board should consider a condition which would insure that the IHB operations and facilities will be dispatched on a fair and neutrally equitable basis for all customers.

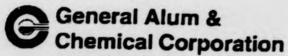
Please give these facts and comments your earnest consideration in your deliberation of this very important issue before you.

Sincerely,

Tommie A. Turner

Manager, Rail, Intermodal and Bulk Transportation Sourcing

min a. J.



1630 Timberwolf Drive P.O. Box 819 • Holland, Ohio 43528 419-865-8000 • 800-537-7561 • FAX 419-865-6413

October 17, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am William L. Dedrick, Vice President of Operations for General Alum & Chemical Company. General Alum is a chemical producer and transloader which moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore and Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic — not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenhein 'ubdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

October 17, 1997 Page 2

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

William L. Dedrick

Vice President of Operations

WLD/alm



2230 Indianapolis Blvd., Whiting, Indiana 46394 219-473-4500 Fax 219-473-4504

October 17, 1997

Office of Secretary Case Control Unit Surface Transportation Board 1925 K Street, N.W. Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am John Dombrow, the Director of Purchasing for Globe Building Materials, Inc.. Globe Building Materials, Inc. is a manufacturer of asphalt roofing products which moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT'S proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT'S domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our

Office of Secretary Page 2 October 17, 1997

traffic. Out prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We are concerned about the efficiency of the Chicago Terminal, the cost of operations, and especially delays in transit time. We are very much concerned that the present transaction will concentrate CSX'S control of Chicago Terminal operations. Inasmuch as a high percentage of our raw materials is forwarded via rail, CSX'S present performance currently forces us to reschedule production due to delays and other inefficiencies. We cannot visualize how further increasing their responsibilities will lead to an improvement in their service.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure the IHB operations are facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely.

John F. Dombrow Director of Purchasing



Grain Processing Corporation
1600 Oregon Street
Muscatine, lows 52761-1494 USA
Phone 319-264-4211

October 17, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am Robert J. Willis, the Vice President of Transportation for Grain Processing Corporation. Grain Processing is a corn wat milling plant shipping corn starch, alcohol, grains, corn oil, and gluten meal in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.



RJW/bc

# Grain Processing Corporation 1600 Oregon Street Muccetine, lowe \$2761-1494 USA Phone 319-264-4211

### Page 2

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

Most of our shipments move on the IMRL and we need to insure the IMRL has access to the Altenheim and Panhandle Line, also. We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

**GRAIN PROCESSING CORPORATION** 

Robert J. Willis Vice President

Transportation



October 17, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am Jim Roberts, the Vice President Operations for Kaytee Products, Inc. Kaytee Products, Inc. is a pet and wild bird food manufacturer which moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will ut lize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Termical Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

Kaytee Products Incorporated

P.O. Box 230, 521 Clay St.

Chilton, Wisconsin 53014

Phone: (414) 849-2321

WATS: (800) 669-9580

FAX: (414) 849-4734

We are dependent upon the WCL to deliver product to us in a cost efficient and timely manner. Significant amounts of our volume move through the Chicago Switching District. We are already concerned about the efficiency of the Chicago Terminal and feel the further control by CSX will lead to probable service decline for WCL traffic.

Our experience with the service levels of the WCL have been exceptionally good. We believe the WCL's ownership of the BOCT Altenheim Subdivision and Conrail's Panhandle Line would work to improve service through Chicago, avoid anti competitive concentration of operations by CSX in the terminal, and allow WCL to largely avoid CSX domination by giving an independent route to several carriers, including the NS, BNSF, and CN.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the ALtenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

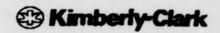
We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

Jim Roberts

Vice President Operations

William D. Engler, Jr. Chief Executive Officer



Jerome L. Blankonship Vice President Corporate Transportation

October 17, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K. Street, NW
Washington, DC 20423-0001

RE: Finance Docket No. 33388

Dear Mr. Secretary:

I am Jerome L. Blankenship, Vice President-Transportation for Kimberly-Clark Corporation, Knoxville, Tennessee. Kimberly-Clark is a major consumer products and forest products company which moves substantial traffic through the Chicago Switching District.

We have previously written a letter supporting the acquisition of Conrail by CSXT and Norfolk Southern based on our belief that rail competition will be increased in the northeastern United States.

We do have a concern, however, about the present plan with regard to the Chicago Sw. ... ing District.

My understanding of the situation in the Chicago Switching District, should the current plan be approved by the STB, is that CSXT will dispatch and manage the IHB. CSXT already owns the BOCT and will be the largest shareholder of the Belt Railway Company with about 1/3 ownership. This concentration of power by CSXT in Chicago requires close scrutiny by the STB to prevent a situation whereby the current neutral switching services provided by the IHB are replaced by a service dedicated primarily to satisfying the needs of CSXT.

We understand the Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage that, if approved, would mitigate the impact of CSXT domination of switching and serve to preserve and increase vital rail capacity in and through the Chicago Switching District.

We respectfully request that the STB review this issue carefully and make decisions that will enhance the ability of shippers and receivers to move traffic through the Chicago Switching District.

Thank you for your consideration.

Sincerely.

Jerome L. Blankenship

Vice President, Corporate Transportation

Lucas & Blankanah

jlr

cc:

Mr. Nick Cicinelli Manager Marketing Wisconsin Central, Ltd.

Vi-hade Mad Camandia

ESA IAhre Commit Lik Daim Farmilla Tananana 27000 18731 641 756



202-6711 Mississanga Road Mississanga, Ontario 1.5N 2W1 Telephone: (505) 812-2241 Facsimile: (505) 812-2264

Composite Building Products

October 20, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington D.C.
20423

#### **RE: Finance Docket 33388**

Dear Mr. Secretary;

I am Timothy G. Smith, Manager of Freight and Traffic, Composite Building Products, MacMillan Bloedel Limited. The Composite Building Products group is responsible for the sales and outbound transportation of production from six mills, five Canadian and one in the US. The vast majority of our product is bound for the United States and travels by rail.

We are concerned about the potential ramifications to our traffic over the Chicago interchange should CSX Transportation (CSXT) obtain ownership and control of Conrail rights and assets as we understand them to be proposed. Of particular concern are the effects of CSXT's proposed administration and control of the Indiana Harbour Belt Railroad Company (IHB) on the vital, and currently neutral, switching services that IHB now provides at this key interchange. We understand that CSXT will dispatch and manage IHB and as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-hand traffic to and from Chicago. We understand that CSX already owns Baltimore and Ohio Terminal Railway Company (BOCT) and will be the largest shareholder of The Belt Railway Company (BRC) with about 1/3 ownership. We further understand that post merger, the BOCT will remain 100% CSX owned, and CSX will share IHB ownership with NS but will have \$1% control as well as complete control for management and dispetch.

The Chicago Switching District is key to the viability of our operations. The maintenance of efficient, effective, neutral switching is vital to our operations. We are extremely concerned that the proposal, as we understand it, will result in the loss of neutrality and the unacceptable concentration of control of this vital switching district. Our experience with the Chicago Switching District has been that it is costly and congested at best. We are concerned that the proposed concentration will result in CSXT utilizing IHB for its own traffic first and result in a diminished availability for other carriers who must rely on the IHB to make connectious.

We understand that Wisconsin Central Limited (WCL) has proposed the acquisition and operation of a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We further understand that WCL would invest in improving these routes. We believe this proposal will serve to mitigate the impact of CSX domination in the Switching District as well as serve to preserve and increase rail capacity in this critical District. We strongly support this proposal.

We also believe the Board should consider a methodology which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberations of this extremely important issue.

Sincerely

Timothy G. Smith

Manager, Freight Traffic



### **Publishing Paper Division**

Post Office Box 757 Escanaba, Michigan 46829-0767 906-786-1660

October 16, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am Kathy Krebs, the Division Transportation/Logistics Manager for Mead Paper in Escanaba, Michigan. Mead produces printing paper which moves primarily by rail. In 1996 we shipped over 6300 rail cars of paper. This traffic moves in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should the CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of the CSXT's proposed control and administration of the IHB on the vital neutral switching services that the IHB now provides. CSXT will dispatch and manage the IHB and as we understand the CSXT/NS application provides, will utilize the IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSXT already owns the Baltimore & Ohio Terminal Railway Company (BOCT) and will be the largest shareholder of the Belt Railway Company (BRC), with 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that the CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With the CSXT seeking to utilize the IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that the Wisconsin Central Ltd. has proposed acquiring and operating a portion of the BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that the WCL would invest in improving these routes. We strongly support these sales as a condition to approval of the CSX and NS acquisition of Conrail. Each will mitigate the impact of The CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of the CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely

Kathy Krebs

Division Transportation/Logistics Mgr.

Mead Publishing Paper Division

Karry Krebs

### OLSEN'S MILL, INC.

Phone (414 161-2750 Fax (41- 1420

October 17, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Weshington, DC 20423

Re: Finance Dockst No. 33386

Door Mr. Secretary:

I am Paul Olsen, the Secretary/Tressurer for Olsen's Mill, Inc. Olsen's Mill, Inc. is a retail grain and crop service company which moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential remifications to us should CSX Transportation, inc. (CSXT) obtain ownership and control of Conrall rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time.

We also believe the Board should seriously consider a condition which would assure that the BIB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of the CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

10000

Secretary/Tressurer



October 20, 1997

Public Service Corporation
(a subsidiery of WPS resources corporation)
900 North Adams Street
P.O. Box 19002
Green Bay, WI 54307-9002

Office of Secretary Case Control Unit Surface Transportation Board 1925 K Street, N.W. Washington, DC 20423

**Einance Docket No. 33388** 

Dear Mr. Secretary:

I am John Waltman the Manager-Fossil Fund for Wisconsin Public Service Corporation. Wisconsin Public Service Corporation is an electric utility which moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential remifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Balt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic — not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable, and prompt dispatching of trains and switching of customers.

October 20, 1997 Page 2

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of SOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical reli capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispetched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerety,

John L. Waltman
Manager-Fossil Fuel

smm

---

October 17, 1997



Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary,

My name is Don Terkel, the Materials manager for Quad/Graphics Inc. Quad/Graphics is a high quality printing company which moves traffic in and through the Chicago switching district.

We are very concerned about the potential ramifications to us and other industries should CSX transportation, Inc. (CSXT) obtain control of Conrail rights and assets as proposed. We are particularly concerned about the effects of CSXT's proposed control and administration of the IHB on the vital nuetral switching services that IIIB now provides. CSXT will dispatch and manage IIIB and, as we understand the CSXT/NS application, will utilize IIIB largely to accommodate and service CSXT's own line haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company (BOCT) and will be the largest shareholder of the belt railway company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT track known as the Altenheim Subdivision and a portion of Conrail track known as the Panhandle Line. We also understand that WCI, would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the switching district.

We also believe the board should seriously consider a condition which would assure that the IIIB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely.

Don Terkel

Manager Distribution Quad/Graphics Inc.

## Sadoff Iron & Metal Co.

### Recycling Today For A Better Tomorrow

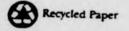
240 W. Arndt Street P.O. Box 1158 Fond du Lac, WI 54936-1138

Phone 920-921-2070 FAX 920-921-1283

Divisions of Sadoff & Rudoy Industries



Exceeding
The Needs
Of The
Customer



October 17, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

RE: Finance Docket No. 33388

Dear Mr. Secretary:

My name is Aral Eaton, and I am the Marketing Manager for Sadoff and Rudoy Industries. We are a scrap processor/broker based in Fond du Lac, Wisconsin. We currently operate six scrap facilities and move scrap through the Chicago switching district on a monthly basis.

The numerous consolidations and mergers in the rail industry and how they impact our business are a concern to us. We are asking you to consider the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. As we understand it, CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

You are aware, better than I the heavy traffic already moving through the Chicago gateway. Efficient switching services accessible to everyone on an equal basis is a great concern for the movement of my company's traffic. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity by placing their own needs ahead of other line haul carriers. This also raises the question as to the impact on charges other line haul carriers will incur,

which would no doubt be passed on to us. Our prior experience with movement through the Chicago Switching District is that it is costly and often requires far too much time. We recently transferred scrap from one Chicago location to another through the IHB which took approximately three weeks. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition on Contrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

SADOFF AND RUDDY INDUSTRIES

Aral Eaton Manager

AGE/js



GREEN BAY

P 0. 80K 10917 (5-6007) 2175 SHAMAMD ANTHUE (5-K303) GREEN BAY, WISCONSIN PHINE: (414) 404-3451 FAX: (414) 404-1548

October 20, 1997

Office of Secretary Case Control Unit Surface Transportation Board 1925 K Street, N.W. Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am Tom Hale, the northern divisions marketing manager for Samuels Recycling Company. Samuels Recycling Company is a scrap recycling facility which moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IMB on the vital neutral switching services that IMB now provides. CSXT will dispatch and manage IMB and, as we understand the CSXT/MS application provides, will utilize IMB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that SCX already owns Baltimore & Ohio Terminal Railway Company ("BOTC") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested termina area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.



GREEN BAY

P.O. GEK 10017 (B-GSD7) 2175 SHAMANG AMERIE (B-GSD5) GREEN BAY, WECCONSIN PROME: (610) 484-3651 FAX: (610) 484-358

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenbeim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and MS acquisition of Conrail. Rach will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

Tom Hale

Morthern Divisions Marketing Manager

TR/1h



October 20, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

Dear Mr. Secretary:

Re: Finance Docket No. 33388

I am Alex Wallace, the Manager of Transportation Services for Tolke Industries Ltd. Tolko Industries Ltd. is a British Columbia based forest products company with operations in British Columbia, Alberta, Saskatchewan and Manitoba, producing lumber, panel products and kraft paper. All our traffic destined to the U.S. Northeast, Southeast, and some to the Southwest moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic — not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through

P.C. Bex 34

3203 - SCrb Avenue

Vernoc, BC Canada VIT 6M!

the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and service to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

TOLKO INDUSTRIES LTD.

Alex Wallace

Manager Transportation Services

AW/sh



### **TOMORROW VALLEY COOP**

961 Depot Street Manawa, Wisconein 54949 Phone (414) 596-3303 Fax (414) 596-2681

Office of the Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary.

I am concerned about the recent discussions involving the Chicago Switching district. Tomorrow Valley Cooperative ships corn, soybeans, soybean meal, cottonseed and fertilizer through that shipping district.

We are very concerned about the potential ramifications to other industries and us should CSXT obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB new provides. CSXT will dispatch and manage IHB, thereby accommodating CSXT's own line-hard traffic through Chicago.

The Chicago Switching District is both an extremely important and an extremely congested terminal. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity. We are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movement through Chicago is that it is costly and often requires too much time.

We understand that WCL has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We strongly support these sales as a condition of approval of CSX and NS acquisition of Conrail. This would help minimize the impact of CSX domination on switching.

We also believe the Board should seriously consider a condition that would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

John A. Every

Feed & Grain Dept. Manager

Tomorrow Valley Cooperative Services.

Recycled Paper Products... The Nature of Our Business



P.O. Box 485 osho, WI 54952 414-725-7031

November 5, 1996

ATTN: Office of Secretary Case Control Unit Surface Transportation Board 1925 K. St. N.W. Washington, DC 20423

RE: Finance Docket No. 33388

Dear Mr. Secretary:

I am James Faust, the Logistics and Transportation Mgr. for Wisconsin Tissue. Approximately 1,000 trailcars and 2,000 intermodal shipments of our paper products moves in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. The IHB switches our Alsip, Illinois location. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore an Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand the WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. The h will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarity for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerel

stics and Transportation Manager

JF/prc

Fax Numbers Harbour Place (1st Roor) 414-727-8603 - Harbour Place (2nd Roor) 414-727-3743 - Engineering (Plant 1) 414-727-2940 - Engineering (Plant 2) 414-727-8602
 Customer Service 414-720-4573 - Traffic 414-720-4776 - Manufacturing 414-727-2925 - Purchasing (Plant 2) 414-727-8799

· 9 moing 414-727-8795 · Credit 414-720-4777



#### 715-834-9624 FAX 715-836-8785



5200 State Road 93, Eau Claire, Wisconsin 54701

"Dedicated to Providing Quality Service into the 21st Century"

October 20, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, NW
Washington DC 20423

RE: Finance Docket No. 33388

Dear Mr. Secretary:

I am Bruce Heath, the Senior Vice President for WRR Environmental Services Co., Inc. WRR is a fully-licensed and insured environmental services company and TSD facility in Wisconsin which moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the bast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available reil capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail.

### Page 2

Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

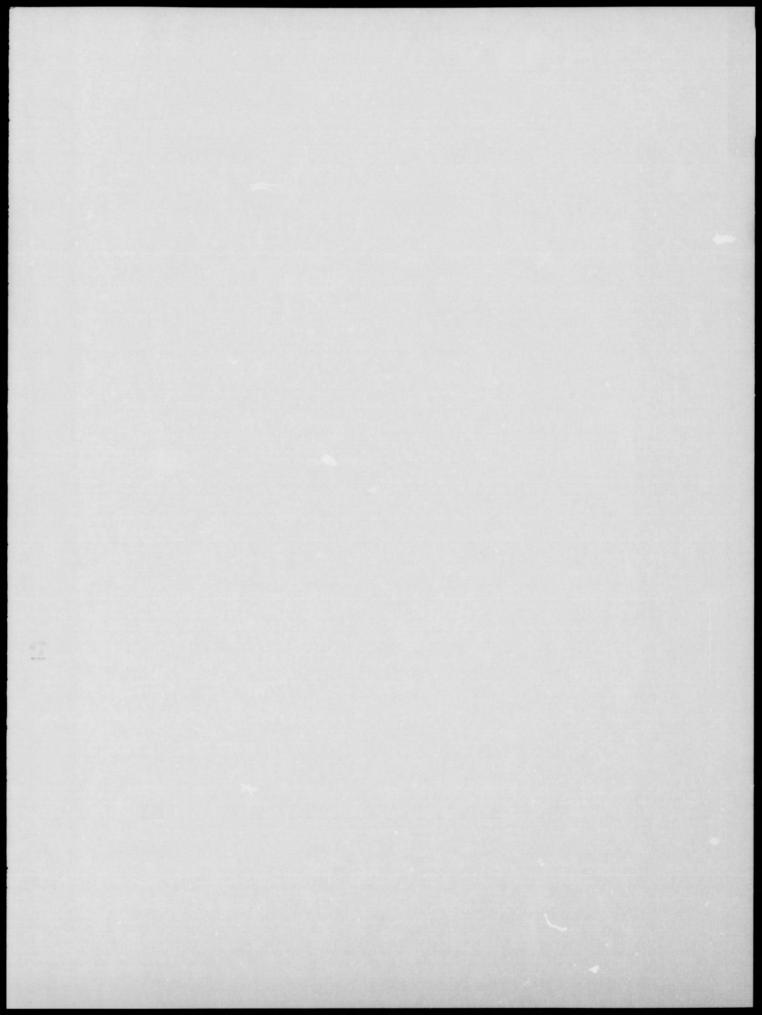
We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

WRR ENVIRONMENTAL SERVICES CO., INC.

Bruce Heath

Senior Vice President



### APPENDIX B

### SELECTED DISCOVERY RESPONSES

- Excerpts from deposition of John W. Orrison, General Manager, Field Operations Development, CSX Transportation, Inc.
- 2.. Selected Documents Produced in Discovery ( highly confidential)
- 5. Answers to Selected Interrogatories

 Excerpts from deposition of John W. Orrison, General Manager, Field Operations Development, CSX Transportation, Inc.

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                                         Page 453
                                                                                                                                  Page 456
     (1) the Ashtabula Dock?
(2) A. What I've been told is that this
                                                                                               (1) the transit times for smaller blocks of cars
                                                                                               a through the harbor will increase or decrease?

    A. Yeab. I think you're asking me to
    Speculate on the operating plan that the IHB
    would implement on their own railroad. CSX
    doesn't own or control the IHB. You know, the
     a) depends on the number of piles of coal. And
     (a) piles are set up by the number of customers. So
     (5) that's what I understand about it.
     in Q What do you know about the blending
     m methods used at the Ashtabula Dock?
                                                                                                  movements of these interchanges from ano
        A I don't know
                                                                                               (a) foreign carrier to the IHB is something that I
     O Have you ever heard anyone discussing
                                                                                                  don't have knowledge of.
   (10) capacity constraints at the Achtabula Dock?
                                                                                             (10) Q. And that's all I needed to find out, is
   (11) A. In terms of the dumensions of - I'm
                                                                                            (12) What actions is CSX taking to assure
(13) impartial dispatching on the IHB?
(14) A. An example would be that the IHB
(15) dispatchers remain under the direction of the
   (12) trying to - in terms of capacity of the total
   (13) amount of coal that can be dumped over it or wh
   (14) IS expenenced?
   (15) Q That would be fair, yeah, the total
   in amount of coal that can be dumped, the throughout
                                                                                             ne DE
   (17) capacity I think it's called
                                                                                             (17) Q. And what will CSX's ownership interest
   (IP A. I have knowledge that Conrail has
                                                                                             in the IHB become subsequent to the approval of
   (19) dumped somewhere in the range of 7 million or 8
                                                                                             (19) the application?
   con million tons over this
                                                                                            (20) A. As stated in the operating plan, the 51
(21) percent ownership that Conrail currently owns
   an Q Do you know whether Conrail is
   2: sansfied with the operating capacity of the
                                                                                                 will be kept by Conrail. And then there's a
   (3) Ashrabuja Dock
                                                                                            (2) mechanism that that ownership is held by both
   (4) A. No. I don't
                                                                                            an Norfolk Southern and CSX.
   (25) Q Is that a subject you've ever discussed
                                                                                            (25) Q. Okay. Are you familiar with what
                                       Page 454
                                                                                                                                 Page 45
                                                                                             (i) remedies nonowners will have if they feel that
(ii) the dispatching on the IHB is not impartial?
   (1) with anyone at Conrad?
   A No
   D. Q Are you familiar with a dock m
                                                                                             (3) A. Probably the types that are in place
       Conneaut. Obio"
   (5) A. I've heard of it.
                                                                                             is. Q. But you don't anneipate any changes in
   6. Q Does that exhaust the extent of your
                                                                                                the potential remedies for nonowners using the
   m knowledge about the dock in Conneaut?
                                                                                                harbor?
   (f) A. That's as far as you're going to get.
(6) Q You wouldn't have any understanding of
                                                                                                A. Well -
                                                                                                MS. CLAYTON: Are you asking him for a legal opinion, legal remedies, or what?
  1101 a companson of the capacines between the
  Ashtabula and Conneaut Docks?
                                                                                            III BY MR. HEALEY:
 (12) A No. I do not.
                                                                                           (12) Q. I'm asking him for his understanding.
 it okay Moving to the West, rurning your attention
                                                                                           (14) with other railroads in trying to remedy problems
 if to the Indiana Harbor Belt, are you aware of any
                                                                                           (15) with dispatching
 16 capacity problems on the Indiana Harbor Belt main
                                                                                            16 A. And I think it would be in this same
 in lines locay
                                                                                           ine of questioning that you asked earlier, a is foreign railroad carrier that has a problem with the movement of its train on its schedule over
 (18) A Yes.
 TO IHB main ines are you aware of
                                                                                           20) the IHB would contact their - you know, their
 A As I've stated in the record earlier.
                                                                                           counterpart on the IHB, have a conversation to
 that they have some slow speeds on their main
                                                                                           find our what caused the delay, and look to see
                                                                                           Do how they could remedy the delay, if it were
 the trains ther and exit their tracks that cause
                                                                                           something that were occurring more than once.
                                                                                           Q. Are you aware of - I'm sorry. Are you Page 458
 If mains to pack up that relates to what was stated
                                      Page 455
  the earlier as some main gndlock in the Chicago
                                                                                            til done?

    A. I'm done.
    Q. Okay. Are you aware of any concerns.
 area
  3. Q And one of the designs of your
 . operating r an is to my to munimize or hopefully
                                                                                            a expressed by any of the railroads that operate in

    eliminate mose problems, is that correct?
    A. That is our aspirations
    Q. And one of the ways you're going to be
                                                                                               Chicago and are nonowners of the IHB concern
                                                                                               the impartiality of dispatching subsequent to
                                                                                               approval of the application?

A. Yes.

O Okay. And what are you aware of in that area?
  . abie to do that is through more efficient
  19. blocking of cars outside of the Chicago district.
:10: correc:
     A That some of the elements yes
                                                                                          A. I'm aware of conversations, that
(15) Q And in order to achieve some
                                                                                          (2) foreign raulroads have come and had conversations
(3) efficiency gains on the IHB CSX is making some
                                                                                          (1) with CSX to ask us about how that dispatching
                                                                                          ital would occur.
substanta capital contributions into the
                                                                                          (15) Q. And did, in fact, they express concerns
(15) physical plant
16. A. Yes
                                                                                          16 that the dispatching was not going to be
                                                                                          (is) A. They expressed concerns that they would
is rauroads that would be interchanging through the
                                                                                          (19)
119 DHB in blocks less than these carload size blocks
                                                                                              want to have the dispatching to be impartial.
to that you've been discussing in the operating
                                                                                          (20)
    plan De ou have any beliefs about whet
                                                                                          (ZI)
those connections will suffer as a result of this
                                                                                          (2)
24 A No
     Q You don thave any idea as to whether
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(I) BY MR. HEALEY: (2) Q. Good afternoon, Mr. Orrison. My name (3) is Tom Healey and I represent in this case the
(4) Bessemer & Lake Erie, the Elgin, Joliet & on Eastern, the Illinois Central, and the Wisconsin (6) Central Limited. (f) And, before I have you pulling out maps
(ii) and referencing obscure CSX sidings, I want to m ask you a couple questions of a more general (10) nature. We've probably beaten the horse to death (11) so far discussing single-line service. You had discussed a little bit in questions you were just (13) answering some of the circumstances under which (14) joint-line service may, in fact, be compensive (15) with single-line service. Do you recall that (16) testimony? (17) A Yes, Ido (in Q. Do capacity constraints on a (19) single-line move, in fact, make a joint-line move compensive to the single-line move? (21) A. Well, these being hypothetical, (22) possibly.
(23) Q. All right. Good. You're following
(24) along exactly where I'm going. Are you familiar
(25) with any circumstances where you believe a Page 430 (1) joint-line move is actually moving traffic today (2) and is more efficient than an available (3) single-line move? (4) A. Not off the top of my head. is Q Okay Currently, somewhere in the (6) United States, CSX operates over trackage rights m over other camers, correct? (B) A. Yes.

(9) Q Okay And those other carmers would 10 be in some instances the owners of the road, the (3) railroad over which CSX operates? (12) A. Yes (13) Q. Okay And that other road would also (14) dispatch those macks? (15) A Yes. 1161 Q Okay Are you familiar with any in situations where you felt that the dispatching of (is) those tracks was not neutral and in some 119 circumstances in fact, favored the owner road to who was dispatching the line over CSX's operation 21, on the ine 22 A I wouldn't want to speculate on whether (23) It's neutral or heased. I think that's where The your question is In terms of having congestion. 25 in terms of making a movement over tracks, being Page 431 delayed interlocking delay sometimes occurs in commoperations 13 Q Have you ever had occasion to make

a complaints about delays in dispatching on is trackage over which CSX was operating over ie markate utun. A Yes # Q And in any of those circumstances. a have you ever believed that the owner road was. in fact. favoring its own maffic over CSX's D) traffic A I felt that our trains we're being 113 congested and delayed and not moved according to da schequie (15) Q Do you believe that your trains were 116 being heid in favor of the owner's trains? A Sometmes is Q Is that a belief that you conveyed to (19) the owner road with whom you were making the 20 complaint 211 A No Generally the way I handle a man discussion with another railroad is I - when I'm involved in talking to another representative is 14 I want to find out why my train is being E delayed And you know it goes case by case

Page 432 (1) what the reasons are. It could be a signal (2) failure, a broken rail, maintenance work, a o) derailment. You know, there are a number of (4) things that cause delays to trains that are co crying to move to schedule.

(6) Q. And what I'm trying to find out is if (7) in any of those circumstances you believed that (s) it wasn't a physical cause, a broken rail, or a m signal outage, but it was the owner favoring its (17) own traffic over that of CSX's? (11) A. I would only speak to cases where I (12) felt that, you know, trains are supposed to run (13) according to schedules and they are trying to (14) progress a train through an interlocking because (15) it may be behind schedule. Those would be (16) examples of you're talking about favoring a train (17) over another. (18) Q. Can you cite any specific pieces of (19) that or switching districts, where this, in fact, no has come up, where you've had opportunity to make (21) a complaint about dispatching?
(22) A. Well, in my former role, when I was on (23) the Detroit division, there were several places. (24) An example would be at Vickers interlocking, a 25 section of track between Porter and Pine near Page 433 (1) Chicago. Those are some cases. (2) Q. And who dispatches that track between (3) Porter and Pine? (4) A. Conrail (5) Q. And what did Conrail tell you was the is reason for the congestion or delays on the line? m A. Again it's the type of examples that I (8) gave to you earlier, case by case different types (9) of reasons. (10) Q But you didn't feel in the example of Porter to Pine, for example, that Conrail was (12) favoring its own trains over CSX's? (13) A. There may have been a case where I (a) wanted to know why a train that I had scheduled (15) with Conrail and their knowledge of having the (16) train conveyed on schedule was delayed and their (17) reasons were that they were trying to progress (18) trains that were late to schedule on their (19) railroad. (20) Q. Do you believe that that was an mstance where they were favoring their own D. A. It seems that they may have been doing 74 that. Q Is that something that you brought to their attention, the fact of it being something that it would appear to you that they were 3) favoring their own traffic over CSX's? (4) A. No. The way this conversation happens is I'm trying to find out why my train is not e progressing. So then you call and you ask and you get reasons. And you look at and study and understand what the reasons are. You know, I don't call and say you're delaying my trains because you're favoring your know, on a professional level, when you talk to another railroad carner, you call them and ask them why do you have delay to your own trains. (15) Q Yesterday we were discussing. in 16 effect, and, in fact, you brought up at one point the Union Pacific/Southern Pacific operating is plan. Do you remember that discuss (19) A. We had some exhibits that we looked at. (23) If that's what you're talking to.
(21) Q. And you had told us that, in terms of
(22) putting together CSX's operating plan for the
(23) blocking of trains primarily. I think the
(24) testimony was for Western connections, that you

25 had looked at the UP'SP operating plan and also I

2. Selected Documents Produced in Discovery (highly confidential)

# **Confidential Material**

Redacted

3. Answers to Selected Interrogatories

CSX/NS-97

#### BEFORE THE SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388

CSX CORPORATION AND CSX TRANSPORTATION, INC.,
NORFOLK SOUTHERN CORPORATION AND
NORFOLK SOUTHERN RAILWAY COMPANY
-- CONTROL AND OPERATING LEASES/AGREEMENTS -CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION

APPLICANTS' RESPONSE TO FIRST SET OF INTERROGATORIES AND DOCUMENT PRODUCTION REQUESTS OF WISCONSIN CENTRAL LTD.

CSX Corporation, CSX Transportation, Inc., Norfolk Southern Corporation, Norfolk Southern Railway Company, Conrail, Inc. and Consolidated Rail Corporation hereby respond to the First Set of Interrogatories and Requests to Produce Documents of Wisconsin Central Ltd. (WC-4), served September 23, 1997.

CSX Corporation and CSX Transportation, Inc. are collectively referred to as "CSX", Norfolk Southern Corporation and Norfolk Southern Railway Company as "NS" and Conrail, Inc. and Consolidated Rail Corporation as "Conrail". CSX, NS and Conrail are collectively referred to as "Applicants". Wisconsin Central Ltd. is referred to as "WC" or "requester".

oppressive special study of all shippers and/or receivers, whether or not the shippers or receivers utilized any of CSX's trains, and the production of information well outside of CSX's scope of knowledge. Without waiving any objection, and subject to the general objections above. CSX responds as follows:

Information responsive to this request is not available absent a special study.

# INTERROGATORY NO. 4:

Have Applicants studied, examined, or determined what impact the changes they contemplate subsequent to approval of the Application will have on operations on the Altenheim Subdivision? If the answer to this question is anything other than an unqualified "no", please state for each of the next ten calendar years:

- a) Total annual projected trains, carloads, empties and gross ton miles on the Altenbeim Subdivision;
- b) CSXT's annual projected trains, carloads, empties and gross ton miles on the Altenheim Subdivision;
- c) BaoCT's annual projected trains, carloads, empties and gross ton miles on the Altenbeim Subdivision,
- d) Projected annual maintenance and capital expenditures on the Altenheim Subdivision;
- e) Expected FRA track classification of the Altenheim Subdivision; and
- f) Anticipated slow orders on the Altenheim Subdivision.
  Response:

Applicants object to this interrogatory on the ground that it calls for speculation regarding events that may occur up to ten years into the future, far beyond the period covered by the Applicants' respective Operating Plans. Applicants further

object to providing any cost estimates and estimates of the maintenance and capital expenditures beyond that contained in the Applicants' Operating Plans on the ground that it would require Applicants to undertake a burdensome special study. Without waiving any objection, and subject to the general objections set forth above, CSX responds as follows:

No.

#### INTERROGATORY NO. 5:

For the Altenheim Subdivision, please identify, in as much detail as possible:

- a) The weight, type (welded rail, jointed rail, etc.) and age (when the rail was rolled, and when the rail was laid) of rail for each track on the Altenheim Subdivision;
- b) The estimated tonnage which has traversed each track, over the life of the rail;
- c) The system of signals used to govern train movements and the system used to dispatch trains (e.g., track warrants, etc.);
- d) Any line-specific instructions given to dispatchers governing train movements over the Altenheim Subdivision;
- e) All estimates made by the Applicants, or any of them, of the net liquidated value of the Altenheim Subdivision, or any portion thereof; and
- f) All betterments and/or improvements made to the Altenheim Subdivision, or any portion thereof, since the date of the last estimate of net liquidated value identified in response to Interrogatory No. 5(e).

### Response:

Applicants object to Interrogatory No. 5 as overbroad and unduly burdensome to the extent it would require them to "identify, in as much detail as possible" the items specified, and to the extent it would require them to engage in a special

placed in the depository showing CSX train routes in Chicago and identifying by train I.D. the specific trains traversing those routes in each direction post-Transaction. Those documents describe CSX train operations over the Chicago area track, including BEOCT track.

1) None.

# INTERROGATORY NO. 10:

Have Applicants studied, examined, or determined what impact the changes they contemplate subsequent to approval of the Application will have on the operations of BaoCT and/or the operations of CSIT over the tracks of BEOCT? "If the answer to this question is anything other than an unqualified "no", please identify, in as much detail as is available to Applicants for each calendar year for the next ten years:

- a) By carrier set, the number of loaded and empty cars which BEOCT will handle in true intermediate switching service (i.e., intermediate switching movements not involving CSXT or any affiliate or predecessor of CSXT as the delivering or receiving line-haul carrier);
- b) The number of loaded and empty cars which B&OCT will handle in intermediate switching service to/from CSXT;
- c) By carrier set, the switching charges to be levied by BEOCT for true intermediate switching (i.e., intermediate switching movements not involving CSIT or any affiliate or predecessor of CSXT as the delivering or receiving line-haul carrier);
- By carrier, the switching charges to be levied by BEOCT for intermediate switching between CSXT and other carriers,
- Carriers with which CSET, as distinct from BAOCT, will conduct direct interchanges in the Chicago terminal using BEOCT track or facilities (whether in general or with respect to only certain commodities, train configurations (i.e., unit trains) or pre-blocked traffic);
- Expected blocking services from connecting carriers. 2)

- g; CSXT anticipated train operations over BEOCT using BEOCT trackage rights; and
- h) The trackage rights charges to be assessed against CSXT by B&OCT for CSXT's use of B&OCT tracks.

#### Response:

Applicants object to the characterization of "true intermediate switching service" in Interrogatory No. 10 as vague and ambiguous, but will respond with respect to the specific type of switching service described (i.e., "intermediate switching movements not involving CSXT or any affiliate or predecessor of CSXT as the delivering or receiving line-haul carrier"). Applicants further object to Interrogatory No. 10 to the extent that it calls for speculation regarding events that may occur up to ten years into the future, far beyond the period covered by the Applicants' respective Operating Plans. Without waiving any objection, and subject to the general objections above, CSX responds as follows:

CSX has not undertaken any study of the impact of the transaction on B&OCT separate from the evaluation underlying the CSM Operating Plan as a whole. Changes in operations of or on B&OCT that CSX presently contemplates as a result of the Transaction, with respect to the matters specified in sub-parts f) and g), are set forth in the Operating Plan. See Application Vol. 3A. CSX has not undertaken any study with respect to the matters specified in sub-parts a) through e) and h).

For (a) through (e) and (h): Not studied.

#### Response:

Applicants object to Document Request No. 4 as overbroad and unduly burdensome to the extent it seeks "[a]11 documents relating to the changes which Applicants anticipate subsequent to approval of the Application in the volume, origin, operation, priorities and destination of traffic moving over" the specified tracks. Applicants also object to the extent the interrogatory requires Applicants to obtain information from affiliates.

Without waiving any objection, and subject to the general objections stated above, CSX and NS respond as follows:

CSX: See CSX response to Interrogatory No. 4.

NS: See NS response to Interrogatory No. 8(a).

## DOCUMENT PRODUCTION REQUEST NO. 5:

All documents relating to changes, improvements or betterments planned or anticipated by Applicants, or any of them, to the Altenheim Subdivision or the Panhandle Line.

#### Response:

Applicants object to Document Request No. 5 as overbroad and unduly burdensome to the extent it seeks "[a]11 documents relating to changes, improvements or betterments planned or anticipated by Applicants" to the specified tracks. Applicants also object to the extent the interrogatory requires Applicants to obtain information from affiliates. Without waiving any objection, and subject to the general objections stated above, CSX and NS respond as follows:

CSX: CSX has no responsive documents.

NS:

NS has no responsive documents.

# DOCUMENT PRODUCTION REQUEST NO. 6:

All records reflecting slow orders on the Altenheim Subdivision or the Panhandle Line from 1990 through 1996.

# Response:

Applicants object to Document Request No. 6 as overbroad and unduly burdensome to the extent it seeks "[a]11 records reflecting slow orders on the" specified tracks. Applicants also object to Document Request No. 6 to the extent that it seeks data for periods prior or subsequent to the 1995 base year used for purposes of the Application. Applicants further object to the extent the interrogatory requires Applicants to obtain information from affiliates. Without waiving any objection, and subject to the general objections stated above, Applicants respond as follows:

<u>CSX</u>: CSX has no responsive documents.

NS has no responsive documents.

Conrail: Conrail has no responsive documents.

# DOCUMENT PRODUCTION REQUEST NO. 7:

All documents relating to the amount, policies and procedures for the imposition or waiver of intermediate switching charges by BEOCT or the absorption of such charges by CSXT.

Response:

Applicants object to Document Request No. 7 as overbroad and unduly burdensome to the extent it seeks "[a] 11 documents relating to the amount, policies and procedures for the imposition or waiver of intermediate switching charges by B&OCT

or the absorption of such charges by CSXT." Applicants also object to Document Request No. 7 to the extent that it purports to require any of them to obtain information from affiliates. Additionally, Applicants further object to the request for the "amount ... for the imposition of waiver of intermediate switching charges" as incomprehensible. Without waiving any objection, and subject to the general objections stated above, CSX responds as follows:

There are no such policies or procedures. To the extent any such arrangements may be made by B&OCT or CSXT, they are negotiated on a case-by-case basis.

# DOCUMENT PRODUCTION REQUEST NO. 8:

Financial statements for BEOCT (including profit and loss sheets, revenues, expenses, profits, balance sheets and cash flows) for the years 1990 through 1996 and audited financial statements, if they exist, for the years 1990 through 1996.

## Response:

Applicants object to Document Request No. 8 to the extent that it purports to require CSX to obtain information from its affiliate. Applicants also object to Document Request No. 8 to the extent it seeks data for a period prior or subsequent to the 1995 base year used for purposes of the Application, and on grounds of relevance.

# DOCUMENT PRODUCTION REQUEST NO. 9:

All documents relating to financial projections for BEOCT, included projected revenues, expenses, profits, losses, balance sheets and cash flows.

#### BEFORE THE SURFACE TRANSPORTATION BOARD

#### Finance Docket No. 33388

CSX CORPORATION AND CSX TRANSPORTATION, INC.

NORFOLK SOUTHERN CORPORATION AND

NORFOLK SOUTHERN RAILWAY COMPANY

-- CONTROL AND OPERATING LEASES/AGREEMENTS -
CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION --

APPLICANTS' INITIAL OBJECTIONS
TO WISCONSIN CENTRAL'S THIRD
SET OF REQUESTS TO PRODUCE DISCOVERY

CSX, NS, and Conrail, collectively "Applicants," hereby assert their objections to the third set of discovery requests to Applicants served by Wisconsin Central Railroad Company ("WC" or "requester") (WC-7).

### GENERAL OBJECTIONS

The following general objections are made with respect to all of the requests. Any additional specific objections are stated at the beginning of the response to each request.

 Applicants object to production of, and are not producing, documents or information subject to the attorneyclient privilege, the work product doctrine and/or the joint or common interest privilege.

<sup>&</sup>quot;CSX" refers collectively to CSX Corporation and CSX Transportation, Inc.; "NS" refers collectively to Norfolk Southern Corporation and Norfolk Southern Railway Company; and "Conrail" refers collectively to Conrail Inc. and Consolidated Rail Corporation.

- 2. Applicants object to production of, and are not producing, documents prepared in connection with, or information relating to, possible settlement of this or any other matter.
- 3. Applicants object to production of, and are not producing, public documents or information that is readily available, including but not limited to documents on public file at the Surface Transportation Board ("STB"), the Securities and Exchange Commission, or any other government agency or court, or that have appeared in newspapers or other public media.
- 4. Applicants object to the production of, and are not producing, draft verified statements and documents related thereto. In prior railroad consolidation proceedings, such documents have been treated by all parties as protected from production.
- 5. Applicants object to the production of, and are not producing, information or documents that are as readily obtainable by the requester from its own files.
- 6. Applicants object to the extent that the requests seek documents containing confidential or sensitive commercial information, including information subject to disclosure restrictions imposed in other proceedings or by contractual obligation to third parties, and that is of insufficient materiality to warrant production here even under a protective order.

- 7. Applicants object to Instructions 2-8 to the extent that they seek to impose requirements that exceed those specified in the applicable discovery rules and guidelines.
- 8. Applicants object to Definitions 1, 3-8 and Instructions 1-8 as unduly burdensome.
- 9. Applicants object to Instruction 3 of the requests to the extent it requests detailed information regarding otherwise responsive documents that fall within the scope of a privilege. Such detailed information is not necessary, and is unreasonably burdensome to provide. Such information was not required or provided in the most recent major control case, and no showing has been made here to warrant different treatment.
- they seek documents or information in a form not maintained by Applicants in the ragular course of business or not readily available in the form requested, on the ground that such documents or information could only be developed, if at all, through unduly burdensome and oppressive special studies, which are not ordinarily required and which Applicants object to performing.
- 11. Applicants object to the requests as overbroad and unduly burdensome to the extent that they seek information or documents for periods prior to January 1, 1995.
- 12. CSX, NS and Conrail each object to any requests that seek information regarding current or future operations on, or any other plans or activities relating to, or employment on,

rail lines or properties other than those that each of them currently owns or operates, or with respect to future operations, conrail line segments that CSX or NS, respectively, will operate at the relevant future time. The best source of information with respect to such matters is the rail carrier that owns or operates the line or property in question, or will do so at the relevant future time.

- 13. Applicants object to the requests insofar as they seek "all documents relating to" the matters specified, as overbroad and unduly burdensome.
- 14. Applicants object to the requests because they are duplicative of requests served by one or more other parties.

#### Requests for Production

#### Request No. 1:

Please produce 100% traffic tapes for IHB.

#### Response:

Request Nos. 1-8 are objectionable in toto. They call for Applicants to produce documents in far-reaching categories, concerning a wide range of information of Indiana Harbor Belt Railroad ("INB"), most of which documents would likely be in the possession, custody and control of INB itself, which is not an Applicant in this proceeding.

To the extent that the requests call upon Applicants to cause IHB to conduct a search for and to produce such documents they are further objectionable. The stock of IHB is owned 51% by Conrail and 49% by Soo Line Railroad, a subsidiary of Canadian

Pacific Railway Co. (collectively "CP/Soo"), competitors of Applicants who are actively participating in this proceeding. IHB's day-to-day operations are not controlled by Conrail, but by its independent management, with obligations to both stockholders, Conrail and CP/Soo. A corporation is ordinarily not required to exercise dominion over its corporate affiliates, by requiring production of documents in their possession, custody or control, or by requiring their employees to appear as witnesses, unless it is shown to exercise day-to-day control over their operations. This is especially so in a context where the corporation has a bare majority stock interest and an independent party with divergent interest owns the balance, as here. Nothing about this proceeding or the request warrants a different rule here.

#### Request No. 2:

Please produce density charts for all rail lines owned or operated by IHB. To the extent that such documents do not currently exist, please produce documents from which Applicants believe such information could be most easily determined.

#### Response:

See objection to Request No. 1.

#### Request No. 3:

Please produce IMB's current timetable.

#### Response:

See objection to Request No. 1.

#### Request No. 4:

Please produce all current slow orders for IHB.

#### Response:

See objection to Request No. 1.

### Request No. 5:

Please produce documents sufficient to identify the track speeds for all rail line segments owned or operated by IHB.

#### Response:

See objection to Request No. 1.

#### Request No. 6:

Please produce documents sufficient to identify the current capacity and configuration of, and all rail connections to, each rail yard owned or operated by IHB.

#### Response:

See objection to Request No. 1.

# Request No. 7:

Please produce all documents sufficient to identify the type of signal system utilized on each rail line segment owned or operated by IHB.

#### Response:

See objection to Request No. 1.

#### Request No. 8:

please produce all contracts currently in effect between IHB and any rail shipper.

#### Response:

see objection to Request No. 1.

## Respectfully submitted,

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October 9, 1997

#### CERTIFICATE OF SERVICE

I, Gerald P. Norton, certify that, on this 9th day of October, 1997, I caused a copy of the foregoing document to be served by overnight mail and/or facsimile on William C. Sippel of Oppenheimer, Wolff & Donnelly at Two Prudential Plaza, 45th Floor, 180 North Stetson Avenue, Chicago, Illinois 60601, counsel for Wisconsin Central Ltd., and by first class mail, postage prepaid, or by a more expeditious manner of delivery on all parties appearing on the restricted service list established pursuant to paragraph 3 of the Discovery Guidelines in Finance Docket No. 33388.

Gerald P. Norton

FD 33388 (Sub 59) 10-23-97 D 183052 3/3

#### CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of October, 1997, a copy of the foregoing Comments of Wisconsin Central Ltd. (WC-10) was served by overnight delivery upon the Primary Applicants herein, as follows:

Dennis G. Lyons, Esq. Arnold & Porter 555 12th Street, N.W. Washington, DC 20004-1202

Richard A. Allen, Esq.
Zuckert, Scoutt & Rasenberger, L.L.P.
888 Seventeenth Street, N.W.
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Washington, DC 20006-3939

Paul A. Cunningham, Esq. Harkins Cunningham 1300 Nineteenth Street, N.W. Suite 600 Washington, DC 20036

and by first class mail, postage prepaid, upon all designated parties of record appearing on the Surface Transportation Board's official service list in this proceeding, served August 19, 1997 and revised on October 7, 1997.

Thomas J. Litwiler

33388 (Sub 59) 12-15-97 D

# ORIGINAL ...

Before the

## SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388 (Sub-No. 36)

RESPONSIVE APPLICATION--ELGIN, JOLIET & EASTERN RAILWAY COMPANY, TRANSTAR, INC., AND I&M RAIL LINK, LLC

Finance Docket No. 33388 (Sub-No. 59)- 184842
RESPONSIVE APPLICATION-WISCONSIN CENTRAL LTD.

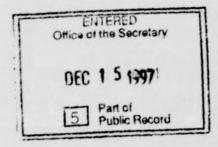
Finance Docket No. 33388 (Sub-No. 80)
RESPONSIVE APPLICATION--WHEELING & LAKE ERIE RAILWAY COMPANY

COMMENTS

GORDON P. MacDOUGALL 1025 Connecticut Ave., N.W. Washington DC 20036

Attorney for Joseph C. Szabo

Due Date: December 15, 1997



Finance Docket No. 33388 (Sub-No. 36) RESPONSIVE APPLICATION -- ELGIN, JOLIET & EASTERN RAILWAY COMPANY, TRANSTAR, INC., AND ISM RAIL LINK, LLC Finance Docket No. 33388 (Sub-No. 59) RESPONSIVE APPLICATION-WISCONSIN CENTRAL LTD. Finance Docket No. 33388 (Sub-No. 80) RESPONSIVE APPLICATION -- WHEELING & LAKE ERIE RAILWAY COMPANY COMMENTS These comments are submitted by Joseph C. Szabo, for and on behalf of United Transportation Union-Illinois Legislative Board. The captioned proceedings involve responsive applications with respect to the primary application. These responsive applications do not provide justification, or support, for approval of the primary application. The responsive applications, as well as the primary application, would be adverse to rail employment in the State of Illinois, and would adversely affect rail employees. Denial of the primary application would moot the responsive applications. 1/ Illinois Legislative Director for United Transportation Union. with offices at 8 So. Michigan Avenue, Chicago, IL 60603. - 1 -

Before the

SURFACE TRANSPORTATION BOARD

Respectfully submitted, GORDON P. MacDOUGALL 1025 Connecticut Ave., N.W. Washington DC 20036 Attorney for Joseph C. Szabo December 15, 1997 Certificate of Service I hereby certify I have served a copy of the foregoing upon the following, and upon all parties of record on the Board's service list ttached to Decision No. 21, as modified in Decision Nos. 27, 43, and 57, by first class mail postage-prepaid: Thomas J. Litwiler Oppenheimer Wolff & Donnelly 1020-19th St., N.W.-#400 WASHINGTON DC 20036 Charles H. White, Jr. Galland, Kharasch & Garfinkle 1054-31st Street, N.W. WASHINGTON DC 20007 Jacob Leventhal, ALJ Federal Energy Regulatory Comm. WASHINGTON DC 20426 Dennis G. Lyons Arnold & Porter 555-12th St., N.W. WASHINGTON DC 20004 Richard A. Allen Zuckert, Scoutt & Rasenberger 888-17th St., N.W.-#600 WASHINGTON DC 20006 Paul A. Cunningham Harkins Cunningham 1300-19th St., N.W.-#600 WASHINGTON DC 20036 Washington DC GORDON P. MacDOUGALL - 2 -

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## OPPENHEIMER WOLFF & DONNELLY

VIA FEDERAL EXPRESS

Mr. Vernon A. Williams

Surface Transportation Board

Washington, DC 20423-0001

1925 K Street, N.W., Room 700

Two Prudential Plaza 45th Floor 180 North Stetson Avenue Chicago, IL 60601-6710

Secretary

(312)616-1800 FAX (312)616-5800

December 16, 1997

Brussels

Chicago

.....

Detroit

Geneva

Irvine

Los Angeles

Minneapolis

New York

Paris

Saint Paul

San Jose

Washington, D.C.

Re: Finance Docket No. 33388

CSX Corp. and CSX Transportation, Inc., Norfolk Southern Corp. and Norfolk Southern Railway Co. --Control and Operating Leases/Agreements --Conrail Inc. and Consolidated Rail Corporation

Finance Docket No. 33388 (Sub-No. 59)
Wisconsin Central Ltd. -- Purchase -- Line of
The Baltimore & Ohio Chicago Terminal Railroad Co.

Dear Secretary Williams:

Enclosed for filing with the Board in the above-captioned proceedings are an original and twenty-five copies of the Additional Shipper Stateme to in Support of Responsive Application and Request for Conditions (WC-15), dated December 16, 1997.

I have included an extra copy of WC-15 and this transmittal letter, and would reque that you date-stamp those copies to show receipt of this filing and return them to me in the provided envelope.

Please feel free to contact me should any questions arise regarding this filing. Thank you for your assistance.

DEC 1 7 1997

DEC 1 7 1997

TJL:t1

Part of Public Record

Respectfully submitted,

Thomas J. Litwiler

Attorney for Wisconsin Central Ltd.

Enclosures

cc: Parties on Certificates of Service

WC-15

#### BEFORE THE SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 33388

CSX CORPORATION AND CSX TRANSPORTATION, INC., NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY COMPANY -- CONTROL AND OPERATING LEASES/AGREEMENTS -- CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION

FINANCE DOCKET NO. 33388 (SUB-NO. 59)

WISCONSIN CENTRAL LTD.
-- PURCHASE -LINE OF THE BALTIMORE & OHIO
CHICAGO TERMINAL RAILROAD COMPANY

# ADDITIONAL SHIPPER STATEMENTS IN SUPPORT OF RESPONSIVE APPLICATION AND REQUEST FOR CONDITIONS



Janet H. Gilbert General Counsel Wisconsin Central Ltd. 6250 North River Road, Suite 9000 Rosemont, Illinois 60018 (847) 318-4691

Robert H. Wheeler
Thomas J. Healey
Thomas J. Litwiler
Oppenheimer Wolff & Donnelly
Two Prudential Plaza, 45th Floor
180 North Stetson Avenue
Chicago, Illinois 60601
(312) 616-1800

ATTORNEYS FOR WISCONSIN CENTRAL LTD.

Dated: December 16, 1997

# BEFORE THE SURFACE TRANSPORTATION BOARD

#### FINANCE DOCKET NO. 33388

CSX CORPORATION AND CSX TRANSPORTATION, INC., NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY COMPANY -- CONTROL AND OPERATING LEASES/AGREEMENTS -- CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION

FINANCE DOCKET NO. 33388 (SUB-NO. 59)

WISCONSIN CENTRAL LTD.
-- PURCHASE -LINE OF THE BALTIMORE & OHIO
CHICAGO TERMINAL RAILROAD COMPANY

# ADDITIONAL SHIPPER STATEMENTS IN SUPPORT OF RESPONSIVE APPLICATION AND REQUEST FOR CONLITIONS

On October 21, 1997, Wisconsin Central Ltd. ("WCL") filed its Responsive Application (WC-9) and Comments (WC-10) in these proceedings. Included with WC-10 (Appendix A, pages 59-101) were statements from shippers in support of certain conditions sought by WCL on the Primary Application filed herein by CSX Corporation, CSX Transportation, Inc., Norfolk Southern Corporation, Norfolk Southern Railway Company, Conrail, Inc. and Consolidated Rail Corporation. In Decision No. 54, served November 20, 1997, the Board accepted WCL's responsive application for consideration.

Since its prior filings, WCL has received additional statements from shippers who support WCL's responsive application and requested conditions. These statements are attached hereto for filing at the Board. WCL understands that some of the attached statements may have been forwarded directly to the Board

by the respective shippers; copies are included here for convenience and to assure that the Board's filing and service requirements have been met.

The attached statements further demonstrate the extensive and diverse support which exists for WCL's requested conditions. WCL notes that a number of these statements are from shippers who otherwise expressly support the Primary Application but recognize the potential impacts of the proposed transaction on operations and service in the Chicago terminal district and endorse the limited remedies proposed by WCL to ameliorate those impacts.

WHEREFORE, WCL respectfully requests that the Board accept the attached shipper statements for placement in the record and consideration in this proceeding.

Respectfully submitted,

By:

Janet H. Gilbert General Counsel

Wisconsin Central Ltd.

6250 North River Road, Suite 9000

Rosemont, Illinois 60018

(847) 318-4691

Robert H. Wheeler Thomas J. Healey

Thomas J. Litwiler

Oppenheimer Wolff & Donnelly Two Prudential Plaza, 45th Floor 180 North Stetson Avenue Chicago, Illinois 60601

(312) 616-1800

ATTORNEYS FOR WISCONSIN CENTRAL LTD.

Dated: December 16, 1997

### ADDITIONAL SHIPPER STATEMENTS

Shipper Representative A. E. Staley Manufacturing Co.\* Lynn A. Hiser Alan Josephsen Co., Inc. Alan Josephsen John W. Ross Algoma Steel, Inc. Daniel F. Regal Appleton Papers, Inc.\* Avoca Bement Corporation Timothy A. Delaney Jerry Blazek Azcon Corporation Robert Bartol Badger Mining Corporation Badger Paper Mills, Inc.\* Alan R. Steffen Burlington Consumers Cooperative\* Phil Yakish Thomas Foels Cenex/Land O Lakes Agronomy Company Cleveland Cliffs Inc. Alex R Rankine Continental Nitrogen & Resources Corporation\* Ronald Fiereck Didion Milling, Inc. Terry Jones The Fertilizer Institute Gary D. Myers John L. Abbott FMC Corporation Stanford D. Hagler GenCorp, Inc. Keith L. Hanks Geneva Steel Company Grain Processing Corporation Robert J. Willis International Paper Company Charles E. McHugh

Glenn Kafka

Kafka Granite Decor

<sup>\* -</sup> Original version of shipper statement, copy previously filed with WC-10.

Kimberly-Clark Corporation\*

Lecours Lumber Co. Limited

Manistique Papers, Inc.

Mead Paper\*

Olsen's Mill, Inc.\*

Reserve Iron & Metal, L.P.

St. Marys Paper Ltd.

Samuels Recycling Company\*

Tomorrow Valley Coop\*

USX Corporation, U.S. Steel Group

Wausau Papers

Jerome L. Blankenship

**Ernest Desgroseilliers** 

Larry Koski

Kathy Krebs

Paul Olsen

Linda Bornancin

Joseph F. Richichi

Tom Hale

John A. Every

Gary M. Bleakley

Richard D. Huhn

<sup>\* -</sup> Original version of shipper statement: copy previously filed with WC-10.





October 20, 1997

Mr. Vernon A. Williams Secretary Surface Transportation Board 1925 K Street NW Washington, D.C. 20423-0001

Re: Finance Docket No. 33388; CSX Corporation and CSX Transportation, Inc., Norfolk Southern Railway Company - Control and Operating Leases/Agreements - Conrail Inc. and Consolidated Rail Corporation

## Statement in Support of Application

Dear Mr. Williams:

I am the Director, Rail Transportation of A.E. Staley Manufacturing Company, and have held that position for over three years. The Staley Rail Transportation group is responsible for the annual movement of over 30,000 railcar loads of raw agricultural commodities and processed bulk food and industrial ingredients.

A. E. Staley Manufacturing Company is a major corn refiner with processing plants in Illinois, Indiana, and Tennessee. These facilities are served by the NS, CSXT, Conrail, and IC railroads. We transport products in covered hopper cars, tankcars, and boxcars to locations throughout North America.

A.E. Staley Manufacturing Company supports the application of the CSX Corporation and CSX Transportation, Inc., and Norfolk Southern Corporation and Norfolk Southern Railway Company, to acquire control of Conrail, Inc. and Consolidated Rail Corporation. While supportive of the application, we have concerns about the potential for disruption of service when the operations of Conrail are ultimately divided between the applicants. We urge the acquiring carriers to develop a sound operating plan before integrating the Conrail lines into their respective operations should approval of their application be granted by the STB.

On a regional matter, we are concerned about the effect of the CSX's proposed control and administration of the IHB on the vital neutral switching services that the IHB now provides in the Chicago Switching District. We are concerned about the future for fair, equitable, and prompt dispatching of trains and switching of customers in the Chicago area. We ask that the Board consider conditions that would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of the CSX.

Lynn blise Respectfully,

Lynn A. Hiser

Director, Rail Transportation

# Alan Josephsen Co., Inc.

Paper Stock

Office: 205 E. Park St./ Plant: 101 E. Maple Ave., Mundelein, IL. 60060 Telephone (847) 949-0700, Fax (847) 949-0720

October 17, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
192 K. Street, N.W.
Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

We are very concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) and Norfolk Southern Railway Company (NS) be permitted to acquire Conrail's 51% interest in the IHB, as proposed in the pending application in the Conrail acquisition case. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching service accessible to everyone on an equal basis if vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's control of IHB will seriously diminish IHB's capability and availability to serve this role. With CSXT seeking to utilize IHB for its own purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching on our traffic. In addition, CSXT's prior performance and its record for fair and equitable dispatching of trains and switching of customers has been less than commendable.

We feel that, in the best interest of the shipping public, the Surface Transportation Board should order that an independent owner or owners acquire Conrail's share of the IHB, and continue the neutral control and operation of the IHB in conjunction with IHB's existing minority interest owner, Soo Line Railroad Company (Canadian Pacific).

Sincerely,

Alan Josephsen

Par Cosphien

President

Post-H, Fay Note. 7671 Date 1 3 97 Form 1 1 5 TO CO. Date W/C Go A S. I Phone # Fax # Fax #

October 29, 1997.

Office of Secretary, Case Control Unit, Surface Transportation Board, 1925 K Street, N.W., Washington, D.C. 20423

#### Re: Pinance Docket No. 33388

Dear Mr. Secretary:

I am John W. Ross, Manager of Traffic for Algoma Steel Inc. Algoma Steel Inc. is a fully integrated steel mill located at Sault Ste. Marie, Ontario, Canada which moves traffic in and through the Chicago Switching District to destinations in Mexico via Wisconsin Central over Chicago.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own purposes, we are concerned about the impact on charges assessed other line haul carriers for intermediate switching service on our

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traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time, taking as much 2: 5 days and more on our traffic. We are concerned about the fature for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wi consin Central Limited has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

ALGONA STEEL INC.,

J. W. Ross,

Manager, Traffic Department.

JWR:nst

APPLETON PAPERS

APPLETON PAPERS INC. 825 E. WISCONSIN AVE. P.O. BOX 359 APPLETON, WISCONSIN 54912-0359

920-991-8338 920-991-8703 FAX

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Waskington, D.C. 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am Daniel F. Regal, Director of Distribution and Transportation for Appleton Papers, Inc. Appleton Papers is a manufacturer of high quality paper products and moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to ours and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the Indiana Harbor Belt (IHB) on the vital and neutral switching services that the IHB now provides. CSXT will dispatch and manage the IHB and, as our understanding of the CSXT/NS application, will utilize said terminal railroad to largely accommodate and service CSXT's own line-haul traffic to and from Chicago. It is understood that CSXT currently owns the Baltimore & Ohio Terminal Railway Company (BOCT) and will be the largest shareholder of the Belt Railway Company with approximately 33% ownership.

The Chicago Switching District is both an extremely important and extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of our company's traffic, not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize the IHB for it's own self-serving purposes, we are concerned about the charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

It is our understanding that the Wisconsin Central Ltd. (WCL) has proposed the acquisition and operation of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that the WCL would invest in improving the aforementioned routes. Appleton Papers, Inc. strongly supports these sales as a condition of approval for the CXST and NS acquisition of Conrail. Each will mitigate the impact of CSXT domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

Appleton Papers, 'c. also believes the Board should seriously consider a condition which would assure that the line operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSXT.

Appleton Papers strongly urge you to take these facts and comments into consideration in the deliberation of this very important issue.

Sincerely,

Daniel F. Regal

**Director Distribution and Transportation** 



October 20, 1997

Office of Secretary Case Control Unit Surface Transportation Board 1925 K Street, N.W. Washington, DC 20423

Re: Finance Docket No.33388

Dear Mr. Secretary:

I am Timothy A. Delaney, the President of Avoca Bement Corporation. Avoca Bement Corporation primarily brokers coal, which requires moving traffic through the Chicago Switching District.

The pending ownership and control of Conrail by CSX Transportaion, Inc. with the associated control of the IHB is of very great concern to Avoca Bement. Domination of the IHB, coupled with current ownership of Baltimore & Ohio Terminal Railway Company, as well as being the largest shareholder of The Belt Railway Company, affords CSXT the opportunity to exert unfair influence on charges and service priorities within this admittedly congested terminal area. Efficient switching that is accessible, less costly, and less time consuming is in our customers' and Avoca Bement's best interest.

A proposed acquisition of trackage by Wisconsin Central Ltd. of Baltimore & Ohio's Altenheim Subdivision and Conrail's Panhandle Line, has been brought to our attention. We are of the understanding that Wisconsin Central would improve and operate these routes and would thus increase capacity and preserve service in the Switching District. These trackage sales should be made a condition to approval of CSX and NS acquisition of Conrail.

In addition a condition that assures that the IHB dispatches on a fair and neutral basis for all traffic should be given serious consideration by the Board.

Sincerely yours,

Timothy A. Delaney

AZCON CORPORATION

A Division of Blue Tee Corp.

224 SOUTH MICHIGAN AVENUE CHICAGO, ILLINOIS 60604 3121362-0066 FAX: 3121362-0094 OFFICES AND PLANTS
CHICAGO, IL • ALTON, IL • DULUTH, MIN
HEGEWISCH, IL • NEW YORK, NY • SHARPSBURG, PA

10/21/97

Office of the Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am Jerry Blazek, Corporate Traffic Manager for Azcon Corporation. Azcon buys and sells ferrous scrap metals and moves traffic in and through the Chicago Switching District.

We are very concerned about the potential ramifications to us, as well as, other industries should CSX Transportation Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand, the CSXT/NS application provides, will use the IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSXT already owns the Baltimore & Ohio Terminal Railway Company (BOCT) and will be the largest shareholder of the Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and a highly congested terminal area. Efficient switching services accessible to everyone on a equal basis is essential for the movement of my company's traffic - not to mention for the handling of the vast amount of other commodities that move through this gateway. It is our behef that CSXT's domination of terminal switching will seriously diminish available rail capacity serving this role. With the CSXT seeking to operate the IHB for its own self-serving purposes, there is concern about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our experience with movements through the District is that it is costly and continues to escalate, and the transit times will continue to increase. We are concerned about the future for fair, equitable and prompt dispatching of trains and customer switching.

AZCON CORPORATION

A Division of Blue Tee Corp.

224 SOUTH MICHIGAN AVENUE CHICAGO, ILLINOIS 60604 3121362-0066 FAX: 3121362-0094 OFFICES AND PLANTS
CHICAGO, IL • ALTON, IL • DULUTH, MIN
HEGEWISCH. IL • NEW YORK, NY • SHARPSBURG, PA

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSXT and NS acquisition of Conrail. Each will mitigate the impact of CSXT domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We sincerely believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSXT.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Jerry Blazek

Sincerely.

Corporate Traffic Manager



## BADGER MINING CORPORATION

409 SOUTH CHURCH ST., P.O. BOX 328, BERLIN, WI 54923 (414) 361-2388 • FAX (414) 361-2826

October 16, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

Re: STB Finance Docket No. 33388

Dear Mr. Secretary:

My name is Robert Bartol. I am traffic manager of Badger Mining Corporation. I have been with the company for thirteen years. Badger Mining Corporation is a mining company. We have manufacturing plants in Wisconsin and ship via rail to our distribution facilities in Canada, Montana, Wyoming, Texas, Ohio, Oklahoma, Wisconsin, Washington, Louisiana, Colorado, Oregon, and Michigan. We also have rail customers throughout the United States. We ship approximately seventy percent of our product by rail, constituting seven thousand carloads per year. The remainder of our product is shipped via truck. A portion of our rail traffic moves in and through the Chicago Switching District via the Indiana Harbor Belt Railroad Company (IHB). IHB provides both terminal and intermediate switching service throughout the District.

Badger Mining Corporation supported the Conrail acquisition by CSX and Norfolk Southern but is very concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail's rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of Badger Mining Corporation's traffic – not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's control of IHB will seriously diminish IHB's capability and availability to serve this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable, and prompt dispatching of trains and switching of customers.

We believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, proventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Robert Bartol

Traffic Manager





October 20, 1997

Office Secretary
Case Control Unit
Surface Transportation Board
1925 K. Street NW
Washington, D.C. 20423

RE: Finance Docket No. 33388

Dear Mr. Secretary:

I am Alan R. Steffen, the Corporate Traffic Manager for Badger Paper Mills, Inc. Badger Paper Mills is a paper company which moves traffic in and through the Chicago Switching District.

We are concerned about the potential competitive ramifications within the rail industry should CSX Transportation, Inc. gain control and ownership of Conrail rights and assets as proposed. Of particular concern is the effect of CSXT's proposed control and administration of the IHB. With CSXT seeking to utilize the services of IHB for its own benefit, we wonder what the intermediate switching charges to other competitive railroads will be. Equitable and prompt dispatching of trains and switching of customers must continue.

The Wisconsin Central Ltd. has proposed buying and operating a portion of BOCT trackage named the Alter heim Subdivision and a portion of Conrail trackage know as the Panhandle Line. WCL has committed to improving these routes. Badger Paper Mills, Inc. supports the WCL in this endeavor.

We urge you to take these facts and comments into consideration when deliberating this very important issue.

Sincerely,

BADGER PAPER MILLS, INC.

Alan R. Steffen

Corporate Traffic Manager

ARS:hjm



MAIN OFFICE

400 N. Dodge St. PO Box 220 Burlington, WI 53105-0220 Phone: (414) 767-2000 Fax: (414) 767-2005

October 16, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N. W.
Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am Phil Yakish, the General Manager for Burlington Consumers Co-op. Burlington Consumers Co-op is a Farmer owned Cooperative Grain Marketer which moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's own line-haul traffic to and from Chicago. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services the IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic— not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity with seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is the it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

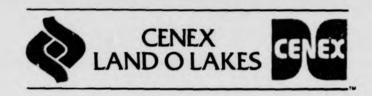
We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Contrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

IHB operations and facilities are dispatched in a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of the very important issue.

Sincerely.

Thil Yakish



November 6, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

RE: Finance Docket No. 33388

Dear Mr. Secretary:

I am Thomas Foels, the Manager of Plant Food Transportation for Cenex/Land O Lakes Agronomy Company. Cenex/Land O Lakes Agronomy Company is a wholesale distributor of fertilizer products, which moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSXT already owns Baltimore & Ohio Terminal Railway Company (BOCT) and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its won self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for tair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSXT.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very unportant issue.

Sincerely,

**Thomas Foels** 

Manager, Plant Food Transportation



# Eleveland-Eliffs Inc



October 23, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N. W.
Washington, D. C.

Subject: Finance Docket No. 33388

Dear Mr. Secretary:

I am Alex R. Rankine, Manager-Traffic, Cleveland-Cliffs Inc, 1100 Superior Avenue, Cleveland, Ohio 44114. Cleveland-Cliffs, which is celebrating its 150th anniversary in 1997, is the largest supplier of iron ore products to the North American steel industry. We manage six iron ore mines in North America with equity interest in five of them and are a substantial iron ore merchant.

From time to time shipments of iron ore products move via rail routes from upper Michigan and Minnesota mines to integrated steelmakers in Illinois, Ohio, West Virginia, Michigan, Alabama and Utah. The only gateway for many of these movements is through the Chicago Switching District, an extremely congested terminal area.

We are writing to share our concerns about potential unfavorable impacts to Cliffs and its associates and customers if CSX dominates the Chicago terminal region through acquisition of certain Conrail assets, specifically the Indiana Harbor Belt (IHB). We understand that CSX already owns the Baltimore and Ohio Terminal Railway Company (B&OCT) and is a substantial shareholder of the Belt Railway Company of Chicago (BRC).

One possible solution to this would have another carrier acquire the operate a portion of the B&OCT. We understand that Wisconsin Central has proposed to buy the B&OCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage identified as the "Panhandle Line".

We believe that this has merit as a viable solution to potentially harmful impact on traffic trying to make its way through an already congested terminal area with CSX potentially dominating the rail capacity in the Chicago region.

1100 Superior Avenue · Cleveland, Ohio 44114-2589 · Selphone: (216) 694-5700

## Page 2

We hope that the STB will consider these thoughts during its deliberation of the Conrail acquisition process.

Sincerely, Calante

file:csxchgo.doc

12955 COURTHOUSE BLVD. • ROSEMOUNT, MN 55068 PHONE 612/437-3101 • FAX: 612-437-4136

October 17, 1997

Office of Secretary Case Control Unit Surface Transportation Board 1925 K Street, N.W. Washington, D.C. 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am Ronald Fiereck, the Director of Transporta\*.on, for Continental Nitrogen and Resources Corporation (CNR). CNR manufactures and distributes fertilizer and chemicals which moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services the IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Eelt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic -- not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

Surface Transportation Board October 17, 1997 Page 2

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

Ronald Fiereck

Director of Transportation



October 21, 1997

Office of Secretary Case Control Unit Surface Transportation Board 1925 K. Street, N.W. Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary;

I am Terry Jones, the Logistics Manager for Didion Milling, Inc. Didion Milling, Inc. is a Cambria, Wisconsin based dry corn milling operation which moves traffic in and through the Chicago Switching District.

We at Didion Milling are concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic – not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central LTD has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX

501 SOUTH WILLIAMS STREET, CAMBRIA, WISCONSIN 53923 (414) 348-5868



domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

Terry Jones

Logistics Manager



501 Second Street, N.E., Washington, D.C. 20002

TEL: 202/675-8250 FAX: 202/544-8123

GARY D. MYERS President

November 5, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

RE: Finance Docket No. 33388

Dear Mr. Secretary.

The Fertilizer Institute is concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of certain Consolidated Rail Corporation (Conrail) rights and assets as proposed in this proceeding. We are particularly concerned about the effect of CSXT's proposed control and administration of the Indiana Harbor Belt Railroad Company (IHB) on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application explains, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company (BOCT) and that no stockholder will have a larger share of The Belt Railway Company of Chicago than CSXT.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic – not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching facilities will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. Has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSXT and NS acquisition of Conrail. Each will mitigate the impact of CSXT domination of switching and serve to preserve and increase critical rail capacity in the Chicago Switching District.

We also believe the Board should seriously consider a condition, which would assure that IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSXT.

We strongly urge you to L. hese facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

Yary D. Myers

GDM/gcm

#### FMC Corporation

Chemical Products Gr. 12 1735 Market Street Philadelphia Pennsylvania 19103 215 299 5000

October 22, 1997



Office of Secretary Case Control Unit Surface Transportation Board 1925 K Street, N.W. Washington, D.C. 20423

RF: Finance Docket No. 33388

Dear Mr. Secretary:

I am John L. Abbott, Manager of Transportation for FMC's Chemical Products Group, Philadelphia, PA. I have been with the company for nineteen years. Please accept the support of FMC for the acquisition of portions of the Altenheim Subdivision and the Panhandle Line by Wisconsin Central, Ltd. FMC moves traffic in and through the Chicago Switching District. We also own and operate a Distribution Center in Bedford Park; Clearing, IL is the rail station location.

FMC Corporation located at 200 East Randolph Drive, in Chicago, Illinois 60601, is one of the world's leading producers of chemicals and machinery in industry, agriculture and government. FMC participates on a worldwide basis in four broad markets: performance chemicals, machinery and equipment and defense systems. FMC operates 117 manufacturing facilities and mines in 28 countries.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain comership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB new provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest-shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity erving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe that Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely.

John L. Abbott

Manager of Transportation

cc: Al Smith - Wisconsin Central



## **Specialty Polymers Division**

Mogadore Plant 165 South Cieveland Avenue Mogadore, Ohio 44260-1505

Tel: 330-628-9925

October 16, 1997

The Honorable Vernon A. Williams Office of the Secretary Surface Transportation Board STB Finance Docket No. 33388 1925 K Street, NW Washington, DC 20423-0001

RE: Finance Docket No. 33388.

Dear Mr. Secretary:

I am Stanford D. Hagler, Director of Purchases and Traffic for the Specialty Polymers Division of GenCorp, Inc. GenCorp Inc. produces styrene/butadiene latices at Green Bay, Wisconsin and moves both inbound raw material and outbound products through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) and Norfolk Southern Railway Company (NS) is permitted to acquire Conrail's 51% interest in the IHB, as proposed in the pending application in the Conrail acquisition case. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application makes clear, will utilize IHB largely to accommodate and service CSXT's own line—haul traffic to and from Chicago.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic – not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's control of IHB will seriously diminish IHB's capability and availability to serve this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic.

The proposed Conrail transaction also would diminish any possible alternatives we might have to a CSXT-dominated IHB. As the Board is aware, there are three major terminal and transfer carriers serving Chicagoland and the Northeast Indiana industrial area 0 IHB, the Belt Railway Company of Chicago (BRC) and The Baltimore & Ohio Chicago Terminal Railroad Company (BOCT). CSXT already owns BOCT outright. It is also a sizable (in fact, the largest) owner of the BRC. If its application in this proceeding were approved as submitted, CSXT would not only own and operate BOCT, but would further increase its dominant holdings in the BRC (and together with NS would control half of BRC's stock) and manage the day-to-day operations of IHB. The ownership and control of IHB will give CSXT a stranglehold on the vital Chicago switching district.

We feel that, in the best interest of the shipping public, the Surface Transportation Board should order that an independent owner or owners acquire Conrail's share of the IHB, and continue the neutral control and operation of the IHB in conjunction with IHB's existing minority interest owner, Soo Line Railroad Company (Canadian Pacific).

We strongly urge you to take these facts and comments into consideration in your deliberation of the very important issue.

Sincerely,

Stanford D. Hagler

Director of Purchases & Traffic



October 21, 1997

Office of the Secretary Case Control Unit Surface Transportation Board 1925 K Street, N. W. Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

My name is Keith L. Hanks. I am Director - Raw Materials and Traffic for Geneva Steel Company (Geneva), a major integrated steel producer located 45 miles south of Salt Lake City, Utah. My responsibilities at Geneva include the purchase of all raw materials utilized in iron and steel production and the negotiation of transportation contracts for movement of all inbound materials and outbound steel products.

Geneva purchases approximately 3.7 million tons per year of iron ore pellets that originate in Minnesota and the Upper Peninsula of Michigan. The ore is transported by the Wisconsin Central Railroad (WC) to Chicago for interchange through the Chicago Switching District to the Union Pacific Railroad for delivery to destination.

We are very concerned regarding the potential impact on Geneva and other industries that may result by granting CSX Transportation, Inc. (CSXT) ownership and control of Conrails rights and assets as proposed.

The Chicago Switching District is a vital gateway to movement of freight to Geneva and other customers.

CSXT now owns the Baltimore & Ohio Terminal Railway Company (BOCT). CSXT's proposed control and administration of the Indiana Harbor Belt Railroad (IHB), coupled with their major shareholder interest in the Belt Railway Company of Chicago (BRC), would give them dominant control of the terminal switching capacity in the Chicago district, with primary bias to their own movements.

It is extremely important that the neutral unbiased switching services now provided by the IHB be continued, thereby providing prompt dispatching of trains and switching of customers at a fair and equitable price. We urge the Board to allow continuance of this service, thereby eliminating the potential for single-carrier dominance.

Further, we understand the WC has proposed acquiring and operating a segment of BOCT trackage known as the Altenheim Subdivision, and also a segment of Conrail trackage known as the Panhandle Line. We strongly support these sales as a condition to approval of CSXT and Norfolk Southern acquisition of Conrail. This should be done with the stipulation that WC would commit funds to improving these routes.

We believe that the steps proposed would continue and strengthen switching services in the Chicago District to the benefit of all customers. We strongly recommend that these comments be considered in your deliberation of this important issue.

Sincerely,

Keith L. Hanks

Director - Raw Materials & Traffic

Keith I. Hanh

Geneva Steel Company



## **Grain Processing Corporation**

1600 Oregon Street Muscatine, Iowa 52761-1494 USA Phone 319-264-4211

October 17, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am Robert J. Willis, the Vice President of Transportation for Grain Processing Corporation. Grain Processing is a corn wet milling plant shipping corn starch, alcohol, grains, corn oil, and gluten meal in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.



## **Grain Processing Corporation**

1600 Oregon Street Muscatine, Iowa 52761-1494 USA Phone 319-264-4211

## Page 2

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

Most of our shipments move on the IMRL and we need to insure the IMRL has access to the Altenheim and Panhandle Line, also. We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

GRAIN PROCESSING CORPORATION

Robert J. Willis Vice President

Transportation

RJW/bc

November 4, 1997

Office of the Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

INTERNATIONAL PLACE I 6400 POPLAR AVENUE MEMPHIS, TN 38197 PHONE 901 763-6000

Re:

Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Leases/Agreements - Conrail Corporation, et al.

Dear Mr. Secretary:

My name is Charles E. McHugh. I am Manager, U.S. Distribution Operations for the International Paper Company (referred to here as "IP"). I have occupied this position since January 1991 and have been employed by International Paper Company in the field of logistics since August 1970. My business address is 6400 Poplar Avenue, Memphis, Tennessee 38197.

As Manager, U.S. Distribution Operations for the company, I am responsible for the procurement of transportation services for the inbound movement of all raw and semi-finished materials necessary for the manufacture of our products as well as the outbound delivery of all finished products to our customers throughout North America. This includes the responsibility for negotiating rate and service issues with the various rail and motor carriers serving our facilities. I am familiar with the paper and forest products industry and the various transportation modes employed to move our raw materials and deliver our finished products to market.

IP is the world's largest paper company, conducting operations throughout the United States from over 650 paper and lumber mills, converting plants, warehouses, distribution centers, retail stores and related sales service support offices. Our manufacturing facilities in the United States produce paper and paper products including woodpulp, pulpboard, wrapping and printing papers, converted products including corrugated boxes, folding cartons, labels and milk cartons and wood products including lumber, plywood, decorative panels and other specialty products to serve the building trades, as well as chemical products and products serving the imaging industry. We move these products throughout the United States and North America utilizing the services of a number of transportation vendors, including the Wisconsin Central Ltd. (WCL). I represent IP's interests before pertinent government regulatory bodies, and I am authorized by IP to make this statement.

Since the announcement of CSX Transportation's (CSXT) and Norfolk Southern's (NS) proposed control of Conrail (CR). IP has reviewed the materials provided by NS and CSXT and listened with interest to what these carriers and others have said with respect to the benefits and effects of this control application. Although it appears that the proposed application may provide public benefits in certain markets, there remain, however, markets vital to this Company which we believe would be adversely affected by the merger. Absent the continued availability of effective, competitive rail alternatives in these markets, we do not believe that the proposed merger can or should be supported.

International Paper ships over 75,000 boxcar loads of paper and paper products per year to points within the lower 48 states and Canada with approximately 3,500 of said carloads moving in and through the Chicago Switching District.

The acquisition of Conrail has been presented as the best solution to the problems of inconsistent and unbalanced rail service in the East. However, many shippers and other parties recognize that there are a number of competitive and operational problems associated with the proposed merger. IP supports conditions to the merger which would address these problems and preserve efficient gateways as well as switching and routing options. IP is not opposing the CSXT/NS acquisition of Conrail. Rather we are seeking the imposition of ameliorating conditions to mitigate anti-competitive effects of the merger on our ability to serve our customers efficiently via rail.

We are very much concerned about the potential service and cost ramifications to us and other industries should CSXT obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital NEUTRAL switching services that IHB now provides. International Paper, in September 1996, opened up a major distribution center at Hammond, IN on the IHB to which we ship approximately 1.000 boxcar loads yearly from various producing points in the east, south and southwest. We specifically chose this site because it was on the IHB and afforded neutral access to various carriers serving the Chicago Switching District. Post merger, CSXT will control, dispatch and manage the IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT \_ own line-haul traffic to and from Chicago. We understand that CSXT already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company (BRC) with about one-third ownership. These proposed arrangements, if left unmodified, will position the CSXT to exercise considerably increased market power over this critical gateway and the thousands of rail cars that pass through it daily.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We

are seriously concerned that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role generally. With CSXT's announced plans to utilize IHB for its own, unilateral purposes, we are also concerned about the impact on switching charges that may be assessed on other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We remain concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers. While CSXT has stated that it does not plan to change anything, except as already noted, the opportunity for CSXT to exact significant price increases in switch charges for other rail competitors/connections and customers who will not be able to avoid said charges, as well as CSXT's increased ability to control the level, frequency and quality of the switching services offered its competitors post merger, gives us scant comfort. The chokehold which CSXT will have on the Chicago Switching District will enable it to undermine the efficiency and competitiveness of WCL and other carriers, and the proposed merger will provide it with the added incentive to do so.

We understand that WCL has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes to more efficiently handle increased volumes seeking a switching service alternative to fill the role of the former IHB. We strongly support these sales as a condition of approval of CSXT and NS acquisition of Conrail. Each will mitigate the impact of CSXT domination of switching and serve to preserve and increase rail capacity in the Chicago Switching District.

The STB can and should prevent what is plainly a substantial reduction in service to the public by conditioning its approval of the CR acquisition with terms which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, to serve connections and the shipping public and thereby prevent the IHB from being operated primarily for the private benefit of CSXT. The alternative -- relying on CSXT reasonably to accommodate IP's and other shippers' needs as well as that of connectors voluntarily -- is unlikely to resolve the issue satisfactorily. We have seen where Union Pacific/Southern Pacific's (UP/SP) dispatching on trackage rights lines have seriously and repeatedly impacted the tenant operations of the Burlington Northern Santa Fe (BNSF), Kansas City Southern (KCS) and Texas Mexican (Tex Mex) railroads, and we do not believe that problem should be allowed to gain root here. Operating protocols imposed on the landlord railroad are NO guarantee that the tenant railroad will not be adversely affected by the trackage rights owner railroad's "problems", as has been made abundantly clear in UP/SP's recent protracted spate of problems. Ownership is preferable to trackage rights to any railroad with which you care to discuss the issue. If the ownership issue cannot be resolved satisfactorily between the parties, then a NEUTRAL party should be appointed to control dispatching over jointly operated lines.

iP recognizes that the Board has in the past generally resisted intervening into the privately negotiated trackage rights agreements incident to railroad mergers and acquisitions. Here, however, CSXT and NS propose to carve up the thousands and thousands of miles of CR rail lines into spheres of influence, and it is not plain that their private agreements are necessarily entitled to the same presumption of reasonableness. These are public, not private, rights that are being negotiated away. The Board should look carefully at the terms of the transaction to ensure that it is in fact in the public interest, and not hesitate to exercise its unquestioned authority to impose conditions upon the transaction where necessary to protect the public interest.

Past experience teaches that the STB should not take at face value CSXT's and NS's representations that their acquisition of CR will lead to improved service for IP and other CR customers. After all, in filing the application, CSXT touted its reputation as a highly efficient, safe railroad. See Verified Statement of John W. Snow at 12 (CSX/NS-18 at 314) ("CSX's outstanding safety record . . . will be extended to the portions of the Conrail system over which CSX will operate."). Yet, recently, the Federal Railroad Administration released a comprehensive report detailing numerous critical safety shortfalls throughout the entire CSXT rail system. See FRA 25-97 (Oct 16, 1997).

Similar self-serving commitments were made prior to the merger of the UP and SP rail systems. In an effort to obtain approval of the UP/SP merger, those applicants represented that they could ameliorate the anticompetitive consequences of the merger by granting certain trackage rights to the BNSF, so that BNSF could fill the competitive void left after the merger. As a result, SP and UP argued, shippers would still have two strong competitors to choose from, and the quality of the available service would not suffer. IP's experience in the months since the merger belies UP/SP's pre-merger representations. In addition to the fact that BNSF simply does not have the ability to compete with UP/SP for IP's business, the service IP has obtained from UP/SP since the merger is far inferior to that which it received from UP and SP prior to the merger. CSXT should not now be placed in a position where it may exercise its newly increased market power to the detriment of the shipping public nor allowed to foreclose competitors for its own private reasons from markets previously available to said competitors, through either economic embargo or service curtailment.

For all the forgoing reasons, we strongly urge you to preserve the level of rail switch service competition that exists today in the Chicago Switching District and to take these facts and comments into consideration in your deliberation of this very important issue.

I. Charles E. McHugh, declare under penalty of perjury that the foregoing statement is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed this 4th day of November, 1997.

Charles E. McHugh

Manager U.S. Distribution Operations

International Paper Company



101 S. WEBER AVE. STRATFORD, WI 54484 PHONE 800/852-7415 FAX: 715/687-2395

November 6, 1997

Office of Secretary Case Control Unit Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

RE: Finance Docket No. 33388

Dear Mr. Secretary,

I am Glenn Kafka, the owner for Kafka Granite Decor. Kafka Granite Decor is a manufacturer of architectural and landscape aggregates which moves traffic in and through the Chicago Switching District.

We are extremely concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of certain Consolidated Rail Corporation (Conrail) rights and assets as proposed in this proceeding. We are particularly concerned about the effect of CSXT's proposed control and administration of the Indiana Harbor Belt Railroad Company (IHB) on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application explains, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company (BOCT) and that no stockholder will have a larger share of The Belt Railway Company of Chicago than CSXT's 25% ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that



CSXT's domination of terminal switching facilities will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSXT and NS acquisition of Conrail. Each will mitigate the impact of CSXT domination of switching and serve to preserve and increase critical rail capacity in the Chicago Switching District.

We also believe the Board should seriously consider a condition which would assure that IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSXT.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

Glenn Kafka

Owner

October 17, 1997

Office of Secretary Case Control Unit Surface Transportation Board 1925 K. Street, NW Washington, DC 20423-0001

RE: Finance Docket No. 33388

Dear Mr. Secretary:

I am Jerome L. Blankenship, Vice President-Transportation for Kimberly-Clark Corporation, Knoxville, Tennessee. Kimberly-Clark is a major consumer products and forest products company which moves substantial traffic through the Chicago Switching District.

We have previously written a letter supporting the acquisition of Conrail by CSXT and Norfolk Southern based on our belief that rail competition will be increased in the northeastern United States.

We do have a concern, however, about the present plan with regard to the Chicago Switching District.

My understanding of the situation in the Chicago Switching District, should the current plan be approved by the STB, is that CSXT will dispatch and manage the IHB. CSXT already owns the BOCT and will be the largest shareholder of the Belt Railway Company with about 1/3 ownership. This concentration of power by CSXT in Chicago requires close scrutiny by the STB to prevent a situation whereby the current neutral switching services provided by the IHB are replaced by a service dedicated primarily to satisfying the needs of CSXT.

We understand the Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage that, if approved, would mitigate the impact of CSXT domination of switching and serve to preserve and increase vital rail capacity in and through the Chicago Switching District.

We respectfully request that the STB review this issue carefully and make decisions that will enhance the ability of shippers and receivers to move traffic through the Chicago Switching District.

Thank you for your consideration.

Sincerely,

Jerome L. Blankenship

Vice President, Corporate Transportation

Geomo & Blanderskip

jlr

cc: Mr. Nick Cicinelli

Manager Marketing Wisconsin Central, Ltd.



NUM DRIED - S.P.F.

October 20, 1997

Office of Secretary Cars Control Unit Surface Transportation Board 1925 K. Street, N.W. Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary,

I am Ernest Desgroseilliers, the Sales Manager for Lecours Lumber Co. Limited. Lecours Lumber Co. Limited is a lumber producer which moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential ratifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandie Line. We also understand the WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

Ernest Desgroseilliers

Lanet Desguller

Sales Manager



### MANISTIQUE PAPERS, INC.

453 S. MACKINAC AVE. . MANISTIQUE, MI 49854 906-341-2175 FAX # 906-341-5635

October 16, 1997

Office of Secretary Case Control Unit Surface Transportation Board 1925 K Street, N.W. Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am Larry Koski, the General Sales Manager of Manistique Papers, Inc. Manistique Papers, Inc. is a manufacturer of 100% recycled groundwood specialty papers which moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. Has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

MANISTIQUE PAPERS, INC.

Larry Koski

General Sales Manager

LK:mlf



#### **Publishing Paper Division**

Post Office Box 757 Escanaba, Michigan 49829-0757 906-786-1660

October 16, 1997

Office of Secretary Case Control Unit Surface Transportation Board 1925 K Street, NW Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am Kathy Krebs, the Division Transportation/Logistics Manager for Mead Paper in Escanaba, Michigan. Mead produces printing paper which moves primarily by rail. In 1996 we shipped over 6300 rail cars of paper. This traffic moves in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should the CSX Transportation, Inc.(CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of the CSXT's proposed control and administration of the IHB on the vital neutral switching services that the IHB now provides. CSXT will dispatch and manage the IHB and as we understand the CSXT/NS application provides, will utilize the IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSXT already owns the Baltimore & Ohio Terminal Railway Company (BOCT) and will be the largest shareholder of the Belt Railway Company (BRC), with 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that the CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With the CSXT seeking to utilize the IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that the Wisconsin Central Ltd. has proposed acquiring and operating a portion of the BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that the WCL would invest in improving these routes. We strongly support these sales as a condition to approval of the CSX and NS acquisition of Conrail. Each will mitigate the impact of The CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of the CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

Kathy Krebs

Division Transport, tion/Logistics Mgr.

Mead Publishing Paper Division

Kathy Krebs

# OLSEN'S MILL, INC.

FEED - SEED - FERTILIZER - GRAIN

N2084 State Road 49, Auroraville, WI 54923 Phone (414) 361-2750 Fax (414) 361-4420

October 17, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am Paul Olsen, the Secretary/Treasurer for Olsen's Mill, Inc. Olsen's Mill, Inc. is a retail grain and crop service company which moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of the CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely

Paul Olsen

Secretary/Treasurer



## Reserve Iron & Metal, L.P.

October 20, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K. Street, N.W.
Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary

My name is Linda Bornancin, and I am the Vice President of Transportation for Reserve Iron & Metal, L.P. Reserve Iron & Metal is one of the largest scrap iron processors in the United States, and our second largest operation is located within the Chicago Switching District.

We are very concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital mutual switching services that IH3 now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSXT already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

4431 West 130th Street • Cleveland, Ohio 44135 • TEL: (216) 671-3000 • FRX: (216) 671-8887 12701 S. Doty Rvenue • Chicago, Illinois 60633 • PHONE: (312) 646-2121 • FRX: (312) 646-5010 We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of the CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

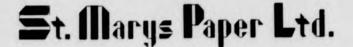
RESERVE IRON & METAL, LP.

Linda Bornancia)

Linda Bornancin

Vice President of Transportation

LB:vg



Telephone (705) 942-6070 Fax - (705) 949-7876

75 Huron Street, Sault Ste. Marie, Ontario PoA 5P4

October 20, 1997

Office of Secretary Case Control Unit Surface Transportation Board 1925 K. Street, N.W. Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am Joseph F. Richichi, the Transportation Manager for St. Marys Paper Ltd. St. Marys Paper Ltd. is a producer of Super Calendered papers for the printing industry which moves in excess of 2000 boxcars of paper in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BCOT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

St. Marys Paper Ltd.

Joseph F. Richichi Transportation Manager



**GREEN BAY** 

DIVISION

P O BOX 10917 (54307) 21/5 SHAWANO AVENUE (54303) GREEN BAY, WISCONSIN PHONE (414) 494-3451 FAX (414) 494-1548

October 20, 1997

Office of Secretary Case Control Unit Surface Transportation Board 1925 K Street, N.W. Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am Tom Hale, the northern divisions marketing manager for Samuels Recycling Company. Samuels Recycling Company is a scrap recycling facility which moves traffic in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that SCX already owns Baltimore & Ohio Terminal Railway Company ("BOTC") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own selfserving purposes, we are concerned about the impact charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.



### **GREEN BAY**

DIVISION

P.O. BOX 10917 (54307) 2175 SHAWANO AVENUE (54303) GREEN BAY, WISCONSIN PHONE: (414) 494-3451 FAX: (414) 494-1548

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

Tom Hale

Northern Divisions Marketing Manager

TH/1h



### **TOMORROW VALLEY COOP**

961 Depot Street Manawa, Wisconsin 54949

Phone (414) 596-3303 Fax (414) 596-2681

Office of the Secretary Case Control Unit Surface Transportation Board 1925 K Street, N.W. Washington, DC 20423

Re: Finance Docket No. 33388

Dear Mr. Secretary,

I am concerned about the recent discussions involving the Chicago Switching district. Tomorrow Valley Cooperative ships corn, soybeans, soybean meal, cottonseed and fertilizer through that shipping district.

We are very concerned about the potential ramifications to other industries and us should CSXT obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB, thereby accommodating CSXT's own line-haul traffic through Chicago.

The Chicago Switching District is both an extremely important and an extremely congested terminal. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity. We are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movement through Chicago is that it is costly and often requires too much time.

We understand that WCL has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We strongly support these sales as a condition of approval of CSX and NS acquisition of Conrail. This would help minimize the impact of CSX domination on switching.

We also believe the Board should seriously consider a condition that would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

John A. Every

Feed & Grain Dept. Manager

Tomorrow Valley Cooperative Services.



U. S. Steel 800 Grant Street Pittaburgh, PA 15219-2749 412 433 3155 Fax 412 433 3085 G. M. Bleakley General Manager-Traffic

October 23, 1997

Office of the Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001

Re: Finance Docket No. 33388

Dear Mr. Secretary:

I am the General Manager-Traffic for U.S. Steel Group, USX Corporation. U.S. Steel is the largest integrated steel producer in the United States with annual sales in excess of \$6.5 billion. We are a major rail shipper (i.e., 275,000 car receipts of basic bulk raw materials - coal, iron ore pellets, coke, limestone - and 82,000 car loadings of steel sheet, plate, pipe and semi-finished products). I have responsibility for the shipment of steel products from which originate at the following facilities: Fairless, PA; Irvin, PA; Lorain, OH; Fairfield, AL; Leipsic, OH, Dearborn, MI; and Gary, IN. Today, Conrail services - directly or via switch or short-line connector - five of our seven major facilities. The proposed acquisition of Conrail by CSX and NS will have a very significant impact on our business.

U.S. Steel is on record as having supported both the CSX and NS in their Conrail acquisition proposal and in their earlier proposal for an accelerated decision by the STB. We, in concert it would appear with the majority of Conrail shippers, continue to see the potential for more long-term benefits arising from this particular merger and division of properties and routes than was afforded us in alternative packages. We believe that the break-up of Conrail will have a down-stream potential of faster north-south, single-line service, restore competition in the east coast and in some north-south corridors, and produce rate reduction opportunities which would never have occurred with Conrail. All that being said, we are now compelled to comment on some of the peripheral and less desirable aspects of the acquisition, which are being surfaced, as other connecting lines jockey for pre-hearing commitments and concessions by either NS or CSX.

We have experience first-hand the service and dollar cost which closing a gateway can bring; I still recall a situation which occurred - several months following the BNSF merger - when an expiring BN-SP contract routing could not be renewed and a direct BNSF route produced a 15% increase in rates. Experiences such as this give me a sensitivity for the plight of all shippers and secondary railroads - without regard to their size - which are being shouldered out of routings opportunities and revenues by the megamerger movement. As I have studied the numerous petitions for shipper support, which have come to my desk in recent weeks, and discussed with these carriers the rational





behind their proposals, I have begun to have a better sense for the behind the scenes negotiations and compromises which have contributed to what will be these carrier's compromised, responsive applications to the STB. I suspect that all too often, the applications will not reflect all that should have been sought - if shippers interests were to be fully protected - and indeed are compromises which are less threatening to the primary carriers.

I would ask that the STB take special note of the secondary anti-competitive impact being created in the Chicago switching district where Conrail's demise appears to place the CSX - and to a much lesser degree, the NS, as it applies to the IHB - in a dominate position with BRC, BOCT and IHB. Although CSX will clearly be in a position to short-haul the UP, IC and BNSF by insisting on distant junction points, as opposed to their usual Chicago area connections, it is interesting to observe that the only carriers which I have heard raising the alarm has been the WC and EJE. Shippers should not be denied their right to the lowest cost and most efficient routes; the traditional originating carrier right to dictate their long-haul must be here set aside when mergers create an environment where existing, efficient and competitive gateways are truncated. I ask that the Board examine closely the secondary anti-competitive impact when the controlling interest of witching or short-line carriers are altered by the results of the merger or acquisition of existing joint owners.

I would also ask that the Illinois Central Railroad, the sole surviving and independent railroad in the high speed, north/south, central freight corridor, be recognized and protected from the unwarranted power of the mega-merger. Although the NS has apparently arrived at some form of off the table pre-filing agreement with the IC, there is no shipper protection that the terms of that agreement effectively preserve the principle of open gateways and competitive rates. U.S. Steel has frequently found joint-line CR-IC or CSX-IC routes to produce equivalent or superior service at lower costs than a direct CSX route. I would trust that your Board will find just cause to provide conditions which assure all shippers that the IC will not be adversely affected by artificially constrained economic or service issues which would jeopardize pre-existing, efficient gateways.

Delly

Respectfully submitted,

Gary M. Bleakley

General Manager-Traffic





October 17, 1997

Office of Secretary
Case Control Unit
Surface Transportation Board
1925 K. Street, N.W.
Washington, DC 20423

RE: FINANCE DOCKET NO. 33388

Dear Mr. Secretary

I am Richard D. Huhn, the Director of Finishing, Logistics and Distribution Systems for Wausau Papers Technical Specialty Division - Rhinelander Mill in Rhinelander, Wisconsin.

We are in the Paper Producing industry which moves traffic through the Chicago Switching District. The movement of product includes raw materials which are used to keep the paper mill operational and finished product to our customers.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of the Belt Railway Company with about 1/3 ownership.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-rerving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

Office of Secretary
RE: Finance Docket No. 33388
Page Two

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Contrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Contrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

Richard D. Huhn

Director of Finishing, Logistics and Distribution Systems

Hel

RDH/dmt

#### CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of December, 1997, a copy of the foregoing Additional Shipper Statements in support of Responsive Application and Request for Conditions (WC-15) was served by overnight delivery upon the Primary Applicants herein, as follows:

Dennis G. Lyons, Esq. Arnold & Porter 555 12th Street, N.W. Washington, DC 20004-1202

Richard A. Allen, Esq. Zuckert, Scoutt & Rasenberger, L.L.P. 888 Seventeenth Street, N.W. Suite 600 Washington, DC 20006-3939

Paul A. Cunningham, Esq. Harkins Cunningham 1300 Nineteenth Street, N.W. Suite 600 Washington, DC 20036

and by first class mail, postage prepaid, upon all designated parties of record appearing on the Surface Transportation Board's official service list in this proceeding, served August 19, 1997 and revised on October 7, 1997 and December 5, 1997.

Thomas J. Litwiler