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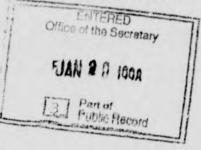
#### OPPENHEIMER WOLFF & DONNELLY (ILLINOIS)

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

(312) 616-1800 FAX (312) 616-5800 185278



January 16, 1998



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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 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. 62) Illinois Central Railroad Company -- Purchase --Lines of CSX Transportation, Inc.

Dear Secretary Williams:

On December 4, 1997, Illinois Central Railroad Company ("IC") filed a pleading entitled "Additional Shipper Statements in Support of Conditions and Responsive Application" in the above-captioned proceedings. That filing was incorrectly designated as IC-10, the same number which had been assigned to a consolidated pleading filed by IC and other parties on November 28, 1997. The correct designation for IC's December 4, 1997 filing is IC-11. IC's pleadings filed since December 4, 1997 have been numbered accordingly

IC has identified one additional shipper support statement not included with IC-11. and is attaching that statement hereto for inclusion in the record.

It has also come to my attention that copies of IC's Evidence in Support of Conditions and Responsive Application (IC-6) may have omitted Exhibit 1 to the verified statement of John D. McPherson. I am attaching that exhibit hereto as well to assure its inclusion in the record and service or all parties.

## OPPENHEIMER WOLFF & DONNELLY (ILLINOIS)

Mr. Vernon A. Williams January 16, 1998 Page 2

Finally, I would note two minor errata in IC-6. The verified statement of Donald H. Skelton indicated (at pages 9-10) that the text of IC's proposed assured access condition was attached as Exhibit A to the statement. That text was instead included in the narrative section on page 2 of IC-6. Mr. McPherson's verified statement refers twice (on pages 10 and 19) to "FRA Class 4 standards;" both references should be to FRA Class 3 standards.

I apologize for any inconvenience which these errors may have caused. Twenty-five copies of this letter, with attachments, are enclosed for filing at the Board, and copies also have been served by first class mail, postage prepaid, on all designated parties of record in this proceeding.

Respectfully submitted,

Thomas J. Litwiler

Attorney for Illinois Central

Railroad Company

TJL:tl

Attachments

cc: Parties of Record

# NUCOR-YAMATO STEEL CO.

Post Office Box 1228

Blytheville, Arkensas 72316

Telephone 501/782-5500

Fax 501/762-5154

Cliff Edwards
Logistics Coordinator
Nucor-Yamato Steel
PO Box 1228
Biytheville, AR 72316

November 8, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re:

Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Leases/Agreements - Conrol Corporation, et al.

#### Dear Chairman Morgan:

I am the Logistics Coordinator for Nucor-Yamato Steel. Nucor-Yamato Steel is a producer of wide flange steel beams, with annual sales of over 2,200,000 tons. We ship 12,000-13,000 rail loads per from our facility in Blytheville, AR. Conrall today serves markets which are vital to the substantially affect us.

Since the announcement of C9X's and NS's proposed control of Contrall, Nucor-Yamato has reviewed the materials provided by NS and C6X and listened with Interest to what these camers 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, we want to be sure the application increases competition to the markets we serve. Absent the availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The NS and CSX will control much of the rail traffic in the Eastern United States. The Illinois Central is an extremely efficient railroad and currently offers a competitive choice to shippers through its various routes and gateways. We believe those gateways should remain open, and without artificial economic constraints that would tessen the level of competition that currently exists.

Nucor-Yamato customers have experienced problems between the UP/SP and BNSF with cases in which one or the other railroad would not deliver cars over the other railroad's line at 2 to 1 customer locations. According to the lilinois Central, this same type of situation is happening on trackage between Leewood and Aulon in Memphis. TN. According to them, the CSX is "impeding illinois Central's ability to move through Memphis". Even though all the railroads say they will work together after the merger, this has not been proven in the west and we fear a will not be the case in the east. We want to be sure that service on all railroads gets better after the merger.

Nucor-Yamato has seen the level of competition, with respect to our business, decrease in the previous two mergers between UP/SP and the BNSF. We have seen the level of service decrease

after the UP/SP merger. We support the proposed CSX and NS control of Conrail, if it creates more competition among the railroads and better service for Nucor-Yamato. We also strongly believe the should not be allowed to negatively affect the valuable service lilinois Central provides.

We support Illinois Central in trying to maintain the competition that exists pre-control of Conrail, and in trying to improve service over the Leewood to Aulon trackage that is part of their main line. Sincerely,

Logistics Coordinator

#### IC USE OF LEEWOOD-AULON LINE AS PERCENTAGE OF TOTAL USE (WHEELAGE BASIS)

November, 1995	76.52%
December, 1995	76.86%
January, 1996	77.38%
February, 1996	79.06%
March, 1996	76.67%
April, 1996	75.74%
May, 1996	76.45%
June, 1996	76.01%
July, 1996	75.47%
August, 1996	75.40%
September, 1996	74.11%
October, 1996	71.45%
Average	75.94%

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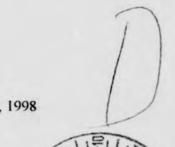
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Two Prudential Plaza 45th Floor 18. North Stetson Avenue Caicago, IL 60601-6710

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January 14, 1998



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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

Re:

Finance Docket No. 33388

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

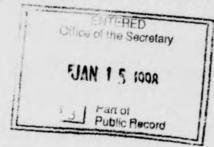
Finance Docket No. 33388 (Sub-No. 62)
Illinois Central Railroad Company -- Purchase -Line of CSX Transportation. Inc.

Dear Secretary Williams:

Illinois Central Railroad Company today filed its Rebuttal Comments and Evidence (IC-13) in the above-captioned proceedings. IC-13 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 IC-13. 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 submitted.

Thomas J. Litwiler

Attorney for Illinois Central

Railroad Company

TJL:tl Enclosures

cc:

Parties of Record

185242

BEFORE THE SURFACE TRANSPORTATION BOARD

IC-13

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. 62)

LLLINOIS CENTRAL RAILROAD COMPANY
-- PURCHASE -LINE OF CSX TRANSPORTATION, INC.

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y fice of the Secretary

ABBUTTAL COMMENTS AND EVIDENCE OF ILLINOIS CENTRAL RAILROAD COMPANY

Ronald A. Lane
Myles L. Tobin
Illinois Central Railroad Company
455 North Cityfront Plaza Drive
Chicago, Illinois 60611-5504
(312) 755-7621

William C. Sippel
Thomas J. Litwiler
Oppenheimer Wolff & Donnelly
(Illinois)
Two Prudential Plaza, 45th Floor
180 North Stetson Avenue
Chicago, Illinois 60601-6710
(312) 616-1800

ATTORNEYS FOR ILLINOIS CENTRAL RAILROAD COMPANY

Dated: January 14, 3

## 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. 2223 (SUB-NO. 62)

ILLINOIS CENTRAL RAILROAD COMPANY
-- PURCHASE -LINE OF CSX TRANSPORTATION, INC.

## REBUTTAL COMMENTS AND EVIDENCE OF ILLINOIS CENTRAL RAILROAD COMPANY

Illinois Central Railroad Company ("IC") hereby submits these comments in response to the Primary Applicants' December 15, 1997 rebuttal filing and in further support of IC's Responsive Application (IC-5) to acquire a line of railroad of CSX Transportation, Inc. ("CSXT") between Leewood and Aulon in Memphis, Tennessee over which IC currently operates pursuant to trackage rights. Submitted herewith are the rebuttal verified statements of John D. McPherson, IC's Senior Vice President - Operations ("McPherson R.V.3.") and Donald H. Skelton, IC Senior Vice President - Marketing and Sales ("Skelton R.V.S."). As is shown in those statements, CSXT's arguments against IC's Responsive Application are without any factual or persuasive foundation and should be rejected.

The Leewood Aulon Line lies at the very heart of IC's rail system: all traffic on IC's core north-south route -- the

"Main Line of Mid-America" -- must traverse the line to pass through Memphis. With nearly 30 daily IC train movements, IC is by far the dominant user of the line. Many of these trains are engaged in IC's ground-breaking "Turnaround Service," in which opposing trains on highly-reliable schedules meet and exchange crews, allowing the crews to return to their home terminals every night. IC is itself a scheduled service railroad and the most efficient Class I carrier in the nation.

Since CSXT relocated dispatching control of the Leewood-Aulon Line from a local operator to Jacksonville, Florida in December, 1996, however, IC's highly reliable and scheduled service has been menaced by constant interference and delays at the Leewood-Aulon chokepoint. In its rebuttal filing, CSXT now asserts that "the earlier problems have been resolved," that "no real issue remains" and that "IC trains are not experiencing any unwarranted delays on the line." CSX/NS-176 at 294 (emphasis in original). These are blatantly false claims: In only a portion of November -- the most recent month available at the time CSXT filed its rebuttal -- 37 IC trains were delayed a total of nearly 47 hours at Leewood-Aulon, and in one morning CSXT brought five IC trains to a literal standstill for a total of over ten hours. McPherson R.V.S. at 2-3, Exhibits 1-2.

"unwarranted delays" have been eliminated, and instead tries to rely on the allegation that, once admitted, IC trains can traverse the Leewood-Aulon Line in six minutes. This, of course, is a meaningless statistic, since it simply ignores all of the

time -- often hours -- that IC trains are delayed just north or south of the Leewood-Aulon Line waiting for clearance from CSXT dispatchers to proceed onto the line. McPherson R.V.S. at 4-5. CSXT continues to repeatedly subject IC to the embodiment of "unwarranted delays" at Leewood-Aulon, with a debilitating effect on the service of the most efficient major railroad in the nation.

CSXT attempts in its rebuttal to divert attention from its responsibility for this situation by claiming that IC put itself in this position by choosing in the "late 1980's" to reroute its trains from IC's "primary" route along the Memphis Riverfront onto the eastern belt line around Memphis encompassing the Leewood-Aulon Line. CSX/NS-176 at 293-294; Rebuttal Verified Statement of John W. Orrison, CSX/NS-177, Vol. 2A at 507-509. Once again, this is wrong. As the Interstate Commerce Commission itself recognized thirty years ago (ironically, in a case cited by CSXT in its rebuttal), IC has utilized the Leewood-Aulon Line as its primary route through Memphis for as long as anyone can remember. Illinois Cent. Gulf R. -- Acquisition -- Gulf, M. & O., 338 I.C.C. 805, 891 (1971) ("[IC's] freight route north of Memphis is situated in the eastern section and skirts the main portion of the city."); see McPherson R.V.S. at 12. elimination of IC's few remaining trains on the Riverfront Line was dictated by the City of Memphis due to the City's ownership of the right-of-way underlying the line and the incompatibility of the line with the expansive Riverfront development occurring in Memphis. McPherson R.V.S. at 13-14.

Mr. McPherson also explains that the transfer of ownership and dispatching of the Leewood-Aulon Line to IC will improve the utilization of the line's capacity and result in no adverse effect on the handling of CSXT's trains. Indeed, IC has a direct economic interest in many of the CSXT trains operating on the Leewood-Aulon Line, and an operational self-interest in assuring that the line -- of which IC is by far the predominant user -- is kept as fluid and uncongested as possible. McPherson R.V.S. at 8-10. While CSXT insisted in its rebuttal that any transfer of the Leewood-Aulon Line would be "devastating" to service over CSXT's Memphis gateway, its primary witness indicated at deposition that [[[

J]] Deposition of John W. Orrison, January
9, 1998, at 157-158 (excerpt attached as Appendix A).

while CSXT's concerns about IC dispatching are thus obviously unfounded, IC is willing to entertain alternative remedies to the Leewood-Aulon problem, such as establishing jointly-employed local operators to govern operations on the line. McPherson R.V.S. at 11-12. It is crucial, however, that an appropriate solution -- embodying the key requirement of equitable dispatching -- be found to what is the single most important operational issue on IC today. McPherson R.V.S. at 16. CSXT's control and management of the Leewood-Aulon chokepoint is

anti-competitive and antithetical to the efficiency of IC's industry-leading service, and must be remedied.

CSXT argues that this is a pre-existing problem unrelated to its proposal to jointly acquire Conrail, but nothing could be further from the truth. Norfolk Southern, as part of the Conrail transaction presented to the Board, has sought permission to construct a new connection with IC at Tolono, Illinois to permit the efficient interchange of traffic with IC. NS also has committed to retain shipper options to route former Conrail traffic via IC's Illinois gateways, including Tolono, in competition with CSXT. As Mr. Skelton explains, IC today handles significant quantities of traffic -- including large amounts of time-sensitive traffic -- in joint-line service with Conrail via Effingham. Once CSXT acquires Conrail's routes in the Northeast, it will have the means and incentive to extend the anticompetitive effects of its control of the Leewood-Aulon chokepoint to competitive routes and services created by -- and a critical component of -- the proposed Conrail transaction. And unlike NS, CSXT has refused to endorse a set of principles governing the post-Conrail retention of joint-line routing options. Skelton R.V.S. at 3-5.

Against this backdrop, CSXT's stranglehold on the operations of what will be an efficient and vigorous competitor for traffic between the south central United States and the Northeast is cause for substantial concern. CSXT inefficiency and inattention may have been the cause of the problems which IC has faced on the Leewood-Aulon Line for the past fourteen months,

but the Conrail transaction creates the likelihood that intentionality -- with an anti-competitive bent -- will be the cause of such problems in the future. CSXT will have both the incentive and the ability to undermine the efficiency of IC's service, and it is that situation -- rather than some preexisting and unrelated problem -- that the Board must address in this case.

WHEREFORE, IC respectfully requests that the Board accept these comments and evidence into the record and proceed to grant IC's Responsive Application herein.

Respectfully submitted

By:

Ronald A. Lane Myles L. Tobin

Illinois Central Railroad Company 455 North Cityfront Plaza Drive Chicago, Illinois 60611-5504 (312) 755-7621

William C. Sippel
Thomas J. Litwiler
Oppenheimer Wolff & Donnelly
(Illinois)
Two Prudential Plaza, 45th Floor
180 North Stetson Avenue
Chicago, Illinois 60601-6710
(312) 616-1800

ATTORNEYS FOR ILLINOIS CENTRAL RAILROAD COMPANY

Dated: January 14, 1298

## REBUTTAL VERIFIED STATEMENT OF JOHN D. McPHERSON

My name is John D. McPherson. I am Senior Vice President - Operations for the Illinois Central Railroad Company ("IC"). I previously submitted a statement in this proceeding in support of IC's Responsive Application to acquire a segment of rail line between Leewood and Aulon in Memphis, Tennessee which is owned by CSX Transportation, Inc. ("CSXT") and utilized by IC pursuant to trackage rights. I have reviewed the rebuttal materials submitted by CSXT with respect to IC's Responsive Application, including the relevant portions of the rebuttal verified statement of Mr. John W. Orrison, and believe that CSXT's arguments and assertions are erroneous in a number of significant ways.

#### 1. Continuing Delays on the Leewood-Aulon Line

I am in particularly strong disagreement with CSXT's assertions that, with respect to CSXT's dispatching of the Leewood-Aulon Line, "IC trains are not experiencing any unwarranted delays on the line" and that "IC knows the earlier problems have been fully resolved and that no real issue remains." CSX/NS-176 at 294 (emphasis in original). These claims are categorically untrue. IC trains through the Memphis area continue to routinely face significant delays -- often an hour or more -- in obtaining clearance to operate over the Leewood-Aulon Line. CSXT trains continue to block the Leewood-Aulon Line for excessive periods of time, and the CSXT

dispatchers in Jacksonville who control the line remain difficult to contact and often unwilling or unable to respond effectively once communication is established. In my judgment, there has been no material improvement in CSXT's dispatching and management of the Leewood-Aulon Line sin:e this situation arose one year ago.

Thus, while CSXT may say that problems of "unwarranted delays" have been "fully resolved," in the latter two-thirds of November, 1997 alone CSXT delayed 37 IC trains a total of 46 hours and 40 minutes at the Leewood-Aulon bottleneck. This is shown on the summary sheet of IC train delays caused by CSXT attached to this statement as Exhibit 1. IC personnel in Memphis began preparing this summary in mid-November from the train delay sheets turned in by each train crew after completing a run. The attached summary covers the period up through and including January 7, 1998. As can be seen, delays are occurring on a nearly daily basis, many times for well over an hour. Many of these delays are at Leewood, and are due to the fact that CSXT trains are "out of" or "doubled out of" CSXT's Leewood Yard, which is located adjacent to the north end of the Leewood-Aulon Line. In other words, IC's train's are being held because CSXT is utilizing the Leewood-Aulon Line -- which functions as IC's main north-south core at this point -- as a switching lead for Leewood Yard!

Attached as Exhibit 2 to this statement is a report prepared by an IC assistant superintendent in Memphis outlining the aftermath of a particularly unfortunate day on the Leewood-

Aulon Line in November. Because of the actions of CSXT's dispatchers in Jacksonville, the Leewood-Aulon segment was quite literally locked up for much of a morning and five IC trains were delayed for a total of 10-11 hours. This episode demonstrates in spades the serious and on-going problems which IC faces in moving its trains over the Leewoo -Aulon Line with any kind of consistency and expediency. As I explained in my prior statement, IC has worked hard to become a highly scheduled and innovative carrier, and as a result is now one of the most efficient major railroads in the nation. These significant and continuing delays at an absolute chokepoint on IC's rail system wreak havoc with our ability to provide reliable rail service in competition with CSXT in the post-Conrail environment.

These are not temporary problems due to traffic fluctuations, or recent problems to which CSXT has had no time to respond. They have been going on since CSXT removed its local operators from Leewood Tower in December, 1996. In response to a discovery request from CSXT, IC operating personnel in Memphis assembled all delay sheets for IC trains operating over the Leewood-Aulon Line beginning December 10, 1996 (just after CSXT transferred dispatching control of the Leewood-Aulon Line from the Leewood operators to Jacksonville), and then culled from those sheets all instances in which IC were delayed for at least 30 minutes at Leewood-Aulon by CSXT dispatchers or trains. It is my understanding that counsel provided over 275 such documents to CSXT for the period between December 10, 1996 and November 28, 1997.

At the very least, then, in the twelve months ending this past November 275 IC trains incurred significant delays at the Leewood-Aulon chokepoint because of CSXT interference or dispatching. In reality the number is likely higher, because train crews which perform turnaround service between Memphis and Fulton, Kentucky submit a single train delay sheet for their entire round trip and may have recorded delays on the Leewood-Aulon Line in both directions. And these numbers ignore the cascade effect which one delayed train tends to have on others --particularly on a highly-scheduled railroad such as IC. Finally, these delays were plainly significant, since the survey excluded all delays which were less than thirty minutes long.

Against this backdrop, it is difficult for me to understand how CSXT could now claim that no "unwarranted delays" are now occurring on the Leewood-Aulon Line. That these problems have continued despite our consistent pleas -- and despite our participation in this proceeding -- is indicative of the fact that CSXT has taken few if any effective steps to solve them.

#### 2. CSXT's "Evidence" on Leewood-Aulon Transit Times

The only actual evidence submitted by CSXT in support of its statement that "earlier problems have been resolved" is Mr. Orrison's testimony (supported by an attached chart) that most IC trains transit the Leewood-Aulon Line itself in about six minutes, and that the average time for all trains (CSXT, IC and CSXT's tenant Union Pacific, including switching movements) to move from one end of the Leewood-Aulon Line to the other is about one-half hour. Orrison R.V.S., NS/CSX-177, Vol. 2A at 511, 659.

These numbers are entirely irrelevant to the delays which IC actually experiences, since IC's trains are held by CSXT dispatchers off of the Leewood-Aulon Line until such time as clearance is obtained. An IC train which has sat at Leewood or Aulon (or at Chelsea, north of Leewood, or Hollywood, south of Aulon, where trains are often held to avoid blocking grade crossings) for 1 1/2 hours may eventually traverse the Leewood-Aulon Line in six minutes once a proceed signal is finally received, but it is still 90 minutes delayed and behind schedule. A reliance on Leewood-Aulon transit times to support an assertion that no unreasonable delays are occurring is sophomoric and misleading, and I have no doubt that my CSXT operating colleagues, at least, know better.

#### 3. Capacity and Congestion on the Leewood-Aulon Line

enlightening for what it says about the <u>capacity</u> of the Leewood-Aulon Line to handle train movements quickly and efficiently. In the same light, it is interesting to note that in its filing CSXT does not once claim that <u>it</u> is facing any congestion or incurring any delays in its operations over the Leewood-Aulon Line. This then is not a rail line which is hopelessly congested with too much traffic on too little physical plant. If it was, then CSXT -- which operates approximately one-fourth of the trains on the line -- would be experiencing at least some of the delays which IC faces in running the other three-quarters of the trains. Instead, the Leewood-Aulon Line is a double-track railroad maintained to FRA Class 3 standards and equipped with centralized

traffic control ("CTC"). It has significant capacity, and if trains consistently traversed the line in a continuous movement in the six minutes which CSXT is so quick to cite (as IC's trains do once they are allowed), problems would be minimal.

But, of course, CSXT does not use the Leewood-Aulon Line in that manner. A southbound IC train stopped by CSXT at Leewood would not sit for an hour or more if the CSXT train out of Leewood Yard in front of it was going to move off of the Leewood-Aulon Line in six minutes. Instead, CSXT doubles trains out of Leewood Yard onto the main line and keeps them there while switching occurs in the yard. It holds trains on the main line if the yard has become congested. In the most dramatic example -- one which CSXT did not challenge in its last filing --CSXT tried to store an empty coal train on one of the two main tracks of the Leewood-Aulon Line for a month. All too frequently, CSXT utilizes the Leewood-Aulon Line not as a highspeed, double-track, CTC-equipped main line, but as a switching, holding and storage track. Coupled with CSXT's inattentive and distant dispatching, this approach has led to a near crisis for IC.

### 4. Improved Utilization and Dispatching of the Leewood-Aulon Line

What should be clear at this point is that there is nothing inherently "wrong" with the Leewood-Aulon Line. What is "wrong" is the management and utilization of that line by CSXT. The proposed acquisition and dispatching of the Leewood-Aulon Line by IC will allow IC to maximize utilization of the line for

both IC and CSXT, by minimizing -- or a least coordinating more effectively -- the kind of capacity-robbing storage and holding activities that now characterize the line. CSXT claims a number of times that the proposed acquisition would "profoundly interfere" with the flow of transcontinental traffic interchanged by CSXT to UP and The Burlington Northern and Santa Fe Railway Company ("BN") at Memphis, but it is difficult to see how that could be when IC's express purpose is to assure that all trains can traverse the line in the six-minute, continuous movement that CSXT refers to. Our incentive is to keep the line clear, and the best way to do that is to move all trains across the line efficiently and equitably. We believe that IC and CSXT through trains and CSXT switching movements can be effectively coordinated without harming operations at CSXT's Leewood Yard, and CSXT does not claim otherwise. None neless, CSXT seems intent on using the Leewood-Aulon Line as a switching lead, and as such it has no incentive to keep our trains moving.

IC also is better-positioned than CSXT to handle dispatching of the Leewood-Aulon Line. CSXT is handicapped today by the fact that it can only "see" in one direction -- up CSXT's line to Nashville. The vast majority (over seventy-five percent) of the traffic entering this extremely short piece of track from either end, however, comes from IC's lines -- and is beyond the oversight of the CSXT dispatcher until it knocks on the door at Leewood or Aulon. This inability to see beyond the two-mile segment making up the Leewood-Aulon Line has led to fiascoes like the November 12, 1997 incident described above and in Exhibit 2.

Such problems may have been manageable when knowledgeable and interactive local operators were stationed at Leewood Tower, but today's distant dispatchers in Jacksonville have not demonstrated a similar ability to successfully coordinate large volumes of converging traffic. They are essentially "flying blind" when dispatching this segment of track, and the results show it.

IC, conversely, will have the ability to effectively coordinate dispatching of the Leewood-Aulon Line with what it knows to be a large portion of upcoming train movements. It can avoid, for example, the all-too-frequent situation where a southbound IC train that could clear the Leewood-Aulon Line in six minutes arrives at Leewood to find that a CSXT train has just doubled out of Leewood Yard and will be blocking the line for an hour or more.

At the same time, the coordinations made possible by IC's assumption of dispatching will also significantly benefit CSXT. Fully six of CSXT's ten daily through trains on the Leewood-Aulon Line do not operate west of Aulon on CSXT's line toward central Memphis, but instead operate on IC's own line south of Aulon. Two of these trains, one daily 'n each direction, utilize IC's line to reach BN at Line A. The remaining four trains, an intermodal train and a manifest train in each direction, operate via IC's main line to Johnston Yard, IC's principal Memphis yard facility located south of the city. Dispatching of these trains is fragmented, since CSXT controls the track from Leewood to Aulon and IC controls the track from Aulon to Johnston Yard. Unification of that dispatching

authority in IC will allow IC to effectively coordinate IC and CSXT operations on both the Leewood-Aulon Line and IC's main line south of Aulon.

## 5. IC Incentives for Neutral Dispatching of the Leewood-Aulon Line

Despite these benefits, CSXT appears to fear that sale of the Leewood-Aulon Line to IC will somehow materially harm CSXT's ability to move traffic to the western carriers through the Memphis gateway. There is no reason why this should be the case. IC is absolutely committed to providing neutral and efficient dispatching to all parties (IC, CSXT, and CSXT's tenant UP) on the Leewood-Aulon Line. As the operator of by far the largest proportion of trains on the line (over seventy-five percent), it is in IC's self-interest that the trains of all parties traverse the Leewood-Aulon Line as smoothly and as quickly as possible and that the line be kept clear for subsequent train movements.

In addition, IC also has a <u>direct</u> self-interest in the efficient handling of many of CSXT's through trains on the Leewood-Aulon Line. As mentioned above, four of CSXT's ten daily through trains are operated to and from IC's Johnston Yard for interchange with IC. A continuing failure to dispatch and manage these trains appropriately could result in a loss of this business for IC. Similarly, a failure to properly handle CSXT's daily trains to and from BN at Line A would also work to IC's disadvantage, since delays to those trains on the Leewood-Aulon Line would inevitably entail delays on IC's own line between

Aulon and Line A. Thus, in well over half the cases IC would stand to lose from improper or inattentive dispatching of CSXT trains on the Leewood-Aulon Line. I would note that CSXT currently has no comparable direct interest in assuring the movement of any of the IC trains which operate over the Leewood-Aulon Line subject to CSXT dispatching authority. Indeed, once the Conrail merger is completed and IC begins moving traffic on joint-line routings with NS via Tolono, Illinois in competition with CSXT long-haul routes, CSXT will have the incentive to do just the opposite.

#### 6. Importance of Leewood-Aulon Line to CSXT

I also reject CSXT's argument that IC fails to understand the importance of the Memphis gateway and the Nashville-Memphis line to CSXT. CSXT takes particular offense at the supposed characterization of its traffic on the Leewood-Aulon as "local." CSX/NS-176 at 290. Mr. Orrison's presumably misinformed statement goes so far as to put the phrase local traffic in quotations, implying that it was derived from my statement or some place else in IC's Responsive Application and supporting evidence. Orrison R.V.S., CSX/NS-177, Vol. 2A at 509 ("IC's characterization of this line as for 'local service' is misleading."). I have reviewed my prior verified statement, and no where do I find any reference to "local traffic," let alone a characterization of CSXT's through trains on the Leewood-Aulon Line as such. What I in fact indicated was that "CSXT's primary use of the Leewood-Aulon Line is to transfer cars from Leewood Yard to connections with [other carriers] elsewhere in

Memphis" -- a description that I stand by. IC-6, McPherson V.S. at 10.

We are not unfamiliar with the fact that the Leewood-Aulon Line is CSXT's access to the Memphis gateway, and that such gateways to western rail carriers are a constituent part of CSXT's route structure. At the same time, I believe that CSXT has overstated the "vital importance" of the Leewood-Aulon Line to CSXT's gateway operations. Obviously, a double-tracked, CTCequipped line is not of "vital importance" in its entirety to a carrier's through train movements if the carrier is attempting to store empty coal trains on the line and utilizing the line as a switching lead for a nearby yard. Nor has CSXT predicted any significant growth in traffic on its Nashville-Memphis line as a result of the Conrail transaction. IC's ownership of the Leewood-Aulon Line and assumption of dispatching control from CSXT will expand the capacity of the line to handle through trains, not diminish it, and CSXT's Memphis gateway operations can only benefit as a result.

#### 7. Reestablishment of Local Operators

Nonetheless, if CSXT actually believes that transfer of dispatching duties to IC is an insurmountable problem for CSXT's cross-country traffic flows, IC would be more than willing to entertain the reestablishment of local operator positions at Leewood, staffed by joint employees of CSXT and IC, to oversee dispatching of the Leewood-Aulon Line, keep train movements on the line fluid and interact closely both carriers. Such an arrangement would assure that both carriers were treated fairly

and equitably, and that the actions of one could not preclude use of the line by the other. If the Board were to take the assurances which CSXT has provided in this proceeding at face value, this remedy would seem well-suited to both parties. Instead, however, I fear that CSXT wants to go on using the Leewood-Aulon Line as a switching lead, to the detriment of IC.

#### 8. Memphis Riverfront Line

CSXT's last major challenge to IC's responsive application relates to the Riverfront Line, an IC route that traces the Mississippi River through downtown Memphis. CSXT has distorted or obscured the facts with respect to this rail line.

Pirst, I disagree with the statement, made in several places, that until the late 1980s IC utilized the Riverfront Line as its primary line through Memphis. E.g., Orrison R.V.S., CSX/NS-177, Vol. 2A at 508-509, 578. Based on my experience since joining IC in 1993 and my discussions with other IC officers, it is my understanding that the belt line around the eastern side of Memphis (including the Leewood-Aulon Line) has been IC's primary north-south freight line for many years -- at least several decades -- and that the Riverfront Line was utilized for a significantly smaller portion of IC's traffic. Before the 1995 agreement with the City of Memphis that ended regular IC train operations on the Riverfront Line, only a few IC intermodal trains were being operated on the line in addition to Amtrak's City of New Orleans.

Nor is it fair to say that the problems that IC now faces on the Leewood-Aulon Line are its own fault because it

"chose" to walk away from the Riverfront Line. It is important to understand that IC has never owned the land underlying the Riverfront Line. Instead, it leased the land from the City of Memphis under a long-term contract, and installed its own track and track structure on the right-of-way. The Riverfront Line is located between downtown Memphis to its east and the Mississippi River to its west. As extensive development began to occur in the area between the Riverfront Line and the Mississippi River and vehicular and pedestrian traffic in the area increased, the City of Memphis began pushing IC to eliminate the already minimal freight train operations on the line.

Once IC's long-term lease of the right-of-way of the Riverfront Line expired around 1990, the City became more aggressive in seeking IC's complete removal from the line. It was only as a result of the City's desire to purchase Memphis Central Station -- owned by IC -- that the City was willing to compromise, leading to negotiation and conclusion of the 1995 agreement. If no agreement had been reached, there was a distinct likelihood that the City would have sought an adverse abandonment of the Riverfront Line.

IC thus retained no real option to continue routing freight traffic over the Riverfront Line. At the same time, the Riverfront Line is uniquely unsuited to the demands of rail freight service. There are 12 grade crossings in just over a mile of line, and those streets are frequently crowded with visitors enjoying the popular Mud Island and Pyramid sports and concert arena attractions along the Mississippi River. A trolley

line now operates directly adjacent to the Riverfront Line -quite literally 15 feet away on the former southbound main. The
problems of operating freight trains in such close proximity to
trolleys loaded with passengers are compounded by the fact that
further north the trolleys cross the Riverfront Line at grade.
There are numerous curves on the line, including an "S" curve
north of Memphis Central Station with a rather amazing curvature
of 20°. Speed is limited to 10 MPH along many parts of the line,
and freight trains would block numerous crossings and essentially
bring local street traffic to a halt. With the development of
Mud Island, the Pyramid and the trolley, among others, train
operations were seen by all parties as inconsistent with the
extensive recreational and pedestrian activities in the area and
as raising potential safety concerns.

Thus, the rerouting of IC's last remaining freight trains off of the Riverfront Line and onto the route including the Leewood-Aulon Line was neither voluntarily nor unreasonable. CSXT's repeated contention that the problems which IC now faces on the Leewood-Aulon Line are "of its own making" ignores these facts, and also seems to imply that anyone foolhardy enough to entrust their fate to CSXT dispatching deserves what they get. That is a troubling notion, and one that does not bode well for the future relationship between CSXT and IC in Memphis.

#### 9. CSXT Improvement "Efforts"

Finally, Mr. Orrison runs through a number of internal steps that CSXT has supposedly taken to address the Leewood-Aulon

problem, and criticizes IC for rescheduling the most recent planned meeting between the parties. I, of course, have no basis on which to comment about the internal processes of CSXT's dispatching center in Jacksonville. I can, however, tell from the bottom-line results summarized above that CSXT's "efforts" have not had a significant impact on the delays faced by IC on the Leewood-Aulon Line.

As for the rescheduled meeting, IC of course remains willing to discuss this matter further with CSXT. I would point out, however, that Hunter Harrison, IC's President, has already discussed this matter with President Pete Carpenter of CSXT. I have discussed the matter with Clarence Gooden, my counterpart at CSXT. Wayne King and Terry Blackwell, IC's Superintendent and Assistant Superintendent, respectively, in Memphis met last August with Rick Algee, CSXT Chief Dispatcher, Jacksonville, Jimmy Dyer, CSXT Superintendent, Nashville, Charlie Browning, CSXT Trainmaster, Memphis and Charlie Allen, CSXT Assistant Trainmaster, Memphis. We have contacted the CSXT dispatching center, and I have talked to CSXT local personnel on the phone. Numerous other contacts have been made with CSXT. This problem has now been going on for a year, and communications at all levels -- including the highest -- within CSXT have failed to yield any tangible, positive results. At some point, simply holding further meetings is not sufficient. And it is difficult to see how such meetings could lead to any constructive result when CSXT insists in its rebuttal filing that there are no longer any "real issues" of "unwarranted delays" on the Leewood-Aulon Line. Offering meetings is a vain gesture when you refuse to even admit that a problem exists.

#### 10. Conclusion

I would reiterate once again what I said in my initial verified statement: the Leewood-Aulon bottleneck is the number one operational issue on IC's rail system today. This is not a "run of the mill" dispute between parties to a joint facility agreement, to be resolved in the "normal course of business." This situation has continued unabated for a year and, as discussed in the accompanying statement of Don Skelton, IC's Senior Vice President - Marketing and Sales, threatens to deprive IC of any effective ability to compete with a post-merger CSXT for traffic moving between the south-central United States and the northeast. IC has proposed a solution to that problem that will fully accommodate CSXT's interests in the Memphis gateway. I continue to urge the Board to approve IC's Responsive Application in this matter.

					Exhibit 1, Page 1 of
OVEMBE	R-1997	-			+
DATE	TRAIN	TIME	LOCATION	DELAY	COMMENTS
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	WAS	23:00	Chelese	2. 86.	Dispetcher at turnover time changed train plens and
	WRS	23:00	Aulon	1' 45"	could not see beyond 2 mile territory and had 5 IC
	CROE	23:00	Chelsea	2' 10"	movements and 3 C3XT movements all facing sech
	CRGE	23:00	Aulon	1' 46"	other on two tracks.
	1-06	23:00	Aulon	30"	
	MEMH	23:00	Aulon	1.40	
	GC33HV-11	23:00	Aulon	1' 28"	
					A STATE OF THE PARTY OF THE PAR
	1-01	08:28	Leewood	30"	Tre n accross interlocking.
	CEJA-15	10:30	Leewood	1.10.	Could not reach CSXT dispetcher.
	11-08 16	00:45	Leewood	65*	CSXT Train doubled out with air trouble
	GECA-16		Aulon	1'00"	Could not reach CSXT dispetcher.
	JACH -16	09:50	Auton	1' 00"	Could not reach C5XT dispatcher.
	1-03 18	16:35	Cheises	1, 10.	CSXT trein south on Main #1
	LMKMO 18	19:20	Leewood	1. 20.	CSXT train blocked Main #2.
	1-04 19	16:20	Leewood	35	CSXT trein doubled out of their yard accross mains
	RHY12	16:15	Leewood	1' 25"	CSX' train doubled out of their yard accross mains.
	MECP	17:18	Leewood	50.	CSXT train blacking Main #2.
	GECR	08:00 01:00	Leewood	1.12.	CSXT train accross interlocking.
	CAGE 21	01:30	Leewood	1' 10"	Train shead on main. Train doubled out on main.
	1-01 21	06 56	Leewood	1' 10"	CSXT train 535 entered/crossed Main #1.
	ESME 21	07:10	Leewood	1.05.	same
	CEJA 21	08 50	Leewood	1' 20"	same .
	1-07 21	09.00	Leewood	1.30.	CSXT dispatcher did not cell enyone to pull train.
	JACH 22	15:35	Aulon	20"	RHY12 switching customer.
	RWS02	23.30	Aulon	1'10"	CSXT #533 blucking lead track.
	MEMX	23:50	Leewood		Blocked by CSXT 533 & 154.
	CRGE	01:10	Leewood	28"	ICSXT #154 on Main #2.
	1-04 23	15:00	Leewcod	30"	Interlocker busy with trains.
	CRGE	00:36	Leewood	30-	CSXT treins on interlocking.
	CHME	06:30	Leewood	30-	CSXT #535 approaching main.
	UMOKM 21	13:20	Leewood	10"	CSXT on interlooking
	CRGE 26	23:46	Leewcod	46.	CSXT crossing Main #2.
	1-08 26	23:46	Aulon	2' 16"	Interlocking busy and Main #2 signal out of order
	MEMH 27	00:15	Aulon	5. 00.	CSXT doubled out accross mains.
	RW602	23:46	Auton	3' 45"	Interlocking busy.
	-	45.55	10	1. 481	Cove are about and blacking
	CAGE 27	OC:30	Leewood	1 46	CSX* train sheed and blocking.
	COCE 20	04.24	lanuard -	30"	CSXT #536 pulled sheed at Leewood.
	CRGE 29 CEJA 29	04:25 06:13	Leewood	45-	Interlocking busy trains sheed.
Charles of the Park	VEUM AN	40.13	20017000		THE STATE OF THE S

POFME			-		
DATE	TRAIN	TIME	LOCATION	DELAY	COMMENTS
DAIL	1		COOMING		
	1-08 01	23:45	Leewood	20"	Traffic out of yard at Leewood.
	MECP	15:00	Leewood	45"	CSXT interlocking busy.
	CRGE 02	23:00	Leewood	30"	Interlocking busy trains ahead.
	JACH	11:55	Leewood	30"	CSXT #535 ahead.
	1-04 03	15:10	Leewood	50"	Blocked by CSXT trains.
	1-04 04	16:15	Leewood	15"	CSXT interlocking busy.
	CEJA	13:40	Leewood	1' 05"	CSXT Joint Authority @ Leewood.
	UMKMO-04	14:25	Leewood	55"	Interlocker busy with CSXT trains.
	1-04	15:55	Leewood	30"	Interlocker busy with CSXT trains.
	1-02	19:50	Leewood	1'	Waiting on consist from CSXT.
	JACH 07	10:25	Leewood	25"	CSXT interlocking busy.
	1-04	15:35	Leewood	5"	CSXT interlocking busy.
	ESME 08	04:15	Leewood	40"	CSXT #535 out of Leewood ahead.
	CHME 07	04:30	Leewood	30"	CSXT #535 out of Leewood ahead.
	CHINE O7	04.00			
10	1-04	15:45	Leewood	45"	CSXT trains ahead.
	11-04	10.45	LEEWOOD		
1	RJY04	10:45	Leewood	37"	CSXT #532 ahead.
2			-	1'15"	CSXT #155 ahead - no room on ramp.
	GCS3HV 11	00:10	Leewood	1'30"	CSXT #155 ahead
	CRGE 12	01:20	Aulon	130	CSX1 #155 diledu.
3			-	25"	CSXT #155 doubled out on #2 main.
4	1-02 13	19:15	Aulon	25"	CSXT #155 doubled out on #2 main.
	3UMECE 14	19:20	Aulon	25"	CSX1 #155 doubled but on #2 main.
15				-	4
6				-	
17				-	
18					
19					
20	1-08 20	23:30	Leewood	35"	CSXT #536 ahead to Leewood.
21					
22					
23	1-08 23	23:25	Aulon	30"	CSXT #536 out of yard at Aulon.
	RMC02 23	23:00	Leewood	25"	CSXT ahead and blocking main.
24					
25					
26	1-02 25	19:05	Aulon	1' 35"	CSXT blocking at Aulon.
27	CRGE 26	00:55	Leewood	55"	CSXT 2 trains out of yard.
	MEMH 27	01:10	Leewood	1' 40"	CSXT #533 ahead at Leewood.
28					
29					
30	JACH	13:35	Leewood	55"	CSXT ahead and blocking.
30	1-04	16:25	Leewood	25"	CSXT ahead and blocking.
	UMOKM2	21:50	Leewood	1' 05"	CSXT out of yard ahead.
		00:45	Leewood	25"	CSXT ahead 2 trains out of yard.
	RWS02	THE RESERVE THE PERSON NAMED IN		25"	CSXT blocking - behind RWS02.
	CRGE 29	00:45	Leewood	- 20	
1			+	-	
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JANUARY.	1998				
DATE	TRAIN	TIME	LOCATION	DELAY	COMMENTS
			-		
	1-03 04	20:00	Leewood	20"	CSXT #154 & #533 out of yard ahead.
	1-04 04	16:00	Leewood	20"	RJY17 switching Velsicol-crosssing Chelsa Ave.
	1-01 06	08:15	Leewood	15"	CSXT ahead and blocking.
	1-01 00	00.13	Leewood		COXT and Co Discussion
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Delay Report from Gary Adkins at Memphis

11/12/97 - 4:27 a.m.

CSX put us in a bind this morning. Here is a run down of what took place:

At about 11:00 p.m. we heard or talked with the Yardmaster on CSX and told us he had 535 coming and going to the BN and he had 155 shortly behind coming to the CSX ramp to us.

We asked that he hold the 535 at Leewood and 155 and let us get our Woodstock Road Switcher who was sitting at Chelsea at that time to come south and also CRGE who was behind him and listed at 12:15. He told us he couldn't hold both of them, but he'd talked to the dispatcher and see if we couldn't work something out. So, Tom I vans talked to the dispatcher and the dispatcher said 535 is coming on down Main 1 to Aulon and he's going to line A because BN said he could take him. So we let him go on to Lamar thinking the BN could take him. But, the BN refused to take him and held him at Lamar for 1'30".

In the meantime the second trick dispatcher did what he said he would do and brought 155 down Main 2 from Leewood to Aulon and let Woodstock Road Switcher come behind 535. He held CRGE at Leewood waiting on 535 to clear.

When the dispatchers swapped shifts, the third trick dispatcher said he wasn't going to do that and that 155 was coming ahead of our trains. As a result we had 535 sitting at Lamar waiting since BN wouldn't take him. We had 154 doubled out and pulled at Aulon looking at 155 who couldn't crossover because 535 was ahead of him and Woodstock Road Switcher sitting on Main 1 at Aulon. We tried to get him to let Woodstock Road Switcher and CRGE come ahead of 155 again, but the dispatcher said no, he wasn't going to do it. He said we had to take 155 before any of our trains could move.

#### **Delay Report from Gary Adkins**

Page 2

535 finally got permission from BN to crossed over and then 155 was brought down. 155 had a 9,000' train. He had to make 2 pulls before he cleared track 31 so we could get Woodstock Road Switcher and CRGE through here.

Train delays were:

Woodstock Road Switcher - 2' 25" at Chelsea Avenue

CRGE - 2' 10" at Cheisea

Woodstock Road Switcher - 1' 45" at Aulon

CRGE - 1' 45" at Aulon

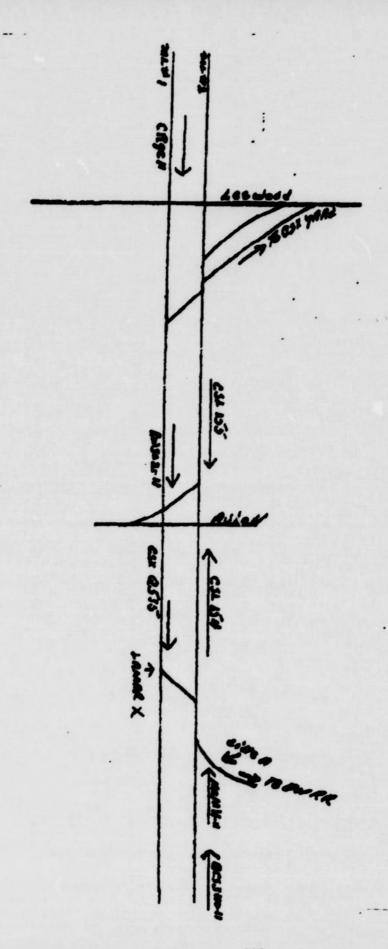
108 - 30" at Aulon going North [108 was ahead of 154]

MEMFI - 1' 40" at Aulon account 154. When 155 finally crossed over and 154 went north, he pulled his train to Leewood, cut engines, set out engine at round house, turned his engines on the wye, and then got on his train and left.

GCS3HV11 - 1'25" at Aulon behind MEMH

Total delay in the neighborhood of 10 to 11 hours account five trains.

Second trick dispatcher was going to work with us, but when the third trick dispatcher came on duty, he really put a kink in it and no one could move. I'll talk with you later. Give me a call if you need more information.



STATE OF ILLINOIS	)	
	)	SS.
COUNTY OF COOK	)	

J. D. MCPHERSON, being duly sworn, deposes and states that he has read the foregoing statement, knows the facts asserted therein and that the same are true as stated.

J. D. MCPHERSON

SUBSCRIBED AND SWORN to before me this /3<sup>tL</sup> day of January, 1998.

Patrice Standard 3

My Commission expires:

OFFICIAL SEAL
PATRICIA STANCZYKIEWICZ
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES:06/11/01

#### REBUTTAL VERIFIED STATEMENT OF DONALD H. SKELTON

My name is Donald H. Skelton. I am Senior Vice President Marketing and Sales for Illinois Central Railroad Company ("IC"). I previously submitted a verified statement in this proceeding last October in support of IC's "assured access" condition. See IC-6. In that statem. I addressed the critical need for the Board to assure up front that post-transaction shippers will continue to have access to alternative service and routing options -- including access to efficient service and routing options provided by IC -- should a third and potentially far more serious service "meltdown" (like that which followed the consolidations of Union Pacific/C&LW and UP/Southern Pacific) occur.

The purpose of this statement is to respond to the contention of CSX Transportation, Inc. ("CSXT") in Applicants' December, 1997 Reply to IC's Responsive Application that IC's Application should be denied because the problem IC seeks to remedy is a "pre-existing condition unrelated to the proposed transaction." CSX/NS-176 at 292. As discussed below, CSXT's response ignores the plain fact that the proposed Conrail transaction will extend the anticompetitive effects of CSXT's existing operational control over the Leewood-Aulon segment of IC's main line through Memphis to competitive routes and services that will be created by -- and are a critical component of -- the proposed Conrail transaction.

related petition filed with the Primary In Application, Norfolk Southern ("NS") seeks as part of the Board's approval of the primary transaction, an exemption to construct a new track connection between NS' east-west St. Louis-Cleveland main line and IC's north-south Chicago-New Orleans main line at Tolono, Illinois. See CSX/NS-22 at 237-244. As discussed by NS in its petition, construction of the new Tolono connection with IC will facilitate the efficient interchange between IC and NS of traffic which IC formerly interchanged with Conrail at Effingham, Illinois (on a Conrail line which will be acquired by CSXT). Id. at 239. Separately, NS entered into a written agreement with IC in which, among other things, NS committed to retaining shipper service and routing options via IC's Illinois gateways, including the new Tolono gateway. IC-6, Skelton at 9. Once the connection is in place, Tolono is expected to serve as a major interchange point between NS and IC. NS projects that following its acquisition of Conrail lines, two trains per day will move via the new Tolono gateway with IC. CSX/NS-23, Vol. 6C at 261.

As IC pointed out in its Responsive Application, as a direct result of the proposed Conrail transaction, IC's joint-line routings with NS to and from former Conrail points (which are served in common with CSXT) will directly compete with CSXT joint line and single line routings to the same points. In addition, CSXT long haul routes ia IC to former Conrail points will directly compete with IC long-haul routes via CSXT to the same points. CSXT will have the incentive to use its control over Leewood-Aulon to disable the competitiveness of IC's service

via IC's new Tolono gateway with NS and IC's long-haul routes with CSXT to the benefit of competing CSXT routes. The amount of traffic and revenue that would be susceptible to CSXT's operational control is substantial. I estimate that at least 40,000 carloads currently interchanged by IC with Conrail (representing over \$33 million in annual gross freight revenue to IC) which move over the Leewood-Aulon segment will be "competitive" with CSXT following the Conrail transaction and, therefore, directly vulnerable to CSXT's control over IC's service.

The creation of "balanced competition" in the East between NS and CSXT has been asserted by the Applicants as the overarching rublic interest benefit of the Conrail transaction. Yet, if left unremedied, CSXT will have the proven ability to use its control over IC's main line at Memphis to assure that service via IC's new Tolono gateway with NS will not be competitive with CSXT's service to NS competitive points. What IC is seeking in its Responsive Application is simply the removal of CSXT's ability to disable that competition. IC and NS are putting in place the facilities and the routings to provide competition to CSXT in the post-Conrail environment. In addition, IC's longhaul routes to former Conrail points served by CSXT will provide competition with CSXT's long-haul routes via different gateways to the same Conrail points. CSXT should not be allowed to use its control of IC's line to undermine the efficacy of that competition.

In arguing that IC is seeking to remedy a pre-existing condition, what CSXT has completely missed (or chosen to ignore) is that IC's evidence of the current harm to IC's service caused by CSXT is not offered as evidence of the problem that needs to be fixed, but as proof that CSXT's power to inhibit the competitiveness of IC's service with NS via the new Tolono gateway post-Conrail is both real and substantial. It is not relief from the effects of the current problem with CSXT's control of Leewood-Aulon which IC seeks to remedy in this proceeding, but the extension of the anticompetitive effects of that control to competitive routings directly resulting from the Conrail transaction. The connection to the Conrail transaction could not be clearer nor more direct.

The testimony of my colleague John McPherson describes in detail how CSXT today delays IC trains through the exercise of its control over the Leewood-Aulon segment of IC's main line. IC moves more than 143,000 units of time-sensitive traffic, including intermodal, automotive and high-priority export grain traffic over the Leewood-Aulon segment annually. All of this traffic is especially vulnerable to the kinds of delays IC is experiencing today as a result of CSXT's control of Leewood-Aulon. Absent relief from the Board, nothing compels CSXT to change its current practices. Nothing prevents CSXT from subjecting IC's trains to even worse delays in the future.

IC's concerns over CSXT's intentions post-Conrail are substantially heightened by the fact that, unlike NS, CSXT has expressly refused to agree to a statement of general principles

that shippers will continue to have access on competitive terms to IC's service and routings via IC's Illinois gateways. The proposed agreement with CSXT setting forth those principles, which CSXT refuses to accept, is attached to this statement as Exhibit A. These principles, identical to the principles which NS has accepted, are:

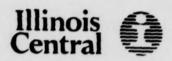
- I.(a). New Company will join with IC in market competitive joint rates via IC's Illinois Gateways where the applicable joint line routes are reasonably efficient and/or where a competitive service package can be offered the customer.
- I.(c). CSX further agrees that on IC overhead traffic, upon request of IC, New Company will join in establishing and maintaining reasonable joint rates and routes with IC via IC's Illinois gateways.

What IC is left to conclude is that CSXT has no real intention of working with IC north of Memphis post-transaction. We are very troubled by the fact that CSXT will have both the means and the incentive to exercise the power it has over IC's service to undermine the effectiveness of IC's competitive joint line routings with NS via the new Tolono gateway. The Board must not allow that to occur.

As Mr. McPherson points out in his accompanying Rebuttal Verified Statement, what IC seeks with respect to use of the Leewood-Aulon segment is equality and fairness, not control over CSXT's operations. Relief can be accomplished here without harm to CSXT, without any material effect on CSXT's operations and without denying CSXT any of the benefits of the Conrail transaction. The means exist to accommodate both railroads'

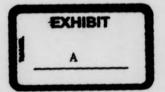
needs for this important line segment and to assure that neither railroad would possess an anticompetitive chokehold over the other.

I strongly urge the Board to grant the relief sought by IC.



Donald H. Skelton Senior Vice President Marketing and Sales Illinois Central Railroad 455 North Cityfront Plaza Drive Chicago, Illinois 60611-5504

312 755-7842



VIA FAX

June 6, 1997

Mr. John Q. Anderson Executive Vice President Sales & Marketing CSX Transportation Corp. 500 Water St. J120 Jacksonville, FL 32202

Dear John:

Enclosed please find a draft of a Gateway Protection Agreement between CSX and IC for your review and approval. The language in this agreement tracks exactly the language which has been agreed upon between NS and IC. We are also preparing a Marketing Agreement which would promote business via CSX-IC routes. The Marketing Agreement will be forwarded to you next week.

Please review the agreement at your earliest convenience, in the hope that we can get a Gateway Protection Agreement executed by CSX and IC sometime next week. As always, do not hesitate to call if you have any questions regarding the documents.

Very truly yours, to

Enc.

WHEREAS, CSX Corporation and CSX Transportation, Inc. (collectively "CSX") will be filing an application with the Surface Transportation Board for authority for CSX to acquire partial control of Conrail, Inc. and Consolidated Rail Corporation (collectively "CR") and for the resulting common control of a portion of CR by CSX (collectively CSX and CR called "New Company"); and

WHEREAS, Illinois Central Railroad Company, Chicago, Central & Pacific Railroad Company, and Cedar River Railroad ("collectively IC") desire to maintain existing routes and divisions with New Company after the CSX-CR control transaction has been approved and consummated; and

WHEREAS, IC and New Company desire to execute a Marketing Agreement to promote usage of joint line rates and routes via the rail lines of IC and New Company.

NOW, THEREFORE, in consideration of the mutual promises, CSX and IC agree as follows:

# JOINT RATES AND ROUTES

I. (a) CSX agrees that between stations on New Company's lines and the lines of New Company's short line connections on the one hand and stations on IC's lines and the lines of its short line connections on the other hand, New Company will join with IC in market competitive joint rates via IC's Illinois Gateways where the applicable joint line routes are reasonably efficient and/or where a competitive service package can be offered the customer. For example, on business originating or terminating at former CR stations destined to or originating at IC stations, both IC and New Company will continue to promote IC's Illinois Gateways for their joint line routes. In constructing the associated joint rates, New Company agrees that its portion of such joint rates shall be substantially related to (1) the proportion it would receive under so-called "established divisions" with consideration given to commodity type, and (2) its proportion of the distance involved.

"Established divisions" shall be defined as divisions in place over a gateway as of the date of this Agreement or divisions which are subsequently established by mutual agreement between New Company and IC. In the event that "established divisions" are not in place via a gateway as of the date of this Agreement, then "established divisions" shall mean the divisions pursuant to which the applicable traffic was moving as of the date of this Agreement.

- (b) CSX further agrees that (1) from and to stations on the IC other than stations also served by New Company, and (2) from and to stations on railroads beyond IC which connect with IC but not with New Company, upon request of IC, New Company will establish and maintain joint rates with IC on terms at least as favorable, giving due consideration to differences in costs and distance, as those granted competing railroads. Where the provisions of this paragraph overlap with the provisions of paragraphs 1(a), (c), or (d), in the event of any conflict, the provisions of paragraphs 1(a), (c) and (d) shall govern.
- CSX further agrees that on IC overhead traffic, upon request of IC, New Company will join in establishing and maintaining reasonable joint rates and routes with IC via IC's Illinois gateways. In constructing the associated joint rates, New Company agrees that its portion of such joint rates shall be substantially related to the proportion it would receive under so-called "established divisions" with consideration given to commodity type. Established divisions" shall be defined as divisions in place over a gateway as of the date of this Agreement or divisions which are subsequently established by mutual agreement between New Company and IC. In the event that "established divisions" are not in place via a gateway as of the date of this Agreement, then "established divisions" shall mean the divisions pursuant to which the applicable traffic was moving as of the date of this Agreement.
- (d) CSX further agrees that New Company will not establish and maintain proportional rates and Accounting Rule 11 rates from or to junctions with IC which are not directly consistent with corresponding proportional or Rule 11 rates over other gateways.
- II. Simultaneously with the execution of this Agreement, the parties are executing a Marketing Agreement (attached hereto and incorporated herein as Exhibit A) for the purpose of promoting movement of rail traffic via the joint lines of IC and New Company.

R WILTICSXUNTRATES AG2

- III. In consideration of Section I above and the execution of the Marketing Agreement attached hereto as Exhibit A, IC shall not oppose CSX's joint application for acquisition and control of a portion of CR in Finance Docket 33388.
- IV. This Agreement shall apply for ten years following the consummation of the CSX-CR control transaction pursuant to Finance Docket 33388, and shall be binding on successors and assigns of New Company and IC.

All duties and obligations specified herein as applying to New Company in the event of said control transaction shall apply with equal force and effect to IC and successors upon consummation of any transaction involving change of control of IC.

V. In the event that any dispute arises in connection with enforcement or interpretation of this agreement, the parties shall first attempt to resolve such dispute through a meeting of a representative from IC's and New Company's senior management. In the event such meeting does not resolve the dispute, either party may seek binding arbitration of such dispute pursuant to the rules of the American Arbitration Association, with a panel of three arbitrators to be selected by the Association in accordance with its rules and procedures. Discovery pursuant to the Federal Civil Judicial Procedure and Rules shall be permitted during the course of said arbitration. The parties shall share the expense of the arbitrators equally.

CSX CORPORATION

CSX TRANSPORTA	TION INC.
Ву:	
Title:	
Date:	

R WILTICSXUNTRATES AG2

## ILLINOIS CENTRAL RAILROAD COMPANY CHICAGO, CENTRAL & PACIFIC RAILROAD COMPANY CEDAR RIVER RAILROAD

Ву:	-
Title:	_
Date:	

R:MLTICSXUNTRATES.AG2

STATE OF ILLINOIS	)	
	)	SS.
COUNTY OF COOK	)	

D. H. SKELTON, being duly sworn, deposes and states that he has read the foregoing statement, knows the facts asserted therein and that the same are true as stated.

D. H. SKELTON

SUBSCRIBED AND SWORN to before me this /3<sup>rd</sup> day of January, 1998.

Patricia Stangage

My Commission expires:

OFFICIAL SEAL
PATRICIA STANCZYKIEWICZ
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES:06/11/01

# In The Matter Of:

CSX CORP./NORFOLK SOUTHERN CORP./CONRAIL FINANCE DOCKET NO. 33388

> JOHN W. ORRISON January 9, 1998

For The Record, Inc.

Court Reporting and Litigation Support
603 Post Office Road
Suite 309

Waldorf, MD USA 20602

(301) 870-8025 FAX: (301) 870-8333

Original File 80109orr.v1, 211 Pages Min-U-Script® File ID: 2148770812

Word Index included with this Min-U-Script®

Pages 043 and 044 have been redacted from this volume because they contain testimony which has been designated "Highly Confidential"

#### CERTIFICATE OF SERVICE

I hereby certify that on this 14th day of January, 1998, a copy of the foregoing Rebuttal Comments and Evidence of Illinois Central Railroad Company (IC-13) 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

FD-33388 (S. 162) 12-4-97 D 184590 1/2

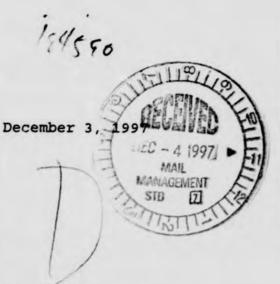
## OPPENHEIMER WOLFF & DONNELLY

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

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

### VIA FEDERAL EXPRESS

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



Brussels

Chicago

Detroit

Geneva

Irvine

Los Angeles

Minneapolis

New York

Paris

Saint Paul

San Jose

Washington, D.C.

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. 62)
Illinois Central Railroad Company -Purchase -- Line of CSX Transportation, Inc.

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 Statements in Support of Conditions and Responsive Application (IC-10), dated December 3, 1997.

I have included an extra copy of IC-10 and this transmittal letter, and would request 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 5 1997

Respectfully submitted,

Thomas J. Litwiler

Attorney for Illinois Central

Railroad Company

Enclosures

TJL:tl

cc: Parties on Certificates of Service

18450

## BEFORE THE SURFACE TRANSPORTATION BOARD

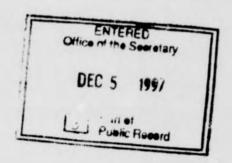
FINANCE DOCKET NO. 33388

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. 62)

ILLINOIS CENTRAL RAILROAD COMPANY
-- PURCHASE -LINE OF CSX TRANSPORTATION, INC.

# ADDITIONAL SHIPPER STATEMENTS IN SUPPORT OF CONDITIONS AND RESPONSIVE APPLICATION



Ronald A. Lane
Myles L. Tobin
Illinois Central Railroad Company
455 North Cityfront Plaza Drive
Chicago, IL 60611-5504
(312) 755-7621

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

ATTORNEYS FOR ILLINOIS CENTRAL RAILROAD COMPANY

Dated: December 3, 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. 62)

ILLINOIS CENTRAL RAILROAD COMPANY
-- PURCHASE -LINE OF CSX TRANSPORTATION, INC.

# ADDITIONAL SHIPPER STATEMENTS IN SUPPORT OF CONDITIONS AND RESPONSIVE APPLICATION

On October 21, 1997, Illinois Central Railroad Company ("IC") filed its Responsive Application (IC-5) and Evidence in Support of Conditions and Responsive Application (IC-6) in these proceedings. Included with IC-6 were statements from various shippers in support of the conditions sought by IC 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 IC's responsive application for consideration.

Since its prior filings, IC has received numerous additional statements from shippers who support IC's responsive application and requested conditions. IC is attaching these additional statements for filing at the Board. Note that some of the attachments are copies of statements which IC understands

were forwarded directly to the Board by the respective shippers.

They are included here for convenience and to assure that the Board's filing and service requirements have been met.

The attached statements demonstrate extensive support for IC's requested conditions among a wide variety of significant shippers, including several who have otherwise supported the Primary Application. These statements confirm that the conditions sought by IC will effectively address anticompetitive impacts arising from the transaction proposed by the Primary Applicants without negating the benefits anticipated by those parties.

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

Respectfully submitted,

By:

Ronald A. Lane Myles L. Tobin

Illinois Central Railroad Company 455 North Cityfront Plaza Drive Chicago, IL 60611-5504

(312) 755-7621

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

ATTORNEYS FOR ILLINOIS CENTRAL RAILROAD COMPANY

Dated: December 3, 1997

# ADDITIONAL SHIPPER SUPPORT STATEMENTS

Alliance Shippers, Inc. Palos Park, Illinois

American Carriers of MN, Inc\* Eden Prairie, Minnesota

> The Andersons, Inc. Maumee, Ohio

Bay Area Piggyback, Inc.\* Walnut Creek, California

Bayou Stee! Corporation Laplace, Louisiana

BASF Corporation (North America) Mount Olive, New Jersey

Carbonic Industries Corporation Duluth, Georgia

CertainTeed Corporation Valley Forge, Pennsylvania

Compass Consolidators, Inc. Lemont, Illinois

Consolidated Freightways Menlo Park, California

Cross Con Terminals, Inc.\*
Palos Hills, Illinois

Crown Vantage Oakland, California

Diamond Shamrock Company San Antonio, Texas

Fina Oil and Chemical Company Dallas, Texas

<sup>\* -</sup> Original version of support statement; copy previously filed with IC-6.

Gaylord Container Corporation Deerfield, Illinois

Georgia-Pacific Corporation Atlanta, Georgia

Hunt Plywood Company, Inc. Ruston, Louisiana

> Huntsman Corporation Houston, Texas

International Paper Company Memphis, Tennessee

Iowa Falls Area Development Corporation Iowa Falls, Iowa

> Kerr-McGee Coal Corporation Oklahoma City, Oklahome

Leavitt Tube Company, Inc. Chicago, Illinois

Manufacturers Consolidation Service, Inc.\* Memphis, Tennessee

> Menasha Corporation Neenah, Wisconsin

Mid American Distribution Companies, Inc.\*
Minneapolis, Minnesota

Nalco Chemical Company Naperville, Illinois

Petro Source Corporation Houston, Texas

Rail Intermodal Specialists, Inc. Omaha, Nebraska

> Rail Services, Inc. Okemos, Michigan

<sup>\* -</sup> Original version of support statement; copy previously filed with IC-6.

Rowell Chemical Corporation Hinsdale, Illinois

> Rubicon, Inc. Geismar, Louisiana

Sinclar Enterprises Ltd.
Prince George, British Columbia

Solvay Polymers, Inc. Houston, Texas

Strategic Materials, Inc. Houston, Texas

Texas Petrochemicals Corporation Houston, Texas

> TexPar Energy, Inc. Waukesha, Wisconsin

Tolko Industries Ltd. Vernon, British Columbia

Transportation Consultants, Inc.\*
Harahan, Louisiana

Truck-Track Logistics Ltd.
Omaha, Nebraska

Witco Corporation\*
Greenwich, Connecticut

World Distribution Group Chicago, Illinois

Zeneca Ag Products Wilmington, Delaware

Zen-Noh Grain Corporation\*
Mandeville, Louisiana

Original version of support statement; copy previously filed with IC-6.

October 27, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

RE: Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Leases/Agreements - Conrail Corporation, et al.

Dear Chairman Morgan:

Alliance Shippers, Inc. is a worldwide provider of transportation services to its' customer base with combined annual sales of our services in excess of one-half billion dollars. In this capacity, we are a major user of services currently provided by rail-truck-water and air carriers including but not limited to Conrail. CSX, and Norfolk Southern Corporation(s).

The proposed control of Conrail by CSX and NS must not result in the loss of competitive alternatives, capacity, or service to the public.

Alliance has reviewed materials provided by CSX and Norfolk Southern and has listened to what other carriers that may be affected by this control application have said with respect to the effects of this proposed control of Conrail.

It appears that the Illinois Central Railroad could experience operating impediments at Memphis.

Tennessee if their use of the CSX trackage between Leewood and Aulon in Memphis is compromised.

Illinois Central has said: "The Leewood-Aulon trackage forms an integral part of iC's main line between Chicago and New Orleans and that its' current owner, CSX, uses it at best as a secondary track for some run-through trains and switching operations".

Illinois Central believes CSX dispatching operations over the Leewood-Aulon trackage gives CSX "the ability to control a choke point on IC's main line" which would interfere with and delay IC's through train movement.

Alliance Shippers, Inc. relies on unencumbered through service via the Illinois Central and does not wish to risk exposure of its' customers freight to the kinds of in-transit delays or market price/rate increases and fluctuations as currently seen by rail carriers operating west of the Mississippi river.

Illinois Central has requested, and Alliance Shippers, Inc. believes, the Surface Transportation Board should allow IC to own and dispatch the Leewood-Aulon trackage while allowing CSX to operate over that trackage under trackage rights.

We therefore strongly support Illinois Central's proposed purchase of the Leewood-Aulon trackage.

Sincerely

Larry W/Henry

Vice President Logistics



October 20, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re: Finance Docket No. 33388, CSX Corporation, et al. Control and Operating Leases/Agreements - Conrail Corporation, et al.

Dear Chairman Morgan:

I am President for American Carriers of MN, Inc. American Carriers of MN, Inc. is an Intermodal Carrier with annual sales of over \$7,000,000. We are a major shipper of intermodal trailers with facilities at Eden Prairie, Minnesota. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, American Carriers of MN, Inc. has reviewed the materials provided by NS and CSX 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 availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open

The Honorable Linda J. Morgan October 20, 1997 Page 2

and available without artificial economic constraints. CSX should not be allowed to close those pateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

We believe that Iliinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

Gary A. Nelson

President

GAN/ss



The Andersons, Inc.
P.O. Box 119 • Maumee, Ohio 43537 • 419/893/5050

November 6, 1997

The Honorable Linda J. Morgan Chairperson Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001 DANIElle - MALES 1/6/97

Re: Finance Docket No. 33388, CSX Corporation, et al, - Control and Operating Leases/Agreements - Conrail Corporation et al

Dear Chairperson Morgan:

I am the Manager of Transportation and Market Development for Grain Division of The Andersons, Inc. The Andersons, Inc. is an agribusiness, manufacturing and general merchandise firm, which employs over 3,000 people. Our Agriculture Group operates over 35 fertilizer and grain handling facilities located in the states of Ohio, Illinois, Michigan and Indiana. Our Manufacturing and Processing Group operates a railcar marketing and repair business with a considerable fleet of railcars. In addition, we process corncobs for industrial use, and manufacture lawn fertilizer for retail distribution. Of our 16 rail-served facilities, eight are located on Norfolk Southern, four are located on Conrail, one is located on CSX, and three facilities are located on short line railroads. During 1996, we shipped over 30,000 carloads of grain, and handled over one million tons of fertilizer. The 1996 revenues of the Agriculture Group were nearly \$900 million.

Conrail today serves markets which are very important to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, The Andersons, Inc. has reviewed the materials provided by NS and CSX, and listened with interest to what these carriers and others have said with respect to the benefits and effects of this control application. We are hopeful that the proposed merger will be of benefit to our company, as well as participants in other markets. In this regard, we are keenly interested in the preservation of competitive alternative routings to the customers we serve.

The Illinois Central Railroad is a vital link in the transportation structure to and from eastern markets where we participate. We are concerned about the potential for this merger to result in an adverse impact on IC's routes due to economic closure of gateways, or the creation of other operating impediments. We want those gateways to remain open and available without artificial economic constraints.

We believe that Illinois Central has a willingness to invest capital in its lines; has the necessary resources, commitment, and incentive to provide an effective competitive alternative to and from eastern markets. We believe this alternative should be preserved if Conrail is to be controlled by NS and CSX.

Respectfully submitted.

a deflante

The Andersons, Inc.

Neill McKinstray

Manager of Transportation and Market Development

Grain Division

# Bay Area Piggyback, Inc.

560 Lennon Lane . Walnut Creek, California 94598-2415

James L. Francis

October 20, 1997

Telephone (510) 932-1313 (800) 950-9009 FAX (510) 932-8661

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re:

Finance docket No. 33388, CSX Corporation Et al. -control and Operating Leases/Agreements-Conrail Corporation, et al.

Dear Chairman Morgan:

I am President for Bay Area Piggyback. Bay Area Piggyback is a Shipper's agent arranging for transportation via exempt intermodal services with annual sales of over \$30,000,000.00. We are a major shipper throughout the U.S. Conrail today serves markets, which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Bay Area Piggyback is in favor of the CSX and NS proposed control of Conrail. The CSX and NS railroads have shown to us the benefits in service and competition.

The Illinois Central Railroad has pointed out areas where service and competition will be adversely effected by the proposed control of Conrail. The IC specifically pointed out the impact of economic closure of gateways or creation of operating impediments at Memphis, which will directly impact the flow of commerce.

We believe that the IC plays a vital role in intermodal traffic in their service area and connections with the CSX, NS, BNSF, UP, KCS, WC, CN & CP. We strongly support the Illinois Central's concerns with the CSX and NS proposed control of Conrail. It is important that gateway connections and operating channels be kept open.

Respectfully submitted.

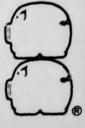
Jeso Frami

George W. Francis

President

GWF:par

GF102097.1





# BAYOU STEEL CORPORATION

October 16, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re: Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Leases/Agreements-Conrail Corporation, et al.

BAYOU STEEL

Dear Chairman Morgan:

I am Vice President, Commercial Operations for Bayou Steel Corporation. Bayou Steel Corporation is a steel mini-mill with annual sales of over \$240 million. We are a major shipper of structural steel with facilities at Laplace, LA, Harriman, TN, Chicago, IL, and Leetsdale, PA. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS's proposed control of Conrail, Bayou Steel Corporation has reviewed the materials provided by NS and CSX 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 availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from Chicago and our eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Merophis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to Chicago and the eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois The Honorable Linda J. Morgan October 16, 1997 Page 2

Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I Railroad, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

BAYOU STEEL CORPORATION

Tisolgen A. Molehow

Rodger A. Malehorn

Vice President

Commercial Operations

RAM/jr

281 361 8029

P. 001

TEL NO:

#123 PØ1 .\_. \_

**BASF** Corporation

BASF

November 14, 1997

Post-it* Fax Note 7671	Date # of pages
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The Honorable Linda J. Morgan Chariman Surface Transportation Board 1925 K Street NW Washington, DC 20423-0001

RE: Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Leases/Agreements - Conrail Corporation et al.

Dear Chairman Morgan:

My name is John A. Noll. I arr Manager of Bulk Transportation for BASF Corporation (North America) located at 3000 Continental Drive - North, MT Olive, New Jersey 07828-1234. BASF Corporation is the North America representative of the BASF Group, one of the world's leading chemical manufacturers. The BASF Group is a global organization with approximately 103,000 employees, serving customers in more than 170 countries around the world. Basf Corporation (North America) is one of the 10 largest chemical companies in North America. BASF Corporation manufactures and markets a broad range of chemicals, fibers, polymers, coatings and colorants to virtually every key industry and consumer products such as pharmaceutical, vitamins and agricultural supplies.

BASF produces well above 6 billion pounds of production each year. The most economical and preferred method of shipping our products is via rail transportation. Over 50% of all of the pounds produced at our manufacturing locations is shipped via rail transportation. The range of rail pounds shipped varies from 0% to as high as 99% predicated on the size of the site and the product mix. Our larger sites, namely Freeport, TX; Geismar, LA; Wyandotte, Mi; Joliet, IL; and Altamira, Mexico range from 60% to 90% dependence on rail transportation to distribute their production to markets. BASF Corporation ships or receives approximately 38-000 to

4163 POC 1.

40,000 carloads of traffic on average annually. BASF relies very heavily on the railroad industry to distribute its production to customers as wll as to replenish supply of material at our various bulk terminal and transloading sites including terminals located at key ports for the shipment and receipt of products in international or foreign commerce. These bulk terminal facilities are the key to the balance of product supply for BASF's global markets and facility exchange programs which will intensify with the recent signing of the NAFTA and GATT trade agreements.

Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, BASF has reviewed the materials provided by NS and CSX 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 BASF which we believe would be adversely affected by the merger. Absent the availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede the rail line at Memphis should not be condoned and must be remediated.

IEL NU:

We believe that Illinois Central would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted

John A. Noll

Manager Bulk Transportation



3700 CRESTWOOD PARKWAY, SUITE 200, DULUTH, GEORGIA 30096-5583 (770) 717-2200 FAX: (770) 717-2222

November 4, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

## Verified Statement

Re: Finance Docket No. 33388, CSX Corporation, et al. Control and Operating Leases/Agreements-Conrail Corporation, et al.

## Dear Chairman Morgan:

My name is Michael Lee Albert, I am Manager-Planning and Logistics for Airgas Carbonic Industries in Duluth, Georgia. My office address is 3700 Crestwood Parkway, Suite 200, Duluth, GA 30096-5583. In my position, I am responsible for product supply and distribution to eighteen branch locations throughout the eastern USA. I have served my company in my current capacity for 11 years. Although I have offered my support to the proposed control of Conrail by CSX and NS, I offered this support subject to several conditions. Primarily, I wish to object to any plans that may adversely affect the excellent service we now receive to the Northeastern United States via the IC/Conrail gateway at Effingham, Illinois.

Airgas Carbonic Industries is a producer and marketer of liquid carbon dioxide and dry ice products operating primarily in the Eastern United States. Our products are used throughout many industries and primary uses include beverage carbonation and refrigeration. The company distributes its products from eighteen different sites, but originates rail shipments of liquid carbon dioxide from only three plants, two of which are located on the CSX, the other and largest rail shipper is located on the Illinois Central. Carbonic Industries shipped 2,267 carloads of liquid carbon dioxide during 1996, most of which we also inbounded at Carbonic Industries redistribution terminals. Our primary production plants are at Jackson, MS (1,000 tons per day) and Augusta, GA (1200 tons per day), and it is from these two plants that 97% of our rail shipments originate. The Augusta, GA plant was expanded to a production rate of 1,200 tons per day during September1997.

Linda J. Morgan November 04, 1997 Page 2

Since the announcement of CSX's and NS' proposed control of Conrail, Airgas Carbonic Industries has reviewed the materials provided by the NS and CSX and listened with interest to what these carriers 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 (including those served and contemplated by Airgas Carbonic Industries), there remain, however, markets vital to this Company which we believe would be adversely affected by the merger. Absent the availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved (in it's present form).

Airgas Carbonic Industries relies very heavily on the Illinois Central as a vital link in the transportation route structure for it's product to eastern markets. The ability of CSX to adversely impact IC's route through closure of vital gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central' routings and gateways to eastern markets are in heavy use now and are functioning extremely efficiently. We wish those gateways to remain open and available without artificial economic restraints. CSX should not be allowed to close those gateways through a rate structure, which effectively forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis (Leewood to Aulon) should not be condoned and must be remediated. I believe that the Illinois Central has offered to purchase this section of track.

Over 60% of our current product inventory is traveling in railcars. Carbon dioxide is a by-product of other production processes and production plants cannot be positioned near markets unless there is a by-product stream available. Most markets must be reached via the railroads. Rail cost containment and improved operating efficiencies are a major part of our business plan and our growth strategy. The proposed transaction is positive for Airgas Carbonic Industries if the conditions outlined above are met. I have expressed this sentiment personally to John Snow, CSX"s Chairman of the Board. Now is the time to prevent problems that could occur as a result of this otherwise sound plan. Let's not "throw out the baby with the bathwater" and keep what is working rather than make wholesale changes. I believe we have all seen what happened in the West with UP/SP and wish to avoid that type of constraint to transportation and our economy. The only way for the new CSX and NS systems to meet their performance goals is to increase business by attracting more freight to the railroads. It can only do this by working to achieve collective efficiencies, incorporating what is already working well on the acquired lines. I have full confidence in the new systems to provide more shipping options to more markets at better pricing than is currently available (if these types of pitfalls are avoided).

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Linda J. Morgan November 4, 1997 Page 3

In conclusion, Airgas Carbonic Industries generally supports the application and requests that the Board move as expeditiously as to assure approval as long as the conditions that I have outlined are met. We honestly feel this transaction provides an opportunity to improve service efficiency and promote the growth of rail traffic in the East. We also feel it can benefit consumers and the overall economy as more options for product supply from and to this region becomes economically and physically possible. The Illnois Central, the CSX and NS are excellent companies with visionary leadership; and the sooner this application is approved, the sooner these companies can yield the benefits that these combinations represent. We realize that a careful review of these transactions is required, and would urge you to include the requests contained herein in the conditions of your approval. With, and only with, the inclusion of these conditions, I encourage your approval of the application for control of Conrail.

I, Michael Lee Albert, declare under penalty of perjury that the foregoing 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.

Michael Lee Albert

Manager-Planning and Logistics

Airgas Carbonic Industries

MLA: mla

Roofing Products Group

CertainTeed Corporation 750 E. Swedeslord Road PO Box 860 Valley Forge, PA 19482-0102 610 341-7000

# CertainTeed E

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November 19, 1997

The Honorable Linda J. Morgan Chairperson Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

RE: Finance Docket No. 33388, CSX
Corporation, ET. AL. - Control and Operating

Leases/Agreements - Conrail Corp. ET A!

## Dear Chairperson Morgan:

My name is George F. Milligan, Jr., and I am the Manager of Transportation Operations for the Roofing Products Group of CertainTeed Corporation. I have been employed by CertainTeed for 30 years and have held my present position for 20 years.

CertainTeed Corporation is a leading manufacturer of building materials, and has asphalt roofing manufacturing facilities in Oxford, NC and Avery, OH. These plants are served by the Norfolk Southern and in 1996 generated over 4900 carloads of rail freight. The proposed control of Conrail by CSX and NS will directly affect CertainTeed.

Since the announcement of CSX's and NS' proposed control of Conrail, CertainTeed Corporation has reviewed the materials provided by NS and CSX 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 remains, however, markets vital to this Company which we believe would be adversely affected by the merger. Absent the availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Honorable Linda J. Morgan Page 2

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

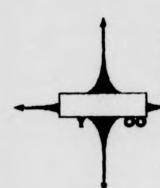
Respectfully submitted,

George F. Milligan Transportation Manager

Verification

I, George F. Milligan, Jr., declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed this 19th day of November, 1997.

TOTAL P.02



## COMPASS CONSOLIDATORS INC.

47 Stephen Street Lemont, IL 60439 Phone: (630) 243-0200 Fax: (630) 243-0250

October 21, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re: Financial Docket No. 33388, CSX Corporation, et. al. Control and Operating Leases/Agreements

Courall Corporation, et. al.

### Dear Chairman Morgan:

I am the General Manager for Compass Consolidators, Inc., a full service intermodal marketing company with annual sales over \$32,000,000. We are a major shipper of intermodal and carload freight within the United States, Canada and Mexico, and are headquartered in Lemont, Illinois. Conrail today serves markets that are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS's proposed control of Conrail, Compass Consolidators, Inc. has reviewed the materials proposed by CSX and NS 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, these remain, however, markets vital to this company, which we believe would be adversely affected by the merger. Absent the availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact Illinois Central's route through economic closure of gateways, or creation of operating impediments at Memphis, is neither appropriate nor acceptable where, as here, CSX's proposed

The Honorable Linda J. Morgan October 21, 1997 Page Two

application will enable it to control much of the rail traffic in the eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede the rail line at Memphis should not be condoned and must be remedied.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by CSX and NS. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

John M. Pollack

General Manager - Pricing

JMP:dep



The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re: Finance Docket No. 33388, CSX Corporation, et al. Control and Operating Leases/Agreements-Conrail Corporation, et al.

Dear Ms. Morgan:

Consolidated Freightways (CF) is a full service Less-than-Truckload motor carrier, with annual revenues of over \$2 billion. In 1997 28% of CF's business will move in intermodal service nationwide, and about 25% of CF's intermodal business will move in territory served by Conrail, CSX, and Norfolk Southern. The proposed acquisition of Conrail by CSX and Norfolk Southern (NS) is of great concern to CF.

Both CSX and NS have said Conrail's acquisition will promote competition. CF is disturbed, therefore, about CSX's recent behavior towards the IC railroad, which CF uses for intermodal shipments between Chicago, Memphis, and New Orleans. The IC has complained publicly about CSX deliberately delaying IC's north-south trains at Memphis Tn, over a section of track owned by CSX but long used by IC.

Secondly, CSX has so far refused to commit itself to protecting IC gateways, where IC routes using those gateways are inherently more efficient than the new routes CSX will own as a result of the Conrail acquisition. It's our understanding that NS has made such a commitment in writing, so CSX's reluctance is puzzling.

Taken together these items suggest CSX is less than sincere in pushing greater competitiveness as a justification for the Conrail acquisition. Absent a change in CSX's behavior, CF supports IC's proposed conditions to the CSX application.

Sincerely,

John Dunmire

Manager, Intermodal Operations



October 17, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street NW Washington, DC 20423-0001

RE: Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Leases/Agreements-Conrail Corporation, et al.

Dear Chairman Morgan:

I, Richard P. Hyland, am president of Cross Con Terminals, Inc. We have an annual sales of over \$50,000,000. We are a major shipper of merchandise with facilities throughout the U.S. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, Cross con Terminals has reviewed the materials provided by NS and CSX 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 availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints.

The Honorable Linda J. Morgan October 17, 1997 Page 2

CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide a neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

Richard P. Hyland

President

Cross Con Terminals, Inc.

300 Lakeside Drive Oakland, CA 94612-3592 510 874-3400 510 874-3531 Fax

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, N.W. Washington, D.C. 20423-0001

> Re: Finance docket No. 33388, CSX Corporation, et al. - Control and Operating Leases/Agreements -

> > Conrail Corporation, et al.

**CROWN** antage

Printing, Publishing, and Specialty Papers

Dear Chairman Morgan:

I am Director of Transportation for Crown Vantage. Crown Vantage is a manufacturer of paper with annual sales of nearly \$1 billion. We are a major shipper of paper products and receiver of raw materials with facilities at 9 sites in eastern U.S. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, Crown Vantage has reviewed the materials provided by NS and CSX 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 availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

Lee W. Koellermeier

Director of Transportation & Distribution

W. Mellermeur

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October 17, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001 Stave Geneva General Manager Transportation

Re: Finance Docket No. 33388, CSX Corporation, et al - Control and Operating Leases/Agreements-Conrail Corporation, et al.

## Dear Chairman Morgan:

I am Manager, Transportation for Diamond Shamrock Company. Diamond Shamrock is a petrochemicals producer with annual sales of over eleven billion dollars. We are a major shipper of liquid petroleum gases and lubricating oils with facilities at Three Rivers and Mont Belvieu Texas. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS's proposed control of Conrail, Diamond Shamrock has reviewed the materials provided by NS and CSX 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 availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally appede that rail line at Memphis should not be condoned and must be remediated.

The Honorable Linda J. Morgan October 17, 1997 Page 2

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective convpetitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Sincerely,

Steve Geneva

SG/Iw

Enclosures

# FINA Oil and Chemical Company



November 5, 1997

Honorable Linda J. Morgan Chairman, Surface Transportation Board 1925 K Street Washington, DC 20423-00001

RE: Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Leases / Agreements - Conrail Corporation, et al.

Dear Chairman Morgan;

I am Mike Spahis, Manager of Logistics and Distribution for Fina Oil and Chemical Company. Fina engages in crude oil and natural gas exploration and production; petroleum products refining, supply and transportation, and marketing; and chemicals manufacturing and marketing. Fina relies heavily on the rail transportation industry to deliver its products such as polystyrene, polypropylene, polyethylene, asphalt and other chemical products, to a variety of customers located across the United States, Canada and Mexico. Fina's production facilities are located predominately along the Texas and Louisiana Gulf Coast.

Rail transportation accounts for over 80 percent of Fina's chemical deliveries and is responsible for over 20 percent of the cost of finished petrochemical products. The proposed control of Conrail will affect Fina as Conrail serves many of Fina's customers. We have submitted our personal comments in these proceedings as document FINA-1. We would like to further emphasize the importance of keeping gateways open. Our comments in the filing state:

"The Application does not adequately address the potential shifts to alternate gateways for existing business. The Applicants mention that more efficient gateways will be examined. They did not address any potential economic impact to the shippers as a result of the revenue requirements of the connecting carriers."

We want gateways to remain open from a physical and economical point of view since our origin carriers are in the West and must connect with both CSX and NS to get to the Northeast. The shippers must have a choice, including origin and destination carriers, to meet the best total economics encompassing both price and service for our customers.

Please keep these issues in mind when looking at gateway issues for the Burlington Northern Santa Fe, Union Pacific, Kansas City Southern and Illinois Central railroads as this merger does not just affect CSX and Norfolk Southern.

Respectfully Submitted,

FINA OIL AND CHEMICAL COMPANY

Mike Spahis

Manager of Logistics and Distribution

P.O. Box 2159
Dallas, Texas 75221-2159
Tel: (2°4) 750-2400

Gaylord Container Corporation 500 Lake Cook Road Suite 400 Deerfield, Illinois 60015-4921 847 405 5500 F. W3/ KI4

October 20, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street. NW Washington, DC 20423-0001

Re: Finance Docket No. 33388, CSX Corporation.
et al.-Control and Operating Leases/Agramments-Conrail Corporation, et al.

Dear Chairman Morgan:

I am Director of Purchasing and Transportation for Gaylord Container Corporation. Gaylord Container Corporation is a manufacturer and converter of unbleached kraft paper with annual sales of over \$800 million. We are a major shipper and receiver of containerboard and kraft paper with facilities at Bogalusa. LA, Marion, OH and Twinsburg, OH. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, Gaylord Container Corporation has reviewed the materials provided by NS and CSX 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 availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remedied.

The Honorable Linda J. Morgan October 20, 1997 Page 2

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provided neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted.

J/ F. Borg. C. Director.

Purchasing and Transportation

/8102



Georgia-Pacific Corporation

133 Peachtree Street NE (30303-1847) P.O. Box 105605 Atlanta, Georgia 30348-5605 Telephone (404) 652-4000

November 20, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

RE: Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Leases/Agreements - Conrail Corporation, et al.

Dear Chairman Morgan:

I am Director, Logistics Services, for the Building Products Transportation and Logistics Division of Georgia-Pacific Corporation. Georgia-Pacific Corporation, based in Atlanta, Georgia, is a forest products company, with annual sales of over \$13 billion. The building products side of Georgia Pacific Corporation is a major shipper and receiver of Building Products with facilities located nationwide. Contail today serves markets which are vital to the transportation of our traffic. The proposed control of Contail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, Georgia-Pacific Corporation has reviewed the materials provided by NS and CSX 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 availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

Robert T. Pugh

Director, Logistics Services



## Hunt Plywood Company, Inc.

P.O. Box 1263 Ruston, LA 71273-1263 318-255-2245

October 21, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re: Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Leases/Agreements - Conrail Corporation, et al.

Dear Chairman Morgan:

My name is Steve Napper and I am the Traffic Manager for Hunt Plywood Company, Inc. located in Ruston, Louisiana. Hunt Plywood Company is a privately owned wood products manufacturer. Our company maintains four operating facilities. We have two plywood mills and two lumber mills. The plywood mills are located in Pollock, La. and Natalbany, La. The Pollock facility is rail served by the Union Pacific, and the Natalbany facility is served by the Illinois Central Railroad. Our lumber mills are located in Castor, La. and Olla, La. Each is a non-rail facility which ships via truck or uses a UP lumber reload facility in Monroe, La.

Our company ships approximately 1,250 carloads per year, with annual sales of \$125,000,000. The plywood and lumber market which Hunt competes in is primarily a commodity market. Therefore, transportation costs play a large role in determining which areas of the U.S. we are able to be competitive in.

Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us. Since the announcement of CSX's and NS's proposed control of Conrail, Hunt Plywood has reviewed the materials provided by CSX and NS 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 availability of

Honorable Linda J. Morgan October 21, 1997 Page 2

effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment, and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by CSX and NS. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted.

Steve Napper

Traffic Manager Hunt Plywood Co., Inc.

# HUNTSMAN

October 23, 1997

The Honorable Linda J. Morgan Chairperson Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re: Finance Docket No. 33388, CSX Corporation, et al.-Control and Operating Leases/Agreements-Conrail Corporation, et al.

Dear Chairperson Morgan:

As the Director of Transportation & Logistics for Huntsman Corporation, we would like to comment on the proposed acquisition of Conrail. We specifically would like to express our support for Illinois Central Railroad's proposed conditions to the CSX application, as noted below.

Huntsman is the United States' largest privately-held chemical company. Its operating companies manufacture basic products for the chemical, plastics, detergent, personal care, rubber and packaging industries. Huntsman-held companies have revenues in excess of \$5 billion from multiple locations worldwide. Conrail today serves markets which are vital to the transportation of our feedstocks and our finished products.

Huntsman Corporation has not publicly supported CSX or Norfolk Southern in their bids for control of Conrail. While the proposed application may provide benefits in some of our markets, we view this merger with interest and concern because specific markets vital to Huntsman would be adversely affected. Specifically, we are concerned over the potential absence of effective, competitive alternate routings to these markets.

We view the Illinois Central as a vital link in the transportation route structure to and from eastern markets. CSX's proposed application will enable it to control much of the rail traffic in the eastern United States. The ability of CSX to adversely impact IC's route through the economic closure of gateways or the creation of operating impediments at Memphis is neither appropriate nor acceptable.

Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate

HUNTSMAN CORPORATION
3040 Post Oak Boulevard • Houston, Texas 77056 • 713-235-6000 • Fax 713-235-6416

The Honorable Linda J. Morgan October 23, 1997 Page 2

structure which forces traffic to CSX's long-haul routes. Further, since Illinois Central's rail line is fast and efficient, the ability of CSX to impede the operations of that rail line at Memphis should not be condoned and must be remediated.

Illinois Central is a Class 1 railroad with the lowest operating ratio, and it has a route structure that would provide neutral access to all eastern gateways. And it has demonstrated a willingness to invest its capital in its lines. We believe that Illinois Central has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Contail were to be controlled by NS and CSX. Therefore, we strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

David Parkin

Director-Transportation & Logistics

Huntsman Corporation

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 Illinois Central Railroad (IC). 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 alternative routings to these markets, we do not believe that the proposed merger can or should be supported.

International Paper receives over 95,000 carloads of raw materials and ships over 75,000 boxcar loads of paper and paper products per year to points within the lower 48 states and Canada with approximately 35,000 of said carloads moving via IC or from/to points on IC.

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 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.

Illinois Central is an extremely efficient carrier. In consequence of these efficiencies, substantial quantities of our commodities move to or from Conrail origins/ destinations via Illinois Central's main line and its efficient Illinois gateways. After consummation of the proposed transaction, CSXT and NS will have the opportunity to economically close these efficient gateways in favor of more inefficient, long-haul routes to our potential detriment. They would accomplish this closure by raising rates via Illinois Central's gateways in order to artificially force traffic to their long-haul routes. In recognition of this potential, and its intent not to economically close efficient gateways, NS has executed an agreement with Illinois Central which recognizes the principle of open gateways and the need to offer market competitive rates and divisions via pre-existing efficient gateways.

To date, CSXT has refused to recognize this principle or to execute a comparable agreement with IC. CSXT is unwilling to agree to continue "market competitive rates" or even "reasonable rates" after consummation of the Conrail

acquisition. They will only agree to offer "rates" with Illinois Central. This indicates that CSXT is likely to artifically constrain competitive price and service offerings by the economic foreclosure of efficient interline routes. This must not be allowed to happen.

The Illinois Central Railroad is a vital link in the transportation route structure to and from our eastern markets. The ability of CSXT to adversely impact IC's route through economic closure of the gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSXT's proposed application will enable it to control much of the rail line traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without aftificial economic constraints. CSXT should not be allowed to close those gateways through a rate structure which allows CSXT to force traffic to less efficient, CSXT long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSXT to operationally impede that rail line at Memphis should not be condoned and must be remediated.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSXT. We, therefore, strongly support Illinois Central's proposed conditions to the CSXT application.

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 continued unilateral control and administration of a two mile segment of line between Leewood and Aulon here in Memphis, Tennessee. Although this is, at best, a secondary line for CSXT, it comprises an integral part of Illinois Central's main line between Chicago and New Orleans. In the last year, CSXT has begun to significantly impede Illinois Central's ability to move through Memphis by refusing to promptly and efficiently dispatch IC's through trains over Leewood to Aulon. As CSXT begins to control more traffic through acquisition of control of Conrail, CSXT vill have an even greater incentive to impede Illinois Central's route. The ability of CSXT to control a "choke point" on Illinois Central's main line is anti-competitive and must be remedied. The chokehold which CSXT will have on the IC in Memphs, TN will enable it to undermine the efficiency and competitiveness of IC and the proposed merger will provide it with the added incentive to do so.

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 the 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 competition that exists today in the eastern United States 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

Charles EMethy

International Paper Company

ic/cem

P.O. Box 296 • Iowa Falls, Iowa 50126 • 515-648-5604

November 18, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

RE: Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Lease/Agreements - Conrail Corporation, et al.

Dear Chairman Morgan:

I am the Executive Director of the Iowa Falls Area Development Corporation. My company is a private, non-profit group who functions to maintain and enhance the economic vitality of our local community. We work with local existing businesses as well as new and expanding businesses. Our community is currently served by Illinois Central is we are concerned about how the proposed control of Conrail by CSX and NS will effect us.

Since the announcement of CSX's and NS' proposed control of Conrail, we have reviewed the materials provided by NS ad CSX 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 our community which we believe would be adversely affected by the merger. Absent the availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or the creation of operating impediments at Memphis in neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and

The Honorable Linda J. Morgan November 18, 1997 Page two

gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Sincerely,

Annette Greiner

**Executive Director** 



October 22, 1997

FOWIND LANE VICE PRESIDENT MARKETING

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re: Finance Docket No. 33399, CSX Corporation, et al. - Control and Operating Leases/Agreements-

Conrail Corporation, et al.

## Dear Chairman Morgan:

I am Ed Lane, Vice President, Marketing for Kerr-McGee Coal Corporation. Kerr-McGee Coal is a coal producer with annual sales of over \$365 million. We are a major shipper of bituminous coal with facilities at Galatia, Illinois. The proposed control of Conrail by CSX and NS will not directly affect us this year but it is conceivable we will see an impact in the near future.

Since the announcement of CSX's and NS' proposed control of Conrail, Kerr-McGee Coal has reviewed the materials provided by NS and CSX 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 could be adversely affected by the merger. Abse at the availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad could be a vital link in the transportation route structure to and from eastern markets for Kerr-McGee Coal. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the Fail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's longhaul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remedied.

The Honorable Linda J. Morgan October 22, 1997 Page 2

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Sincerely yours,

E. D. Lane

EDL:nfd

October 20, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

## Leavitt Tube Company, Inc.



1717 West 115th Street Chicego, Illinois 60643

FAX (773) 239-1023

Dear Chairman Morgan:

RE: Finance Docket No. 33388, CSX Corporation,

et al. - Control and Operating Leases/Agreements -

Contrail Corporation, et al.

I am Traffic Manager for Leavitt Tube Company, Inc. Leavitt Tube Company is a manufacturer of steel pipe and tubing with annual sales of over \$150 million. We are a major shipper and receiver of steel pipe, tubing and steel coils, with facilities at Chicago, Illinois and Madison, Mississippi. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NJ's proposed control of Conrail, Leavitt Tube Company has reviewed the materials provided by NS and CSX 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 availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

The Honorable Linda J. Morgan October 20, 1997 Page 2

We believe that Illinois Central, as a major railroad with the lowest operating ration of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

Donald & Werner

Donald E. Werner Traffic Manager

DEW:lkj



#### A TRANSPORTATION COMPANY SINCE 1969

October 20, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

RE: Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Leases/Agreement Conrail Corporation, et al

Dear Chairman Morgan:

I am Chairman & Chief Executive Officer of Manufacturers Consolidation Service, Inc. an Intermodal Marketing Company with annual sales of over \$130,00,000. We arrange rail intermodal transportation for over 3,000 manufacturers, brokers, trucking companies and steamship lines. We depend heavily on a competitive railroad structure to move our traffic.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets and we urge your consideration in keeping them competitive in the CSX purchase of a portion of Conrail. We ask that you keep the current CSX-IC gateways and prospective CSX long-haul options competitive from a rate perspective after the sale of Conrail.

We ask that you scrutinize the control CSX exerts over a two (2) mile section of track between Leewood and Aulon in Memphis, Tennessee. This piece of track is an integral part of Illinois Central's main line between Chicago and New Orleans and we believe should be controlled by Illinois Central.

Very truly yours,

Manufacturers Consolidation Service, Inc.

C. O. Turner, III
Chairman & President

October 24, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re: Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Leases/Agreements - Conrail Corporation, et al.

Dear Chairman Morgan:

My name is Edward F. Fetzer. I am Corporate Traffic Manager of Menasha Corporation in Neenah, Wisconsin. I have held my present position for more than ten years and have been employed by Menasha Corporation for over thirty-one years. Prior to my employment with Menasha Corporation, I had over eight years of service with the Soo Line Railroad Company in Wisconsin. It is my responsibility to ensure Menasha Corporation has adequate rail and truck and other transportation services available at its facilities.

Menasha Corporation operates seventy-two facilities in twenty-one states and ten countries. Menasha Corporation has several product lines including Paper and Paper Products, Plastic Sheet and Plastic Products, Tags and Labels, Displays, Promotional Items, and Timber. We currently ship or receive approximately thirty-five hundred carloads per year. We have facilities located on Conrail, CSX, and the Norfolk Southern Railroad.

Since the announcement of CSX's and NS' proposed control of Conrail, Menasha Corporation has reviewed the materials provided by NS and CSX 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,

Corporate Office

1645 Bergstrom Road PO Box 367 Neenah WI 54957-0367

1-920-751-1000 1-800-242-5077 (in WI) 1-800-558-5073 (Nat'l) 1-920-751-1236 (Fax) markets vital to this Company which we believe would be adversely affected by the merger. These adverse affects could be removed by granting the conditions sought by the Illinois Central Railroad.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

Recent experience with the merged Union Pacific Railroad has convinced Menasha Corporation that with more gateways open railroads increase their ability to cope with various traffic congestion problems.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Very truly yours,

Edward F. Fetzer

Corporate Traffic Manager

Edwarf John

EFF:pbh



MID AMERICAN Distribution Companies, Inc.

4607 Humboldt Avenue North P.O. Box 11660

Minneapolis, MN 55411-0660

Phone: (612) 521-1000 Fax: (612) 529-2551

> Keith J. Cekalla Vice President

October 20, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, N.W. Washington, DC 20423-0001

Re: Finance Docket No. 33388, CSX Corporation, et al.- Control and Operating Leases/Agreements-Conrail Corporation, et al.

Dear Chairman Morgan:

I am Vice President for Mid American Distribution Centers of Mississippi, Inc.. Mid American is a material handling and transportation company with annual sales of over \$400,000. We are a major shipper and receiver of lumber and building materials with facilities at McComb, MS. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's an NS' proposed control of CR, Mid American has reviewed the materials provided by NS and CSX 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 our Company which we believe would be adversely affected by the merger. Absent the availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate or nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic restraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remedied.

The Honorable Linda J. Morgan October 20, 1997 Page 2

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

Keith J. Cekalla Vice President

October 21, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

> Re: Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Leases/Agreements -Conrail Corporation, et al.

#### Dear Chairman Morgan:

I am Manager of Transportation for Nalco Chemical Company. Nalco Chemical is a specialty chemical manufacturer with annual sales of over \$1.3 billion. We are a major shipper of Acrylamide with facilities at Garyville, LA. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, Nalco Chemical has reviewed the materials provided by NS and CSX 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 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 availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Ulinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and

The Honorable Linda J. Morgan October 21, 1997 Page 2

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We believe that Illinois Central, as a major railroad with a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSA application.

Respectfully submitted.

James A. Nardone

Manager of Transportation

JAN:ddo

## Petro Source Corporation

Oon Flemmons Oirector, NGL Business Development 9801 Westhelmer, Suite 900 Houston, TX 77042 Telephone (713) 972-2020 Fax (713) 972-3535

October 29, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re: Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Leases/Agreements - Control Corporation, et al.

Dear Chairman Morgan:

I am Director, NGL Business Development for Petro Source Corporation, Petro Source Corporation is a distributor of asphalt, crude oil and natural gas liquid products with annual sales of over \$450 million. We are a major shipper of natural gas liquid products with facilities and customers in South Louisiana, Memphis, and the Northeast markets. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, Petro Source Corporation has reviewed the materials provided by NS and CSX and listened with interest to what these carners and others have said with respect to the benefits and effects of this control application. Although it appears that the proposed application may provide benefits in certain markets, there remain, however, markets vital to this Company which we believe would be adversely affected by the merger. Absent the availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic dosure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and form eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully Submitted

-Bon Flemmons

Director, NGL Business Development

## Rail Intermodal Specialists, Inc. 9902 So. 138th Street, Omaha, NE 68138

402-895-6980, Fax 402-895-6495

October 17, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

RE: Finance Docket No. 33388, CSX Corpaoration et al. - Control and Operating Leases/Agreements - Conrail Corporation et al.

Dear Chairman Morgan,

I am Vice President Operations for Rail Intermodal Specialists, Inc.(RIS). RIS is a rail management transportation company with annual sales of over \$10,000,000. We are a major freight consolidator with facilities at Kansas City, KS, Omaha, NE and Dubuque IA. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail By CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, RIS has reviewed the materials provided by NS and CSX and listened with interest to what these carriers and other 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 RIS which we believe would be adversely affected by the merger. Absent the availability of effective competitive alternative routing to these markets, we do not believe that the proposed merger can or should be approved.

The Illinoois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United State. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

# Rail Intermodal Specialists, Inc. 9902 So. 138th Street, Omaha, NE 68138

402-895-6980, Fax 402-895-6495

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

Steve Herrick

Vice President Operations

Rail Intermodal Specialists, Inc.



November 19, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re: Finance Docket No. 33388, CSX Corporation et al.- Control And Operating Leases/Agreements Conrail Corporation, et al.

Dear Chairman Morgan:

I am the President of Rail Services, Inc. Rail Services, Inc. is a transportation logistic company with annual sales of over \$25,000,000. We are a major receiver of various bulk commodities with facilities in the states of Michigan, New York, Pennsylvania and West Virginia. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, Rail Services, Inc. has reviewed the materials provided by NS and CSX 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 availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient.

The Honorable Linda J. Morgan November 19, 1997 Page 2

We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

Daniel Chojnowski

President



### **ROWELL Chemical Corporation**

15 SALT CREEK LANE . SUITE 205 . HINSDALE, ILLINOIS 60521 . 630/920-8833 . FAX: 630/920-8994

October 24, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re: Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Leases/Agreements Conrail Corporation, et al.

Dear Chairman Morgan:

I am Executive Vice President for Rowell Chemical Corporation. Rowell is a large chemical distribution company in the Midwest with annual sales of over \$30,000,000.00. We are a major shipper of critical inorganic chemicals with facilities at Willow Springs, Illinois. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, Rowell has reviewed the materials provided by NS and CSX 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 availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX'ACD

Quart + Reproduct + Security a

Distribution Process -

should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

Henry S. Beiters

Executive Vice President

HJD/transboard1024

## TRUBICON INC.

October 20, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re: Finance Docket No. 33388, CSX Corporation, et al Control and Operating Leases/Agreements - Conrail Corporation, et al.

Dear Chairman Morgan:

I am Materials Flow Manager for Rubicon, Inc. Rubicon is a manufacturer of chemical commodities with annual sales of over \$750,000,000. We are a major shipper with facilities at Geismar, LA. Conrail today serves markets which are vital to the transportation of our products. The proposed control of Conrail by CSX and NS could directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, Rubicon has reviewed the materials provided by NS and CSX 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 availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

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The Honorable Linda J. Morgan October 20, 1997 Page 2

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illlinois Central's proposed conditions to the CSX application.

Respectfully/submitted,

Dale P. Walsh

Materials Flow Manager

DPW:DB

c: Mr. Donald H. Skelton (ICRR)

SINCLAR

### Enterprises Ltd.

P.O. BOX 1448 PRINCE GEORGE, B.C. V2L 4V4

TELEPHONE (604) 563-3423 STA-TO-STA (604) 563-3710

1-800-842-STUD (7883)

FAX (604) 563-6272

October 21, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re: Finance Docket No. 33388, CSX Corporation, et. al. - Control and Operating Lease/Agreements-Conrail Corporation, et al.

Dear Chairman Morgan:

I am President for Sinclar Enterprises Ltd. Sinclar Enterprises Ltd. is a lumber marketing business with annual sales of over \$ 75,000,000. We are a major shipper of lumber with facilities at Prince George, BC, Vanderhoof, BC, and Fort St. James. BC. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS\( \) proposed control of Conrail, Sinclar Enterprises Ltd. has reviewed the materials provided by NS and CSX 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 availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary of Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted.

W.G. Stewart President

Sinclar Enterprises Ltd.

WGS/Imm

:11-21-97 :11:29AM ;

SOLVAY POLYMERS-

281 361 8029:# 1/ 1



Quality Polymers Through Technology and Feople

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

November 21, 1997

RE:

Finance Docket No. 33388, CSX Corporation, et. al-Control and Operating Leases/Agreements-Conrail Corporation, et al.

Dear Chairman Morgan:

My name is Michael Scherm. I am the Director of Logistics and Custome: Service for Solvay Polymers, Inc. Solvay Polymers is a wholly-owned subsidiary of Solvay America, Inc. and a member of the worldwid. Solvay group of companies. Our company manufactures 2.4 billion pounds of high density polyculylene and polypropylene plastic resin annually at our Deer Park, TX manufacturing facility.

Our principal means of product distribution is by railcar. We operate a fleet of more than 2700 privately-owned covered hopper railcars. Because 100% of our plant's production is loaded into railcars, the company is wholly dependent upon rail service to sustain our manufacturing operations and meet our customer's supply needs. We make more than 13,000 rail shipmonts annually.

Contail is vital to the transportation of Solvay Polymers' product to the marketplace. The proposed control of Contail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Courail, Solvay Polymers has reviewed the materials provided by NS and CSX 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, we remain concerned about the likely, though not immediate, economic closure of certain gateways. This issue must be properly addressed to ensure the availability of effective competitive alternative routings.

Specifically, the Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of the eastern carriers to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable. Illinois Central's routings and gateways to eastern markets are used extensively and are an efficient means for Solvay Polymers' to move traffic between Memphis and the Effingham. Illinois interchange with Conrail.

It is essential that these gateways remain open and available without unnecessary economic constraints. The CSX and NS should not be allowed to close these gateways through a rate structure which forces traffic to their long-haul routes. Illinois Central's rail line is an efficient, direct route to interchange points.

We believe that the Illinois Central has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary to maintain competitive balance.

Sinceraly,

Mile Schem

Director of Logistics and Customer Service





October 21,1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re: Finance Docket No. 33388, CSX Corporation, et al.-Control and Operating Leases/Agreements-Conrail Corporation, et al.

#### Dear Chairman Morgan:

I am the Director of Logistics for Strategic Materials, Inc. Strategic Materials is a glass recycling company with sales of over \$65 million. We are a major shipper and receiver of cullet with facilities, that are rail accessible at the following locations: Detroit, MI, Cleveland, OH, Belle Vernon, PA, Albany, NY, Bridgeport, NJ, Nashua, NH, Durham, NC, Atlanta, GA, Frankfort, KY, St. Louis, MO, Jackson, MS, Sapulpa, OK, Anthony, TX, Chicago, IL, Milwaukee, WI, Newark, CA, Owatonna, MN, and Richmond, VA. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, Strategic Materials has reviewed the materials provided by NS and CSX 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 availability of effective competitive alternative routings to the markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through

5151 SAN FELIPE, SUITE 1400 . HOUSTON, TEXAS 77056 . MAIN 713/881-5000 . PAX 713/881-5010



economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routing and gateways to eastern markets are in heavy use and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should no be allowed to close those gateways through a rate structure which forces traffic c CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remedied.

We believe that Illinois Central, as a major railroad with the lowest operating ratio an any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest in capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

Alan Grieger

Director of Logistics

November 12, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Texas Petrochemical supports leaving the Effingham Interchange open to the Illinois Central Railroad. This routing is currently used by Texas Petrochemicals on a regular basis. This particular interchange is crucial to the shipping public. Now, there is healthy competition between the CSXT, Norfolk Southern and the IC. Closing gateways is bad news, less options for shippers and outlets when mother nature strikes. As we all know the shipping public and the general public can now see clearly the self-destruction of the railroad industry when competition is silenced!

G. L. Henneke

Transportation Representative

713 475 7450

860u Park Place Blvd. • Houston, TX 77017 • Phone (713) 477-9211 • Fex (713) 475-7761

A Responsible Care\* Company

Beverly Van Lund Rail Transportation Manager

GENERAL OFFICE 2020 Springdale Road P. O. 80x 587 Waukesha, WI 53187 Phone: 414-548-1488 Fax. 414-548-1483 800-323-7350

ARIZONA OFFICE 18802 Grandview Drivo Sun City West, Arizona 85375 Phone: 602-546-4473 Fax: 602-546-4477

**NOVEMBER 20, 1997** 

THE HONORABLE LINDA J. MORGAN CHAIRMAN SURFACE TRANSPORTATION BOARD 1925 K STREET, NW WASHINGTON, DC 20423-0001

RE: FINANCE DOCKET NO. 33388 CSX CORPORATION, ET AL CONTROL AND OPERATING LEASES/AGREEMENTS-CONRAIL CORPORATION,
ET AL

#### DEAR CHAIRMAN MORGAN:

I AM RAIL TRANSPORTATION MANAGER FOR TEXPAR ENERGY, INC. AN ENERGY MARKETER OF #6 FUEL OIL WITH ANNUAL SALES OF OVER \$100,000,000. WE ARE A MAJOR SHIPPER OF #6 FUEL OIL WITH FACILITIES THROUGHOUT THE UNITED STATES. CONRAIL TODAY SERVES MARKETS WHICH ARE VITAL TO THE TRANSPORTATION OF OUR TRAFFIC. THE PROPOSED CONTROL OF CONRAIL BY CSX AND NS WILL DIRECTLY AND SUBSTANTIALLY AFFECT US.

SINCE THE ANNOUNCEMENT OF CSX'S AND NS' PROPOSED CONTROL OF CONRAIL, TEXPAR HAS REVIEWED THE MATERIALS PROVIDED BY NS AND CSX 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 TEXPAR WHICH WE BELIEVE WOULD BE ADVERSELY AFFECTED BY THE MERGER. ABSENT THE AVAILABILITY OF EFFECTIVE COMPETITIVE ALTERNATIVE ROUTINGS TO THESE MARKETS, WE DO NOT

#### BELIEVE THAT THE PROPOSED MERGER CAN OR SHOULD BE APPROVED.

THE ILLINOIS CENTRAL RAILROAD IS A VITAL LINK IN THE TRANSPORTATION ROUTE STRUCTURE TO AND FROM EASTERN MARKETS. THE ABILITY OF CSX TO ADVERSELY IMPACT IC'S ROUTE THROUGH ECONOMIC CLOSURE OF GATEWAYS OR CREATION OF OPERATING IMPEDIMENTS AT MEMPHIS IS NEITHER APPROPRIATE NOR ACCEPTABLE, WHERE, AS HERE, CSX'S PROPOSED APPLICATION WILL ENABLE IT TO CONTROL MUCH OF THE RAIL TRAFFIC IN THE EASTERN UNITED STATES. ILLINOIS CENTRAL'S ROUTINGS AND GATEWAYS TO EASTERN MARKETS ARE IN HEAVY USE NOW AND ARE EXTREMELY EFFICIENT AS WELL AS CONSISTENT. WE, AT TEXPAR ENERGY, WANT THOSE GATEWAYS TO REMAIN OPEN AND AVAILABLE WITHOUT ARTIFICIAL ECONOMIC CONSTRAINTS. CSX SHOULD NOT BE ALLOWED TO CLOSE THOSE GATEWAYS THROUGH A RATE STRUCTURE WHICH FORCES TRAFFIC TO CSX'S LONG-HAUL ROUTES. FURTHER, ILLINOIS CENTRAL'S RAIL LINE IS FAST AND EFFICIENT. THE ABILITY OF C°X TO OPERATIONALLY IMPEDE THAT RAIL LINE AT MEMPHIS SHOULD NOT BE CONDONED AND MUST BE REMEDIATED.

WE BELIEVE THAT ILLINOIS CENTRAL, AS A MAJOR RAILROAD WITH THE LOWEST OPERATING RATIO OF ANY CLASS 1, A ROUTE STRUCTURE THAT WOULD PROVIDE NEUTRAL ACCESS TO ALL EASTERN GATEWAYS, AND A WILLINGNESS TO INVEST ITS CAPITAL IN ITS LINES, HAS THE NECESSARY RESOURCES, COMMITMENT AND INCENTIVE TO PROVIDE AN EFFECTIVE COMPETITIVE ALTERNATIVE TO AND FROM EASTERN MARKETS THAT WE BELIEVE IS NECESSARY IF CONRAIL IS TO BE CONTROLLED BY NS AND CSX. WE, THEREFORE, STRONGLY SUPPORT ILLINOIS CENTRAL'S PROPOSED CONDITIONS TO THE CSX APPLICATION.

RESPECTFULLY SUBMITTED,

BEVERLY M. VAN LUND

RAIL TRANSPORTATION MANAGER

Beverly M. Edward

TEXPAR ENERGY, INC.

Phone: (250) 545-4411

Confidential Fax: (250) 545-4783

October 21, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

#### Dear Chairman Morgan:

Re: Finance Docket No. 33388, CSX Corporation et al. - Control and Operating Leases/Agreements Conrail Corporation, et al.

I am Manager Transportation Services for Tolko 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 with annual sales of over \$700,000,000. We are a major shipper serving customers with facilities at Memphis, and throughout the U.S. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, Tolko Industries Ltd. has reviewed the materials provided by NS and CSX 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 availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United

P.O. Box 39

3203 - 30th Avenue

Vernon, B.C. Canada VIT 6M1

States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

Alex Wallace

**Manager Transportation Services** 

Mulallan

AW/sh



October 20, 1997

TCI Trucking and Warehousing Complete Transportation Management Service

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

RE: Finance Docket No. 33388, CSX Corporation, et al.- Control and Operating Leases/Agreements Conrall Corporation, et al.

Dear Chairman Morgan:

I am the President of Transportation Consultants, Inc., d/b/a TCI Trucking and Warehousing Services. TCI is a trucking and warehousing company with annual sales of over \$6,000,000. We are a major shipper and receiver of general commodities with facilities in Harahan and New Orleans, Louisiana. Conrail today services markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, TCI has reviewed the materials provided by NS and CSX 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 availability of effective competitive, alternative routings to chese markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital 'ink in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the

The Honorable Linda J. Morgan RE: Finance Docket No. 33388 October 20, 1997 Page 2

rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes.

Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be re-mediated.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

ck C. Jensen,

resident

JCJ/dl



# Truck-Track Logistics Ltd.

October 20, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re: Finance Docket No. 33388, CSX Corporation et al. - Control and Operating Leases/Agreements - Conrail Corporation, et al.

Dear Chairman Morgan:

I am writing to go on record supporting the Illinois Central Railroad on the two conditions to protect competitive service and routing alternatives that they are requesting in reference to 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.

The first is for the CSX to agree that for traffic moving to or from stations on CSX's lines and the lines of CSX's short line connections, upon request of Illinois Central or its customers, CSX will join with Illinois Central in market competitive joint rates via Illinois Central's Illinois gateways where the applicable joint line routes are reasonably efficient (distance considered) and/or where a competitive service package can be offered to the customer. In constructing joint rates via Illinois Central, CSX agrees that its portion of such joint rates shall be at rate levels comparable on a per mile basis with CSX's revenue requirement via the portion of its preferred long-haul route between the same origins and destinations. The parties by mutual agreement shall be free to establish joint rates on bases differing from those specified above.

The second is that Illinois Central believes that the Surface Transportation Board should allow Illinois Central to own and dispatch the Leewood-Aulon trackage while allowing CSX to operate over that trackage under trackage rights. This will preserve the integrity of Illinois Central's main line, while at the same time continuing to enable CSX to use the line for its secondary movements.

After the most recent debacle of the Union Pacific and Southern Pacific merger I believe it has become apparent to everyone that the importance of a competitive rail system is integral to the economic well being of the United States. Something as crucial as service and price competitive transportation of the goods and services required in our economy can not be taken for granted. To adequately protect the services that relies upon the Mississippi River gateway to New Orleans you must allow a quality carrier like the

Illinois Central to compete on a fair and level playing field. The condition will not obligate the shipper to move the traffic via Illinois Central, nor will it guarantee that they will move that traffic. Rather, by obligating CSX to charge the same per jile rate via alternate routes, Illinois Central will have the opportunity to compete for the traffic and insure the shipper has routing alternatives.

Again I feel it is very apparent the disastrous affect the Union Pacific-Southern Pacific merger has had and I could go on with a 200 page document and explain the financial hardship it has caused our company and our shippers but all you need to do is read the front page of any newspaper.

I urge you to grant the Illinois Central's request to help insure that our country continues to have a competitve and quality rail system.

Sincerely,

Tom Hastings

President and C.E.O.

Witco

Witco Corporation
One American Lane
Greenwich, CT 06831-2559
(203) 552-2000
(203) 552-2010 Fax

October 20, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

Re: Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Leases/Agreements - Conrail Corporation, et al.

Dear Chairman Morgan:

I am Corporate Logistics Manager for Witco Corporation. Witco is a specialty chemical company with annual sales of over \$ 2 billion. We are a major shipper/receiver of specialty chemicals with facilities throughout the US. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail. Witco has reviewed the materials provided by NS and CSX 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 availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient.

The Honorable Linda J. Morgan October 20, 1997 Page 2

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We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted

Carmen S. Catanese

Corporation Logistics Manager

Witco Corporation One American Lane Greenwich, CT 06731



November 24, 1997

1040 W. RANDOLPH, 2nd FLOOR

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

CHICAGO, IL 60607-2215

RE: Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating Leases/Agreements - Conrail Corporation, et al.

Dear Chairman Morgan:

I am Vice President/General Manager of World Distribution Group, a third party logistics provider with annual sales of over \$5 million. We are a major shipper and receiver of forest products with two facilities in Chicago, IL. Conrail today serves markets, which are vital to the transportation of our traffic that is nearly one billion pounds of freight annually. The proposed control of Conrail by CSX and NS will directly and substantially affect our business.

Since announcement of the proposed control of Conrail by CSX and NS, World Distribution Group has reviewed the materials provided by CSX and NS. We have 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 World Distribution Group, which we believe would be adversely affected by the merger. Absent the availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which

312-432-5900

FAX 312-432-9990

forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remodiated.

World Distribution Group believes that the Illinois Central, as a major railroad with the lowest operating ratio of any Class 1, has a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines. It also has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets, that we believe is necessary if Conrail is to be controlled by CSX and NS. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully Submitted,

Scott C. Keeve

Vice President/General Manager

### ZENECA

Zeneca Ag Products 1800 Concord Pike P.O. Box 15458 Wilmington, DE 19850-5458

October 22, 1997

Telephone (302) 886-1000 Fax (302) 886-1553

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, NW Washington, DC 20423-0001

> RE: Finance Docket No. 33388, CSX Corporation, et al, - Control and Operating Leases/Agreements -Conrail Corporation, et al.

Dear Chairman Morgan:

I am the Manager of Rail Fleet Services for Zeneca Ag Products. Zeneca Ag Products manufacturers and markets agricultural and horticultural chemicals other than fertilizers with annual sales of over \$800 Million in North America. We are a major shipper, receiver of intermediate chemicals and shipper of technical herbicides by rail with facilities at St. Gabriel, LA, Lemoyne, AL, Bayport, TX, Omaha, NE and North Little Rock, AR. Conrail today serves markets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, Zeneca has reviewed the materials provided by NS and CSX 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 as proposed. Absent the availability of effective competitive alternative routings to these markets, we do not believe that the proposed merger can or should be approved.



### ZENECA

The Honorable Linda J. Morgan October 22, 1997 Page 2

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern and midwestern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable under CSX's proposed application, which will enable it to control under CSX's proposed application, which will enable it to control much of the rail traffic in the Eastern United States. Illinois much of the rail traffic in the Eastern Warkets are in heavy Central's routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close those gateways through a rate structure which forces traffic to CSX's long-haul routes.

Much of Zeneca Ag Products business is seasonal and requires reliable, fast, efficient service to our primary market areas. Loss of IC's direct service to gateways into these areas, particularly from our St. Gabriel, LA plant, will jeopardize our sales. Closure of gateways providing CSX long-haul routes will also force our traffic through numerous additional terminalling operations which will unduly delay these time critical shipments. Further continuted dispatch of trains, under a hostage mentality, through Memphis is another situation leading to the kinds of problems we, the shipping public, are suffering following the Southern Pacific takeover. CSX's ability to operationally impede Southern Pacific takeover. CSX's ability to operationally impede IC's North-South movement through Memphis must not be condoned and remedied prior to their proposed control of any part of the current Conrail system.

We believe that Illinois Central, as a major railroad with the lowest operation ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

G. Fredric Stunkard Manager Rail Fleet Services



## ZEN-NOH GRAIN CORPORATION

October 20, 1997

The Honorable Linda J. Morgan Chairman Surface Transportation Board 1925 K Street, N.W. Washington, DC 20423-0001

Re:

Finance Docket No. 33388, CSX Corporation, et al. Control and Operating Leases/Agreements -Conrail Corporation, et al

Dear Chairman Morgan:

I am President and CEO for Zen-Noh Grain Corporation. Zen-Noh Grain Corporation is a grain and woodchip exporter from the U.S. Gulf with annual sales of over \$2 billion. We are a najor receiver of grain at our Convent, Louisiana terminal. Conrail today serves mar! ets which are vital to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

Since the announcement of CSX's and NS' proposed control of Conrail, Zen-Noh Grain Corporation has reviewed the materials provided by NS and CSX 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 availability of effective competition alternative routings to these markets, we do not believe that the proposed merger can or should be approved.

The Illinois Central Railroad is a vital link in the transportation route structure to and from eastern markets. The ability of CSX to adversely impact IC's route through economic closure of gateways or creation of operating impediments at Memphis is neither appropriate nor acceptable where, as here, CSX's proposed application will enable it to control much of the rail traffic in the Eastern United States. Illinois Central's

The Honorable Linda J. Morgan October 20, 1997 Page Two

routings and gateways to eastern markets are in heavy use now and are extremely efficient. We want those gateways to remain open and available without artificial economic constraints. CSX should not be allowed to close or hamper those gateways through a rate structure which forces traffic to CSX's long-haul routes. Further, Illinois Central's rail line is fast and efficient. The ability of CSX to operationally impede that rail line at Memphis should not be condoned and must be remediated.

We believe that Illinois Central, as a major railroad with the lowest operating ratio of any Class I, a route structure that would provide neutral access to all eastern gateways, and a willingness to invest its capital in its lines, has the necessary resources, commitment and incentive to provide an effective competitive alternative to and from eastern markets that we believe is necessary if Conrail is to be controlled by NS and CSX. We, therefore, strongly support Illinois Central's proposed conditions to the CSX application.

Respectfully submitted,

Zen-Noh Grain Corporation

Nichard K. Wileof

Richard K. Wilcox President and CEO

RKW/bc

#### CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of December, 1997, a copy of the foregoing Additional Shipper Statements in Support of Conditions and Responsive Application (IC-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.
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.

Thomas J. Litwiler