

STB FD 33388 (Sub 69) 7-28-99 J 195106

195106

**ARNOLD & PORTER**

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WASHINGTON, D.C. 20004-1206

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NEW YORK  
DENVER  
LOS ANGELES  
LONDON

July 28, 1999



**BY HAND DELIVERY**

The Honorable Vernon A. Williams  
Secretary, Surface Transportation Board  
Mercury Building, Room 700  
1925 K Street, N.W.  
Washington, D.C. 20423

ENTERED  
Office of the Secretary

JUL 28 1999

Part of  
Public Record

**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 (Sub-No. 69)**

Dear Secretary Williams:

CSX has received a pleading in the above matter entitled "Canadian Pacific Parties' Petition To Enforce Trackage and Switching Rights Imposed By The Board" (CP-32) (the "Petition").

The Petition was apparently filed with the Board on July 27, 1999. Pursuant to 49 C.F.R. § 1104.13(a), CSX Corporation and CSX Transportation, Inc. will file their reply to the Petition within 20 days thereafter, or on or before Monday, August 16, 1999.

We are providing 25 copies of this letter so that it may be distributed appropriately, and are serving it on the parties served by the Canadian Pacific Parties, and on counsel for the Canadian Pacific Parties, by first-class mail or more expeditious means.

Respectfully yours,

Dennis G. Lyons  
Counsel for CSX Corporation  
and CSX Transportation, Inc.

**ARNOLD & PORTER**

**cc:**

**Counsel for Canadian Pacific Parties  
Counsel for New York State  
Department of Transportation  
Counsel for New York City  
Economic Development Corporation**

STB FD 33388 (Sub 69) 1-11-99 J 192964



192964

**SLOVER & LOFTUS**

ATTORNEYS AT LAW

NYS-33

WILLIAM L. SLOVER  
C. MICHAEL LOFTUS  
DONALD G. AVERY  
JOHN H. LE SEUR  
KELVIN J. DOWD  
ROBERT D. ROSENBERG  
CHRISTOPHER A. MILLS  
FRANK J. PERGOLIZZI  
ANDREW B. KOLESAR III  
PETER A. PFOHL  
DANIEL M. JAFFE

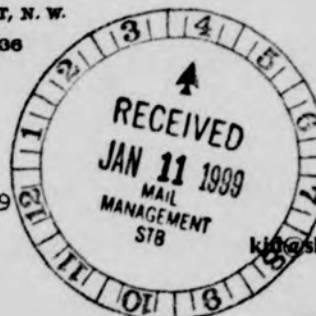
ENTERED  
Office of the Secretary

1224 SEVENTEENTH STREET, N. W.  
WASHINGTON, D. C. 20036

JAN 11 1999

Part of  
Public Record

January 11, 1999



TELEPHONE:  
(202) 347-7170

FAX:  
(202) 347-3619

WRITER'S E-MAIL:

klm@sloverandloftus.com

VIA HAND DELIVERY

The Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
Case Control Branch  
ATTN: STB Finance Docket 33388  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

Sub 69

J

Re: F.D. No. 33388, CSX Corporation, Et Al. -- Control and Operating Leases/Agreements -- Conrail Inc., Et Al., and F.D. No. 33388 (Sub-No. 69), The State of New York, By and Through Its Department of Transportation -- Trackage Rights Over Lines of Consolidated Rail Corporation

Dear Secretary Williams:

The undersigned counsel for the State of New York, acting by and through the New York Department of Transportation ("New York"), is in receipt of Petitions for Reconsideration of Decision No. 109 filed by CSX Corporation (CSX-173) and the Canadian Pacific Parties (CP-28). Both documents indicate that they were filed with the Board on January 7, 1999.

New York intends to submit a reply to both Petitions within the standard 20-day period prescribed by rule. It is requested that the undersigned be contacted if the Board determines to rule on the Petitions on a more expedited basis.

Thank you for your attention to this matter.

Respectfully submitted,

Kelvin J. Dowd  
An Attorney for the  
State of New York

KJD\cbh

cc: Counsel for Parties  
Required to be Served

STB FD 33388 (Sub 69) 1-28-99 J STATELEG



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

JD-33388

January 28, 1999

The Honorable Deborah J. Glick  
State Assembly of New York  
Legislative Office Building, Room 454  
Albany, NY 12248

Dear Assemblywoman Glick:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts to restore competitive rail service in this area and to reduce the region's dependency on motor carrier transportation.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



DEBORAH J. GLICK  
Assemblymember 66th District  
New York County

THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

CHAIR  
Assembly Task Force on  
People with Disabilities

VICE CHAIR  
Legislative Commission on  
Critical Transportation Choices

COMMITTEES  
Children and Families  
Governmental Employees  
Governmental Operations  
Social Services  
Environmental Conservation  
Ways & Means

FILE IN DOCKET

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
JAN 14 4 43 PM '99  
OFFICE OF  
LINDA J. MORGAN

January 6, 1999

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

Re: F.D. 33388, CSX Corporation, Et Al - Control and Operating Leases/Agreements - Conrail Inc. Et Al, and F.D. 33388 (Sub-No. 69), The State of New York. By and Through Its Department of Transportation - Trackage Rights over Lines of Consolidated Rail Corporation.

Dear Chairperson Morgan:

As a member of the New York State Assembly representing the 66<sup>th</sup> Assembly District in Manhattan, I am writing with regard to efforts of New York State, New York City, the Canadian Pacific Railway (CP) and others to bring competitive access to the East Hudson rail line.

I applaud the efforts of the Board to restore competitive rail service for New York City, Long Island and the businesses of the Hudson Valley. Recent attempts by CP, CSX Corporation (CSX) and the Providence and Worcester Railway (P&W) to enter into an agreement facilitating the Board's order to provide service east of the Hudson have not been productive. In addition to the Board's directive that CSX and CP work out the details of CP providing direct service to New York City from the west, the Board has requested that CSX negotiate with P&W for service north of New York. The Board further directed CSX to work with governmental agencies to correct the chronic lack of rail service east of the Hudson River. In light of CSX's inability to reach agreement with either CP or P&W, it is my belief that without direct intervention by the Board there may be no meaningful remedies to the lack of service east of the Hudson River.

This proceeding is an historic opportunity to ensure that competition will be restored on the east side of the Hudson and that New York City and Long Island will once again have the option of shipping by rail. Since the creation of Conrail, the amount of freight moving into and out of New York City has dropped to an infinitesimal 3 percent. In

Letter to Chairperson Morgan  
January 6, 1999  
Page 2

contrast, other major cities usually move 30-40 percent by rail. This means that New York City's transportation infrastructure continues to suffer under a disproportionate amount of truck traffic and a corresponding measure of highway congestion. The restoration of rail competition will take tens of thousands of trucks off of New York's highways. It will provide shipper, with alternative and less costly ways of moving goods; it will relieve congestion; it will preserve the fragile infrastructure; and, it will reduce air pollution.

For the communities of the Hudson Valley, restoration of competition will mean that businesses, such as ADM and Fort Orange Paper will be able to ship their products seamlessly and economically by rail. For so many companies the availability and cost of transportation is an essential element in determining where they will locate their business.

For Long Island, the restoration of a viable rail option will go a long way toward ensuring the viability of the New York & Atlantic (NY&A) - Long Island's freight railroad. The ability to exchange with two competing carriers at Fresh Pond Yard dramatically reduces costs for the NY&A and ensures that it cannot be held hostage to the monopoly that has, for so long, impaired the movement of freight by rail from Long Island and the New York Metropolitan area.

In order for the greater New York Metropolitan region to receive viable and efficient rail service, CP should be granted full trackage rights on tracks and rights presently conveyed to CSX. P&W should be granted similar rights from New Haven to the Fresh Pond Yard and the terms of both sets of rights should be dictated by the Board. CSX, Norfolk Southern, CP and P&W should also be granted terminal trackage rights to 65<sup>th</sup> Street Yard on the Brooklyn Waterfront. The provisions for compensation to CSX and to NY&A should be fair. We hope that CSX will increase its services and will also seek direct access to 65<sup>th</sup> Street and the Brooklyn waterfront. This access should also be granted to other railroads, in order to provide better options to area shippers.

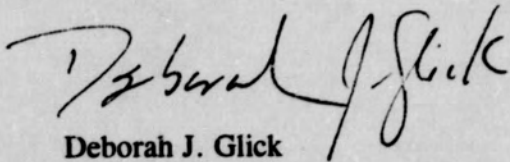
The present situation strongly suggests that total reliance on voluntary action by private carriers to solve these problems is inadequate. I urge the Board to take a proactive role and give CSX and all carriers in the region specifically mandated tasks that will ensure better rail service to the region. Should CSX or Norfolk Southern fail to act, the Board must take action on its own to make these assets useful to the rail industry and the regional and national economy. Without a rail alternative, all freight must go by highway, making regional air quality goals unattainable.



Letter to Chairperson Morgan  
January 6, 1999  
Page 3

Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in cursive script, reading "Deborah J. Glick". The signature is fluid and stylized, with the first name being the most prominent.

Deborah J. Glick  
Assemblymember

DJG/pc



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 28, 1999

The Honorable Michael J. Bragman  
Majority Leader  
State Assembly of New York  
305 South Main Street  
North Syracuse, NY 13212

Dear Assemblyman Bragman:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts and the efforts of New York State, New York City, and Canadian Pacific Railway to restore competitive rail service in this area.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



MICHAEL J. BRAGMAN  
MAJORITY LEADER

THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

District Office  
□ 305 South Main Street  
North Syracuse, New York 13212  
(315) 452-1044

□ Room 926  
Legislative Office Building  
Albany, New York 12248  
(518) 455-4567

□ Room 436  
Capitol Building  
Albany, New York 12224  
(518) 455-4225

FILE IN DOCKET

December 10, 1998

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

Dear Chairwoman Morgan:

You may recall that last year I wrote to you about the purchase and division of Conrail's assets between CSX Corporation and Norfolk Southern Corporation. At that time, I noted that this action would have a major impact on New York's economy. Specifically, I was concerned about competitive access for all operators in New York.

I was pleased when the Surface Transportation Board, in its approval of the CSX/Norfolk Southern takeover of Conrail in June, imposed conditions that recognized the importance of preserving and promoting competition.

I am writing to you now to urge the Surface Transportation Board to build on this approach. In this regard, New York State, New York City and the Canadian Pacific Railroad (CPR) are seeking to bring competitive access to the East Hudson Line.

With regard to CPR's activities in New York, you should know that the railroad recently acquired the Delaware and Hudson Railway. In so doing, CPR has acted responsibly in maintaining service to New York businesses and industry. This experience leads me to believe that an expanded presence for CPR in New York would indeed be beneficial.

(Continued)

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OFFICE OF  
LINDA J. MORGAN

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SURFACE TRANSPORTATION  
BOARD

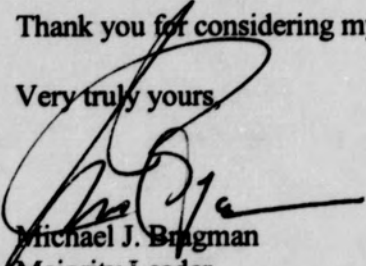


Hon. Linda J. Morgan  
December 10, 1998  
Page two

I believe the matter before the Board is critical to maintaining and enhancing competition between rail carriers in New York and will help strengthen the state's economy. I would urge the Board to confirm Canadian Pacific Railway's right to serve this marketplace and provide CPR with full-service rights to provide service on the East Hudson Line to the same extent that such competitive access is provided by CPR for use of its facilities by other railroads.

Thank you for considering my views on this matter.

Very truly yours,



Michael J. Bragman  
Majority Leader

cc: Rodney Slater  
Hon. David Gantt



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 28, 1999

The Honorable Clifford W. Crouch  
State Assembly of New York  
Legislative Office Building, Room 545  
Albany, NY 12248

Dear Assemblyman Crouch:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts to restore competitive rail service in this area and to reduce the region's dependency on motor carrier transportation.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



CLIFFORD W. CROUCH  
Assemblyman 122nd District

THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

RANKING MINORITY MEMBER  
Committee on Agriculture

COMMITTEES  
Economic Development, Job Creation,  
Commerce and Industry  
Local Government

December 10, 1998

FILE IN DOCKET

The Honorable Linda J. Morgan  
Chairman – Surface Transportation Board  
Attn: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, NW  
Washington, DC 20423-0001

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
Dec 17 2 15 PM '98  
CLIFFORD W. CROUCH  
ASSEMBLYMAN

Re: Finance Docket No. 33388 (Sub-No. 69), 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

Dear Chairman Morgan:

I represent the 122<sup>nd</sup> Assembly District in New York State (Chenango, Delaware and Otsego Counties) and am writing in support of the efforts of New York State, New York City and Canadian Pacific Railway to bring competitive access to the East Hudson Line.

I applaud the efforts of the Board to restore competitive rail service for New York City, Long Island and the businesses of the Hudson Valley. The neglect of this corridor by Conrail contributed to the exodus of business and industry in this State over the past two decades. Now, with the State in the midst of an economic renaissance, the promise of competitive rail service is welcome news indeed.

As a State Legislator, I view this proceeding as an historic opportunity to ensure that competition will be restored on the east side of the Hudson and that New York City and Long Island will once again have the option of shipping by rail. Since the creation of Conrail, the amount of freight moving into and out of New York City has dropped to an infinitesimal three (3) percent. In contrast, other major cities usually move 30-40 percent by rail. This means that the City's transportation infrastructure is being pounded and congested by a disproportionate amount of truck traffic. The restoration of competition will take tens of thousands of trucks off of New York's highways. It will provide shippers with alternative (and less costly) ways of moving goods; it will relieve congestion; it will preserve the fragile infrastructure, and it will reduce pollution. Moreover, it will do so in a way that also benefits the trucking industry since



intermodal transportation of trailers on flatcars is economically superior to sitting in bumper to bumper traffic on the area's bridges, burning fuel and paying tolls.

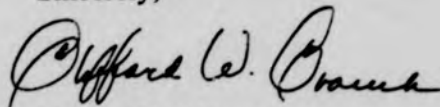
For the communities of the Hudson Valley, restoration of competition will mean those businesses, such as ADM and Fort Orange Paper will be able to ship their products seamlessly and economically by rail. For so many companies the availability and cost of transportation is an essential element in determining where they will locate their business.

For Long Island, the restoration of viable rail options will go a long way toward ensuring the viability of the New York & Atlantic (NY&A) - Long Island's freight railroad. The ability to exchange with two competing carriers at Fresh Pond dramatically reduces costs for the NY&A and ensures that it cannot be held hostage to the monopoly that has, for so long, impaired the movement of freight by rail from Long Island and the New York metropolitan area.

Finally, the Delaware & Hudson Railway has been an important part of New York's transportation history and the backbone of the transportation infrastructure from Binghamton to Plattsburgh. The railway dissects my District and I have, for many years, been concerned about its future and trust that all considerations be given to preserve the viability of the D&H as part of New York's transportation future. The purchase of the railroad from bankruptcy by Canadian Pacific has made it an important part of a seamless transcontinental system that provides Class 1 service to New York businesses and industry. Accordingly, the Board's choice of CP as the competitive carrier is to be commended.

In summary, I urge the Board to confirm Canadian Pacific Railway's right to serve this marketplace at competitive rates, terms and conditions, and to provide CPR with full-service rights to provide service on the East Hudson Line, including the right of access to all shippers on the line, the right to interchange with all carriers on the line, and the right to use all yards and facilities on the line.

Sincerely,

A handwritten signature in dark ink, appearing to read "Clifford W. Crouch". The signature is fluid and cursive, with the first name being the most prominent.

Clifford W. Crouch  
Member of Assembly  
122<sup>nd</sup> District

CWC:na





Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 28, 1999

The Honorable John J. Faso  
Minority Leader  
State Assembly of New York  
Legislative Office Building, Room 933  
Albany, NY 12248

Dear Assemblyman Faso:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the efforts of New York State, New York City, and Canadian Pacific Railway to restore competitive rail service in this area and to reduce the region's dependency on motor carrier transportation.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



JOHN J. FASO  
Minority Leader

THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

December 9, 1998

FILE IN DOCKET

Hon. Linda J. Morgan  
Chairman, Surface Transportation Board  
ATTN: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423

Dear Ms. Morgan:

I would like to offer my support for the efforts of New York State, New York City and Canadian Pacific Railway to bring competitive access to rail service to the East Hudson Line.

Currently, the amount of shipping done from New York City by rail is an astonishingly low 3 percent. Most major cities move 30-40 percent by rail. This means that the city's transportation infrastructure is under significant extra use and stress due to a disproportionate amount of truck traffic. The restoration of competition may take tens of thousands of trucks off of New York's highways. It will provide shippers with alternative ways of moving goods; it will relieve congestion; it will preserve the fragile infrastructure, and it will reduce pollution. Moreover, it will do so in a way that also benefits the trucking industry since intermodal transportation of trailers on flatcars is economically superior to sitting in bumper to bumper traffic on the area's bridges, burning fuel and paying tolls.

For the communities of the Hudson Valley, restoration of competition will mean that businesses, such as ADM and Fort Orange Paper will be able to ship products seamlessly and economically by rail.

From Binghamton to Plattsburgh, the Delaware and Hudson Railway has been an important piece of New York's transportation infrastructure and economy. The purchase of the railroad from bankruptcy by Canadian Pacific has made it an integral part of a transcontinental system that provides Class 1 service to New York businesses and industry. Accordingly, the Board's choice of CPR as the competitive carrier is to be commended.

The promise of competitive rail service would be a tremendous economic stimulant to aid the State's already rebounding economy.



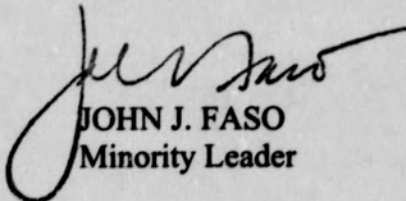
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BOARD

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OFFICE OF  
CHAIRMAN MORGAN

I urge the Board to confirm Canadian Pacific Railway's right to serve this marketplace at competitive rates, terms and conditions, and to provide CPR with full-service rights to provide service on the East Hudson Line, including the right of access to all shippers on the line, the right to interchange with all carriers on the line, and the right to use all yards and facilities on the line.

Sincerely,



JOHN J. FASO  
Minority Leader

JJF/cc

STB FD 33388 (Sub 69) 1-28-99 J BUSINESS





Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 28, 1999

Mr. James M. Benham  
General Manager  
Saratoga Warehouse Associates  
33 Cady Hill Boulevard  
Saratoga Springs, NY 12866

Dear Mr. Benham:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the efforts of New York State, New York City, and Canadian Pacific Railway to restore competitive rail service in this area.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

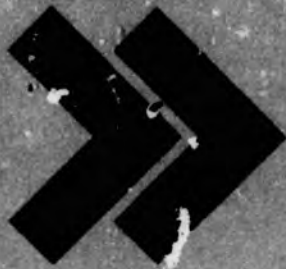
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I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*

Linda J. Morgan



# Saratoga Warehouse Associates Saratoga Transport

WAREHOUSING • TRANSPORTATION • DISTRIBUTION

FILE IN DOCKET

December 9, 1998

The Honorable Linda J. Morgan  
Chairman  
Surface Transportation Board  
Attention: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, NW  
Washington DC 20423-0001

OFFICE OF  
CHAIRMAN MORGAN

DEC 14 2 07 PM '98

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

RE: Finance Docket No. 33388 (Sub-No. 69), CSX Corporation and  
CSX Transportation, Inc., Norfolk Southern Corporation and  
Norfolk Southern Railway Company – Control and Operating  
Leases/Agreements – Conrail Inc. and Consolidated Rail Corp.

Dear Chairman Morgan;

My name is James M. Benham. I am General Manager of Saratoga Warehouse Associates.

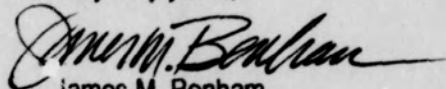
Saratoga Warehouse Associates is a contract and public warehousing company which receive and ship a large volume of raw materials and consumer products for a number of companies which are based in the Northeast Corridor. Our primary mode of transportation is via rail. My responsibility for my customers is to provide competitive transportation to and from their origins and destinations.

Today, Saratoga Warehouse Associates, with its many customers competes in shipping and receiving products from the New York City market. Because of the short haul nature of the movement which was not of interest to Conrail and the stiff competition from other companies who had competitive choices in reaching the New York City market., we were at a disadvantage in serving the marketplace. The rail rates paid by our customers far exceeded the rates of my competitors which enjoy single line service from origin to destination. As the result of Canadian Pacific Railway's current inability to serve the New York City market directly, Saratoga Warehouse Associates suffers from a chronic competitive disadvantage in serving one of the largest markets in the world.

Page 2

It is for this reason that Saratoga Warehouse Associates supports Canadian Pacific Railway, New York State, and New York City in their attempt to bring competitive access to the East Hudson line. This access will allow Canadian Pacific to compete head-to-head with CSXT for traffic into and out of the New York City marketplace and will allow Saratoga Warehouse Associates to enjoy competitive rail rates resulting from single-line service from Canadian Pacific Railway. We urge the Board to confirm Canadian Pacific Railway's right to serve the marketplace at competitive rates, terms and conditions.

Very truly yours;

A handwritten signature in cursive script, appearing to read "James M. Benham", with a long, sweeping horizontal line extending to the right.

James M. Benham  
General Manager

STB FD 33388 (Sub 69) 1-27-99 J PUBLIC



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

Ms. Janine Bauer  
Tri-State Transportation Campaign  
240 West 35th Street, Suite 801  
New York, NY 10001

*33388 Sub 69*

Dear Ms. Bauer:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts to restore competitive rail service in this area and to reduce the region's dependency on motor carrier transportation.

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I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



TRI-STATE TRANSPORTATION CAMPAIGN



FILE IN DOCKET

December 10, 1998

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

BY FACSIMILE: (202)565-9004

Re: Finance Docket No. 33388 (Sub-No. 69), CSX Corporation and Norfolk Southern  
Railway Company - Control and Operating leases/Agreements - Conrail Inc. and  
Consolidated Rail Corporation

Dear Chairman Morgan:

The Tri-State Transportation Campaign (Tri-State), a party of record in the Conrail proceeding, is a consortium of thirteen environmental, transportation and planning groups working together to promote an economically and environmentally sound transportation system in a thirty-three county area in metropolitan New York. Tri-State seeks to reduce reliance on cars and trucks throughout the region in order to reduce congestion and pollution and support rational land use planning. One hundred citizens' groups and local officials have joined Tri-State as affiliate members.

Tri-State strongly supports efforts to increase the percentage of goods passing through the metropolitan New York region by rail, and we believe restoration of rail competition in certain markets will further this objective. In particular, we support New York State and City's request that competitive access be established on the East Hudson Line, and we were pleased that STB granted that request by requiring CSX to negotiate an agreement with CP, allowing the latter haulage or trackage rights over the east-of-Hudson line from Selkirk to Fresh Pond.

Tri-State therefore is in agreement with STB's Decision No. 102, in which STB takes steps to expedite the implementation of competitive rail access east of the Hudson. We urge the STB to reaffirm its decision to allow CP to serve the New York City market.

Yours truly,

Janine Bauer

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BOARD

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OFFICE OF  
CHAIRMAN MORGAN



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 28, 1999

Mr. Ronald E. Crowd  
President, C.E.O.  
The Batten Kill Railroad Company  
1 Elbow Street  
Greenwich, NY 12834

Dear Mr. Crowd:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the efforts of New York State, New York City, and Canadian Pacific Railway to restore competitive rail service in this area. 69

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

**THE Batten Kill**  
RAILROAD  
"Serving Washington County" ©



1 Elbow Street, Greenwich, New York 12834 (518) 692-2160

08 December 1998

The Honorable Linda J. Morgan  
Chairman Surface Transportation Board  
Attention: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, NW  
Washington DC 20423-0001

FILE IN DOCKET

RE: Finance Docket No. 33388 (Sub-No. 69), 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

Dear Chairman Morgan:

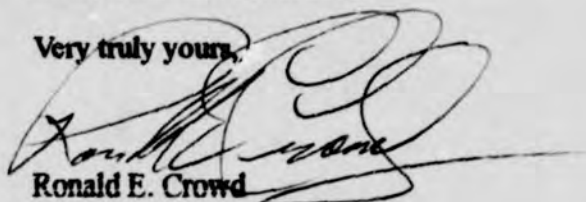
My name is Ronald E. Crowd. I am the President and CEO of the Batten Kill Railroad Company, Inc. We are a 35 mile long shortline railroad that connects with the St. Lawrence and Hudson Railway (Canadian Pacific Railway) at Eagle Bridge, NY. We have operated for 19 years serving the agricultural and paper industries in southern Washington County.

The Batten Kill Railroad has customers who compete in selling product in the New York City market. The same customers could save money by shipping in scrap paper by rail from New York City if the short haul rate offered were more competitive. Because of the shorthaul nature of the movement, which was not of interest to Conrail and the stiff competition from other producers who had competitive choices in reaching the New York City market, the on-line shippers of the Batten Kill Railroad are at a disadvantage in reaching the market place. Rail rates offered to the Batten Kill Railroad's shippers far exceeded the rates of their competitors, which enjoy single line service from origin to destination. As the result of Canadian Pacific Railway's current inability to serve the New York City market directly, the Batten Kill Railroad's shippers suffer from chronic competitive disadvantage in servicing on of the largest markets in the world and threatens the viability of the Batten Kill Railroad.

It is for this reason that the Batten Kill Railroad supports Canadian Pacific Railway, New York State and New York City, in their attempt to bring competitive access to the East Hudson Line. This access will allow Canadian Pacific Railway to compete head to head with CSXT for traffic into and out of the New York City market place, which will provide the Batten Kill Railroad's shippers competitive rail rate resulting from single-line service from Canadian Pacific Railway and encourage rail movement which would be beneficial to the Batten Kill Railroad.

We urge the board to confirm Canadian Pacific Railway's right to serve the market place at competitive rates, terms and conditions.

Very truly yours,

  
Ronald E. Crowd  
President, CEO

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CHAIRMAN MORGAN





Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

Mr. William C. Fahey  
Chair, The Association of the Bar  
of the City of New York  
Committee on Transportation  
34 South Broadway, Ste. 407  
White Plains, NY 10601

Dear Mr. Fahey:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the efforts of New York State, New York City, and Canadian Pacific Railway to restore competitive rail service in this area.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

**THE ASSOCIATION OF THE BAR  
OF THE CITY OF NEW YORK  
42 WEST 44TH STREET  
NEW YORK, NY 10036-6689**

**COMMITTEE ON TRANSPORTATION**

**WILLIAM C. FAHEY**  
CHAIR  
34 SOUTH BROADWAY, STE. 407  
WHITE PLAINS, NY 10601  
(914) 684-2755  
FAX # (914) 684-2754

**RICHARD MULLER**  
SECRETARY  
363 EAST FIFTH STREET, #C-2  
NEW YORK, NY 10003-8811  
(212) 254-1338  
FAX # (212) 696-0025

December 10, 1998

**Via Facsimile (202) 565-9004 and Mail**  
The Honorable Linda J. Morgan  
Chairman, Surface Transportation Board  
Attention: STB Finance Docket No. 33388  
1925 K Street, NW  
Washington, DC 20423-0001

**Re: Finance Docket No. 33388 (Sub-No. 69), 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**

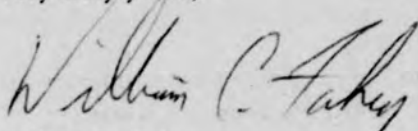
Dear Chairman Morgan:

My name is William C. Fahey. I am the Chairman of the Transportation Committee of the Association of the Bar of the City of New York.

The Transportation Committee membership includes some of the most prominent attorneys who practice in the field of transportation law in the New York Metropolitan area.

The members of the Committee support the use of rail as an alternative to moving freight over-the-road. New York City, one of the largest marketplaces in the world, has been disadvantaged for many years due to the dominance Conrail had over rail service. The Committee supports Canadian Pacific, New York State and New York City in their effort to bring competitive access to the East Hudson line. This access will allow Canadian Pacific to compete head-to-head with CSXT for traffic into and out of the New York City marketplace and will provide to New York's residents and businesses competitive rail rates and service resulting from single-line service from Canadian Pacific Railway. We urge the Board to confirm Canadian Pacific Railway's right to serve the marketplace at competitive rates, terms and conditions.

Very truly yours,



William C. Fahey

WCF/edw

cc: Jayne Phillips (via facsimile: 518-383-7222)  
Manager Public Affairs Northeast

FILE IN DOCKET

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CHAIRMAN MORGAN



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

The Honorable John J. McEneny  
State Assembly of New York  
Legislative Office Building, Room 648  
Albany, NY 12248

Dear Assemblyman McEneny:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts to restore competitive rail service in this area.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



JOHN J. McENENY  
Member of Assembly

The Assembly  
State of New York

FILE IN DOCKET

OFFICE OF  
CHAIRMAN MORGAN

Dec 9 7 16 PM '98

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BOARD

Re:STB Finance Docket #33388

Dec. 3, 1998

Hon. Linda J. Morgan  
Chair, Surface Transportation Board  
1925 K St., NW  
Washington, DC 20423

Dear Chairperson Morgan:

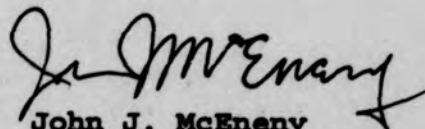
As both a Member of the New York State Assembly and a lifelong student of history, I have a great interest in seeing our rail system improved and that competition be restored on the East Hudson Line.

The board is to be commended for restoring competition in the New York City-Long Island area. Opening the East Hudson line to CP Rail/Delaware & Hudson would restore much-needed competition and benefit a wide range of businesses at a major crossroads of the nation.

I believe that we need to maintain and upgrade various rail lines throughout upstate New York and much of the rest of the nation. While we are not threatened by war, we have other very good reasons for maintaining more than the minimum number of rail lines and bridges. These include the need to serve many short lines and spurs and to protect ourselves from the attacks of terrorists. Reducing our rail network would invite terrorists to target our railroads.

specifically, CP/D&H would benefit ADM and Fort Orange Paper. It would also prevent CSX from becoming the only game in town. We all believe in competition. Here's our chance to guarantee that it be given a chance.

Sincerely,

  
John J. McEneny  
Member of Assembly





Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

The Honorable Thomas P. DiNapoli  
State Assembly of New York  
Legislative Office Building, Room 621  
Albany, NY 12248

Dear Assemblyman DiNapoli:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts to restore competitive rail service in this area and to reduce the region's dependency on motor carrier transportation.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



THOMAS P. DINAPOLI  
Member of Assembly  
16th District  
Nassau County

THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

CHAIR  
Standing Committee on  
Governmental Operations

CHAIR  
Task Force on Long Island Sound

CO-CHAIR  
Legislative Commission on  
Water Resource Needs of  
New York and Long Island

FILE IN DOCKET

COMMITTEES  
Ways & Means  
Education  
Environmental Conservation  
Veterans Affairs

December 9, 1998

The Honorable Linda J. Morgan  
Chairman, Surface Transportation Board  
ATTN: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K. Street, N.W.  
Washington, D.C. 20423-0001

VIA FAX & Mail

Re: Finance Docket No. 33388 (Sub-No. 69), 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

Dear Chairman Morgan:

I am writing in support of the efforts of the Surface Transportation Board to restore viable rail service for Long Island, New York City, and the Hudson Valley, by ensuring rail competition on the east side of the Hudson.

There are numerous benefits to the restoration of competition: it will provide shippers with alternative (and less costly) ways of moving goods; it will relieve congestion by reducing truck traffic; it will preserve fragile infrastructure; and it will reduce pollution. For Long Island in particular, the restoration of viable rail options will go a long way toward ensuring the viability of the New York & Atlantic (NY&A)--Long Island's freight railroad. The ability to exchange with two competing carriers at Fresh Pond dramatically reduces costs for the NY&A and ensures that it cannot be held hostage to the monopoly that has, for so long, impaired the movement of freight by rail from Long Island.

Given the many benefits, I urge the Board to confirm Canadian Pacific Railway's right to serve this marketplace at competitive rates, terms and conditions, and to provide CPR with full-service rights to provide service on the East Hudson Line, including the right of access to all shippers on the line, the right to interchange with all carriers on the line, and the right to use all yards and facilities on the line.

Sincerely,

Thomas P. DiNapoli  
Member of Assembly

TPD/gmd

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CHAIRMAN MORGAN



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

The Honorable Catherine M. Abate  
New York State Senate  
Legislative Office Building, Room 415  
Albany, NY 12247

Dear Senator Abate:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts to restore competitive rail service in this area and to reduce the region's dependency on motor carrier transportation.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

**NEW YORK**  
**STATE**  
**SENATE**

ALBANY, NEW YORK 12247



CATHERINE M. ABATE  
SENATOR, 27TH DISTRICT

COMMITTEE ASSIGNMENTS  
RANKING MINORITY MEMBER  
INVESTIGATIONS  
TAXATION AND  
GOVERNMENT OPERATIONS  
ACTING RANKING MINORITY MEMBER  
CRIME VICTIMS  
CRIME AND CORRECTION  
MEMBER  
CODES  
CONSUMER PROTECTION  
ETHICS  
HEALTH  
JUDICIARY  
LABOR  
□ DISTRICT OFFICE  
270 BROADWAY, ROOM 2301  
NEW YORK, NY 10007  
PHONE: (212) 298-5550  
FAX: (212) 298-5555  
□ ALBANY OFFICE:  
LEGISLATIVE OFFICE BUILDING  
ROOM 415  
ALBANY, NY 12247  
PHONE: (518) 455-2451  
FAX: (518) 432-8832

December 2, 1998

Hon. Linda J. Morgan  
Chair, Surface Transportation Board  
1925 K Street, NW  
Washington, D.C. 20423-0001

ATTN: STB Finance Docket No. 33388

Dear Ms. Morgan:

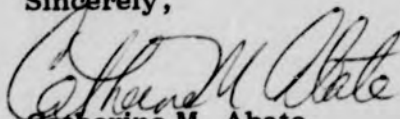
I write to you today in support of the efforts of the STB, working with New York State, New York City and Canadian Pacific Railway, to bring competitive access to the East Hudson Line.

As a State Legislator, I view this proceeding as an historic opportunity to ensure that competition will be restored on the east side of the Hudson. For too long, businesses in New York City, Long Island and the Hudson Valley have been forced to rely on monopolistic rail service or hire expensive trucking companies to haul their freight. This necessary reliance on trucking has led to increased traffic congestion and pollution in an already environmentally taxed area of our State, and the additional costs act as a deterrent to businesses considering relocation within New York.

Expanding use of the Albany-to-New York rail line and restoring efficient rail ferry service across the Hudson River would lessen New York's dependence on trucks for an estimated 97% of its freight service, and reduce street and bridge congestion significantly. The trucking industry would also benefit as intermodal transportation of trailers on flatcars is more economical than sitting in bumper-to-bumper traffic on local bridges, burning fuel and paying tolls.

The New York business consumer clearly deserves an alternative to the current conditions. I urge you to open up competition by confirming Canadian Pacific Railway's right to serve this marketplace at competitive terms and conditions. Thank you for your attention to this important matter.

Sincerely,

  
Catherine M. Abate  
State Senator

CMA:dbf

FILE IN DOCKET

OFFICE OF  
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Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

The Honorable Richard N. Gottfried  
State Assembly of New York  
Legislative Office Building, Room 822  
Albany, NY 12248

Dear Assemblyman Gottfried:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the efforts of New York State, New York City, and Canadian Pacific Railway to restore competitive rail service in this area.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

981522



THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

FILE IN DOCKET

RICHARD N. GOTTFRIED  
64th Assembly District

Room 822  
Legislative Office Building  
Albany, New York 12248  
(518) 455-4941

270 Broadway  
Room 1516  
New York, New York 10007  
(212) 312-1492

December 7, 1998

CHAIR  
Committee on Health

COMMITTEES  
Rules  
Higher Education  
Judiciary  
Insurance  
Social Services  
Majority Steering Committee

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

Re: Finance Docket No.33388 (Sub-No. 69),  
CSX Corp. and CSX Transportation, Inc.,  
Norfolk Southern Corp. and Norfolk  
Southern Railway Co. - Control and  
Operating Lease Agreements - Conrail Inc.  
and Consolidated Rail Corp.

Dear Ms. Morgan:

I represent the 64th Assembly District in Manhattan, which includes many of the businesses in Manhattan that heavily depend on shipping (manufacturing, retail, and others). This letter is in support of the efforts of New York State, New York City and Canadian Pacific Railway to bring competitive access to the East Hudson Line. I also urge you to do whatever you can to advance the positions in the New York Congressional delegation petition, especially the "shared assets" arrangement.

Conrail's disregard for this corridor over many years contributed to the decline of shipping-dependent business and industry in this area. Its monopoly status was a major factor. We must now take full advantage of the opportunity to maximize competition in service.

Establishing Canadian Pacific's full right to serve the area on the East Hudson Line, and the measures sought by the Congressional delegation, will increase rail use and strengthen the New York and national economies.

Very truly yours,

Richard N. Gottfried  
Assembly Member

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CHAIRMAN MORGAN

STB FD 33388 (Sub 69) 1-27-99 J BUSINESS



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

Mr. Daniel B. Walsh  
President/CEO  
The Business Council of New York State, Inc.  
152 Washington Avenue  
Albany, NY 12210

Dear Mr. Walsh:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You request that the Surface Transportation Board (Board) approve the New York State and New York City petitions to allow rail service competition on the east side of the Hudson River. 69

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

CHAIRMAN  
Lewis Golub  
Golub Corporation  
VICE CHAIRMAN  
Peter I. Bjur  
Tosco Inc.  
VICE CHAIRMAN  
Alan A. Townsend  
Green's New York Business  
PRESIDENT/CEO  
Daniel B. Walsh  
Roger G. Ackerman  
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Walsh Alyn, Inc.  
Harold P. Andersen  
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Matthew Augustine  
Eltre Industries, Inc.  
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The Red Wing Company, Inc.  
Ada Carney Bailey  
Racoma International, Inc.  
Bruce W. Boyer  
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Murray H. Bing  
Pharmacia Companies, Inc.  
Dayton T. Brown, Jr.  
Dayton T. Brown, Inc.  
I. Malcolm Bussell  
Marine Midland Bank  
Richard J. Carola  
Finch, Pruyn & Company, Inc.  
Jerrold T. Carr  
Frontier Corporation  
Robert S. Catell  
KeySpan Energy Corporation  
Philip L. Collins  
Aluminum Company of America  
John Dillon  
International Paper Company  
Michael J. Doyle  
Piedmont Valley Wine Company  
Allan E. Dugan  
Kerox Corporation  
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PepsiCo, Inc.  
Michael J. Falcone  
Pioneer Development Company  
Guy Fajonhous  
Carter Corporation  
Gale S. Fitzgerald  
CIG, Inc.  
Robert F. Flack  
Fort Worth Henry Corporation  
Richard A. Goss  
New York Stock Exchange  
Stanley J. Gruber  
MCRUS  
John E. Hartson  
Northrop Grumman Corporation  
Jenny Hayes  
Ford Motor Company  
W. Craig Heaton  
United National Insurance Group  
Hector M. Hyacinthe  
Piedmont Farm Organization, Inc.  
Thomas F. Judson, Jr.  
The Pico Company, Inc.  
Edward E. Kallbaum  
First National Bank (NY)  
Harry P. Kamen  
Muller  
Bernard J. Kennedy  
National Fuel Gas Company  
David H. Komansky  
Merrill Lynch & Co., Inc.  
Donald R. Led Duke  
Bany, Berle & Led Duke, Inc.  
Stanford Lerner  
The Buffalo News  
John R. Loveland  
O'Brien & Gere Limited  
John E. Maca  
Central Hudson Gas & Electric  
Michael D. Martin  
Mortgage Corporation  
F. X. Mauri, Jr.  
F. X. Mauri Brewing Company  
William D. Matthews  
Onoda Ltd.  
Eugene B. McGraw  
Consolidated Edison Inc.  
Brian J. McNelis  
Arthur J. McNelis  
Nicholas G. Moore  
Coopers & Lybrand LLP  
Eric Moreau  
Eric Moreau and Associates  
Robert L. Nordell  
GE Power Systems  
Heldt A. Nauseau  
The Aquatic Companies  
Gerhard J. Neumann  
Ecology & Environment, Inc.  
David W. Nelson  
Dunbar-Rand Company  
Henry A. Pansini, Jr.  
Cyprus Management Group LLC  
Ronald M. Pille  
Conrail Motor Corporation  
James E. Plesken  
Avon Products, Inc.  
Chile Puleyn  
Buck & Puleyn, Inc.  
Wesley D. Rorrell  
Advanced Technological Solutions, Inc.  
Lewis Rudin  
Rudin Management Company, Inc.  
Linda S. Sanford  
IBM Corporation  
Mueli Seibert  
Mueli Seibert & Company, Inc.  
Rustin B. Smith  
Publishers Clearing House  
Paul S. Speranza, Jr.  
Wegmans Food Markets, Inc.  
William C. Steere, Jr.  
Hitec Inc.  
Wesley W. van Schatht  
New York State Electric & Gas  
Sheldon W. Wellington  
Catalyst  
Robert G. Williams  
Manufacturers and Traders Trust Company



DANIEL B. WALSH  
President/CEO  
FILE IN DOCKET

## The Business Council of New York State, Inc.

December 9, 1998

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
Dec 10 12 36 PM '98  
OFFICE OF  
CHAIRMAN MORGAN

The Honorable Linda J. Morgan  
Chairman Surface Transportation Board  
Attention: STB Finance Docket No. 333888  
Surface Transportation Board  
1925 K Street, NW  
Washington DC 20423-0001

Dear Chairman Morgan:

**RE:** Finance Docket No. 33388 (Sub-No. 69), CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company - Control and Operating Agreements - Conrail Inc. and Consolidated Rail Corporation.

The Business Council of New York State, Inc. wishes to comment on the above referenced proceeding with regard to the division and acquisition of Conrail, Inc., and the Consolidated Rail Corporation by the CSX Corporation (CSX) and Norfolk Southern Railway Corporation (NS).

The Business Council's membership includes manufacturers and shippers of paper, steel, glass, automobiles, chemicals and a multiplicity of other products. These companies have come to depend upon reliable rail service in and out of New York State and the metro New York marketplace. As you know, reliable and competitive rail transport is essential to the economic viability of our shipping industry and to the continued economic resurgence of the state.

In accordance with the conditions outlined in our October 16, 1997 letter of support for the acquisition and merger of Conrail, The Business Council requests that the federal Surface Transportation Board (STB) approve the New York State and New York City petitions to allow rail service competition on the east side of the Hudson River. Specifically, the state and city have requested that a second railroad be allowed to operate on the line that runs north-south from Albany to New York City



*Honorable Linda J. Morgan  
December 9, 1998  
Page 2*

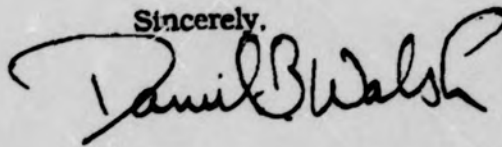
on the east side of the Hudson River. We believe that increased freight capabilities on rail lines east of the Hudson River would restore a modicum of competition that was lost in the financial crisis which led to the formation of Conrail.

On July 23, 1998, the STB approved the joint acquisition of Conrail and designated Canadian Pacific (CP) railway as the second carrier along lines east of the Hudson. In that ruling, the STB also ordered CSX and CP to negotiate an agreement with regard to unrestricted haulage rights or trackage rights on lines east of the Hudson. Unfortunately, the two carriers did not come to an agreement on operating leases.

We continue to believe that competition along lines east of the Hudson will ultimately mean lower rates and upgrades in service for The Business Council's manufacturing and shipping members. In keeping with the original ruling on this matter, we urge the STB to designate Canadian Pacific as the alternative carrier on north-south lines from Albany to New York City on the east side of the Hudson River.

As advocates for thousands of businesses and more than one million employees in New York State, we recognize the responsibility of the STB to address the concerns listed above. Therefore we respectfully request that the STB give our concerns due consideration.

Sincerely,



DBW/kml  
Copy to



## **The Business Council of New York State, Inc.**

152 Washington Avenue • Albany, New York 12210

Phone: 518/465-7511

Fax: 518/465-4389

### **TELECOPY**

**December 9, 1998**

**TO:** Honorable Linda J. Morgan  
**OF:** federal Surface Transportation Board  
**FROM:** Daniel B. Walsh

**# pages (including this cover sheet): 3**

**Rethinking Government in the  
Information Age**  
A "Living in the Information Society"  
Symposium  
January 19, 1998  
Omni Albany Hotel  
sponsored jointly by IBM and  
The Business Council of  
New York State, Inc.

**1999 Legislators' Reception**  
January 19, 1998, 6:00-7:30 p.m.  
Omni Albany Hotel

For more information call:  
1-800-358-1202



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

Mr. John Pennington  
President, Vermont Railway, Inc.,  
and Clarendon and Pittsford Railroad Company  
One Railway Lane  
Burlington, VT 05401

Dear Mr. Pennington:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the efforts of New York State, New York City, and Canadian Pacific Railway to restore competitive rail service in this area.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*

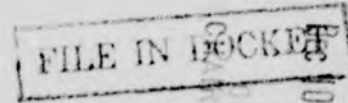
Linda J. Morgan



SERVING VERMONT INDUSTRY WITH PRIDE



General Offices  
One Railway Lane, Burlington, VT 05401  
Tel (802) 658-2550  
Fax (802) 658-2553



RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
10 2 19 PM '98  
OFFICE OF  
CHAIRMAN MORGAN

December 7, 1998

The Honorable Linda J. Morgan  
Chairman  
Surface Transportation Board  
Attention: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, NW  
Washington DC 20423-0001

RE: Finance Docket No. 33388 (Sub-No. 69), 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

Dear Chairman Morgan:

My name is John Pennington. I am the President of Vermont  
Railway, Inc. and the Clarendon And Pittsford Railroad Company  
(VTR/CLP).

The Vermont railway is owned by the state of Vermont and leased  
to VTR. It is a privately operated shortline railroad operating  
on the western side of the state of Vermont between Burlington,  
VT and North Bennington, VT. The VTR connects at Burlington, VT  
with the New England Central Railroad Company, at Rutland, VT  
with the CLP and the Green Mountain Railroad Company and at  
Hoosick, NY with the Guilford Transportation system. The  
section of track between North Bennington, VT and Hoosick, NY is  
not presently being operated account track conditions.  
The CLP is a privately owned and operated railroad company  
operating a branch in Vermont at Florence, VT and another  
section that operates between Rutland, VT and Whitehall, NY.  
This line connects with the Canadian Pacific Railway at  
Whitehall NY.

My duties as president include all aspects of the operation and  
revenue functions of the railroads.

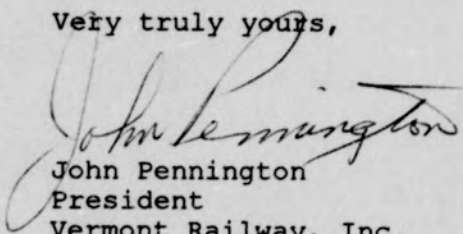
Today VTR/CLP have customers who compete in selling product in  
the New York City market. Because of the shorthaul nature of  
the movement, which was not of interest to Conrail and the stiff  
competition from other producers who had competitive choices in  
reaching the New York City market, the on-line shippers of  
VTR/CLP are at a disadvantage in reaching this marketplace. The  
rail rates offered to the VTR/CLPs shippers far exceeded the



rates of their competitors, that enjoyed single line service from origin to destination. As the result of Canadian Pacific Railway's current inability to serve the New York City market directly, VTR/CLP's shippers suffer from a competitive disadvantage, by rail, in attempting to service one of the largest markets in the world. This weakens the viability of VTR/CLP.

It is for this reason that VTR/CLP supports Canadian Pacific Railway, New York State and New York City, in their attempt to bring competitive access to the East Hudson line. This access will allow Canadian Pacific Railway to compete head-to-head with CSXT for traffic into and out of the New York City marketplace. This will provide VTR/CLP's shippers competitive rail rates resulting from the single-line service Canadian Pacific Railway would be able to offer. This single-line service would encourage rail movement which would be beneficial to VTR/CLP. We urge the Board to confirm Canadian Pacific Railway's right to serve the marketplace at competitive rates, terms and conditions.

Very truly yours,

A handwritten signature in cursive script, reading "John Pennington". The signature is written in dark ink and is positioned above the printed name and title.

John Pennington  
President

Vermont Railway, Inc.  
Clarendon and Pittsford Railroad Company



200 Clifton Corporate Park  
PO Box 8002  
Clifton Park, New York 12055  
Tel (518) 383-7200 Fax (518) 383-7222

## **Delaware & Hudson Railway**

December 2, 1998

Mr. John R. Pennington  
President  
Vermont Rail System  
One Railway Lane  
Burlington, VT 05401

Dear Mr. Pennington:

By now you are probably familiar with the joint acquisition of Conrail by Norfolk Southern Corporation (NS) and CSX Corporation (CSX). The plan submitted by the purchasing railroads would have left New York City and the lower Hudson Valley subject to sole rail service, substituting CSX for Conrail. If your customers currently move product or would like to move product into or out of this area, we need your help.

The State of New York and New York City petitioned the federal Surface Transportation Board (STB) to condition the approval of the acquisition plan upon the restoration of competition on the east side of the Hudson River. Specifically, the New York stakeholders asked:

that a second railroad be allowed to operate on the line that runs north-south from Albany to New York City on the east side of the Hudson River. This condition will give shippers in New York City the same competitive choice as shippers in northern New Jersey.

On July 23, 1998, the STB approved the joint acquisition, but in doing so, granted New York's request and designated CP Rail/Delaware and Hudson (CP) as the second carrier. Specifically the STB stated:

We . . . strongly believe that we must forcefully use this opportunity to restore a modicum of competition that was lost in the financial crisis that led to the formation of Conrail. . . . Therefore, we will impose a condition requiring CSX to negotiate an agreement with CP to grant CP either haulage rights unrestricted as to commodity and geographic scope, or trackage rights unrestricted as to commodity and geographic scope, over the east-of-Hudson line that runs between Selkirk (near Albany) and Fresh Pond (in Queens).

Although negotiations did take place, no agreement, consistent with STB order, could be reached. Accordingly, the matter has been returned to the STB for an order specifying the terms and conditions of service on the east-of-Hudson line.

*A Subsidiary of Canadian Pacific Railway*

As a company interested in participating in the New York City rail market, this proceeding represents an historic opportunity to ensure that competition will be restored on the east side of the Hudson and that New York City and Long Island will once again have the opportunity to ship by rail. Since the creation of Conrail, the percentage of rail freight for New York City has dropped to 3 percent. Other major cities usually move 30-40 percent by rail. This means that New York City's transportation infrastructure is being pounded and congested by a disproportionate amount of truck traffic. The STB's decision will provide shippers with alternative ways of moving goods; it will relieve congestion; and it will reduce pollution.

The STB wishes to resolve this issue in an expedited manner. CP and CSX have filed proposals on November 30 and responding papers by the State and City are to be filed on or before December 10. Your support for the restoration of rail competition is needed at this time. Please let the STB know that you support the State and City of New York for the STB to establish CP as a second carrier on the east-of-Hudson line without restriction as to commodity or geography, by letter, on or before December 10.

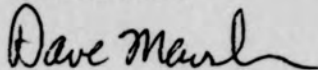
While I am certain that you will wish to include your own observations regarding this matter, I have enclosed a model letter to Chainwoman Linda Morgan to assist you. Please send copies of any correspondence to:

Jayne Phillips  
Manager—Public Affairs Northeast  
Canadian Pacific Railway  
Post Office Box 8002  
Clifton Park, NY 12065

Fax: (518) 383-7222  
Phone: (518) 383-7212

On behalf of CP Rail/Delaware & Hudson, thank you for your support and assistance. If you have any questions or comments, please do not hesitate to contact me or Jayne Phillips.

Very truly yours,



Dave Marsh  
Manager—Sales  
(518) 383-7214

Enclosures

cc: Jayne Phillips

SHORTLINE ADVOCACY LETTER

(Date)

The Honorable Linda J. Morgan  
Chairman  
Surface Transportation Board  
Attention: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, NW  
Washington DC 20423-0001

RE: Finance Docket No. 33388 (Sub-No. 69), 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

Dear Chairman Morgan:

My name is *(name)*. I am the *(title)* of *(name of shortline)*.

*(Describe briefly the business of the supporting entity, and the responsibilities of the writer in regard to such business.)*

Today *(name of shortline)* has customers who compete in selling product in the New York City market. Because of the shorthaul nature of the movement, which was not of interest to Conrail and the stiff competition from other producers who had competitive choices in reaching the New York City market, the on-line shippers of *(name of shortline)* were at a disadvantage in reaching the marketplace. The rail rates offered to the *(name of shortline)*'s shippers far exceeded the rates of their competitors, which enjoy single line service from origin to destination. As the result of Canadian Pacific Railway's current inability to serve the New York City market directly, *(name of shortline)*'s shippers suffer from a chronic competitive disadvantage in servicing one of the largest markets in the world and threatens the viability of *(name of shortline)*.

It is for this reason that *(name of shortline)* supports Canadian Pacific Railway, New York State and New York City, in their attempt to bring competitive access to the East Hudson line. This access will allow Canadian Pacific Railway to compete head-to-head with CSXT for traffic into and out of the New York City marketplace, which will provide *(name of shortline)*'s shippers competitive rail rates resulting from single-line service from Canadian Pacific Railway and encourage rail movement which would be beneficial to *(name of shortline)*. We urge the Board to confirm Canadian Pacific Railway's right to serve the marketplace at competitive rates, terms and conditions.

Very truly yours,



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

Mr. Clifford T. Strohmeier  
Manager of Distribution  
Glens Falls Cement Co., Inc.  
P.O. Box 440  
313 Lower Warren Street  
Glens Falls, NY 12801

Dear Mr. Strohmeier:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the efforts of New York State, New York City, and Canadian Pacific Railway to restore competitive rail service in this area.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

**IRON  
CLAD**

# GLENS FALLS CEMENT CO., INC.



December 8, 1998

FILE IN DOCKET

OFFICE OF  
CHAIRMAN MORGAN

DEC 10 2 19 PM '98

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

The Honorable Linda J. Morgan  
Chairman  
Surface Transportation Board  
Attention: STB Finance Docket No. 33388  
1925 K Street, NW  
Washington, DC 20423-0001

RE: Finance Docket No. 33388 (Sub-No.69), 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

Dear Chairman Morgan:

My name is Clifford Strohmeier. I am the Distribution Manager of the Glens Falls Cement Co., Inc. located at 313 Warren Street, Glens Falls, NY.

We are a manufacturer of Portland and Masonry Cement which is distributed in New York and New England. I am responsible for the distribution of our product.

To date the Glens Falls Cement Co., Inc. has not considered selling our bulk products in the New York City market. In order for us to consider penetrating this market we would need the economies that only a single line haul would allow. We have three competitors in New York State who are currently served by Conrail and have single line service from origin to destination. Our ability to source bulk raw materials which could be delivered to our plant via rail from the New York City area suffers from the same issue.

It is for this reason that the Glens Falls Cement Co., Inc. supports Canadian Pacific Railway, New York State, and New York City in their attempt to bring competitive access to the East Hudson Line. This access will allow Canadian Pacific to compete head-to-head with CSXT for traffic into and out of the New York City marketplace and would allow the Glens Falls Cement Co., Inc. to enjoy competitive rail rates resulting from single-line service from Canadian Pacific Railway. We urge the board to confirm Canadian Pacific Railway's right to serve the marketplace at competitive rates, terms and conditions.

Very truly yours,

Clifford T. Strohmeier  
Manager of Distribution





Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

Mr. Jerome M. Hebda  
President  
Green Mountain Railroad Corporation  
One Railway Lane  
Burlington, VT 05401-5290

Dear Mr. Hebda:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the efforts of New York State, New York City, and Canadian Pacific Railway to restore competitive rail service in this area.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



General Offices  
One Railway Lane, Burlington, VT 05401-5290  
Tel (802) 658-2550  
Fax (802) 658-2553

FILE IN DOCKET



December 7, 1998

The Honorable Linda J. Morgan, Chairman  
Attention: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, NW  
Washington DC 20423-0001

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
Dec 9 7 16 PM '98  
OFFICE OF  
CHAIRMAN MORGAN

RE: Finance Docket No. 33388 (Sub-No. 69), 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

Dear Chairman Morgan:

My name is Jerome M. Hebda. I am the President of Green Mountain Railroad Corporation. I have held this position for 8 years. I am currently working in executive administration, involving marketing, sales, industrial development, public relations, and government affairs.

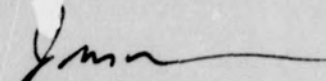
The Green Mountain Railroad Corporation is owned by the State of Vermont and leased to GMRC. It is a privately operated shortline railroad operating between Walpole, New Hampshire and Rutland, Vermont, a distance of 52 miles. GMRC connects with the New England Central Railroad and the Springfield Terminal Railroad at Bellows Falls, Vermont, and with the Vermont Railway and Canadian Pacific Railway via the Clarendon and Pittsford Railroad Company at Rutland, Vermont.

Today GMRC has customers who compete in selling product in the New York City market. As a result of the shorthaul nature of the movement, which was not of interest to Conrail and the stiff competition from other producers who had competitive choices in reaching the New York City market, the on-line shippers of GMRC are at a disadvantage in reaching this marketplace. The rail rates offered to the GMRC's shippers far exceeded the rates of their competitors that enjoyed single line service from origin to destination. As the result of Canadian Pacific Railway's current inability to serve the New York City market directly, GMRC's shippers suffer from a competitive disadvantage, by rail, in attempting to service one of the largest markets in the world. This weakens the viability of GMRC.

*"Serving New England's Industry With Pride"*

It is for this reason that GMRC supports Canadian Pacific Railway, New York State, and New York City in their attempt to bring competitive access to the East Hudson line. This access will allow Canadian Pacific Railway to compete for traffic into and out of the New York City marketplace. This will provide GMRC's shippers competitive rail rates resulting from the single-line service Canadian Pacific Railway would be able to offer. This single-line service would encourage rail movement that would be beneficial to GMRC. We urge the board to confirm Canadian Pacific Railway's right to serve the marketplace at competitive rates, terms, and conditions.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J. Hebda', with a long horizontal flourish extending to the right.

Jerome M. Hebda  
President of GMRC



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

Mr. James W. Harris, P.E.  
Executive Director  
New York Metropolitan Transportation Council  
1 World Trade Center  
Suite 82 East  
New York, NY 10048-0043

Dear Mr. Harris:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts to restore competitive rail service in this area and to reduce the region's dependency on motor carrier transportation.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

Linda J. Morgan



NEW YORK METROPOLITAN TRANSPORTATION COUNCIL

James W. Harris, P.E.  
Director

COUNCIL MEMBERS

(Co-Chairperson)  
Commissioner,  
New York State  
Department of Transportation

(Co-Chairperson)  
Rockland County Executive

Commissioner,  
New York City  
Department of Transportation

Suffolk County Executive

Putnam County Executive

Chairperson  
New York City  
Planning Commission

Nassau County Executive

Westchester County Executive

Chairman, Metropolitan  
Transportation Authority

Regional Administrator  
Federal Transit Administration

Executive Director  
Port Authority of New York  
& New Jersey

Division Administrator  
Federal Highway Administration

Executive Director  
New Jersey Transit

Commissioner  
New York State Department  
of Environmental Conservation

Regional Administrator  
U.S. Environmental  
Protection Agency

Executive Director  
North Jersey Transportation  
Planning Authority, Inc.

Council Secretary  
New York State  
Department of Transportation

December 10, 1998

The Honorable Linda J. Morgan  
Chairman, Surface Transportation Board  
Attention: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, NW  
Washington, DC 20423-0001

**Re: Finance Docket No. 33388 (Sub-No. 69), 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.**

Dear Ms. Morgan:

I am writing on behalf of the New York Metropolitan Transportation Council, an association of governments and transportation providers which serves as the metropolitan planning organization for New York City, Long Island and the Lower Hudson Valley.

Over the past two years, the Council has actively monitored the acquisition of Conrail by CSX and Norfolk Southern. The Council also adopted a series of guiding principles for the acquisition which were transmitted to the Surface Transportation Board during its deliberations. A copy of these principles are enclosed with this letter.

The Council is also responsible for maintaining a consensus Regional Transportation Plan which serves as a basis for federal transportation investments. The Council's current plan, which was adopted in 1994 and is currently undergoing a major update, addresses freight transportation as one of nine critical issues for which regional goals have been established. A copy of the relevant section of the Plan is also enclosed for your review.

FILE IN DOCKET

CHAIRMAN MORGAN

Dec 14 2 03 PM '98

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

THE METROPOLITAN PLANNING ORGANIZATION

1 WORLD TRADE CENTER • SUITE 82 EAST • NEW YORK • NY • 10048-0043 • TEL 212.938.3300 • FAX 212.938.3295 • BBS 212.938.4371

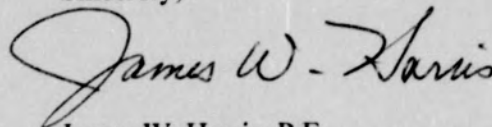
WEBSITE WWW.DOT.STATE.NY.US/REG/NYMTC/COUNCIL.HTML



As these documents and activities suggest, the efficient movement of freight throughout our region is crucial to the health of the region's transportation system, economy and environment. More specifically, the Council's members clearly regard improved movement of freight by rail as an essential step toward increasing the overall efficiency of freight movement in our region. Toward that end, the Council has called for the establishment of competitive freight rail service east of the Hudson River in both its Regional Transportation Plan and in the principles it has suggested to guide the Conrail acquisition.

On behalf of our members, I would therefore urge the Surface Transportation Board to take the steps necessary to establish this competition situation. Having compared the proposals submitted by CSX and Canadian Pacific, it would appear that the Canadian Pacific proposal will go further toward meeting the Council's goals and guidelines.

Sincerely,

A handwritten signature in cursive script that reads "James W. Harris".

James W. Harris, P.E.  
Executive Director

JWH/GB/eg

pc: PFAC Members  
Enclosures

#12\A:Morgan

PROGRAM, FINANCE AND ADMINISTRATION COMMITTEE  
 REVISED RESOLUTION # 80  
 ADOPTION OF *REGIONAL PRINCIPLES FOR CONRAIL RESTRUCTURING*

WHEREAS, the New York Metropolitan Transportation Council is the Metropolitan Planning Organization (MPO) for the New York Metropolitan area; and

WHEREAS, the Intermodal Surface Transportation Efficiency Act (ISTEA) required MPOs to address fifteen factors, including methods to enhance efficient movement of freight;

WHEREAS, the New York Metropolitan Transportation Council, through a working group has developed the five principles below for the Conrail Restructuring:

1. Reestablish competitive Class I rail access to key terminals and port areas east and west of the Hudson River in New York and New Jersey, including, where appropriate, having ~~Areas east of the Hudson River must have~~ access to more than one Class I carrier, and adequate yard and terminal facilities ~~are required~~ for major carriers to maintain competitive rail service.
2. Develop seamless connectivity among and between Class I railroads and short-lines through the possible implementation of neutral terminal zone and/or reciprocal switching at the appropriate locations.
3. Maintain, enhance, and provide plans for rail infrastructure investment to achieve the desired level of efficiency and to support economic development. The plans should include the creation of appropriate new intermodal services, facilities, and terminals east and west of the Hudson River.
4. Ensure smooth operation of commuter and intercity passenger lines by guaranteeing existing and future capacity and equitable access between freight and passenger services.
5. Protect and enhance railroad industry employment in New York and New Jersey regions.

NOW, THEREFORE, BE IT RESOLVED, that the Council hereby adopts the five *Conrail Restructuring Regional Principles* prepared by the NYMTC Central Staff and the freight working groups;

BE IT FURTHER RESOLVED, that the Council will submit these Principles to the Surface Transportation Board.

This Resolution shall take effect this twenty-fifth day of September 1997 .

ADOPTED: September 25, 1997

NOTE:

Bolded words have been added to the document.

Strikethrough words have been deleted from the document

**PROGRAM, FINANCE AND ADMINISTRATION COMMITTEE**  
**RESOLUTION # 80**  
**ADOPTION OF REGIONAL PRINCIPLES FOR CONRAIL RESTRUCTURING**

**WHEREAS**, the New York Metropolitan Transportation Council is the Metropolitan Planning Organization (MPO) for the New York Metropolitan area; and

**WHEREAS**, the Intermodal Surface Transportation Efficiency Act (ISTEA) required MPOs to address fifteen factors, including methods to enhance efficient movement of freight;

**WHEREAS**, the New York Metropolitan Transportation Council, through a working group has developed the five principles below for the Conrail Restructuring:

1. Reestablish competitive Class I rail access to key terminals and port areas in New York and New Jersey. Areas east of the Hudson River must have access to more than one Class I carrier. Adequate yard and terminal facilities are required for major carriers to maintain competitive rail service;
2. Develop seamless connectivity among and between Class I railroads and short-lines through the possible implementation of **neutral** terminal zone and/or reciprocal switching at the appropriate locations.
3. Maintain, enhance, and provide plans for rail infrastructure investment to achieve the desired level of efficiency.
4. Ensure smooth operation of commuter and intercity passenger lines by guaranteeing existing and future capacity and equitable access between freight and passenger services.
5. Protect and enhance railroad industry employment in New York and New Jersey regions.

**NOW, THEREFORE, BE IT RESOLVED**, that NYMTC hereby adopts the five Conrail Restructuring Regional Principles prepared by the NYMTC Central Staff and the freight working groups;

**BE IT FURTHER RESOLVED**, that NYMTC will submit these Principles to the Surface Transportation Board.

This Resolution shall take effect this 12th day of June 1997.

**ADOPTED: JUNE 12, 1997**

## **FREIGHT MOVEMENT**

### ***NYMTC Goal***

To minimize the cost and to improve the reliability of freight movement within the region.

The continuing health and economic vitality of the NYMTC region largely depend on the ease and efficiency of freight movement within and through the New York metropolitan area. New York's strategic location and status have made it a hub of commerce and freight transportation. Over 700 million tons of freight arrive, leave, or pass through the region annually. The predominate commodities are food, building materials, paper, and consumer goods, which are transported by ship, train, truck and plane. Trucks move over 90 percent of the surface freight hauled within the NYMTC region (24).

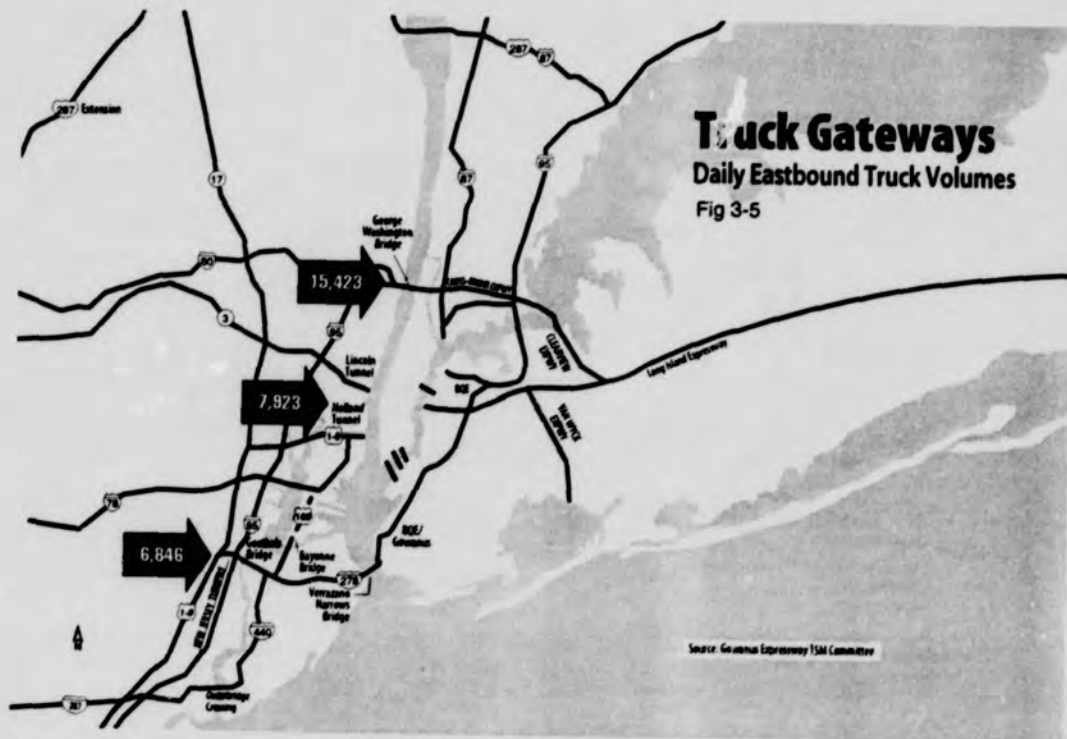
The bulk of the freight coming into the New York-New Jersey area arrives at New Jersey terminals and warehouses and then is transhipped across the Hudson to New York City and Long Island, where the majority of the region's popu-



lation resides. As a result, some 30,000 eastbound trucks cross the Hudson each day over Port Authority facilities to supply the east of Hudson region with its daily needs for homes and businesses (25). Figure 3-5 is a map showing the large number of trucks on the eastbound river crossings to New York City and Long Island. The make-up of the region's economy, including the types of commodities being transported, has

ure 3-6 is a depiction of the current rail network serving the NYMTC region.

Under rail deregulation, the NY-NJ railroads constructed bulk transfer and double stack intermodal terminals in New Jersey. These terminals saw their container volumes increase from 35,000 in 1985 to over 600,000 by 1990. Because of clearance problems and conflicts with commuter rail service, no such terminals were



changed significantly over the past thirty years, leading to the region's high dependence on trucks. The number of major rail carriers serving the region has been reduced from eleven to one. Rail dependent industries have also switched to trucks on their own. In 1964, the rail carfloat system transported over 600,000 rail cars annually over the Hudson to serve New York City and Long Island. By 1989, the rail carfloat system was down to just one carrier handling 5,000 railcars annually. Manhattan's westside line handled over 150,000 rail cars in 1973. Ten years later, the westside line had ceased freight operations. Fig-

constructed on the east side of the Hudson River. Instead, containers, trailer-on-flat-car trailers, and other freight handled by rail carriers destined for the region were deramped at the New Jersey rail head and trucked over the Hudson River.

The opening of the Newark and Elizabeth container port caused maritime activities to migrate to the New Jersey side of the Hudson as containers became the preferred method for shipping international freight as opposed to break bulk.

Presently, the Brooklyn piers handle only 7 percent of the NY-NJ maritime tonnage (37). The



combination of available land at a favorable cost and the increase in the number of transportation terminals in New Jersey has caused a substantial amount of the region's warehouse space to be located in New Jersey, as well as in Pennsylvania and Orange County, New York.

Estimates of freight growth, both international and domestic, indicate that even though

major commercial routes, and high toll costs. Regional highway congestion is estimated to cost the region's trucking industry and shippers almost \$12 billion dollars per year (24). The cost to move a trailer or container from a New Jersey warehouse to Long Island is \$375 compared with \$100 to move a trailer from a Long Island-based warehouse to a Long Island destination.



the region is transforming itself into a service-based economy, the region still requires a huge amount of goods and services to sustain its population and run its businesses. In turn, an efficient freight transport system is needed to collect and to distribute goods in order to maintain a healthy economy.

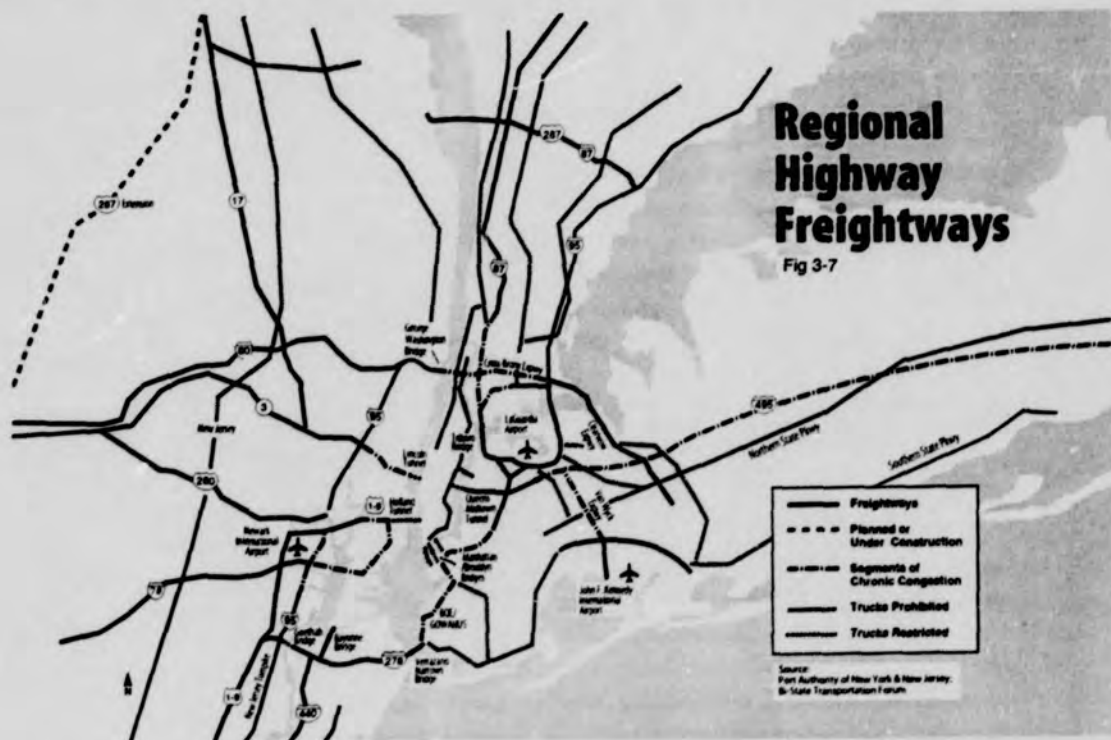
Many factors contribute to the high cost of moving freight in the New York metropolitan region, which affects the region's competitiveness. The major factors include the combination of recurring congestion, the limited number of

Freight transportation has changed significantly over the past thirty years. For example, 10 percent of the freight destined for the NYMTC region from the southern coastal states makes a 300-mile detour to Albany just to cross the Hudson River. This is a significant amount of tonnage. UPS estimates that its New York metropolitan pick up and delivery operation costs 30 percent more than for the rest of the country. Moving a truck from New Jersey to Long Island (average trip of 60 miles) has been estimated to cost as much as moving the same truck from New

Jersey to Pittsburgh (average distance 400 miles).(26) These hidden transportation costs, which are passed along to businesses and consumers, hinder the region's ability to compete in the global marketplace.

Regional freight mobility is also constrained by missing, restricted, or insufficient highway links. Many highways in the region, such as its

loading and unloading facilities hinder both freight and general mobility. These are some of New York City's major freight-related flaws. Many larger buildings in the older urban centers do not have off-street loading areas, and commercial vehicles are not allowed to use parking garages in New York City. Large metropolitan office building complexes on average are served by some



extensive network of parkways, do not permit commercial vehicles. Other routes are subject to height, width, and weight restrictions. Figure 3-7 illustrates highways which prohibit trucks within the New York metro area. These unusable routes force trucks to take circuitous routes to reach their destinations, thereby increasing shipping costs and contributing to increased congestion and air pollution. Other key routes, such as the Gowanus Expressway in Brooklyn, will be severely constrained for a number of years during extensive reconstruction.

Poor curbside management, a lack of off-street parking, and antiquated or non-existent

30 delivery trucks per day, ranging as high as 45. Commercial, service, and private vehicles, along with commercially registered vehicles used for private purposes, compete for scarce curb space. This forces many commercial vehicles to double park or to cruise the area in search of an open parking space, adding to traffic and pollution. Integrating freight movement by mandating off-street loading areas into the site planning process and by providing incentives to retrofit existing buildings with off-street parking could serve to alleviate this problem, particularly in the Manhattan Central Business District. Alternatives to on-street pick up and delivery should be pursued

---

but may be difficult to implement.

The NYMTC region also suffers from a lack of alternatives to truck freight shipments. Rail freight transportation atrophied within the region, handling less than 3 percent of total freight tonnage as opposed to 42 percent nationally (24). The main reasons for lack of rail shipments in the region are that the region's economy no longer produces commodities likely to be shipped by rail and that much of the region's rail network cannot accommodate new rail technology. In addition, the region has poor connections to the national rail system while clearance problems preclude the use of modern intermodal rail equipment. Shipping and distribution networks have also largely bypassed the rail system in many parts of the NYMTC region.

The region must look at both short and long term solutions to the problems of surface freight mobility. In the short term, solutions might include designating priority freight corridors for trucks, TRANSCOM's E-Z pass and the Commercial Vehicle Operation efforts of the I-95 Corridor Coalition. In the long term, the region could consider developing additional capacity dedicated to freight movement. With the development and deployment of advanced technology, the region should be able to improve the efficiency of highway-based freight operations. The region could focus on revitalizing, creating, and expanding intermodal facilities in such areas as the South Bronx, Newton Creek, South Brooklyn, or Staten Island's North Shore. The role of rail freight should increase with the implementation of the Oak Point Link and the development of the Harlem River Yard. Should these projects prove to be successful, the region could develop a tunnel connecting Brooklyn and Staten Island, New Jersey and Brooklyn, or New Jersey and Manhattan. Regional transportation providers will need the input and participation of the freight community to address effectively the problems of surface freight mobility.

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Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

The Honorable James L. Seward  
New York State Senate  
Legislative Office Building, Room 307  
Albany, NY 12247

Dear Senator Seward:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts to restore competitive rail service in this area and to reduce the region's dependency on motor carrier transportation.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*

Linda J. Morgan



JAMES L. SEWARD  
SENATOR, 50TH DISTRICT  
  
CHAIRMAN  
ENERGY & TELECOMMUNICATIONS  
COMMITTEE  
  
SECRETARY  
MAJORITY CONFERENCE



THE SENATE  
STATE OF NEW YORK

☐ ROOM 307  
LEGISLATIVE OFFICE BUILDING  
ALBANY, NEW YORK 12247  
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☐ 41 S. MAIN STREET  
ONEONTA, NEW YORK 13820  
(607) 432-5524  
  
COBLESKILL (518) 234-8133  
CORTLAND (607) 758-9005  
HERKIMER (315) 866-1632  
ITHACA (607) 272-4806  
NORWICH (607) 336-7309

FILE IN DOCKET

December 22, 1998

The Honorable Linda J. Morgan  
Chairman, Surface Transportation Board  
ATTN: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, DC 20423-01001

RE: Finance docket No. 33388 (Sub-No. 69, 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

Dear Chairman Morgan:

My name is James L. Seward. I am a New York State Senator representing the 50th District in the central part of the state. I am writing in support of the efforts of New York State, New York City and Canadian Pacific Railway to bring competitive access to the East Hudson Line.

I applaud the efforts of the Board to restore competitive rail service for New York City, Long Island and the businesses of the Hudson Valley. The neglect of this corridor by Conrail contributed to the exodus of business and industry in this State over the past two decades. Now, with the State in the midst of an economic renaissance, the promise of competitive rail service is welcome news indeed.

As a State Legislator, I view this proceeding as an historic opportunity to ensure that competition will be restored on the east side of the Hudson and that New York City and Long Island will once again have the option of shipping by rail. Since the creation of Conrail the amount of freight moving into and out of New York City has dropped to an infinitesimal 3 percent. In contrast, other major cities usually move 30-40 percent by rail. This means that City's transportation infrastructure is being pounded and congested by a disproportionate amount of truck traffic. The restoration of competition will take tens of thousands of trucks off of New York's highways. It will provide shippers with alternative (and less costly) ways of moving goods; it will relieve congestion; it will preserve the fragile infrastructure, and it will reduce pollution. Moreover, it will do so in a way that also benefits the trucking industry since intermodal transportation of trailers on flatcars is economically superior to sitting in bumper to bumper traffic on the area's bridges, burning fuel and paying tolls.



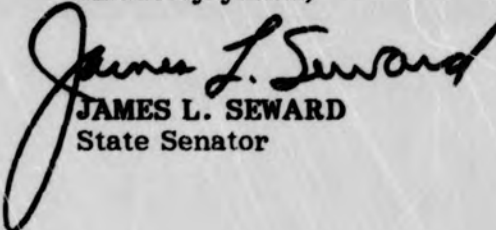
For the communities of the Hudson Valley, restoration of competition will mean that businesses, such as ADM and Fort Orange Paper will be able to ship their products seamlessly and economically by rail. For so many companies the availability and cost of transportation is an essential element in determining where they will locate their business.

For long Island, the restoration of viable rail options will go along way toward ensuring the viability of the New York & Atlantic (NY & A) -- Long Island's freight railroad. The ability to exchange with two competing carriers at Fresh Pond dramatically reduces costs for the NY & A and ensures that it cannot be held hostage to the monopoly that has, for so long, impaired the movement of freight by rail from Long island and the New York metropolitan area.

Finally the Delaware and Hudson Railway has been an important part of New York's transportation history and the backbone of the transportation infrastructure from Binghamton to Plattsburgh. The purchase of the railroad from bankruptcy by Canadian Pacific has made it an important part of a seamless transcontinental system that provides Call 1 service to New York businesses and industry. Accordingly, the Board's choice of CP as the competitive carrier is to be commended.

In sum, I urge the Board to confirm Canadian Pacific Railway's right to serve this marketplace competitive rates terms and condition, and to provide CPR with full-service rights to provide service on the East Hudson Line, including the right of access to all shippers on the line, the right to interchange with all carriers on the line, and the right to use all yards and facilities on the line.

Sincerely yours,

  
JAMES L. SEWARD  
State Senator

JLS/dd:ecr



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

Mr. Kevin N. O'Gorman  
C.E.O., Buffalo Southern Railroad Inc.  
8600 Depot Street  
Eden, NY 14057

Dear Mr. O'Gorman:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the efforts of New York State, New York City, and Canadian Pacific Railway to restore competitive rail service in this area.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

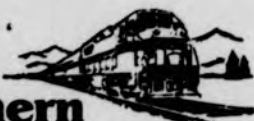
The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

# Buffalo Southern



**Railroad Inc.** 8600 DEPOT STREET • EDEN, NY 14057 • 716-992-4979 • FAX: 716-992-9132

December 8, 1998

FILE IN DOCKET

The Honorable Linda J. Morgan  
Chairman  
Surface Transportation Board  
Attention: STB Finance Docket No. 33388  
1925 K Street NW  
Washington, DC 20423-0001

OFFICE OF  
CHAIRMAN MORGAN

DEC 11 3 08 PM '98

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

RE: Finance Docket No. 33388 (Sub-No. 69), 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

Dear Chairman Morgan,

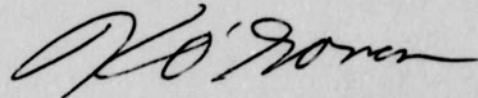
My name is Kevin N. O'Gorman. I am the C.E.O. of the Buffalo Southern Railroad, Inc. with offices at 8600 Depot Street in Eden, NY.

The Buffalo Southern Railroad (BSOR), is a shortline railroad which operates 33 miles of rail from Buffalo, NY to Gowanda, NY, and also services two in-plant switching contracts in Tonawanda, NY and Buffalo, NY. The BSOR has eight customers on line that receive the following commodities: bulk cement, lightweight aggregate, gluten meal, hominy, soybean meal, lumber, fertilizer and amusement rides. We are also a bridge road for the New York and Lake Erie Railroad (NYLE) at Gowanda, NY. The NYLE has four customers on line that receive fertilizer, particle board, rolled paper and scrap iron.

One of the BSOR's customer's, a flour mill that we service in Buffalo, NY, competes in selling product in the New York City market. Because of the restricted rail service in Buffalo, NY and the stiff competition from other producers who had competitive choices in reaching the New York City market, the flour mill serviced by the BSOR was at a disadvantage in reaching the marketplace. The rail rates offered to the BSOR's shippers far exceeded the rates of their competitors, which enjoy single line service from origin to destination. As a result of Canadian Pacific Railway's current inability to serve the New York City market directly, the BSOR's shippers suffer from a chronic competitive disadvantage in servicing one of the largest markets in the world and threatens the viability of the BSOR and its in-plant switching.

For this reason, the Buffalo Southern Railroad supports the Canadian Pacific Railway, New York State and New York City, in their attempt to bring competitive access to the East Hudson line. This access will allow Canadian Pacific Railway to compete head-to-head with CSXT for traffic into and out of the New York City marketplace, which will provide Buffalo Southern Railroad's shippers competitive rail rates resulting from single-line service from Canadian Pacific Railway and encourage rail movement which would be beneficial to the Buffalo Southern Railroad. We urge the Board to confirm Canadian Pacific Railway's right to serve the marketplace at competitive rates, terms and conditions.

Sincerely,

A handwritten signature in dark ink, appearing to read "K. O'Gorman", with a stylized, flowing script.

Kevin N. O'Gorman  
C.E.O.

KNO:mjf





Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

Mr. Robert O. Dingman, Jr.  
President  
New York & Lake Erie Railroad  
P.O. Box 309  
Gowanda, NY 14070

Dear Mr. Dingman:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the efforts of New York State, New York City, and Canadian Pacific Railway to bring competitive access to the market area east of the Hudson River, including connections with the railroads serving Fresh Pond Junction.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan





New York & Lake Erie Railroad • P.O. Box 309, Gowanda, NY 14070 • 532-5242

Fax (716) 532-9128

December 8, 1998

The Honorable Linda J. Morgan, Chairwoman  
Surface Transportation Board  
Attention: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, NW  
Washington, DC 20423-0001

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
Dec 10 2 19 PM '98  
OFFICE OF  
CHAIRMAN MORGAN

RE: Finance Docket No. 33388 (Sub-No. 69), 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.

Dear Chairwoman Morgan:

My name is Robert O. Dingman, Jr. I am the President of the New York & Lake Erie Railroad, a shortline which connects with several Class I railroads at Buffalo, NY including the CP/StL&H/D&H. We enjoy the flexibility and the competitive advantage of the CP family connection for much of the traffic interchanged at Buffalo. We have customers who use our railroad in preference to trucks as a direct result of the routing and pricing incentives that we have developed in cooperation with CP.

Our service territory, rural and economically underdeveloped Western New York, has small manufacturers who market their goods to customers located throughout New York State as well as to the more distant markets of other states. Aggressive service and price competition is absolutely essential to converting these New York State short-haul markets from truck to rail. We have been successful in the past in our efforts to "shop" a movement of freight in order find a carrier willing to match equipment and service pattern to achieve the necessary inducement to book the business.

Therefore, NY&LE strongly supports the Canadian Pacific Railway, New York State and the City of New York in their petition to bring competitive access to the market area east of the Hudson River, including connections with the railroads serving Fresh Pond Junction. We firmly believe that hungry competition between the Class I carriers will result in more goods moving by rail and greater economic opportunity for domestic manufacturers to grow their business and employment. The New York & Lake Erie Railroad will directly benefit from the business potential unlocked by CP's proposal.



MEMBER

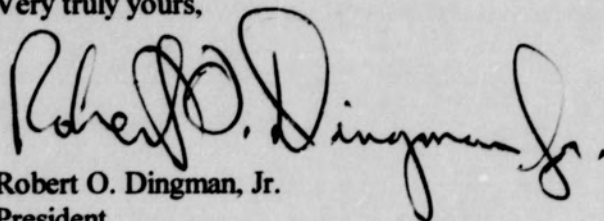
Honorable Linda J. Morgan

Page 2

December 8, 1998

We urge the Board to confirm Canadian Pacific Railway's right to serve this marketplace.

Very truly yours,

A handwritten signature in cursive script, reading "Robert O. Dingman, Jr.", written in dark ink.

Robert O. Dingman, Jr.  
President

STB FD 33388 (Sub 69) 1-27-99 J STATELEG



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

The Honorable Robert A. D'Andrea  
State Assembly of New York  
Legislative Office Building, Room 320  
Albany, NY 12248

*Sub 69*

Dear Assemblyman D'Andrea:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts to restore competitive rail service in this area and to reduce the region's dependency on motor carrier transportation.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

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I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

ROBERT D'ANDREA  
Assemblyman 100th District

MINORITY WHIP

COMMITTEES  
Racing & Wagering  
Ways and Means  
Aging  
Rules

FILE IN DOCKET

December 4, 1998

The Honorable Linda J. Morgan  
Chairman, Surface Transportation Board  
ATTN: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street N.W.  
Washington, D.C.

CHAIRMAN OF  
SURFACE TRANSPORTATION  
BOARD

Dec 7 3 56 PM '98

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

Re: Finance Docket No. 33388 (Sub-No. 69), CSX Corporation & CSX  
Transportation, Inc., Norfolk Southern Corporation & Norfolk  
Southern Railway Company—Control & Operating Leases/ Agreements  
Conrail Inc. & Consolidated Rail Corporation

Dear Chairman Morgan:

Please accept this letter expressing my support of the efforts of New York State, New York City & Canadian Pacific Railway to bring competitive access to the East Hudson Line.

I applaud the efforts of the Board to restore competitive rail service for New York City, Long Island and the businesses of the Hudson Valley. The neglect of this corridor by Conrail contributed to the exodus of business & industry in this state over the past two decades. Now, with the state in the midst of an economic renaissance, the promise of competitive rail service is welcome news indeed.

As a State Legislator, I view this proceeding as an historic opportunity to ensure that competition will be restored on the east side of the Hudson and that New York City and Long Island will once again have the option of shipping by rail. Since the creation of Conrail the amount of freight moving into and out of New York City has dropped to an infinitesimal 3 percent. In contrast, other major cities usually move 30-40 percent by rail. This means that City's transportation infrastructure is being pounded and congested by a disproportionate amount of truck traffic. The restoration of competition will take tons of thousands of trucks off of New York's highways. It will provide shippers with alternative ( and less costly) ways of moving goods; it will relieve congestion; it will preserve the fragile infrastructure, and it will reduce pollution. Moreover, it will do so in a way that also benefits the trucking industry since intermodal transportation of trailers on flatcars is economically superior to sitting in bumper to bumper traffic on the area's bridges, burning fuel and paying tolls.



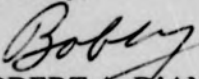
For the communities of the Hudson Valley, restoration of competition will mean that businesses, such as ADM and Fort Orange Paper will be able to ship their products seamlessly and economically by rail. For so many companies the availability and cost of transportation is an essential element in determining where they will locate their business.

For Long Island, the restoration of viable rail options will go a long way toward ensuring the viability of the New York & Atlantic (NY & A)—Long Island's freight railroad. The ability to exchange with two competing carriers at Fresh Pond dramatically reduces costs for the NY & A and ensures that it cannot be held hostage to the monopoly that has, for so long, impaired the movement of freight by rail from Long Island and the New York metropolitan area.

Finally, the Delaware & Hudson Railway has been an important part of New York's transportation history and the backbone of the transportation infrastructure from Binghamton to Plattsburgh. The purchase of the railroad from bankruptcy by Canadian Pacific has made it an important part of a seamless transcontinental system that provides Class I service to New York businesses and industry. Accordingly, the Board's choice of CP as the competitive carrier is to be commended.

In sum, I urge the Board to confirm Canadian Pacific Railway's right to serve this marketplace at competitive rates terms and condition, and to provide CPR with full-service on the East Hudson Line, including the right of access to all shippers on the line, the right to interchange with all carriers on the line, and the right to use all yards and facilities on the line.

Sincerely,

  
ROBERT A. D'ANDREA  
Member of Assembly



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

The Honorable Darryl C. Towns  
State Assembly of New York  
Legislative Office Building  
Albany, NY 12248

Dear Assemblyman Towns:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts to restore competitive rail service in this area and to reduce the region's dependency on motor carrier transportation.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

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I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

DARRYL C. TOWNS  
Assemblyman 54th District  
Kings County

□ DISTRICT OFFICE:  
264 Jamaica Avenue  
Brooklyn, New York 11207  
(718) 235-5627  
FAX (718) 235-5966

✓ ALBANY OFFICE:  
Room 435  
Legislative Office Building  
Albany, New York 12248  
(518) 455-5821  
FAX (518) 455-5591

FILE IN DOCKET

CHAIRMAN  
Sub-Committee on Mass Transit

COMMITTEES  
Agriculture  
Children & Families  
Health  
Mental Health  
Oversight, Analysis & Investigation  
Transportation  
Veterans Affairs

MEMBER  
Puerto Rican/Hispanic Task Force  
Black and Puerto Rican Legislative Caucus

December 8, 1998

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

ATTN: STB Finance Docket No. 33388

RE: Finance Docket No. 33388 (Sub-No. 69), 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

Dear Chair Morgan:

As state representative of the 54<sup>th</sup> Assembly District, I am writing in support of the efforts of the State of New York, the City of New York and Canadian Pacific Railway to bring competitive access to the East Hudson Line.

I applaud the Board in its effort to restore competitive rail service to New York City, Long Island and the Hudson Valley. For the past two decades, this corridor has suffered the absence of Conrail, which has resulted in the egression of business and industry in this state. However, with the state in the midst of an economic renaissance, we are excited at the prospect of competitive rail service. I certainly believe this is an opportunity to ensure that competition is restored on the east side of the Hudson, and that New York City and Long Island will have the option of shipping by rail.

Since the creation of Conrail, the amount of freight moving in and out of New York City has dropped to a staggering three percent, in contrast to other major cities which move up to 40 percent by rail. As a result, the City's transportation infrastructure is being congested by a disproportionate amount of truck traffic.

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BOARD  
Dec 14 2 09 PM '98  
OFFICE OF  
CHAIRMAN MORGAN

Honorable Linda J. Morgan  
December 8, 1998  
Page 2

The restoration of rail competition will not only minimize truck congestion on our highways and in our cities, but preserve the fragile infrastructure and reduce pollution. In addition, it will reduce the cost of moving goods for shippers and benefit the trucking industry since intermodal transportation of trailers on flatcars is more economically advantageous than highway travel.

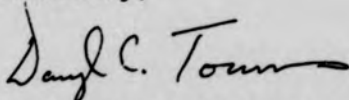
For the Hudson Valley communities, restoration of rail competition will enable businesses to ship their products more economically by rail. For most companies, the availability and cost of transportation determines where they will locate business. For Long Island, the restoration will go a long way toward ensuring the viability of Long Island's freight railroad, New York & Atlantic.

Finally, the purchase of the Delaware & Hudson Railway by Canadian Pacific has made it an important part of a seamless transcontinental system that provides Class 1 service to New York business and industry. Accordingly, the Board's choice of Canadian Pacific as the competitive carrier is to be commended.

Therefore, I urge the Board to confirm Canadian Pacific Railway's (CPR) right to serve this marketplace at competitive rates, terms and conditions and provide CPR with full-service rights, enabling service on the East Hudson Line. Of course, this would include CPR's right of access to all shippers on the line; to interchange with all carriers on the line; and to use all yards and facilities on the line.

Your consideration of this matter is greatly appreciated.

Sincerely,

A handwritten signature in dark ink, appearing to read "Darryl C. Towns", with a stylized flourish at the end.

**DARRYL C. TOWNS**





Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

The Honorable David S. Sidikman  
State Assembly of New York  
Legislative Office Building, Room 921  
Albany, NY 12248

Dear Assemblyman Sidikman:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts to restore competitive rail service in this area and to reduce the region's dependency on motor carrier transportation.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

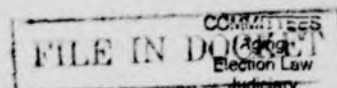
*Linda J. Morgan*  
Linda J. Morgan





DAVID S. SIDIKMAN  
Assemblyman 13th District  
Nassau County

THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY



Election Law  
Judiciary  
Insurance  
Local Governments  
Tourism & Arts & Sports Development

CHAIRMAN  
Sub-Committee  
Legal Issues for the Aging

December 10, 1998

The Honorable Linda J. Morgan  
Chairman, Surface Transportation Board  
ATTN: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423-0001



CHAIRMAN  
L. J. MORGAN

Dec 11 10 28 AM '98

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

Re: Finance Docket No. 33388 (Sub-No.69), 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

Dear Chairman Morgan:

My name is David S. Sidikman. I am a New York State Assemblyman representing Nassau County on L.I. I am writing in support of the efforts of New York State, New York City and Canadian Pacific Railway to bring competitive access to the East Hudson Line.

I applaud the efforts of the Board to restore competitive rail service for New York City, Long Island and the businesses of the Hudson Valley. The neglect of this corridor by Conrail contributed to the exodus of business and industry in this State over the past two decades. Now, with the State in the midst of an economic renaissance, the promise of competitive rail service is welcome news indeed.

As a State Legislator, I view this proceeding as an historic opportunity to ensure that competition will be restored on the east side of the Hudson and that New York City and Long Island will once again have the option of shipping by rail. Since the creation of Conrail the amount of freight moving into the out of New York City has dropped to an infinitesimal 3 percent. In contrast, other major cities usually move 30 - 40 percent by rail. This means that City's transportation infrastructure is being pounded and congested by a disproportionate amount of truck traffic. The restoration of competition will take tens of thousands of trucks off the New York's highways. It will provide shippers with alternative (and less costly) ways of moving goods; it will relieve congestion; it will preserve the fragile infrastructure, and it will reduce pollution. Moreover, it will do so in a way that also benefits the trucking industry since

Page 2

intermodal transportation of trailers on flatcars is economically superior to sitting in bumper to bumper traffic on the area's bridges, burning fuel and paying tolls.

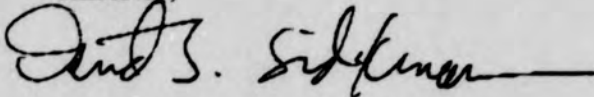
For the communities of the Hudson Valley, restoration of competition will mean that businesses, such as ADM and Fort Orange Paper will be able to ship their products seamlessly and economically by rail. For so many companies the availability and cost of transportation is an essential element in determine where they will locate their business.

For Long Island, the restoration of viable rail options will go a long way toward ensuring the viability of the New York & Atlantic (NY&A) - Long Island's freight railroad. The ability to exchange with two competing carriers at Fresh Pond dramatically reduces costs for the NY&A and ensures that it cannot be held hostage to the monopoly that has, for so long, impaired the movement of freight by rail from Long Island and the New York metropolitan area.

Finally, the Delaware & Hudson Railway has been an important part of New York's transportation history and the backbone of the transportation infrastructure from Binghamton to Plattsburgh. The purchase of the railroad from bankruptcy by Canadian Pacific has made it an important part of a seamless transcontinental system that provides Class 1 service to New York businesses and industry. Accordingly, the Board's choice of CP as the competitive carrier is to be commended.

In sum, I urge the Board to confirm Canadian Pacific Railway's right to serve this marketplace at competitive rates terms and condition, and to provide CPR with full-service rights to provide service on the East Hudson Line, including the right of access to all shippers on the line, the right to interchange with all carriers on the line, and the right to use all yards and facilities on the line.

Sincerely,



David S. Sidikman  
Assembly Member



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

The Honorable Helene E. Weinstein  
State Assembly of New York  
Legislative Office Building, Room 831  
Albany, NY 12248

Dear Assemblywoman Weinstein:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts to restore competitive rail service in this area and to reduce the region's dependency on motor carrier transportation.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

Linda J. Morgan



HELENE E. WEINSTEIN  
Assemblywoman 41st District  
Kings County

THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

CHAIR  
JUDICIARY COMMITTEE

COMMITTEES

Aging  
Codes  
Rules  
Ethics and Guidance  
Ways and Means

FILE IN DOCKET

Court Facilities Capital Review Board

December 08, 1998

Hon. Linda J. Morgan  
Chair, Surface Transportation Board  
Attn: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
Dec 11 3 08 PM '98  
OFFICE OF  
CHAIRMAN MORGAN

Re: Finance Docket No. 33388 (Sub-No.69), 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

Dear Ms. Morgan:

I am a New York State Assemblywoman representing the 41st A.D., which includes various neighborhoods in Brooklyn, New York. I am writing in support of the efforts of New York State, New York City and Canadian Pacific Railway to bring competitive access to the East Hudson Line.

I applaud the efforts of the Board to restore competitive rail service for New York City, Long Island and the businesses of the Hudson Valley. The neglect of this corridor by Conrail contributed to the exodus of business and industry in this State over the past two decades. Now, with the State in the midst of an economic renaissance, the promise of competitive rail service is welcome news.

As a State Legislator, I view this proceeding as an historic opportunity to ensure that competition will be restored on the East side of the Hudson and that New York City and Long Island will once again have an option of shipping by rail. The restoration of competition will take tens of thousands of trucks off of New York's highways. It will provide shippers with alternative (and less costly) ways of moving goods; it will relieve congestion; it will preserve the fragile infrastructure, and it will reduce pollution.



Hon. Linda J. Morgan, Chair, Surface Transportation Board  
December 08, 1998  
Page Two

Moreover, it will do so in a way that also benefits the trucking industry since intermodal transportation of trailers on flatcars is economically superior to sitting in bumper to bumper traffic on the area's bridges, burning fuel and paying tolls.

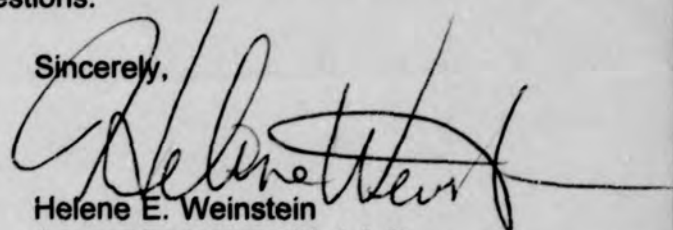
For Long Island, the restoration of viable rail operations will go a long way toward ensuring the viability of the New York and Atlantic (NY&A)--Long Island's freight railroad. The ability to exchange the two competing carriers at Fresh Pond dramatically reduces costs for the NY&A and ensures that it cannot be held hostage to the monopoly that has, for so long, impaired the movement of freight by rail from Long Island and the New York metropolitan area.

Finally, the Delaware & Hudson Railway has been an important part of New York's transportation history and the backbone of the transportation infrastructure from Binghamton to Plattsburgh. The purchase of the railroad from bankruptcy by Canadian Pacific has made it an important part of a seamless transcontinental system that provides Class 1 service to New York businesses and industry. Accordingly, the Board's choice of CP as the competitive carrier is to be commended.

I urge, the Board to confirm Canadian Pacific Railway's right to serve this marketplace at competitive rates, terms and conditions, and to provide CPR with full-serve rights to provide service on the East Hudson Line, including the right of access to all shippers on the line, the right to interchange with all carriers on the line, the right to use all yards and facilities on the line.

Thank you for your time and consideration. Please feel free to contact me at any time should you have any further comments or questions.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Helene Weinstein', with a long horizontal flourish extending to the right.

Helene E. Weinstein  
Assemblywoman, 41st A.D.





Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

The Honorable Patricia L. Acampora  
State Assembly of New York  
Legislative Office Building, Room 725  
Albany, NY 12248

Dear Assemblywoman Acampora:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts to restore competitive rail service in this area and to reduce the region's dependency on motor carrier transportation.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



PATRICIA L. ACAMPORA  
Assemblywoman 1st District  
Suffolk County

THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

FILE IN DOCKET

RANKING MINORITY MEMBER  
Consumer Affairs & Protection

COMMITTEES  
Insurance  
Labor

December 2, 1998

The Honorable Linda J. Morgan  
Chairman, Surface Transportation Board  
ATTN: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
Dec 11 3 08 PM '98  
OFFICE OF  
CHAIRMAN MORGAN

Re: Finance Docket No. 33388 (Sub-No. 69), 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

Dear Chairman Morgan:

As the representative of the first Assembly district, I am writing in support of the efforts of New York State, New York City and Canadian Pacific Railway to bring competitive access to the East Hudson Line.

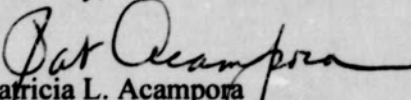
I applaud the efforts of the board to restore competitive rail service for New York City, the businesses of the Hudson Valley and the area which I represent on Long Island. My hope is that after years of business and companies leaving the state and now with the State in the midst of an economic renaissance, the promise to competitive rail service is welcome news indeed.

For Long Island, the restoration of viable rail options will go a long way toward ensuring the viability of the New York and Atlantic (NY&A) - - Long Island's freight railroad. The ability to exchange with two competing carriers at Fresh Pond dramatically Reduces costs for the NY&A and it ensures that it cannot be held hostage to the monopoly that has, for so long, impaired the movement of freight by rail from Long Island and the New York Metropolitan Area. Such restoration will also go a long way in decreasing roadway traffic that has plagued its roads for so many years.



I urge the board to confirm Canadian Pacific Railway's right to serve this marketplace at competitive rates terms and condition, and to provide CPR with full-service rights to provide service on the East Hudson Line, including the right to access to all shippers on the line, the right to interchange with all carriers on the line, and the right to use all yards and facilities on the line.

Sincerely,

  
Patricia L. Acampora  
**MEMBER OF ASSEMBLY**

PLA:rsp



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

The Honorable Daniel J. Fessenden  
State Assembly of New York  
Legislative Office Building, Room 723  
Albany, NY 12248

Dear Assemblyman Fessenden:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts to restore competitive rail service in this area and to reduce the region's dependency on motor carrier transportation.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

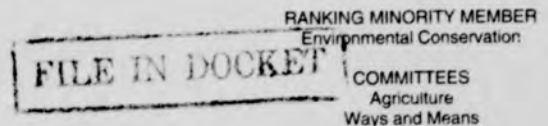
*Linda J. Morgan*  
Linda J. Morgan





THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

DANIEL J. FESSENDEN  
Assemblyman 126th District  
Cayuga, Cortland and Chenango Counties



December 2, 1998

The Honorable Linda J. Morgan  
Chairman, Surface Transportation Board  
ATTN: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
Dec 7 3 56 PM '98  
OFFICE OF  
CHAIRMAN MORGAN

RE: Finance Docket No. 33388 (Sub-No. 69), 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

Dear Chairman Morgan;

I am writing in support of the efforts of New York State, New York City and Canadian  
Pacific Railway to bring competitive access to the East Hudson Line.

I applaud the efforts of the Board to restore competitive rail service for New York City,  
Long Island and the businesses of the Hudson Valley. The neglect of this corridor by Conrail  
contributed to the exodus of business and industry in this State over the past two decades. Now,  
with the State in the midst of an economic renaissance, the promise of competitive rail service is  
welcome news indeed.

As a State Legislator, I view this proceeding as an historic opportunity to ensure that  
competition will be restored on the east side of the Hudson and that New York City and Long  
Island will once again have the option of shipping by rail. Since the creation of Conrail the  
amount of freight moving into and out of New York City has dropped to an infinitesimal 3  
percent. In contrast, other major cities usually move 30 – 40 percent by rail. This means that  
city's transportation infrastructure is being pounded and congested by a disproportionate amount  
of truck traffic. The restoration of competition will take tens of thousands of trucks off of New  
York's highways. It will provide shippers with alternative (and less costly) ways of moving  
goods; it will relieve congestion; it will preserve the fragile infrastructure, and it will reduce  
pollution. Moreover, it will do so in a way that also benefits the trucking industry since  
intermodal transportation of trailers on flatcars is economically superior to sitting in bumper to  
bumper traffic on the area's bridges, burning fuel and paying tolls.



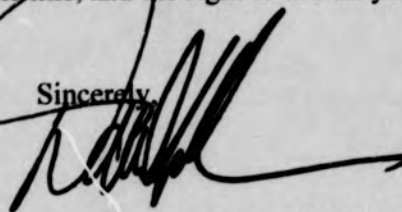
For the communities of the Hudson Valley, restoration of competition will mean that businesses, such as ADM and Fort Orange Paper will be able to ship their products seamlessly and economically by rail. For so many companies the availability and cost of transportation is an essential element in determining where they will locate their business.

For Long Island, the restoration of viable rail options will go a long way toward ensuring the viability of the New York & Atlantic (NY&A) - Long Island's freight railroad. The ability to exchange with two competing carriers at Fresh Pond dramatically reduces costs for the NY&A and ensures that it cannot be held hostage to the monopoly that has, for so long, impaired the movement of freight by rail from Long Island and the New York metropolitan area.

Finally, the Delaware & Hudson Railway has been an important part of New York's transportation history and the backbone of the transportation infrastructure from Binghamton to Plattsburgh. The purchase of the railroad from bankruptcy by Canadian Pacific has made it an important part of a seamless transcontinental system that provides Class 1 service to New York businesses and industry. Accordingly, the Board's choice of CP as the competitive carrier is to be commended.

In summary, I urge the Board to confirm Canadian Pacific Railway's right to serve this marketplace at competitive rates terms and condition, and to provide CPR with full-service rights to provide service on the East Hudson Line, including the right of access to all shippers on the line, the right to interchange with all carriers on the line, and the right to use all yards and facilities on the line.

Sincerely,

A handwritten signature in black ink, appearing to read 'Daniel J. Fessenden', with a large, sweeping flourish extending to the right.

**DANIEL J. FESSENDEN**  
Member of Assembly

DJF:lll



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

The Honorable William Magee  
State Assembly of New York  
Legislative Office Building, Room 919  
Albany, NY 12248

Dear Assemblyman Magee:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts to restore competitive rail service in this area and to reduce the region's dependency on motor carrier transportation.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

The Board has received petitions for reconsideration of Decision No. 109. Because the petitions are pending before the Board, it would be inappropriate for me to comment on the merits of the appeals.

I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

WILLIAM MAGEE  
Assemblyman 111th District

December 2, 1998

The Honorable Linda J. Morgan  
Chairman, Surface Transportation Board  
ATTN: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

COMMITTEES  
Aging  
Agriculture  
Banks  
Higher Education  
Local Governments

CHAIRMAN  
Subcommittee on Volunteer Firefighters

VICE CHAIR  
Joint Legislative Commission  
on Rural Resources

MEMBER  
Joint Legislative Commission  
on Dairy Industry Development

FILE IN DOCKET

Dec 7 3 58 PM '98

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

Re: Finance Docket No. 33388 (Sub-No. 69), 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

Dear Chairman Morgan:

I am writing in support of the efforts of New York State, New York City and Canadian  
Pacific Railway to bring competitive access to the East Hudson Line.

I applaud the efforts of the Board to restore competitive rail service for New York City,  
Long Island and the businesses of the Hudson Valley. The neglect of this corridor by  
Conrail contributed to the exodus of business and industry in this State over the past two  
decades. Now, with the State in the midst of an economic renaissance, the promise of  
competitive rail service is welcome news indeed.

As a State Legislator, I view this proceeding as an historic opportunity to ensure that  
competition will be restored on the east side of the Hudson and that New York City and  
Long Island will once again have the option of shipping by rail. Since the creation of  
Conrail the amount of freight moving into and out of New York City has dropped to an  
infinitesimal 3 percent. In contrast, other major cities usually move 30-40 percent by rail.  
This means the City's transportation infrastructure is being pounded and congested by a  
disproportionate amount of truck traffic. The restoration of competition will take tens of  
thousands of trucks off of New York's highways. It will provide shippers with  
alternative (and less costly) ways of moving goods; it will relieve congestion; it will  
preserve the fragile infrastructure, and it will reduce pollution. Moreover, it will do so in  
a way that also benefits the trucking industry since intermodal transportation of trailers  
on flatcars is economically superior to sitting in bumper to bumper traffic on the area's  
bridges, burning fuel and paying tolls.

For the communities of the Hudson Valley, restoration of competition will mean those  
businesses, such as ADM and Fort Orange Paper will be able to ship their products

seamlessly and economically by rail. For so many companies the availability and cost of transportation is an essential element in determining where they will locate their business.

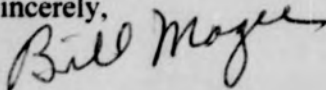
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Finally, the Delaware & Hudson Railway has been an important part of New York's transportation history and the backbone of the transportation infrastructure from Binghamton to Plattsburgh. The purchase of the railroad from bankruptcy by Canadian Pacific has made it an important part of a seamless transcontinental system that provides Class 1 service to New York businesses and industry. Accordingly, the Board's choice of CP as the competitive carrier is to be commended.

In summation, I urge the Board to confirm Canadian Pacific Railway's right to serve this marketplace at competitive rates, terms and conditions, and to provide CPR with full-service rights to provide service on the East Hudson Line, including the right of access to all shippers on the line, the right to interchange with all carriers on the line, and the right to use all yards and facilities on the line.

Thank you for your attention.

Sincerely,



Bill Magee  
111<sup>th</sup> Assembly District

BM:po





Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

**FILE IN DOCKET**

January 27, 1999

The Honorable Audrey G. Hochberg  
State Assembly of New York  
Legislative Office Building, Room 557  
Albany, NY 12248

Dear Assemblywoman Hochberg:

Thank you for your recent letter regarding the restoration of competitive rail service to points east of the Hudson. You support the Surface Transportation Board's (Board) efforts to restore competitive rail service in this area and to reduce the region's dependency on motor carrier transportation.

By decision served on December 18, 1998, in STB Finance Docket No. 33388 (Decision No. 109), the Board addressed various matters relating to Canadian Pacific Railway Company's trackage/haulage rights over Consolidated Rail Corporation's east-of-the-Hudson line between Albany and Fresh Pond, NY, including the method of compensation. Other matters relating to Housatonic Railroad Company and Providence & Worcester Railroad Company were also addressed.

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I appreciate your interest in this matter and am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



AUDREY G. HOCHBERG  
Assemblywoman 88th District

THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

COMMITTEES  
Consumer Affairs and Protection  
Local Government  
Energy  
Education  
Transportation  
Economic Development, Job  
Creation, Commerce and Industry  
CHAIR  
Subcommittee on Adult Education

MEMBER  
Regents Visiting Committee for the  
NYS Library

FILE IN DOCKET

December 10, 1998

The Honorable Linda J. Morgan  
Chairman, Surface Transportation Board  
ATTN: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street N.W.  
Washington, D.C. 20423-0001

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
DEC 10 5 14 PM '98  
OFFICE OF  
LINDA J. MORGAN

Re: Finance Docket No. 33388 (Sub-No. 69), 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

Dear Chairman Morgan:

My name is Audrey Hochberg. I am a New York State Assemblymember representing the 88<sup>th</sup> Assembly District in Westchester County. I am writing in support of the efforts of New York State, New York City and Canadian Pacific Railway to bring competitive access to the East Hudson Line.

I applaud the efforts of the Board to restore competitive rail service for New York City, Long Island and the businesses of the Hudson Valley. The neglect of this corridor by Conrail contributed to the exodus of business and industry in this State over the past two decades. Now with the State in the midst of an economic renaissance, the promise of competitive rail service is welcome news.

As a State Legislator, I view this proceeding as an historic opportunity to ensure that competition will be restored on the east side of the Hudson River and that New York City and Long Island will once again have the option of shipping by rail. Since the creation of Conrail, the amount of freight moving into and out of New York City has dropped to an infinitesimal 3 percent. In contrast, other cities usually move 30 to 40 percent by rail. This means that the City's transportation infrastructure is being pounded and congested by a disproportionate amount of truck traffic. The restoration of competition will take tens of thousands of trucks off of New York's highways. It will provide shippers with alternative and less costly ways of moving goods; it will relieve

congestion; it will preserve the fragile infrastructure, and it will reduce pollution. Moreover, it will do so in a way that also benefits the trucking industry since intermodal transportation of trailers on flatcars is economically superior to sitting in bumper-to-bumper traffic on the area's bridges, burning fuel and paying tolls.

For the communities of the Hudson Valley, restoration of competition will mean that businesses, such as ADM and Fort Orange Paper will be able to ship their products seamlessly and economically by rail. For so many companies the availability and cost of transportation is an essential element in determining where they will locate their business.

For Long Island, the restoration of viable rail options will go a long way toward ensuring the viability of the New York and Atlantic (NY&A), Long Island's freight railroad. The ability to exchange with two competing carriers at Fresh Pond dramatically reduces costs for the NY&A and ensures that it cannot be held hostage to the monopoly of freight rail from Long Island and the New York Metropolitan area.

Finally, the Delaware & Hudson Railway has been an important part of New York's transportation history and the backbone of the transportation infrastructure from Binghamton to Plattsburgh. The purchase of the railroad from bankruptcy by Canadian Pacific has made it an important part of a seamless transcontinental system that provides Class 1 service to New York businesses and industry. Accordingly, the Board's choice of CP as the competitive carrier is to be commended.

In sum, I urge the Board to confirm Canadian Pacific Railway's right to serve this marketplace at competitive rates terms and conditions, and to provide CPR with full service rights to provide service on the East Hudson Line, including the right of access to all shippers on the line, the right to interchange with all carriers on the line and the right to use all yards and facilities on the line.

Sincerely,

*Audrey G. Hochberg*

Audrey G. Hochberg  
Member of Assembly

AGH/jaf

**FAX TRANSMITTAL SHEET**  
**ALBANY OFFICE**

Assemblywoman Audrey G. Hochberg  
Legislative Office Building  
Room 557  
Albany, New York 12248  
(518) 455-5585 Office  
(518) 455-5409 FAX Number

DISTRICT OFFICE:  
720 White Plains Road  
Scarsdale, New York 10583  
(914) 723-1115 Office  
(914) 723-2665 FAX Number



\*\*\*\*\*

DATE: December 10, 1998

TO: Hon. Linda J. Morgan

OF: STB

FAX NUMBER: (202) 565-9004

FROM: Hon. Assemblywoman Audrey Hochberg

MESSAGE: Letter of support regarding rail competition

in New York State. Thank you for considering

this.

Total number of pages including cover sheet: 3

**PLEASE CALL IF YOU DO NOT RECEIVE ALL OF THE PAGES**



STB FD 33388 (Sub 69) 1-26-99 J MOCH



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

FILE IN DOCKET

January 26, 1999

The Honorable Bob Wise  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Congressman Wise:

Thank you for your most recent letter regarding the acquisition of Conrail by CSX and Norfolk Southern. In particular, you express concern over the failure to date of CSX and the Wheeling and Lake Erie Railway (WLE) to negotiate local service by WLE over CSX's line between Benwood and Brooklyn Junction, West Virginia, pursuant to a condition imposed by the Surface Transportation Board (Board) in approving the transaction.

As you know, the Board has required the applicants as part of that condition to negotiate with WLE concerning mutually beneficial arrangements, including service by WLE over the Benwood-Brooklyn Junction line. While denying additional relief sought by WLE in our decision served December 9, 1998, the Board has asked the parties to continue good faith negotiations in a manner consistent with the Board's findings in its decision approving the Conrail acquisition transaction. Consistent with that request, I am forwarding your letter to Mr. John Snow, Chairman, President and Chief Executive Officer of CSX Corporation, and I am asking Mr. Snow to respond directly to you regarding the status of negotiations with WLE over access to the Benwood-Brooklyn Junction line. I have asked him to provide me with a copy of any written response to you.

I appreciate your continued interest in this matter, and I assure you that the Board remains committed to full compliance with the conditions imposed by the Board in approving the Conrail acquisition transaction. I will have your letter and my response made a part of the public docket for that proceeding.

Sincerely,

*Linda J. Morgan*

Linda J. Morgan

BOB WISE

26 DISTRICT, WEST VIRGINIA

COMMITTEES:

COMMITTEE ON TRANSPORTATION  
& INFRASTRUCTURE

COMMITTEE ON GOVERNMENT REFORM  
& OVERSIGHT

web address: <http://www.house.gov/wise/>

e mail address: [bobwise@mail.house.gov](mailto:bobwise@mail.house.gov)

# Congress of the United States

House of Representatives

Washington, DC 20515

January 4, 1999

The Honorable Linda J. Morgan  
Surface Transportation Board  
1925 K Street, NW  
Washington, D.C. 20423

Dear Chairman Morgan:

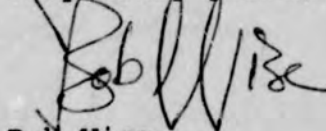
I last wrote the Board on June 18th concerning ambiguities in protective conditions granted to the Wheeling and Lake Erie Railway and in particular to the condition relating to its local service rights between Benwood and Brooklyn Junction, West Virginia.

Since the issuance of the merger decision, CSX has taken the position that the Benwood to Brooklyn Junction local service condition is not beneficial to CSX, although of great importance to the W & LE and local shippers, and CSX has not negotiated the terms and conditions of local service. In December, the Board refused to expand the Wheeling and Lake Erie Railway's service area and directed them to continue negotiating with CSX and Norfolk Southern.

I would like to restate my belief that this protective condition is an important part of the merger to West Virginia since it would finally bring competitive service to the shippers on this line. Proper clarification of this condition and other W & LE protective conditions would allow the W & LE to remain a viable regional railroad capable of serving its shippers in the future.

I appreciate the Board's work on this matter and look forward to a resolution of these issues.

Very truly yours,



Bob Wise  
Member of Congress

BW:dah

WASHINGTON OFFICE:

2367 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515

(202) 225-2711

FAX: (202) 225-7856

DISTRICT OFFICES:

4710 CHIMNEY DRIVE

CHARLESTON, WV 25302

(304) 965-0865

FAX: (304) 965-0872

222 WILSON STREET

MARTINSBURG, WV 25401

(304) 368-8810

FAX: (304) 264-8815

FILE IN DOCKET

OFFICE OF  
CHAIRMAN MORGAN

JAN 12 12 26 PM '99

RECEIVED  
SURFACE TRANSPORTATION  
BOARD



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

FILE IN DOCKET

JN-33388

January 26, 1999

Mr. John W. Snow  
Chairman, President and  
Chief Executive Officer  
CSX Corporation  
One James Center  
P.O. Box 85629  
Richmond, VA 23285-5629

Dear Mr. Snow:

Enclosed is a letter from Congressman Bob Wise. He expresses concern over the failure to date of CSX and the Wheeling and Lake Erie (WLE) to negotiate local service by WLE over CSX's line between Benwood and Brooklyn Junction, West Virginia, pursuant to a condition imposed by the Surface Transportation Board (Board) in approving the transaction.

As you know, the Board has required the applicants as part of that condition to negotiate with WLE concerning mutually beneficial arrangements, including service by WLE over the Benwood-Brooklyn Junction line. While denying additional relief sought by WLE in our decision served December 9, 1998, the Board has asked the parties to continue good faith negotiations in a manner consistent with the Board's findings in its decision approving the Conrail acquisition transaction. Consistent with that request, I am asking that you respond directly to Congressman Wise regarding the status of negotiations with WLE over access to the Benwood-Brooklyn Junction line, and I have written to him informing him of my request. I would appreciate a copy of any written response you provide to Congressman Wise.

Thank you for your cooperation and prompt attention to this matter. I will have this letter and your response made a part of the public docket in the Conrail acquisition proceeding.

Sincerely,

*Linda J. Morgan*

Linda J. Morgan

Enclosure



STB FD 33388 (Sub 69) 12-14-98 J MOCH

GERALD B. SOLOMON

MEMBER OF CONGRESS  
22D DISTRICT, NEW YORK

ROOM 2206 RAYBURN BUILDING  
WASHINGTON, DC 20515-3222  
(202) 225-5614

MEMBER  
HOUSE TASK FORCE ON AMERICAN  
PRISONERS OF WAR AND  
MISSING IN SOUTHEAST ASIA

RULES COMMITTEE  
CHAIRMAN

MEMBER  
HOUSE TASK FORCE ON  
CHILD CARE, DRUGS,  
EDUCATION AND THE ELDERLY

# Congress of the United States

House of Representatives

Washington, DC 20515-3222

FILE IN DOCKET

December 10, 1998

The Honorable Linda J. Morgan  
Chairman, Surface Transportation Board  
ATTN: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
Dec 14 2 03 PM '98  
OFFICE OF  
CHAIRMAN MORGAN

Re: Finance Docket No. 33388 (Sub-No.69), 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

Dear Chairman Morgan:

I am writing in support of the Surface Transportation Board (STB) granting Canadian Pacific Railway (CP) full service rights east of the Hudson River as requested by New York State and the New York City Economic Development Corporation

In approving the acquisition of Conrail by Norfolk Southern and CSX on July 23, 1998, the STB imposed a requirement that CSX negotiate an agreement with CP to provide CO access over CSX's newly-acquired line east of the Hudson River from Fresh Pond in Queens to Selkirk near Albany. In doing so, the STB stated that "we...strongly believe that we must forcefully use this opportunity to restore a modicum of the competition that was lost in the financial crisis that led to the formation of Conrail." The STB required that CP's rights not be limited to certain commodities or geographic areas. The STB further stated that if CSX and CP could not reach agreement, the Board would "initiate a proceeding to determine just how the needs of the New York parties are to be addressed." I am disappointed that CSX and CP were unable to reach an agreement but am pleased that the Board is moving expeditiously to resolve this important issue.

In order to achieve the State and City's objective of enhancing competition east of the Hudson River, I urge the Board to impose full-service rights as requested by CP in its November 30, 1998 submission to the Board. Such full service rights include the right of access to all current and future shippers on CSX's east of the Hudson River line; the right to interchange with all rail carriers on that line; and the right to use all rail yards and facilities on the line.

DISTRICT OFFICES

GASLIGHT SQUARE  
SARATOGA SPRINGS, NY 12866  
518-587-9800

RENSSELAER COUNTY  
518-477-2703

P.O. Box 71  
RHINEBECK, NY 12572  
914-876-2200

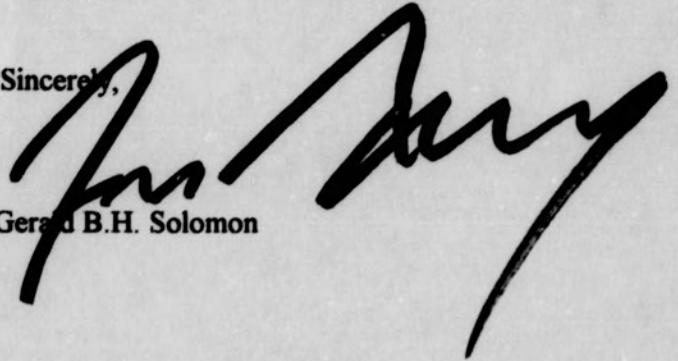
21 NORTH SEVENTH STREET  
HUDSON, NY 12534  
518-828-0181

21 BAY STREET  
GLENS FALLS, NY 12801  
518-792-3031

I appreciate having this opportunity to express my views and request that the STB promptly grant the rights sought by CP.

Sincerely,

Gerald B.H. Solomon

A large, stylized handwritten signature in black ink, appearing to read "Gerald B.H. Solomon", written over the printed name.

STB FD 33388 (Sub 69) 12-11-98 J BUSINESS



# INTERNATIONAL PAPER

INTERNATIONAL PLACE I  
6400 POPLAR AVENUE  
MEMPHIS TN 38197  
PHONE 901 763 6000

December 10, 1998

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
Room 711  
1925 K Street, N.W.  
Washington, DC 20423-0001



Re: Finance Docket No. 33388 (Sub-No. 69), 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

Dear Secretary Williams:

The International Paper Company 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. Its manufacturing facilities in the United States produce paper and paper products, including wood-pulp, pulpboard, wrapping and printing papers, converted products, including corrugated boxes, folding cartons, and milk cartons, and wood products, including lumber, plywood, decorative panels and other special products to serve the building trades, as well as chemical products.

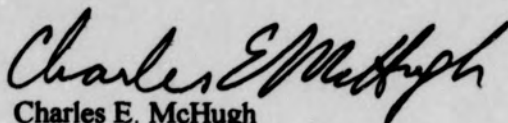
International Paper Company moves these products throughout the United States and North America utilizing the services of a number of transportation vendors. In particular, and as relevant here, International Paper Company is heavily dependent upon the nation's diminishing number of railroads to satisfy both its inbound and outbound transportation needs. Accordingly, International Paper Company has been directly affected by the post-1980 trends that have resulted in both a heavy concentration in the rail industry, as well as the ever-diminishing nature of intramodal rail competition, and the concomitant deterioration in rail service quality.

Today International Paper Company competes in selling our product in the New York City market. Because of the shorthaul nature of the movements from our Corinth and Ticonderoga mills north of Albany, New York which were not of interest to Conrail and the stiff competition from other producers who had competitive choices in reaching the New York City market, we were at a disadvantage in serving the marketplace via rail. The rail rates paid by International Paper Company exceeded the rates of my competitors which enjoy single-line service from origin

to destination. As the result of Canadian Pacific Railway's current inability to serve the New York City market directly, International Paper Company suffers from a chronic competitive disadvantage in servicing one of the largest markets in the world via rail.

It is for this reason that International Paper Company has supported Canadian Pacific Railway, New York State and New York City in their attempt to bring competitive access to the East Hudson line. This access will allow Canadian Pacific to compete head-to-head with CSXT for traffic into and out of the New York City marketplace and will allow International Paper Company to enjoy competitive rail rates resulting from single-line service from Canadian Pacific Railway. We urge the Board to confirm Canadian Pacific Railway's right to serve the marketplace at competitive rates, terms and conditions.

I, Charles E. McHugh, state under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified to file this statement on behalf of the International Paper Company, executed on December 10, 1998.

A handwritten signature in cursive script, reading "Charles E. McHugh". The signature is written in dark ink and is positioned above the printed name and title.

Charles E. McHugh  
Manager, U.S. Distribution Operations