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THOMPSON
HINE & FLORY LLP

Attorneys at Law

October 21, 1997



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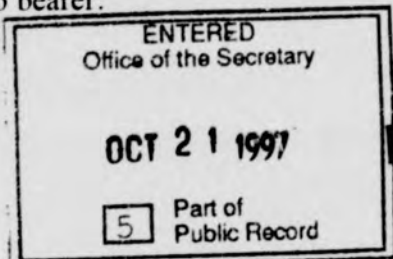
Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

Re: Finance Docket No. 33388 (Sub. No. 72)
CSX Corporation and CSX Transportation, Inc., Norfolk Southern
Corporation and Norfolk Southern Railway Co. — Control and Operating
Leases/Agreements — Conrail, Inc. and Consolidated Rail Corporation

Dear Secretary Williams:

Pursuant to the requirements of Decision No. 12 in STB Finance Docket No. 33388 there are enclosed for filing an original and twenty-five (25) copies of the Joint Responsive Application on Behalf of the Belvidere & Delaware River Railway and the Black River & Western Railroad. As required by 49 C.F.R. §1180.6(a)(6) there are also enclosed 20 unbound copies of the map exhibit to the Application (Exhibit 3). Finally, as required by 49 C.F.R. §1002.2(f)(41)(v) there is enclosed a check in the amount of \$4,700.00 in payment of the prescribed filing fee.

Please acknowledge receipt by date-stamping the extra copy of this letter and returning it to bearer.



Very truly yours,

Peter A. Greene

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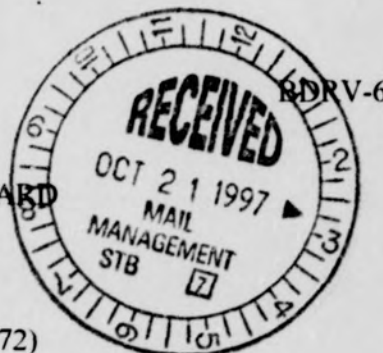
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cc: Mr. Kean Burenga
Mr. Michael J. Klass

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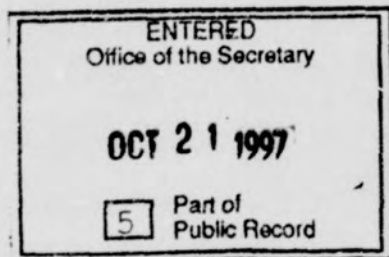
BEFORE THE
SURFACE TRANSPORTATION BOARD



Finance Docket No. 33388 (Sub No. 72)

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

**JOINT RESPONSIVE APPLICATION
FOR TRACKAGE RIGHTS
ON BEHALF OF
THE BELVIDERE & DELAWARE RIVER RAILWAY
AND THE
BLACK RIVER & WESTERN RAILROAD**



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**SURFACE
TRANSPORTATION BOARD**

**BELVIDERE & DELAWARE RIVER RAILWAY
BLACK RIVER & WESTERN RAILROAD**

Peter A. Greene
David H. Baker
THOMPSON HINE & FLORY LLP
1920 N Street, N.W., Suite 800
Washington, D.C. 20036

Dated: October 21, 1997

Their Attorneys

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388 (Sub No. 72)

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

**JOINT RESPONSIVE APPLICATION
FOR TRackage RIGHTS
ON BEHALF OF
THE BELVIDERE & DELAWARE RIVER RAILWAY
AND THE
BLACK RIVER & WESTERN RAILROAD**

Applicants, the Belvidere & Delaware River Railway ("BDRV") and the Black River & Western Railroad ("BRW") submit this Joint Responsive Application for Trackage Rights pursuant to 49 C.F.R. §1180.4(d)(4) and the procedural schedule specified in Decision No. 6, served May 30, 1997.

I. DESCRIPTION OF THE PROPOSED TRANSACTION

A. Summary Of Proposed Transaction

As a condition to any approval of the transaction contemplated by the primary application (the "Primary Transaction"), BDRV and BRW request the following:

1. removal of the restriction on the Canadian Pacific Railway's ("CP") Delaware and Hudson Railway ("D&H") that prevents interchange between D&H and BDRV at Phillipsburg and between D&H and BRW at Three Bridges, respectively, where D&H operates over CR on trackage rights.
2. grant of trackage rights to BDRV over the NS between the BDRV connection at Phillipsburg, New Jersey with the line to be acquired by NS and Manville, New Jersey, where the lines of NS and CSXT connect, or some other operationally feasible point at which the lines of NS and CSXT connect.
3. grant of trackage rights to BRW over the NS between the BRW connection at Three Bridges, New Jersey with the line to be acquired by NS and Manville, New Jersey, where the lines of NS and CSXT connect, or some other operationally feasible point at which the lines of NS and CSXT connect.
4. grant of trackage rights to BDRV and BRW over the NS on the line to be acquired by NS between the BDRV-NS connection at Phillipsburg, New Jersey and the BRW-NS connection at Three Bridges, New Jersey.

B. Names And Addresses Of Applicants

Belvidere & Delaware River Railway
P.O. Box 22
Ringoos, New Jersey 08551

Black River & Western Railroad
P.O. Box 200
Ringoos, New Jersey 08551

C. Names And Addresses Of Applicants' Representative

Peter A. Greene
David H. Baker
Thompson Hine & Flory LLP
1920 N Street, N.W., Suite 800
Washington, D.C. 20036

D. Proposed Time Schedule For Consummation

Applicants anticipate consummation of the proposed transaction as soon as possible following administratively final approval of the Primary Transaction.

E. Purpose Of The Proposed Transaction

The purpose of the proposed transaction is to ameliorate the anticompetitive impact that the Board's unconditional approval of the Primary Transaction would have on applicants and thereby allow applicants to maintain their financial viability.

F. Securities

No new securities or other financial arrangements are involved in the proposed transaction.

II. PUBLIC INTEREST JUSTIFICATION

A. The Effect Of The Proposed Transaction On Competition

The transaction proposed in this joint application is necessary to maintain BDRV and BRW in essentially the same competitive relationships that they currently have with other short lines with whom they compete for traffic.

The Primary Transaction is unique among recent rail mergers. Typically, the Board (and its predecessor) has had to concern itself primarily with the impact on shippers who found themselves having their service reduced from two trunk line carriers to one. The Primary

Transaction will have that effect in a few markets such as, for example, Indianapolis, where CR and NS compete. However, it will also have a significant impact on shippers and the short line carriers who serve them who heretofore have been served by a single carrier, CR, and will continue to be served by a single carrier, either NS or CSXT. Although superficially one could conclude that such shippers and short lines will be in the same position after consummation of the Primary Transaction as they were before, that conclusion would be wrong for at least three reasons.

First, CR has served as a neutral connection with both NS and CSXT. Both NS and CSXT have had an economic incentive to interchange traffic to or from such industries and short lines with CR on a competitive basis because that has been the only way that they could participate in the relevant market. Now, however, CSXT will have no financial incentive to interchange traffic with NS and vice versa; rather each will have a strong incentive to favor industries on the CR lines that it acquires to the disadvantage of industries on the CR lines acquired by its rival. Therefore, BDRV and BRW, both of which are located on lines to be acquired by NS, will no longer have access to traffic originating or terminating on CSXT on a competitive basis unless they are granted the very limited trackage right that they are requesting in this application. As is explained in the accompanying Verified Statement of Mr. Klass which is attached as Exhibit 1, such traffic, both existing and potential, is of considerable importance to BDRV and BRW. Thus, the trackage rights sought in this application are necessary simply to allow BDRV and BRW to maintain their present competitive position.

An equally important reason to grant the trackage rights sought in this application is the fact that BDRV and BRW and the industries located on their lines must continue to compete with industries and short lines located within the Shared Assets Areas ("SA Areas") to be created in close

geographical proximity by the Primary Transaction. Industries within the SA Areas will have multiple trunk line connections whereas the Primary Transaction provides for BDRV and BRW to have only a single trunk line connection. This would place BDRV and BRW at a very serious anti-competitive disadvantage that does not exist today. BDRV and BRW cannot compete for industries with other short lines in New Jersey who will have multiple trunk line connections by virtue of the inclusion in a SA Area. In order to ameliorate this anti-competitive consequence of the Primary Transaction, the Board must grant the very limited trackage rights sought by BDRV and BRW and remove the anti-competitive restriction on D&H which currently prohibits BDRV and BRW from interchanging traffic with D&H. Such trackage rights and restriction removal will do no more than enable BDRV and BRW to compete on a level playing field with short lines located within an adjacent SA Area.

Finally, short lines to the immediate west and north of BDRV and BRW can interchange traffic with the D&H because they are not subject to the same interchange restriction as BDRV and BRW.

B. Financial Consideration Involved In The Proposed Transaction

It is anticipated that BDRV and BRW will pay reasonable trackage rights charges negotiated with NS or, if it should become necessary, set by the Board. Applicants have not identified any economies in operations, increase in traffic revenues, earnings available for fixed charges or net earnings that would result from the proposed transaction.

C. Fixed Charges

The proposed transaction will not result in any increase in fixed charges.

D. Effect Of The Proposed Transaction On Adequacy Of Transportation Service

The transactions contemplated by this application will allow industries located on BDRV and BRW to maintain competitive parity with industries located within SA Areas in close proximity with whom they compete. In this way, industries on BDRV and BRW will continue to have adequate transportation service in terms of competitive balance.

E. Effect On Applicants' Employees

The proposed transaction will have no negative effect on applicants' employees. To the contrary, it will significantly enhance their job security by allowing applicants to remain competitive and economically viable in the new market environment that will result from the transaction contemplated by the primary application.

III. OPINION OF COUNSEL

An opinion of counsel for applicants is attached as Exhibit 2.

IV. STATES IN WHICH PROPERTY IS LOCATED

All of applicants' property is located in New Jersey.

V. MAP EXHIBIT

Attached as Exhibit 3 is a color-coded map depicting the lines of BDRV and the BRW and the trackage rights sought by BDRV and BRW.

VI. EXPLANATION OF THE TRANSACTION

A. Nature Of Transaction

BDRV seeks overhead trackage rights over certain of the lines to be acquired by NS in the primary application from Phillipsburg, New Jersey to Manville, New Jersey, a distance of 40 miles or some other operationally feasible point at which BDRV and CSXT can interchange traffic. BRW seeks overhead trackage rights on the CR lines to be acquired by NS between Three Bridges

and Manville, New Jersey, a distance of 13 miles, or some other operationally feasible point at which BRW and CSXT can interchange traffic. BDRV and BRW also seek removal of the restriction on the trackage rights pursuant to which D&H currently provides service on CR lines to be acquired by NS to the extent necessary to enable BDRV and BRW to interchange traffic with D&H. Applicants also seek overhead trackage rights over the line to be acquired by NS between Phillipsburg and Three Bridges, New Jersey, a distance of 29 miles, in order to enable BDRV and BRW to move equipment between their respective lines.

B. Contracts

Neither BDRV nor BRW has a contract or written agreement with NS concerning the trackage rights that they are seeking in this joint application.

C. Property Included In Transaction

The proposed transaction does not include any of the property of applicants. It includes only the very limited portions of the CR lines to be acquired by NS over which applicants seek trackage rights.

D. Principal Routes And Terminals

The routes and interchange points involved in the proposed transaction are described in VI.A. above.

E. Governmental Financial Assistance

No governmental financial assistance is involved in the proposed transaction.

F. As required by Decision No. 6 served May 30, 1997, applicants have previously submitted verified statements demonstrating that the proposed transaction will have no adverse environmental impact. See, BDRV-4 and BDRV-5.

Respectfully submitted,

BELVIDERE & DELAWARE RIVER RAILWAY
BLACK RIVER & WESTERN RAILROAD

By: 

Peter A. Greene
David H. Baker
Thompson Hine & Flory LLP
1920 N Street, N.W., Suite 800
Washington, D.C. 20036

Dated: October 21, 1997

Its Attorneys

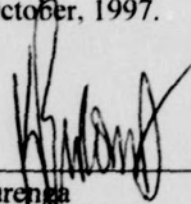
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VERIFICATION

My name is Kean Burenga and I am President of the Belvidere & Delaware River Railway ("BDRV") and General Manager of the Black River & Western Railroad ("BRW"). I have read the foregoing Joint Responsive Application for Trackage Rights on behalf of BDRV and BRW ("Joint Application") and its factual assertions are true and correct, to the best of my knowledge and belief. I am fully qualified and authorized to submit the Joint Application on behalf of BDRV and BRW.

The foregoing declaration is made under penalty of perjury under the laws of the United States.

Dated at Ringoes, New Jersey on this 17th day of October, 1997.



Kean Burenga

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388 (Sub No. 72)

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

**VERIFIED STATEMENT
ON BEHALF OF
THE BELVIDERE & DELAWARE RIVER RAILWAY
AND THE
BLACK RIVER & WESTERN RAILROAD**

My name is Michael J. Klass. I am the President of Shortline Services. My business address is 3113 Van Aken Boulevard, Cleveland, Ohio 44120. I have been involved in the transportation field for the past 20 years. I am a graduate of Case Western Reserve University, with a degree in Public Administration. I am responsible for marketing and sales activities on behalf of Shortline Services' clients.

Shortline Services has been in business for 11 years and acts as the marketing and sales department for eight Class III railroads in the northeastern United States and Canada. These railroads include the Belvidere & Delaware River Railway ("BDRV") and the Black River &

Western Railroad ("BRW"). In this capacity, I am familiar with the existing traffic and business potential of these two railroads and the competitive environment in which they operate. I am authorized to submit this statement on behalf of BDRV and BRW.

The BDRV assumed operation of the Delaware Secondary branch of Consolidated Rail Corporation ("CR") in November 1965, as one of CR's first feeder line railroads. BDRV carries forest products and aggregates for four customers.

The BRW began operating steam passenger excursions between Flemington and Ringoes, New Jersey in 1965 on track leased from the Pennsylvania Railroad. Following the Penn-Central merger, BRW purchased the line from Flemington, through Ringoes, to Lambertville, and assumed freight service on the line. Upon the creation of CR in 1976, BRW took over freight operations on two miles of track in Lambertville, and four miles of track between Flemington and Three Bridges, New Jersey. BRW now serves six freight customers and handles 60,000 passengers per year.

The acquisition of CR by CSX Transportation, Inc. ("CSXT") and Norfolk Southern Railway Company ("NS") represents a fundamental restructuring of the railroad system in the eastern U.S. Overall, I view this as a positive development for the railroad industry, transportation users and the general public. In addition to generating efficiencies through consolidation, the acquisition will also redress serious competitive problems that have existed in the region since the creation of CR in 1976.

However, for BDRV and BRW, the proposed acquisition will continue to restrict competition and will actually place them at a serious competitive disadvantage that does not now exist, and potentially divert traffic away from them. As BDRV and BRW are very small Class III railroads, these impairments pose a serious threat to their long term existence.

Attached to this statement, as Appendices 1 and 2 are charts showing the recent freight traffic history of BDRV and BRW, respectively. Appendices 3 & 4 contain analysis of the impact of the proposed acquisition on current traffic of BDRV and BRW, respectively.

Under the proposed acquisition, BDRV and BRW will connect only with NS (as a replacement for CR). BDRV, BRW and one other shortline in New Jersey, will be the only shortlines in the state with just one Class I connection. All of the other New Jersey shortlines are in one of the Shared Assets Areas that will be served by the neutral railroad to be owned jointly by CSXT and NS. The North Jersey Shared Assets Area extends to Manville New Jersey, within 13 miles of BRW's interchange at Three Bridges, and within 40 miles of BDRV's interchange at Phillipsburg. In addition, shortline railroads immediately to the west and north of BDRV and BRW will enjoy two carrier access to Canadian Pacific Railway ("CP") and NS. South, southeast and west, the territory immediately adjacent to BDRV and BRW will be served by CSXT and connecting shortlines.

In effect, BDRV and BRW will be in a noncompetitive hole in the center of a competitive doughnut. The map attached to the Joint Application as Exhibit 3 clearly shows BDRV's and BRW's position after the proposed acquisition. Given the huge cost of this transaction to CSX and NS, and the pressure on CP to generate traffic to survive, we expect all three railroads to aggressively pursue new business through rail-highway transfer and distribution facilities when a friendly connection for direct rail service does not exist.

This competitive doughnut affects BDRV and BRW in two ways:

1. It poses a serious threat of diversion of existing business to rail-truck reload and distribution facilities; and,

2. It impedes the ability of BDRV and BRW to compete for new business against surrounding territory in which shippers will enjoy multiple trunk line connections.

This hole can be eliminated by two minor conditions which BDRV and BRW are requesting:

1. Trackage rights to Manville, New Jersey in order to interchange with CSXT; and
2. Removal of the restriction on CP that prevents interchange with BDRV at Phillipsburg, New Jersey and with BRW at Three Bridges, New Jersey. CP presently has trackage rights through these locations on a CR line to be acquired by NS, but is prohibited from interchanging with BDRV or BRW.

The primary transaction has major implications for BDRV's and BRW's existing traffic. Seventy-one percent of BRW's freight traffic consists of plastic resins. While the economics of moving this commodity by rail is very good, CSXT has been very aggressive in extending its market reach through rail-truck bulk transfer terminals. CSXT proposes as part of the primary transaction to create a large bulk transfer facility in Philadelphia. BRW's plastic customers will be a target for this facility. By granting BRW trackage rights to interchange with CSXT, this threat will be removed. In addition, CP's access to Canadian plastic suppliers will enhance source competition and support the North American Free Trade Agreement ("NAFTA").

Approximately 19% of BRW's traffic and 98% of BDRV's traffic is forest products, i.e., paper, lumber and wood panel products. Approximately, 40% of these materials received by BDRV originate at stations served by CP. It is foolish to continue the artificial restriction on BDRV interchange with CP and maintain the avoidable inefficiencies in service and cost that result from a three carrier route for this traffic. If NS, the post-acquisition connection of both BDRV and BRW, attempts to price traffic in favor of NS pulp and paper originations, CP could retain this business

through reload facilities in Bethlehem, PA on the Philadelphia, Bethlehem and New England Railroad ("PBNE"), thereby diverting the traffic from BDRV. That routing would be far less environmentally desirable than an all rail CP-BDRV routing.

Existing BDRV and BRW lumber traffic from western Canada, the western US and the southwestern US is also subject to diversion to reload centers on CP at Bethlehem and on CSXT at Philadelphia. In addition, lumber receivers located in the Shared Assets Areas and on shortlines with more than one Class I connection will have a competitive price advantage vis-a-vis BDRV and BRW customers.

Almost 10% of BDRV's business originates or terminates at: (i) stations served by CSXT; (ii) CR stations that will become CSXT stations; or (iii) at stations served by both CSXT and NS. BDRV has not received any assurance from NS that existing CR rates, or joint CR-CSXT rates will be maintained after the acquisition. In order to minimize post merger confusion and disruption, BDRV requests that, as a condition to approval of the primary transaction, NS and CSXT be required to maintain existing CR rates for at least one year, or until scheduled expiration (whichever is longer). This will give BDRV customers, and their suppliers or customers, time to develop alternatives, if necessary.

Propane traffic on BRW accounts for 7 to 14% of BRW's total traffic (depending largely on weather conditions). This traffic usually originates at CN stations that are also accessed by CSXT. CSXT interchange to BRW via the very limited trackage rights sought by BRW will help keep this customer competitive in the regional market.

While new business potential may not be considered appropriate rationale for requesting conditions under normal circumstances, the opportunities that BDRV and BRW could develop if the

requested conditions are granted would help offset some of the losses that will occur as a result of the primary transaction.

There is significant potential for rail traffic growth in southern US and eastern Canadian lumber. In the CR era, these products have been difficult to move by rail into the New Jersey market because of the number of railroads involved in a relatively shorthaul move, and the small amount of revenue available to CR. CP reloads at Bethlehem and Scranton, CSXT reloads at Philadelphia, and NS reloads in Virginia have been used by these carriers to gain access to the market. While direct access to NS will partially open access to southern lumber, interchange with CP and CSXT will give BDRV and BRW the opportunity to successfully attract southern US and eastern Canadian traffic that their customers now receive by direct truck or through reloads.

BDRV has been working to reactivate rail business with an aggregates customer. A significant piece of potential business is lightweight aggregates that originate on CP or at a location on CR that will be acquired by CSXT. Both locations are within 200 miles of BDRV's customer. Without a direct connection to these railroads, however, it is unlikely that this traffic can be developed.

BRW has been working for some time with a juice packager to move concentrate from CSXT points in Florida. A CSXT/NS/BRW route will prevent this traffic from moving by rail because of transit time considerations and pricing issues. However, the trackage rights sought by BRW would enable BRW to establish a competitive CSXT/BRW route.

Unless the limited trackage rights and restrictions removal that are being requested in their joint applications are granted, BDRV and BRW will be significantly harmed by the proposed acquisition because they each will have only one trunk line connection while immediately adjacent

competing industrial development locations will have at least two connections. BDRV and BRW are located in an excellent area for distribution of products into the New York/New Jersey and Philadelphia markets. However, any rail-oriented company that is looking for a site will prefer to locate where competitive rail access exists. Without multiple trunk line access, BDRV and BRW will not be in a position to attract new customers.

How are BDRV and BRW harmed when they only connect with CR now? Because all of the other shortline railroads in New Jersey and in the Philadelphia area, as well as most of the Class I service area is only accessible via CR. Everyone is currently at the same level of competitiveness. After the acquisition of CR, only BDRV, BRW and one other shortline in New Jersey will be less competitive than most of the surrounding territory.

Two additional points need to be made concerning BDRV's and BRW's request for conditions.

First, CP's Delaware & Hudson Railway subsidiary ("D&H") appears to face considerable harm because of the acquisition of CR. The restrictions placed on the D&H when it was given the role as a limited competitor to CR effectively prevented the D&H from seriously competing. BDRV's and BRW's request to have these restrictions lifted so that they can interchange with CP will significantly alleviate the harm caused to BDRV and BRW by the acquisition. However, unless CP is granted the conditions that it has requested under this proceeding, CP will not be in a position to implement interchange with BDRV and BRW. Our potential business with CP, by itself, is not sufficient to keep CP in the marketplace. Therefore, we urge the Board to grant CP the conditions that it requests. These conditions will not significantly harm CSXT or NS, or inhibit their ability

to make the acquisition of CR a success. However, they will help to offset the inevitable anti-competitive impact of elimination of CR as a neutral connection for NS and CSXT.

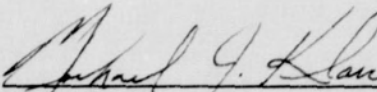
Second, if the present trend of railroad consolidation continues, the next step will be pairing of the eastern and western railroads. One unfortunate effect of the acquisition of CR by CSXT and NS is that rail competition between the south and north will be reduced to the extent that CR is no longer a neutral terminating carrier for traffic to or from the south where NS and CSXT compete. I have listed some of the consequences of this in my statement and the appendices.

If the eastern and western railroads merge, the impact of this route consolidation will be greatly magnified. Traffic to an eastern destination will be captive to the Class I railroad serving that point or connecting to a shortline. Aside from the pricing and service monopoly this implies, there is the potential for the type of disruption currently being experienced on the Union Pacific on a larger scale. Given the small size of BDRV and BRW, and their dependence on western and southwestern traffic, this type of disruption could critically harm them. While such a merger and the potential service problems are speculative, they are real possibilities. Given the complexity of the CR acquisition by CSXT and NS, potential service disruptions are also possible as a consequence of the primary transaction. The conditions requested by BDRV and BRW will enable them to explore and implement options to protect themselves from these harmful consequences.

In summary, I encourage the Board to approve the acquisition of CR by CSXT and NS subject to the conditions requested by BDRV, BRW and CP.

VERIFICATION

I, Michael J. Klass, declare under penalty of perjury, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on October 16, 1997.

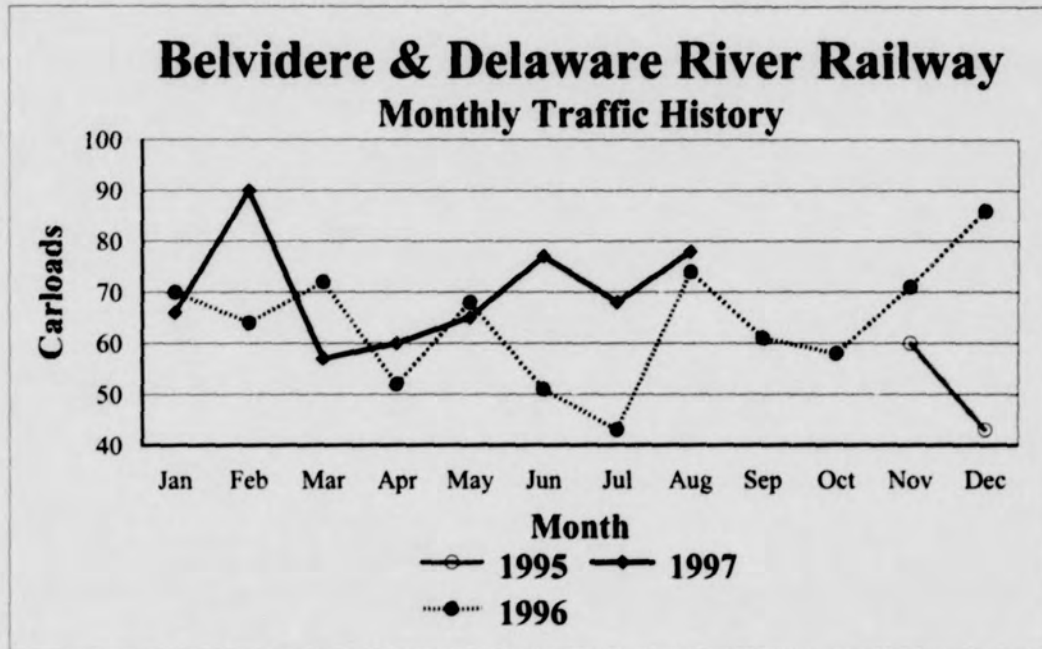


Michael J. Klass

Belvidere & Delaware River Railway

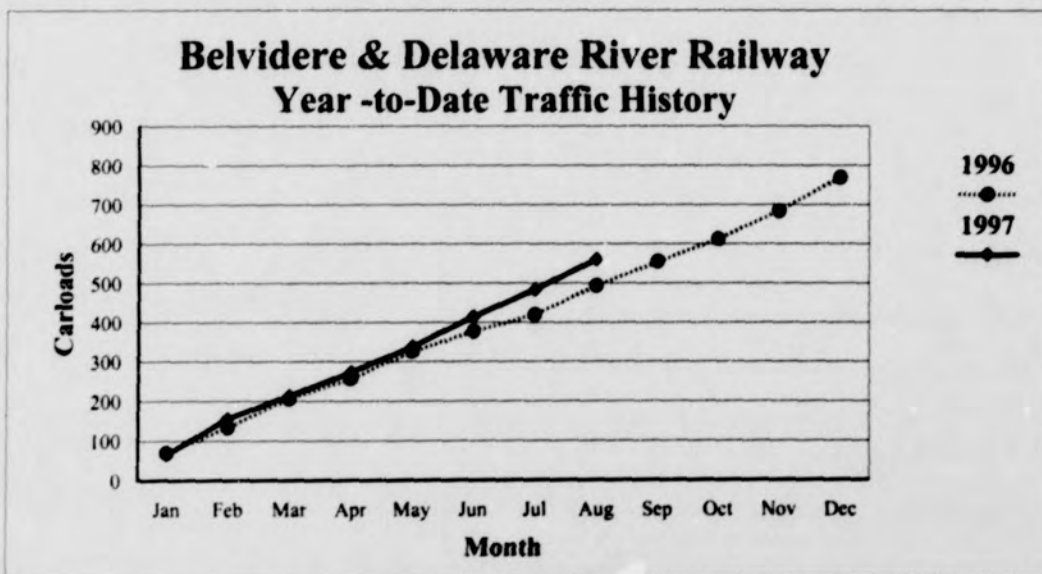
Monthly Traffic History

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1995											60	43	103
1996	70	64	72	52	68	51	43	74	61	58	71	86	770
1997	66	90	57	60	65	77	68	78	NA	NA	NA	NA	NA

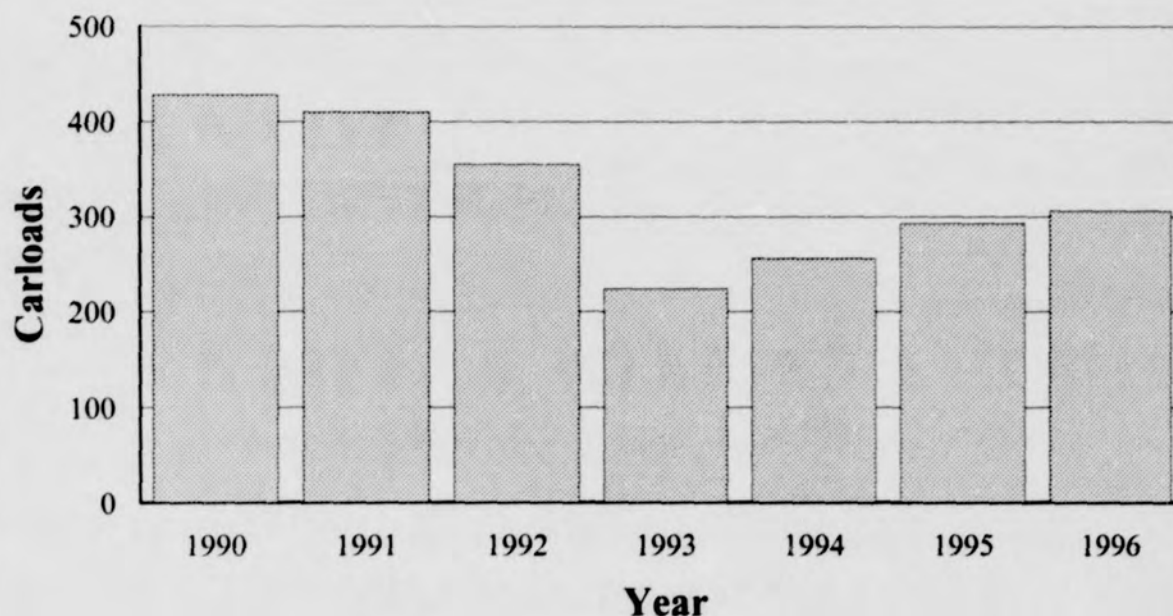


Year -to-Date Traffic History

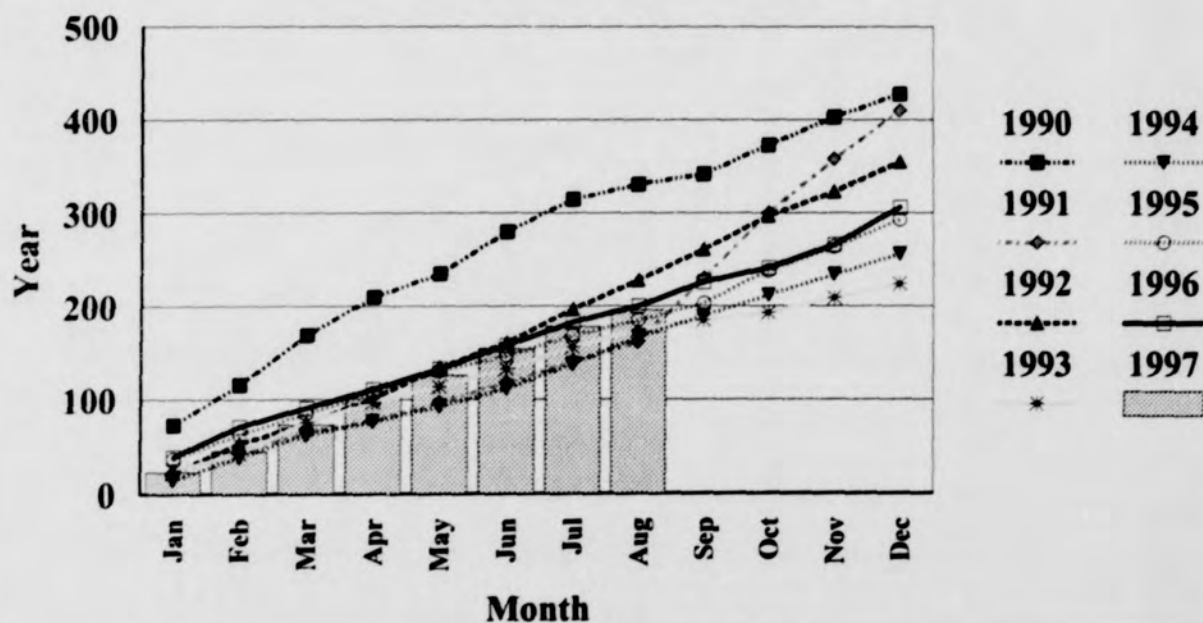
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1996	70	134	206	258	326	377	420	494	555	613	684	770
1997	66	156	213	273	338	415	483	561	NA	NA	NA	NA



BLACK RIVER & WESTERN RAILROAD Year-to-Year Traffic



BLACK RIVER & WESTERN RAILROAD Year to Date Comparison



OPERATING
P.O. BOX 200
RINGOES, NJ 08551
908 - 782 - 9600



MARKETING
3113 VAN AKEN BLVD.
CLEVELAND, OH 44120
216 - 991 - 6055

TRAFFIC ANALYSIS IMPACT OF CONRAIL ACQUISITION

The enclosed traffic analysis of the impact of the acquisition of Conrail (CR) by CSX Transportation (CSXT) and Norfolk Southern (NS) is based on the carloads handled in interchange by the Belvidere & Delaware River Railway (BDRV) between September 1, 1996 and August 31, 1997.

The information contained herein includes specific traffic information concerning BDRV and its customers, and should, therefore, be treated as confidential.

Traffic Description	% of Total	Impact of CR Sale	Mitigation
Traffic originating or terminating at CP stations	40.3	Maintains artificial barrier to efficient routing via CP. If NS pricing attempts to discourage CP traffic in favor of NS sources, CP could divert to nearby CP affiliated distribution facilities.	Remove artificial barrier to CP interchange in order to maintain and potentially improve efficiency, and minimize potential for diversion to rail/truck delivery bypassing BDRV.
Eastern Canadian Forest Products	30.0	Maintains artificial barrier to efficient routing via CP. Could adversely affect traffic originating on CN, since CN/NS routing will be more circuitous via Buffalo, or will require CSXT or CP in route between CN and NS. This traffic also represents a large growth area if overly segmented routings can be eliminated.	Remove artificial barrier to CP interchange in order to maintain and potentially improve efficiency. Grant trackage rights to permit interchange with CSXT. Require maintenance of existing CR rates for 1 year in order to allow for alternatives to be developed.
Western & Southwestern US Forest Products	20.2	Should have no significant adverse impact on rates or service. Potential diversion to reload centers	Remove artificial barrier to CP interchange. Grant trackage rights to permit interchange with CSXT.
Traffic to or from CR stations that will become NS stations.	16.5	Should have no significant long-term impact on rates or service. There is potential for short-term problems until NS digests CR.	Require maintenance of existing CR rates for 1 year or until expiration (whichever is greater) in order to minimize post merger confusion.
Western Canadian Forest Products	15.5	Maintains artificial barrier to efficient routing via CP. Should have no significant long-term impact on CN traffic via Chicago or Buffalo. Subject to diversion to reload centers.	Remove artificial barrier to CP interchange in order to maintain and potentially improve efficiency. Grant trackage rights to permit interchange with CSXT.

Traffic Description	% of Total	Impact of CR Sale	Mitigation
Forest Products Traffic to or from present CSXT stations	5.4	This traffic could be adversely affected if NS begins to favor their own origins over CSXT origins. This could simply be a sourcing change for customers. There is also potential for traffic diversion to CSXT affiliated distribution centers if NS pricing becomes prohibitive.	Grant trackage rights to permit interchange with CSXT. Require maintenance of existing CR/CSXT rates for 1 year in order to allow for adjustments.
Forest products from stations presently served by NS	3.8	Should have no significant adverse impact on rates or service. Potential for growth in southern lumber if NS prices according to more efficient routing.	None
Forest Products from stations served presently by both NS and CSXT	3.1	Will eliminate rate competition on this traffic. Do not expect NS to provide competitive pricing via CSXT/NS routing compared to NS direct. No guarantee that pricing will be improved for NS direct. There is also potential for traffic diversion to CSXT affiliated distribution centers if NS pricing becomes prohibitive.	Grant trackage rights to permit interchange with CSXT. Require maintenance of existing CR/CSXT rates for 1 year in order to allow for adjustments.
Forest products to and from CR stations that will become CSXT	1.5	This traffic will be difficult to retain or grow over time because of more segmented routing. This has recently been a growing part of BDRV traffic, reflecting a larger proportion than shown.	Grant trackage rights to permit interchange with CSXT. The growth portion of this traffic originates at stations also served by CP. Interchange rights with CP will solve this problem.

Traffic Description	% of Total	Impact of CR Sale	Mitigation
Forest products originating or terminating in New England and Eastern NY stations not served by CR.	0.7	Most of this traffic can be retained through NS haulage arrangements with CP.	None

Belvidere & Delaware River Railway
Existing Traffic Analysis - Impact of CR Acquisition
Carloads 9/1/96-8/31/97: 851

Region	Carloads	% of Total
	29	0.00%
CR CSX	13	0.71%
CR NS	140	0.00%
CSX	46	0.00%
ECAN	255	29.85%
NE	6	0.00%
NS	32	0.00%
NS CSX	26	0.00%
SW	82	0.00%
WCAN	132	9.52%
WUS	90	0.24%

Region Definitions

Regions are locations of the origin station on traffic received in interchange by BDRV or the destination station on traffic forwarded in interchange by BDRV.

Blank (1st line)- insufficient billing data was available to determine region.

CR CSX - current CR stations that would become CSX stations

CR NS - current CR stations that would become NS stations

CSX - CSX stations

ECAN - eastern Canadian Stations (Ontario and east)

NE - stations in New England and Eastern NY not served by CR

NS - NS stations

NS CSX - stations currently served by both NS and CSX

SW - stations in the southwestern US (traffic flows typically through southern IL gateways with CR)

WCAN - stations in western Canada (Manitoba and west)

WUS - western US Stations (traffic typically flows through Chicago and Streator gateways with CR)

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TRAFFIC ANALYSIS IMPACT OF CONRAIL ACQUISITION

The enclosed traffic analysis of the impact of the acquisition of Conrail (CR) by CSX Transportation (CSXT) and Norfolk Southern (NS) is based on the carloads handled in interchange by the Black River & Western Railroad (BRW) between 1992 and 1997.

The information contained herein includes specific traffic information concerning BRW and its customers, and should, therefore, be treated as confidential.

Traffic Description	% of Total	Impact of CR Sale	Mitigation
Plastics from Southwestern US Origins	70.0	Should have no significant adverse impact on rates or service. Potential threat from CSXT bulk transfer.	Grant trackage rights to interchange with CSX. Remove artificial barrier to CP interchange to improve access to Canadian producers.
Lumber & Wood Products from Western US, Western Canadian & Southwestern Origins	19.4	Should have no significant adverse impact on rates or service, but maintains artificial barrier to efficient routing via CP on Western Canadian origins. Potential diversion to CSXT and CP reload facilities.	Grant trackage rights to interchange with CSX. Remove artificial barrier to CP interchange.
Propane from Canadian Origins	6.6	Should have no significant adverse impact on rates or service. Most of this traffic originates at locations served by CN and CSXT. Some potential for loss of business to distributors with multi-railroad access.	Grant trackage rights to permit interchange with CSXT to eliminate inefficient routing.

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388 (Sub No. 72)

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

**OPINION OF COUNSEL FOR
THE BELVIDERE & DELAWARE RIVER RAILWAY
AND THE
BLACK RIVER & WESTERN RAILROAD**

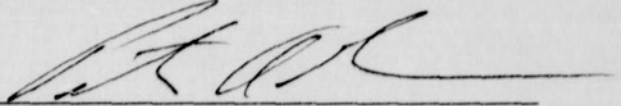
In our capacity as counsel to the Belvidere & Delaware River Railway ("BDRV") and the Black River & Western Railroad ("BRW") in the above captioned case, we are familiar with the Responsive Application of BDRV and BRW and with the trackage rights and other relief sought therein.

In accordance with the requirements of 49 C.F.R. §1180.6(a)(4), we hereby state that we are of the opinion that the proposed trackage rights and other relief sought meet all requirements of law, will be legally authorized and valid if approved by the Surface Transportation Board, are within the

corporate powers of BDRV and BRW and will not result in any breach, violation or default of any provision of the certificate of incorporation or bylaws of either BDRV or BRW.

Respectfully submitted,

BELVIDERE & DELAWARE RIVER RAILWAY
BLACK RIVER & WESTERN RAILROAD

By: 

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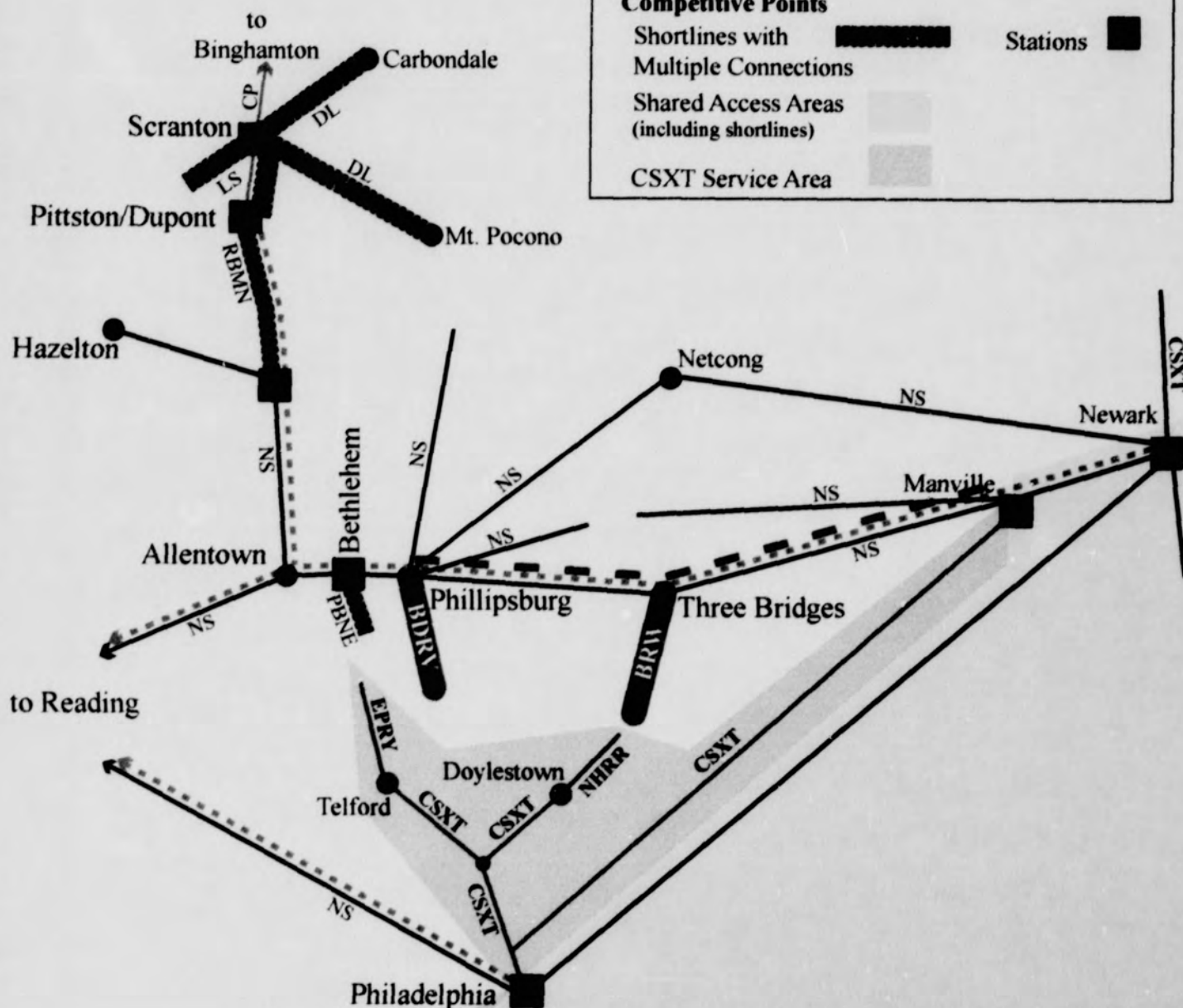
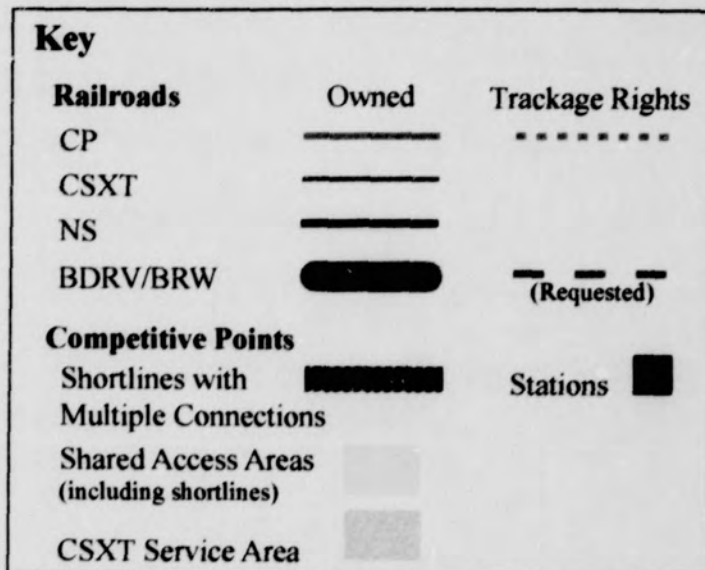
Washington, D.C. 20036

Dated: October 21, 1997

Its Attorneys

[G:\PAG\BELVIDERE\EXHIBIT 2.wpd]

Railroads in BDRV/BRW Territory Subsequent to CR Acquisition



CERTIFICATE OF SERVICE

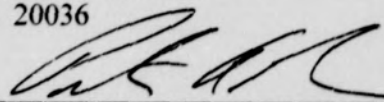
I hereby certify that, a copy of the foregoing Joint Responsive Application for Trackage Rights on Behalf of the Belvidere & Delaware River Railway and The Black River & Western Railroad (BDRV-6) were served on all parties of record identified in Decision No. 21 and amended list identified in Decision No. 43, the Attorney General of the United States and the Secretary of Transportation via first class mail, postage prepaid on this 21st day of October, 1997. Copies were also served on the parties listed below by hand delivery at the request of Applicants:

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