February 20, 1998

The Honorable Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001
(202) 565-1650

Re: Finance Docket No. 33388 (Sub-No. 7)
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 -- Transfer of Railroad Line by Norfolk Southern Railway Company to CSX Transportation, Inc.

Dear Mr. Williams:

Enclosed please find the original and 25 copies of United Transportation Union's Brief in Support of Railroad Control Application for filing in the above-referenced action. In accordance with prior Board orders, we are also providing a diskette with this document in WordPerfect 5.1 format.

Very truly yours,

Clinton J. Miller, III
General Counsel

Enclosures
BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388

CSX CORPORATION AND CSX TRANSPORTATION, INC.
NORFOLK SOUTHERN CORPORATION AND
NORFOLK SOUTHERN RAILWAY COMPANY
— CONTROL AND OPERATING LEASES/AGREEMENTS —
CONRAIL, INC. AND CONSOLIDATED RAIL CORPORATION —
TRANSFER OF RAILROAD LINE BY NORFOLK SOUTHERN
RAILWAY COMPANY TO CSX TRANSPORTATION, INC.

UNITED TRANSPORTATION UNION'S BRIEF IN
SUPPORT OF RAILROAD CONTROL APPLICATION

Pursuant to the Board's Decision No. 12, served July 23, 1997, United Transportation Union ("UTU") respectfully submits its Brief in Support of the Railroad Control Application. As stated in United Transportation Union's Notice of its Support of Railroad Application submitted to the Board on January 23, 1998, UTU advises the Board of its support of the application, as the discussions relative to this transaction with the Applicants resulted in satisfactory commitments from them as to how the labor protective conditions required to be imposed herein by 49 U.S.C. § 11326 will be applied, thereby changing UTU's prior conditional opposition to the Railroad Control Application pending the outcome of those discussions.¹

¹UTU has reserved its right to maintain its position with regard to labor protection for employees on the Delaware & Hudson Railway Company discussed more fully in Section II of the Comments of the United Transportation Union.
I. INTRODUCTION AND SUMMARY

The UTU is the duly authorized representative for the purposes of the Railway Labor Act ("RLA") (45 U.S.C. §§ 151, et seq.) of various crafts or classes of operating employees employed by Applicants. The UTU and Applicants are parties to various collective bargaining agreements covering those employees. The UTU is headquartered at 14600 Detroit Avenue, Cleveland, Ohio 44107. While UTU is in support of the proposed transaction as discussed herein, UTU respectfully requests the Board, pursuant to its authority under 49 U.S.C. § 11324(c) of the Interstate Commerce Act, to note that UTU's support is contingent upon the commitment(s) of the Applicants to methods of applying the labor protection conditions in such a way that will help mitigate the adverse impact of job loss, dislocation and income loss on its members, and UTU asks the Board to condition the approval of the Railroad Control Application upon said commitments, pursuant to its authority under 49 U.S.C. § 11324(c).

The Verified Statement of UTU International President Charles L. Little (a copy of which is attached hereto) details these commitments in applying the New York Dock protective conditions, which is the basis for UTU's conditional support of the proposed transaction.

II. RELIEF REQUESTED

Pursuant to 49 U.S.C. § 11324(c), the Board's regulations at 49 C.F.R. Part 1180, the procedural orders issued in this docket by the Board, and decisions of the Board in rail control transactions, UTU notes that Conrail, CSXT and NS have voluntarily committed to UTU to the application of the labor protective conditions involved herein in the manner described below. (See attachments to Verified Statement of Charles L. Little, copy attached hereto). Those commitments include:
(1) The automatic certification as adversely affected by the merger to the 461 train service employees, and the 25 UTU represented yardmasters projected to be adversely affected in the Labor Impact Exhibit, and to all other train service employees and UTU-represented yardmasters and hostlers identified in any Section 4 Notice, and automatic certification to any engineers adversely affected by the transaction who are working on properties where engineers are represented by the UTU. Moreover, the Applicants will supply UTU with the names and TPA’s of such employees as soon as possible upon implementation of the approved transaction.

(2) NS, CSXT and Conrail committed to the foregoing on the basis of UTU’s agreement to utilize its best efforts to negotiate agreements implementing the Operating Plans and the related Appendices A’s before the date that the transaction is orally approved by the Surface Transportation Board, contingent on Board approval. In the event implementing agreements have not been reached prior to the Board’s approval, the parties will meet within five (5) days of such approval date in an effort to conclude the necessary implementing agreements. Should the parties fail to reach agreement, arbitration will commence within ten (10) days of receipt of the Board’s written decision. In order to facilitate that arbitration, the parties will either agree on an arbitrator or arrange for the immediate appointment of an arbitrator by the National Mediation Board and will schedule the arbitration hearing for as soon as practicable after the anticipated approval date.

(3) In any Section 4 Notice served in this transaction, NS and CSXT will only propose those changes in existing collective bargaining agreements that are necessary to implement operational changes that will produce a public transportation benefit not based solely on savings achieved by agreement change(s).
(4) If at any time the International President of the UTU (or his designated representative) believes that NS, CSXT or Conrail's application of the New York Dock conditions is inconsistent with Applicants' commitments, UTU and NS, CSXT and Conrail personnel will meet within five (5) days of notice from the UTU International President (or his designated representative) and agree to expedited arbitration with a written agreement within ten (10) days after the initial meeting if the matter is not resolved, which agreement will contain, among other things, the full description for neutral selection, timing of hearing, and time for issuance of Award(s).

(5) Also, with regard to rights accruing to eligible Conrail employees represented by UTU who currently have "flowback" opportunities to and/or from Amtrak pursuant to Section 1165 of the 1981 Northeast Rail Service Act, NS, CSXT and Conrail agree that these rights, subject to their terms and conditions, will continue to be available to eligible Conrail employees if they either continue coverage under the Conrail-UTU collective bargaining agreement or become subject to coverage under either CSXT or NS collective bargaining agreements as a consequence of the approval and implementation of Finance Docket No. 33388. The same is true with respect to the more limited one-time moves to Conrail from Metro North Commuter Railroad and New Jersey Transit Rail Operations, and Yardmasters' agreements covering the same general matters.

(6) Regarding the use of leases and/or trackage rights to implement the transaction(s) covered in said finance docket and the manner in which the Applicants intend to implement the Conrail transaction, the Applicants have committed to reach an implementing agreement to effectuate the transaction as described in the CSXT, NS and SAA three-year Operating Plans
under the New York Dock conditions. This commitment is entirely without prejudice to the Applicants' continued position that the appropriate protective conditions for leases and trackage rights are the labor protective conditions set out in (1) Mendocino Coast Railway Inc. -- Lease and Operate -- California Western Railway, 360 I.C.C. 653 (1980) and (2) Norfolk and Western Ry. Co. -- Trackage Rights -- BN,354 I.C.C. 605 (1978), as modified in Mendocino Coast Ry., Inc. -- Lease and Operate, 360 I.C.C. 653 (1980), respectively, and they shall be applicable to any trackage rights or leases subsequent to the initial implementing agreement.

In view of these commitments from NS, CSXT and Conrail, UTU agreed to support this application.

III. COMMENTS IN SUPPORT OF THE APPLICATION

The UTU has as members more than 52,900 transportation industry workers. The UTU represents a significant percentage of the unionized work force of CSXT, NS and Conrail. UTU submits these comments in conditional support of the proposed merger of CSXT, NS and Conrail, as described hereinabove.

UTU is the largest labor organization in the rail industry. As such, its chief responsibility is to protect the economic interests of the UTU members, whose work makes possible the efficient functioning of the nation's transportation system. (See Verified Statement of UTU International President Charles L. Little for further discussion). As the Board is aware, labor has been very concerned about, and very critical of, mega-rail transactions because of the significant impact on employees. In that connection, it should be noted that UTU supports the proposed CSXT/NS/Conrail transaction only because the Applicants have committed to a number of conditions in applying the New York Dock conditions, described hereinabove, that will help
mitigate the adverse impact of implementation on its members.

IV. CONCLUSION

For the foregoing reasons, UTU urges the Surface Transportation Board to approve the NS, CSXT and Conrail Railroad Control Application with the conditions NS, CSXT and Conrail have committed to with UTU described hereinabove imposed.

Respectfully submitted,

Clinton J. Miller, III
General Counsel
Daniel R. Elliott, III
Assistant General Counsel
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107-4250
(216) 228-9400
FAX (216) 228-0937
CERTIFICATE OF SERVICE

I, Clinton J. Miller, III, certify that, on this 20th day of February, 1998, I caused a copy of the foregoing United Transportation Union's Brief in Support of Railroad Control Application to be served by first-class mail, postage prepaid, or by a more expeditious manner of delivery, on all parties of record.

Clinton J. Miller, III
VERIFIED STATEMENT
OF
CHARLES L. LITTLE

My name is Charles L. Little. I am the International President of the United Transportation Union ("UTU"). I have over 40 years of service in the railroad industry and 26 years in the rail labor movement as a union officer.

The UTU has as members more than 79,000 transportation industry workers. The UTU represents a significant percentage of the unionized work force of CSXT, Norfolk Southern, and Conrail. I am submitting this verified statement on behalf of myself and the UTU's respective membership in support of the proposed control transaction among NS, CSXT and Conrail.

I have the honor to preside over the largest labor organization in the rail industry. As such, my chief responsibility is to protect the economic interests of the UTU members, whose work makes possible the efficient functioning of the nation's transportation system. As the Board is aware, labor has been very concerned about, and very critical of, mega-rail transactions because of the significant adverse job impacts that they entail.

But I support the proposed CSXT/NS/Conrail transaction, and I do so for two key reasons: First, NS, CSXT and Conrail have committed to a number of conditions that will help mitigate the adverse impact on our members, and their commitments are attached hereto (the commitment regarding the Yardmasters' agreements permitting a move from Amtrak to Conrail having been drafted, but not executed as of this date). Second, I am convinced that the proposed division of Conrail between NS and CSXT promises to create two strong rail networks of broad and
comparable scope that should compete vigorously to provide efficient service throughout the eastern United States, which is in the best long-run interest of rail labor. CSXT's, NS's and Conrail's commitments, which relate, inter alia, to the application of the New York Dock labor protective provisions, are attached hereto.

By integrating certain Conrail routes and facilities into their existing rail networks, CSXT and NS project that they will be able to provide better service to their existing customers and will also use the improved service to attract new customers. The creation of new single-line routes and the coordination of Conrail assets with existing CSXT and NS assets should allow both rail systems to provide faster and more responsive service. Equipment utilization should improve and loss and damage claims will decline. Customers will incur reduced costs. Most importantly, jobs will not have to be eliminated.

Moreover, CSXT and NS both project that the creation of new single-line routes will enhance their competitive positions, enabling them to win new traffic from trucks, both in the near term and on a long-term basis. The transaction should allow CSXT and NS to become truly effective competitors for trucks, which handle the vast majority of freight in the East. In this event, new jobs may be created for UTU-represented employees.

Overall, it is my opinion that the immediate adverse job impact that UTU members will experience through the CSXT/NS/Conrail control transaction is ameliorated by the applicants commitments and there is a possibility of long term job growth.

For all of these reasons, UTU urges the Surface Transportation Board to approve the CSXT, NS, and Conrail Railroad Control Application.
VERIFICATION

STATE OF OHIO

COUNTY OF CUYAHOGA

I, Charles L. Little, being duly sworn, state that I have read the foregoing statement, that I know its contents, and that those contents are true as stated.

(Handwritten Signature)
CHARLES L. LITTLE

SUBSCRIBED and sworn to before me this 18th day of February, 1998.

(Robert L. McCarty, Notary Public)
January 15, 1998

Mr. C. L. Little, President
United Transportation Union
14600 Detroit Avenue
Cleveland, OH 44107

Dear Sir:

This refers to our earlier conversations concerning the issues of New York Dock protection and the certification of adversely affected UTU-represented employees.

As you know, the Applicants in Finance Docket No. 33388 anticipate the imposition of the New York Dock conditions. The Labor Impact Exhibit that the Applicants filed reported that 132 Trainmen would transfer, that 329 Trainmen’s jobs would be abolished, and 25 UTU represented Yardmaster jobs would be affected because of the implementation of the Operating Plans.

Within the New York Dock conditions, Section 11 addresses disputes regarding the interpretation, application or enforcement of the New York Dock conditions (except for Sections 4 and 12). Under Section 11, perhaps the two most serious areas for potential disputes involve whether an employee was adversely affected by a transaction and what will be such employee’s protected rate of pay.

In an effort to eliminate as many of these disputes as possible, NS, CSX, and Conrail make the following commitment regarding the issue of whether an employee was adversely affected by a transaction: we will grant automatic certification as adversely affected by the transaction to the 461 train service employees and the 25 UTU represented Yardmasters projected to be adversely affected in the Labor Impact Exhibit and to all other train service employees and UTU represented yardmasters and hostlers identified in the service of any Section 4 Notice. We will also grant automatic certification to any engineers adversely affected by the transaction and who are working on properties where engineers are represented by the UTU. We will supply UTU with the names and TPAs of such employees as soon as possible upon implementation of the approved transaction.

NS, CSX, and Conrail commit to the foregoing on the basis of UTU’s agreement to utilize its best efforts to negotiate agreements implementing the Operating Plans and the related Appendices A’s before the date that the transaction is orally approved by the Surface Transportation Board, contingent on Board approval. In the event implementing agreements have not been reached prior to the Board’s approval, the parties will meet within five (5) days of such approval date in an effort to conclude the necessary implementing agreements. Should the parties fail to reach agreement, arbitration will commence within ten (10) days of receipt of the Board’s written decision. In order to facilitate that arbitration, the parties will either agree on an arbitrator or arrange for the immediate appointment of an arbitrator by the National Mediation Board and will schedule the arbitration hearing for as soon as practicable after the anticipated approval date.
NS and CSX also commit that in any notice served in this transaction after Board approval, they will propose only those changes to existing collective bargaining agreements that are necessary to implement the proposed transaction, meaning changes that are necessary to implement operational changes that will produce a public transportation benefit not based solely on savings achieved by agreement changes. NS and CSX have stated in their Operating Plans and Appendices that a unified workforce and single collective bargaining agreement within each proposed district or hub are necessary to implement this transaction. Further, NS and CSX in their respective Operating Plans and Appendices have selected collective bargaining agreements for each proposed district or hub.

Even with these commitments, differences of opinion may occur. In order to ensure that any such differences are dealt with promptly and fairly, the Carriers make this final commitment: If at any time the International President of the UTU (or his designated representative) believes that NS, CSX, or Conrail's application of the New York Dock conditions is inconsistent with our commitments, UTU and NS, CSX, or Conrail personnel will meet within five (5) days of notice from the UTU International President (or his designated representative) and agree to expedited arbitration pursuant to the New York Dock conditions with a written agreement within 10 days after initial meeting if the matter is not resolved, which agreement will contain, among other things, the full description for neutral selection, timing of hearing, and time of issuance of Award(s).

In view of our position regarding the issues of New York Dock protection and the certification of employees, we understand that the UTU will now support the Conrail transaction.

Sincerely,

[Signatures]

* UTU-represented employees herein means train service, yardmaster or engine service employees for whom UTU is the duly-designated bargaining representative.

cc: Mr. B. A. Boyd, Jr., Assistant President – UTU
January 15, 1998

Mr. Charles L. Little, International President
United Transportation Union
14600 Detroit Avenue
Cleveland, OH  44107

Dear Mr. Little:

This refers to our discussions regarding rights accruing to eligible Conrail employees represented by UTU who currently have “flowback” opportunities to and/or from Amtrak pursuant to Section 1165 of the 1981 Northeast Rail Service Act.

This will confirm our understanding that these rights, subject to their terms and conditions, will continue to be available to eligible Conrail employees if they either continue coverage under the Conrail-UTU collective bargaining agreement or become subject to coverage under either CSXT or NS collective bargaining agreements as a consequence of the approval and implementation of Finance Docket 33388.

Sincerely,

[Signature]

cc: B. A. Boyd, Jr., Assistant President

bl:w:/kxp/1112/litde/q4b
January 15, 1998

Mr. Charles L. Little, International President
United Transportation Union
14600 Detroit Avenue
Cleveland, OH 44107

Dear Mr. Little:

This refers to our earlier discussions concerning UTU's support of the Carrier's application in STB Finance Docket No. 33388.

During those discussions, you inquired as to the use of leases and/or trackage rights to implement the transaction(s) covered in said finance docket. Because of your concerns regarding the manner in which the Applicants intend to implement the Conrail transaction, this will confirm that the Applicants commit to reach an implementing agreement to effectuate the transaction as described in the CSX, NS and SAA three-year Operating Plans under the New York Dock conditions. This commitment is entirely without prejudice to the Applicant's continued position that the appropriate protective conditions for leases and trackage rights are the labor protective conditions set out in (1) Mendocino Coast Railway, Inc. - Lease and Operate - California Western Railway, 360 I.C.C. 653 (1980) and (2) Norfolk and Western Ry. Co. - Trackage Rights - BN, 354 I.C.C. 605 (1978), as modified in Mendocino Coast Ry., Inc.- Lease and Operate, 360 I.C.C. 653 (1980), respectively, and they shall be applicable to any trackage rights or leases subsequent to the initial implementing agreement.

Sincerely,

[Signature]

CC: B. A. Boyd, Jr., Assistant President

h:/w/lsp/1112/little/djb
January 15, 1998

Mr. Charles L. Little, International President
United Transportation Union
14600 Detroit Avenue
Cleveland, OH  44107

Dear Mr. Little:

This refers to our discussions regarding rights eligible employees represented by UTU have from Metro North Commuter Railroad and New Jersey Transit Rail Operations regarding remaining one-time flowback opportunities to Conrail pursuant to Section 1145 of the Northeast Rail Service Act of 1981.

This will confirm our understanding that these one-time rights, subject to their terms and conditions, will continue to be available to such eligible commuter authority employees to either Conrail (in Shared Asset Areas), NS or CSXT as the seniority provisions with UTU may indicate, upon the approval and implementation of Finance Docket 33388.

Sincerely,

cc: B. A. Boyd, Jr., Assistant President
Mr. Charles L. Little, International President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Little:

This refers to our discussion regarding rights eligible yardmaster employees of Amtrak represented by UTU have from Consolidated Rail Corporation regarding remaining one-time flowback opportunities to Conrail if they are "deprived of employment" on Amtrak pursuant to and as defined in letters of agreement dated December 8, 1982, May 3, 1984 and April 4, 1986.

This will confirm our understanding that these one-time rights, subject to their terms and conditions, will continue to be available to such eligible Amtrak yardmaster employees to either Conrail (in Shared Asset Areas), NS or CSXT as the seniority provisions with UTU may indicate, upon the approval and implementation of Finance Docket 33388.

Sincerely,

cc: B. A. Boyd, Jr., Assistant President
Before the
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388

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

BRIEF

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

Due Date: February 23, 1998

Attorney for Joseph C. Szabo

*/ Embraces also Sub-Nos. 2 thru 7, and Sub-Nos. 36, 59, 80.
Before the
SURFACE TRANSPORTATION BOARD

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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

BRIEF

Comes now Joseph C. Szabo, for and on behalf of United Transportation—Illinois Legislative Board (UTU-IL), and submits this brief in opposition to approval of the above-referenced transactions.

Protestant on August 7, 1997, filed a notice of intent to participate; on August 22, 1997 he filed comments with respect to Sub-Nos. 2 thru 7 (JCS-1); on October 21, 1997, comments were filed on behalf of UTU-IL, by the Assistant Director for UTU-IL, John H. Burner, with respect to the basic transaction in F.D. No. 33388 (UTU/IL-1); on December 15, 1997, he filed comments with respect to Sub-Nos. 36, 59, and 80 (UTU/IL-2).

It is clear from the record which has been compiled thus far that the CSX and NS proposal to divide Conrail would be contrary to the public interest, and harmful to railroad employees. The proposed transactions would be particularly adverse to the Chicago area, and

*/ Embraces also Sub-Nos. 2 thru 7, and Sub-Nos. 35, 59, 80.

1/ Illinois Legislative Director for United Transportation Union, with offices at 8 So. Michigan Ave., Chicago, IL 60603.

2/ Another verified statement, also labeled JCS-1 (incorrectly) and filed October 21, 1997, is not part of the UTU/IL submission.
best interests and commerce of the state of Illinois.

The Board is required to consider the interests of all rail employees, not merely those of applicant carriers, in determining the public interest. Such a consideration, along with other factors, requires denial of the application, and the various related Sub-numbered proceedings.

Respectfully submitted,

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

February 23, 1998

Attorney for Joseph C. Szabo

Certificate of Service

I hereby certify I have served a copy of the foregoing upon all parties of record by first class mail postage-prepaid.

Washington DC