Dear Senator Glenn:

Thank you for your letter of November 23, 1998, regarding the acquisition of Conrail by CSX and Norfolk Southern, which was approved by the Surface Transportation Board (Board) by written decision issued on July 23, 1998. You express concerns over the implementation of the conditions imposed by the Board to address the continued financial viability of the Wheeling & Lake Erie (W&LE) as a result of the transaction.

As you know, the Board provided a 90-day period for W&LE and the applicants to reach an agreement regarding certain of these conditions. That period has passed without the parties reaching an agreement on all aspects, and W&LE has filed for relief before the Board. Because this matter remains pending, it would be inappropriate for me to comment further on the specific merits of this case.

I appreciate your interest in this matter. I will have your letter and my response made a part of the public docket in this proceeding.

Sincerely,

Linda J. Morgan

The Honorable John Glenn
United States Senate
Washington, D.C. 20510

December 7, 1998

Dear Senator Glenn:

Thank you for your letter of November 23, 1998, regarding the acquisition of Conrail by CSX and Norfolk Southern, which was approved by the Surface Transportation Board (Board) by written decision issued on July 23, 1998. You express concerns over the implementation of the conditions imposed by the Board to address the continued financial viability of the Wheeling & Lake Erie (W&LE) as a result of the transaction.

As you know, the Board provided a 90-day period for W&LE and the applicants to reach an agreement regarding certain of these conditions. That period has passed without the parties reaching an agreement on all aspects, and W&LE has filed for relief before the Board. Because this matter remains pending, it would be inappropriate for me to comment further on the specific merits of this case.

I appreciate your interest in this matter. I will have your letter and my response made a part of the public docket in this proceeding.

Sincerely,

Linda J. Morgan
December 7, 1998

The Honorable Mike DeWine  
United States Senate  
Washington, D.C. 20510

Dear Senator DeWine:

Thank you for your letter of November 23, 1998, regarding the acquisition of Conrail by CSX and Norfolk Southern, which was approved by the Surface Transportation Board (Board) by written decision issued on July 23, 1998. You express concerns over the implementation of the conditions imposed by the Board to address the continued financial viability of the Wheeling & Lake Erie (W&LE) as a result of the transaction.

As you know, the Board provided a 90-day period for W&LE and the applicants to reach an agreement regarding certain of these conditions. That period has passed without the parties reaching an agreement on all aspects, and W&LE has filed for relief before the Board. Because this matter remains pending, it would be inappropriate for me to comment further on the specific merits of this case.

I appreciate your interest in this matter. I will have your letter and my response made a part of the public docket in this proceeding.

Sincerely,

Linda J. Morgan
December 7, 1998

The Honorable Thomas C. Sawyer  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Congressman Sawyer:

Thank you for your letter of November 23, 1998, regarding the acquisition of Conrail by CSX and Norfolk Southern, which was approved by the Surface Transportation Board (Board) by written decision issued on July 23, 1998. You express concerns over the implementation of the conditions imposed by the Board to address the continued financial viability of the Wheeling & Lake Erie (W&LE) as a result of the transaction.

As you know, the Board provided a 90-day period for W&LE and the applicants to reach an agreement regarding certain of these conditions. That period has passed without the parties reaching an agreement on all aspects, and W&LE has filed for relief before the Board. Because this matter remains pending, it would be inappropriate for me to comment further on the specific merits of this case.

I appreciate your interest in this matter. I will have your letter and my response made a part of the public docket in this proceeding.

Sincerely,

Linda J. Morgan

Linda J. Morgan
December 7, 1998

The Honorable Ralph Regula
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Regula:

Thank you for your letter of November 23, 1998, regarding the acquisition of Conrail by CSX and Norfolk Southern, which was approved by the Surface Transportation Board (Board) by written decision issued on July 23, 1998. You express concerns over the implementation of the conditions imposed by the Board to address the continued financial viability of the Wheeling & Lake Erie (W&LE) as a result of the transaction.

As you know, the Board provided a 90-day period for W&LE and the applicants to reach an agreement regarding certain of these conditions. That period has passed without the parties reaching an agreement on all aspects, and W&LE has filed for relief before the Board. Because this matter remains pending, it would be inappropriate for me to comment further on the specific merits of this case.

I appreciate your interest in this matter. I will have your letter and my response made a part of the public docket in this proceeding.

Sincerely,

Linda J. Morgan

Linda J. Morgan
December 7, 1998

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

Dear Congressman Ney:

Thank you for your letter of November 23, 1998, regarding the acquisition of Conrail by CSX and Norfolk Southern, which was approved by the Surface Transportation Board (Board) by written decision issued on July 23, 1998. You express concerns over the implementation of the conditions imposed by the Board to address the continued financial viability of the Wheeling & Lake Erie (W&LE) as a result of the transaction.

As you know, the Board provided a 90-day period for W&LE and the applicants to reach an agreement regarding certain of these conditions. That period has passed without the parties reaching an agreement on all aspects, and W&LE has filed for relief before the Board. Because this matter remains pending, it would be inappropriate for me to comment further on the specific merits of this case.

I appreciate your interest in this matter. I will have your letter and my response made a part of the public docket in this proceeding.

Sincerely,

Linda J. Morgan
December 7, 1998

The Honorable Steve LaTourette
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman LaTourette:

Thank you for your letter of November 23, 1998, regarding the acquisition of Conrail by CSX and Norfolk Southern, which was approved by the Surface Transportation Board (Board) in a written decision issued on July 23, 1998. You express concerns over the implementation of the conditions imposed by the Board to address the continued financial viability of the Wheeling & Lake Erie (W&LE) as a result of the transaction.

As you know, the Board provided a 90-day period for W&LE and the applicants to reach an agreement regarding certain of these conditions. That period has passed without the parties reaching an agreement on all aspects, and W&LE has filed for relief before the Board. Because this matter remains pending, it would be inappropriate for me to comment further on the specific merits of this case.

I appreciate your interest in this matter. I will have your letter and my response made a part of the public docket in this proceeding.

Sincerely,

Linda J. Morgan

[Signature]
December 7, 1998

The Honorable Paul E. Gillmor
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Gillmor:

Thank you for your letter of November 23, 1998, regarding the acquisition of Conrail by CSX and Norfolk Southern, which was approved by the Surface Transportation Board (Board) by written decision issued on July 23, 1998. You express concerns over the implementation of the conditions imposed by the Board to address the continued financial viability of the Wheeling & Lake Erie (W&LE) as a result of the transaction.

As you know, the Board provided a 90-day period for W&LE and the applicants to reach an agreement regarding certain of these conditions. That period has passed without the parties reaching an agreement on all aspects, and W&LE has filed for relief before the Board. Because this matter remains pending, it would be inappropriate for me to comment further on the specific merits of this case.

I appreciate your interest in this matter. I will have your letter and my response made a part of the public docket in this proceeding.

Sincerely,

Linda J. Morgan

Linda J. Morgan
December 7, 1998

The Honorable Marcy Kaptur  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Congresswoman Kaptur:

Thank you for your letter of November 23, 1998, regarding the acquisition of Conrail by CSX and Norfolk Southern, which was approved by the Surface Transportation Board (Board) by written decision issued on July 23, 1998. You express concerns over the implementation of the conditions imposed by the Board to address the continued financial viability of the Wheeling & Lake Erie (W&LE) as a result of the transaction.

As you know, the Board provided a 90-day period for W&LE and the applicants to reach an agreement regarding certain of these conditions. That period has passed without the parties reaching an agreement on all aspects, and W&LE has filed for relief before the Board. Because this matter remains pending, it would be inappropriate for me to comment further on the specific merits of this case.

I appreciate your interest in this matter. I will have your letter and my response made a part of the public docket in this proceeding.

Sincerely,

Linda J. Morgan

Linda J. Morgan
December 4, 1998

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423

Re: Finance Docket No. 33388 (Sub-No. 80), 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

W&LE-10, Request to Clarify and for Further Instruction of Responsive Applicant Wheeling & Lake Erie Railway Company

Dear Secretary Williams:

I am writing on behalf of the State of Ohio in support of W&LE’s submission requesting the Board to clarify and confirm the intended scope of protective conditions which were granted W&LE in Decision No. 89. We are aware that CSX and NS have not resolved their differences with W&LE in regard to the meaning and extent of the remedial conditions after three months of direct negotiations and that each of the parties has made its views known to the Board.

Throughout these proceedings Ohio has vigorously supported W&LE in its efforts to secure remedial conditions adequate to assure that W&LE can maintain a viable competitive presence and continue providing essential services in the interest of all concerned. While the Board did not grant all of the relief sought by W&LE, it did recognize that the severe predicament faced by W&LE as a result of the forthcoming division of Conrail lines warranted remedial measures to preserve essential services and an important competitive presence.
In order for the remediation awarded by the Board to be effective, the conditions must be durable and adequate to assure that W&LE will have the opportunity to obtain additional traffic in aid of its ability to continue providing essential service. Restrictive limitations as to the scope and extent of conditions awarded W&LE could thwart that objective and leave W&LE in serious jeopardy to the detriment of the Ohio shippers and communities it serves.

Ohio urges the Board to move promptly and decisively to clarify that remedial conditions afforded W&LE are to be broadly interpreted in order to bring about the intended result – that W&LE will be able to maintain its competitive presence and continue providing essential service throughout the region it serves.

Thank you for considering our views on this matter.

Sincerely,

Thomas M. O'Leary
Executive Director

TMO:sja

c: Alfred Agler, Public Utilities Commission of Ohio
    Doreen C. Johnson, Attorney General’s Office, Anti-Trust Section
    Keith O’Brien, Rea Cross & Auchincloss
CERTIFICATE OF SERVICE

I hereby certify that I have, this 7th day of December, 1998, served the foregoing document upon the parties of record as listed on the attached appendix by first class mail, postage prepaid.

Thomas M. O'Leary
APPENDIX

Richard A. Allen
Zuckert, Scoult & Rasenberger, L.L.P.
888 17th Street, N.W.
Suite 600
Washington, D.C. 20006-3939

Dennis C. Lyons
Arnold & Porter
555 12th Street, N.W.
Washington, D.C. 20004-1202

Samuel M. Sipe, Jr.
Steptoe & Johnson, L.L.P.
1330 Connecticut Avenue
Washington, D.C. 20036

William A. Callison
V.P. Law & Government Relations
Wheeling & Lake Railway Company
100 East First Street
Brewster, OH 44613
The Honorable Vernon A. Williams  
Office of the Secretary  
Surface Transportation Board  
ATTN: STB Finance Docket No. 33388 (Sub. No. 80)  
1925 K Street, NW  
Washington, DC  20423-0001

Dear Mr. Williams:

We are writing in further regard to concerns we voiced during the Conrail acquisition/merger regarding the many shippers that depend on service by the W&LE and our concerns over the fate of the W&LE itself.

We anticipate that the W&LE will do everything it can to continue to serve its customers and to make the most of the opportunities to compete pursuant to the Board's conditions. Nonetheless, as you will recall from our letter of June 19th, we are very concerned that certain important conditions appear to be ambiguous and unclear. **Despite our pointed request on this issue, the W&LE conditions were not clarified in the Board's July 23rd decision.**

The W&LE has now negotiated for the required 90 days after the Board's decision. We understand that the parties have been able to reach agreement in some areas. But an impasse remains in other critical areas. The uncertainties in these areas have obvious ramifications for local shippers, communities and economies. There is deep concern over whether there is sufficient revenue opportunity to ensure the survival of this important railroad and its ability to continue to provide essential services for its shippers post merger.
We hope the Board will give sufficient and appropriate clarification so that the W&LE and NS/CSX can be successful in negotiations to assure that the W&LE can remain viable and continue to service its many important Ohio shippers.

We thank you again for addressing the issues which the Ohio delegation has brought before the Board.

Sincerely,

Thomas C. Sawyer, M.C.

Ralph Regula, M.C.

John Glenn, U.S. Senate

Mike DeWine, U.S. Senate

Bob Ney, M.C.

Steve LaTourette, M.C.

Paul E. Gillmor, M.C.

Marcy Kaptur, M.C.

cc: Hon. Linda Morgan
    Hon. Gus Owen
The Honorable Vernon A. Williams  
Secretary, Surface Transportation Board  
1925 K Street, N.W., Seventh Floor  
Washington, D.C. 20423-0001  

Re: CSX Corporation/Norfolk Southern Corporation  
-- Control and Operating Leases/A greement --  

Conrail: Finance Docket No. 33388

Dear Mr. Williams:

This letter is submitted on behalf of CSX Corporation and CSX Transportation, Inc. (collectively, "CSX").

On October 21, 1998, CSX was served with a document entitled "Request to Clarify and for Further Instruction of Responsive Applicant Wheeling & Lake Erie Railway Company" (WLE-10).

This filing apparently seeks clarification and “further instruction” with respect to Ordering Paragraph No. 68 of Decision No. 89 in the above matter, served July 23, 1998. That paragraph reads as follows:

68. In STB Finance Docket No. 33388 (Sub-No. 80), the responsive application filed by W&LE is granted in part and denied in part. As indicated in this decision, applicants must (a) grant W&LE overhead haulage or trackage rights access to Toledo, with connections to AA and other railroads at Toledo, (b) extend W&LE’s lease at, and trackage rights access to, NS’ Huron Dock on Lake Erie, and (c) grant W&LE overhead haulage or trackage rights to Lima, OH, with a connection to IORY at Lima. Applicants and W&LE must attempt to negotiate a solution with regard to these matters; and, if negotiations are not fully successful, may submit separate proposals no later than October 21, 1998. Further, applicants and W&LE must attempt to negotiate an agreement concerning mutually beneficial arrangements, including allowing W&LE to provide service to aggregates shippers or
to serve shippers along CSX’s line between Benwood and Brooklyn Junction, WV, and inform us of any such arrangements reached.

It will be noted that the first part of the above ordering paragraph calls upon the parties to submit separate proposals no later than October 21, 1998, for the terms of trackage rights to (a) Toledo, (b) Huron Dock, and (c) Lima, OH, in the case of disagreement as to terms. The last sentence, which instructs the parties to attempt to negotiate agreements concerning “mutually beneficial arrangements” contains no filing deadline other than that the Board is to be informed of “any such arrangements reached.”

The WLE-10 filing seeks, in part, to have the Board consider various issues raised by W&LE, some of which (having to do with the trackage rights over NS to Toledo and Huron Dock) are covered by the October 21, 1998 deadline and were apparently the subject of an impasse between NS and W&LE, on which NS submitted to the Board a statement of its position on October 21, 1998 (NS-71). Others portions of WLE-10 relate to W&LE’s desire to have additional trackage-right/haulage routes and arrangements under the final sentence of Ordering Paragraph No. 68, but without the condition that such arrangements are to be negotiated as “mutually beneficial.” Among these is a request relating to haulage and trackage rights between Benwood and Brooklyn Junction, OH over a CSX line. (WLE-10 at 24-29)

An agreement in principle on the terms of a trackage rights agreement between CSX and W&LE covering the movement from W&LE’s interchange point to Lima, OH, with a connection to the Indiana & Ohio Railway (“IORY”) (item (c) in the first part of Ordering Paragraph No. 68), disposing of all negotiated issues was reached between CSX and W&LE on Monday, October 19, 1998, in negotiations conducted for W&LE by its President, and a signed trackage rights agreement was sent by CSX to W&LE on Tuesday, October 20, 1998. See the attached Verified Statement of David Houchin. (This was reported to the Board in CSX’s letter filing on October 23, 1998, a copy of which is attached.) Nonetheless, to CSX’s surprise, despite what it believed to be the successful negotiation of a mutually satisfactory trackage rights agreement, WLE-10, which was served late in the day on October 21, 1998, indicated that there were open issues between CSX and W&LE as to the extent of the Lima trackage rights. A three and one-half page presentation of these alleged open differences was presented in WLE-10 at 21-24. Because CSX believed that it had conducted and successfully completed negotiations with W&LE for the Lima trackage rights, it, of course, had no opportunity to state its views to the Board on October 21, 1998, as to the appropriate resolution of these
alleged issues. Whether the assertion of these issues in the filing, while the trackage rights agreement had been negotiated to agreement by W&LE, was simply a miscommunication of some sort, or whether it was W&LE’s intent to negotiate a mutual agreement as to overhead trackage rights to Lima and then ask the Board for “more,” CSX does not know.

In any event, W&LE’s filing does ask for “more” than what the Board gave in Decision No. 89, since it seeks (at the very least) to change the relief afforded in the final sentence of Ordering Paragraph No. 68. The W&LE filing appears to be in the nature of a Petition, and, accordingly, CSX proposes to file its response to W&LE within the 20-day period following October 21, 1998, that is, on or before November 10, 1998. See 49 C.F.R. § 1104.13. Since CSX had no opportunity to respond to the alleged open points in the Lima trackage rights agreement – since it was led to believe that there were no open points – CSX proposes to include in that response its response to those alleged open points (including the contention that the Board’s use of “overhead” in describing the trackage rights meant that they were to involve local access). We respectfully suggest that it might be of assistance to the Board and to CSX if W&LE could offer them an explanation of why it treated the negotiations of the Lima trackage rights as if they were at closure while apparently intending to seek supplementary features of the rights from the Board, if that was its intent.

Twenty-five (25) copies of this letter are enclosed, together with a WordPerfect disk with the text of this letter and of the Houchin Verified Statement.

Respectfully yours,

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

Enclosures
via hand delivery
cc w/enclosures:
(via hand delivery)

Keith G. O’Brien, Esq.
REÁ, CROSS & AUCHINCLOSS
Counsel for Wheeling & Lake Erie
Railway Company

Richard A. Allen, Esq.
ZUCKERT, SCOUTT & RASENBERGER
Counsel for Norfolk Southern Railway Company
My name is David Houchin. I am employed by CSX Transportation, Inc. ("CSXT"). My business address is 500 Water Street, Jacksonville, Florida 32202. I have worked for CSXT since 1963. My present job title is Assistant Vice President – Joint Facilities. In my present position, I am responsible for negotiating joint agreements such as trackage rights, interchange, switching, etc. with other railroads.

About one month ago, I was given the assignment of negotiating with the Wheeling & Lake Erie Railroad Company ("W&LE") the terms of the trackage rights to Lima, Ohio, which W&LE has been awarded by the Surface Transportation Board (the "Board") in its decision relative to the Norfolk Southern/CSXT acquisition of Conrail. I understand that while at first W&LE wished to have its Lima trackage rights over Norfolk Southern’s line, W&LE then decided to access Lima via CSXT.

I negotiated the details of the trackage rights with Mr. Steve Wait, President, W&LE. The only two issues that were raised by Mr. Wait during our negotiations were the per car rate for the overhead trackage rights compensation and the number of trains per day that could be operated under the trackage rights. It was understood at all times in the negotiations that we would be using a CSXT form of trackage rights agreement that provided for W&LE overhead trackage rights between Carey and Lima, Ohio via Upper Sandusky, Ohio and that the trackage rights would give W&LE a connection with the Indiana & Ohio Railway Company ("IORY") at Lima. During my discussions with
Mr. Wait, there were no proposals on the part of W&LE to have the right to serve local customers along the route.

Mr. Wait and I had a telephone conversation on Monday, October 19, 1998, at which time, we both acknowledged that the two issues involving the per car rate and the number of trains had been resolved. I advised Mr. Wait that I would send him our form of trackage rights agreement containing those provisions for his execution.

On Tuesday, October 20, I sent Mr. Wait by fax, with copies by overnight delivery, the proposed trackage rights agreement for W&LE’s execution.

It was on this basis that I reported to counsel that CSXT and W&LE had reached agreement on the terms of the trackage rights to Lima and that a definitive agreement had been prepared for execution.
DECLARATION

I make the foregoing Statement under penalty of perjury pursuant to 28 U.S.C. Sec. 1746 and certify that the foregoing is true and correct and that I am authorized to make this Declaration.

Executed on the 22nd day of October in the City of Jacksonville, State of Florida.

David L. Houchin
October 21, 1998

BY HAND

The Honorable Vernon A. Williams
Secretary, Surface Transportation Board
1925 K Street, N.W., Seventh Floor
Washington, D.C. 20423-0001

Re: CSX Corporation/Norfolk Southern Corporation
   —Control and Operating Leases/Agreement—
   Conrail: Finance Docket No. 33388

Dear Mr. Williams:

This letter is submitted on behalf of CSX Corporation and CSX Transportation,
Inc. (collectively, "CSX") pursuant to Ordering Paragraph No. 68, page 181, of Decision
No. 89 in the above matter, served July 23, 1998.

In pertinent part, Ordering Paragraph No. 68 provides as follows:

As indicated in this decision, applicants must (a) grant W&LE
overhead haulage or trackage rights access to Toledo, with
connections to AA and other railroads at Toledo, (b) extend
W&LE's lease at, and trackage rights access to, NS' Huron
Dock on Lake Erie, and (c) grant W&LE overhead haulage or
trackage rights to Lima, OH, with a connection to IORY at
Lima. Applicants and W&LE must attempt to negotiate a
solution with regard to these matters; and, if negotiations are
not fully successful, may submit separate proposals no later
than October 21, 1998.

CSX has negotiated with Wheeling & Lake Erie Railway Company ("W&LE")
with respect to providing W&LE with the rights contemplated by the provisions just
quoted. In those negotiations, W&LE made it plain that it was not looking to CSX, but
rather to Norfolk Southern Railway Co. ("NS"), to provide the rights to Toledo (item (a))
and to Huron Dock (item (b)) there specified. Presumably, any report as to the status of
the negotiations with respect to the Toledo and the Huron Dock rights will come from NS.

W&LE did indicate to CSX that it was looking to CSX to provide the rights to Lima, OH, referred to in item (c), and negotiations with respect to those rights have been conducted. An agreement in principle has been reached to provide W&LE trackage rights over CSX to Lima, with a connection to IORY there. A definitive agreement has been presented, and it is contemplated that it will be executed within a day or two.

The final sentence of Ordering Paragraph No. 68 directs applicants and W&LE to attempt to negotiate an agreement or agreements concerning mutually beneficial arrangements for other service to shippers. Various proposals have been made by CSX and W&LE in this regard, but at this time, no such arrangements have been agreed upon. Pursuant to the final sentence of Ordering Paragraph No. 68, CSX will advise the Board of any such arrangements with W&LE reached to which CSX is a party.

Respectfully yours,

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

cc (via hand delivery):

Keith G. O’Brien, Esq.
REA, CROSS & AUCHINCLOSS
Counsel for Wheeling & Lake Erie Railway Company

Richard A. Allen, Esq.
ZUCKERT, SCOUTT & RASENBERGER
Counsel for Norfolk Southern Railway Company
The Honorable Vernon Williams  
Secretary  
Surface Transportation Board  
1925 K Street, NW  
Washington, DC 20423-0001

RE: Finance Docket No. 33388 (Sub. - No. 80)  
W&LE - 9 - Petition for Reconsideration/Clarification of Responsive Applicant -  
Wheeling & Lake Erie Railway Company

Dear Secretary Williams:

Wheeling-Pittsburgh Steel Corporation (Wheeling-Pitt) has a large integrated steel mill and plants at various points along the Ohio River south of Steubenville, Ohio. We are currently served by two railroads, Conrail and the Wheeling & Lake Erie Railway. The W&LE has become an important transportation option for Wheeling-Pitt and for that reason we supported W&LE Responsive Application in the merger. We have reviewed W&LE’s Petition for Reconsideration and wish to support the Petition as well.

W&LE’s access to a Lake Erie Dock is critically important to both Wheeling-Pitt and W&LE. Without this access, Wheeling-Pitt could become subject to rail rate and service monopoly for its iron ore pellets from the upper Great Lakes.

If negotiations among the Applicants’ and the W&LE ultimately reach an impasse, Wheeling-Pitt urges the Board to make clear that it will promptly consider an appropriate scope of relief in the context of the Board’s commitment to assure that W&LE will be able to survive and to provide competitive service. Wheeling-Pitt and W&LE need for the W&LE to have long term Lake Erie access to avoid our becoming a captive shipper for our ore requirements. The revenues generated would, of course, help ensure W&LE financial health.

We urge the Board to take necessary steps to ensure full and fair implementation of its decision to grant W&LE access to Huron facilities.

Very truly yours,

JEM/slr

JAMES E. MULDOON  
VICE PRESIDENT  
PURCHASING, TRAFFIC & RAW MATERIALS  

September 1, 1998
The Honorable Vernon Williams  
Secretary  
Surface Transportation Board  
1925 K Street, NW  
Washington, DC 20423-0001

RE: Finance Docket No. 33388 (Sub. - No. 80)  
W&LE - 9 - Petition for Reconsideration/Clarification of Responsive Applicant -  
Wheeling & Lake Erie Railway Company

Dear Secretary Williams:

Wheeling-Pittsburgh Steel Corporation (Wheeling-Pitt) has a large integrated steel mill and plants at various points along the Ohio River south of Steubenville, Ohio. We are currently served by two railroads, Conrail and the Wheeling & Lake Erie Railway. The W&LE has become an important transportation option for Wheeling-Pitt and for that reason we supported W&LE Responsive Application in the merger. We have reviewed W&LE’s Petition for Reconsideration and wish to support the Petition as well.

W&LE’s access to a Lake Erie Dock is critically important to both Wheeling-Pitt and W&LE. Without this access, Wheeling-Pitt could become subject to rail rate and service monopoly for its iron ore pellets from the upper Great Lakes.

If negotiations among the Applicants’ and the W&LE ultimately reach an impasse, Wheeling-Pitt urges the Board to make clear that it will promptly consider an appropriate scope of relief in the context of the Board’s commitment to assure that W&LE will be able to survive and to provide competitive service. Wheeling-Pitt and W&LE need for the W&LE to have long term Lake Erie access to avoid our becoming a captive shipper for our ore requirements. The revenues generated would, of course, help ensure W&LE financial health.

We urge the Board to take necessary steps to ensure full and fair implementation of its decision to grant W&LE access to Huron facilities.

Very truly yours,

JEM/slr

JAMES E. MULDOON  
VICE PRESIDENT  
PURCHASING, TRAFFIC & RAW MATERIALS
PPG Industries, Inc.
Public Affairs
One PPG Place - 7NW
Pittsburgh, PA 15272
USA
Facsimile Number: 412-434-2545
Telephone Number: 412-434-2967

FAX

Date: August 31, 1998
Name: The Honorable Vernon Williams
Company Name: Secretary, Surface Transportation Board
Fax Number: 202-565-9004
From: L. Blaine Boswell
Number of Pages: 3 including this cover page

COMMENTS/REMARKS:
August 31, 1998

The Honorable Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Dear Secretary Williams:

Re: Finance Docket No. 33388 (Sub-No. 80)
WL&E - 9 - Petition for Reconsideration/Clarification of Responsive Applicant -
Wheeling & Lake Erie Railway Company

As a party in the primary docket, PPG Industries, Inc. supports WL&E’s petition for reconsideration requesting the STB to recognize that it materially understated the magnitude of the loss facing WL&E.

PPG has previously urged the Board to establish competitive access to our Natrium, West Virginia plant and other plants in the area by granting trackage rights to WL&E over CSX’s line from Benwood to Brooklyn Junction, WV. That request has been strongly supported by Senators Jay Rockefeller and Robert Byrd and Congressman Robert Wise.

Although we remain quite concerned that the Board declined to specify the clarified relief that we requested, we also remain concerned about the general remedial conditions prescribed to preserve the WL&E. The remedial conditions must be broad enough to allow it to recoup sufficient revenues to survive. We know from discussion with the WL&E that they regard the potential service to West Virginia as critical to its continuing viability. The WL&E is also critical to the provision of continuing service to one of our major plants in Ohio and, accordingly, this is another reason for our concern about WL&E’s future.

We have learned from our own discussions with CSX as well as reports of a meeting between CSX and WL&E on August 13, 1998, that CSX has indicated that it has no intention of negotiating with WL&E concerning WL&E rights to serve shippers between Benwood and Brooklyn Junction, West Virginia. Obviously, we are very concerned about CSX’s intransient position.

We would like to point out that the apparent ambiguity in the language in the Board’s Decision No. 89 has made it quite difficult for the WL&E to negotiate successfully with the Applicants in general and in particular with the CSX over this provision for West Virginia service.
We have previously urged the Board to clarify the meaning of the provision relating to W&LE rights to provide service from Benwood to Brooklyn Junction. A clearer statement by the Board would assist the parties to negotiate in earnest on the issue of competitive access for the W&LE to our Natrium and other plants from Benwood to Brooklyn Junction. In view of the complete refusal by CSX to negotiate on that issue, we again urge the Board to clarify that the granting of rights to W&LE for local service from Benwood to Brooklyn Junction is specifically among the conditions which the Board directed to be negotiated.

If no clarification is provided and negotiations among the railroads ultimately reach an impasse, we urge the Board to make clear that it will promptly consider the appropriate scope of relief for W&LE, including the granting of competitive service from Benwood to Brooklyn Junction. This action should be taken in the context of the Board’s commitment to assure that W&LE will be able to survive and to provide competitive service in Ohio and West Virginia.

Finally, we support W&LE’s petition for reconsideration in view of our conviction that reassessment of the magnitude of loss facing W&LE should be an integral part of any action by the Board in prescribing the appropriate scope of remedial relief for W&LE.

Yours truly,

L. Blaine Boswell

cc: Parties of Record
Dear Chairman Morgan:

The July 23, 1998 written order in the referenced case contains a brief recitation of the mitigating conditions imposed to offset merger damage that the WLE can be expected to suffer. If the final extent and scope of the conditions as effected (either through negotiated settlement(s) or Board order) are inadequate to assure WLE viability, communities and rail shippers served by the WLE will suffer the consequences. Most communities on the WLE are the domain of part-time mayors and part-time city managers and lack the political structure to participate in this proceeding. If the mitigating conditions are insufficient to allow the continued operation of the WLE, few if any of the rail shippers and communities now on the WLE will actually see any rail service in the next century.

The new WLE market access that has been envisioned by the Board, particularly in WV and Toledo OH, holds significant opportunities. But those opportunities are only achievable if the WLE is successful in negotiations with NS and CSX, or the Board prescribes adequate terms and conditions in the event of an impasse. The detrimental effects of inadequate conditions will cause irreparable damage to the affected shippers and communities long before the WLE could prevail in subsequent Board or court action.

Retention of responsive rail service for all shippers and communities on the WLE requires that the Board enunciate the terms of the mitigating conditions in more detail. The failure of the Applicants to reach a pre-decision negotiated settlement with the WLE requires the Board to dictate the broad terms of an adequate settlement. The details of who’s track the WLE uses, which shippers the WLE has direct access to, the extent and definition of terminal areas and reciprocal switch access areas, the minimum amount of access to track capacity that the WLE must be guaranteed to successfully transact business, the amount of reciprocal switch charges that can be assessed for access to shippers outside the direct area, the terms of use - including minimum lease periods or terms of sale - for areas like the Huron Docks, all these details have been voluntarily deferred to the Board’s discretion by the Applicants.

I understand that the Applicants are insisting that the Board has not required WLE to be afforded access to local industries in connection with the defined rights to Toledo and Lima; and CSX holds that the Board did not intend for WLE to gain local access to industries on the Benwood-Brooklyn Junction line despite language in Decision No. 89. The Board must impose conditions on the merger which not only allow the WLE’s continued operations but which literally guarantee that the shippers and communities on the WLE remain whole.

The Applicants in this matter voluntarily elected to defer to the dictates of the Board. The July 23rd written decision appears to have seriously underestimated the extent of damage and left too many details undecided. That lack of definitive language will result in the WLE realizing much less relief than the minimum necessary to protect the threatened shippers and communities.
I support the WLE petition for reconsideration which urges the Board to carefully reassess the measure of damages faced by the WLE. The private negotiated settlements suggested in the Board's July 23rd order are fast approaching an impasse. The Applicants and the WLE are in need of revenues from this merger, the Applicants to pay for Conrail, the WLE to survive. Absent more definitive language ordering more explicit relief for the WLE, many of the industries and communities on the WLE will be forced to contribute their economic future to pay for a merger that they did not seek and have few opportunities to oppose.

Every past success of the WLE in attracting overhead traffic has been some measure of failure on the part of one or more of the three Class I's involved in this merger. The Board must recognize that the consolidation of three Class I's to two automatically removes at least one-third of the WLE's potential Class I connections. Damage in this instance is not measured in a vacuum - whether two million or fifteen million dollars, any swing in revenues will be significantly more noticeable on the WLE than it would be on either of the applicants. The long term survival of the WLE is also dependent upon rapidly repairing the damage that this merger has inflicted upon the WLE's relationship with each of the Applicants. An explicit statement of mitigating conditions by the Board would avoid further friction and facilitate the resumption of normal relations between the parties. For all of the above reasons, I ask that you favorably consider the WLE petition.

Respectfully submitted,

Janet Johnson
Traffic Manager

DAVID L FRITZ, Notary Public
STATE OF OHIO
Resident: Summit County
My Commission Expires March 28, 2000
August 28, 1998

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423

Re: Finance Docket No. 33388 (Sub-No. 80), 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

W&LE-9, Petition for Reconsideration/Clarification of Responsive Applicant Wheeling & Lake Erie Railway Company

Dear Mr. Williams:

I am writing on behalf of the State of Ohio in support of W&LE’s Petition for Reconsideration urging the Board to recognize that it substantially understated the magnitude of loss facing W&LE as a result of acquisition and control of Conrail lines by CSX and Norfolk Southern (NS).

Throughout these proceedings, Ohio has emphasized that our fourth largest (soon to be third largest) rail carrier is faced with financial uncertainty and potential bankruptcy as a direct result of substantial traffic diversion that will occur upon division of Conrail lines between CSX and NS. Loss of W&LE services through bankruptcy or otherwise is not acceptable, as it would have a devastating impact on key Ohio industries.

We do appreciate that the Board recognizes that the situation calls for a remedy adequate to preserve essential services and W&LE’s important competitive presence. The State has urged that such relief should assure dependable competitive access for Neomodal and include conditions adequate to keep W&LE viable, including access to Toledo.

We have learned that CSX and NS have adopted highly restrictive views concerning the scope of arrangements they are required to negotiate with W&LE, and are reluctant to negotiate on other recommended arrangements based on a restrictive interpretation of uncertain language in the Board’s decision.

Ohio has maintained that remedial measures afforded W&LE, such as rights and access to Toledo, must be adequate to assure that it can remain viable. We urge that the Board should require a broad enough interpretation of its directions to assure that granting of rights to the W&LE can result in viability. In this regard, access to Toledo will be important to W&LE as well as to the area and the state. A clearer statement of the Board’s intentions concerning the
scope of specific arrangements that are to be negotiated could well serve to motivate appropriate private solutions in the interest of all concerned.

If an impasse should occur, Ohio urges the Board to move promptly when requested to establish specific terms and conditions that will be adequate to assure W&LE can remain viable. In this regard, Ohio supports W&LE’s petition for reconsideration and urges the Board to carefully reassess the magnitude of loss facing W&LE in view of the key importance of that exposure to any action by the Board in prescribing appropriate relief.

Respectfully submitted,

Thomas M. O'Leary
Executive Director
Ohio Rail Development Commission

Enclosures: 25 Copies - Office of the Secretary

cc: All Parties of Record
August 31, 1998

Hon. Vernon Williams
Secretary, Surface Transportation Board
1925 K Street, Northwest
Washington, D.C. 20423-0001

Dear Secretary Williams:

Bayer Corporation, with headquarters in Pittsburgh, PA, is a research-based company with major businesses in health care and life sciences, chemicals and imaging technologies. The company had sales of $9.3 billion and employs more than 24,000 people. Bayer has a substantial facility in New Martinsville, WV (Natrium), which employs approximately 1,000 people in the production of various chemical materials such as Iron Oxide pigments and urethane Intermediates (TDI, MDI, Polyols). Bayer’s New Martinsville plant is served only by CSX. Bayer has consistently taken the position that there should be competitive and alternative rail access to its manufacturing plant at New Martinsville and to those of its customers.

Bayer was very much encouraged by the July 23, 1998 decision of the STB, particularly the language at Page 109 of the order where the STB found that Applicants CSX and NS should negotiate with the W&LE to allow the W&LE to serve shippers such as Bayer along the CSX main line from Benwood to Brooklyn Junction, WV.

Despite this specific finding, we understand that CSX now takes the position (based upon the STB language at Paragraph 68, Page 181 of the order) that the STB did not grant any rights to W&LE to serve Bayer at New Martinsville; rather, CSX contends that the STB order only required CSX to negotiate with W&LE if there was a mutual benefit for CSX. We further understand that CSX takes the position that it is not required to negotiate any agreement with W&LE concerning shippers in the Natrium area (the rail station name for the New Martinsville area) since any agreement from such negotiations could not be beneficial to CSX. We, at Bayer, can only conclude that CSX intends to use its market power to maintain its monopoly as the only rail carrier servicing Bayer and other shippers in the Natrium area.
We have had the opportunity to review the Petition for Reconsideration/Clarification filed by W&LE (W&LE-9) in which W&LE emphasized (Page 5 of Petition) that without appropriate relief, the transaction could result in catastrophic financial losses to W&LE. To remedy this situation, the STB required applicants to provide what the STB termed as "certain remedies" to prevent the further erosion of W&LE's financial viability due to the transaction. W&LE's Petition states that the STB has "severely understated" W&LE losses, but asks the STB to hold action until the W&LE has attempted to negotiate with CSX and NS for relief under the terms of the order.

If CSX and NS take the same position with W&LE on other conditions that they have taken on the competitive service relief to the Natrium area, it is obvious that an impasse will shortly be reached. Bayer supports the request of the W&LE that the STB hold the W&LE filing until it is clear that W&LE, CSX and NS are unable to reach any agreement about the extent of relief granted in the STB order of July 23. Part of the relief the STB should consider granting, in such event, is a clear order that Applicants must negotiate with W&LE, within a specific timeframe, to permit W&LE to serve Bayer and other shippers between Benwood and Brooklyn Junction, WV.

Bayer's specific concern at this point is that W&LE must continue as a viable railroad if it is to provide any real competition for CSX and NS after the merger. Bayer strongly supports the W&LE in its Petition for Clarification of the preset order, not only to recalculate the loss which the W&LE may suffer, but also to clarify the decision so that CSX/NS are ordered to negotiate in good faith with W&LE on the total relief ordered, including W&LE service between Benwood and Brooklyn Junction, WV.

Sincerely,

BAYER CORPORATION

By: [Signature]

cc: Honorable Linda J. Morgan
    Honorable Gus A. Owen
    Parties of Record
July 14, 1998

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

Enclosed is a copy of a letter addressed to you from TMACOG. I understand that other governmental and non-governmental entities in the Toledo area have or will write expressing similar concerns. I, again, ask for the Board's serious consideration of these requests.

Thank you for your time and attention to this matter.

Sincerely,

Marcy Kaptur
Member of Congress
July 8, 1998

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

RE: Finance Docket No. 33388 (Sub.No. 80), 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:

As local governmental entities and entities with major rail-served facilities in Toledo, Ohio, we have noted with great interest and approval the Board’s recent vote to require that, as a condition to the Board’s approval of the proposed Conrail transaction, Applicants provide the Wheeling & Lake Erie Railway with access to Toledo, Ohio. We understand that the Board’s written decision, due to be issued by July 23, 1998, will provide additional details regarding this important condition which had been recommended by the Board’s staff. We are eager to begin working with the W&LE. However, we are concerned that unless the Board clearly articulates the intended scope and operation of the condition, the Applicants, acting in their own self interest, may seek to implement the condition in ways that could seriously undermine its effectiveness.

Specifically, we respectfully request that the Board in its written decision, make clear:

1. That W&LE will have direct access to the Port of Toledo and all industries in the Toledo Switching District open to NS and CSXT with haulage and underlying trackage rights. We believe that such a provision is necessary to protect against Applicants providing non-competitive switching service on W&LE traffic and thereby decreasing the traffic density needed by W&LE to sustain viable trackage rights operations. In the event that the Board denies direct access, please clarify that W&LE haulage with underlying trackage rights will include the right to receive reciprocal switching within the Toledo switching district at the agreed switch charge applicable for Applicants in this merger or ($250/car).
2. That the lines and terminals to be used by W&LE in implementing trackage rights under this condition be acceptable to W&LE and not simply those unilaterally selected by Applicants. We believe that Applicants should not have the ability to restrict W&LE's access to Toledo to lines and terminals that are operationally inadequate for W&LE to provide competitive service.

We request that the Board provide clear and specific guidelines to assist the parties in negotiating an acceptable arrangement and that the Board retain jurisdiction to decide unresolved issues on an expedited basis, should that be necessary.

Respectfully submitted,

James [Signature]
Toledo Lucas County Port Authority

William F. [Signature]
Toledo Metropolitan Area Council of Governments (TMACOG)
May 18, 1998

The Honorable Vernon A. Williams
Office of the Secretary
Surface Transportation Board
Attn: STB Finance Docket No. 33388 (Sub No. 80)
1925 K Street NW
Washington, DC 20423

Dear Sir:

I am writing in regard to the upcoming division of Conrail between Norfolk Southern and CSX Transportation. When discussion of this merger first came about, I tried not to think about it too much. As time passes, it is something that is on my mind all the time. I am not only concerned for the community that I live in and the business that will be lost, but I also have a personal stake in this company. I, along with my father, two brothers and their wives, are employed by the Wheeling & Lake Erie Railway.

There was a time when NS occupied the office building that I now work in and I also remember the day they closed their doors. I was a sophomore at the local high school. The day started out like any other day, school until 2:45pm, my dad would be home at 3:30 and we would all sit down for dinner at 4:00. Only that day would end as the beginning of a very difficult time in all of our lives.

That evening at dinner, my dad informed us that NS would no longer be located in Brewster. That devastating news coming from a man that, as long as I could remember, had worked for that railroad. NS did give the employees choices; a buy out, relocation, or find another job other than railroading. Much discussion went on between my mom and dad. There was the buy out, but not likely with a daughter in her sophomore year of high school with every intention of going to college. Then there was relocation, which did not appeal to anyone, but had to be considered. Finally, there was finding another job, which was going to be difficult for a man who was 50 years old and had worked on a railroad for the better part of his life. My mom and dad decided to take a trip to Virginia in search of a home that would be equal to the home that we were living in. When they returned, I was approached with the idea of moving to Virginia. Without hesitation, I refused to go. I wanted to graduate high school with my friends. I did not want to leave what was familiar to me and have to start all over with only two years to go in high school. At that moment, I think my dad made his decision, he would continue as an employee for NS, only he would be working in Bellevue, Ohio. For two ½ years, my dad drove two hours to and from work on an afternoon shift just so his family would not have to leave their home. I know it was hard for him and for the rest of the family, but he did what he had to do.

In 1990, the Wheeling & Lake Erie came into town bringing jobs and business back to our community. Many of the employees that were former NS employees were hired, including my father. Life would finally be back to normal.
Now, years later, similar questions are being asked. Will the WE survive the take over of Conrail? Will our needs and the needs of our customers be forgotten? Will Norfolk Southern buy the WE? If NS would buy the WE, would they close the doors like they did years ago? What will happen to the employees and their families if jobs are lost and business in this community descends? I am asking you to please consider these questions when you are asked to cast your vote.

Thank you for your time and consideration.

Sincerely,

Jodi M. Smith
Manager of Customer Accounting
Wheeling & Lake Erie Railway Company
May 14, 1998

The Honorable: Vernon A. Williams
Office of the Secretary, Surface Transportation Board
Attn: STB Finance docket No. 33388 (Sub No. 80)

Dear Sir,

Currently your board is considering the purchase of Conrail by Norfolk and Southern and CSX. I believe that we all realize that the demise of Conrail and the absorption of its lines and rolling stock by the nation's two largest railroads will have far reaching consequences for years to come. The most obvious consequence is a monopoly based on a real lack of competition which leads to higher shipping costs, and higher prices that you and I pay at the cash register. If we put aside all the flowery language and promises espoused by the prime movers in this takeover, the nuts and bolts of their proposal is more revenue for their stockholders.

My concern as Mayor of Brewster is the fate of the Wheeling & Lake Erie Railway System. The small, efficient railroad employs many of our area residents. I am concerned for their livelihood. The loss of the W&LE would be a devastating loss to those families and our economy, but this goes much farther than that. The N&S once serviced the W&LE area, but they became too big for many of their old customers and left them high and dry. The W&LE was created to fill that void, and they have done so in an efficient manner. The Conrail takeover will nullify the track connections necessary for the W&LE to service their market. We can't let that happen.

It is a foregone conclusion that Conrail will be split between these two railroads, money talks. But you have an obligation to guarantee that the necessary measures are in place to allow such railroads as the W&LE to profitably service those markets that will be lost in the shuffle. This will require your board to look upon the rhetoric of the "Big Two" with a jaundiced eye, and to be creative in your final conclusions. I ask you "Why Not"?

Respectfully yours,

Mike Schwab
Brewster Mayor