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Northern District: Comprised of the area from New York/New Jersey east to Boston/New Bedford, MA north to Adirondack Junction, Quebec and west to Cleveland, OH.

Western District: Comprised of the area from St. Louis, MO to Chicago, IL to a point east of Cleveland, OH and south to Cincinnati and Columbus, OH and Louisville, KY and Evansville, IN.

Eastern District: Comprised of the area from New York/New Jersey to south of Richmond, VA west to Charlottesville, VA, Huntington, WV, north to Willard, OH and Cleveland, OH.

A uniform bargaining agreement and a unified workforce in each of these districts are indispensable prerequisites to realizing the efficiencies of the Transaction. Keeping separate labor agreements and workforces currently in place would preclude the realization of savings anticipated from the coordinated operations central to the Operating Plan. The consolidation of the seniority districts will also facilitate the coordination of work associated with track connections and configurations, facility expansions and coordinations, track abandonments, yard closures, and terminal coordinations contained in the Operating Plan. Finally, employment opportunities will be enhanced because of the expansion of seniority rights.

2. System Production Gangs. CSX uses large, efficient mechanized track gangs known as "System Production Gangs" that work over the entire CSX system. This method of operation is governed by a separate labor agreement (the "SPG Agreement") which has been in place since 1992. CSX plans to apply this method of operation to all major programmed track activities

(rail and tie installation and surfacing) on the expanded CSX system. Using the System Production Gangs also will significantly reduce the amount of roadway equipment, which in turn will require fewer mechanics to maintain the equipment. Thus, the CSX SPG Agreement will apply across the expanded CSX system.

CSX also proposes to adopt its current practice of assigning roadway equipment mechanics to System Production Gangs. Consequently, all roadway equipment mechanics will work under the single collective bargaining agreement now in place on CSX.

3. Facility Consolidations. As noted in the Operating Plan, Conrail and CSX have separate and duplicate roadway equipment repair shop facilities. The Conrail facility which is in Canton, OH, initially will be shared by CSX and NS and operated by Conrail. However, the work presently being performed at Canton for the CSX-allocated portion of Conrail will be consolidated within the first year after Board authorization of the Transaction at CSX's Richmond, VA roadway work equipment maintenance and repair facility. All of the work coordinated at Richmond will be placed under the CSX agreement presently applicable.

Conrail's rail welding work is currently performed at a shop near Harrisburg, PA. The rail welding work for the expanded CSX system will be consolidated in year one at CSX's existing facilities at Russell, KY and Nashville, TN.

4. Elimination of Unnecessary and Duplicative Levels of Supervision. Conrail presently employs more levels of supervision for its maintenance of way employees than does CSX. It is proposed to coordinate Conrail contract supervisors into the first level of non-contract supervisors. This will provide uniform supervision for the consolidated maintenance of way work throughout the CSX system.

5. Capital Improvements.

As stated in the Operating Plan, prior to and immediately after the Transaction, significant capital improvements must be made to support the expanded CSX operations. These capital improvements need to be made as expeditiously as possible. These improvements will include such projects as construction of connection tracks, sidings, additional main line and yard tracks, and new or expanded terminals, as well as upgrades of the signal systems and crossings. Sufficient equipment or skilled employees will likely not be available to perform all of this work, as well as scheduled maintenance work, in the required time period. Therefore, to implement the Operating Plan and to achieve the benefits of the Transaction, it may be necessary to utilize contractors to augment company forces.

Communications and Signal Operation Changes

1. Seniority Districts. Since the allocated portion of Conrail and the corresponding portion of CSX often parallel, cross or complement each other, there will be a significant geographical overlap between the two existing signal

operations. Accordingly, a coordination of the communications and signal ("C&S") forces on the expanded CSX system is required. CSX proposes consolidation of current seniority districts into three districts similar to those proposed for the maintenance of way employees.

Consolidating the seniority districts is necessary to achieved transportation benefits and related savings, including efficient equipment utilization; ability to react to operational changes and traffic shifts; facilities savings and vehicle savings. In addition, consolidation of seniority districts will allow more efficient use of manpower and create additional work opportunities.

A uniform set of work rules for C&S operations in each district is also necessary if the expanded CSX is to realize the transportation benefits of the Transaction. A single collective bargaining agreement will therefore apply to C&S employees throughout each of the new consolidated seniority districts.

The Operating Plan envisions the need for increased rail line capacity to handle projected growth on the expanded CSX system. The required construction projects will require a mobilized construction force. Accordingly, CSX will apply the B&O/BRS Signal Construction Agreement to the signal construction gangs working throughout the three consolidated districts.

2. Consolidation of Facilities. CSX and Conrail have duplicative signal and radio equipment repair facilities. They also have duplicative "trouble desks" or control centers. These redundant facilities need to be consolidated under the applicable CSX agreement.

(a) Signal Shop Facilities. CSX has a signal repair shop in Savannah, GA. Conrail has a similar shop in Columbus, OH. Although the Columbus shop will be a System Support Operations facility (SSO), CSX does not require the additional capacity of the Columbus shop. Accordingly, CSX-allocated Conrail work now performed at Columbus will be consolidated with the work now performed at Savannah. It is anticipated that this consolidation will occur in the first year after the Transaction is approved.

(b) C&S Control Center. Conrail's C&S Control Center is also in Columbus, OH. This facility is a centralized dispatch center for handling signal and communications trouble calls. CSX has a centralized control center in Jacksonville, FL. The Columbus control center is a SSO. When feasible, it is proposed to consolidate at Jacksonville all the control center work for the expanded CSX system.

(c) Radio Repair Shops. CSX presently is consolidating its radio repair shop work at a centralized facility in Louisville, KY. This consolidation should be fully implemented by mid-July 1997. Conrail currently repairs

radios throughout its system. It is proposed that radio repair work on the expanded CSX system will be consolidated at Louisville.

3. Elimination of Unnecessary and Duplicative Levels of Supervision. As with maintenance of way operations, Conrail currently has more levels of C&S supervisors than does CSX. To achieve efficiencies envisioned in the Operating Plan, Conrail contract supervisors will be consolidated into the first level of non-contract supervisors. This will provide uniform supervision of the consolidated C&S workforce.

4. Capital Improvements. As stated in the Operating Plan, prior to and immediately after the Transaction, significant capital improvements must be made to support the expanded CSX operations. These capital improvements need to be made as expeditiously as possible. These improvements will include such projects as construction of connection tracks, sidings, additional main line and yard tracks, and new or expanded terminals, as well as upgrades of the signal systems and crossings. Sufficient equipment or skilled employees will likely not be available to perform all this work, as well as the scheduled maintenance work, in the required time period. Therefore, to implement the Operating Plan and to achieve the benefits of the Transaction, it may be necessary to utilize contractors to augment company forces.

#### IV. Clerical Changes

The Operating Plan contemplates the coordination of various administrative functions within the first three years after approval of the Transaction. The expeditious and efficient coordination of this work is essential. Absent coordination of this work, the expanded CSX system will not be able to realize the synergies and efficiencies associated with a consolidated operation, nor provide its customers with the service levels that they expect and demand. In particular, it will be necessary for CSX to coordinate the clerical work associated with customer service, crew management, finance, field operations, and headquarters functions. CSX proposes that six consolidated seniority districts be established. These districts will be as follows:

##### 1. Customer Service

Conrail has a National Customer Service Center located near Pittsburgh, PA. The CSX Customer Service Center is in Jacksonville, FL. To maximize the efficient handling of Customer Service work and to provide optimal service to customers, it is planned that all the customer service work performed for the expanded CSX system be consolidated at the Jacksonville Customer Service Center. The customer service employees in Pittsburgh who are not needed at the time of consolidation will be added to the customer service roster at Jacksonville and will be able to fill future vacancies. This consolidated seniority district for the Customer Service

Center will provide the expanded CSX with a well trained, experienced and qualified workforce to fill current and future vacancies.

If the Pittsburgh customer service work is coordinated with CSX work prior to consolidation of the workforces in Jacksonville, employees working at the Pittsburgh Customer Service Center will remain under the Conrail collective bargaining agreement.

## 2. Crew Management

Conrail's Crew Dispatching Center is located at Dearborn, MI. The CSX Crew Dispatching Center is at Jacksonville, FL. The Conrail crew dispatching work associated with the expanded CSX system (excluding payroll functions) will be transferred to Jacksonville, FL. A new consolidated seniority district for the combined crew dispatching work will be established to provide the expanded CSX with a well trained, experienced and qualified workforce to fill current and future vacancies. Consolidated crew dispatching also will provide for a smooth transition of crew dispatching work from Conrail to CSX without losing the valuable knowledge of the Conrail employees. Those employees at Dearborn on calling desks allocated to CSX who are not needed at the time of the consolidation will be added to the consolidated crew dispatching roster at Jacksonville to fill future vacancies.

Until the CSX crew dispatching work is consolidated at Jacksonville, it will be performed on a coordinated basis

between the Dearborn and Jacksonville facilities.

3. & 4. Finance - Revenue and Finance-Expenditures

The work of Conrail's Finance Department and Service Group Management, and Finance functions located in Bethlehem, PA, which are associated with CSX's allocated portion of Conrail, will be coordinated with the work of CSX's Finance Department in Jacksonville, FL. This work initially will be coordinated and reallocated between these locations. Until finance work is either consolidated in Jacksonville or eliminated, coordinated work remaining at the Conrail locations will be performed under the Conrail collective bargaining agreement.

Two new consolidated rosters - Expenditures and Revenue - will be established. The Finance employees at the Conrail locations who are not initially consolidated into Jacksonville will be added to the appropriate Finance roster at Jacksonville and will be able to fill future vacancies. These new seniority rosters will provide a well-trained, experienced and qualified workforce to fill current and future vacancies in the coordinated CSX Finance Department.

The realization of efficiencies and service improvements envisioned in the Operating Plan requires that uniform work rules be applicable within the consolidated clerical districts. The CSX (former SCL) collective bargaining agreement will apply to Customer Service, Crew Management and Finance seniority districts when the work is coordinated at

Jacksonville.

5. Field Operations

The existing field seniority districts on the CSX-allocated portion of Conrail and the corresponding area of CSX will be combined into one district. The Conrail collective bargaining agreement will apply to all locations in this field district.

6. Headquarters Functions

The headquarters clerical work associated with CSX's allocated portion of Conrail, including the Risk Management work at Buffalo, NY, and in the field, will be coordinated with CSX's existing headquarters work in Jacksonville, FL. Initially, it is anticipated that this work can be performed with minor additions to the existing workforce at Jacksonville. The consolidated work in Jacksonville will be performed under the CSX (former SCL) collective bargaining agreement. Conrail headquarters clerical employees in Philadelphia who are not immediately needed in Jacksonville will be added to a consolidated headquarters roster in Jacksonville and be able to fill future vacancies.

The six functional seniority districts are essential to the success of the expanded CSX system. Since rail operations of the expanded system will be consolidated, it is necessary that the clerical work and associated workforces also be consolidated. Otherwise, some of the anticipated benefits foreseen in the Operating Plan will be in jeopardy. Also,

coordination of CSX and Conrail clerical employees on a functional basis will allow for a more efficient coordination and use of manpower because it will preserve the job knowledge essential to the effective functioning of the combined system.

#### V. Mechanical Changes

As detailed in the Operating Plan, the expanded CSX system plans to operate fully integrated locomotive and car fleets. These fleets will be managed and operated on a system basis without regard to prior railroad ownership. This integration of the locomotive and car fleets will significantly improve rail service by allowing the more efficient distribution and use of power and rolling stock. Once the fleets are integrated, CSX will have enhanced flexibility and efficiency in providing service to its customers.

Additionally, the Operating Plan envisions the institution of a uniform system of maintenance and engineering practices throughout the combined system. These practices will benefit CSX's customers. They will also increase equipment reliability, quality and availability.

The efficiencies of integrated locomotive and car fleets can be realized only if all the mechanical work and workforces from CSX's allocated portion of Conrail are fully integrated into CSX. The planned rearrangement of CSX and Conrail mechanical workforces will allow for the efficient distribution of the repair work throughout the expanded

system. For example, quarterly maintenance and running repair work will be distributed to the appropriate repair facilities based on customer needs and traffic flow.

The Operating Plan provides for all heavy repairs on the combined locomotive fleet to be accommodated at CSX's existing heavy repair shops at Huntington, WV and at Waycross, GA following a transition period. Present capacity at those facilities is sufficient to handle all normalized heavy repairs and standard overhauls for both CSX locomotives and those Conrail locomotives which will be allocated to and operated by CSX, including the heavy repairs performed at Selkirk, NY. The workforce at Huntington will need to be augmented for this additional work. The combination of the increased volume of work and the streamlined repair procedures will increase productivity at these locomotive repair shops. Additionally, the locomotive component reclamation and repairs currently performed at Conrail's Selkirk shop will be performed at the Huntington Locomotive Heavy Repair facility, with no expected impact on the workforce at either facility. During the transitional period, CSX has determined it will be necessary to use the Juniata facility to perform 65 locomotive overhauls a year to bring these units up to CSX standards.

Heavy repairs to freight cars are currently performed at CSX's facility at Raceland, KY, which is one of the premier car repair shops of North America. Raceland can easily

accommodate the additional work required to repair and maintain that portion of the Conrail car fleet which will be integrated into the CSX fleet. CSX also has sufficient capacity at its project shops to perform any customized modifications or other projects required by the combined fleet. Additionally, CSX has determined that during the transitional period, it will have approximately 333 cars per year repaired at Hollidaysburg. This will facilitate the depletion of CSX's portion of allocated inventory at that facility and bring these units up to CSX standards.

Existing CSX collective bargaining agreements will continue to apply at its locomotive and car repair facilities.

The integrated operation of the expanded CSX system will also significantly impact other work of the mechanical forces throughout the coordinated areas. The reorganization of train operations, consolidation of terminals, directional routing of trains, and segregation of trains on parallel tracks contemplated in the Operating Plan will necessitate the rearrangements of the mechanical forces in the field. Over the next three years, the expanded CSX system will consolidate various of its mechanical operations and its shopcrafts and supervisor workforces. These consolidations will enhance the efficiency of repairs and increase the availability of equipment to meet customers' needs. At the same time, the consolidation will preserve work opportunities. Primary

locations where CSX and Conrail operations will be consolidated include Cleveland, OH; Columbus, OH; Toledo, OH; Chicago, IL; Indianapolis, IN; and St. Louis, MO. Conrail Seniority Districts 13, 14, 15, 16, and 17 will be involved in these consolidations. CSX collective bargaining agreements will be applied to these consolidated areas.

As discussed in Part II above, CSX has the right to operate its trains on the Monongahela territory. While its cars are on the Monongahela territory, CSX will have the option of performing its own minor car repairs and car cleaning or having NS perform the work.

#### VI. Dispatcher Changes

Dispatchers on Conrail currently are located in Albany, NY, Dearborn, MI, Mount Laurel, NJ, Indianapolis, IN and Pittsburgh, PA. CSX's dispatching operations are centralized in Jacksonville, FL. The Operating Plan proposes to ultimately consolidate all the dispatching for the expanded CSX system at Jacksonville under the CSX collective bargaining agreement. However, because of the need for technological support and development, it will not be possible to consolidate the dispatching work on the allocated Conrail territory within the first three years. During this interim period, Conrail dispatchers will remain at their current locations, but will be allocated among CSX, NS and Conrail. Those Conrail employees allocated to CSX will be governed by their existing Conrail agreement until their work is

consolidated in Jacksonville.

The territory of the existing Conrail dispatching offices will be changed so that the Conrail dispatching offices can be split among CSX, NS and Conrail. The consoles controlling the CSX portion of the former territory of Conrail will be located in the Albany and Indianapolis offices and manned by CSX employees. This division of dispatchers among CSX, NS and Conrail is necessary to allow the responsible railroad to control train movement on its allocated portion of Conrail. This division also enables operations to be stabilized, allows employees to be trained on the territories for which they will be responsible, and ensures the safe and efficient operation of trains.

#### VI. Police Changes

Police work and the associated workforce on CSX's allocated portion of Conrail will be coordinated into the CSX non-agreement police force. Likewise, the work of the Conrail police communications center for CSX's allocated portion of Conrail will be coordinated into the CSX communications center at Jacksonville, FL.

All of the police officers on the expanded CSX system have federal police authority to operate across state lines. They will be required to respond to emergencies, follow investigations, provide back-up to fellow officers, and be expected to perform work interchangeably across the combined system. Consequently, the coordination of this work is

essential to the efficient operation of the expanded CSX System.

#### VI. General Claim Agent Changes

On Conrail general claim agents are represented by URSA whereas on CSX general claim agents are non-contract (managerial) positions. Conrail general claim agents on the CSX portion of the former territories of Conrail will be coordinated with the existing CSX general claims personnel and become non-contract employees.

#### VII. Yardmaster Changes

In order to achieve certain of the efficiencies set forth in the Operating Plan, it is necessary to rearrange and consolidate certain existing CSX and Conrail yardmaster seniority districts. The expanded CSX system will require flexibility in the assignment of yardmasters to meet changes in service demands and consistency in the supervision of its yardmasters. Three new seniority districts will be created -- Eastern, Central and Western. These three new districts will include the seniority districts on the former B&O, WM, Pere Marquette/Hocking Valley, C&EI, as well as portions of the districts on Conrail and the former C&O, L&N and SCL. Yardmasters will be placed on the consolidated rosters according to their original hire dates.

These districts are as follows:

Eastern District	South from Buffalo, NY including Cumberland, MD and Charlottesville, VA to Rocky Mount, NC and all terminals east
Central District	South from Detroit, MI including Cincinnati, OH and east to include all terminals west of the Eastern District
Western District	West of Detroit, MI and south to include Louisville, KY Nashville, TN and St. Louis, MO

It is proposed to apply the CSX (former B&O) Yardmasters' Agreement to all yardmasters working on each of the new seniority districts. Placing all the yardmasters in a district on a single roster will enhance their employment opportunities. A uniform rule for qualifying yardmaster employees to supervise new territory will also be needed on the expanded CSX system.

CSX, like NS, intends to use former Conrail yardmasters on its expanded system. Additionally, former Conrail yardmaster employees who are allocated to either CSX, NS or who remain at Conrail working in a Shared Assets Area may be required or may be permitted, when furloughed, to take available positions on either of other two companies until such time as they stand for recall.

#### CONCLUSION

The preceding changes are certain of the presently foreseeable changes for the train and engine, yardmaster, mechanical, maintenance of way, signal and communication, clerical, general claim agent, dispatcher and police forces

which result from the Operating Plan. Additional changes are also described in the Operating Plan and the Labor Impact Exhibit. All of these changes are necessary for the success of the expanded CSX system. They promote the synergy of the combined system, thereby increasing its efficiency, improving its competitive posture and enhancing the transportation benefits to the customers.

After the Transaction has been approved, it is likely that other coordinations, which also provide improved service and efficiencies and which are directly related to and grow out of or flow from the Board's approval of the Transaction, will become apparent and be implemented by CSX. These additional coordinations may require changes to collective bargaining agreements and may also affect Railway Labor Act rights.

Exhibit 1

New Seniority/Crew Runs

<u>SENIORITY DISTRICT</u>	<u>TERMINAL</u>	<u>TERMINAL</u>
Western	Columbus	Cincinnati via Sidney Indianapolis Washington Louisville St. Louis
	Evansville	Terre Haute Chicago Lafayette
	Chicago	Terre Haute Lafayette Toledo Cleveland Indianapolis
	Toledo	Cleveland
	Grand Rapids	Port Huron
	Cincinnati	Willard via Deshler or Sidney New Castle Corbin
	Flint	Fostoria
	Willard	Cincinnati via Deshler or Sidney
	Indianapolis	Willard Lordstown Chicago Evansville Toledo Danville
	Crestline	Lima Chicago Cleveland Anderson Buffalo Cincinnati New Castle

SENIORITY DISTRICT

TERMINAL

TERMINAL

Terre Haute

Nashville

Lafayette

Evansville

Detroit

Willard

SENIORITY DISTRICT

Eastern

Cleveland

Marysville  
Pittsburgh  
Columbus

Pittsburgh

Willard  
Brownsville  
Connellsville

Cumberland  
New Castle

Brownsville  
Cincinnati via  
Crestline/Sidney

Baltimore

Rocky Mount  
Newport News  
New Jersey/New York

SENIORITY DISTRICT

Northern District

Buffalo

Albany  
Willard

Selkirk

New York/New Jersey

## **APPENDIX A**

### **SHARED ASSETS AREAS**

#### **Projected Seniority, Agreement, and Territory Changes Necessary Under the Operating Plan**

##### **I. INTRODUCTION**

Under this transaction both Norfolk Southern Railway Company and its subsidiaries (NS) and CSX Transportation, Inc and its subsidiaries (CSX) will have full and equal rights to operate in each Shared Assets Area ("SAA"). The SAAs will be owned, operated and maintained by Consolidated Rail Corporation ("Conrail") for NS and CSX. To provide competitive alternatives, for the benefit of the public, Conrail is to provide NS and CSX with equal access to customers within a SAA. Conrail will provide appropriate switching, train breakup, and assembly services for CSX and NS, but will not participate in any rates, routes, or contract or billing arrangements with any shippers. All car movements within a SAA will remain in the accounts of CSX or NS. CSX and NS will pay Conrail for services in and access to the SAAs on the basis of usage plus an interest rental component.

##### **II. TRANSPORTATION CRAFTS**

###### **A. General**

The train and engine service operations within the SAAs are anticipated to continue as before the transaction, except for the changes described in the Operating Plans. The existing appropriate Conrail labor agreements for engine service, train service and yardmasters will

continue to apply to Conrail employees within the SAAs, with the modifications made necessary by the changes in operations.

Conrail train and engine service employees and yardmasters working within each SAA will have their former Conrail seniority preserved. These employees may be required or will be permitted to exercise seniority out of a SAA only when furloughed within that SAA and until they stand for recall. Likewise, former Conrail employees working outside of the SAAs will have their seniority within a SAA preserved. They may also be required or will be permitted to exercise that seniority within a SAA only when they are furloughed outside that SAA and until they stand for recall.

CSX and NS road crews under their respective collective bargaining agreements will operate trains throughout each SAA to any point in it, as if operating in their own territory, in accordance with local movement guidelines to be agreed to by CSX and NS.

Operation of Croxton and E-Rail Yards will be allocated to NS and will not be operated as a part of the North Jersey SAA. The NS employees working in these facilities will be treated for seniority and agreement purposes in the same manner as employees working on the Southern Tier of the expanded NS system between Buffalo and Croxton. In order to ensure an available work force and maintain employment opportunities in Croxton and E-Rail Yards, it is anticipated that necessary extra boards for train and engine service will be established at Croxton.

Operation of North Bergen Yard and Kearney Yard will be allocated to CSX and will not be operated as a part of the North Jersey SAA. It is intended that CSX employees working in these facilities will be covered for seniority and agreement purposes in the same manner as CSX employees working on the expanded CSX system north of New York. To ensure an available work force and maintain employment opportunities in North Bergen and Kearney Yards, it is

anticipated that necessary CSX extra boards for train and engine service will be established at North Bergen Yard.

Operation of Woodbourne Yard and Greenwich Yard, except for tracks used to support local freight service and the ore pier as described in the Operating Plans, will be allocated to CSX and not become part of South Jersey/Philadelphia SAA. It is intended that CSX employees working in these facilities will be covered for seniority and agreement purposes in the same manner as CSX employees working on the expanded CSX system south of Philadelphia.

Operation of West Falls Yard will be allocated to NS and will not become part of South Jersey/Philadelphia SAA. It is intended that NS employees who will work in this facility will be covered for seniority and agreement purposes in the same manner as NS employees who will work on the route of the expanded NS system between Harrisburg and West Falls. To ensure an available work force and maintain employment opportunities in West Falls Yard, necessary extra boards for train and engine service will be established at West Falls.

### **III. MAINTENANCE OF WAY AND STRUCTURES, COMMUNICATIONS AND SIGNAL, AND MECHANICAL CRAFTS**

#### **A. General**

In each SAA, Conrail will provide equipment servicing and light running repairs along with routine track and facility maintenance, as necessary for its operations.

However, the maintenance requirements to support Conrail's operations will require some system support, such as heavily equipped shop facilities and specialized roadway machines, that will not be owned by Conrail. Also, the Conrail current maintenance of way and structures (MW&S), communications and signal (C&S), and mechanical maintenance functions

will have to be rearranged to accommodate the particular demands of supporting these operations with the available resources.

Except as detailed below, the appropriate existing Conrail agreements will be in effect on the SAAs for the MW&S, C&S and mechanical crafts after the transaction. Each SAA will constitute a single, separate seniority district for each of these crafts.

**B. Maintenance of Way and Structures and Communications and Signal Operations**

After the transaction Conrail will no longer possess the system supports it formerly had available. Therefore, to permit operation of the three SAAs in a reasonable and efficient manner so as to realize the transportation benefits of this transaction, the following changes will be necessary:

1. Major annual program maintenance such as rail, tie, and surfacing projects will be provided by CSX or NS in accordance with their respective collective bargaining agreements and/or practices.
2. Conrail will purchase continuous welded rail (CWR) from CSX or NS.
3. Conrail will obtain from CSX or NS in accordance with their respective collective bargaining agreements and/or practices, services such as component reclamation and pre-fabricated track work.
4. Conrail will obtain from CSX or NS in accordance with their respective collective bargaining agreements and/or practices roadway equipment overhaul/repair that cannot be accomplished on line of road by Conrail forces.

5. Changes, additions, improvements, and rationalizations that are over and above routine maintenance will be provided by CSX or NS in accordance with their respective collective bargaining agreements and/or practices.
6. Current work zones within each SAA will be combined and realigned to provide that each seniority district will comprise only one work zone for the purpose of recall or automatic bidder rights in making assignments to positions on that seniority district.
7. Signal construction projects may be provided on a SAA by CSX or NS in accordance with their respective collective bargaining agreements and/or practices.
8. Conrail may purchase from CSX or NS in accordance with their respective collective bargaining agreements and/or practices, services and equipment such as pre-wired signal cases, bungalows and other items.

### **C. Mechanical Operations**

Because after the transaction Conrail will have no locomotive heavy repair or periodic maintenance capability, nor the ability to perform substantial or program work on cars, such service will be provided by CSX or NS, in accordance with their respective agreements and/or practices, or as directed by the locomotive or car owner. In most cases, only fueling, servicing and light and running repairs on locomotives and cars will be performed by Conrail.

## **IV. ADMINISTRATIVE CRAFTS**

### **A. General**

To effectuate the transaction, certain clerical and auxiliary administrative functions will be performed for Conrail by CSX, NS, or their affiliates. This will eliminate the expenses associated with duplicate computer systems and their associated equipment and overhead,

redundant accounting, and other administrative functions. Field operation clerical functions performed by Conrail employees for the SAAs will continue to be performed in accordance with the applicable Conrail agreement with TCU.

## **B. Clerical Functions**

### **1. Accounting**

Since under the transaction Conrail will receive payments from CSX and NS calculated on the basis of their usage of its facilities, plus an interest rental component, it will require only a simple accounting system that can keep track of usage and assign costs between fixed (dispatching, management and administration) and variable (T&E costs, fuel and other maintenance expenses) costs. A separate Conrail administrative organization to perform these functions would be redundant and inefficient. NS or CSX will be able to perform all accounting functions for Conrail, at a relatively small incremental cost compared with the cost of maintaining a separate accounting department with these capabilities.

Conrail will be able to use existing NS or CSX accounting systems and computer networks. This will reduce programming costs and eliminate the need to rectify the "Year 2000" problems that the current Conrail systems face (see 4 below).

### **2. Crew Management**

Crew dispatching for SAA territories initially will be performed at the Conrail Crew Management Center at Dearborn. Eventually, that work will be transferred to another location on Conrail or may be coordinated on CSX or NS.

### **3. Yard Operations**

The yard clerical functions associated with reporting car locations, changing car status and ordering switching for SAA territories are currently in Conrail's National Customer Service Center in Pittsburgh. Initially following the transaction this work will be performed in Pittsburgh. It is anticipated that the work will be transferred eventually to another location on Conrail, or coordinated into a CSX or NS location, or to locations on both.

### **4. Information Technology**

Conrail's Information Systems Department is headquartered in Philadelphia, and has an operations center in North Philadelphia. The operations center is staffed both with non-agreement and TCU-represented employees. Either CSX or NS will perform the Information Technology function for Conrail in accordance with the appropriate agreement and/or practices. This will permit retirement of the two mainframes and associated devices that are now used on Conrail, and result in substantial savings in staff, software purchases and licensing fees, and operating overhead. It will allow Conrail to achieve maximum efficiency and effectiveness from a system standpoint.

The coordination of computer work for Conrail also will greatly mitigate the potential impact of the "Year 2000" problems with Conrail systems. These problems stem from the fact that many computer systems, particularly those developed ten or more years ago, are unable to handle "2000" as a meaningful date. As many of Conrail's systems are more than ten years old, conversion challenges and associated risks are significantly higher with them.

## **5. Other Administrative Functions**

Other administrative functions may be performed by CSX or NS for Conrail in accordance with the agreements and/or practices on CSX or NS. This will reduce costs for Conrail by eliminating redundant departments.

### **C. Dispatching Functions**

Train movements within the SAAs generally will be controlled by a Conrail dispatcher. The existing Conrail agreement for dispatchers will continue to apply to Conrail employees dispatching trains on the SAAs. The dispatching control station now located at Mt. Laurel, NJ, that would control movements for the North Jersey SAA, the dispatching control station now located at Mt. Laurel, NJ, that would control movements for the South Jersey/Philadelphia SAA, and the dispatching control station now located in the Conrail divisional offices at Dearborn that would control the Detroit SAA each may be relocated.

### **D. Patrolmen**

The patrolmen working on each SAA will be consolidated into a single seniority district. This seniority district will include all of each SAA's territory.

### **E. Casualty Claims**

The claims agents working on each SAA will be consolidated into a single seniority district. This seniority district will include all of each SAA's territory.

## V. CONCLUSION

The preceding are some of the foreseeable changes which result from the Operating Plan for the supervisors, train and engine, yardmaster, mechanical, maintenance of way, signal and communication, clerical, general claim agent, dispatcher and police employees on the SAAs. Additional changes are also described in the Operating Plans and the Labor Impact Exhibit. All of these changes are necessary for the success of Conrail. They will promote the synergy of the expanded CSX and NS systems, thereby increasing their efficiency, improving their competitive posture and enhancing the transportation benefits to their customers.

It is likely that other additional coordinations that have not yet been identified but that will provide improved service and efficiencies and that are directly related to and grow out of or flow from the Board's approval will become apparent and will be implemented by Conrail, CSX and/or NS. These additional coordinations will result in additional changes that might affect collective bargaining agreements or Railway Labor Act rights.

JOINT VERIFIED STATEMENT  
OF  
KENNETH R. PEIFER  
AND  
ROBERT S. SPENSKI

Kenneth R. Peifer is Vice President Labor Relations at CSX Transportation, Inc. ("CSX"). He began his railroad career in 1965 in the Operating Department of The Baltimore and Ohio Railroad Company. In 1972 he joined the Labor Relations Department of the Chicago Rock Island & Pacific, and in 1973 he accepted a position in labor relations with the Western Pacific Railroad. In 1977 he joined the Labor Relations Department of the Southern Pacific Railroad and he served as Assistant Vice President-Labor Relations from 1985 to 1992. In this position Mr. Peifer directed all of the labor relations activities for the Southern Pacific rail companies. In March of 1992 Mr. Peifer joined the Labor Relations Department of CSX.

Mr. Peifer earned a Bachelor of Arts degree in English - Education from the City University of New York in 1969 and a Master of Arts degree in Public Administration from Golden Gate University in 1974. He also attended the University of San Francisco Labor Management School.

During his 25 years in labor relations in the rail industry, Mr. Peifer has had extensive experience with Interstate Commerce Commission ("ICC") and Surface Transportation Board ("STB") transactions including proposed mergers and acquisitions of control, and with the labor protective conditions imposed in such transactions. This experience includes the proposed Southern Pacific-Santa Fe merger in the mid-1980s and continuing

implementation of the common control of Chessie and Seaboard railroads since he joined CSX in 1992.

Robert S. Spenski is Vice President Labor Relations at Norfolk Southern Corporation and Norfolk Southern Railway Company ("NS"). Mr. Spenski began his railroad career in 1966 as a personnel officer at Southern Railway Company, a predecessor of NS. He joined Southern's Labor Relations Department in 1969, becoming Assistant Director Labor Relations in 1971, Director in 1973, and Senior Director in 1983 (at NS, Southern's successor). He was next Assistant Vice President Labor Relations from 1983 to 1987, when he became Senior Assistant Vice President Labor Relations, the position he held until becoming Vice President on June 1, 1994.

Mr. Spenski earned a Bachelor of Arts degree from Bethany College in 1957. During his nearly 30 years in railroad labor relations, Mr. Spenski also has had extensive experience with ICC and STB transactions, including mergers, consolidations, and acquisitions of control, and with the labor protective conditions imposed in such transactions. His experience includes the acquisition of common control of Norfolk and Western and Southern Railway by Norfolk Southern in 1982, and finance docket transactions involving the Kentucky & Indiana Terminal and other carriers.

#### Summary of Labor Impact

This statement explains the agreement employee portion of the

Labor Impact Exhibit which is attached to this Verified Statement. It also discusses Appendix A-NS and Appendix A-CSX which are attached to the respective Operating Plans, as well as, Appendix A-Shared Assets Areas which is attached to both Operating Plans. These appendices address certain changes in labor agreements that are essential to achieve the benefits and efficiencies projected in the Operating Plans.

We project in the Labor Impact Exhibit a net loss of approximately 2,650 jobs over the first three years, or 3.6 percent of the total 1996 employment of CSX, NS and Conrail. The projected job loss is less than the rail industry's average annual attrition rate of nearly 5% as calculated from the most recent data published by the U.S. Railroad Retirement Board, Bureau of the Actuary in August 1994. A large majority of Conrail, CSX and NS employees will retain comparable jobs after the transaction is implemented. Perhaps more importantly, they will be working for newly extended railroads aggressively seeking growth in new markets.

For example, the overall impact on employment in the operating crafts is positive for the reported three years. In the longer run, Applicant Carriers believe that traffic will continue to shift to rail from trucks resulting in new job opportunities for our employees. By seeking greater efficiencies in an extended network, Applicants will be able to focus on growing their market shares, and ultimately, their ability to create new jobs.

#### Labor Impact Analysis

The Labor Impact Exhibit shows the projected net effect of the

entire transaction on all categories of employment, including both represented and non-agreement employees, on the expanded CSX and NS Systems, and the remaining operations of Conrail, Inc. and Consolidated Rail Corporation (collectively "Conrail"), i.e., Shared Assets Areas, Continuing Conrail Management and the System Support Operations facilities. The Labor Impact Exhibit is formatted in accordance with STB regulations and the Board's Decision No. 7. See the Verified Statements of Paul N. Austin and Charles J. Wodehouse for explanation of the effects on non-agreement employees.

The Exhibit is organized by the current work location of Applicant Carriers' employees. For each location the Exhibit reflects the job classification, such as Machinist and Trainmen. The Exhibit further provides the number of jobs that will be created, abolished or transferred and the year following consummation of the transaction (one, two or three) in which these changes will occur. If a position is to be transferred, the Exhibit identifies the new location.

The Exhibit is based on the calendar year 1996 average monthly employment levels for the Applicant Carriers. It is prepared on a consolidated basis for the entire transaction because this format provides the best portrayal of this highly interrelated transaction in which the allocated portions of Conrail will be operated by CSX and by NS as part of their separate systems, and the remaining properties will be operated to provide certain services exclusively for CSX and NS. Calendar year 1996 data is the most recent

available for agreement employees and we believe that use of the 1996 employment figures as a base for the labor impact analysis will reflect the impacts of the transaction more accurately than would the use of 1995 employment figures because Conrail experienced significant reductions in its workforce during 1995 and 1996 that were unrelated to this transaction. Use of 1995 figures as a base would therefore overstate the impact of the transaction on employees and would overstate the associated cost savings of the transaction.<sup>1</sup> Use of 1996 figures as a base will reflect the labor impacts of the transaction more accurately than 1995 figures but will still overstate them somewhat because there have been further reductions since 1996 which were not related to the transaction. Given this fact and considering that the Transaction will not be implemented for about another year, the Exhibit represents today's view. The actual rearrangement and selection and assignment of Conrail's workforce will be arrived at in the implementing agreement process. At that time, the actual allocation of the workforce will be determined by CSX's and NS' respective needs of service.

The Summary of Benefits exhibit for CSX (Appendix A to Volume 1) and NS (Appendix B to Volume 1) and the pro forma financial statements for CSX (Volume 1, Appendices C-E) and NS (Volume 1, Appendices F-H) incorporate the economic effects on each of them of

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<sup>1</sup>In compliance with the Surface Transportation Board's requirement, the Labor Impact Exhibit will be supplemented, using the calendar year 1995 average monthly employment levels for the Applicant Carriers, by July 1, 1997.

the position changes shown in the Labor Impact Exhibit. Applicants have assumed that the eligible employees affected by the transaction will receive the standard employee protective conditions established in New York Dock for most aspects of the application and protection under the Norfolk and Western, Oregon Short Line and Mendocino Coast conditions for related trackage rights, abandonments, and lease approvals. These labor conditions provide both the framework for substantive benefits for affected employees and a procedural mechanism for resolving disputes regarding implementation of particular transactions. Our economic projections reflect protective payments where appropriate, but also reflect realistic assumptions about other options for the potentially affected employees. For example, a number of the employees in affected positions will retain their employment, because they will be needed at locations projected to have employment increases, or to replace employees who leave as a result of normal attrition. In addition, the expanded CSX and NS systems will offer some employees a severance option, which, based on past experience, we expect a number to accept.

#### Revised Labor Arrangements

The CSX and NS Operating Plans describe certain of the changes in operations required for CSX and NS to integrate their respective portions of Conrail into their rail systems, and to provide for the continued operation of the Shared Assets Areas and other common functions and facilities. These operational changes are necessary

to provide improved services to shippers and achieve greater efficiency and utilization of capital in rail operations. As explained in Appendix A-CSX, Appendix A-NS and Appendix A-Shared Assets Areas many of these changes in operations cannot be implemented under existing labor arrangements. For example, after the transaction, train crews will be required to operate interchangeably over either CSX or NS and allocated Conrail routes in many corridors, which would be impossible under existing labor agreements. Similarly, the efficiencies of the transaction could not be achieved, for example, if the expanded CSX and NS Systems were required to operate pursuant to existing labor agreements under which different maintenance crews must be used to maintain tracks of existing Conrail and CSX or NS in the same geographic area. These are but two of the examples that are described in the three appendices.

Each Appendix A describes certain of the proposed new seniority districts, operations, changes in bargaining agreements, and personnel assignments that will be essential to allow CSX and NS to achieve the efficiencies envisioned in their respective Operating Plans. Because the Conrail workforce initially must be allocated into comparable jobs on CSX, NS, and Conrail (for its Shared Assets Areas, operating Continuing Conrail Management and the System Support Operations facilities), where necessary to effect the transaction the parties will jointly negotiate (and if no agreement is reached will jointly arbitrate to reach an agreement) an implementing agreement to which they will be parties

with the representatives for each class or craft on the three rail systems satisfying all labor conditions for this transaction.

The arrangements described in each Appendix A represent our best projections, based on the current information. However, experience teaches that additional coordinations and rearrangements and modifications of existing labor agreements will be necessary as circumstances change, as shipping patterns evolve, and as each carrier acquires experience in managing its new expanded system. Such necessary changes, like those explicitly described in the appendices, will undoubtedly provide greater long-term employment opportunities for our employees, while they give the carriers the flexibility to meet their customers' needs.

#### Conclusion

The position changes summarized in the Labor Impact Exhibit reflect the details of the Operating Plans as they are projected, including the necessary coordinations and changes in seniority districts, bargaining agreements, etc., set forth in the CSX and NS Operating Plans and each Appendix A. All of these changes are essential to achieve the transportation efficiencies of the transaction, as well as to allow the expanded CSX and NS Systems to provide to customers the service benefits described in the Operating Plans. They are also essential if the expanded CSX and NS Systems are to meet the needs of shippers for efficient transportation at attractive and competitive prices. These new arrangements and coordinations will lead to additional rail

traffic, which, in turn, will create new job opportunities and enhanced job security for our employees. After the initial implementation of the transaction, additional changes also may become evident based upon experiences with the expanded CSX and NS Systems and Shared Assets Areas.

As of the date of the Application, no employee protection agreements have been reached with authorized labor representatives. However, contacts will be made expeditiously with the necessary authorized labor representatives in order to initiate the process of obtaining these agreements.

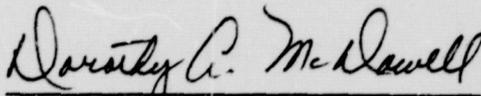
VERIFICATION

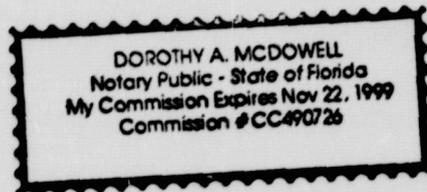
STATE OF FLORIDA        )  
                                  )    ss.  
COUNTY OF DUVAL        )

Kenneth R. Peifer, being duly sworn, deposes and says that he is Vice President Labor Relations of CSX Transportation, Inc., that he is qualified and authorized to submit this Verified Statement, and that he has read the foregoing statement, knows the contents the eof, and that the same is true and correct.

  
\_\_\_\_\_  
Kenneth R. Peifer

Subscribed and sworn to before me by Kenneth R. Peifer this 10<sup>th</sup> day of June, 1997.

  
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Notary Public



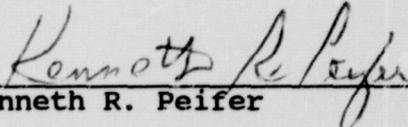




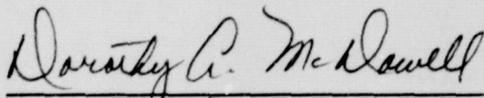
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Kenneth R. Peifer

Subscribed and sworn to before me by Kenneth R. Peifer this  
10<sup>th</sup> day of June, 1997.

  
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Notary Public



LABOR IMPACT EXHIBIT

EFFECTS ON APPLICANT CARRIERS' EMPLOYEES\*  
49 CFR 1180.6(a)(2)(v)

(Applicant Carriers)

<u>Current Location</u>		<u>Classification</u>	<u>Jobs Transferred To</u>	<u>Jobs Abolished</u>	<u>Jobs Created</u>	<u>Year</u>
ATLANTA	GA	Boilermakers	5 Altoona, PA			1
ENOLA	PA	Boilermakers		1		3
HUNTINGTON	WV	Boilermakers			5	1
ROANOKE	VA	Boilermakers		4		1
			5	5	5	
ALLENTOWN	PA	Carmen		4		1
ALLSTON(BEACON PK YD)	MA	Carmen		1		1
ASHTABULA	OH	Carmen		2		1
ATLANTA	GA	Carmen	2 Altoona, PA			1
BALTIMORE(BAYVIEW YD)	MD	Carmen		2		1
BRONX	NY	Carmen		1		1
BROOK PARK	OH	Carmen		1		1
BURNS HARBOR	IN	Carmen		1		1
CALUMET	IL	Carmen		55		1
CAMDEN	NJ	Carmen		1		1
CANTON	OH	Carmen		2		1
CHATTANOOGA	TN	Carmen		12		3
COLLINWOOD	OH	Carmen		4		1
COLUMBUS	OH	Carmen		7		1
COLUMBUS(BUCKEYE YD)	OH	Carmen		4		1
CONWAY	PA	Carmen		8		1
DECATUR	IL	Carmen		43		1
DETROIT(JEFFERSON DK)	MI	Carmen		1		1
DETROIT(NORTH YD)	MI	Carmen		2		1
DETROIT(STERLING YD)	MI	Carmen		2		1
DETROIT-RIVER ROUGE	MI	Carmen		1		1
ELKHART	IN	Carmen		7		1
ELMIRA	NY	Carmen		2		1
ENOLA	PA	Carmen		9		1
ENOLA	PA	Carmen		3		3
FRAMINGHAM	MA	Carmen		1		1
FRONTIER	NY	Carmen		7		1
FT. WAYNE	IN	Carmen		6		1
HARRISBURG	PA	Carmen		2		1
HUNTINGTON	WV	Carmen			18	1
INDIANAPOLIS	IN	Carmen		2		1
INDIANAPOLIS(AVON YD)	IN	Carmen		3		1
LORAIN	OH	Carmen		2		1
LORDSTOWN(GOODMAN YD)	OH	Carmen		2		1
MACEDONIA	OH	Carmen		4		1
MANSFIELD	OH	Carmen		1		1
MARION	OH	Carmen		2		1
METUCHEN	NJ	Carmen		1		1
MINGO JUNCTION	OH	Carmen		1		1
MORAINE	OH	Carmen		1		1
MORRISVILLE	PA	Carmen		10		1
NEWARK	NJ	Carmen		2		1
NEWARK(OAK ISLAND YD)	NJ	Carmen		2		1
NIAGARA FALLS(SUSP BR	NY	Carmen		1		1
NO BERGEN	NJ	Carmen		1		1

LABOR IMPACT EXHIBIT

EFFECTS ON APPLICANT CARRIERS' EMPLOYEES\*  
49 CFR 1180.6(a)(2)(v)

(Applicant Carriers)

<u>Current Location</u>		<u>Classification</u>	<u>Jobs Transferred To</u>	<u>Jobs Abolished</u>	<u>Jobs Created</u>	<u>Year</u>
NORTHUMBERLAND	PA	Carmen		1		1
PHILADELPHIA	PA	Carmen		1		1
PHILADELPHIA-SOU PHIL	PA	Carmen		1		1
READING	PA	Carmen		1		1
ROANOKE	VA	Carmen		8		1
ROCKPORT	OH	Carmen		2		1
ROSE	PA	Carmen		1		1
SECAUCUS	NJ	Carmen		4		1
SELKIRK	NY	Carmen		9		1
SENECA	NY	Carmen		1		1
SHARONVILLE	OH	Carmen		3		1
SHIRE OAKS	PA	Carmen		1		1
SO KEARNY	NJ	Carmen		2		1
SOUTH FORK	PA	Carmen		1		1
ST LOUIS	MO	Carmen		1		1
SYRACUSE(DEWITT YD)	NY	Carmen		2		1
TOLEDO	OH	Carmen		4		1
TOLEDO(STANLEY YD)	OH	Carmen		2		1
W SPRINGFIELD	MA	Carmen		1		1
WAYNE	MI	Carmen		11		1
WAYNESBURG	PA	Carmen		3		1
WILLIAMSON	WV	Carmen		44		1
			2	330	18	
ALBANY	NY	Clerical Employees		1		1
ALLENTOWN	PA	Clerical Employees		2		1
ALLSTON(BEACON PK YD)	MA	Clerical Employees		1		1
ASHTABULA	OH	Clerical Employees		1		1
ATLANTA	GA	Clerical Employees	8 Altoona, PA			1
ATLANTA	GA	Clerical Employees		13		2
ATLANTA	GA	Clerical Employees		3		3
BALTIMORE	MD	Clerical Employees		1		1
BETHLEHEM	PA	Clerical Employees		32		1
BETHLEHEM	PA	Clerical Employees	6 Roanoke, VA			1
BUFFALO	NY	Clerical Employees		14		1
BUFFALO	NY	Clerical Employees	7 Jacksonville, FL			1
BUFFALO(FRONTIER YD)	NY	Clerical Employees		2		1
BURNS HARBOR	IN	Clerical Employees		1		1
CALUMET	IL	Clerical Employees		1		2
CANTON	OH	Clerical Employees		1		1
CARTERET	NJ	Clerical Employees		1		1
CHICAGO	IL	Clerical Employees		12		1
CHICAGO(47TH ST YD)	IL	Clerical Employees		3		1
CLEVELAND	OH	Clerical Employees		2		1
COLLINWOOD	OH	Clerical Employees		3		1
COLUMBUS	OH	Clerical Employees		8		1
COLUMBUS(BUCKEYE YD)	OH	Clerical Employees		2		1
CONEMAUGH	PA	Clerical Employees		1		1
CONWAY	PA	Clerical Employees		9		1
CRESSONA	PA	Clerical Employees		1		1
DEARBORN	MI	Clerical Employees		90		1

LABOR IMPACT EXHIBIT

EFFECTS ON APPLICANT CARRIERS' EMPLOYEES\*  
49 CFR 1180.6(a)(2)(v)

(Applicant Carriers)

<u>Current Location</u>		<u>Classification</u>	<u>Jobs Transferred To</u>	<u>Jobs Abolished</u>	<u>Jobs Created</u>	<u>Year</u>
DEARBORN	MI	Clerical Employees	66 Atlanta, GA			1
DEARBORN	MI	Clerical Employees	41 Jacksonville, FL			1
DEARBORN	MI	Clerical Employees	16 Roanoke, VA			1
DEARBORN	MI	Clerical Employees		8		3
DETROIT	MI	Clerical Employees		8		1
E ST LOUIS(ROSE LAKE)	IL	Clerical Employees		2		1
ELKHART	IN	Clerical Employees		1		1
ENOLA	PA	Clerical Employees		11		1
ENOLA	PA	Clerical Employees		3		2
ENOLA	PA	Clerical Employees		15		3
ENOLA	PA	Clerical Employees	3 to be determined			3
FAIRLANE	OH	Clerical Employees		4		1
FRAMINGHAM	MA	Clerical Employees		2		1
GREENTREE	PA	Clerical Employees		1		1
HAMMOND	IN	Clerical Employees		3		1
HARRISBURG	PA	Clerical Employees		2		1
HENNEPIN	IL	Clerical Employees		1		1
HUNTINGTON	WV	Clerical Employees			1	1
INDIANAPOLIS	IN	Clerical Employees		8		1
INDIANAPOLIS(AVON YD)	IN	Clerical Employees		1		1
INDIANAPOLIS(HARRISON)	IN	Clerical Employees		1		1
JERSEY CITY	NJ	Clerical Employees		1		1
JERSEY CITY(CROXTON)	NJ	Clerical Employees		14		1
KALAMAZOO	MI	Clerical Employees		1		1
LIMA	OH	Clerical Employees		1		1
LORDSTOWN	OH	Clerical Employees		1		1
MANSFIELD	OH	Clerical Employees		1		1
MILLVILLE	NJ	Clerical Employees		1		1
MORRISVILLE	PA	Clerical Employees		2		1
MOUNT LAUREL	NJ	Clerical Employees		2		1
MOUNT LAUREL	NJ	Clerical Employees	3 Jacksonville, FL			1
MOUNT LAUREL	NJ	Clerical Employees	1 Roanoke, VA			1
MT VERNON	MD	Clerical Employees		6		1
NEWARK	NJ	Clerical Employees		3		1
NEWARK(OAK ISLAND YD)	NJ	Clerical Employees		1		1
PHILADELPHIA	PA	Clerical Employees		6		1
PHILADELPHIA	PA	Clerical Employees	1 Harrisburg, PA			1
PHILADELPHIA	PA	Clerical Employees	2 Pittsburgh, PA			1
PHILADELPHIA-BYBERRY	PA	Clerical Employees		24		1
PHILADELPHIA-COMMERCE	PA	Clerical Employees		184		1
PHILADELPHIA-COMMERCE	PA	Clerical Employees	10 Atlanta, GA			1
PHILADELPHIA-COMMERCE	PA	Clerical Employees	1 Chicago, IL			1
PHILADELPHIA-COMMERCE	PA	Clerical Employees	92 Jacksonville, FL			1
PHILADELPHIA-COMMERCE	PA	Clerical Employees	25 Roanoke, VA			1
PHILADELPHIA-COMMERCE	PA	Clerical Employees		3		2
PHILADELPHIA-ISLAND A	PA	Clerical Employees		14		1
PHILADELPHIA-ISLAND A	PA	Clerical Employees	1 Cleveland, OH			1
PHILADELPHIA-ISLAND A	PA	Clerical Employees	1 Detroit, MI			1
PHILADELPHIA-SOU PHIL	PA	Clerical Employees		4		1
PITTSBURGH	PA	Clerical Employees		1		1
PITTSBURGH	PA	Clerical Employees	1 Atlanta, GA			1

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EFFECTS ON APPLICANT CARRIERS' EMPLOYEES\*  
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(Applicant Carriers)

<u>Current Location</u>		<u>Classification</u>	<u>Jobs Transferred To</u>	<u>Jobs Abolished</u>	<u>Jobs Created</u>	<u>Year</u>
PITTSBURGH (NCSC)	PA	Clerical Employees		147		1
PITTSBURGH (NCSC)	PA	Clerical Employees	15 Atlanta, GA			1
PITTSBURGH (NCSC)	PA	Clerical Employees	185 Jacksonville, FL			1
PITTSBURGH (NCSC)	PA	Clerical Employees	200 Atlanta, GA			2
RICHMOND	VA	Clerical Employees			3	1
RIDGEFIELD	NJ	Clerical Employees		32		1
ROANOKE	VA	Clerical Employees		26		2
ROANOKE	VA	Clerical Employees		35		3
ROCKPORT	OH	Clerical Employees		1		1
SELKIRK	NY	Clerical Employees		8		1
SO KEARNY	NJ	Clerical Employees		3		1
SYRACUSE(DEWITT YD)	NY	Clerical Employees		1		1
TOLEDO	OH	Clerical Employees		6		1
TRENTON	NJ	Clerical Employees		1		1
W SPRINGFIELD	MA	Clerical Employees		1		1
WALBRIDGE	OH	Clerical Employees		24		1
WAYNESBURG	PA	Clerical Employees		2		1
WORCESTER	MA	Clerical Employees		1		1
			<b>685</b>	<b>834</b>	<b>4</b>	
ASHTABULA	OH	Dock Workers		1		1
			0	1	0	
ATLANTA	GA	Electricians	45 Altoona, PA			1
CALUMET	IL	Electricians		3		1
CAMDEN	NJ	Electricians		2		1
CAMDEN	NJ	Electricians	2 Bellevue, OH			1
COLLINWOOD	OH	Electricians		1		1
CONWAY	PA	Electricians		7		1
ELKHART	IN	Electricians		2		1
ELKHART	IN	Electricians	4 Bellevue, OH			3
ENOLA	PA	Electricians		7		1
ENOLA	PA	Electricians		10		3
ENOLA	PA	Electricians	43 to be determined			3
HARRISBURG	PA	Electricians		2		1
HUNTINGTON	WV	Electricians			53	1
INDIANAPOLIS	IN	Electricians		1		1
MACEDONIA	OH	Electricians		1		1
NEWARK(OAK ISLAND YD)	NJ	Electricians		3		1
NEWARK(OAK ISLAND YD)	NJ	Electricians	6 Bellevue, OH			1
READING	PA	Electricians		1		1
ROANOKE	VA	Electricians		3		1
SELKIRK	NY	Electricians		3		1
SHARONVILLE	OH	Electricians		1		1
TOLEDO	OH	Electricians		2		1
WAYNESBURG	PA	Electricians		1		1
WILLOW RUN	MI	Electricians		3		1
			<b>100</b>	<b>53</b>	<b>53</b>	
ALBANY	GA	Engineers		3		1
ALLENTOWN/BETHLEHEM C/T	PA	Engineers		7		1

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EFFECTS ON APPLICANT CARRIERS' EMPLOYEES\*  
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(Applicant Carriers)

<u>Current Location</u>	<u>Classification</u>	<u>Jobs Transferred To</u>	<u>Jobs Abolished</u>	<u>Jobs Created</u>	<u>Year</u>
ALTOONA	PA Engineers			3	1
ALTOONA	PA Engineers			5	2
ALTOONA	PA Engineers			2	3
ANDOVER	VA Engineers		2		1
ARGOS	IN Engineers		5		1
ASHEVILLE	NC Engineers		1		1
ATLANTA	GA Engineers		7	3	1
ATLANTA	GA Engineers			4	2
ATLANTA	GA Engineers			2	3
AUGUSTA	GA Engineers			1	1
BALTIMORE	MD Engineers			9	1
BALTIMORE	MD Engineers			6	2
BALTIMORE	MD Engineers			2	3
BEAPARK	MA Engineers			1	1
BELLEVUE	OH Engineers			1	1
BELLEVUE	OH Engineers			2	2
BELLEVUE	OH Engineers			1	3
BIGFOUR ROAD WEST (AVON)	IN Engineers			4	1
BIRMINGHAM	AL Engineers		4		1
BLUEFIELD	WV Engineers			1	1
BLUEFIELD	WV Engineers			2	2
BLUEFIELD	WV Engineers			1	3
BRUNSWICK	GA Engineers			1	1
BUFFALO	NY Engineers			15	1
BUFFALO LINES E&W	NY Engineers			9	1
BUFFALO YARD	NY Engineers			3	1
BURNS HARBOR	IN Engineers	1 Chicago, IL			1
CHARLESTON	SC Engineers		1		1
CHICAGO	IL Engineers		30		1
CINCINNATI	OH Engineers		13		1
CLEVELAND	OH Engineers		5	20	1
CLEVELAND	OH Engineers	8 Willard, OH			1
COLUMBIA	SC Engineers		1		1
COLUMBUS	GA Engineers		5		1
COLUMBUS	OH Engineers		5	4	1
CONNEAUT	OH Engineers	17 Buffalo, NY			1
CONNEAUT	OH Engineers	16 Cleveland, OH			1
CONWAY	PA Engineers		4		1
CORNING	NY Engineers			4	1
CORNING	NY Engineers			6	2
CORNING	NY Engineers			3	3
CRESTLINE	OH Engineers	31 Willard, OH			1
CREWE	VA Engineers			2	1
CREWE	VA Engineers			4	2
CREWE	VA Engineers			1	3
CUMBERLAND	MD Engineers			9	1
DANVILLE	IL Engineers	11 Terre Haute, IN			2
DANVILLE	IL Engineers	12 Terre Haute, IN			3
DANVILLE	KY Engineers		5		1
DECATUR	IL Engineers			17	1
DECATUR	IL Engineers			27	2

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EFFECTS ON APPLICANT CARRIERS' EMPLOYEES\*  
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(Applicant Carriers)

<u>Current Location</u>	<u>Classification</u>	<u>Jobs Transferred To</u>	<u>Jobs Abolished</u>	<u>Jobs Created</u>	<u>Year</u>
DECATUR	IL Engineers			11	3
DETROIT	MI Engineers			26	1
DETROIT (YARD)	MI Engineers			14	1
DEWITT	NY Engineers			2	1
ELKHART (WEST)	IN Engineers		7		1
ELMORE	WV Engineers			1	1
ELMORE	WV Engineers			2	2
ENOLA	PA Engineers		6		1
ETOWAH	TN Engineers			3	1
EVANSVILLE	IN Engineers	12 Terre Haute, IN			2
EVANSVILLE	IN Engineers	11 Terre Haute, IN			3
FAIRLANE	OH Engineers		1		1
FORT WAYNE	IN Engineers			1	1
FT. WAYNE	IN Engineers			5	1
FT. WAYNE	IN Engineers			8	2
FT. WAYNE	IN Engineers			3	3
GRAND RAPIDS	MI Engineers		4		1
GREENVILLE	SC Engineers			2	1
GREENVILLE	SC Engineers			3	2
GREENVILLE	SC Engineers			1	3
GREENWICH	PA Engineers			4	1
HAGERSTOWN	MD Engineers		3		1
HARRINGTON	DE Engineers		6		1
HOBSON	OH Engineers			1	1
HOBSON	OH Engineers			1	2
HOBSON	OH Engineers			1	3
INDIANAPOLIS ROAD EAST	IN Engineers			5	1
JACKSONVILLE	FL Engineers			3	1
KANKAKEE	IL Engineers			1	1
KANKAKEE	IL Engineers			2	2
KANKAKEE	IL Engineers			1	3
KNOXVILLE	TN Engineers		4		1
LAFAYETTE	IN Engineers		1		1
LINWOOD	NC Engineers		8		1
LOUISVILLE	KY Engineers		10		1
LYNCHBURG	VA Engineers			2	1
LYNCHBURG	VA Engineers			3	2
MACON	GA Engineers			4	1
MACON	GA Engineers			6	2
MACON	GA Engineers			2	3
MANASSAS	VA Engineers			1	1
MASSENA	NY Engineers			1	1
MERIDIAN	MS Engineers			3	1
MERIDIAN	MS Engineers			6	2
MERIDIAN	MS Engineers			2	3
MOBERLY	MO Engineers			6	1
MOBERLY	MO Engineers			10	2
MOBERLY	MO Engineers			4	3
MONTGOMERY	AL Engineers		3		1
NASHVILLE	TN Engineers			3	1
NEW CASTLE	PA Engineers			5	1

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(Applicant Carriers)

<u>Current Location</u>		<u>Classification</u>	<u>Jobs Transferred To</u>	<u>Jobs Abolished</u>	<u>Jobs Created</u>	<u>Year</u>
NIAGARA	NY	Engineers			1	1
OAKDALE	TN	Engineers			1	1
OAKISLAND	NJ	Engineers			8	1
PENSACOLA	FL	Engineers			3	1
PERU	IN	Engineers			4	1
PERU	IN	Engineers			7	2
PERU	IN	Engineers			2	3
PHILADELPHIA	PA	Engineers		1		1
PHILADELPHIA YARD	PA	Engineers			1	1
PORT READING	NJ	Engineers			1	1
PORTSMOUTH	OH	Engineers			1	1
PORTSMOUTH	OH	Engineers			2	2
PORTSMOUTH	OH	Engineers			1	3
PRINCETON	IN	Engineers			2	1
PTJERVIS	NY	Engineers			1	1
PTJERVIS	NY	Engineers			3	2
PTJERVIS	NY	Engineers			2	3
RALEIGH	NC	Engineers		6		1
RENOVC	PA	Engineers		2		1
ROANOKE	VA	Engineers			8	1
ROANOKE	VA	Engineers			12	2
ROANOKE	VA	Engineers			4	3
SELKIRK ROAD EAST	NY	Engineers			11	1
SELKIRK ROAD WEST	NY	Engineers			3	1
SELMA	AL	Engineers		4		1
SHEFFIELD	AL	Engineers		2		1
SHENNANDOAH	VA	Engineers			5	1
SHENNANDOAH	VA	Engineers			7	2
SHENNANDOAH	VA	Engineers			3	3
ST. THOMAS	ONT	Engineers			1	1
ST. THOMAS	ONT	Engineers			2	2
TOLEDO	OH	Engineers		70		1
VALDOSTA	GA	Engineers			1	1
VALDOSTA	GA	Engineers			2	2
WASHINGTON	IN	Engineers		9		1
WILLARD	OH	Engineers			23	1
WSPRINGFIELD	MA	Engineers			1	1
			119	245	457	
ATLANTA	GA	Laborers/Firemen and Oilers	10 Altoona, PA			1
CALUMET	IL	Laborers/Firemen and Oilers		4		1
CONWAY	PA	Laborers/Firemen and Oilers		2		1
ELKHART	IN	Laborers/Firemen and Oilers		1		1
ENOLA	PA	Laborers/Firemen and Oilers		2		1
ENOLA	PA	Laborers/Firemen and Oilers		30		3
HUNTINGTON	WV	Laborers/Firemen and Oilers			14	1
INDIANAPOLIS	IN	Laborers/Firemen and Oilers		1		1
NEWARK(OAK ISLAND YD)	NJ	Laborers/Firemen and Oilers		3		1
SELKIRK	NY	Laborers/Firemen and Oilers		3		1
			10	46	14	

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(Applicant Carriers)

<u>Current Location</u>		<u>Classification</u>	<u>Jobs Transferred To</u>	<u>Jobs Abolished</u>	<u>Jobs Created</u>	<u>Year</u>
ATLANTA	GA	Machinists	67 Altoona, PA			1
CALUMET	IL	Machinists		6		1
CAMDEN	NJ	Machinists		1		1
CAMDEN	NJ	Machinists	4 Bellevue, OH			1
CHATTANOOGA	TN	Machinists		6		2
CHICAGO	IL	Machinists		7		1
COLLINWOOD	OH	Machinists		1		1
COLUMBUS	OH	Machinists		1		1
CONWAY	PA	Machinists		6		1
DEARBORN ZONE R GANG	MI	Machinists		4		1
ELKHART	IN	Machinists		3		1
ELKHART	IN	Machinists	10 Bellevue, OH			3
ENOLA	PA	Machinists		7		1
ENOLA	PA	Machinists		14		3
ENOLA	PA	Machinists	80 to be determined			3
FRONTIER	NY	Machinists		1		1
HUNTINGTON	WV	Machinists			77	1
INDIANAPOLIS	IN	Machinists		2		1
KNOXVILLE	TN	Machinists		2		1
MACEDONIA	OH	Machinists		1		1
MORRISVILLE	PA	Machinists		3		1
NEWARK(OAK ISLAND YD)	NJ	Machinists		8		1
NEWARK(OAK ISLAND YD)	NJ	Machinists	12 Bellevue, OH			1
PHILADELPHIA	PA	Machinists		1		1
PITTSBURGH ZONE R GAN	PA	Machinists		1		1
ROANOKE	VA	Machinists		1		1
SELKIRK	NY	Machinists		7		1
WAYNESBURG	PA	Machinists		2		1
			173	85	77	
ALBANY DIV RAIL GANG	NY	Maintenance of Way		20		1
CANTON	OH	Maintenance of Way	20 Richmond, VA			1
CANTON	OH	Maintenance of Way		4		2
CANTON	OH	Maintenance of Way	70 Charlotte, NC			2
CLEVELAND	OH	Maintenance of Way		5		1
DEARBORN ZONE R GANG	MI	Maintenance of Way		78		1
ERIE	MI	Maintenance of Way		4		1
HARRISBURG	PA	Maintenance of Way		7		1
HARRISBURG	PA	Maintenance of Way	5 Atlanta, GA			1
INDIANAPOLIS	IN	Maintenance of Way		32		2
INDIANAPOLIS ZONE R G	IN	Maintenance of Way		3		1
INDIANAPOLIS ZONE R G	IN	Maintenance of Way		32		2
MACEDONIA	OH	Maintenance of Way		1		1
MT HOLLY	PA	Maintenance of Way		5		1
PHILA ZONE RAIL GANG	PA	Maintenance of Way		90		1
PHILADELPHIA-COMMERCE	PA	Maintenance of Way		1		1
PITTSBURGH ZONE R GAN	PA	Maintenance of Way		91		1
SELKIRK	NY	Maintenance of Way		9		2
SYSTEM RAIL GANGS		Maintenance of Way		7		1
SYSTEM RAIL GANGS		Maintenance of Way		39		2
TOLEDO	OH	Maintenance of Way		2		1

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UPPER SANDUSKY	OH	Maintenance of Way		2		1
W SPRINGFIELD	MA	Maintenance of Way		8		2
WALBRIDGE	OH	Maintenance of Way		14		1
WORCESTER	MA	Maintenance of Way		19		2
			95	473	0	
ABRAMS	PA	Nonagreement		1		1
ALBANY	NY	Nonagreement		1		1
ALIQUIPPA	PA	Nonagreement		1		1
ALLENTOWN	PA	Nonagreement		3		1
ALTOONA	PA	Nonagreement	2 Roanoke, VA			1
ASHTABULA	OH	Nonagreement		12		1
ATLANTA	GA	Nonagreement		1		1
ATLANTA	GA	Nonagreement	21 Altoona, PA			1
ATLANTA	GA	Nonagreement		1		2
ATLANTA	GA	Nonagreement		5		3
BALTIMORE	MD	Nonagreement		1		1
BETHLEHEM	PA	Nonagreement		12		1
BOSTON	MA	Nonagreement		1		1
BRONX	NY	Nonagreement		1		1
BUFFALO	NY	Nonagreement		6		1
CAMDEN	NJ	Nonagreement		1		1
CAMPBELL HALL	NY	Nonagreement		1		1
CANTON	OH	Nonagreement		10		1
CANTON	OH	Nonagreement		1		2
CHATTANOOGA	TN	Nonagreement		1		3
CHICAGO	IL	Nonagreement		22		1
CINCINNATI	OH	Nonagreement		1		1
CLEVELAND	OH	Nonagreement		3		1
CLEVELAND	OH	Nonagreement		1		2
COLLINWOOD	OH	Nonagreement		1		1
COLUMBUS	OH	Nonagreement		7		1
COLUMBUS	OH	Nonagreement	1 Atlanta, GA			1
COLUMBUS	OH	Nonagreement	1 Philadelphia, PA			1
COLUMBUS	OH	Nonagreement		1		2
CONWAY, PA	PA	Nonagreement		6		1
CONWAY, PA	PA	Nonagreement		1		2
DEARBORN	MI	Nonagreement		56		1
DEARBORN	MI	Nonagreement	8 Atlanta, GA			1
DEARBORN	MI	Nonagreement	7 Jacksonville, FL			1
DETROIT	MI	Nonagreement		2		1
E ST LOUIS	IL	Nonagreement		2		1
EASTON	PA	Nonagreement		1		1
EDISON	NJ	Nonagreement		6		1
ELIZABETHPORT	NJ	Nonagreement		1		1
ELKHART	IN	Nonagreement		10		1
ELMIRA	NY	Nonagreement		1		1
ENOLA	PA	Nonagreement		7		1
ENOLA	PA	Nonagreement		1		2
ENOLA	PA	Nonagreement		2		3
ENOLA	PA	Nonagreement	9 to be determined			3

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FAIRLANE	OH Nonagreement		1		1
GREENFIELD	IN Nonagreement		2		1
GREENTREE	PA Nonagreement		21		1
HAMMOND	IN Nonagreement		1		1
HARRISBURG	PA Nonagreement		11		1
HARRISBURG	PA Nonagreement	2 Atlanta, GA			1
HOUSTON	TX Nonagreement		5		1
HOUSTON	TX Nonagreement		1		3
HUNTINGDON	PA Nonagreement		5		1
HUNTINGTON	WV Nonagreement			4	1
INDIANAPOLIS	IN Nonagreement		16		1
ISELIN	NJ Nonagreement		1		1
JACKSON	MI Nonagreement		1		1
JACKSONVILLE	FL Nonagreement			4	1
JEFFERSONVILLE	IN Nonagreement		1		1
JUNIATA	PA Nonagreement	1 Atlanta, GA			1
LANSING	IL Nonagreement		1		1
LAFORTE	IN Nonagreement		1		1
LOS ANGELES	CA Nonagreement		1		1
LUCKNOW	PA Nonagreement		2		1
MACEDONIA	OH Nonagreement		1		2
MEADVILLE	PA Nonagreement		1		1
MELVINDALE	MI Nonagreement		1		1
MONTREAL	PQ Nonagreement		1		1
MOUNT LAUREL	NJ Nonagreement		9		1
MT VERNON	MD Nonagreement		1		1
MUNCY	PA Nonagreement		1		1
NEW YORK	NY Nonagreement		1		1
NEW YORK	NY Nonagreement		1		3
NEWARK	NJ Nonagreement		4		1
NEWARK	NJ Nonagreement		1		2
NILES	OH Nonagreement		1		1
NORFOLK	VA Nonagreement		1		2
NORFOLK	VA Nonagreement		4		3
PHILADELPHIA	PA Nonagreement		690		1
PHILADELPHIA	PA Nonagreement	301 Atlanta, GA			1
PHILADELPHIA	PA Nonagreement	3 Baltimore, MD			1
PHILADELPHIA	PA Nonagreement	1 Boston, MA			1
PHILADELPHIA	PA Nonagreement	1 Buffalo, NY			1
PHILADELPHIA	PA Nonagreement	2 Chicago, IL			1
PHILADELPHIA	PA Nonagreement	1 Columbus, OH			1
PHILADELPHIA	PA Nonagreement	3 Detroit, MI			1
PHILADELPHIA	PA Nonagreement	26 Harrisburg, PA			1
PHILADELPHIA	PA Nonagreement	2 Indianapolis, IN			1
PHILADELPHIA	PA Nonagreement	152 Jacksonville, FL			1
PHILADELPHIA	PA Nonagreement	3 New York, NY			1
PHILADELPHIA	PA Nonagreement	89 Norfolk, VA			1
PHILADELPHIA	PA Nonagreement	6 Pittsburgh, PA			1
PHILADELPHIA	PA Nonagreement	1 Portside, NJ			1
PHILADELPHIA	PA Nonagreement	1 Portsmouth, OH			1
PHILADELPHIA	PA Nonagreement	1 Richmond, VA			1

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PHILADELPHIA	PA	Nonagreement	150 Roanoke, VA			1
PHILADELPHIA	PA	Nonagreement		32		2
PHILADELPHIA	PA	Nonagreement		17		3
PITCAIRN	PA	Nonagreement		3		1
PITTSBURGH	PA	Nonagreement		55		1
PITTSBURGH	PA	Nonagreement	31 Atlanta, GA			1
PITTSBURGH	PA	Nonagreement	16 Jacksonville, FL			1
PITTSBURGH	PA	Nonagreement		2		2
PORTLAND	OR	Nonagreement		2		1
READING	PA	Nonagreement		4		1
ROANOKE	VA	Nonagreement		15		2
ROANOKE	VA	Nonagreement		15		3
SELKIRK	NY	Nonagreement		18		1
SELKIRK	NY	Nonagreement	4 Jacksonville, FL			1
SEVEN HILLS(CLEV)	OH	Nonagreement		1		1
SHIRE OAKS	PA	Nonagreement		4		1
SHIRE OAKS	PA	Nonagreement		3		3
SO KEARNY	NJ	Nonagreement		4		1
ST LOUIS	MO	Nonagreement		1		1
SYRACUSE	NY	Nonagreement		1		1
TOLEDO	OH	Nonagreement		3		1
W SPRINGFIELD	MA	Nonagreement		1		1
WASHINGTON	DC	Nonagreement		4		1
WAYNESBURG	PA	Nonagreement		2		1
WESTBORO	MA	Nonagreement		1		1
WILLIAMSPORT	PA	Nonagreement	1 Atlanta, GA			1
YOUNGSTOWN	OH	Nonagreement		1		1
			<b>847</b>	<b>1170**</b>	<b>8</b>	
BOSTON	MA	Police		4		1
BUFFALO	NY	Police		2		1
CHICAGO	IL	Police		1		1
CLEVELAND	OH	Police			3	1
DEARBORN	MI	Police		7		1
E ST LOUIS	IL	Police		2		1
ELIZABETH	NJ	Police		1		1
INDIANAPOLIS	IN	Police		2		1
MOUNT LAUREL	NJ	Police		15		1
MOUNT LAUREL	NJ	Police	11 Roanoke, VA			1
NO BERGEN	NJ	Police		1		1
PHILADELPHIA	PA	Police		4		1
SELKIRK	NY	Police		2		1
TOLEDO	OH	Police		3		1
WESTBORO	MA	Police		2		1
			<b>11</b>	<b>46</b>	<b>3</b>	
ANDERSON	IN	Railway Supervisors/Foremen		2		1
ASHTABULA	OH	Railway Supervisors/Foremen		1		1
BETHLEHEM SYS RAIL GA	PA	Railway Supervisors/Foremen		2		1
BUFFALO	NY	Railway Supervisors/Foremen			1	1
CHICAGO	IL	Railway Supervisors/Foremen		14		1

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<u>Current Location</u>		<u>Classification</u>	<u>(Applicant Carrier-)</u>	<u>Jobs</u>	<u>Jobs</u>	<u>Jobs</u>	<u>Year</u>
				<u>Transferred To</u>	<u>Abolished</u>	<u>Created</u>	
CLEVELAND	OH	Railway Supervisors/Foremen				1	1
COLLINWOOD	OH	Railway Supervisors/Foremen			5		1
COLUMBUS(BUCKEYE YD)	OH	Railway Supervisors/Foremen			1		1
CONWAY	PA	Railway Supervisors/Foremen			1		1
CONWAY ZONE R GANG	PA	Railway Supervisors/Foremen			1		1
DEARBORN ZONE R GANG	MI	Railway Supervisors/Foremen			4		1
ELIZABETH ZONE R GANG	NJ	Railway Supervisors/Foremen			2		1
ELIZABETHPORT	NJ	Railway Supervisors/Foremen			1		1
ELKHART	IN	Railway Supervisors/Foremen			1		1
ELKHART	IN	Railway Supervisors/Foremen	2 Bellevue, OH				3
ENOLA	PA	Railway Supervisors/Foremen			2		1
ERIE	MI	Railway Supervisors/Foremen			2		1
ERIE	PA	Railway Supervisors/Foremen			2		1
FRONTIER	NY	Railway Supervisors/Foremen			1		1
GREENTREE	PA	Railway Supervisors/Foremen			1		1
HARRISBURG	PA	Railway Supervisors/Foremen			1		1
HUNTINGTON	WV	Railway Supervisors/Foremen				3	1
INDIANAPOLIS	IN	Railway Supervisors/Foremen			3		1
JACKSON	MI	Railway Supervisors/Foremen			1		1
LANSING	IL	Railway Supervisors/Foremen			1		1
MACEDONIA	OH	Railway Supervisors/Foremen			4		1
MORRISVILLE	PA	Railway Supervisors/Foremen			1		1
MOUNT LAUREL SYS R GA	NJ	Railway Supervisors/Foremen			1		1
NEWARK	NJ	Railway Supervisors/Foremen			1		1
NEWARK(OAK ISLAND YD)	NJ	Railway Supervisors/Foremen	2 Bellevue, OH				1
PHILA ZONE RAIL GANG	PA	Railway Supervisors/Foremen			2		1
PHILADELPHIA	PA	Railway Supervisors/Foremen			1		1
PITCAIRN	PA	Railway Supervisors/Foremen			2		1
PITTSBURGH ZONE R GANG	PA	Railway Supervisors/Foremen			7		1
READING	PA	Railway Supervisors/Foremen			1		1
SELKIRK	NY	Railway Supervisors/Foremen			1		1
TOLEDO	OH	Railway Supervisors/Foremen			1		1
TOLEDO(STANLEY YD)	OH	Railway Supervisors/Foremen			5		1
WAYNE	MI	Railway Supervisors/Foremen			1		1
WILLOW RUN	MI	Railway Supervisors/Foremen			1		1
			4		78	5	
ATLANTA	GA	Sheet Metal Workers	3 Altoona PA				1
CAMDEN	NJ	Sheet Metal Workers	1 Bellevue, OH				1
CONWAY	PA	Sheet Metal Workers			2		1
ENOLA	PA	Sheet Metal Workers			2		1
ENOLA	PA	Sheet Metal Workers			23		3
HUNTINGTON	WV	Sheet Metal Workers				9	1
KALAMAZOO	MI	Sheet Metal Workers			2		1
NEWARK(OAK ISLAND YD)	NJ	Sheet Metal Workers	1 Bellevue, OH				1
ROANOKE	VA	Sheet Metal Workers			3		1
SELKIRK	NY	Sheet Metal Workers			4		1
TOLEDO	OH	Sheet Metal Workers			1		1
			5		37	9	
ASHTABULA	OH	Signalmen					1

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<u>Current Location</u>		<u>Classification</u>	<u>Jobs Transferred To</u>	<u>Jobs Abolished</u>	<u>Jobs Created</u>	<u>Year</u>
BEREA	OH	Signalmen				1
COLUMBUS	OH	Signalmen		21	1	1
COLUMBUS	OH	Signalmen	9 Atlanta, GA			1
COLUMBUS	OH	Signalmen	8 Jacksonville, FL			1
COLUMBUS	OH	Signalmen	15 Roanoke, VA			1
COLUMBUS	OH	Signalmen	22 Savannah, GA			1
TOLEDO	OH	Signalmen			8	1
UPPER SANDUSKY	OH	Signalmen		3		1
WILLOW RUN	MI	Signalmen		1		1
			54	25	10	
DEARBORN	MI	Train Dispatchers		5		1
GREENTREE	PA	Train Dispatchers		5		1
INDIANAPOLIS	IN	Train Dispatchers		4		1
MOUNT LAUREL	NJ	Train Dispatchers		6		1
MOUNT LAUREL	NJ	Train Dispatchers	64 Harrisburg, PA			1
SELKIRK	NY	Train Dispatchers		5		1
			64	25	0	
ALBANY	GA	Trainmen		3		1
ALLENTOVN/BETHLEHEM C/T	PA	Trainmen		7		1
ALTOONA	PA	Trainmen			3	1
ALTOONA	PA	Trainmen			5	2
ALTOONA	PA	Trainmen			2	3
ANDOVER	VA	Trainmen				1
ARGOS	IN	Trainmen		2		1
ASHEVILLE	NC	Trainmen		9		1
ATLANTA	GA	Trainmen		1		1
ATLANTA	GA	Trainmen		7		1
ATLANTA	GA	Trainmen			3	2
ATLANTA	GA	Trainmen			4	3
AUGUSTA	GA	Trainmen			2	1
BALTIMORE	MD	Trainmen			1	1
BALTIMORE	MD	Trainmen			10	1
BALTIMORE	MD	Trainmen			6	2
BALTIMORE	MD	Trainmen			2	3
BELLEVUE	OH	Trainmen			1	1
BELLEVUE	OH	Trainmen	20 Cleveland, OH			1
BELLEVUE	OH	Trainmen			2	2
BELLEVUE	OH	Trainmen			1	3
BIGFOUR ROAD WEST (AVON)	IN	Trainmen			1	1
BIRMINGHAM	AL	Trainmen		4		1
BLUEFIELD	WV	Trainmen			1	1
BLUEFIELD	WV	Trainmen			2	2
BLUEFIELD	WV	Trainmen			1	3
BRUNSWICK	GA	Trainmen			1	1
BUFFALO	NY	Trainmen			1	1
BUFFALO LINES E&W	NY	Trainmen			15	1
BUFFALO YARD	NY	Trainmen			17	1
BURNS HARBOR	IN	Trainmen	2 Chicago, IL		2	1
CHARLESTON	SC	Trainmen		1		1
CHICAGO	IL	Trainmen		53		1
CINCINNATI	OH	Trainmen		17		1

LABOR IMPACT EXHIBIT

EFFECTS ON APPLICANT CARRIERS' EMPLOYEES\*  
49 CFR 1180.6(a)(2)(v)

(Applicant Carriers)

<u>Current Location</u>	<u>Classification</u>	<u>Jobs Transferred To</u>	<u>Jobs Abolished</u>	<u>Jobs Created</u>	<u>Year</u>
			36	20	1
CLEVELAND	OH Trainmen				1
CLEVELAND	OH Trainmen	8 Willard, OH			1
COLUMBIA	SC Trainmen		1		1
COLUMBUS	GA Trainmen		9		1
COLUMBUS	OH Trainmen		10	8	1
CONNEAUT	OH Trainmen	10 Buffalo, NY			1
CONWAY	PA Trainmen		4		1
CORNING	NY Trainmen			4	1
CORNING	NY Trainmen			6	2
CORNING	NY Trainmen			3	3
CRESTLINE	OH Trainmen	44 Willard, OH			1
CREWE	VA Trainmen			2	1
CREWE	VA Trainmen			4	2
CREWE	VA Trainmen			1	3
CREWE	VA Trainmen			11	1
CUMBERLAND	MD Trainmen				2
DANVILLE	IL Trainmen	11 Terre Haute, IN			3
DANVILLE	IL Trainmen	13 Terre Haute, IN			1
DANVILLE	KY Trainmen		5		1
DECATUR	IL Trainmen			17	2
DECATUR	IL Trainmen			27	3
DECATUR	IL Trainmen			11	1
DETROIT	MI Trainmen			26	1
DETROIT (YARD)	MI Trainmen			10	1
DEWITT	NY Trainmen			1	1
ELKHART (WEST)	IN Trainmen		7		1
ELMORE	WV Trainmen			1	1
ELMORE	WV Trainmen			2	2
ENOLA	PA Trainmen		6		1
ETOWAH	TN Trainmen			3	1
EVANSVILLE	IN Trainmen	13 Terre Haute, IN			2
EVANSVILLE	IN Trainmen	11 Terre Haute, IN			3
FAIRLANE	OH Trainmen		2		1
FT. WAYNE	IN Trainmen			5	1
FT. WAYNE	IN Trainmen			8	2
FT. WAYNE	IN Trainmen			3	3
GRAND RAPIDS	MI Trainmen		9		1
GREENVILLE	SC Trainmen			2	1
GREENVILLE	SC Trainmen			3	2
GREENVILLE	SC Trainmen			1	3
GREENVILLE	SC Trainmen			8	1
GREENWICH	PA Trainmen				1
HAGERSTOWN	MD Trainmen		3		1
HARRINGTON	DE Trainmen		6		1
HOBSON	OH Trainmen			1	1
HOBSON	OH Trainmen			1	2
HOBSON	OH Trainmen			1	3
HOBSON	OH Trainmen			2	1
INDIANAPOLIS ROAD EAST	IN Trainmen			2	1
JACKSONVILLE	FL Trainmen			3	1
KANKAKEE	IL Trainmen			1	1
KANKAKEE	IL Trainmen			2	2
KANKAKEE	IL Trainmen			1	3
KNOXVILLE	TN Trainmen		4		1

LABOR IMPACT EXHIBIT

EFFECTS ON APPLICANT CARRIERS' EMPLOYEES\*  
49 CFR 1189.6(a)(2)(v)

(Applicant Carriers)

<u>Current Location</u>		<u>Classification</u>	<u>Jobs Transferred To</u>	<u>Jobs Abolished</u>	<u>Jobs Created</u>	<u>Year</u>
LAFAYETTE	IN	Trainmen		3		1
LINWOOD	NC	Trainmen		8		1
LOUISVILLE	KY	Trainmen		14		1
LYNCHBURG	VA	Trainmen			2	1
LYNCHBURG	VA	Trainmen			3	2
MACON	GA	Trainmen			4	1
MACON	GA	Trainmen			6	2
MACON	GA	Trainmen			2	3
MANASSAS	VA	Trainmen			1	1
MERIDIAN	MS	Trainmen			3	1
MERIDIAN	MS	Trainmen			6	2
MERIDIAN	MS	Trainmen			2	3
MOBERLY	MO	Trainmen			6	1
MOBERLY	MO	Trainmen			10	2
MOBERLY	MO	Trainmen			4	3
MONTGOMERY	AL	Trainmen		3		1
NASHVILLE	TN	Trainmen			3	1
NEW CASTLE	PA	Trainmen			6	1
NIAGARA	NY	Trainmen			1	1
OAKDALE	TN	Trainmen			1	1
OAKISLAND	NJ	Trainmen			22	1
PENSACOLA	FL	Trainmen			3	1
PERU	IN	Trainmen			4	1
PERU	IN	Trainmen			7	2
PERU	IN	Trainmen			2	3
PHILADELPHIA	PA	Trainmen		2		1
PHILADELPHIA YARD	PA	Trainmen			2	1
PORT READING	NJ	Trainmen			3	1
PORTSMOUTH	OH	Trainmen			1	1
PORTSMOUTH	OH	Trainmen			2	2
PORTSMOUTH	OH	Trainmen			1	3
PRINCETON	IN	Trainmen			2	1
PTJERVIS	NY	Trainmen			1	1
PTJERVIS	NY	Trainmen			3	2
PTJERVIS	NY	Trainmen			2	3
RALEIGH	NC	Trainmen		6		1
RENOVO	PA	Trainmen		2		1
ROANOKE	VA	Trainmen			8	1
ROANOKE	VA	Trainmen			12	2
ROANOKE	VA	Trainmen			4	3
SELKIRK ROAD EAST	NY	Trainmen			16	1
SELKIRK ROAD WEST	NY	Trainmen			1	1
SELMA	AL	Trainmen		4		1
SHEFFIELD	AL	Trainmen		2		1
SHENNANDOAH	VA	Trainmen			5	1
SHENNANDOAH	VA	Trainmen			7	2
SHENNANDOAH	VA	Trainmen			3	3
ST. THOMAS	ONT	Trainmen			1	1
ST. THOMAS	ONT	Trainmen			2	2
TOLEDO	OH	Trainmen		70		1
VALDOSTA	GA	Trainmen			1	1

LABOR IMPACT EXHIBIT

EFFECTS ON APPLICANT CARRIERS' EMPLOYEES\*  
49 CFR 1180.6(a)(2)(v)

(Applicant Carriers)

<u>Current Location</u>		<u>Classification</u>	<u>Jobs Transferred To</u>	<u>Jobs Abolished</u>	<u>Jobs Created</u>	<u>Year</u>
VALDOSTA	GA	Trainmen			2	2
WASHINGTON	IN	Trainmen		9		1
WILLARD	OH	Trainmen			29	1
			132	329	487	
BUFFALO(FRONTIER YD)	NY	Yardmasters		1		1
CHICAGO	IL	Yardmasters		8		1
CLEVELAND	OH	Yardmasters		1		1
COLLINWOOD	OH	Yardmasters		1		3
COLUMBUS(BUCKEYE YD)	OH	Yardmasters		1		1
CONWAY	PA	Yardmasters		2		1
ELKHART	IN	Yardmasters		1		1
INDIANAPOLIS	IN	Yardmasters		2		1
INDIANAPOLIS(AVON YD)	IN	Yardmasters		1		1
NEWARK(OAK ISLAND YD)	NJ	Yardmasters		1		1
PORT READING	NJ	Yardmasters			2	1
SELKIRK	NY	Yardmasters		1		1
SHARONVILLE	OH	Yardmasters		1		1
WALBRIDGE	OH	Yardmasters		4		1
			0	25	2	

\* Impact measured from a base of the average employee counts for the 12 months of 1996.  
No labor impact is foreseen on Blacksmiths, Bridge Inspectors, and Communication Workers.

\*\* Nonagreement number of jobs abolished does not reflect the impact of Conrail's 1996 Voluntary Separation Program and Voluntary Retirement Program, which would in our estimation reduce these numbers by 344.

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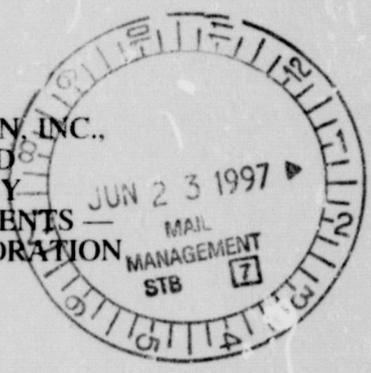
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Office of the Secretary  
JUN 23 1997  
Part of CSX Corporation and Norfolk Southern Corporation  
Public Record

BEFORE THE  
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33288

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



**RAILROAD CONTROL APPLICATION**

**VOLUME 3B OF 8**

**NS OPERATING PLAN, LABOR IMPACT EXHIBIT,  
DENSITY CHARTS AND SUPPORTING STATEMENTS  
(EXHIBITS 13 AND 14)**

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JUN 23 1997  
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# VOLUME 3B

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# **VERIFIED STATEMENT**

**OF**

**D. MICHAEL MOHAN**

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## WITNESS QUALIFICATIONS

My name is D. Michael Mohan. I am a consultant, employed by The Kingsley Group, Inc. of San Francisco, CA. The group is experienced, both domestically and internationally, in surface transportation issues. Kingsley has been retained by numerous rail clients and has assisted in the preparation of railroad merger applications submitted to the Interstate Commerce Commission.

My personal experience in railroad management and operations is extensive. I was with the Southern Pacific Transportation Company ("SP") for 25 years, last serving as its President and Chief Operating Officer. Prior to that, I served as Executive Vice President of SP, preceding which I was Vice President of Maintenance during the period in which SP rebuilt its physical plant.

Before serving as Vice President of Maintenance, I held numerous operating positions including that of Assistant General Manager of SP's Western lines, Superintendent of two of its largest divisions, and Assistant Superintendent of three divisions. I have served in several lower level operating positions and have contributed in both Executive and Operating staff roles.

I have been privileged to serve as member of the Board of Directors of the Association of American Railroads, as well as of Rio Grande Industries, Southern Pacific, and its affiliated companies.

I hold BS and MBA degrees from the University of California at Berkeley, and I am a graduate of Harvard's Advanced Management Program.

My consulting assignments over the last two years have included valuations of railroad properties and evaluations of their operating potential.

I have been retained by Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively "NS") to lead the team that prepared the Operating Plan (the "Plan") being submitted by NS in support of the Application in this proceeding. The purpose of this statement

is to summarize for the Surface Transportation Board (the "Board") the key elements of the Plan and to explain how it was prepared.

### **COMPANY BACKGROUND - OPERATIONS**

Before reviewing the Operating Plan, I believe it appropriate to discuss NS's qualifications as a railroad operator. NS is widely regarded as a leader in railroad management and operations. Given the importance of this transaction, management's demonstrated capabilities in the field may be as important as the Plan itself.

NS's operations are oriented toward accomplishing its stated goal: *"[T]o be the safest, most customer-focused and successful transportation company in the world."*

The words are backed by action and accomplishment. In 1996, *FORTUNE* Magazine executive survey selected NS as the "most admired" corporation in the railroad field. Objective indicators show that NS leads the major railroads in achieving excellence where it matters most.

#### **Safety**

Norfolk Southern received the Harriman Gold Safety Award (first place) in its class for the past eight consecutive years. The Harriman Gold Safety Award is the highest honor for NS operating management and the fine people with whom they work and supervise. Using 1995 figures, the NS employee injury ratio per 200,000 man hours worked was 1.51 as compared to 3.62 for Conrail (Figure 1).

#### **Responsiveness to the Customer**

The most important barometer of how NS responds to customer needs is how the customer evaluates NS. Figure 2, taken from the 1996 *Distribution Magazine* "Quest for Quality

Figure MM-1

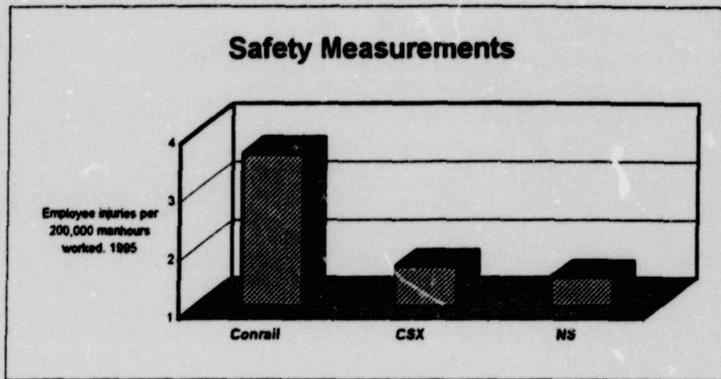


Figure MM-2

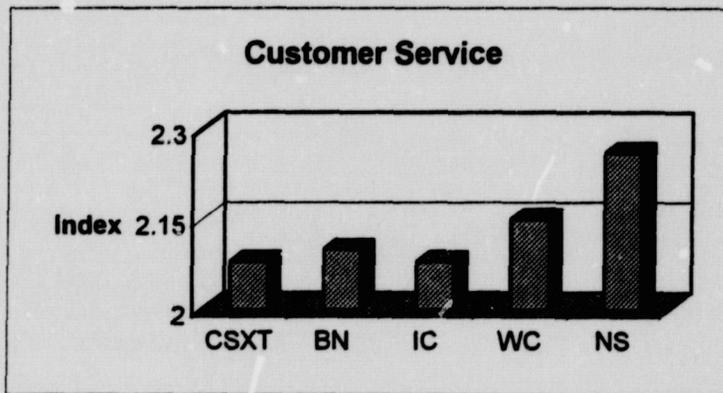
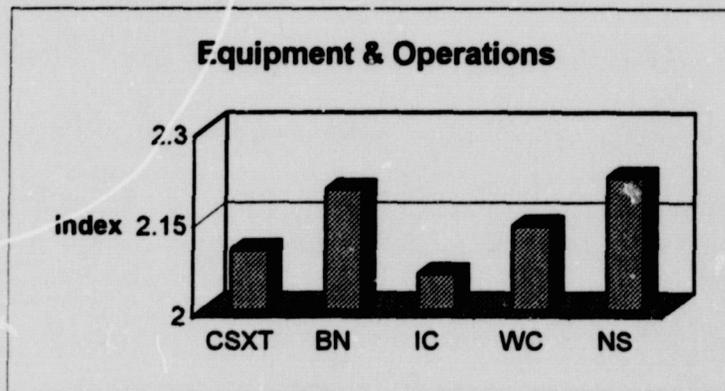


Figure MM-3



Survey," illustrates that NS leads the way in customer service by a wide margin. Additionally, NS was ranked the best in terms of equipment and operations, and on-time performance, as shown in Figures 3 and 4.

*Distribution Magazine* ranked NS "the best of the best" for six consecutive years.

### **Success**

NS's financial strengths and capabilities are covered in the testimony of other witnesses in this Application.

For operating management, the most important contribution to financial success is providing high levels of safety and customer satisfaction at a low operating ratio (ratio of operating expenses to operating revenue). This is perhaps the achievement that means the most as an indication of operational efficiency. NS has the lowest and best operating ratio of any major railroads, as indicated in Figure 5.

To achieve this level of operating success, the support of the entire company is required. A key ingredient in achieving these results is the willingness of management to invest in assets needed to support performance: locomotives, rolling stock, track and structures, and support systems. Annual Reports through 1995 show that NS's investment record in supporting operations is excellent. This is illustrated in Figure 6, labeled Railway Capital Expenditures, and is discussed in the verified statement of H. C. Wolf.

My point in providing this information to the members of the Board is to give hard evidence that where it matters most -- safety, customer satisfaction and efficiency -- NS is a highly qualified railroad operator.

Many of the people involved in establishing this record of excellence have been part of the team that prepared the Operating Plan submitted to the Board. NS senior operating management guided formulation of the Plan, and carefully reviewed it. The Plan itself was produced by a team

Figure MM-4

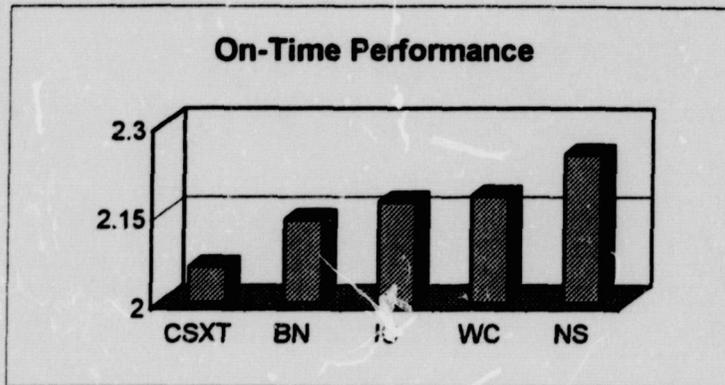


Figure MM-5

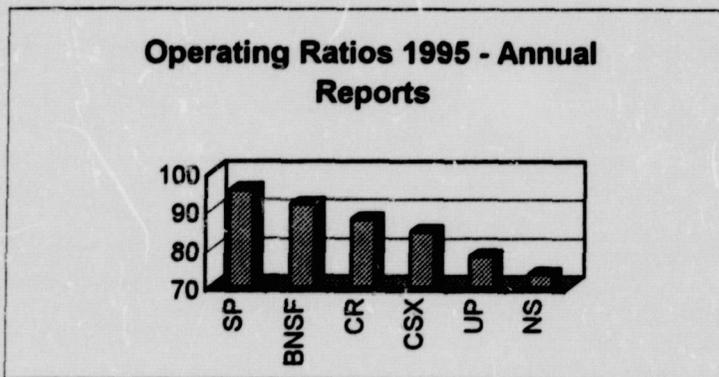
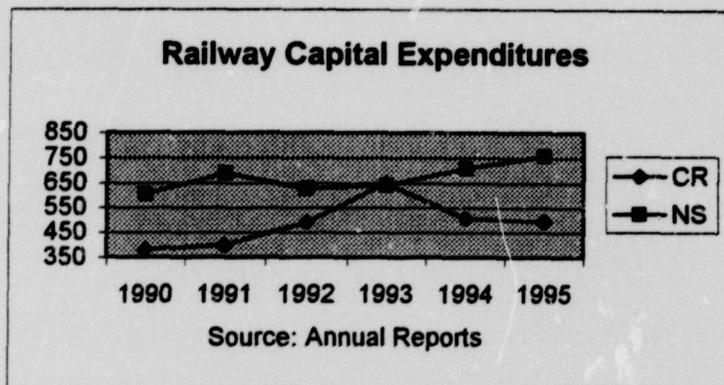


Figure MM-6



of knowledgeable operating officers under my supervision. At the team's core were NS officials, supported by former operating personnel of Conrail, as well as consultants from The Kingsley Group and elsewhere. NS management believes the Plan is competent and executable.

**I. NS CONTROL AND OPERATION OF CONRAIL LINES FROM AN OPERATING STANDPOINT**

**Negotiating History**

The verified statement of J. W. McClellan summarizes the negotiating history that led to this Application. The transactions contemplated by the Application will create balanced route structures and result in two railroad corporations of nearly equal size -- NS and CSX -- competing vigorously in what is today Conrail service territory. This will provide a competitive solution that eluded various restructuring efforts for the past thirty years.

Negotiators for NS and CSX agreed to a division of Conrail's routes that, while similar in some respects to plans envisioned in the past, offers far more to today's shipping public. In addition to restoring east-west competition to the Northeastern markets, the proposed division of routes will create new opportunities for north-south traffic. Conrail does not appear to have placed the same emphasis on developing business between the Northeast and Southeast that it has on east-west traffic, apparently because of its relatively short and less profitable hauls to north-south gateways. NS's extensive route structure in the Southeast in combination with Conrail's north-south lines and a seamless operation will drive significant increases in efficiencies and traffic in north-south service.

The division of Conrail's routes was designed to provide benefits addressed in Mr. McClellan's statement, including:

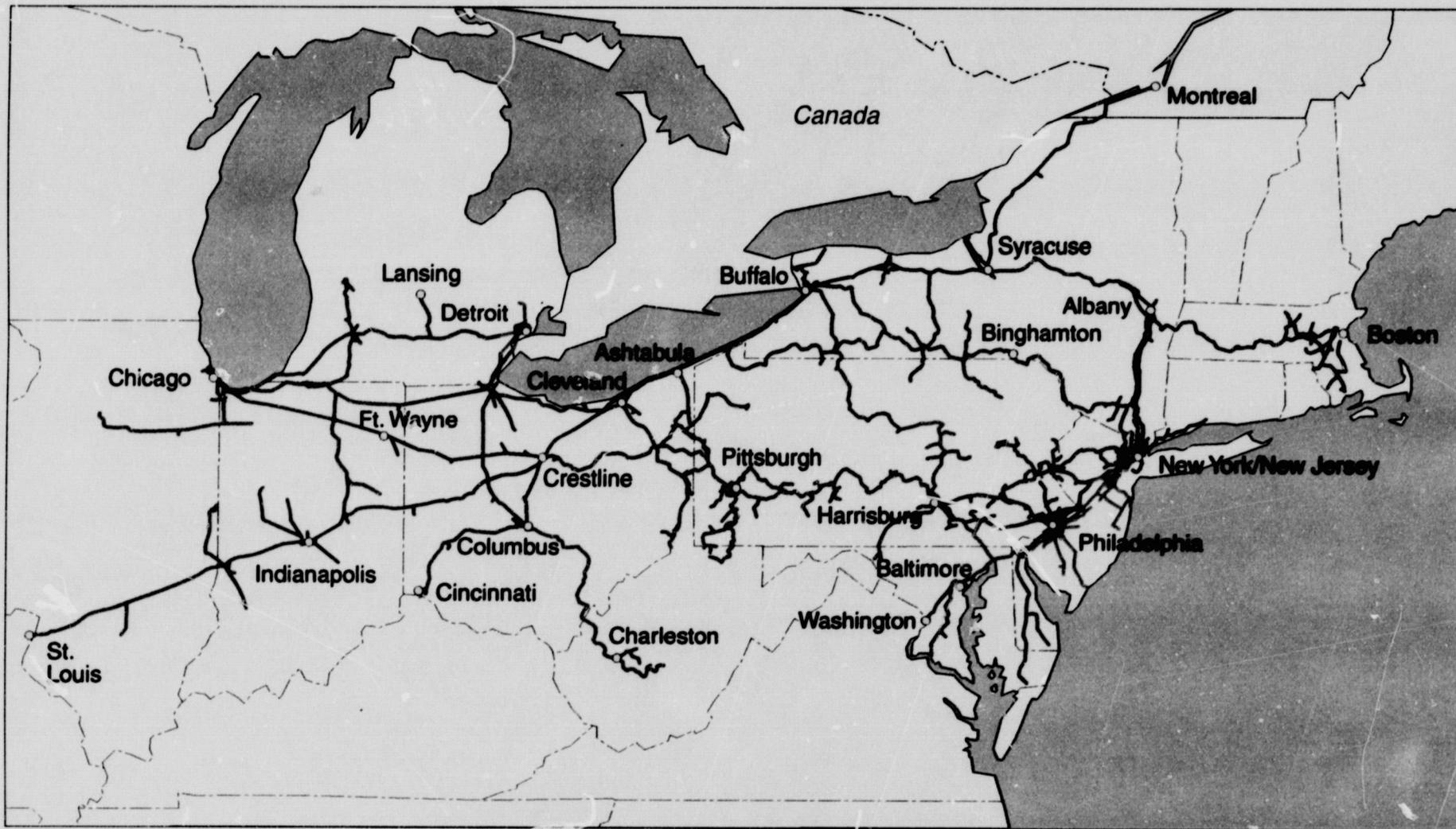
- Balanced market shares
- Broad and balanced geographic coverage
- Balanced route portfolios
- Access to important load centers
- Minimization of disruption

The route division plan attempts to balance route density as well. This is important from an operating standpoint and helps to address line and terminal capacity issues that might have arisen under other route division scenarios.

The proposed division of routes is shown in Figure 7.

# Proposed Division of the Conrail Route System

—— To NS      —— To CSXT      —— Shared Assets Areas



Map does not distinguish between trackage rights and ownership.

FIGURE MM-7

## **II. DEVELOPMENT OF THE OPERATING PLAN**

To prepare the Operating Plan, we received traffic data, including new and diverted business, provided by NS's traffic consultants, and then applied that data to an operational modeling structure created by Multimodal, Inc. Our team then formulated the Plan, assisted by experienced NS operating and service management personnel. Outputs from the Plan were delivered to Snavelly, King, Majoras, O'Connor & Lee, Inc. to estimate cost impacts of the Plan, and to Burns and McDonnell for purposes of preparing the Environmental Report.

We ran numerous iterations of the model to harmonize its outputs with the findings provided by our field operations teams. Our field teams were composed of experienced NS, former Conrail, and consulting personnel with backgrounds in railroad operations. The teams were organized to provide data and recommendations on:

- Transportation Issues
- Yard and Common Point Activities
- Shared Assets Areas
- Equipment and Mechanical Facilities
- Operating Organization
- Customer Service
- Engineering Services and Communication
- Management Information Systems
- Supply

These teams reviewed Conrail operations and facilities in light of their respective NS functions and practices, and relied on their extensive knowledge of Conrail operations gained from years of experience and/or evaluation of that property, to build the Operating Plan. The Plan was initially prepared without the cooperation of current Conrail management and then

modified and improved as cooperation became available.

The extensive knowledge of Conrail, its operating practices, and physical condition, brought to bear by NS personnel, consultants, and Conrail people themselves, in combination with excellent modeling capabilities, has produced what we believe to be a realistic Operating Plan.

### **Realization of Traffic Gains and Consolidation Benefits**

The Plan assumes that 30% of the traffic gains provided from diversions and new business opportunities would be realized in the first year of unified operation, 80% by the second year, and 100% by the third year.

With respect to operating efficiencies, where no specific implementation schedule could be otherwise identified, we assumed that 30% of the recurring operating savings would be realized by the first year of unified operation, 80% by the second year, and 100% by the third year.

Where possible we have identified specific years in which capital investments would be made. Where a more specific assessment could not be provided, the Plan assumes that 40% of the capital expenditures would occur in the first year of unified operation, 40% in the second, and 20% in the third year.

In computing savings and expenditures, revenues and costs were developed at 1995 levels. Snavelly, King, Majoras, O'Connor & Lee, Inc. provided the information displayed in the operating benefits summary which is included in Volume 1 of the Application.

Both the Operating Plan discussion and the calculation of benefits are focused on the "normal year" at the operating entity level.

### **III. THE CONSOLIDATED ROUTE STRUCTURE**

#### **A. Key Route Structure**

The Conrail line segments that NS will operate and integrate with its route structure are discussed in detail in the Operating Plan. These segments can be grouped into principal routes that will be formed by the consolidation.

#### **The Penn Route**

##### Northeast – Midwest

Among the most important line segments comprising the route are Conrail's Lehigh, Reading, Harrisburg, Pittsburgh, Cleveland and Chicago lines, which taken together will form the shortest rail route from New York/New Jersey area to Chicago. The route is a combination of former CNJ, Lehigh Valley and Reading routes between Northern New Jersey and Harrisburg, the former Pennsylvania Railroad mainline from Harrisburg to Cleveland and the former New York Central mainline from Cleveland to Chicago. In the East, mainlines radiate from this route to the major markets of Philadelphia, Wilmington, and Baltimore/Washington.

This route is a high capacity line, consisting almost entirely of either double track, centralized traffic control, or both, from Chicago to a point near Bethlehem, PA. East of Bethlehem, the route is single track with traffic control until it reaches the New Jersey terminal area. NS plans capacity improvements to the latter line segment to create a higher capacity route.

#### **The Southern Tier Route**

##### Northeast – Midwest

This route consists of Conrail's Southern Tier Line and freight rights between Hoboken, NJ area and Buffalo and NS's current mainline from Buffalo to Cleveland. At Cleveland, it

connects with the former NYC Cleveland and Chicago Lines to be operated by NS, or NS's own mainline from Cleveland to Chicago via Fort Wayne, and forms an important route for Chicago/New Jersey traffic.

The Operating Plan contemplates a significant increase in intermodal traffic on this route. In particular, the modest grades on the route and its direct access to the Croxton Intermodal facility in New Jersey will make it an ideal and efficient route for east/west double stack movements.

With two through routes -- the Penn Route and the Southern Tier route -- under single-carrier control from New Jersey to Chicago, NS will maximize service reliability by assigning traffic to each route in an optimal fashion, and by avoiding congestion in the Northern New Jersey terminal area.

### **The Southwestern Gateway Route (including the Kansas City Gateway)**

#### Northeast - Southwest

The consolidation of NS and Conrail will generate sufficient traffic flows to create efficient transcontinental blocks and trains to and from western and southwestern destinations as described in the Operating Plan, thereby speeding service and lowering cost.

To route this traffic, NS will establish new connections and gateways on its Kansas City Line at Sidney, IL with the Union Pacific and at Tolono, IL with Illinois Central. These new gateways will offer fully competitive service to CSX's operations over the Salem and Effingham, IL gateways for the heavy petrochemical traffic flows moving between the Northeast, Southwest and Gulf Coast states.

### **The Piedmont Route**

#### Northeast - Southeast, via Charlotte

Addition of Conrail's routes from the New Jersey area to Hagerstown, MD will permit NS

to form a single line route from northeastern points to Atlanta and other Southeastern points via Greensboro and Charlotte, NC. Traffic between the Southeast and Northeast will grow on this route due to improved single line service.

To provide sufficient capacity, the Shenandoah Route, which parallels the Piedmont Route, will be upgraded as described in the Operating Plan. Significant traffic volumes will be rerouted to the improved line via Roanoke and Knoxville.

### **The Shenandoah Route**

#### Northeast – Southeast, via Knoxville

The Shenandoah Route will handle traffic between the Northeast and southeastern points, such as Knoxville and Chattanooga, and between the New Orleans and Memphis gateways and northeastern points. Like the Piedmont Route, this route includes Conrail lines north of Hagerstown, MD. NS will offer new services as described in the Operating Plan and will upgrade the Shenandoah Route as described in the Plan.

NS will also upgrade the route as an alternative to its Piedmont Route, which in part is operated over lines leased from the North Carolina Railroad Company. These lines are now subject to a dispute regarding compensation for their use. In the event a satisfactory resolution to this issue is not reached, NS intends to re-route substantial volumes of its through business via the upgraded Shenandoah Route.

### **The Mid-South Route**

#### Midwest – Southeast

NS has excellent routes between the Midwest and the Southeast, but the addition of some key Conrail lines and facilities will greatly improve the NS network and NS's ability to serve customers. With Conrail's line from Columbus to Cincinnati, OH, where NS currently has

trackage rights subject to limits on the number of trains, NS will create a new, shorter single line route between Detroit, the upper Midwest and the Southeast via Cincinnati without capacity constraints. The route will be particularly beneficial for the heavy volumes of time-sensitive automotive traffic moving in this corridor.

Conrail's line from Goshen to Alexandria, IN will allow NS to offer more reliable service by creating additional parallel line capacity with its own heavily used New Castle District Route.

This additional capacity, together with increased traffic volumes, will make it possible to eliminate intermediate terminal processing between Chicago and southeastern points, and will materially improve service as discussed in the Operating Plan.

### **The Bridge Route**

#### New England/Canada - Southeast

NS and Canadian Pacific Railway ("CP") have reached an agreement summarized in the Operating Plan, by which CP will provide haulage for NS between Sunbury, PA and Albany, NY, and the NS/CP interchange will be relocated from Potomac Yard, VA to Harrisburg, PA.

This link will allow NS to connect its network with the Guilford properties serving the New England area and thereby create a new Southeast - New England/Eastern Canada route that bypasses the congested Northern New Jersey area.

### **Other Routes**

#### Conrail's Streator Line

Routing trains via Streator, IL will allow NS to bypass the often congested Chicago gateway with a direct interchange to BNSF, whether used in conjunction with the Pennsylvania or Southern Tier routes.

### Detroit –Chicago (The Butler Cutoff)

The consolidated route structure will offer the opportunity to improve service between Detroit and the Chicago gateway via combination of NS and Conrail routes over Butler, IN to Elkhart and the Chicago and Streator gateways.

### West Virginia Coal Routes

Coal traffic from Conrail mines in the Charleston, WV area, destined to points generally north and east of Harrisburg, PA will see a reduction in circuitry averaging nearly 150 miles due to rerouting over a shorter combination of the Conrail line to Deepwater, WV, then NS via Elmore, WV to Hagerstown, MD and beyond. Currently, that traffic moves northwest to Columbus, OH before turning east toward its destination. The service and equipment utilization benefits to customers will be substantial.

Conrail's West Virginia Secondary will be maintained and will see increased traffic over time.

### **Trackage Rights**

In addition to the Conrail lines allocated to NS, NS will also enjoy trackage rights over certain Conrail line segments to go to CSX, as indicated in Figure 8. These trackage rights will permit NS to serve certain markets, such as Chicago – Columbus, OH more efficiently.

### **B. Competitive Arrangements**

To preserve and enhance competition, NS and CSX have agreed to the basic division of the Conrail route structure discussed in the Operating Plan. The Applicants have also established certain Shared Assets Areas and other joint use areas as described in the Operating Plan and summarized here.

NS has also made arrangements with CSX for competitive service connections and for

**New NS Trackage Rights on Conrail Lines Acquired by CSX**

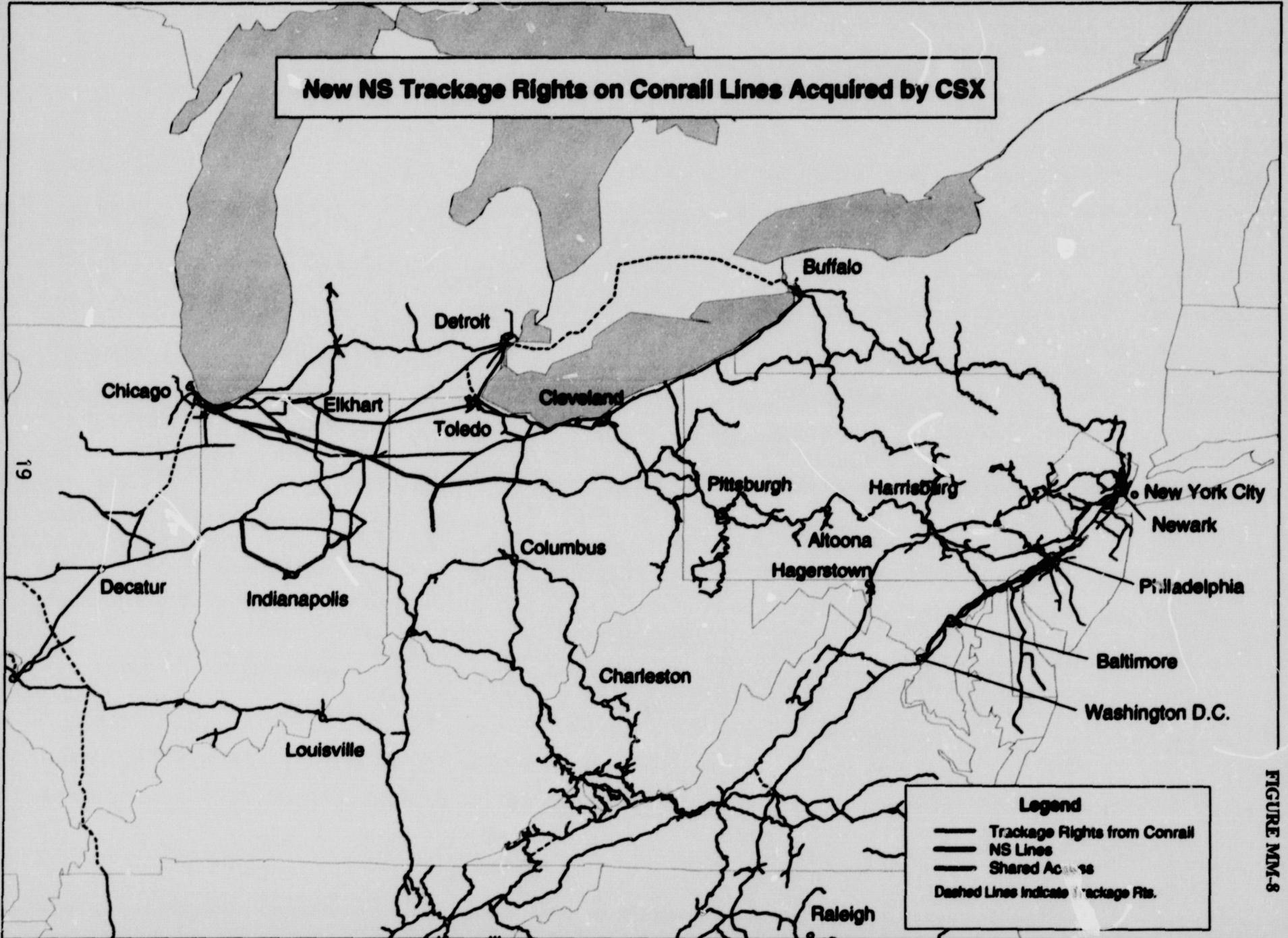


FIGURE MM-8

provision of competitive service at "2 to 1" points, which arrangements are also summarized in this section.

### **1. The Shared Assets Areas**

An important part of the transaction, covered extensively in the Operating Plan and in the transaction agreement between NS and CSX (see Volume 8), are the Shared Assets Areas, which will be formed for designated geographic areas and facilities in:

- Northern New Jersey ("North Jersey")
- Southern New Jersey/Philadelphia ("South Jersey/Philadelphia")
- Detroit

Figures 9 through 11 depict these areas in map form. These arrangements were created to give customers a direct choice of rail carriers where none now exists.

In summary, within these Shared Assets Areas, this arrangement will permit:

- Customer choice of either NS or CSX routings, price, service and equipment in an extensive number of origin-destination markets.
- Simple, direct business transaction contact with the line haul carriers, NS and CSX.
- Train make-up, break-up and terminal switching service by a single efficient entity, minimizing duplication in very congested geographic areas.
- Continued run-through train service to and from points within the Shared Assets Areas, as highlighted in the Operating Plan.

The Shared Assets Areas will be operated by a residual Conrail organization, which survives to, among other things, provide services in these areas. Conrail's Shared Assets Operations ("CSAO") will be managed by a General Manager reporting to the Board of Directors of Conrail, appointed by CSX and NS. Each Shared Assets Area will in turn be supervised by a Superintendent who will be responsible for both operations and maintenance within the specific

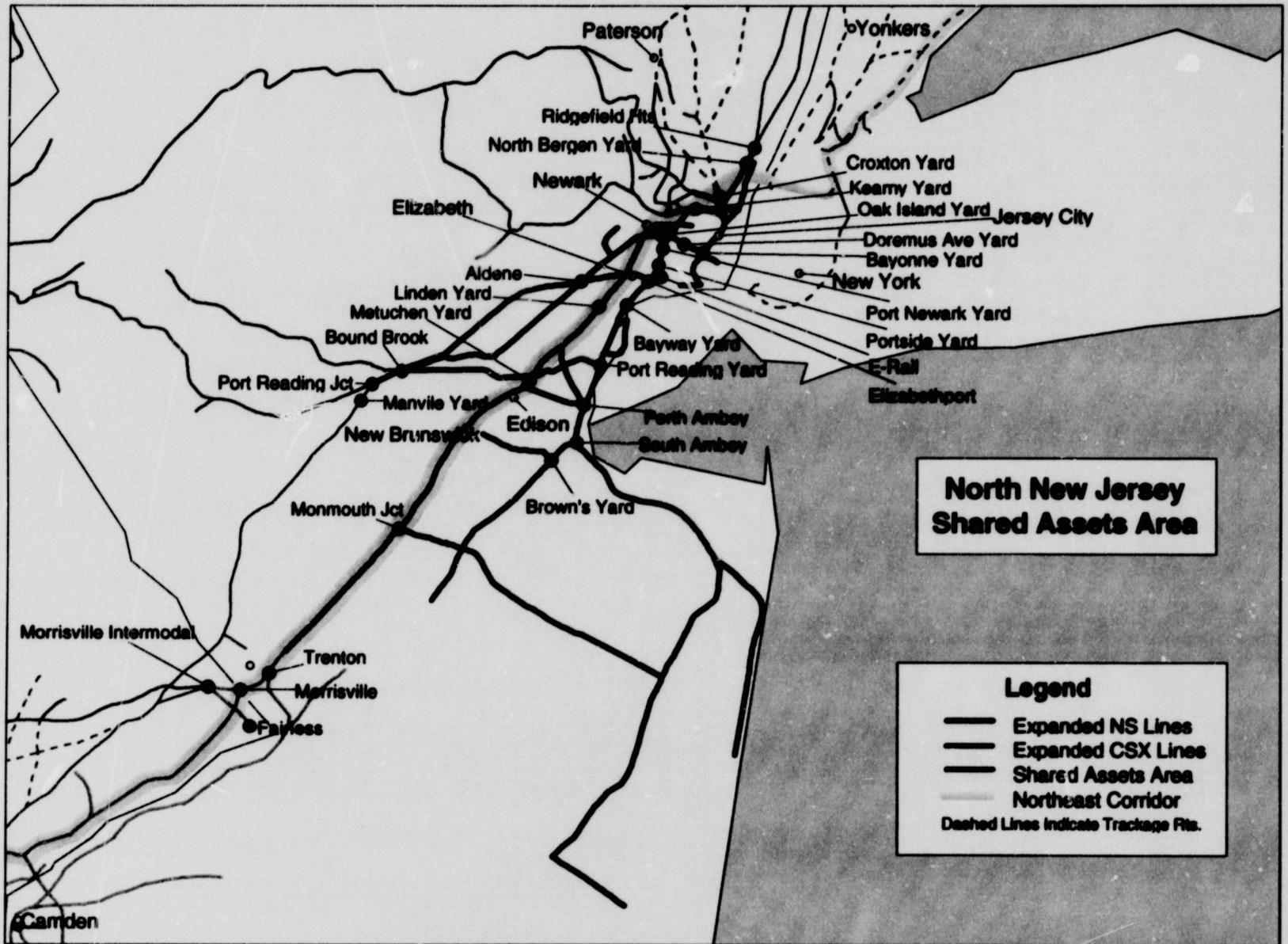


FIGURE MM-9

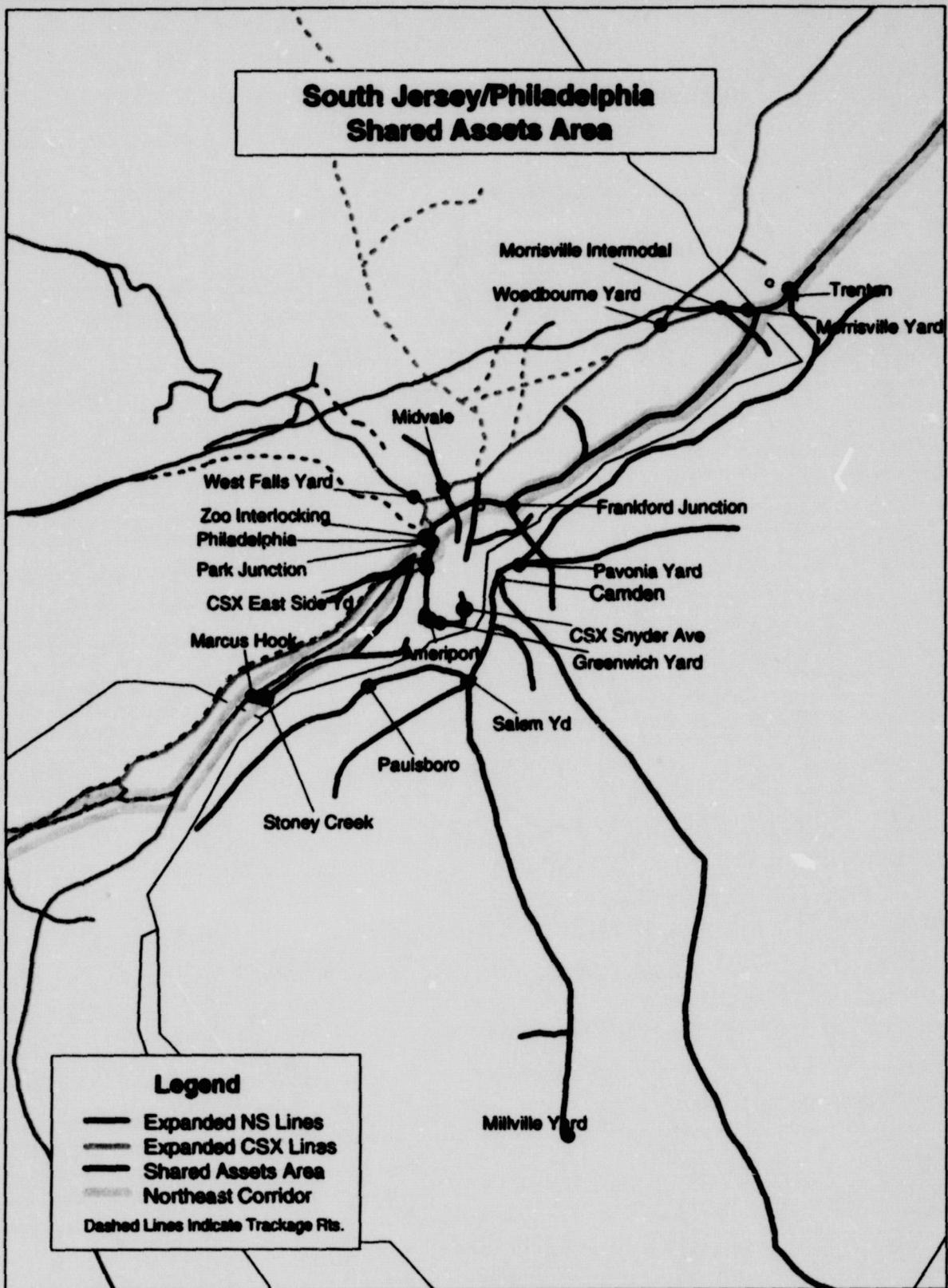


FIGURE MM-10

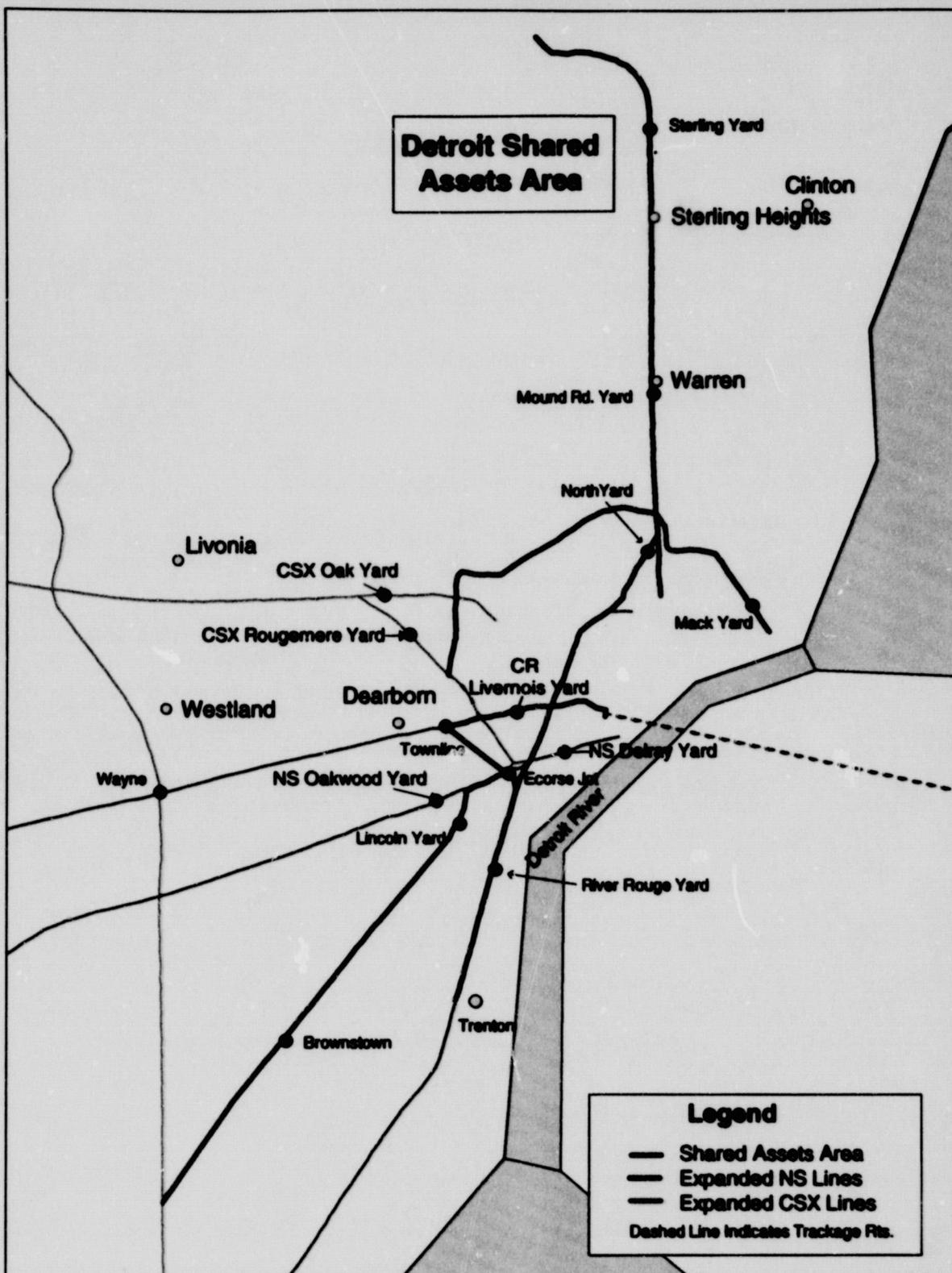


FIGURE MM-11

region.

Headquarters locations for CSAO operations will be:

- Oak Island Yard for North Jersey
- Pavonia Yard for South Jersey/Philadelphia
- North Yard in Detroit for Detroit

In each case, NS and CSX are evaluating possible locations for local dispatch headquarters for routes within the Shared Assets Areas that are currently under dispatch control. If agreed upon by both parties, dispatch control centers would be established at Oak Island, Pavonia, and North Yard. Personnel, and dispatching equipment would be transferred in part from Conrail's present Mount Laurel, NJ and Dearborn, MI facilities.

There will be little, if any, adverse impact on operating personnel in these areas. Oak Island Yard, for example, is projected to enjoy a 35% increase in traffic, and reopening the facility as a hump yard is under consideration. NS also has plans to invest \$25 million to expand its Northern New Jersey intermodal facilities as discussed in the Operating Plan.

Figures 12 through 14 summarize significant changes in facility use within the Shared Assets Areas. The Operating Plan and the various agreements in Volume 8 provide more detailed discussion of both current and proposed operations and facilities.

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### Terminal Operations in North Jersey

Current Operation			Proposed Operation	
Yard or Facility	Current Operator	Current Facility Use	Proposed Operator	Proposed Facility Use
Ridgefield Heights	Conrail	Automotive support	CSAO	Same as at present
North Bergen	Conrail	Intermodal and some local carload traffic	CSX	CSX Intermodal; Southern Tier locals to NS move to Croxton
Croxton	Conrail	Intermodal and bulk transfer	NS	Intermodal and NS Southern Tier Locals
South Kearny	Conrail	Carload support and intermodal	CSX	Same as at present, but used by CSX
South Kearny (APL)	Conrail	APL Intermodal	CSX and NS	Joint service by CSX and NS
Oak Island	Conrail	Major classification yard	CSAO	Use will increase; re-opening hump yard will be considered.
Doremus Ave	Conrail	Two units, both for automobile unloading	CSAO	Same as at present
Bayonne	Conrail	Includes Mullery Yard. Industrial support principally for petrochemical industry	CSAO	Same as at present
Port Newark	Conrail	Intermodal, automotive and carload	CSAO	Same as at present
Elizabethport	Conrail	Industrial and intermodal support	CSAO	Two tracks will be assigned to NS to support E-Rail
Portside	Conrail TCS	Triple Crown Services RoadRailer® facility	CSAO and TCS	TCS will operate RoadRailer® operation
Port Reading	Conrail	Secondary classification and support for petrochemical traffic, and other carload.	CSAO	Same as at present
Manville	Conrail	Industrial support for the area, including Raritan Line	CSX	Same use, but NS and CSAO will have operating rights in this yard.
Bayway	Conrail	Storage for petrochemical industry	CSAO	Same as at present
Brown's	Conrail	Industrial support for Amboy secondary	CSAO	Same as at present
Linden	Conrail	Serves GM assembly plant. Auto loading ramp.	CSAO	Same as at present
Metuchen	Conrail	Serves Ford assembly plant and other industrial customers	CSAO	Same as at present
E-Rail	Conrail	Intermodal	NS	Expanded Intermodal

Figure MM-12

### Terminal Operations in South Jersey/Philadelphia Area

Current Operation			Proposed Operation	
Yard or Facility	Current Operator	Current Facility Use	Proposed Operator	Proposed Facility Use
Morrisville	Conrail	Industrial support and intermodal	CSAO and NS	CSAO for carload; NS for intermodal
Greenwich	Conrail	Coal, ore, intermodal and industrial support	CSX	Except NS will retain bulk and intermodal access to Ameriport
Stoney Creek	Conrail	Industrial support	CSAO	Same as at present
Midvale	Conrail	Industrial support for Chestnut Hill branch	CSAO	Same as at present
Frankford Jct	Conrail	Industrial yard on the Delair Branch	CSAO	Same as at present
West Falls Yard	Conrail	Industrial support and block transfer	NS	NS facility, CSAO will have limited use
Pavonia	Conrail	In Camden, major support facility for Trenton and surrounding area	CSAO	Will become the focal point control center for CSAO
Millville	Conrail	Industrial support for the Vineland area	CSAO	Same as at present
Paulsboro	Conrail	On the Penns Grove secondary. Serves Woodbury	CSAO	Same as at present

**Figure MM-13**

### Terminal Operations in Detroit Area

Current Operation			Proposed Operation	
Yard or facility	Current Operator	Current facility use	Proposed Operator	Proposed facility use
North	Conrail	Major classification facility. Also automotive	CSAO	Same as at present Focal point for Detroit CSAO
River Rouge	Conrail	Major industrial support facility	CSAO	Same as at present
Livernois	Conrail	Large industrial support yard with intermodal facility	CSAO	Same as at present
Sterling	Conrail	Large industrial support yard also automotive	CSAO	Same as at present
Mound Road	Conrail	Primarily Chrysler support	CSAO	Same as at present
Mack	Conrail	Industry support principally for Chrysler	CSAO	Same as at present
Lincoln	Conrail	Primarily supports Ford at Brownstown	CSAO	Same as at present
Trenton	Conrail	Support Trenton area	CSAO	Same as at present

**Figure MM-14**

## **2. Other Areas Subject to Special Arrangements**

### ***Indianapolis***

Although Indianapolis will be primarily served by CSX, NS will have overhead trackage rights on Conrail's Indianapolis line from Muncie, IN to Indianapolis. NS will also have trackage rights on CSX's Lafayette/Crawfordsville line and the Conrail Crawfordsville/Indianapolis line assigned to CSX. NS will also have rights on Conrail's Indianapolis Belt line to serve "two to one" shippers, and shortline railroads in Indianapolis. NS will also serve the General Motors metal fabrication plant at Indianapolis.

### ***Monongahela Coal Area***

NS will control and operate the former Monongahela Railway, including Waynesburg Southern, subject to a joint use agreement between NS and CSX. Under that agreement, CSX will be able to provide competitive unit train coal service from Monongahela area mines on a trackage rights basis.

### ***Ashtabula Harbor***

NS will be assigned and control Conrail's Ashtabula Harbor facilities. CSX will, however, have direct access to and use of up to 42% of the total available ground storage and throughput capacity of the facilities.

## **3. Arrangements with Other Carriers**

Section 3.3 of the Operating Plan summarizes important agreements with other carriers in conjunction with the transaction. Among them are an agreement between NS and CP providing for:

- Haulage by CP for NS between Sunbury, PA and Albany, NY, via Binghamton to provide competitive service to New England points in conjunction with the Guilford system.
- Haulage by NS for CP between Detroit and Chicago to improve service and competition between US and Canadian points.

Certain rights already enjoyed by competing carriers will also be maintained. Among such rights are trackage rights operated by CP over the Southern Tier Route from Buffalo to Binghamton, NY, and certain rights enjoyed by New York Susquehanna and Western Railway. New York Susquehanna and Western operates over portions of the Southern Tier Route in conjunction with CP on a combination of trackage rights and haulage.

#### **4. Two to One Customers**

Only four points on NS with significant traffic volume would otherwise see their competitive rail carrier options reduced from two to one. Those points are Normal, IL, Avon Lake, Fairlane and Sandusky, OH. In order to maintain competition at Normal, IL, NS will transfer to CSX existing Conrail haulage rights over NS to serve Normal. In the case of Avon Lake, Fairlane and Sandusky, CSX will be provided trackage rights or haulage in order to maintain two-carrier competition. Mr. McClellan addresses the other points in his verified statement.

#### **IV. SERVICE BENEFITS OF THE ACQUISITION**

##### **A. Operations Overview**

The blocking and train operations plans described in the Operating Plan are intended to raise service reliability on the consolidated system to levels provided on the NS system today and will create an efficient and customer-oriented operation. Under the Plan, train operations are divided into six distinct networks:

- General merchandise
- Automotive
- Coal
- Other bulk
- Intermodal
- Triple Crown Services

Each of these service networks was designed starting with three key factors:

- What are the service and efficiency requirements of each movement;
- How much traffic volume is projected; and
- What routes and terminals are available to handle the projected traffic?

The goal was to find the right combination of routes, terminals, blocking and train schedules to best meet the specific service and cost requirements of each movement. For some commodities, speed of movement is critical; for others, the lowest possible cost is important. In almost all cases reliability is essential.

To achieve these goals, new blocking strategies and train operation plans were developed for each of the six networks. The key organizing principles for each of the networks are as follows:

## **1. The General Manifest Network**

### Northeast-Midwest/Western Connections

Current Conrail operating practice is to concentrate classification activity at four major hump yards: Selkirk, NY, Elkhart, IN, Avon (Indianapolis) IN, and Conway (Pittsburgh) PA. Although there are numerous classification yards of all sizes on the Conrail system, these are the major hubs.

In the base period, most westbound carload traffic was classified at two of these terminals, depending upon traffic origin and destination, creating large blocks but slowing transit times. While this may produce an efficient train operation suited to Conrail's current needs, NS believes it preferable from a service reliability and speed standpoint to minimize the amount of traffic which must be processed twice at major classification facilities. At major classification terminals, where many connections must be made and where congestion can frequently occur, overall service reliability can suffer. This diminution of reliability has an effect not only on customer satisfaction but on equipment utilization as well.

In order to eliminate this double processing, the blocking and train operation plan presented for general manifest traffic in the Operating Plan concentrates classification activity at Conrail's Conway (Pittsburgh) Yard, for traffic moving to and from East Coast points and the Kansas City gateway in particular. Conway will also become the classification hub for traffic moving to Southwestern points via interchange with the Union Pacific ("UP") system at Sidney, IL.

Other westbound traffic blocked at Conway will move generally to NS's flat switching yard at Decatur, IL. Decatur is a focal point for NS operations, where traffic can be efficiently concentrated from Detroit and the upper Midwest and then distributed to the Kansas City gateway, or to the St. Louis gateway. Decatur is not a hump yard, and the Operating Plan

specifically contemplates assembling blocks from trains arriving from the different routes on close connections. Traffic volumes developed indicate that block size will be sufficient to generate trains from Decatur that can be operated as far west as Barstow, CA on BNSF and North Platte, NE on the UP without additional intermediate classification.

This operation will further a number of objectives, including the improvement of service reliability. First, extra processing at major hump yards is eliminated. Second, shippers are afforded access to the service-efficient Kansas City gateway. Third, traffic moving from Detroit and the upper Midwest can be consolidated with traffic originating in the East to provide efficient run-through type trains that will eliminate terminal processing not only on the consolidated NS system, but on Western carriers as well.

We believe this plan of operation will substantially improve service reliability over present levels. Section IV.B. of this Statement offers specific examples of how and why the improvements will occur.

#### Western Gateways/Midwest-Northeast

For east-west traffic moving between the Chicago gateway and Eastern Seaboard points, again the goal was to eliminate double classification at both Conway and Elkhart Yards to the maximum practical extent. Elkhart is Conrail's system classification yard supporting the Chicago gateway. NS intends to use Elkhart for a similar purpose. This utilization of Elkhart will permit NS to eliminate classification work at its own Chicago Calumet facility and permit the development of that facility as a major intermodal terminal at some future point.

To eliminate intermediate handling at Conway, Chicago gateway traffic flows were organized to generate long distance trains which will run between Elkhart Yard and Northern New Jersey, bypassing intermediate classification at Conway. The increased traffic generated by consolidation of NS and its allocated Conrail lines will allow the assembly of efficient run-through

trains from Elkhart to many Midwestern and Western destinations as well as to the upper Midwest and Canada.

### North-South

North-South manifest traffic service will also improve substantially. The improvements will be attributable to the elimination of interchange between Conrail and NS at Hagerstown, MD, Cincinnati, and Columbus, OH. The improvement will also be due to the elimination of excess intermediate terminal switching, which will be made possible by the larger traffic volumes generated as a result of the consolidation.

For example, under current operating practice, Conrail traffic originating from the Chicago gateway and Central Michigan is assembled and classified at Conrail's Elkhart, IN facility. It is then moved to Conrail's Buckeye classification yard in Columbus, OH, where it is again reclassified and then assembled into a run-through train to the NS interchange at Cincinnati. NS then handles the traffic to Chattanooga, TN, where it must again be re-classified. The traffic is currently subject to additional re-classification south of Chattanooga depending upon its ultimate destination.

With larger traffic volumes available, and with an expanded route structure, traffic can be assembled at Elkhart, IN for long distance trains to operate direct from Elkhart to both Chattanooga, TN and Macon, GA, eliminating intermediate classification at Buckeye and, in many cases, at least one additional terminal. Traffic data indicate that similar efficiencies will be obtained on northbound traffic from the Southeast to the upper Midwest.

On the Eastern Seaboard, manifest traffic flows will improve for the same basic reasons. Traffic data indicate that there will be sufficient traffic to generate daily service from the Allentown, PA hub to Knoxville, TN. From Knoxville, traffic will be handled directly to the Memphis and/or New Orleans gateway, as well as to Macon, GA. Traffic volumes are also

sufficient to generate a new Baltimore to Roanoke, VA service for handling beyond Roanoke.

Some of the more important new merchandise train operations are highlighted below.

GMCWDE and GMDEPI are new trains offering excellent examples of the service reliability improvement strategy. Blocks for BNSF and UP assembled from traffic originating on the East Coast will be marshaled at Conway and forwarded to Decatur, IL for close connection with trains arriving from the upper Midwest. At Decatur, blocks will be exchanged to assemble trains to run as far west as Barstow, CA and North Platte, NE eliminating intermediate terminal processing on the consolidated NS system and on western carriers as well.

GMELOI is a new 32-hour schedule from Elkhart, IN to Oak Island. It will eliminate intermediate processing at Conway and offer direct service for manifest traffic from the Chicago gateway to Northern New Jersey.

GMOILI and GMLIOI will provide new service between Philadelphia, Wilmington, DE, Baltimore, MD and points in the Carolinas and beyond with a transit time of 30 hours. These and similar schedules will generate additional traffic on north-south routes, which Conrail has not emphasized because of the relatively short hauls between origin and Southeastern gateways. The consolidated system will be strongly motivated to maximize traffic potential in these new lanes.

GMSLKC, GMKCDES, GMDEKCUP, GMKCDEUP are merchandise trains that will be assembled at Decatur and at Moberly, MO to provide full run-through trains with BNSF to Barstow, CA and with UP to North Platte, NE with similar service in the reverse direction.

GMPISIUP, GMSIPIUP, GMFWSIUP, GMSIFWUP are new services that will be operated in conjunction with UP over Sidney, IL between the East Coast, the upper Midwest and Southwestern points. These trains will operate directly to and from Conway Yard without intermediate classification on an average 20-hour schedule. Traffic to and from the upper Midwest

will be assembled at Fort Wayne, IN and will move on similar schedules.

GMELMA, GMMMAEL, GMELCH, GMCHEL are new merchandise schedules between the upper Midwest and Midsouth. The traffic studies indicate that there is sufficient traffic to eliminate the current interchange with Conrail at Cincinnati, as well as numerous intermediate classifications. Long distance trains can be created in both directions between Elkhart, Chattanooga, TN and Macon, GA that will not be re-handled in route, reducing one to three days from current transit times and improving service reliability.

GMALKX and GMKXAL are general merchandise trains over the Shenandoah Route between Allentown, PA and Knoxville, TN with blocks for Macon, Chattanooga and Birmingham. Estimated schedule times between Knoxville and Allentown will be 33 hours. The new blocking scheme will materially improve service reliability as well.

## **2. The Automotive Network**

The Operating Plan offers an extensive discussion of service improvements planned for automotive traffic. The organization of the consolidated NS automotive network is predicated on generating sufficient volumes of automobile or automobile parts traffic to operate intact trains from origin to destination. When such volumes are not available, traffic will be directed to a single automotive hub at Bellevue, OH, where run-through automotive trains can be assembled for Eastern, Western, and Southern destinations without further handling at major classification terminals. Some of the improved services are discussed below.

AUBVOI, AUBVDO, AUDOBV are examples of through automotive vehicle schedules operating between the Bellevue automotive hub and the East Coast. Trains will operate between Bellevue and Oak Island, NJ, or directly to the Doremus Avenue automotive facility near Oak Island with no intermediate handling.

AUBVRH and AURHBV will be important new automotive multilevel trains operated from Bellevue to the Ridgefield Heights, NJ ramp on a dedicated basis via the Southern Tier.

AUATBV, AUATOA, AUBVAT, and AUOAAT will handle automotive traffic on a dedicated basis from the upper Midwest via Bellevue, OH to Atlanta. These trains will handle both automotive parts and multilevels in each direction, eliminating interchange and classification delays, thereby improving service reliability. Trains will be operated from Bellevue on an average 30-hour schedule, and from Detroit to Atlanta with an average transit time of 35 hours. Depending on the traffic involved, transit time savings will vary from one to three days.

AUOAKCSF and AUKCOASF will represent important new automotive services to BNSF via the Kansas City gateway, operated directly to and from Oakwood Yard in Detroit via Decatur.

AUBVKCSP and AUBVKCUP, AUKCBVSP, AUKCBVUP will handle automotive traffic for Union Pacific on a schedule from Bellevue to interchange at Kansas City of under 30 hours. Similarly, AUBVSIUP, and AUSIBVUP will handle consolidated intermodal and automotive trains between Bellevue and the new UP interchange at Sidney on a 15-hour average schedule from Bellevue, and a 12-hour average service from the Toledo (Airline) hub for intermodal traffic.

### **3. The Coal Network**

The principal change in the coal network operations is the elimination of circuitry for coal traffic originating at Conrail mines in West Virginia. This traffic must now move by Conrail's West Virginia's secondary to Columbus, OH and then east over Conrail's mainline to Harrisburg, PA for traffic moving to points generally north and east of Harrisburg.

The Plan moves this traffic via Deepwater and Elmore, WV to Roanoke, VA,

Hagerstown, MD and Harrisburg, PA, eliminating an average 143 circuitous miles for each train so handled.

CLGRBE, CLBEGR, CLWLBE, CLBEWL, CLIABE, and CLBEIA all offer service and equipment benefits to coal customers by eliminating the circuitry inherent in current Conrail routes. Coal traffic originating at Conrail's West Virginia mines and destined to points generally north and east of Harrisburg, PA will move via the new direct single-line route from Deepwater to Elmore, WV, thence to Roanoke, VA, Hagerstown, MD and Harrisburg, PA, depending upon train destination.

#### **4. The Intermodal Network**

As is current practice for both NS and Conrail, dedicated intermodal trains will be operated between all points on dedicated schedules wherever volume or business prospects justify. But unlike the current Conrail system, the new network will focus on both longhaul and shorthaul intermodal traffic, and NS will make the investments needed to pursue the dual market strategy.

NS will add a new network onto the current Conrail system which will be designed to handle shorthaul traffic efficiently between multiple origin-destination pairs. There is a large amount of truck traffic available for diversion in the Conrail service territory (see Verified Statement of P. J. Krick). To accommodate shorter haul business, the Operating Plan contemplates the construction of two major block exchange facilities at Toledo (Airline) and at Harrisburg (Rutherford). These two terminals will efficiently assemble and distribute traffic on a close connection basis to points in the upper Midwest and on the Eastern Seaboard.

New intermodal schedules are discussed in the Operating Plan, many of which will be processed over these two hubs. Traffic to and from Northern New Jersey will be handled at

exclusively-served NS facilities at Croxton and E-Rail in the Newark area. NS will also have direct access to the Port Newark area and to the APL intermodal facility at South Kearny.

Importantly for intermodal operations, the Operating Plan contemplates the upgrading of Conrail's Southern Tier line between Buffalo, NY and Croxton, NJ as a principal artery for double stack service moving between West Coast points, the Chicago gateway, and the Eastern Seaboard.

Some of the important intermodal services are discussed below.

IMERHB, IMHBER, IMHBKCUP, and IMKCHB are important new examples of service to and from the expanded E-Rail intermodal terminal in Newark, NJ. These four new trains are typical of service that will be handled over NS's new intermodal hub at Rutherford, PA near Harrisburg, where block exchange and train consolidation will occur. From Harrisburg, long distance trains will be operated to and from the Kansas City gateway and beyond.

The IMBLNO, and IMNOBL trains are new service offerings via the Piedmont Route between Baltimore and New Orleans, with transit time of 50 hours. These important new schedules will offer intermediate service to Greensboro, Charlotte, NC and Greenville, SC.

IMHBNO, IMNOHB are new intermodal trains via the Shenandoah route, which will originate or terminate at the consolidation hub at Rutherford. The trains will handle traffic from the New Jersey, Philadelphia and Baltimore areas. Service will be provided for both conventional intermodal traffic and doublestack between the points named on the one hand, and Knoxville, Memphis, Huntsville, Birmingham, New Orleans, on NS and Dallas via connection with the KCS at Meridian, MS. Transit time between Harrisburg and New Orleans will be 46 hours.

IMBFBN and IMBNBF will handle intermodal traffic between Buffalo and Binghamton, connecting to CP at Binghamton. New service to New England points will also be offered over Harrisburg and Sunbury, PA as traffic grows in conjunction with the haulage agreement executed

between CP and NS as noted above and in the Plan.

IMALKCSF, IMKCALSF intermodal service to the BNSF at Kansas City will be provided by a pair of trains originating and terminating at the Airline, OH (Toledo) hub. At Airline, connections will be made for New Jersey, New England, Baltimore and Buffalo.

IMHBKCUP will be the intermodal service to and from the Union Pacific via Kansas City originating at Harrisburg, PA and operating via the Toledo (Airline) hub to Kansas City, with a transit time of 45 hours.

IMATER-1, IMATER-2, IMERAT-1, IMERAT-2, IMBLNO, and IMNOBL will connect the Northeast and Southeast. NS currently operates two intermodal trains daily between Atlanta and Newark. These new schedules will originate and terminate from NS's expanded E-Rail facilities. Transit time from the E-Rail facility to Atlanta will average 32 hours. The trains will handle conventional intermodal and doublestack traffic and will be routed via the Lehigh line. (Until such time as clearance improvements are made, these trains will operate via the Trenton Line.) Connections to Jacksonville and Miami will be made in Atlanta.

DSCGCX-1, DSCGCX-2, DSCXCG-1, DSCXCG-1, DSCXCG-2, IMCXSL, IMSLCX are representative of new schedules NS will operate as through service from Chicago via the Southern Tier Route from Buffalo to Croxton, NJ. Six intermodal trains a day will be operated in and out of the Croxton terminal. Four of these trains will be doublestack, and the third pair between Croxton and St. Louis will handle both doublestack and conventional intermodal traffic. The St. Louis trains will connect with the Kansas City trains at the Toledo (Airline) hub, providing 48-hour service between Northern New Jersey and Kansas City, with traffic pre-blocked for western connections.

## 5. The Triple Crown Network

NS and Conrail already operate trains for an integrated Triple Crown RoadRailer® system. The service is seamless from the customer's perspective. The restructuring of Conrail and division of its routes will require certain changes in current operations on both NS and Conrail. It will also open up some new markets-- markets that Conrail was reluctant to pursue because its rail hauls for Triple Crown were often very short.

For the Triple Crown RoadRailer® operation, the most important changes include:

- Rerouting one pair of Portside, NJ/Atlanta trains onto Amtrak's Northeast Corridor to reduce schedule time between these points to 27 hours.
- Initiating direct rail service between the Ft. Wayne hub on the one hand and Baltimore and Morrisville, PA on the other.
- Shifting the current Rochester service to Buffalo.
- Shifting the current Crestline service to Bellevue, with Triple Crown trains re-routed between Ft. Wayne and Pittsburgh.

Use of the Northeast Corridor is required for some of these changes. The NEC offers a far more direct route between Atlanta and the Northeast than the current route used by TCS through Hagerstown. RoadRailers® are compatible with NEC operations, and the new route will save mileage and time, open the Carolina-Northeast market, and make a new terminal at Baltimore economically feasible. NS is discussing the details of this Triple Crown service with Amtrak.

TCATPS and TCPSAT are the new symbols for re-routed Triple Crown RoadRailer® trains between Portside, NJ and Atlanta, GA, with new intermediate service to Charlotte, Baltimore and Philadelphia. Transit times for these trains, which will also traverse the Piedmont

Route, will be 27 hours.

TCBAFW, TCFWMV and TCMVFW will be the new Triple Crown symbols for services operated on the Pennsylvania route for east-west traffic between new terminals at Baltimore, MD and Morrisville, PA and Triple Crown's Fort Wayne hub. At Fort Wayne, connections will be made to the rest of the Triple Crown network. Average transit times from the eastern terminals to Fort Wayne will be 27 hours.

## **B. Improved Service Reliability**

Two attributes of the consolidated system Operating Plan that will work to improve service reliability are route flexibility and the reduction in intermediate terminal handlings.

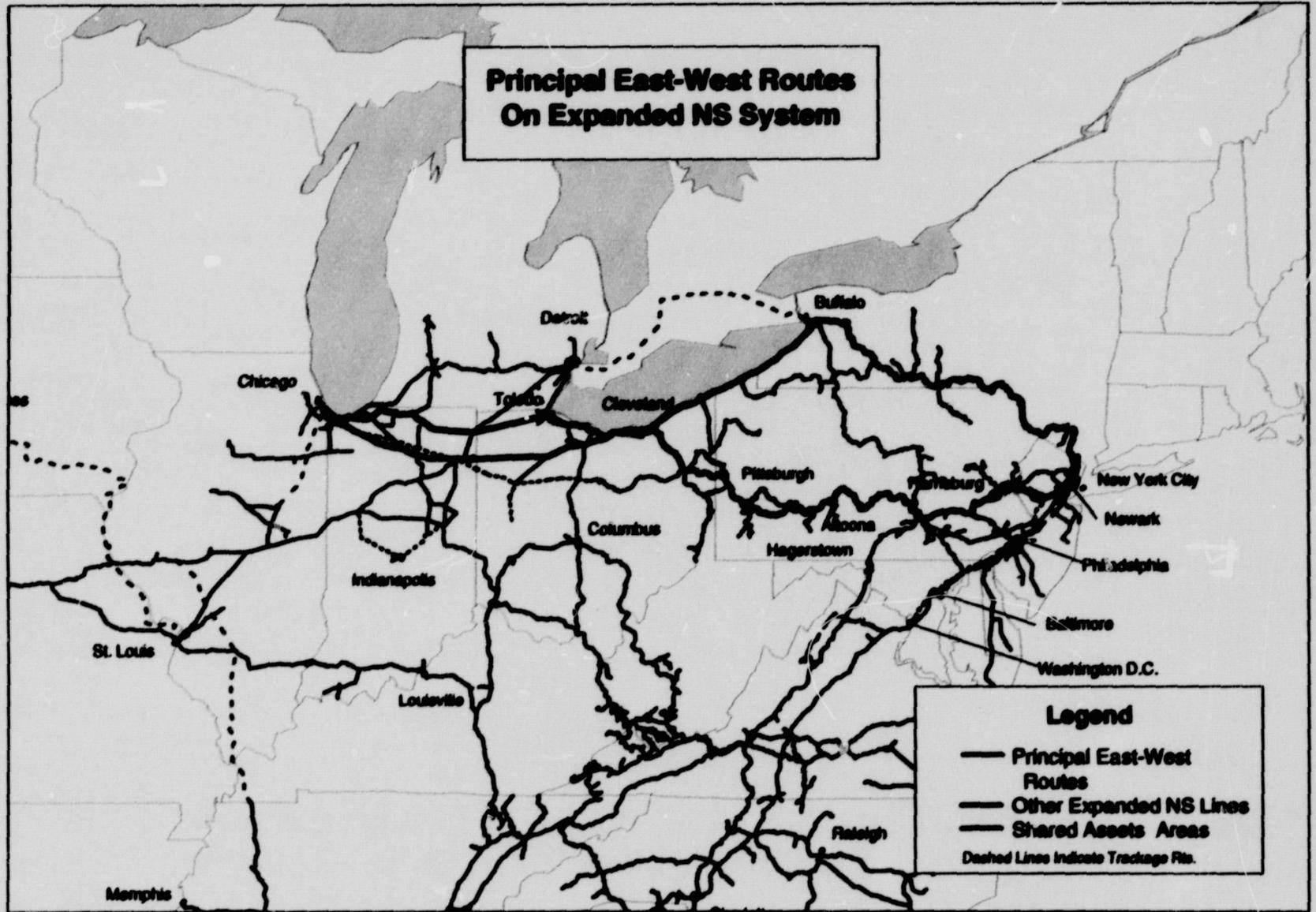
### **1. Route Flexibility**

Figures 15 and 16 represent the important route flexibility characteristics of the route structure of the expanded NS. Figure 15 shows the principal east-west routes of the consolidated system and demonstrates the available route capacity that results from the transaction. The NS system will have two efficient through routes between Chicago and New Jersey/Greater New York, which are actually composed of five route segments:

- Conrail's former New York Central line from Chicago to Cleveland.
- Conrail's former Pennsylvania, Reading and Lehigh lines from Cleveland to Northern New Jersey.
- NS's former NKP line from Chicago to Cleveland.
- NS's former NKP line from Cleveland to Buffalo.
- Conrail's Southern Tier Route from Buffalo to the Newark area.

Although the Southern Tier line will require some upgrading, the remainder of the route structure is in excellent condition, and the combination of former New York Central and

**Principal East-West Routes  
On Expanded NS System**



**FIGURE MM-15**

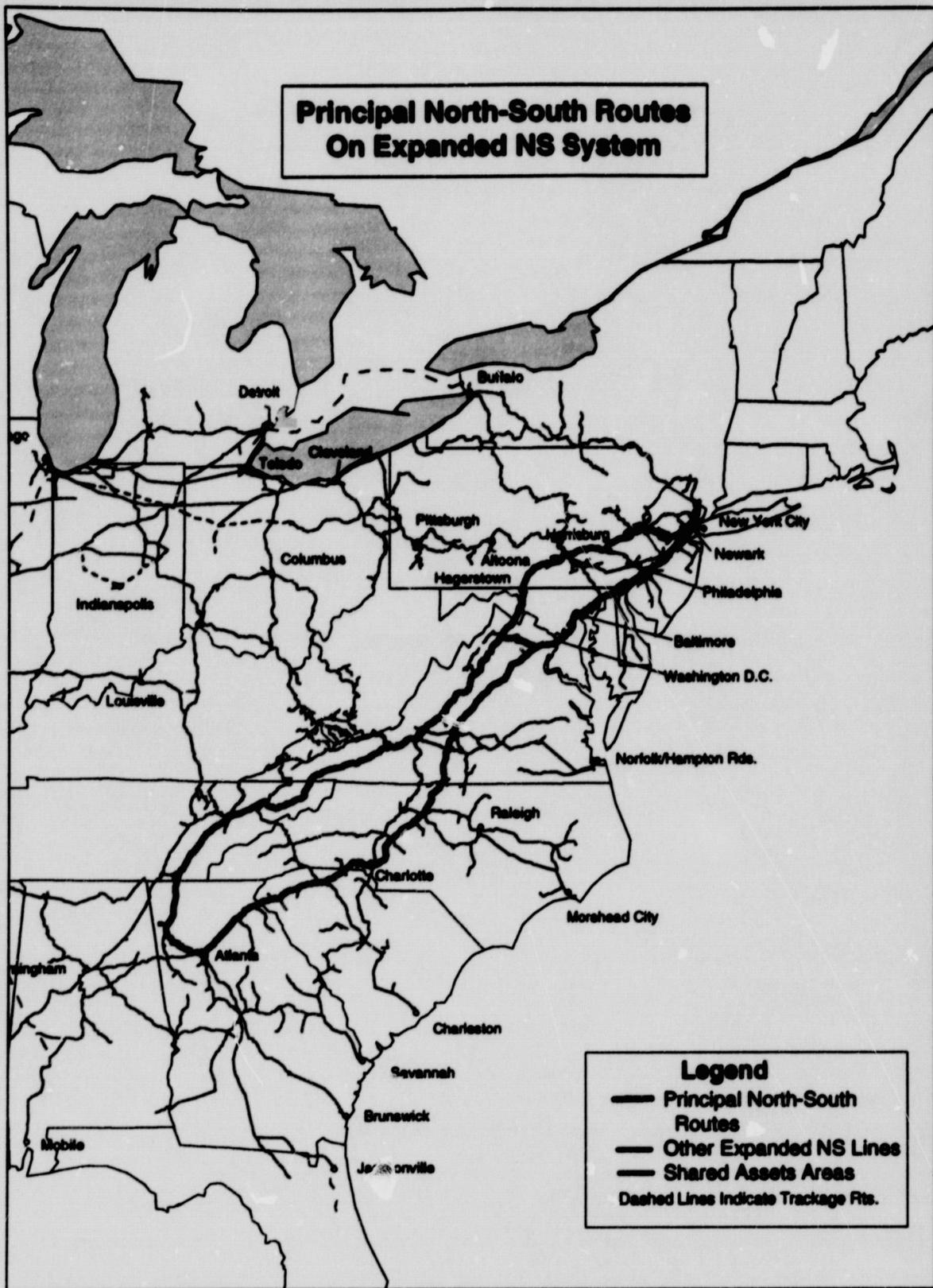


FIGURE MM-16

Pennsylvania routes from Chicago through Cleveland to Harrisburg and Reading, PA is substantially all multiple main track and traffic control. With this type of route capacity and flexibility, a high degree of service reliability can be achieved, especially when taken in conjunction with a blocking and train operation plan which is specifically designed to maximize reliability. The transportation plan should provide a high degree of customer satisfaction.

Figure 16 demonstrates a similar set of route attributes on north-south routes of the expanded NS system. The Shenandoah and Piedmont routes between the Northeast and Atlanta and other southeastern points are substantially parallel. The Operating Plan calls for corridor capacity improvement projects on the Shenandoah Route between Roanoke, VA and Knoxville, TN. The upgrading will be undertaken both to improve traffic flow to the Southeast and the Memphis and New Orleans gateways and to permit the Shenandoah route to function as a fully competitive route to the Atlanta area.

Under present circumstances, the availability of two such substantially parallel, high capacity corridors will materially improve service reliability between the Northeast and southeastern points.

## **2. Examples of Improvement in Service Reliability**

The following are six substantive examples of how and why transit times and service reliability will improve after the transaction is implemented. The improvements will occur because of interaction of a number of factors.

First, the consolidation of operations provides larger traffic volumes. The larger traffic volumes facilitate larger block sizes which in turn provide the opportunity to operate more long distance trains with a minimum of intermediate terminal classification.

Second, the Operating Plan itself is based on the elimination of intermediate terminal

classifications whenever that is practical and economic. In the denser traffic lanes both east-west and north-south, the Plan substantially accomplishes this objective.

Third, as discussed, the alternate route characteristics and improvements both east-west and north-south will assure greater reliability for the line haul portion of the transportation function.

Fourth, the service investments discussed in both the Plan and in this Statement will serve to enhance reliability and help attract more rail traffic while reducing costs.

Six examples of transit time and service reliability improvement are discussed below and are shown graphically on Figure 17.

#### Philadelphia to Kansas City

Transit times between Philadelphia and Kansas City on a combination of Conrail and NS routes currently average just under four days; on the combined system, the average transit times in this corridor will be reduced to two and one-half days. The consolidated system will maximize service offerings via the service efficient Kansas City gateway. Traffic volumes are projected to increase, and the increases will allow reductions in intermediate terminal handlings. This will in turn provide more reliable service and reduced transit times for shippers.

Currently, traffic originating in the Philadelphia area destined to the Kansas City gateway is classified by Conrail at Conway Yard at Pittsburgh, and again at Avon Yard near Indianapolis. It is then re-classified at TRRA's Madison Yard in St. Louis and then interchanged to NS. NS then handles the traffic beyond to Kansas City.

Under the Operating Plan, the traffic will be initially classified at Conway into run-through blocks for western carriers operating beyond Kansas City. The traffic will be consolidated with other trains on a close connection, flat switch basis at Decatur, IL. The trains assembled at Decatur can operate as far as Barstow, CA on BNSF, or North Platte, NE on the UP without

# CURRENT VS POST ACQUISITION SERVICE COMPARISONS

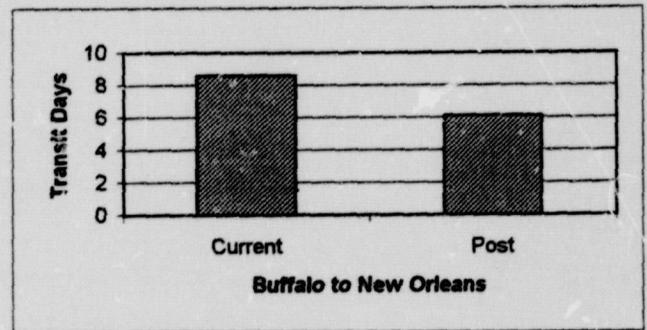
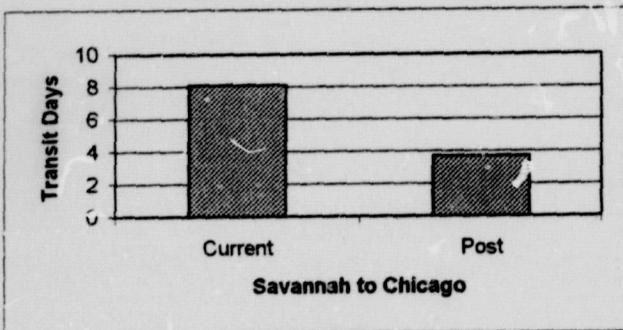
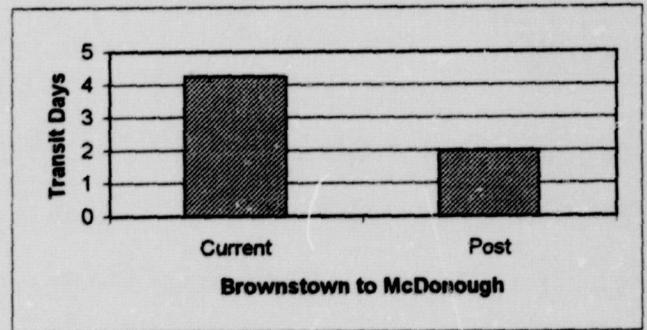
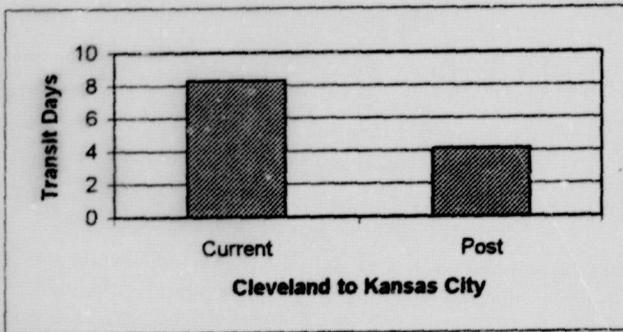
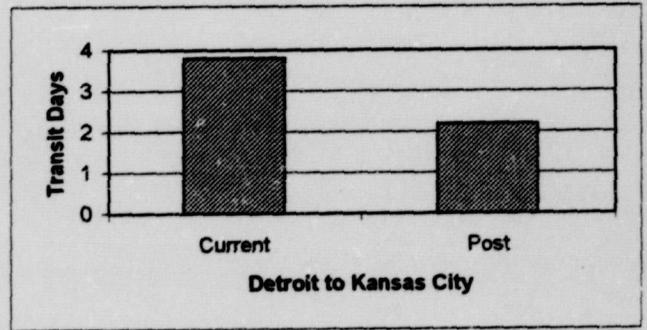
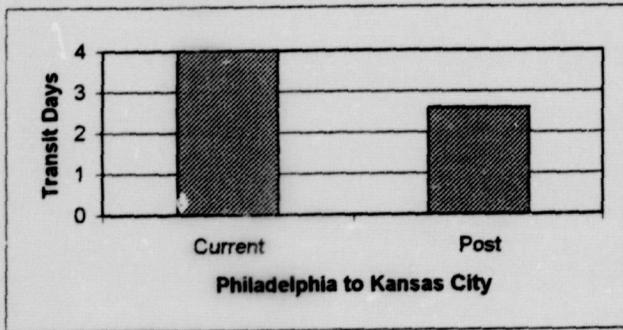


FIGURE MM-17

further re-classification.

In this case, eliminating at least two intermediate classifications is responsible for the reduction in transit time. Intermediate classifications on western carriers will be reduced as well.

#### Detroit to Kansas City

Current transit times average just under four days, but under the Operating Plan they will average just over two. Lengthy interchange delays between Conrail and NS will be eliminated on this route.

Under current operating practice, traffic originating on Conrail in the Detroit area destined for Kansas City is assembled in Detroit, is moved to Elkhart, is classified there, and then moved from Elkhart to Avon Yard at Indianapolis where it is reclassified. The traffic then moves to TRRA's Madison Yard in St. Louis. It is again reprocessed at that yard and then transferred to NS, which then advances the traffic to Kansas City.

Under the proposed operation, NS will operate schedules directly from Detroit to Ft. Wayne and Decatur, where blocks will be assembled and exchanged to create run-through trains to western connections. Again, intermediate terminal processing will be eliminated, transit time will be reduced by half, and service reliability will improve.

#### Cleveland to Kansas City

Current transit time to Kansas City averages approximately eight days from Conrail origins in the Cleveland area. In the future, transit times on the new NS for this routing should be reduced to just over four days. Multiple handlings at Avon, St. Louis, and Kansas City will be eliminated, in favor of a single initial classification at Bellevue, OH followed by block consolidation at Decatur, IL. Again, long distance run-through trains will handle this traffic west from Decatur.

Brownstown (Detroit), MI to McDonough, GA

Transit times will be cut in half, from an average of more than 4 days to 2 days, for Ford after-market automotive parts traffic originating at Brownstown on Conrail in the Detroit area and moving to McDonough, GA, near Atlanta. Current handling has this truck-competitive traffic from the Brownstown area classified at River Rouge Yard in Detroit, again at Stanley Yard in Toledo, again at Buckeye Yard in Columbus, then interchanged to the NS, which transfers the traffic between trains on NS lines for handling to McDonough.

Under the Operating Plan, traffic originating at Brownstown would undergo an initial classification at Oakwood Yard, and then run directly to Inman Yard in Atlanta, GA. From that point, the traffic would be forwarded in blocks to destination.

Savannah, GA for interchange to Chicago on the Wisconsin Central

Current transit time for shipments from the Savannah area destined for the Wisconsin Central average just over 8 days. With the proposed changes in operation, the transit times will be reduced to an average of 3.6 days. The improvement lies in the elimination of intermediate terminal switching, made possible by consolidating NS and Conrail traffic volumes at Elkhart for handling through a single Chicago gateway operation.

Under today's operations, traffic moves from Savannah, GA to Macon, GA for classification. It is then forwarded to Chattanooga, where it is reclassified. It is consolidated on-line and then forwarded to the Wisconsin Central at Chicago.

After consolidation of operations, traffic can be operated from Savannah to Macon, then directly to Elkhart, where it will be added to traffic from Conrail points and assembled into a run-through train for the Wisconsin Central.

Buffalo, NY to New Orleans, LA

The current transit time of over 8 days will be reduced to just over 6 days after the

consolidation. Larger volumes and run-through train operations in this case will eliminate intermediate terminal processing at Chattanooga and various other intermediate handlings.

### **3. Service and Reliability Investments**

NS expects to spend in excess of \$500 million on construction and upgrading projects related to its expanded system. These projects are described in summary fashion below.

#### Corridor Capacity Upgrades

Corridor upgrades to improve service reliability and provide additional capacity will require investment of nearly \$120 million. The table below indicates planned corridor improvement projects.

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## Corridor Capacity Upgrades

### CORRIDOR

### PROJECT

*Siding construction, Extensions and Traffic Control*

#### Lehigh Line

*Supports Pennsylvania,  
Shenandoah and Piedmont routes*

Bound Brook	\$ 3.6	million
Read Valley	3.1	
Flemington Junction	3.2	
Pattenburg	11.3	
Other Lehigh Line	10.5	
Reading-Harrisburg CTC	17.0	

#### Shenandoah Route

Clark	1.8
Rural Retreat	2.9
Glade Springs	1.7
Bristol	1.4
Piney Flats	1.9
Rader	2.4

#### Mid-South Corridor

KD/Cumberland Falls	15.3
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#### Southwestern Gateway Route

Andrews	3.5
Rockfield	2.6
Attica	3.5
Marshfield	3.5
Catlin	6.4
Sloan	2.8
Sido/Brunswick	10.7

#### Additional

Ft. Wayne	6.0
Angola	2.7
Bement	.5
Reddick	1.5

<b>Subtotal Corridor</b>	<b>119.8</b>	<b>million</b>
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#### Additional Track Upgrading

NS also plans in general to upgrade the level of utility of Conrail core routes. Towards that end, \$32 million in years one and two will be invested to bring curve rail on Conrail lines up to NS standards.

An additional \$10.3 million will be invested to upgrade the NS line from Deepwater

Bridge to Elmore, WV in conjunction with the re-routing of coal traffic from Conrail lines in West Virginia via Deepwater, Elmore, and Bluefield, WV to Hagerstown, MD, and Harrisburg, PA.

Further, \$35 million will be allocated to upgrade the current Conrail Southern Tier line between Buffalo and the Port Jervis area in conjunction with greatly expanded service in that corridor.

#### Clearance Improvement

NS will also invest in major clearance improvement projects to accommodate double stack and other dimensional traffic at a number of locations including:

- The Pattenburg Tunnel between Bethlehem, PA and Northern New Jersey
- Harrisburg to Baltimore, including an allocation of funds to raise the catenary (power wire) on Amtrak's Northeast Corridor between Perryville and Bayview, MD
- The Shenandoah Route
- Columbus to Cincinnati

#### Intermodal Facility Improvements

NS will invest \$200 million in expanding or upgrading intermodal facilities to handle projected traffic for the consolidated system; the Operating Plan details the projects. Chief among them (and their estimated costs) are:

- Constructing a new intermodal hub at Rutherford near Harrisburg, PA for \$40 million.
- Expansion of facilities in Northern New Jersey, principally the E-Rail terminal, for \$25 million.
- Construction of a new intermodal hub at Toledo (Airline) for \$25 million.

In addition, \$20 million will be allocated for new or expanded Triple Crown facilities at Morrisville, PA, near Philadelphia, and Bellevue, OH.

Finally, \$30 million is budgeted for the construction of new automotive facilities in the Philadelphia, PA and Baltimore, MD areas.

New Connections

The Operating Plan lists and explains planned new connections. Approximately \$25 million will be invested to provide these connections necessary to form efficient, reliable consolidated through routes. Connections proposed are shown below:

<b>Connection Location</b>	<b>Estimated Cost of Construction</b>
Alexandria, IN	\$ 1.4 Million
Butler, IN	1.5
Tolleston, IN	.2
Sidney, IL	1.8
Kankakee, IL	1.4
Tolono, IL	1.6
Oak Harbor, OH	2.9
Vermillion, OH	2.6
Buffalo, NY	6.1
Hagerstown, MD	1.0
Detroit, MI	.6
Columbus, OH	1.6
Bucyrus, OH	2.3
<b>Total Connections</b>	<b>25.0</b>

Mechanical Facilities

In order to implement the mechanical consolidation plan and improve locomotive fleet reliability, approximately \$102 million will be allocated for the improvement of mechanical facilities. The largest investments will be to upgrade, modernize, and increase the capacity of a locomotive shop along the Penn Route between Enola Yard and Conway Yard, PA (including those end points), at a location to be determined, and to move the functions now performed at NS's Pegram Shop in Atlanta to the Conrail shop at Altoona, PA.

## V. OPERATING EFFICIENCIES

The Operating Plan details efficiency initiatives attributable to the consolidation of NS and Conrail routes and facilities. The more important initiatives are summarized here.

### A. **Consolidations in Major Industrial Areas**

In brief, changes proposed for operations in major industrial areas served by both NS and Conrail are as follows:

#### Buffalo, NY

Current operations for NS in Buffalo are headquartered in NS's Buffalo Junction Yard. NS also operates a four-track automotive terminal and a two-track intermodal facility at Bison Yard and interchanges traffic with Buffalo area railroads at numerous points.

Conrail maintains a larger operation in Buffalo, including a 63-track classification yard at Frontier. Conrail also conducts interchange at numerous points in the area. Conrail's Seneca Yard is used for interchange with the South Buffalo Railroad, including traffic for Ford Motor Company and Bethlehem Steel.

The proposed operation contemplates NS remaining at Buffalo Junction and Bison while Frontier and Seneca Yards will be assigned to CSX, although NS will be assigned trackage in Seneca Yard.

While no crew savings will be realized as a result of these changes, NS's ability to use Seneca Yard will materially improve service for interchange traffic handled with the South Buffalo Railroad, including time-sensitive Ford traffic.

#### Cleveland, OH

Present NS operations in Cleveland are conducted at East 55<sup>th</sup> Street Yard and also at Campbell Road Yard, which handles most interchange traffic. Conrail operates eight yards in the

Cleveland area, the largest of which is Rockport Yard. NS will be assigned six of the eight yards, including Rockport. CSX will be assigned Collinwood and Parma Yards, although NS will have access to Parma Yard.

These changes will allow interchange to and from Campbell Road Yard to be handled directly from Rockport, expediting traffic movement and allowing abolishment of four yard engine crews and the re-assignment of three locomotive units.

#### Lorain, OH

The Lorain - Avon Lake OH area is a major manufacturing center, with Ford Truck, Ford/Nissan assembly plants, and a USS/Kobe steel plant. NS operates three yards in the area supported by four local freight assignments, one of which is based in Bellevue, OH.

Conrail's operation in the area consists of a small facility at Elyria. Conrail serves the area with three local freight assignments based at the Ford plant at Fairlane, one of which handles switching in the Elyria - South Lorain area.

Under the proposed operation, interchange between NS and Conrail at Lorain no longer will be necessary, and one local freight assignment will be abolished. One locomotive unit will be released for re-deployment.

#### Toledo, OH

NS operates five yard facilities in the Toledo area; its principal classification yard is Homestead Yard. Conrail operates Stanley Yard in Toledo as its principal facility; Airline Junction Yard is used for industrial and intermodal support.

The proposed operation provides for Stanley Yard to be assigned to CSX while NS will be assigned Airline Yard, as well as retaining its own facilities. Traffic to the Maumee area and to CSX interchange will be handled directly from Bellevue. In addition, a new connector track at Oak Harbor will be constructed to connect NS and Conrail lines in the area. The present facility at

Airline Yard will be enlarged, as discussed in the Operating Plan, to become a major expanded NS system intermodal hub. Five yard crews can be eliminated in the Toledo area as a result of the consolidation, and four locomotive units can be assigned elsewhere.

#### Fort Wayne, IN

NS operates East Wayne and Roanoke Yards in the Fort Wayne area. Conrail and Triple Crown share Piqua Yard; Triple Crown handles RoadRailer® traffic; Conrail handles rail carload traffic.

Under the proposed operation, CSX will assume the carload operations at Piqua. The Triple Crown facility will remain at Piqua. NS will retain all necessary rights to access the Triple Crown facility efficiently, and usage will expand.

#### Chicago, IL

Chicago is a major terminal operation and interchange point for NS and most other carriers. NS operates nine yard facilities in the terminal yard area. Calumet Yard is the largest, with 35 tracks, and is the principal classification and train make-up yard. NS assigns 32 yard crews on average to Calumet Yard to perform necessary switching functions. Landers Yard is a 20-track yard used principally for intermodal trains and intermodal transfers. Seven crews on average provide switching service at Landers.

Conrail operates yard facilities in the Chicago area at Ashland Avenue, 47th Street, and Park Manor, and also uses Indiana Harbor Belt facilities at Blue Island and Gibson Yard, as well as the BRC Clearing yard for further support. Colehour Yard in Indiana also supports Conrail operations. Conrail supports not only its Chicago operations, but its entire system classification scheme, with a major hump yard at Elkhart, IN.

The Operating Plan contemplates eliminating most system classification functions at NS's Calumet Yard and supporting the consolidated operation to the maximum extent possible from

the Elkhart, IN facility.

NS will provide its intermodal services from Conrail's 47<sup>th</sup> Street and Park Manor facilities and its own Landers Yard. Reduction in carload activity at Calumet will permit its conversion to a major intermodal facility when traffic growth warrants.

These changes will permit the reduction of 20 NS yard crews and supporting personnel. Seven locomotive units can be released for service elsewhere. In addition, switching and other use charges for NS in the Chicago area can be reduced by almost \$2.4 million annually.

#### Columbus, OH

NS's principal facility in Columbus is Watkins Yard. Conrail's principal facility is Buckeye Yard, which is a major hump yard with 40 classification tracks. System work for all carload traffic will be consolidated at Buckeye, and intermodal operations will be consolidated at NS's Watkins facility.

The change will offer a major improvement for traffic handled in and over Columbus as interchange between NS and Conrail will be eliminated. To facilitate the consolidation, a new connection north of Columbus, as described in the Operating Plan, will be constructed.

As a result of the consolidation, four road switcher assignments and supporting personnel can be eliminated. Two locomotive units can be reassigned.

Although Buckeye will become an NS facility, CSX will be assigned the use of certain tracks in the facility as well, including at the intermodal terminal.

#### Cincinnati, OH

NS operates three yard facilities in the Cincinnati area. Gest Street Yard is the largest, with 49 tracks. NS also operates a facility at Berry Yard, which provides both NS and former Conrail industrial support, principally for Procter and Gamble. Conrail's principal Cincinnati Yard is Sharonville. The future operation will support Procter and Gamble from NS's Berry Yard,

allowing the reduction of one yard crew.

Traffic in the area will be further expedited by the consolidation. NS's current trackage rights over the Conrail line between Cincinnati and Columbus is restricted to four trains a day. With the consolidation, the restriction will be eliminated, and additional NS traffic will be shifted to this more direct route between Buffalo, Cleveland, Columbus and the Southeast.

## **B. Centralized Functions**

Centralized functions include customer service, car management, crew management, timekeeping, police services and safety and environmental services. NS plans for each of these functions are as follows. Generally, NS practices will be expanded to the Conrail system. Among other things, this reflects the key fact that the NS system is twice the size of the Conrail routes NS will operate, and applying NS practices to Conrail rather than vice versa minimizes overall disruption.

### **1. Customer Service**

NS's national customer service center is in Atlanta, GA. The center is organized on a commodity group basis and covers all commodities except coal. It handles customer service functions but is not yet integrated with a centralized yard office function. (Independent of this proceeding, NS is in the process of making this integration.)

Conrail's national customer service center is headquartered in Pittsburgh, PA and does have both agency and centralized yard office functions performed in a fully integrated manner. Unlike NS, however, Conrail has certain customer service functions allocated to marketing commodity groups in the Philadelphia headquarters.

NS intends to consolidate the customer service functions performed in Pittsburgh and Philadelphia into its customer service center in Atlanta, GA. Importantly, this center will provide

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service not only for the expanded NS network but also for the NS customers within the Shared Assets Areas.

## **2. Car Management**

NS's car management group is headquartered in Atlanta, GA for all car types. However, the Intermodal Operations group within Intermodal Marketing separately manages intermodal equipment. The NS coal transportation group within car management handles all customer service functions for the coal industry. Conrail car management is allocated to the four service groups in Philadelphia. NS intends to consolidate car management and coal customer service in Atlanta.

## **3. Crew Management**

NS crew management is centralized in Atlanta, and uses a computer supported crew-calling function to assign crews, road and local trains, and yard engines for the entire NS network. The Conrail crew management center is located in Dearborn, MI and uses similar technology. NS intends to combine both Dearborn and Atlanta offices in a single national crew management function headquartered in Atlanta.

## **4. Timekeeping**

NS's timekeeping system is highly automated and largely paperless and is a part of payroll accounting, headquartered in Roanoke, VA. Conrail train and engine time keeping is aligned with crew management functions located in Dearborn, MI. Given the continued automation of payroll processing, NS will consolidate T&E timekeeping functions into the payroll accounting group located in Roanoke.

## **5. Police Services**

NS's present police services are headquartered in Roanoke, VA. Conrail's are

headquartered in Mount Laurel, NJ. NS intends to transfer the functional headquarters of the department to Roanoke, and further intends to transfer needed personnel from Mount Laurel to that location. In general, NS intends to implement its present managerial structure and police service practices for the consolidated operations.

#### **6. Safety and Environment**

NS will consolidate system safety and environmental work in a single organization headquartered in Roanoke, VA.

#### **C. Operating Organization**

The NS transportation organization consists of two regional general managers, both located in Atlanta, and nine operating divisions. Mechanical and engineering forces responsible for day-to-day equipment and track maintenance report through a Division Manager-Mechanical Operations and Division Engineer respectively, who in turn report through those functional departments.

The Conrail transportation organization consists of five operating divisions, each headed by a division general manager. Reporting to the general manager are the division transportation superintendent, the division engineer maintenance-of-way, and division mechanical superintendent. A director of train operations is responsible for train dispatching.

NS will create a new northeastern region headquartered in Pittsburgh, PA and headed by a general manager who will direct operations in the Conrail territory to be operated by NS. Three divisions will be established to cover the current Conrail territory, headquartered at Pittsburgh, PA, Dearborn, MI and a location in Pennsylvania to be determined. For the purposes of this application, that location is assumed to be Harrisburg, PA.

### Transportation Headquarters Staff Support

NS has consolidated operations staff functions at the operations control center in Atlanta, GA. Included in these functions are relationships with Amtrak, damage prevention and auto distribution, terminal operations, service design, transportation planning and a number of other functions.

Conrail has similar groups performing similar functions located at its Philadelphia headquarters. For purposes of the application, it was assumed that like functions located in Philadelphia will be transferred and consolidated with similar NS functions in Atlanta, GA.

### Operations and Locomotive Control

Planning and control for the NS locomotive fleet is centralized in Atlanta, GA. The operations and locomotive control section of the operations control center directs the continuous execution of the NS operations plan, protecting corporate service goals through effective locomotive utilization and movement of traffic. Conrail's train operations group in Philadelphia coordinates the system transportation network which provides for distribution of motive power.

The operations control center will be consolidated in one location in Atlanta. This will facilitate the integration of the locomotive fleet, allowing for improved usage of motive power and a significant reduction in the size of the combined locomotive fleet.

### Train Dispatching

No major changes are contemplated for train dispatching functions; dispatching offices will remain at division headquarters. For purposes of the Plan, however, it is assumed that Conrail's Mount Laurel, NJ office will eventually be closed, and dispatch responsibilities will be transferred to a new division office, which, for the purposes of the application, is assumed to be located in Harrisburg, PA.

Field dispatching offices will be linked by wide area network technology to the operations control center in Atlanta, and to other users on a need-to-know basis, as they are on NS today. Some realignment of Conrail dispatching territories will be necessary in order to align individual dispatch desks with the way lines are allocated to NS and to CSX.

For example, dispatch desks for the Marion Branch, Cincinnati Line and West Virginia Secondary will be transferred to NS from the Indianapolis division office, which will be assigned to CSX. Dispatch desks for the Southern Tier including the Corning Secondary and the Buffalo line will be transferred to NS from the Albany division office, also assigned to CSX.

Similarly dispatch desks for the Cleveland East dispatcher and the Cleveland terminal dispatcher at Dearborn, and dispatcher desks for the Trenton line, the River line, the Popes Creek Secondary, the Herbert Secondary and the Landover line at Mount Laurel, NJ will be transferred to CSX locations.

Several of the individual dispatch desks at Mount Laurel, and one desk at Dearborn will be transferred to jurisdiction of the CSAO.

#### **D. Engineering Services**

In general, NS intends to implement uniform engineering standards as well as work practices throughout the expanded NS system. Facility consolidations and eliminations will include closure of the Conrail rail welding plant at Lucknow (Harrisburg) PA, with work to be consolidated at NS's Atlanta, GA facility.

Maintenance-of-way work equipment will be maintained at an expanded repair facility at Charlotte, NC and Conrail work equipment facilities at Canton, OH will be closed. System signal shops at Roanoke, VA and Columbus, OH will be evaluated for consolidation. Additional forces will be added at Birmingham, AL Roanoke, VA or Atlanta, GA to manufacture some track work

components now assembled by outside vendors for Conrail.

The engineering organization will adopt the same division and regional structure explained above for the Transportation Department. The headquarters for the engineering organization will be in Atlanta, GA.

**E. Locomotive and Car Repair Facilities Coordination**

This transaction offers substantial opportunities to improve efficiency and fully utilize the excellent facilities of Conrail and NS in the Altoona/Hollidaysburg, PA and Roanoke, VA areas, respectively. Following the consolidation, NS intends to seek the efficiencies and other benefits of specialization at each of these facilities. For example, heavy locomotive and component rebuild activities will be concentrated: General Motors (EMD) locomotives at Altoona's Juniata locomotive facility, and General Electric (GE) locomotive overhaul and component rebuild at Roanoke Shops - Locomotive. In addition truck and wheel work done by NS at Pegram Shop in Atlanta and by Conrail at Altoona will be centralized at Altoona. NS will invest approximately \$60 million at Altoona for tooling to accommodate this increased truck and wheel work.

NS also intends to implement a "home shop" program for its 92-day locomotive inspection procedures, in which all locomotives will be assigned to a particular maintenance base. In conjunction with this initiative, it will invest \$30 million for a locomotive shop for running repairs/inspections at a point to be determined between Enola Yard, PA and Conway Yard, PA (including those end points).

After the consolidation, the Conrail shop at Hollidaysburg will absorb most car program work, with Roanoke Shops - Car concentrating on new car construction and rebodging. Program car repair operations at Macedonia, OH, Decatur, IL and Williamson, WV will be eliminated.

The Company will actively pursue "insourcing" opportunities in order to utilize fully its

shop capacity, particularly in the Altoona/Hollidaysburg area. "Insourcing" in this context is the practice of using company employees and facilities to perform maintenance, equipment rebuilds, and rehabilitation and/or component work for outside customers. The effect of insourcing is to more fully utilize company resources. Initially, NS's major insourcing customer for cars and locomotives will be CSX, for its portion of the Conrail fleet.

One system wheelshop will be selected for closure, either Coster Shop in Knoxville, TN or the wheelsnop, that is part of the larger shop complex, in Hollidaysburg.

Mechanical department headquarters for the consolidated system will be Roanoke, VA. Numerous other initiatives explained in the Operating Plan will also be pursued.

#### **F. Equipment Requirements and Utilization**

From a utilization standpoint, the expanded NS system provides significant opportunities to improve utilization of both locomotives and rolling stock. On a consolidated basis, 268 fewer road locomotives will be required. This will result in capital investment avoidance of nearly \$161 million, and an annual operating savings of \$41.6 million.

Further, 22 yard and local service locomotives will be released as a result of the consolidation. This reduction in yard locomotives would further reduce annual operating expense by \$1.2 million.

The reduction of 290 locomotives in total also represents a one-time potential salvage benefit of \$29 million.

The efficiencies produced by the consolidation will allow traffic to be handled with approximately 1,500 fewer rail cars per year, representing a replacement value of \$99.5 million and a reduction in annual operating expense of \$10 million. Further, the re-routing of traffic to more efficient consolidated routes would reduce annual car miles by some 59.2 million.

As explained in greater detail in the Operating Plan, by applying improved consolidated utilization factors to traffic increases forecast as a result of the consolidation, it will be possible for the expanded NS system to handle the increased business with no additional locomotives. For traffic generated either through diversion or new marketing opportunities, approximately 5,850 additional freight cars will be required, of which 989 are planned for purchase; 751 will be open top hoppers primarily for new coal traffic opportunities. These planned purchases represent an investment of \$57.5 million over three years. As a result of the consolidation, 364 cars will become surplus with a net salvage value of \$4.3 million.

#### **G. Information Technology and Communication Systems**

Both NS and Conrail have information technology organizations responsible for computer operations and the design, development, and maintenance of computer systems to support business activities.

NS's Information Technology Department is headquartered in Norfolk, VA with computer operations in Atlanta, GA, and applications development staff located in both Atlanta and Roanoke, VA. Conrail's Information Systems Department is located in Philadelphia, with an operations center in North Philadelphia.

NS is currently completing an extensive rewrite with enhancements to its core transportation systems, with work well underway to update revenue collection and accounting systems as well. Many of NS's systems have been significantly upgraded in the last 5-10 years. Conrail's core systems are for the most part 15-20 years old. Recent development activity at Conrail has largely been focused on maintenance and investigating the possibilities for purchasing additional systems from outside sources.

Consolidation of the Information Technology Departments, computer systems and data

centers can be expected to strengthen information technology capabilities and yield significant savings in hardware, software, facility and personnel costs.

NS and Conrail, despite differences in age of systems, use the same basic technology, which will facilitate smooth integration. NS current computing contracts for most of its mainframe operating software allow for a substantial increase in computing power at no additional cost.

#### **H. Procurement Savings**

Through a combination of best practice initiatives and personnel consolidation, the combined system will generate approximately \$29.6 million in annual recurring savings, consisting of:

Fuel purchase savings	\$ 6.3 million
Equipment	13.0
Engineering materials savings	7.6
Contract services savings	2.7
<b>Total</b>	<b>29.6</b>

Personnel savings will also be realized by consolidating purchasing functions in a single-system operation headquartered in Roanoke, VA.

## **VI. CONCLUSIONS**

NS has designed a transportation operation specifically oriented to raising levels of service reliability on the expanded system as discussed in detail in the Operating Plan.

The Labor Impact Exhibit in this Volume 3 reflects the effects of the Plan and other changes on employees of NS and Conrail as well as CSX. The Statement of Benefits (Appendix A in Volume 1) summarizes incremental revenues, operating coordination benefits and additional costs, as well as labor impacts associated with the transaction.

In order to effectuate the consolidation, NS plans to invest over \$600 million in capital improvements for improved corridor capacity, new connections, upgraded facilities, new or upgraded intermodal terminals, other facilities, and equipment. These expenditures are in addition to baseline capital expenditures for NS and that portion of Conrail to be operated by NS.

In my professional opinion, and based on my extensive experience in the industry, the Operating Plan and the benefits attributable to it are realistic, conservative, and can be achieved.

Given the excellence of the NS and Conrail people with whom we have had the pleasure to work in preparation of this plan, I have every confidence that it can be improved upon and successfully implemented.





**Exhibit 13-NS**

**Norfolk Southern/Conrail System Lines**

**Operating Plan**

# NORFOLK SOUTHERN/CONRAIL SYSTEM LINES

## OPERATING PLAN

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**APPENDICES**

**APPENDIX A**

Labor Exhibit:

Projected Seniority, Agreement and Territory  
Changes Required for the Operating Plan

**APPENDIX B**

Supporting Figures:

Proposed Abandonment Maps  
Corridor Upgrade Project Maps  
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Volume and Density Charts

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## **EXHIBIT 13-NS - OPERATING PLAN**

### **GENERAL INTRODUCTION**

The transaction contemplated in the Application entails, among other things, the acquisition of control of Conrail, Inc. and Consolidated Rail Corporation (hereafter collectively "Conrail") by CSX Corporation and CSX Transportation, Inc. (hereafter collectively "CSX") and Norfolk Southern Corporation and Norfolk Southern Railway Company (hereafter collectively "NS"), and the Division of Conrail between them, including the acquisition by CSX and NS of rights to operate certain Conrail routes and to use certain Conrail facilities and assets ("Acquisition"). The allocation of assets and rights is set forth fully in a definitive Transaction Agreement, which is included in Volume 8 of the Application. Pursuant to the Transaction Agreement, subject to STB approval of the Acquisition, CSX and NS will each have the exclusive right to use and/or operate certain Conrail assets. Certain other Conrail assets will be operated for the shared benefit of both CSX and NS, pursuant to Shared Assets Areas Agreements. In addition, certain other Conrail assets will be subject to separate arrangements affording access to both CSX and NS.

Accordingly, Exhibit 13 of the Application effectively consists of two Operating Plans:

- (1) Exhibit 13-CSX: This part of Exhibit 13 describes the operation of the expanded CSX rail system that will result from the integration of the existing CSX railroad facilities, operations, equipment and work forces with those of the Conrail properties that will be operated by CSX and/or to which CSX will have access upon approval of the Application.
- (2) Exhibit 13-NS: This part of Exhibit 13 describes the operation of the expanded NS rail system that will result from the integration of the existing NS railroad facilities, operations, equipment and work forces with those of the Conrail properties that will be operated by NS and/or to which NS will have access upon approval of this Application.

The following is a general description, for the purposes of Exhibit 13, of the major divisions and allocations of Conrail assets and rights arising out of the Transaction Agreement and is not intended to list all trackage. This description is not intended to supplement, replace or change in any way any of the rights defined or the agreements set forth in the Transaction Agreement.

## Conrail Lines To Be Operated By CSX

CSX will operate the following primary routes and extension or trackage rights (TR) currently held by Conrail (as well as certain segments now owned by NS):

- (1) NY/NJ Area to Cleveland - New York Central Railroad ("NYC") route and extensions, including line segments from North NJ Terminal to Albany (Selkirk); Albany to Poughkeepsie, NY; Poughkeepsie to New York City (TR); New York City to White Plains, NY (TR); Albany to Cleveland via Syracuse, Buffalo and Ashtabula, OH; Boston to Albany; Syracuse to Adirondack Jct., PQ; Adirondack to Montreal (TR); Woodard, NY to Oswego, NY; Syracuse to Hawk, NY; Hawk to Port of Oswego (TR); Buffalo Terminal to Niagara Falls/Lockport; Lockport to West Somerset (TR); Syracuse to NYSW/FL connections, NY; Albany/Boston Line to MA branch lines; Albany/Boston Line to MA branch lines (TR); NYC to CT branch lines (TR); CT branch lines (TR); CT Branch lines; Churchville, NY to Wayneport, NY; Mortimer, NY to Avon, NY; Rochester Branch, NY.
- (2) Crestline, OH to Chicago - Pennsylvania Railroad ("PRR") route and extensions, including Crestline to Dunkirk, OH; Dunkirk to Fort Wayne, IN; Fort Wayne to Warsaw, IN; Warsaw to Chicago Terminal (Clarke Jct.), IN; Adams, IN to Decatur, IN.
- (3) Berea to E. St. Louis route and extensions, including Cleveland Terminal to Crestline; Crestline to E. St. Louis via Galion, OH, Ridgeway, OH, Indianapolis,

IN, Terre Haute, Effingham, IL, and St. Elmo; Anderson, IN to Emporia, IN; Columbus to Galion; Terre Haute to Danville, IL; Danville to Olin, IN; Indianapolis to Rock Island, IN; Indianapolis to Crawfordsville; Indianapolis to Shelbyville, IN; HN Cabin, IL to Valley Jct., IL; St. Elmo to Salem, IL (TR); Terre Haute to Bee Hunter, IN (TR); Muncie (Walnut Street), IN to New Castle RT, IN (TR); New Castle RT, IN.

- (4) Columbus to Toledo route and extensions, including, Columbus to Toledo via Ridgeway, Toledo Terminal to Woodville; and Toledo Terminal to Stonyridge, OH.
- (5) Bowie to Woodzell, MD, including Bowie to Morgantown; Brandywine to Chalk Point.
- (6) NY/NJ to Philadelphia (West Trenton Line), including Philadelphia to North NJ Terminal.
- (7) Washington, DC (RO) to Landover, MD.
- (8) Quakertown Branch, line segment from Philadelphia Terminal to Quakertown, PA (TR).
- (9) Chicago Area, line segment from Porter, IN to Ivanhoe, IN.

## Conrail Lines To Be Operated by NS

NS will operate the following primary routes and extensions or trackage rights (TR) currently held by Conrail:

- (1) NJ Terminal to Crestline - PRR route and extensions, including North NJ Terminal to Allentown, PA via Somerville, NJ; Little Falls, NJ to Dover, NJ (TR); Orange, NJ to Denville, NJ (TR); Dover to Rockport (TR); Rockport, NJ to E. Stroudsburg via Phillipsburg, NJ; Allentown Terminal; Orange to NJ Terminal (TR); NJ Terminal to Little Falls (TR); Bound Brook to Ludlow, NJ (TR); Allentown, PA to Harrisburg via Reading; Harrisburg Terminal; Harrisburg to Pittsburgh; Creekside, PA to Homer City, PA (TR); Conemaugh Line via Saltsburg, PA; Pittsburgh to W. Brownsville, PA; Central City, PA to South Fork, PA; Pittsburgh Terminal; Monongahela, PA to Marianna, PA; Pittsburgh to Alliance, OH via Salem, OH; Beaver Falls, PA to Wampum, PA; Alliance to Cleveland Terminal; Mantua, OH to Cleveland Terminal; Alliance to Crestline; Alliance to Omal, OH; Rochester, PA to Yellow Creek, OH; E. Steubenville, WV to Weirton, WV; Steubenville Branches, Bridge; Pittsburgh Branches; Ashtabula to Youngstown, OH; Ashtabula Harbor to Ashtabula, OH; Niles, OH to Latimer, OH; Alliance, OH to Youngstown, OH; Gem Industrial Track - Lordstown, OH; Youngstown, OH to Rochester, PA; Allentown, PA to Hazelton, PA; CP Harris, PA to Cloe, PA (TR); Cloe to Shelocta, PA; Tyrone, PA to Lock Haven, PA (TR).

- (2) Cleveland to Chicago - NYC route, including Cleveland Terminal to Toledo Terminal; Elyria, OH to Lorain, OH; Toledo Terminal to Sylvania, OH; Toledo Terminal to Goshen, IN; Elkhart, IN to Goshen, IN; Elkhart, IN to Porter, IN.
- (3) Philadelphia to Washington (NEC) route and extensions, including Philadelphia Terminal to Perryville, MD (TR); Wilmington Terminal, DE; Perryville to Baltimore (TR); Baltimore Terminal; Claremont RT, MD; Loneys Lane Lead, MD; Grays Yard, MD(TR); Baltimore Bay View to Landover, MD (TR); Baltimore to Cockeysville, MD; Landover, MD to Union Station, DC(TR); Pocomoke, MD to New Castle Jct, DE; Harrington, DE to Frankford/Indian River, DE; Newark, DE to Porter, DE.
- (4) Michigan Operations (excluding the Detroit Shared Area), including Toledo Terminal to Detroit Terminal; Detroit Terminal to Jackson, MI; Jackson to Kalamazoo, MI; Kalamazoo to Elkhart, IN; Jackson to Lansing, MI; Kalamazoo to Grand Rapids, MI; Kalamazoo Industrial Track; Comstock Industrial Track; Kalamazoo to Porter, IN (TR).
- (5) Eastern PA lines and extensions, including Philadelphia Terminal to Reading, PA; Reading Terminal; Thorndale, PA to Woodbourne, PA; Portion of Stony Creek Branch, PA; West Falls Yard, PA; Venice industrial Track; Leola/Chesterbrook, PA lines; Philadelphia, PA Terminal to Lancaster, PA (TR); Lancaster to Royalton, PA (TR); Lancaster to Lititz/Columbia, PA.

- (6) Indiana lines and extensions, including Anderson to Goshen via Warsaw; Marion to Red Key, IN; Lafayette Industrial Track.
- (7) Buffalo to NY/NJ Terminal route and extensions, including NJ/NY Jct. to Suffern, NY (TR); Suffern to Port Jervis, NY; Port Jervis to Binghamton; Binghamton to Waverly; NJ/NY Jct. to Spring Valley, NY (TR); Paterson Jct., NJ to Ridgewood, NJ (TR); Waverly to Buffalo; Waverly to Mehoopany, PA; Sayre, PA to Ludlowville, NY; Lyons, NY to Himrods Jct, NY; Corning, NY to Himrods Jct, NY; North Jersey Terminal to Paterson Jct, NJ (TR); Paterson Jct. to North Newark, NJ; NJ/NY Jct. to North Jersey Terminal (TR).
- (8) Buffalo to Harrisburg and South, including Perryville, MD to Harrisburg, PA; Carlisle, PA to Harrisburg; Wago, PA to York (area), PA; Harrisburg to Shocks, PA; Williamsport, MD to Buffalo via Harrisburg, PA; Watsonstown, PA to Strawberry Ridge, PA; Ebenezer Jct. NY to Lackawanna, NY; Hornell, NY to Corry, PA; Corry to Erie, PA (TR); Youngstown to Oil City, PA.
- (9) Cincinnati to Columbus, OH to Charleston, WV including Columbus to Cincinnati, OH; Cincinnati Terminal; Columbus Terminal to Truro, OH; Truro, OH to Charleston, WV; Charleston to Cornelia, WV; Charleston to Morris Fork, WV.
- (10) Chicago South/Illinois Operations, including CP 502/Indiana Harbor, IN to Hartsdale, IL; Hartsdale to Chicago Heights, IL; Hartsdale to Schneider, IN; Schneider to Hennepin, IL; Keensburg, IL to Carol, IL; Schneider to Wheatfield, IN.

- (11) Chicago Market, including Western Ave. Operations/Loop to Cicero/Eldson, IL; Western Avenue Industrial Track; Old Western Avenue Industrial Track; North Joint Tracks, IL; Elevator Lead & Tri-River Dock, IL; Chicago to Grand Crossing, IL; Clarke Jct to Grand Crossing, IL; CP 509 to Calumet Park, IL; Buff, IN to Porter, IN; Bernice Industrial Track.

### **Exchange of Lines**

NS will acquire Conrail's Streator Line from Osborn to Streator, IL and, pursuant to a like-kind exchange transaction, CSX will acquire NS's line from Fort Wayne, IN to Chicago, IL (former Pennsylvania Railroad line). This Fort Wayne-to-Chicago line will be operated by CSX.

### **Areas Subject to Special Arrangements**

#### **Shared Assets Areas**

Conrail will operate certain properties and rights for the shared benefit of CSX and NS under arrangements described more fully in the Shared Assets Areas Agreements. A general description follows:

- North Jersey Shared Assets Area which includes the Port Newark/Elizabeth Marine Terminal Area, sections of the Northeast Corridor, Oak Island Yard and auto terminals at Doremus Avenue, Greenville and Ridgefield Heights; and access to the APL Terminal in Kearny. See Section 4.1.1.

- South Jersey/Philadelphia Shared Assets Area which includes all Philadelphia stations, industries on the Chester Industrial and Chester Secondary Tracks, and sections of the Northeast Corridor; Greenwich Yard (Philadelphia); CSX will operate Greenwich Yard property with the exception of tracks and areas used to support movement of local freight, movements of traffic to and from the ore pier and joint access to Ameriport intermodal terminal. See Section 4.1.2.
- Detroit Shared Assets Area which includes all Conrail trackage and access rights east of CP-Townline (Michigan Line MP 7.4) and south to and including Trenton (Detroit Line MP 20). See Section 4.1.3.

#### Other Assets Subject to Special Arrangements

Certain Conrail properties and rights, described generally below, will be subject to separate arrangements affording access to both CSX and NS:

- Monongahela Coal Area NS will operate and maintain the Monongahela subject to a joint use agreement providing CSX equal access to all current and future customers located on the Monongahela. See Section 4.2.2.
- Ashtabula Harbor Facility NS will operate and have managerial control of the Ashtabula Harbor facilities, subject to certain CSX rights to use the facilities. See Section 4.2.3.
- Indianapolis, IN Trackage will be assigned to CSX but NS will have overhead trackage rights on designated Conrail and CSX lines to serve Indianapolis. CSX will be assigned Hawthorne Yard but NS will have sufficient tracks for the arrival, departure and make up of trains. See Section 4.2.4.

- Northeast Corridor CSX and NS will share Conrail's exclusive freight rights over Amtrak's Northeast Corridor. See Section 4.2.1.

### **Trackage Rights Routes**

Except as otherwise provided in the Transaction Agreement, existing Conrail trackage rights over CSX will be assigned to NS and existing Conrail trackage rights over NS will be assigned to CSX. In addition, CSX and NS have agreed to grant each other trackage rights over certain of each others tracks for the efficient movement of traffic. Those rights are described fully in the Transaction Agreement.

### **Facilities**

Under the terms of the Transaction Agreement, the right to operate and certain responsibilities relating to the Altoona and Hollidaysburg Shops will be assumed by NS. Similarly, certain rights and responsibilities relating to the Philadelphia Headquarters and the Philadelphia area information technology facilities will be assumed by CSX. CSX and NS will have certain shared rights and responsibilities for the Customer Service Center (Pittsburgh), the Crew Management Functions (Dearborn), the Signal System Repair Center (Columbus), and the System Maintenance of Way Equipment Center (Canton). (The Transaction Agreement also lists other system support functions.)

**Certain Other Conrail Interests**

The Transaction Agreement specifies the disposition of certain other Conrail assets, including Conrail's stock interests in various entities and Conrail's rights and interests with respect to other arrangements.

# **NORFOLK SOUTHERN/ CONRAIL ACQUIRED LINES**

## **OPERATING PLAN**

### **1.0 INTRODUCTION**

#### **1.1 Purpose and Scope**

This Operating Plan describes how an expanded NS system that will result from the combination of NS with NS-operated Conrail routes and assets will operate and serve its customers. This Operating Plan addresses the railroad operations of NS and Conrail. Thus, unless otherwise indicated, for the purposes of this Operating Plan, "NS" refers to Norfolk Southern Railway Company (and its railroad operating subsidiaries) and "Conrail" refers to Consolidated Rail Corporation. The Operating Plan encompasses the following functional areas: (1) transportation, (2) mechanical, (3) engineering, (4) Operating Department organization (5) management information systems and communications, and (6) certain other operational support functions. In each of these areas, the Operating Plan shows how NS and Conrail activities, personnel and facilities will be integrated. It also describes the expected impacts on service, traffic density, terminal operations and labor. In addition, the Operating Plan reflects the costs and quantified economic benefits of certain integrations.

The scope and size of the filing precludes extensive discussion of the current operations of either NS or the Conrail routes to be acquired by NS. Current operations are discussed in each section to the extent necessary to explain proposed changes.

Comprehensive documentation of current operations is available in the Applicants' data depository.

The emphasis throughout this volume will be on describing the impacts of changes in service and operating practice resulting from the expansion of NS' system and the consolidation of operations

## **1.2 The Basic Transaction and the Operating Plan**

Volume 1 of this filing and the verified statements of David R. Goode and James W. McClellan describe the business transaction involving NS, CSX and Conrail that constitute the basis for this filing.

The discussion of operations offered in this volume pertains to "normal year" operations at the operating entity level, unless otherwise noted. In this case normal year, in addition to its usual meaning in the STB application context, means a year following all necessary transition phases to normal operations.

For the most part, normal year operations would be conducted by Norfolk Southern Railway Company (NS) or one or more of its carrier subsidiaries. While this Operating Plan refers generally to operations by NS of "acquired lines," the lines will be owned by PRR (a subsidiary of Consolidated Rail Corporation) but operated exclusively by NS under Operating Agreements. Accordingly, NS would conduct operations on the routes and at the facilities assigned to NS, pursuant to such Operating Agreements. Additionally, certain operations in the Shared Assets Areas would be conducted at the Conrail level as described in Section 4.1 of this volume.

Net operating benefits attributable to this consolidation are predicated on the specific operational changes to current operations described in this Plan. Other than facility investments, the effects of these operational changes on operating expenses and capital investment were estimated by NS economic consultants. NS operating personnel determined where investments in new facilities and/or facility improvements were required. To assure consistent starting points for the operating benefit analyses, both NS and CSX coordinated their respective base case determinations with Conrail's results from operations for 1995, as adjusted for labor changes.

Labor savings are summarized in the Operating Benefits Summary (Volume 1) and are estimated for the purposes of assisting the STB's evaluation of labor impacts. Actual labor protection costs will be determined in accordance with labor implementing agreements or as imposed by the STB. Responsibility for any such costs is allocated via the Transaction Agreement between NS and CSX. Specific force level and location changes are summarized in the Labor Exhibit, Appendix A.

Discussions in Section 4.1, Shared Assets Areas and other areas subject to special arrangements, and in the Labor Exhibit, Appendix A, have been coordinated to the maximum practical extent with CSX.

## **2.0 DEVELOPMENT OF THE OPERATING PLAN**

The Operating Plan was created under the direction of Norfolk Southern operating and strategic planning personnel. Experienced former Conrail employees also participated in the development of the plan. Outside consulting groups assisted as well, including: MultiModal Applied Systems Inc. with operating plan modeling, the Woodside Group with rail diversion analysis, and The Kingsley Group with truck-rail diversion analysis and overall plan coordination.

### **2.1 Base Period**

The Operating Plan was constructed using 1995 waybill sample data, modified to take into account the impact of Canadian interchange traffic which may otherwise have been underestimated by the methodology. These modifications are described in the Verified Statement of J.H. Williams.

In developing the NS base year operations, NS planners identified freight train schedules and other operating data for the most recent period during 1996 for which this information was available when planning began. Like the traffic data, this data was then modified to recreate a typical 1995 operational base in order to maintain consistency. Conrail base year operations were developed using, among other sources, available train schedules and other operating data for 1995.

## **2.2 Car Flows, Traffic Densities and Operational Modeling**

The train operating and blocking plans discussed in this volume were developed by iterative runs of a computer model. Traffic data input to the operational model for movements during the base period were developed for both the core NS system and the acquired Conrail lines by applying to each loaded movement an empty-return factor for each car type except in a small number of circumstances where this would have distorted known operations involving a backhaul arrangement.

Appropriate assumptions were made regarding utilization and empty return factors for Conrail and NS intermodal movements. Gross tons were developed by adding to the net tons involved in each loaded movement (1) the tare weight of the car, trailer or container and (2) the tare weight multiplied by the appropriate empty-return factor for the movement.

Using the computer model, loaded and empty traffic for the base period for each separate system was routed across that system and assigned to appropriate trains based on the blocking plan and train schedules for the base period. The computer model maintained counts of trains, cars and gross tonnage on each line segment, as well as car flows through terminals. It also compiled total car-mile, locomotive mile and gross ton-mile data. Locomotive hours and miles by segment were estimated on the basis of freight gross ton-miles.

To create an NS Post-Acquisition scenario, the two traffic data bases were combined and then modified to exclude traffic movements for those portions of Conrail to be operated by CSX and to include the impacts of extended hauls, new marketing

opportunities and diversions from truck. Again, using the computer model, the resulting traffic was flowed across an NS Post-Acquisition system and assigned to appropriate blocks and trains designed to operate over the expanded NS.

To quantify changes in line segment density and terminal activity, statistics on car miles, car hours, trains, gross ton-miles, terminal volumes and the like, for the expanded NS system were compared with those developed for the relevant Conrail routes and existing NS system. The final NS Post-Acquisition Operating Plan was developed through an iterative process of running the computer model with a particular blocking and train schedule scenario, reviewing the results, then revising the plan as necessary for a subsequent computer run.

Every effort was made to ensure that the proposed train schedules, blocking plans and terminal functions are realistic and practical and will accommodate the projected traffic. The results were reviewed and adjusted, where appropriate, to reflect the best judgment of NS' Transportation officers.

### **2.3 Realization of Traffic Gains and Consolidation Benefits**

The Operating Plan accommodates the traffic gains due to diversions and new marketing opportunities quantified in the Traffic Study. The Plan assumes that 30% of these traffic gains to NS Post-Acquisition will be realized by the first year of unified operation, 80% by the second year and 100% by the third year.

The Operating Plan also considers gains in operating efficiency. Due to the time required to complete planned track and terminal upgrades and to construct needed connections and other improvements, operations will not be completely implemented

immediately upon consummation of the proposed consolidation. We have, in certain instances, identified the specific year in which capital improvements will be made. With respect to other capital improvements, the Plan assumes that 40% of the capital expenditures would occur in the first year of unified operation, 40% in the second year and 20% in the third year.

In many instances, we identified a specific year in which efficiency improvements are expected to occur. Otherwise, we assumed that 30% of other recurring operating savings would be realized by the first year of unified operation, 80% by the second year and 100% by the third year. In computing savings and expenditures, revenues and costs were developed at 1995 levels.

Where appropriate, the Operating Plan discusses transitional operations during the implementation period to the extent those operations will be significantly different from both current operations and merged operations projected after full implementation.

#### **2.4 Assumptions with Respect to North Carolina Railroad**

The Operating Plan is predicated upon the assumption that NS will continue to operate over the lines of the North Carolina Railroad Company (NCRR), notwithstanding the ongoing dispute between NS and NCRR over the terms and conditions governing NS' continued use pursuant to leases of NCRR's lines. (See F.D. No. 33134, North Carolina R.R. Co -- Petition To Set Trackage Compensation and Other Terms and Conditions -- Norfolk Southern Ry. Co. et al.). The Operating Plan does provide for significant investment in facilities supporting the Shenandoah Route, an alternative route connecting the Northeast on the one hand with the Southeast via

Harrisburg, PA, Roanoke, VA and Knoxville, TN on the other. The Operating Plan contemplates the upgrading and increased use of the Shenandoah Route regardless of the outcome of the NCRR case; the Shenandoah offers a shorter route to certain major markets and gateways (including Memphis, Meridian and New Orleans) and is parallel to one of the busiest truck routes in the nation, I-81. NS was unwilling to invest in this route in the past simply because of the uncertainty of future traffic volumes. With the Conrail transaction, that uncertainty is eliminated.

If for any reason NS is unable economically to continue operations on the NCRR's lines, NS would take two actions: upgrade a North-South line parallel to the NCRR through Barber, NC, and shift more traffic to the Shenandoah Route.

Therefore, although the Operating Plan assumes continued NS operations over NCRR's lines, a reduction of traffic over those lines – or, even the ultimate discontinuance of operations over them – would not materially affect NS' ability to handle such traffic efficiently and effectively as outlined in the Plan. In fact, there are several references in the Operating Plan to planned improvements and capital expenditures which, while engendering other unrelated benefits, would also facilitate moving traffic rerouted from the NCRR.

## **2.5 Operating Benefit Summary**

The savings associated with the implementation of the Operating Plan are summarized in Volume 1, Operating Benefits Summary. The report sections following describe the changes which constitute the basis for the savings.

## **3.0 PATTERNS OF SERVICE**

### **3.1 Principal Conrail and NS Routes**

The principal rail lines and routes of Conrail, CSX, and NS are shown on maps submitted as Exhibit 1 to the Application and located in the pocket at the end of Volume 1 and on the density charts submitted as Figures 14-1 (Conrail) and 14-2 (NS).

#### **3.1.1 NS Acquired Routes**

Figure 13.3-1 portrays the current Conrail and NS route structures respectively. System maps and density charts for each company are also included in the appendix to this volume.

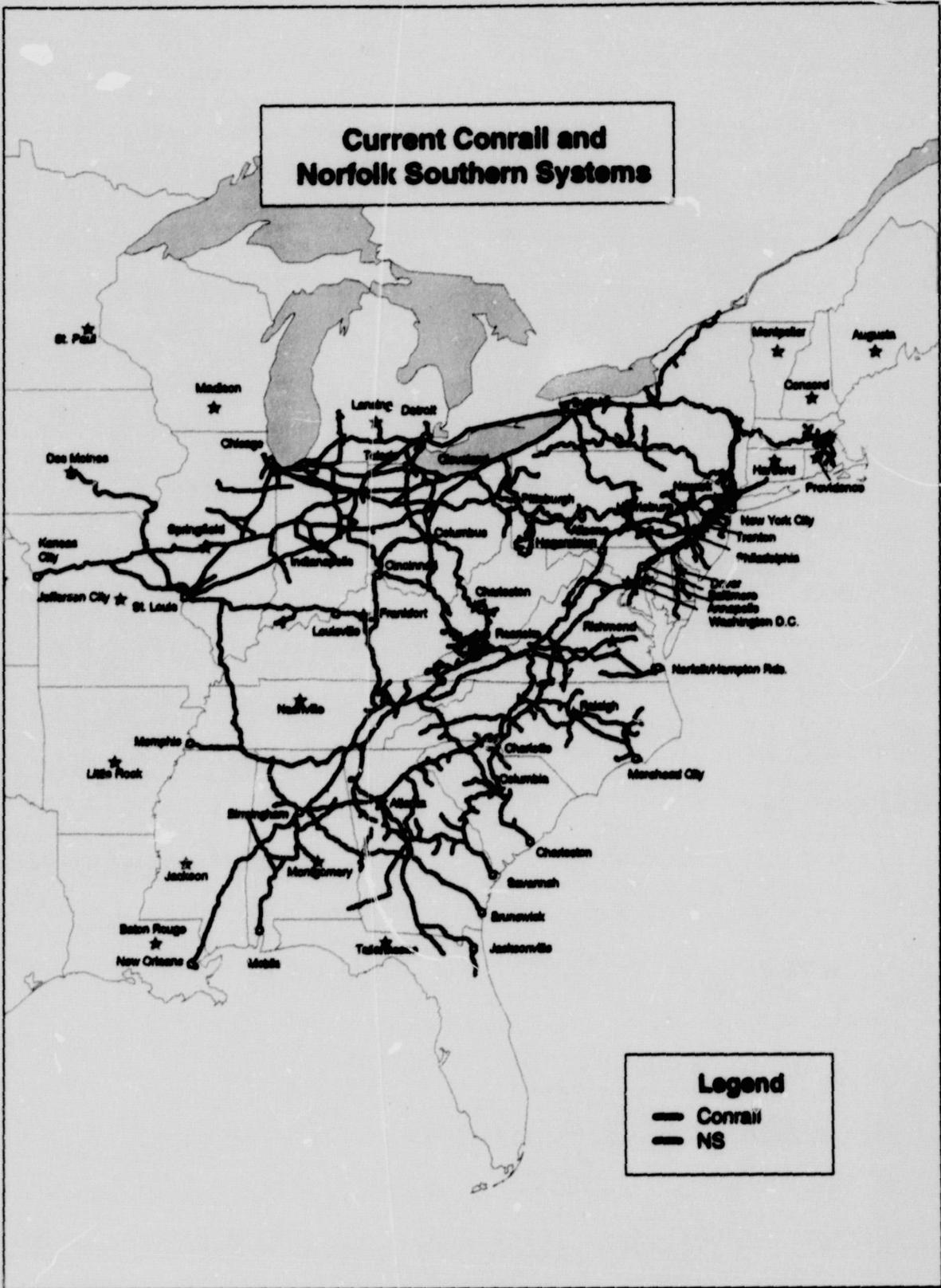
As a result of the transaction described in this Application, NS will be assigned and will operate those Conrail lines depicted in Figure 13.3-2 as part of a unified NS route structure. Route consolidation and changes in route use are described in Section 3.2.1 following. The principal acquired routes and their operational attributes are described in Figure 13.3-3.

NS and CSX will have a joint interest in Conrail, which will provide switching and other services for the two companies in the following Shared Assets Areas:

- Northern New Jersey ("North Jersey")
- Southern New Jersey and Philadelphia ("South Jersey/Philadelphia")
- Detroit

These Shared Assets Areas are described in detail in Section 4.1 of this volume.

In addition, NS and CSX will grant each other certain trackage rights as specified in this section to provide each with operating rights necessary to complete its respective route structure.



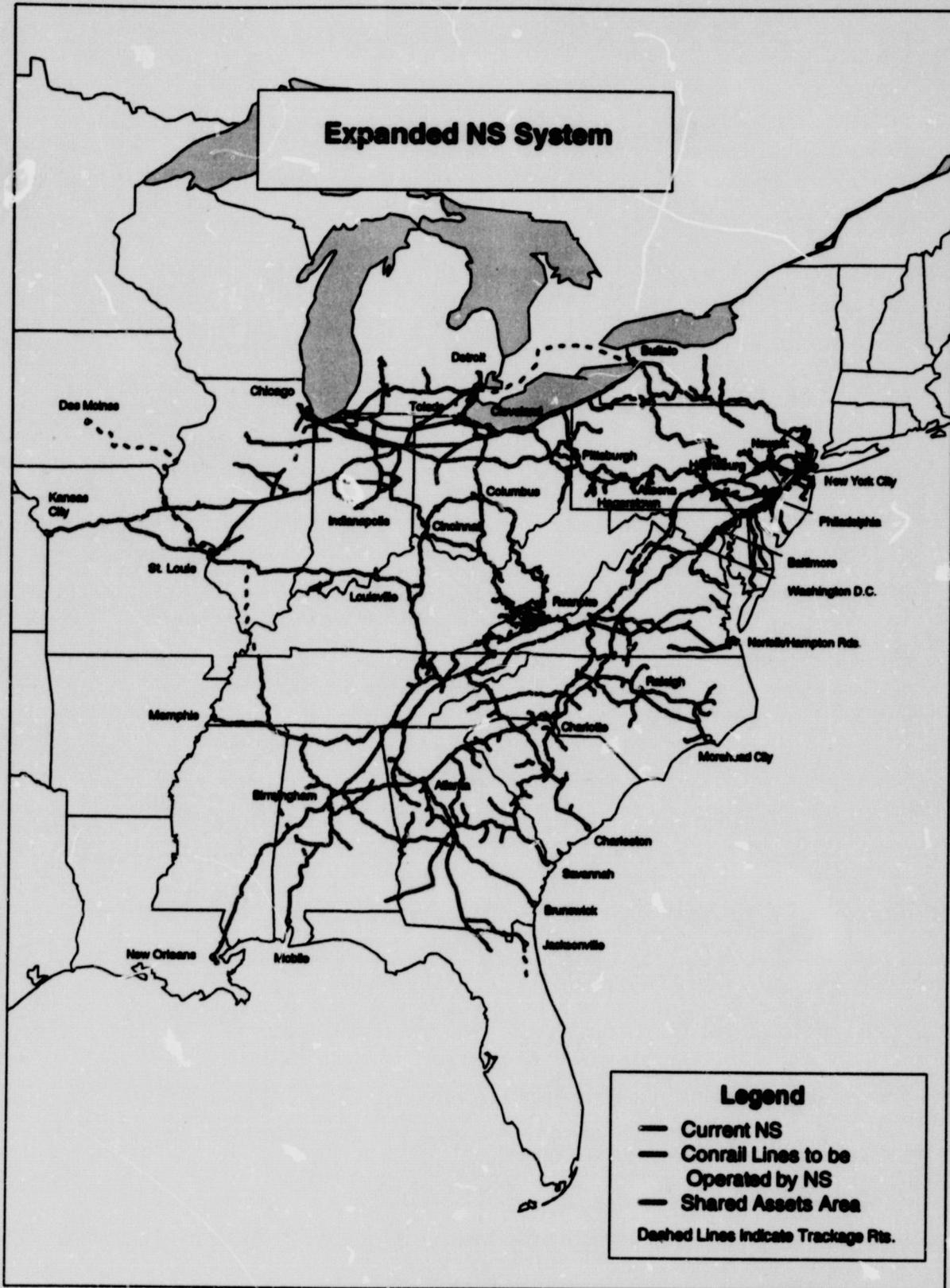


Figure 13.3-3

## Principal Conrail Lines To Be Operated By Norfolk Southern

Route Segment	End Points		Approx. Miles	Approx. Density	Predominant Method of Traffic Control	Route Use
<b>Primary Main Lines</b>						
<b>Chicago-Newark, NJ</b>						
Chicago Line	Chicago, IL	Cleveland, OH	339	125	Multiple Track, TC	These line segments form a continuous efficient 869-mile, high capacity route from Chicago to the greater New York/New Jersey Area. The route consists of Conrail's former New York Central line from Chicago to Cleveland, the former Pennsylvania main line from Cleveland to Harrisburg, and a combination of other through routes to enter the Newark area.
Cleveland Line	Cleveland, OH	Alliance, OH	58	63	Double Track, ABS	
Ft. Wayne Line	Alliance, OH	Pittsburgh, PA	83	105/87	Multiple Track, TC	
Pittsburgh Line	Pittsburgh, PA	Harrisburg, PA	248	100	Multiple Track, TC	
Harrisburg Line	Harrisburg, PA	Reading, PA	55	79	Double Track, ABS	
Reading Line	Harrisburg, PA	Allentown, PA	35	60	Double Track, ABS	
Lehigh Line	Allentown, PA	Manville, NJ	51	45	Single Track, TC	
<b>Buffalo-Newark, NJ</b>						
Southern Tier Line	Suffern, NY	Buffalo, NY	390	14	Single/Double Track ABS/TC	This line segment, in conjunction with the Chicago Line and NS' current route from Chicago to Buffalo will offer a second through Chicago-New York route. The Southern Tier will see a significant traffic increase due particularly to increased intermodal business to New York and New England.
<b>Lurgan Branch-Hagerstown Secondary</b>	Harrisburg, PA	Hagerstown, MD	77	12/5	Single Track, TWC	This route, in conjunction with the Lehigh, Reading and Harrisburg Lines, will form a new single line route from the greater NY/NJ area to all Southeastern points via Hagerstown.
<b>Detroit Line</b>	Toledo, OH	Trenton, MI	43	30	Double Track, ABS	This line connects the Detroit automotive and other industries with the metropolitan centers of the Northeast and the major cities of the Southeast. The Detroit Line is a major connection with the Canadian Pacific Railway.
<b>Columbus Line</b>	Columbus, OH area		5	25	Double Track, TC	This line provides access to Buckeye Yard.
<b>Buckeye Line</b>	CP-Buckeye		7	2	Single Track, TC	This line provides access to Buckeye Yard.
<b>Morrisville Line</b>	Morrisville, PA	Norristown, PA	31	15	Single Track, TC	This line provides access from western points to Trenton, NJ and Morrisville, PA.
<b>Baltimore Line</b>	Harrisburg, PA/Enola, PA	Perryville, MD	70	45	Single Track, TC	This line is the main route from the Harrisburg area to Baltimore, MD via Perryville and the NEC.
<b>Streator Line</b>	Gibson, IN	Hennepin, IL	135	13/3	Single Track, TWC	This line provides access to BNSF at Streator and local industry.
<b>Cincinnati Line</b>	Columbus, OH	Cincinnati, OH	117	30/25	Double Track, TC Single Track, TC	This line connects the NS Post-Acquisition system to Cincinnati and the south.
<b>Monongahela Line</b>	Pittsburgh, PA	Waynesburg, PA	85	27	Single Track Double Track, TC	This line provides access to Southwestern Pennsylvania coal deposits. CSX has full access to the coal traffic on the Monongahela Line, south of W. Brownsville, PA. The northern part of the Monongahela Line also serves as part of the doublestack route around Pittsburgh.

\* Expressed in millions of annual gross tons.  
Multiple numbers indicate sections with significant differences.

Figure 13 2-3

## Principal Conrail Lines To Be Operated By Norfolk Southern

Route Segment	End Points		Approx. Miles	Approx. Density	Predominant Method of Traffic Control	Route Use
<u>Harrisburg Line</u>	Reading, PA	Philadelphia, PA	63	32	Double Track, ABS	This is the main route to Philadelphia, connecting with the Harrisburg-North Jersey route at Reading.
<u>Port Perry Branch</u>	Pitcairn, PA	Thomson, PA	3	15	TC	This route is part of the doublestack route around Pittsburgh and is the main route for coal movements from the Monongahela Line to eastern destinations.
<b>Secondary Main Lines</b>						
<u>Michigan Line</u>	Detroit, MI	Kalamazoo, MI	140	7	Single Track, TC	This line is a major Amtrak route for passenger service between Detroit and Chicago. It serves automotive plants in Wayne, Lansing (via the Lansing Branch) and Kalamazoo. CP will use as an overhead route between Detroit and Chicago.
<u>Fort Wayne Line</u>	Alliance, OH	Crestline, OH	105	40	Single/Double Track TC	This line is part of the main route between Pittsburgh and Columbus.
<u>Buffalo Line</u>	Harrisburg, PA	Buffalo, NY	306	23/8	TC	This north/south route connects Buffalo, NY and Harrisburg, PA and has the potential to be a major route from Canada to the southeastern U.S.
<u>Conemaugh Line</u>	Johnstown, PA	Pittsburgh, PA	78	14	TC	This line is an alternate low-grade route for heavy tonnage trains between Pittsburgh and Johnstown, PA.
<u>River Line</u>	Yellow Creek, OH	Omni, OH	73	18/2	TWC	This line is a through-freight route from Conway Yard to Mingo Jct, OH and Weirton, WV.
<u>Cleveland Line</u>	Rochester, PA	Alliance, OH	67	12/7	TC/TWC	This is an alternate route from Rochester to Alliance for slower freight trains.
<u>Youngstown Line</u>	Rochester, PA	Ashtabula Harbor, OH	97	33	TC/TWC	This line is the main route for coal from Greene County and Southwestern Pennsylvania to the Ashtabula docks and New York State power plants.
<u>Island Connecting</u>	Pittsburgh, PA area		2	4	TC	This line connects the Fort Wayne Line with the Monongahela Line.
<u>Ebenezer Secondary</u>	Ebenezer Jct., NY	Buffalo, NY	5	0.4	TWC	Connecting track between the Buffalo Line (Harrisburg-Buffalo) and NS facilities in Buffalo.
<u>Kalamazoo Branch</u>	Kalamazoo, MI	Elkhart, IN	100	13	TC/TWC	This route connects the Michigan Line with the Chicago Line at Elkhart, IN.
<u>Dow/Marion Secondary</u>	Anderson, IN	Goshen, IN	113	10	TC/TWC	Part of a new through north-south route between Elkhart Yard and NS lines to the South.

\* Expressed in millions of annual gross tons.  
Multiple numbers indicate sections with significant differences.

Figure 13.3-3

Principal Conrail Lines To Be Operated By Norfolk Southern

Route Segment	End Points		Approx. Miles	Approx. Density	Predominant Method of Traffic Control	Route Use
<u>Miami Cut Branch</u>	Toledo, OH	Stanley, OH	4	45	TC	These lines provide access from the Chicago Line to the former Toledo Terminal Railroad (CSX).
<u>Cakdzle Connection</u>	Toledo, OH area		0.9	13	TC	
<u>BO Secondary</u>	Kalamazoo, MI	Botsford, MI	0.5	10.3	TWC	This line connects the Michigan Line at Kalamazoo with the Kalamazoo Branch to Elkhart, IN.
<b>Primary Branch Lines</b>						
<u>West Virginia Secondary</u>	Columbus, OH	Cornelia, WV	253	7	Single Track, TWC	This route is the access to the coal and chemical customers in the Charleston, WV area.
<u>Portland Secondary</u>	Easton, PA	Portland, PA	22	2.4	TWC	This line serves the PP&L plant at Martins Creek, PA and Met Ed plant at Portland, PA.
<u>Bethlehem Secondary</u>	Bethlehem, PA	Allentown, PA	4	4.1	TWC	This line provides access to the Bethlehem Steel plant at Bethlehem.
<u>Cement Secondary</u>	Bethlehem, PA	Uhlers, PA	23	1.6	TWC	This line serves the cement plants in the Lehigh Valley.
<u>C&amp;F Secondary</u>	Alburtis, PA	Fogelsville, PA	12	0.6	TWC	This line serves a major industrial park west of Allentown, PA.
<u>Pottsville Branch</u>	Reading, PA area		3	19	TC	This line is an alternate route through Reading.
<u>Columbia Secondary</u>	Lancaster, PA	Columbia, PA	12	7	TWC	This route provides access to Lancaster and the surrounding area.
<u>Watsonstown Secondary</u>	Watsonstown, PA	Strawberry Ridge, PA	14	6	TWC	This line connects the Buffalo Line with the Montoursville PP&L generating plant at Strawberry Ridge, PA.
<u>South Fork Secondary</u>	South Fork, PA	Central City, PA	31	2	TWC	This line provides access to coal mines at Central City, PA.
<u>Meadville Line</u>	Meadville, PA	Hubbard, OH	49	5	TC/TWC	This line connects Meadville and Greenville to the NS System.
<u>Franklin Secondary</u>	Meadville, PA	Oil City, PA	33	1.6	TWC	Serves refineries at Oil City, PA.
<u>Weirton Secondary</u>	Mingo Jct, OH	Weirton, WV	10	14	TWC	This line connects the Weirton Steel facility with the River Line and access to Conway Yard.
<u>Corning Secondary</u>	Corning, NY	Lyons, NY	71	4	TWC	This line provides access to Geneva and Dresden, NY and a NYSG&E power plant.
<u>Ithaca Secondary</u>	Sayre, PA	Ludlowville, NY	47	2	TWC	This line accesses the NYSG&E Milligan Generating Station.
<u>Harding Connecting</u>	Mansfield, OH	Harding, OH	5	0.1	TWC	This line provides access to the GM parts plant at Mansfield, OH.

\* Expressed in millions of annual gross tons.  
Multiple numbers indicate sections with significant differences.

Figure 13.3-3

## Principal Conrail Lines To Be Operated By Norfolk Southern

Route Segment	End Points		Approx. Miles	Approx. Density	Predominant Method of Traffic Control	Route Use
<u>Lordstown Secondary</u>	Youngstown, OH	Alliance, OH	38	2.6	TWC	This route connects the Lordstown/Niles, OH area to the Fort Wayne and Cleveland Lines at Alliance, OH and to the Youngstown Line at Youngstown, OH.
<u>Kalamazoo Secondary</u>	Kalamazoo, MI	Grand Rapids, MI	67	3	TWC	Serves Grand Rapids, MI area.
<u>Lansing Branch</u>	Jackson, MI	Lansing, MI	38	1.3	TWC	This line provides access to automotive plants at Lansing from the Michigan Line at Jackson, MI.
<u>NIPSCO Secondary</u>	Schneider, IN	Wheatfield, IN	23	4	TWC	This line provides access from the Kankakee Line to the Northern Indiana Public Service (NIPSCO) Wheatfield power plant.
<u>Olean Secondary</u>	Hornell, NY	Corry, PA	142		TWC	Serves industries at Olean and Jamestown, NJ.
<u>Waynesburg Southern Manor Branch</u>	Waynesburg, PA	Lack, PA	27	6	TWC	These lines provide access to mines in the Monongahela Coal Area. CSX has full access to all mines south of W. Brownsville, PA.
<u>Loveridge Secondary</u>	Waynesburg, PA	Bailey Mine, PA	14	19	TWC	
	Brownsville, PA	Loveridge, WV	80	5	TWC	
<u>Delmarva Secondary</u>	Newark, DE	Pocomoke City, MD	128	8/2	TWC	Eastern shore access.
<u>Indian River Secondary</u>	Harrington, DE	Frankford, DE	38	4	TWC	Utility access at Indian River, DE.
<u>New Castle Secondary</u>	Wilmington, DE	Porter, DE	17	2	TWC	Provides access to Port of Wilmington area.
<u>Niles Secondary</u>	Latimer, OH	Niles, OH	19	2	TWC	Provides access to steel mill at Warren, OH for ore trains.
<b><u>Secondary Branch Lines</u></b>						
<u>Washington Secondary</u>	Philipsburg, NJ	Rockport, NJ	60	1	TWC	This branch line provides access to industries at Washington, NJ.
<u>Stroudsburg Secondary</u>	Delaware Water Gap, PA	Stroudsburg, PA	12	0.2	TWC	This branch line serves industries at Stroudsburg, PA.
<u>York Secondary</u>	Wago, PA	York, PA	22	2	TC	This line provides access from Harrisburg to industries at York, PA.
<u>Morrisville Secondary</u>	Earnest, PA	Glen, PA	16	1	TWC	This provides a freight connection between the Morrisville Line and Amtrak's Philadelphia-Harrisburg line to serve freight customers.
<u>New Holland Secondary</u>	Lancaster, PA	New Holland, PA	13	2	TWC	This line provides access to industries at Lancaster Industrial Park, Leola, PA and New Holland, PA.
<u>Lititz Secondary</u>	Lancaster, PA	Lititz, PA	15	0.3	TWC	This line provides access to industries at Manheim, PA and Lititz, PA.
<u>Shippensburg Secondary</u>	Harrisburg, PA	Carlisle, PA	21	0.4	TWC	This line provides access to industries at Carlisle, PA.
<u>Farmers Valley Secondary</u>	Clermont Jct, PA	Farmers Valley, PA	8	0.4	TWC	This line provides access to Pennzoil Refineries at Farmers Valley, PA.

\* Expressed in millions of annual gross tons.  
Multiple numbers indicate sections with significant differences.

Figure 13.3-3

## Principal Conrail Lines To Be Operated By Norfolk Southern

Route Segment	End Points	Approx. Miles	Approx. Density	Predominant Method of Traffic Control	Route Use
<u>No. 2 Secondary</u>	Altoona, PA area	2		ABS	This line connects Rose Yard at Altoona with the main line at Antis.
<u>Rose Connecting</u>	Altoona, PA area	0.1		TC	This line connects Rose Yard at Altoona with the main line at Homer.
<u>Cove Secondary</u>	Altoona, PA      Hollidaysburg, PA	6	3	TWC	This line provides access to Hollidaysburg from Altoona, PA.
<u>Shelocta Running Track</u>	Cloe, PA      Shelocta, PA	32		TWC	Access to power plant at Homer City, PA.
<u>Ellsworth Branch</u>	Shire Oaks, PA      Marianna, PA	19	5	TWC	This line accesses the Bethlehem Steel mines at Marianna.
<u>Koppel Secondary</u>	Homewood, PA      Wampum, PA	6	0.1	TWC	This line provides access to industries in Koppel, PA.
<u>New Castle Connecting</u>	New Castle, PA area	0.8		TC	This line is an Amtrak connection route.
<u>Bath Secondary</u>	Painted Post, NY      Bath, NY	13	0.2	TWC	This line provides access to industries in Bath, PA.
<u>Hudson Secondary</u>	Campbell Hall, NY      Warwick, NY	19	0.2	TWC	This line provides access to NYS&W and industries at Warwick, NY.
<u>Crestline Connecting</u>	Crestline, OH area	0.5		TC	This line connects the Fort Wayne Line with the Indianapolis Line at Crestline, OH. Ownership will be joint with CSX.
<u>Harvard Connecting</u>	Cleveland (White), OH area	1.8	10	TC	This line provides access from the Cleveland Line to the Short Line at Cleveland, OH.
<u>Randall Secondary</u>	Cleveland, OH      Solon, OH	26	0.3	TWC	This line serves industries at Solon, OH and North Randall, OH.
<u>Red Key Secondary</u>	Marion, IN      Red Key, IN	34	0.4	TWC	To serve local industries.
<u>Lehigh Secondary</u>	Athens, PA      Mehoopany, PA	55	5	TWC	To access Proctor and Gamble at Mehoopany.
<u>Lehigh Line</u>	Ailentown, PA      Hazleton, PA	42	5	TC	Access to Ashmore Secondary.
<u>Ashmore Secondary</u>	Hazleton, PA      Ashmore, PA	10	1	TWC	This line accesses the coal tipple at Jeddo, PA.

\* Expressed in millions of annual gross tons.  
Multiple numbers indicate sections with significant differences.

### **3.1.2 Trackage Rights Lines**

In addition to the acquired Conrail line segments as described in Section 3.1.1, certain key new trackage and/or haulage rights which NS and CSX have negotiated or which they will assume to complete their new route structures are described below. Figure 13.3-4 depicts the NS rights in map form. Additional rights are retained by NS and CSX within the Shared Assets Areas as described in the basic agreement.

#### **New NS Rights on Conrail Lines Acquired by CSX**

##### **Permanent**

- **Muncie–Indianapolis, IN (Hawthorne Yard):** NS will have overhead trackage rights on Conrail's Indianapolis Line, South Anderson secondary and part of the Dow Secondary to serve "two-to-one" shippers and shortlines in Indianapolis as well as the General Motors (GM) metal fabrication plant at that location.
- **Lafayette–Indianapolis, IN (Hawthorne Yard):** NS will have overhead trackage rights on CSX's Lafayette–Crawfordsville, IN line to serve two-to-one shippers at Crawfordsville, IN and overhead trackage rights on Conrail's Crawfordsville–Indianapolis Line to serve two-to-one shippers, the GM metal fabrication plant and shortlines in Indianapolis.
- **Buffalo (CP-437)–Niagara Falls, NY (Suspension Bridge):** NS will have overhead trackage rights on Conrail's Belt Line Branch and Niagara Branch to connect with trackage of Canadian carriers at Suspension Bridge, NY.

- Philadelphia (Park Jct.), PA–Anacostia Jct., MD: NS will inherit Conrail's overhead trackage rights on CSX.
- Landover, MD–RO (Alexandria), VA: NS will have overhead trackage rights on Conrail's Landover Line.
- Toledo, OH: NS will inherit Conrail's overhead trackage rights on the CSX-controlled portion of the former Toledo Terminal Railroad.
- Cleveland, OH: NS will have overhead trackage rights on Conrail's Short Line from Quaker to Berea, OH, and overhead trackage rights on Conrail's Chicago Line from CP-181 to Collinwood Yard for purposes of interchange with CSX.
- Crestline, OH–Fort Wayne (Mike), IN: NS will have overhead trackage rights on the former Conrail Fort Wayne Line (Ft. Wayne-Chicago is currently NS), with train limits as follows:
  - Eight total trains/day between Crestline and Bucyrus, OH.
  - Six total trains/day between Bucyrus, OH and Fort Wayne, IN including rights to serve two-to-one customers at Upper Sandusky, OH.

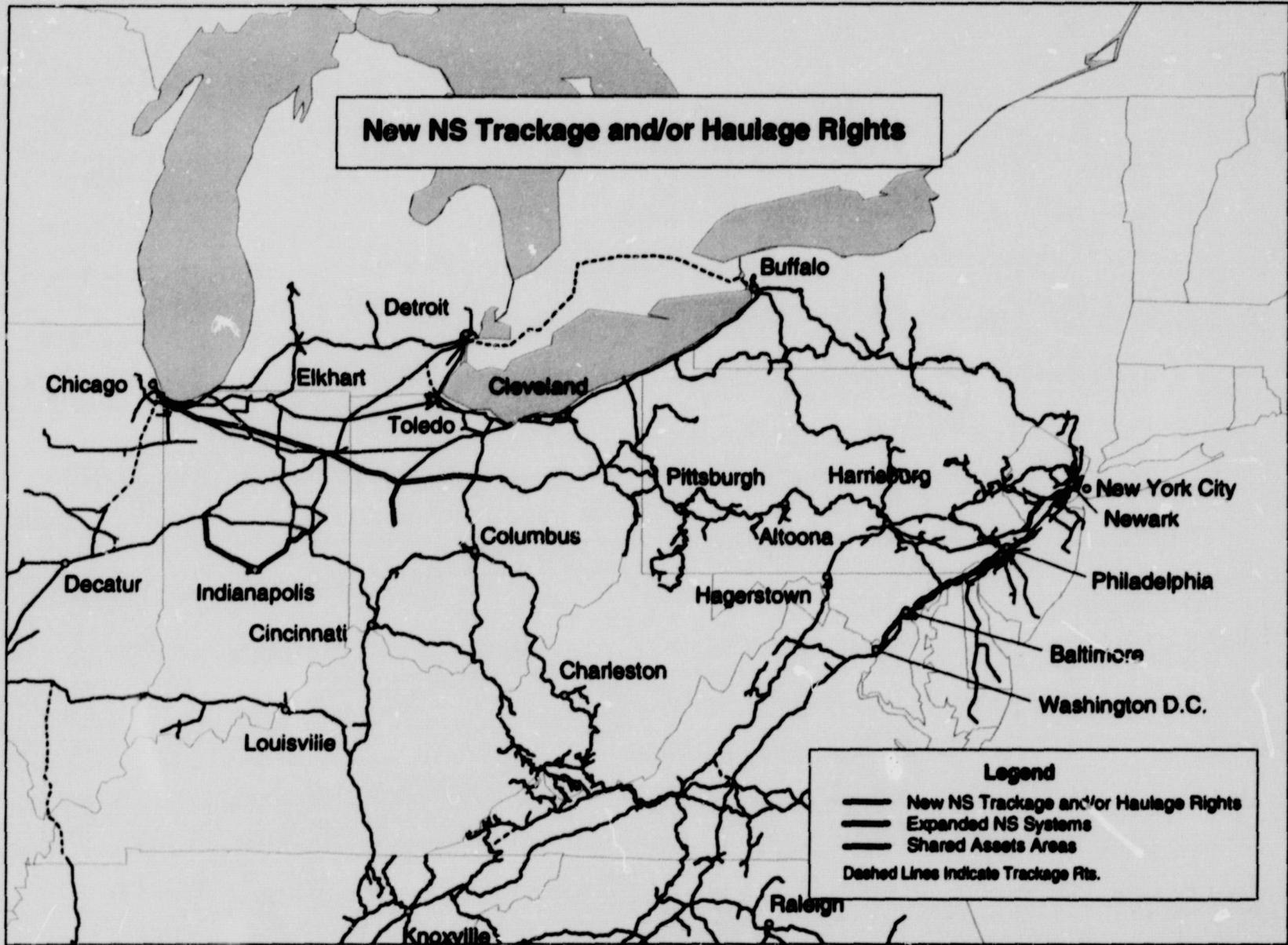


Figure 13-3-4

NS train volumes exceeding these limits are subject to negotiations between CSX and NS regarding, among other issues, any NS contribution to the cost of capital improvements which would be necessary to provide for additional capacity. NS will dispatch the Fort Wayne to Crestline route until CSX haulage over Conrail's Chicago Line between Berea and Chicago is terminated. NS will control the Bucyrus, OH interlocking.

- Fort Wayne (Mike), IN-Chicago (Clarke Jct.), IL: NS will have overhead trackage rights on the former Conrail Fort Wayne Line, with a ten total train/day limit. This limit does not apply within the Fort Wayne terminal. Excess NS movements will be subject to negotiations similar to those described for Crestline - Ft. Wayne above. NS will dispatch the line until CSX haulage over Conrail's Chicago Line between Berea and Chicago is terminated.
- Porter-Ivanhoe, IN: NS will have overhead trackage rights on Conrail's Porter Branch.
- Columbus, OH: NS will have overhead trackage rights on Conrail's Buckeye Line from "CP-Hocking" to "CP-138," overhead trackage rights on Conrail's Western Branch from Scioto to "CP-Mounds" (including the Mounds Connection), overhead trackage rights on the Buckeye Yard Lead from "CP-Buckeye" to "CP-Darby," overhead trackage rights on the CSX assigned west track of the Conrail Columbus Line from "CP-138" to the vicinity of Milepost 133.5 (point of a new NS connection), and overhead trackage rights on CSX between the south end of Parsons Yard (connection with Watkins-Parsons transfer track) and Scioto.

- Philadelphia: NS will have overhead trackage rights on Conrail's Harrisburg Line and Arsenal Connection from CP-River to CP-Field to CP-Phil and Stadium.
- Lima to Sidney, OH: NS will have overhead trackage rights on CSX's Toledo Subdivision to serve two-to-one customers at Sidney, OH.
- Northeast Corridor: See Northeast Corridor discussion in Section 4.2.1.

**Interim**

- Bound Brook, NJ-Woodbourne, PA: NS will have overhead trackage rights for up to 12 total trains/day on Conrail's Trenton Line for trains handling excess dimension equipment until the Musconetcong Tunnel (Pattensburg, NJ) on Conrail's Lehigh line is cleared of restrictions (but not to exceed three years).

**Conrail Rights on NS Transferred to NS**

- Carol, IL to Keensburg, IL.
- Mill-Crescentville, OH.

**Other**

All other Conrail rights that are part of, relate to, or connect with routes, assets related to routes or facilities assigned to NS will be considered appurtenant and will be assigned to NS, unless otherwise designated in the agreements between NS and CSX. Unless otherwise described herein, or in the Transaction Agreement, a trackage rights tenant shall only have the right to enter upon and exit from the trackage

rights lines at points other than the endpoints where the tenant may make a connection with its existing railroad line and joint NS/CSX lines ("Point of Permitted Entry or Exit").

Unless a contrary intent appears from the Transaction Agreement, existing Conrail trackage rights over NS will be assigned to CSX and existing Conrail rights over CSX will be assigned to NS. CSX as well as any other railroad which currently has rights over the lines to be acquired by NS will continue to have these rights except as specified in this Operating Plan and/or the Transaction Agreement.

### **New CSX rights on Conrail lines acquired by NS**

NS will grant certain key trackage rights as summarized below to CSX on Conrail Lines to be acquired by NS.

#### **Permanent**

- CP River (West Falls), PA–Abrams, PA: CSX will have overhead trackage rights on Conrail's Harrisburg Line for excess dimensional traffic, including doublestacks.
- CP-King (Norristown), PA–Woodbourne (CP-Wood), PA: CSX will have overhead trackage rights on Conrail's Morrisville Line for dimensional traffic plus runaround rights on a short portion of SEPTA's Norristown Line.
- Cleveland–Lorain, Fairlane, OH: CSX will have overhead trackage rights on Conrail's Chicago Line to serve two-to-one auto plants at Fairlane and Avon Lake, OH (Conrail's Lorain station).

- Berea, OH-CP-181 (Cleveland, OH): CSX will have overhead trackage rights on Conrail's Chicago Line.
- Chicago (Pine to Rock Island Jct.), IL: CSX will have overhead trackage rights on Conrail's Chicago Line to reach BRC Trackage via CP-509.
- Columbus, OH: CSX will have overhead trackage rights on Conrail's Buckeye Line from "CP-Hocking" to Buckeye Yard, overhead trackage rights on Conrail's Western Branch from Bannon to Scioto, overhead trackage rights on Conrail's Cincinnati Line from "CP-139" to Buckeye Yard, via the Miami Lead, overhead trackage rights on the NS assigned east track of the Conrail Columbus Line from CP-138 to the vicinity of MP 133.5 (point of a new NS connection), overhead trackage rights on Conrail's Auburn Connection from "CP-Camp" to "CP-139" and overhead trackage rights on NS from Bannon to the south (railroad east) end of NS Watkins Yard (connection with the Watkins-Parsons transfer track).
- Youngstown-Ashtabula Harbor, OH: CSX will have overhead trackage rights on Conrail's Youngstown Line to access Ashtabula Harbor facilities.
- Osborn-Streator, IL: CSX will have overhead trackage rights on Conrail's Kankakee Line, Kankakee Secondary and Streator Secondary for up to eight total trains/day to connect with, or with trackage of other intersecting railroads. CSX trains over the above limits are subject to negotiations between CSX and NS for CSX contribution to investment needed for additional capacity
- Northeast Corridor: See Northeast Corridor discussion in Section 4.2.1.

### **Interim**

- Berea, OH-Chicago (63<sup>rd</sup> St.), IL: CSX will have overhead haulage for a period not exceeding three years on the NS operated Conrail Chicago Line for a maximum of six merchandise and/or intermodal trains/day each way, until the Ft. Wayne Line (Ft. Wayne-Chicago), which is presently owned by NS but will be conveyed in this transaction to CSX is upgraded.

### **Conrail Rights on CSX Transferred to CSX**

- Carleton, MI to Alexis, MI.

### **Other**

All other Conrail rights that are part of, relate to, or connect with routes, assets related to routes, and facilities assigned to CSX will be considered appurtenant and will be assigned to CSX, unless otherwise designated in the agreements between NS and CSX.

Unless otherwise described herein, or in the Transaction Agreement, a trackage rights tenant shall only have the right to enter upon and exit from the trackage rights lines at points other than the endpoints where the tenant may make a connection with its existing railroad line and joint NS/CSX lines ("Point of Permitted Entry or Exit").

Unless a contrary intent appears from the Transaction Agreement, existing Conrail trackage rights over CSX will be assigned to NS and existing Conrail trackage rights over NS will be assigned to CSX. Where NS as well as any other railroad

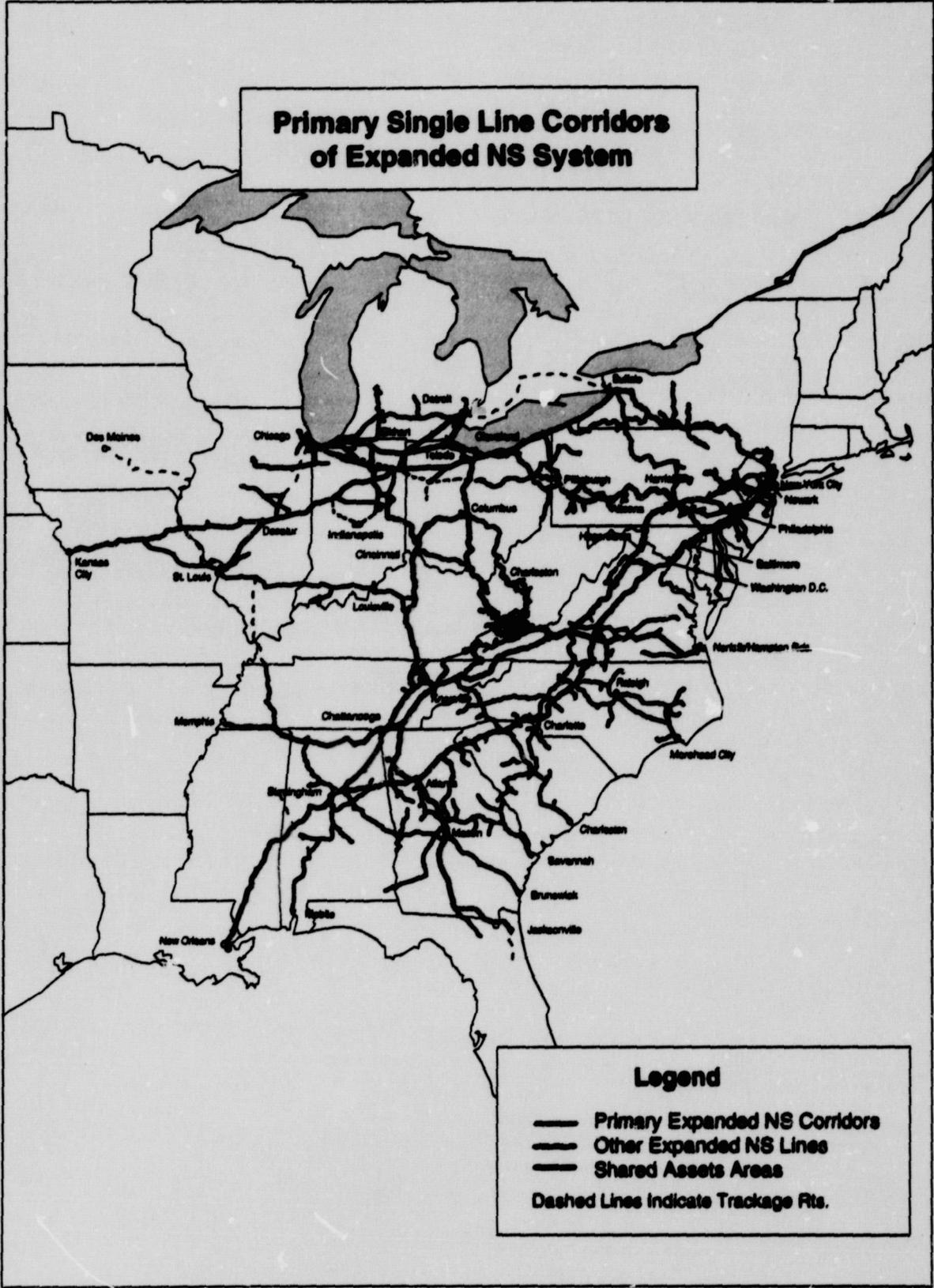
currently has rights over the lines to be acquired by CSX, NS will continue to have these rights except as specified in this Operating Plan and/or in the Transaction Agreement.

### **3.2 Consolidation of Main Line Operations**

NS' acquisition of the identified Conrail Lines offers major opportunities to improve service and efficiency through development of new single-line service routes in various corridors and restructuring of Conrail and NS routes in others. While operational changes in major corridors are detailed below, other traffic will also benefit from the improved operating practices described in Section 3.4.2 following.

Figure 13.3-5 following, depicts the primary routes of NS Post-Acquisition. The acquisition of the identified Conrail lines by NS is fundamentally end-to-end in nature from a route structure standpoint. Route consolidations and changes in route use are as described in Section 3.2.1, following.

Given new business and traffic diversions, the opportunities for improved service and efficiency are significant in most major corridors. These service changes are described in Section 3.4.



### **3.2.1 Route Consolidations and Changes in Route Use**

Figure 13.3-6 following, depicts projected traffic densities on the NS Post-Acquisition system.

Important changes in route use are summarized below.

#### **The Penn Route**

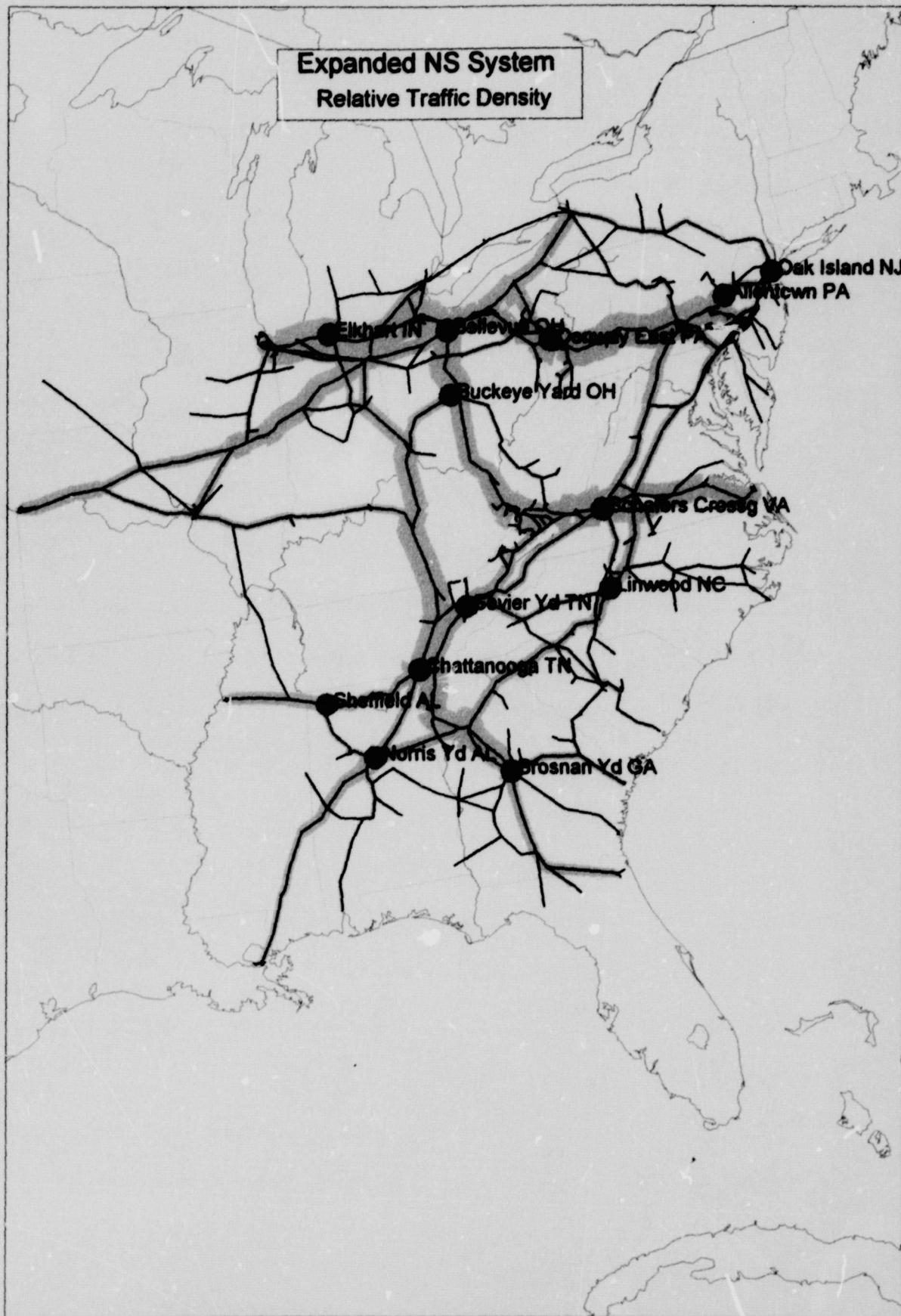
##### Northeast - Chicago

The expanded NS system traffic will flow traffic between the Northeast and the Chicago Gateway using these lines: the former Lehigh Valley and Reading lines between Newark and Harrisburg, the lines of the former Pennsylvania Railroad between Harrisburg and Cleveland via Pittsburgh, and the lines of the former New York Central between Cleveland and Chicago via Toledo and Elkhart, IN. The lines east of Harrisburg radiate to Philadelphia, Wilmington, Baltimore and Washington. From Harrisburg, access to Newark will be via Reading and Allentown, PA and Conrail's current Lehigh Line.

The route consists largely of multiple main track dispatched by centralized traffic control, with a few segments of single track TC, and double track protected by automatic block signals, all east of Harrisburg, PA.

Principal classification yards on the route will be at Allentown, PA, Conway (Pittsburgh), PA and Elkhart, IN.

This route will become NS's principal east/west artery for both carload and intermodal traffic. The route also includes NS' rights on the Northeast Corridor between Morrisville, NJ and Newark, NJ.



## **The Southern Tier Route**

### **Northern New Jersey-Cleveland (Chicago)**

This route from Northern New Jersey uses the present Conrail Southern Tier Route to Buffalo and the present NS route from Buffalo to Cleveland. At Cleveland, connections are made and through service provided to Chicago, St. Louis and Kansas City.

The Southern Tier Route east of Buffalo is expected to see significant increases in consolidated system traffic, particularly intermodal traffic, destined to Croxton and other Newark area facilities. It will also provide NS a route to New England via Canadian Pacific Rail System (CPRS) at Binghamton, NY.

The route described from Croxton, NJ, to Cleveland is primarily single track with traffic control, but with some segments of double track.

## **Southwest Gateway Route**

### **Northeast-Southwest Gateways via Fort Wayne**

The consolidation of NS and Conrail traffic flows will generate sufficient traffic to permit efficient transcontinental blocks and trains to and from Western destinations as described in Section 3.5.

NS will also establish new connections and gateways on its Kansas City Line at Sidney and Tolono, IL with the Union Pacific and Illinois Central systems respectively. With CSX's operation of Conrail's St. Louis Line, these new NS gateways will offer fully competitive service to CSX's probable operations over Salem and Effingham for the heavy petrochemical traffic flows moving between the Northeast, Southwest and Gulf Coast states.

## **The Piedmont Route**

### **Northeastern – Southeastern Points via Charlotte**

The acquisition of Conrail's routes from the New Jersey area to Hagerstown, MD will permit NS to form a single-line route from Northeastern points to Atlanta and other Southeastern points via Greensboro and Charlotte, NC. Traffic between the Southeast and Northeast may grow on this route, depending on whether NS is able to continue using the leased lines of NCR in an economically attractive manner. As noted in Section 2.4, NS is involved in a proceeding pending before the Board (FD No. 33134) concerning a dispute over the terms and conditions governing NS' continued use of the route owned by NCR between Charlotte and Greensboro. If circumstances result in NS terminating its operations over this route, NS plans to upgrade the existing parallel line from Charlotte to Greensboro via Winston-Salem, NC, in order to maintain the Piedmont Route.

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## **The Shenandoah Route**

### **Northeast-Southeast via Knoxville**

Acquisition of control over Conrail routes and access to its Northeastern traffic base on a permanent basis will permit NS to create a second major northeastern-southeastern route, paralleling the Piedmont Route. The Shenandoah Route, which parallels I-81, provides a direct route between the Northeast and Tennessee, Alabama and Mississippi and the gateways of Memphis, Meridian and New Orleans. While upgrades and investment in this route will be made possible by the Conrail acquisition, improvements to the Shenandoah Route (described in Section 7.1.1) give NS further routing flexibility should the North Carolina Railroad lease not be resolved in an economical manner. Section 3.4 describes some of the new services which will be offered by NS over this route.

## **The Mid-South Route**

### **Midwest – Southeast via Cincinnati**

The acquisition of Conrail's line from Columbus to Cincinnati, OH, (where NS currently has trackage rights subject to train volume limitations) will create a new single-line route between Detroit, the upper Midwest and the Southeast via Cincinnati without artificial capacity constraints. The route will be particularly important for the heavy volumes of automotive traffic moving in this corridor, as well as intermodal traffic. The route will be cleared for doublestack traffic, an improvement that was not possible under Conrail ownership.

### Chicago – Southeastern Points

The acquisition of Conrail's route from Goshen to Alexandria, IN will allow NS to offer more reliable service by creating additional parallel line capacity with its own Fort Wayne to Muncie (New Castle District) route. It will also provide direct access to Conrail's hump yard at Elkhart, IN.

This additional capacity, together with increased traffic which will make it possible to eliminate intermediate terminal processing between Chicago and Southeastern points, will materially improve service as discussed in Section 3.4.

All interchange of General Merchandise and unit bulk commodity trains operating via the Chicago gateway including Streatror, IL will be handled via Conrail's Elkhart Yard. Combining Conrail's and NS' Chicago interchange traffic will provide sufficient volume to operate direct trains to CPRS, BNSF, WC, UP and BRC. East and southbound trains from Elkhart will operate to Oak Island, NJ and Macon, GA.

## **The Bridge Route**

### New England – Southeastern Points

NS and Canadian Pacific Rail System (CPRS) have reached an agreement summarized in Section 3.3.1 of this volume by which CPRS will provide haulage for NS between Sunbury, PA and Albany, NY in connection with the relocation of the NS-CPRS interchange point from Potomac Yard, VA to Harrisburg, PA. This link will allow NS to connect its network at Mechanicsville, NY with the Guilford properties serving the New England area. Traffic to and

from CPRS points will continue to be handled by CPRS directly, but using a Harrisburg, PA interchange in lieu of the current Alexandria, VA interchange.

## **Other Routes**

### **The Butler Cutoff Route**

#### *Detroit – Chicago*

The consolidated route structure will offer the opportunity to improve service between Detroit and the Chicago gateway via a combination of NS and Conrail routes over Butler, IN to Elkhart and the Chicago gateway.

The rerouting will improve service and provide for efficient use of Conrail's Michigan Central route under terms of the NS/CPRS agreement explained in Section 3.3.1.

#### *Toledo – Kansas City*

The Butler Connection will also tie Conrail's Penn Route to NS' Kansas City line completing single-line services for intermodal trains operating between New Jersey and Kansas City via the new Airline (Toledo), OH hub.

### **Coal Routes – Conrail's West Virginia Secondary**

Conrail's West Virginia Secondary will be maintained and will see increased traffic over time. Coal traffic from Conrail mines in the Charleston, WV area, destined to points generally north and east of Harrisburg, PA now move north to Columbus and then east. In the future, this traffic will move over a shorter (by 143 miles) combination of the Conrail line to Deepwater, WV, thence

NS via Elmore, WV to Hagerstown, MD and beyond. The service and equipment utilization will improve.

### Streator Line

NS's acquisition of Conrail's Streator Line between Osborn, IN and Hennepin, IL via Streator will offer NC system shippers an expedited alternate route around the Chicago gateway, in conjunction with either the Pennsylvania or Southern Tier Routes.

The service benefits produced by these new routes and several others, are described in detail in Section 3.4 and in the verified statements of D. M. Mohan and James W. McClellan.

Importantly, no abandonments of principal through routes are proposed in this filing. Section 3.8 describes proposed abandonments for certain branch and secondary lines.

Between Alliance and Crestline, OH, where traffic volumes will decrease substantially due to rerouting, current maintenance standards will be continued but approximately 39 miles of unneeded second main track will be removed for re-use elsewhere.

### **3.3 Agreements With Other Carriers, and Service to Two-to-One Points From An Operational Perspective**

#### **3.3.1 Agreements With Other Carriers**

Arrangements with other carriers to continue the provision of competitive service by operation of trackage or haulage rights are described below. In addition, certain agreements have been negotiated to enhance the position of other carriers while at the same time providing additional service benefits for NS customers.

#### Canadian Pacific Rail System (CPRS)

Canadian Pacific Railway operates over the Co rail Southern Tier Line from Buffalo to Binghamton, NY, on a trackage rights basis. These rights will be preserved.

In addition, NS and CPRS have entered into an agreement which provides that :

- CPRS will provide haulage for NS between Sunbury, PA, Binghamton, NY and the Albany area.

This agreement will allow NS shippers direct routings to and from the New England area in conjunction with Guilford Transportation.

- NS and CPRS will move their North/South interchange from Potomac Yard, VA, to Harrisburg, PA. This will reduce circuitry and speed service to shippers.
- In return, NS will provide CPRS haulage:
  - between Detroit and Chicago via Kalamazoo, MI, which will provide a through route connection between CPRS' Chicago line from the west and their Toronto to Detroit line which terminates in Detroit;
  - with provision for investment by CPRS for clearance and capacity

improvements on both the NS acquired line and on Amtrak's owned route from Kalamazoo to Porter.

- In addition, NS will grant CPRS overhead trackage rights (with certain limitations) between Harrisburg and Reading, PA, which will help improve CPRS' service between Montreal and Philadelphia.
- Further, NS will provide haulage between Philadelphia, Bethlehem and Allentown, PA, for certain local CPRS Bethlehem destined traffic under terms and conditions specified in the basic agreement.

#### New York Susquehanna and Western (NYSW)

NYSW operates from Warwick to Binghamton, NY, over portions of the Southern Tier Line on a trackage rights basis, to connect with other segments and rights which comprise its system. CPRS handles NYSW traffic from Binghamton to Buffalo on a haulage basis. Since the proposed acquisition provides for continuation of CP's underlying trackage rights, the sale would have no effect on arrangements between NYSW and CPRS.

### 3.3.2 Two-to-One Customers

There are four points with significant rail traffic which currently are served only by Conrail and NS that could have customer options reduced to single carrier rail service as a result of the NS' operation of the assigned Conrail routes.

In addition to promoting competition in the Midwest, Northeastern and New York area markets, the NS operation of the assigned Conrail lines provides for preservation of rail competition at all significant points where customers currently served by two rail carriers would otherwise have their service reduced to one.

Figure 13.3-7, following, identifies points with two-to-one customers in tabular form and identifies the access alternatives.

Figure 13.3-8 locates points with two-to-one customers in map form.

Depending on a number of factors, access will be provided on either a trackage rights or haulage basis.

**Figure 13.3-7**

**Table of Points With Two-to-One Customers**

Location	Competitive Service Alternative
<b><u>Illinois</u></b>	
Normal	Transfer to CSX existing Conrail haulage rights over NS between Normal and Lafayette, IN.
<b><u>Ohio</u></b>	
Avon Lake	CSX to be provided trackage rights or haulage.
Fairlane	CSX to be provided trackage rights or haulage.
Sandusky	CSX to be provided trackage rights or haulage.

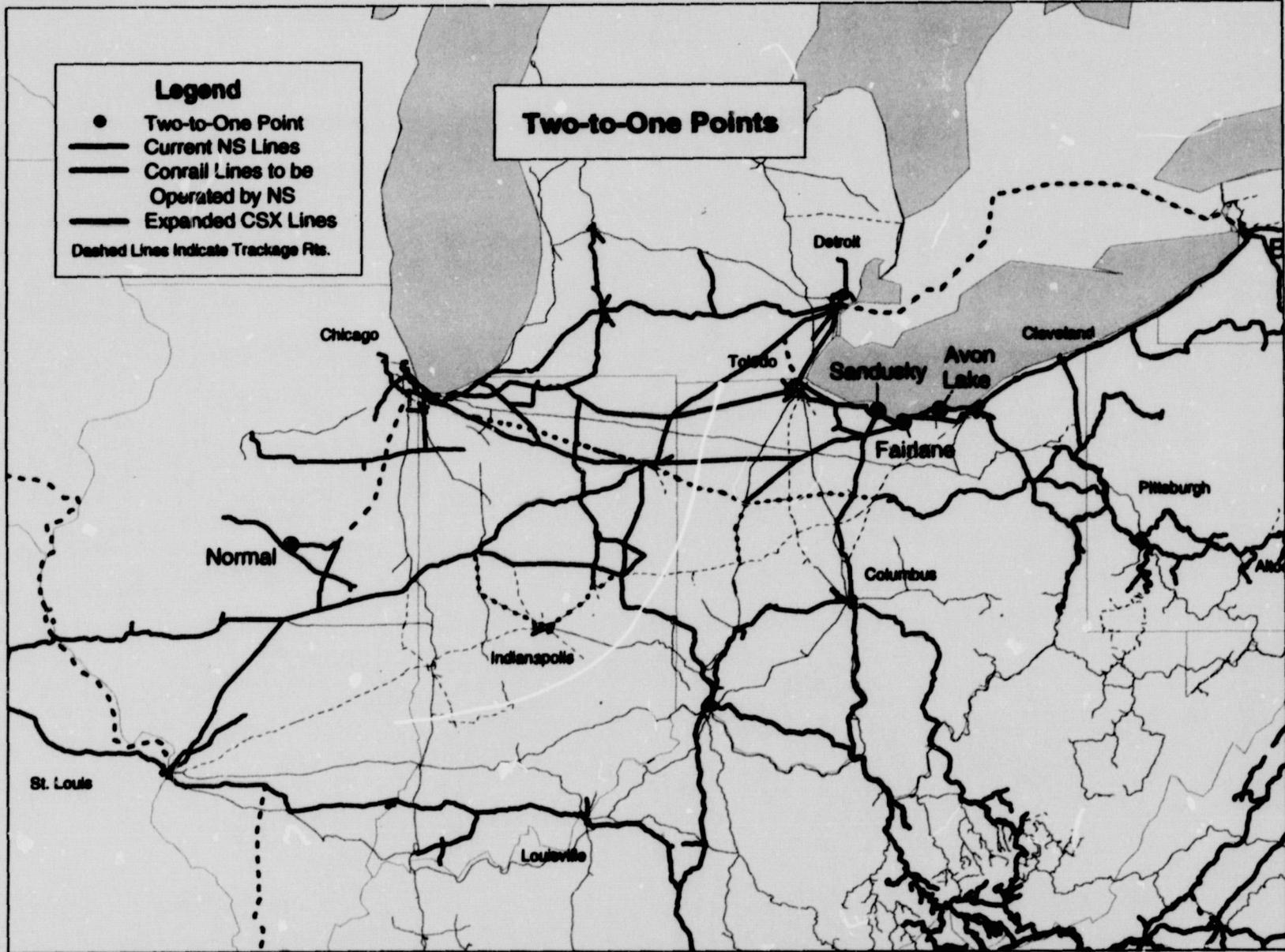


Figure 13.3-8

### **3.4 Through Train Service**

#### **3.4.1 Current Operations**

This section describes changes in train service that will result from the consolidation of NS and the Conrail routes which will be operated by NS. Figures C3-1 and C3-2 in Appendix C depict Conrail manifest and intermodal freight schedules as of mid-1995 on a schematic basis. Figures C3-3 and C3-4 in Appendix C depict the same for NS. A complete set of all Conrail and NS schedules used in preparation of this filing are part of Applicants' data depository.

To summarize Conrail and NS 1995 baseline operations, Figures 13.3-9 thru 12 are provided.

#### **Conrail**

Figure 13.3-9 depicts major terminals on the Conrail lines and the relative density of traffic flows between them.

Briefly, traffic from the Greater New York and Northern New Jersey areas, as well as from New England, is marshaled at Conrail's Selkirk, NY hump classification yard. Blocks are made at Selkirk for Buffalo, Cleveland, Elkhart and many other destinations. Importantly, no manifest traffic blocks were made in the 1995 base for destinations further west than Conrail's Elkhart, IN, terminal. Traffic between the Selkirk gathering area and the West is reprocessed at Elkhart for the Chicago gateway and at Avon (Indianapolis) for the St. Louis gateway. Eastward traffic flows to the

Selkirk terminal are similar to Westward flows, although some traffic is preblocked by Western carriers for Selkirk.

Traffic on Conrail's former Pennsylvania Railroad mainline territory originating generally south of Northern New Jersey is switched at either Oak Island, NJ, or Allentown, PA, and is then forwarded to the Conrail facility at Conway (Pittsburgh), PA.

At Conway, blocks are made for Avon, Elkhart and intermediate destinations. Blocks are also made at Conway for delivery to Union Pacific's Gulf Coast and Southwest points via the Salem, IL, gateway. Eastward traffic flows to and from both Conway and Allentown terminals are essentially the mirror of Westbound flows.

Conrail's 1995 base intermodal operation was conducted between all the intermodal ramp locations on the lines to be acquired by NS. This is shown on Figure 13.3-10.

## **Norfolk Southern**

Figure 13.3-11 depicts major NS terminals and the relative density of traffic flows between them.

Traffic flows on the NS system are generally marshaled at the hump yard nearest the origin, and forwarded to the hump yard or major terminal nearest the destination for distribution. The goal is to minimize intermediate handling whenever possible.

The NS terminal at Bellevue, OH, handles East-West traffic between the upper Midwest, Chicago and Kansas City gateways.

Chattanooga, TN is largely a North-South yard and handles Atlanta, Florida and Chicago area traffic.

Sheffield, AL, is largely a support yard for traffic to and from the Memphis gateway.

Norris Yard (Birmingham, AL) is NS' busiest facility and switches traffic for Birmingham, the New Orleans and Meridian gateways and the general region.

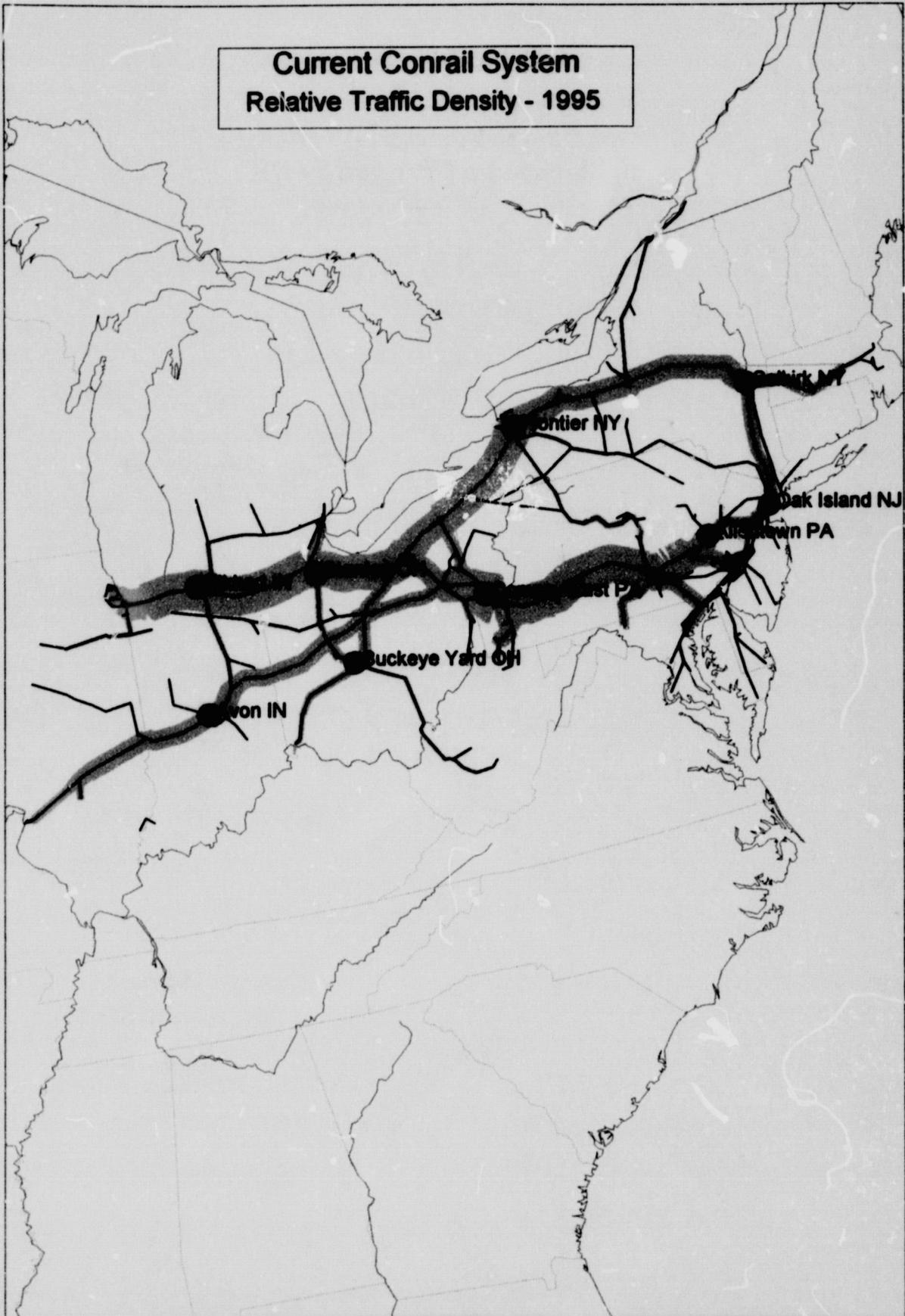
Sevier Yard (Knoxville, TN) blocks for the Shenandoah Corridor and Kansas City and St. Louis gateways in addition to handling other traffic.

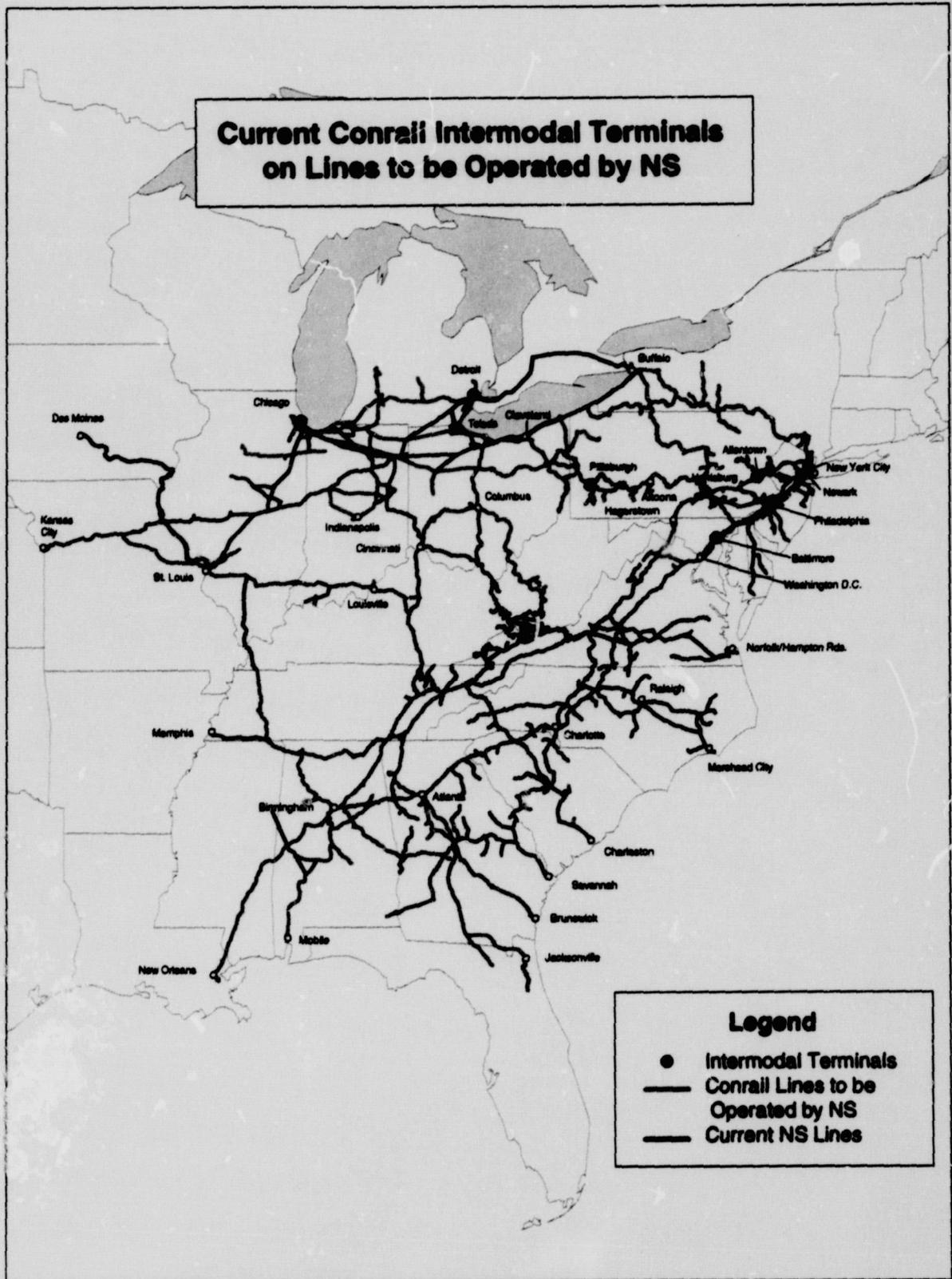
Brosnan Yard (Macon, GA) handles the Southeast, central and south Georgia traffic, and the Jacksonville, FL, gateway.

Spencer Yard (Linwood), NC switches traffic for the Carolinas as well as system traffic to and from the Northeast.

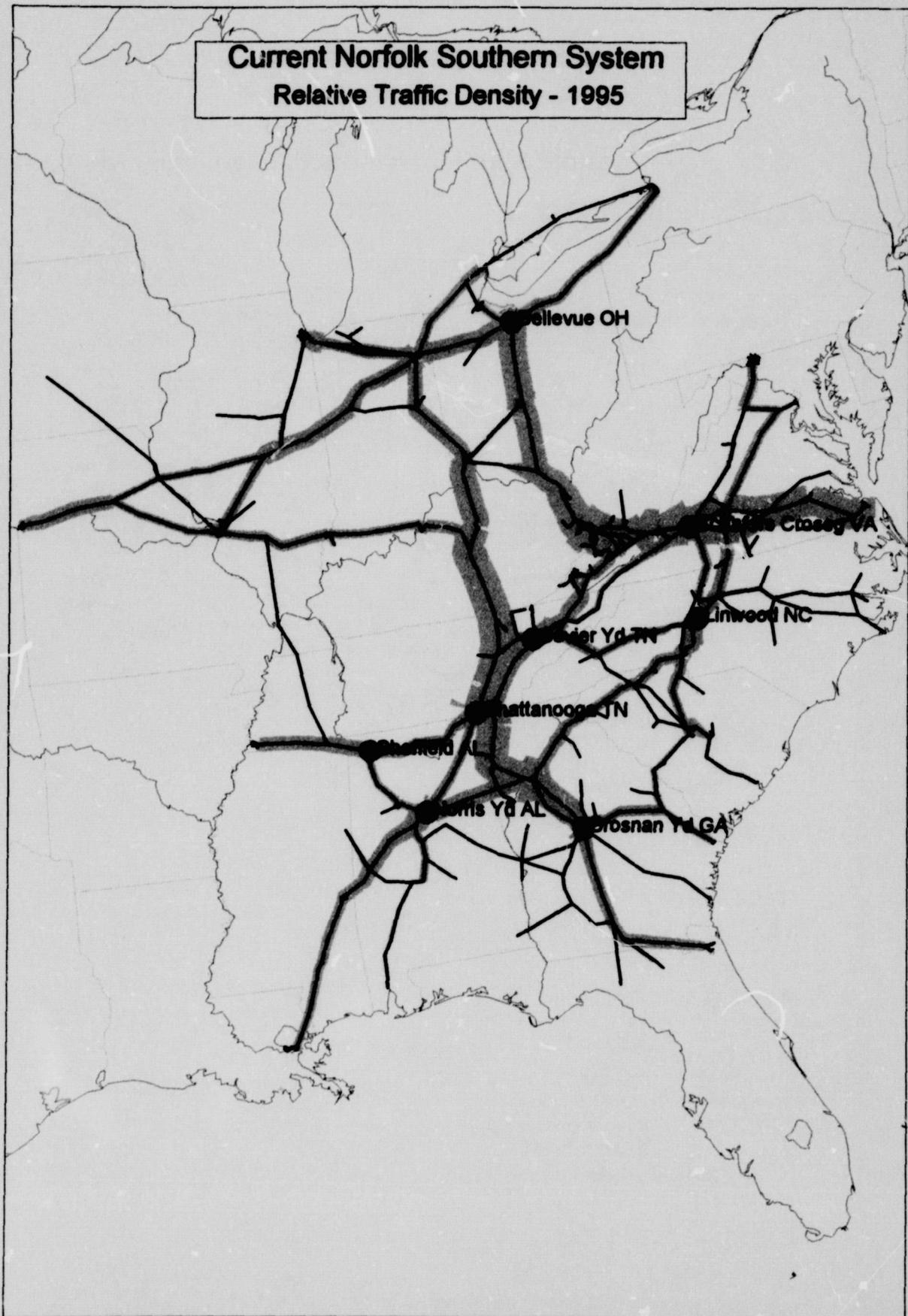
Shaffers Crossing Yard at Roanoke, VA, primarily supports the eastern Virginia and North Carolina areas. The yard also handles significant traffic volumes moving across the Roanoke, VA-Bellevue, OH, route.

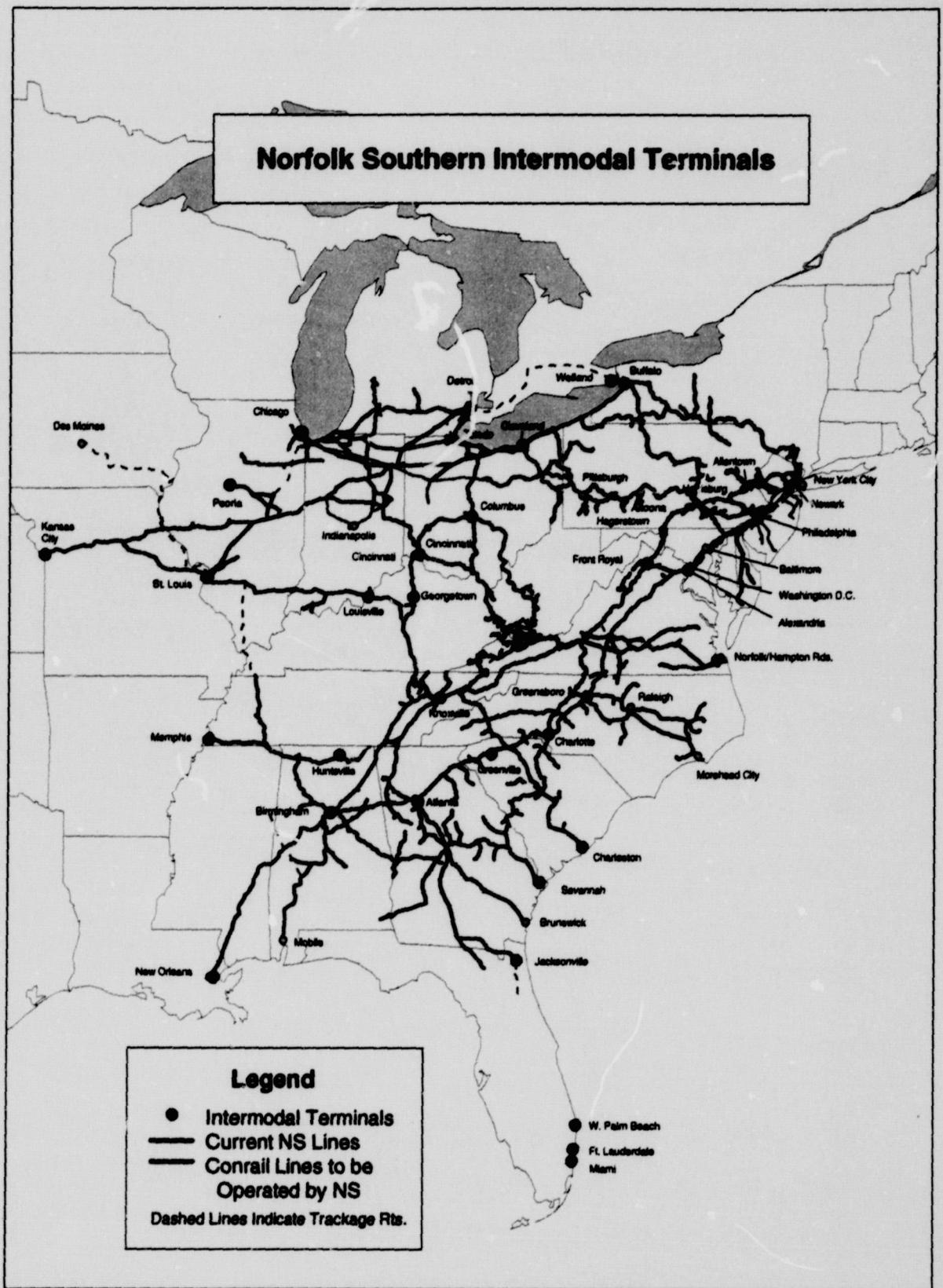
Figure 13.3-12 shows the major NS intermodal ramp facilities. Dedicated expedited schedules to handle intermodal traffic connect most major ramps.





**Current Norfolk Southern System  
Relative Traffic Density - 1995**





### **3.4.2 Proposed Operations**

NS Post-Acquisition will add, improve and modify a significant number of train schedules to take advantage of larger consolidation related traffic volumes, the new route structure and upgraded routes. Many of these schedule changes represent new single-line service made possible by the acquisition. Other changes will result from rerouting traffic to shorter, more efficient routes, or to take advantage of the significant upgrades proposed for various NS Post-Acquisition routes such as the Shenandoah Corridor. Rerouting the base traffic volumes to more efficient routes resulting from the acquisition produces an estimated annual reduction of 59.2 million car miles. Other changes in train schedules result from changes in the blocking plan designed to allow traffic to move greater distances, both on and off the NS Post-Acquisition system, before requiring further classification.

The consolidation of mainline operations described in Section 3.2 and the changes in blocking to be discussed in Section 3.5 resulted in changes to many existing NS and Conrail through-train schedules. The NS Post-Acquisition transportation plan includes new and revised schedules with changes in timing, routing or blocks handled. Summary descriptions of the significant changes in major corridors are provided in this section. Additional details and discussion of the service changes are included in the Verified Statement of D. M. Mohan. New underlying train schedules are included in Applicants' document depository.

With some exceptions, NS Post-Acquisition will organize its train operations into six networks to ensure maximum service performance, particularly in the densest traffic lanes.

This section is organized to discuss changes and improvements in each of these networks:

- General Manifest Traffic
- Automotive Traffic
- Coal
- Other Bulk Commodities
- Intermodal Traffic
- Triple Crown Services (RoadRailer®)

For purposes of this application, a new train identification scheme was created to harmonize Conrail's alpha/numeric identification scheme with NS' numeric identification system. An explanation of the new system is included in Appendix E to this volume.

New train service, by traffic group, over each of these corridors is explained in this section. More than one hundred new or substantially revised schedules have been created.

### 3.4.2.1 General Manifest Traffic

Figure 13.3-13 following, illustrates the principle routes of the NS Post-Acquisition network, the principal classification yards and end points of the system, and the relative traffic densities projected on the routes between terminals.

General manifest traffic includes all traffic not otherwise assigned to the Automotive, Other Bulk, Coal, Intermodal, or TCS networks.

The design objectives of the proposed Operating Plan are to significantly improve average transit times through the network, by one or more days, while reducing intermediate classification which delays traffic and increases the probability of unreliable service.

The plan concentrates on the two major network attribute enhancements:

1. Geographic network expansion.
2. Efficient handling of increased corridor volume through the network.

In total, 34 new manifest train schedules were created to help achieve these objectives. The more important new manifest schedules are summarized in Figure 13.3-14 following. The blocking strategy which creates these new schedules is described in Section 3.5.

Examples of particularly important new schedules include:

#### **GMCWDE and GMDEPI**

These are new trains carrying interline traffic between the Northeast and Western carriers. Westbound trains will bypass Bellevue and Columbus and will only stop long enough in Decatur to combine with pre-assembled incoming blocks from other origins such as Detroit. Eastbound trains will combine inbound Conway blocks from Western carriers and run directly to Pittsburgh.

**GMELOI**

This train will operate between Elkhart, IN and Oak Island, NJ, on a daily 32-hour schedule bypassing intermediate terminals at Toledo or Bellevue, OH, and Pittsburgh.

**GMOILI and GMLIOI**

These new trains between Oak Island and Linwood provide intermediate service to Philadelphia, Wilmington and Baltimore. Transit time for these trains will be 30 hours. These trains will break-down the interchange and rate barriers at the Potomac River that have prevented the free flow of general freight traffic along the Eastern seaboard for the last 20 years.

**GMBFOI, GMOIBF**

These General Merchandise trains will operate between Buffalo and Oak Island. They will also carry blocks to and from the CPRS at Binghamton. As traffic grows, new trains will be established to run through to the CPRS.

**GMSLKC, GMKCDEF**

This General Merchandise train service to the BNSF at Kansas City will include new service from Decatur, IL, and St. Louis, MO, to Barstow, CA. Blocks built at Detroit, Decatur and St. Louis will be joined at Moberly, MO, thus building a full Barstow train for the BNSF.

**GMDEKCUP, GMKCDEUP**

These General Merchandise trains between Decatur and North Platte, NE, will carry UP North Platte blocks made at Conway, Detroit, Knoxville and Elkhart. It is expected that the UP will build similar eastbound blocks.

**GMPISIUP, GMSIPIUP, GMFWSIUP, GMSIFWUP**

Along its route to the Kansas City Gateway, NS will establish two new interchanges for run-through train operation. At Sidney, IL, a new connection will be built with the UP for traffic destined to and originating from the Southwest and Mexico. At Tolono, IL, a new connection will be made with the IC for Memphis and the Gulf Coast.

This General merchandise service to and from the new UP Sidney connection will be provided by a pair of trains to and from Pittsburgh and a pair to and from Fort Wayne. The trains from Pittsburgh will operate directly to and from Conway Yard without intermediate classification. Running time for these trains will average 20 hours.

**GMFWTOIC, GMTOFWIC**

This General Merchandise train service to and from IC via the new Tolono, IL, connection will originate and terminate at Fort Wayne. Transit time from Ft. Wayne to Tolono will be seven hours.

**GMELMA, GMMAEL, GMELCH, and GMCHEL**

Current Conrail and NS General Merchandise service between the Upper Midwest and Deep South is hampered by interchange at Cincinnati, numerous intermediate classifications and lack of sufficient volume to bypass Chicago interchanges.

One pair of trains will operate between the Elkhart Classification Yard and the Macon Classification Yard. The second pair will operate between Elkhart, IN and Chattanooga, TN. One to three days transit time will be saved.

**GMALKX, GMKXAL**

This General Merchandise train service over the Shenandoah route will operate between Allentown, PA and Knoxville, TN with southbound blocks for Macon, and northbound Allentown blocks from Chattanooga and Birmingham. Running time between Knoxville and Allentown will be 33 hours. This will be an entirely new train service following along the I-81 corridor.

Additional new haulage general merchandise schedules will be established between Sunbury, PA and Albany, NY in conjunction with CPRS, incident to the agreement with CPRS discussed in Section 3.3.1 of this Volume.

New manifest schedules are summarized on Figure 13.3-14 following.

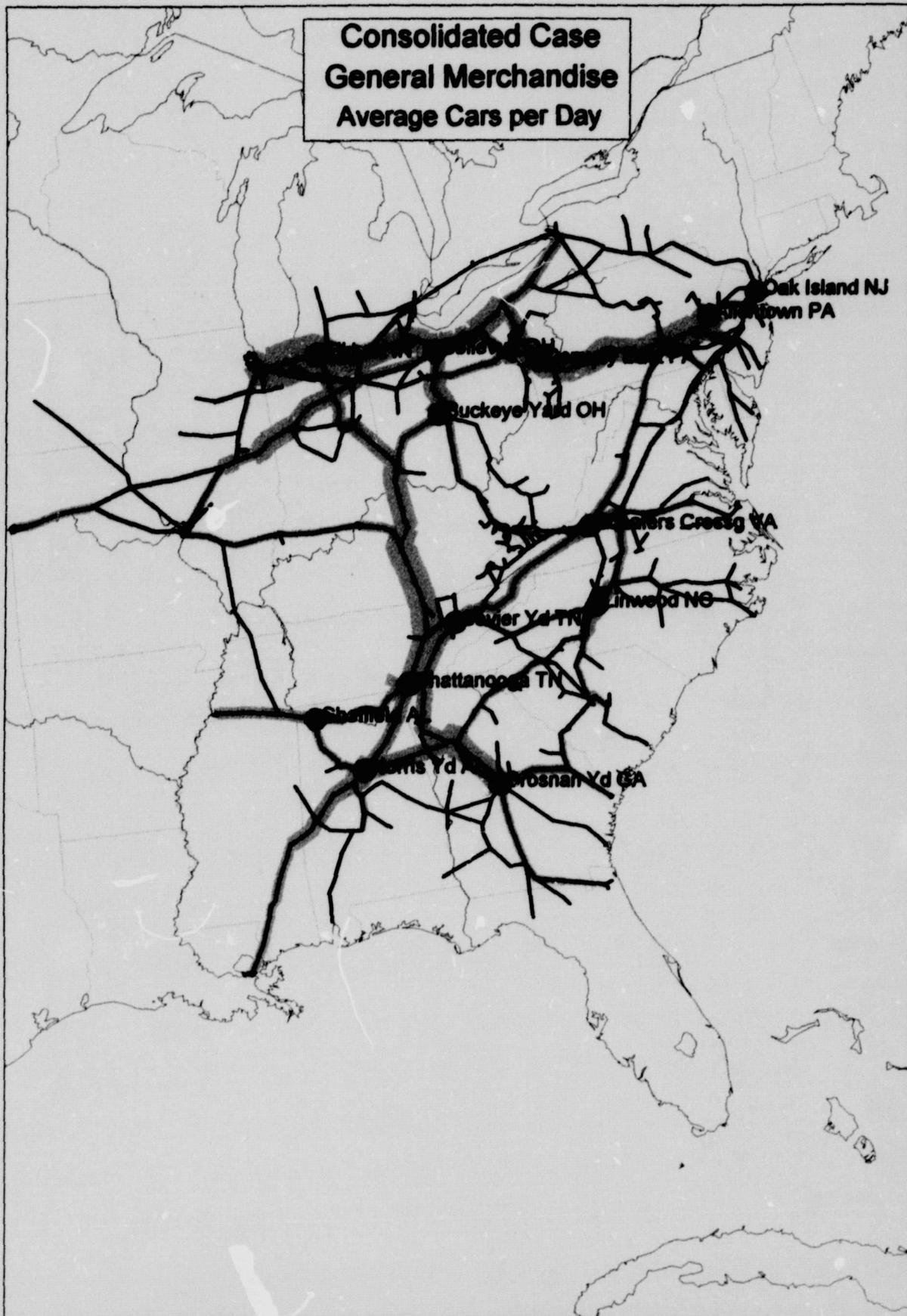


Figure 13.3-14

## New General Manifest Schedules

Origin	Destination	Train ID	Depart Origin	Arrive Destination	Transit Time	Intermediate Service and Connections
Linwood	Oak Island	GMLIOI	0251-0	0630-1	27' 39"	New service via NEC to Baltimore, Philadelphia and Oak Island.
Oak Island	Linwood	GMOILI	2130	0414	30' 44"	New service via NEC to Baltimore, Philadelphia and Oak Island.
Elkhart	Oak Island	GMELOI	1030-0	1955-1	32' 25"	Bypass service from Chicago to New Jersey.
Buffalo	Oak Island	GMBFOI	0700-0	0545-1	22' 45"	Southern Tier Freight Service.
Oak Island	Buffalo	GMOIBF	0730-0	0615-1	22' 45"	Southern Tier Freight Service.
Allentown	Knoxville	GMALKX	1530-0	0035-2	33' 05"	Long distance bypass train with Macon block via Shenandoah Corridor.
Knoxville	Allentown	GMKXCAL	1730-0	0200-2	32' 30"	Long distance bypass train with blocks from Birmingham and Chattanooga.
Ft. Wayne	Tolono-IC	GMFWTOIC	1700-0	0050-1	08' 50"	New run through service with IC over Tolono.
Tolono IC	Ft. Wayne	GMTOFWIC	0900-0	1500-0	05' 00"	New run through service with IC over Tolono.
Ft. Wayne	Sidney-UP	GMFWSIUP	0130-0	0830-0	8' 00"	New run through service with UP via Sidney, IL.
Sidney UP	Ft. Wayne	GMSIFW-UP	0900-0	1740-0	7' 40"	New run through service with UP via Sidney, IL.
Conway	Sidney	GMPISI-UP	1200-0	0800-1	21' 00"	New bypass run through with UP via Sidney, IL.
Sidney UP	Conway	GMSIPI-UP	0600-0	0024-1	17' 24"	New bypass run through with UP via Sidney, IL.
Elkhart	Macon	GMELMA	1600-0	0300-2	35' 00"	Bypass long distance train.
Macon	Elkhart	GMMAEL	0730-0	1820-1	34' 50"	Bypass long distance train.
Roanoke	Baltimore	GMROBL	1432-0	0354-1	13' 22"	New service via NEC.
Baltimore	Roanoke	GMBLRO	0300-0	1602-0	13' 02"	New service via NEC.
Chattanooga	Columbus	GMCHBU	1600-0	0934-1	17' 34"	Bypass long distance train.
Chattanooga	Elkhart	GMCHEL	2200-0	2211-1	24' 11"	Bypass long distance train.
Elkhart	Chattanooga	GMELCH	0830-0	0734-1	22' 04"	Long distance bypass train with blocks for Birmingham and Chattanooga.
Conway	Decatur, IL	GMCWDE	1000-0	0200-1	17' 00"	Long distance bypass train with blocks for UP and BNSF.
Decatur	Conway	GMDEPI	2300-0	0212-2	26' 12"	Long distance bypass train with blocks from UP and BNSF.
Decatur	N. Platte, NB	GMDEKCUP	2200-0	0900-1	11' 00"	Run through with UP to N. Platte, NB.
St. Louis	Barstow, CA	GMSLKC SF	2200-0	1100-1	13' 00"	Run through with SF with blocks to Barstow.
Kansas City UP	Decatur, IL	GMKCDE UP	1300-0	0150-1	13' 50"	Run through from UP with blocks for Conway.
Kansas City SF	Decatur, IL	GMKCDE SF	1200-0	0133-1	13' 33"	Run through from SF with blocks for Conway.

### **3.4.2.2 Automotive Network**

The automotive industry will represent a major part of the NS Post-Acquisition business base. NS serves 17 automotive assembly plants, has 23 automotive distribution facilities, and is building four vehicle mixing centers in the Midwest. Conrail routes to be operated by NS serve or have access to six assembly plants and 14 automotive distribution facilities.

Both automotive parts and vehicle traffic are service sensitive and often require expedited train schedules. Special handling is often required to minimize in-transit damage to finished vehicles.

Automotive producers have also developed unique distribution systems requiring special service. Ford Motor Company's partnership with NS to develop automotive mixing centers, which tailor multi-level loadings to specific dealer requirements, and General Motors Just-In-Time (JIT) parts inventory centers are two such examples.

The merged NS Post-Acquisition automotive service network offers a major opportunity to improve service reliability and transit times for the special needs of the automotive industry. The proposed network is designed to move 90 percent of available automotive traffic in dedicated automotive trains. In many cases, improvements in automotive traffic flows will benefit other customers as well, when general merchandise traffic is added to automotive oriented trains for specific destinations.

Figure 13.3-15 shows the automotive assembly plants, mixing centers, automobile unloading facilities and major parts suppliers served by Conrail-acquired

routes and NS. Schedules will be improved or developed to reflect single-line services between facilities that are now served exclusively by either Conrail or NS.

Automotive traffic to and from Detroit and the upper Midwest will either operate direct to destination or will be marshaled at NS' Bellevue Yard near NS' planned Fostoria, OH mixing center. Bellevue will assemble solid trains of multi-levels and/or parts, and will distribute blocks of empty auto parts cars. New schedules are shown in Figure 13.3-16.

Examples of particularly important new services follow.

**AUBVOI, AUBVDO, AUDOBV**

Three dedicated automotive trains will traverse the Penn route between Bellevue, OH and northern New Jersey. The only work performed enroute for these trains will be to setoff or pickup automotive traffic blocks at Harrisburg for connection to other automotive trains serving automotive facilities at Baltimore, Newark and Wilmington.

**AUBVRH, AURHBV**

Automotive multilevel service to the Ridgefield Heights Ramp in the North Jersey Shared Assets Area will be provided by dedicated trains operated from Bellevue via the Southern Tier.

**AUOAKCSF, AUKCOASF**

Automotive service to the BNSF via the Kansas City gateway will be provided by a pair of trains between Detroit and Argentine Yard, KS. These trains will pick up automotive blocks at Decatur and Moberly.

**AUBVKCSP, AUBVKCUP, AUKCBVSP, AUKCBVUP**

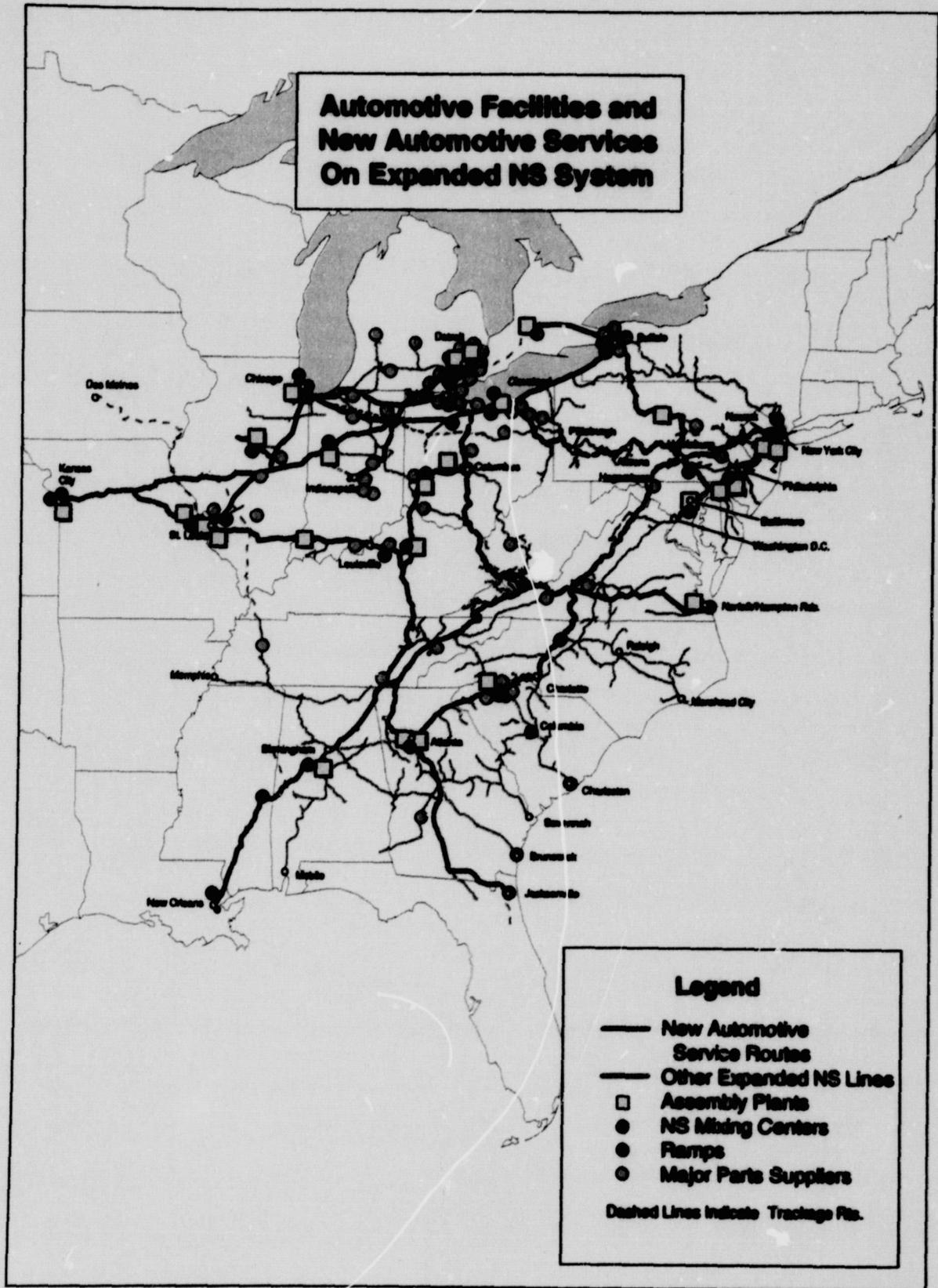
Automotive traffic for the UP at Kansas City will move on two pairs of trains between NS's Bellevue automotive consolidation yard and either the UP yard at North Platte or the former SP's Armourdale Yard at Kansas City. Transit time from Bellevue to interchange at Kansas City will be under 30 hours.

**AUBVSIUP, AUSIBVUP**

Traffic volume via Sidney, IL, does not justify separate dedicated intermodal and automotive trains. Combination intermodal and automotive trains will be operated to and from Sidney and Bellevue via Airline, OH, providing 15 hour service to and from Sidney and Bellevue and 12 hour service from Airline.

**AUATBV, AUATOA, AUBVAT, AUOAAT**

Automotive traffic via the Mid-South Route is growing. NS plans to operate dedicated automotive trains between Bellevue and Atlanta and between Detroit and Atlanta. These trains will carry both parts cars and multilevels in each direction and eliminate interchange and classification delays inherent in the current service. Running times for the Bellevue/Atlanta trains will be 30 hours and the Detroit/Atlanta trains will be 35 hours. Transit time savings will vary from one to three days.



## New or Changed Automotive Schedules

Origin	Destination	Train ID	Depart Origin	Arrive Destination	Transit Time	Intermediate Service and Connections
Bellevue	Oak Island	AUBVOI	0245-0	0500-1	26' 15"	Parts service from Bellevue hub to Metuchen and Linden, NJ.
Bellevue	Ridgefield ML	AUBVRH	0345-0	0530-1	25' 45"	ML service via Southern Tier to Ridgefield from Bellevue hub.
Ridgefield ML	Bellevue	AURHBV	0800-0	1200-1	28' 00"	Empty parts and ML service from Linden and Metuchen to Bellevue.
Bellevue	Doremus ML	AUBVDO	1430-0	2045-1	30' 15"	Dedicated ML service from Bellevue hub to Doremus ML.
Doremus ML	Bellevue	AUDOBV	0100-0	0253-1	25' 53"	Return empty service from Doremus to Bellevue.
Atlanta	Bellevue	AUATBV	2100-0	0300-2	30' 00"	Dedicated service from Atlanta to Bellevue hub.
Atlanta	Oakwood	AUATOA	2130-0	0940-2	36' 10"	Dedicated auto service from Atlanta to Detroit.
Burnham Auto	Oakwood	AUBROA	1800-0	0422-1	9' 22"	Dedicated auto service from Chicago to Detroit.
Oakwood	Burnham Auto	AUOABR	0400-0	1330-0	10' 30"	Dedicated auto service from Detroit to Chicago.
Bellevue	Atlanta	AUBVAT	2325-0	0500-2	29' 35"	Dedicated auto service from Bellevue to Atlanta.
Bellevue	Kansas City SP	AUBVKCSP	0100-0	0454-1	28' 54"	SP ML run through from Bellevue to KCSP.
Bellevue	Kansas City UP	AUBVKCUP	2100-0	2345-1	27' 54"	UP ML run through from Bellevue to KCUP.
Bellevue	Sidney, IL UP	AUBVSIUP	1600-0	0643-1	15' 43"	New UP I/C via Sidney, IL.
Kansas City SP	Bellevue	AUKCBV-SP	2000-0	0219-2	29' 19"	New SP run through service to Bellevue hub.
Kansas City UP	Bellevue	AUKCBV-UP	0800-0	1319-1	28' 19"	New UP run through service to Bellevue hub.
Kansas City SF	Detroit	AUKCOA-SF	0200-0	0738-1	28' 38"	New SF run through service to Detroit.
Detroit	Kansas City SF	AUOAKC-SF	1800-0	0002-2	31' 02"	New run through service to KC-SF.
Detroit	Atlanta	AUOAEF	1651-0	0413-2	35' 22"	Dedicated auto service from Detroit to Atlanta.
Sidney UP	Bellevue	AUSIBV-UP	0730-0	2102-0	12' 32"	New I/C service with UP via Sidney.
Sterling	St. Louis-BN	AUSTSLBN	2300-0	0127-0	27' 27"	New Chrysler parts train service.
St. Louis BN	Sterling	AUSLSTBN	2300-0	0015-2	24' 15"	Return of Chrysler parts cars to Detroit.

### **3.4.2.3 Coal**

Opportunities for new and diverted coal business are discussed in the Verified Statements of J. H. Williams and J. W. Fox in this filing. New business opportunities will occur with the creation of new single-line service, rate and equipment packages, as well as from improved efficiency associated with the elimination of route circuitry. The new coal movements are shown on Figure 13.3-17.

While coal moves from several origins on Conrail and NS, the three primary service areas affected by NS' operation of Conrail lines are:

- NS Pocahontas Region mines in West Virginia and Virginia,
- Conrail's West Virginia Secondary mines, and
- Conrail's Monongahela area mines.

Single system routes will eliminate circuitous routes now operated by Conrail and NS in order to maximize individual carrier revenue. The most significant circuitry reductions will come from traffic generated on Conrail's West Virginia Secondary near Charleston moving primarily to destinations generally north and east of Harrisburg, PA. These movements currently are routed over Conrail from the West Virginia mines heading northwest via Columbus to Pittsburgh, Harrisburg and beyond.

Post-Acquisition, this traffic will be rerouted more directly over NS via Elmore and Bluefield, WV, then via Hagerstown, MD to Harrisburg and beyond. On average 143 route miles will be eliminated on rerouted existing movements. The primary routes which will handle new and re-routed coal traffic are shown on Figure 13.3-18. A comparison of current and reduced circuitry routes is shown on Figure 13.3-19. Figure

13.3.17 following shows projected new coal train schedules. Schedules are approximate and ultimately will be driven by realization of projected traffic volumes and by customer needs.

A discussion of the more important new operations follows.

**CLGRBE, CLBEGR, CLWLBE, CLBEWL, CLIABE, CLBEIA**

The above listed coal trains represent only a sample of the rerouted and new expedited coal service that will be available via the Shenandoah Route. Currently, the coal traffic that does move between NS and Conrail mines in southern West Virginia and the Northeast is routed via Columbus and/or Buffalo. The rerouting via Hagerstown and the Shenandoah Valley will save up to 200 miles per train and 143 miles on average. Transit times will be between 25 and 30 hours depending on the mine location.

## New Coal Schedules

Origin	Destination	Train ID	Average Transit Time	Purpose
Scherer Coal, GA	Fola Mine, WV	CLSCFO	51' 22"	Empties returning.
Fola Mine, WV	Spencer, NC	CLCJSP	25' 04"	Conrail sourcing for Duke Power.
Spencer, NC	Fola Mine, WV	CLSPFO	22' 18"	Empties returning.
Bailey Mine, PA	Carney's Point, NJ	CLBMCP	23' 39"	Monongahela Ry sourcing for various destinations served from Abrams Yd, PA For Atlantic City Electric.
Carney's Point, NJ	Bailey Mine, PA	CLCPBM	20' 11"	Empties returning.
Shaffers Crossing, VA	Edgemoor, DE	CLROED	24' 26"	Movements from various NS sources to Delmarva Power & Light.
Edgemoor, DE	Shaffers Crossing, VA	CLEDRO	24' 26"	Empties returning.
Bailey Mine, PA	Chase, MD	CLBMCH	13' 48"	Prospective diversion from barge to Baltimore Gas & Electric.
Chase, MD	Bailey Mine, PA	CLCHBM	13' 48"	Empties returning.
Williamson, WV	Chase, MD	CLWMCH	27' 17"	Prospective diversion from barge to Baltimore Gas & Electric.
Chase, MD	Williamson, WV	CLCHWM	25' 28"	Empties returning.
Bailey Mine, PA	Clover, VA	CLBMCV	47' 46"	Prospective new business from Monongahela Ry sources to Virginia Power & Light (Dominion Resources).
Clover, VA	Bailey Mine, PA	CLCVBM	47' 46"	Empties returning.
Bailey Mine, PA	Hyco Coal, NC	CLBMSB	30' 14"	Monongahela Ry sourcing for Carolina Power & Light.
Hyco Coal, NC	Bailey Mine, PA	CLSBBM	30' 14"	Empties returning.
Bailey Mine, PA	Sheffield Yard, OH	CLBMSH	23' 56"	Monongahela Ry sourcing for Cleveland Electric Illuminating Co. at Avon Lake, OH.
Sheffield Yard, OH	Bailey Mine, PA	CLSHBM	23' 56"	Empties returning.
Bailey Mine, PA	Belews Creek, NC	CLBMWS	28' 24"	Monongahela Ry sourcing for Duke Power.
Belews Creek, NC	Bailey Mine, PA	CLWSBM	28' 38"	Empties returning.
Williamson, WV	Warren, OH	CLMWR	12' 37"	Prospective metallurgical coal movement to LTV Steel.
Warren, OH	Williamson, WV	CLWRWM	12' 37"	Empties returning.
Shaffers Crossing, VA	Edgemoor, DE	CLROED	17' 58"	Miscellaneous origins to Delmarva Power & Light.

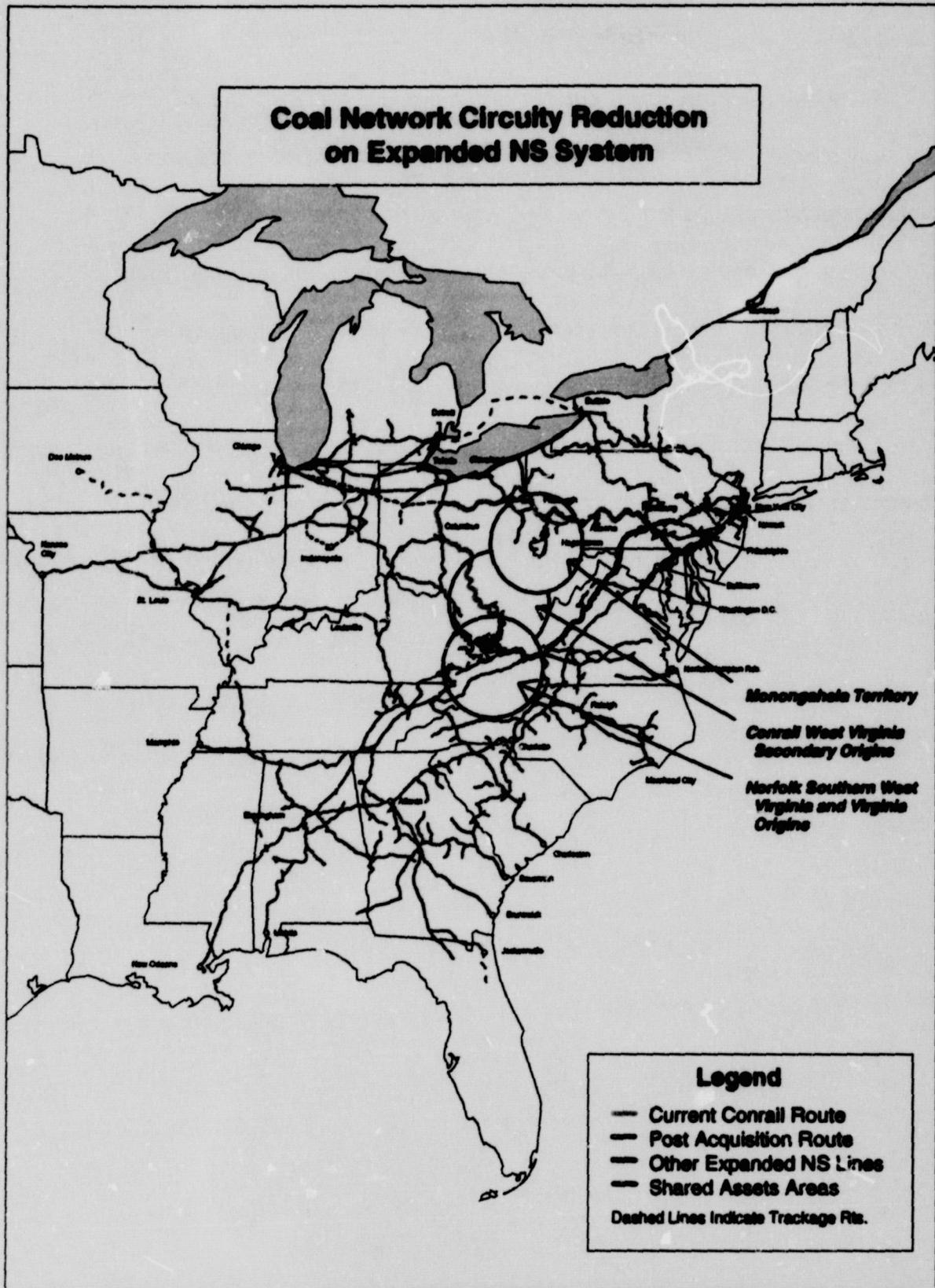
## New Coal Schedules

Origin	Destination	Train ID	Average Transit Time	Purpose
Graceland, VA	PBNE Bethlehem, PA	CLGRBE	25' 34"	Metalurgical Coal. Projected new business to Bethlehem Steel Coke Plant.
PBNE Bethlehem, PA	Graceland, VA	CLBEGR	23' 45"	Empties returning.
Weller, VA	PBNE Bethlehem, PA	CLWLBE	29' 12"	Single line service to Bethlehem Coke Plant.
PBNE Bethlehem, PA	Weller, VA	CLBEWL	26' 23"	Empties returning.
laeger, WV	PBNE Bethlehem, PA	CLIABE	26' 49"	Metalurgical Coal. Projected new business to Bethlehem Steel.
PBNE Bethlehem, PA	laeger, WV	CLBEIA	25' 00"	Empties returning.
Cornelia Coal, WV	Canton Piers, MD	CLHPBT	33' 31"	High Power Mine on CR to the Baltimore area, reduces circuitry by 170 miles.
Canton Piers, MD	Dickinson, WV	CLBTHP	26' 17"	Empties returning.
Dickinson, WV	Shaffers Crossing, VA	CLDIRO	13' 00"	Miscellaneous movements from CR WV mines to Baltimore, La. Roberts Point, VA and Northeastern destinations.
Shaffers Crossing, VA	Dickinson, WV	CLRODI	11' 11"	Empties returning.
Williamson, WV	York Haven, PA	CLWMYH	24' 53"	Various mines to Pennsylvania Power & Light. New business from PPEL contract.
York Haven, PA	Williamson, WV	CLYHWM	23' 04"	Empties returning.
Toms Creek, VA	York Haven, PA	CLTMYH	24' 20"	New business from NS origins to Pennsylvania Power & Light.
York Haven, PA	Toms Creek, VA	CLYHTM	22' 31"	Empties returning.
Fola Mine, WV	York Haven, PA	CLFOYH	28' 23"	Conrail Fola mine to York Haven for PP&L. Rerouting cuts circuitry by 170 miles.
York Haven, PA	Fola Mine, WV	CLYHFO	25' 34"	Empties returning.
Fola Mine, WV	Belews Creek, NC	CLFOWS	19' 18"	Conrail origin to Duke Power near Winston-Salem, NC.
Belews Creek, NC	Fola Mine, WV	CLWSFO	16' 17"	Empties returning.
Fola Mine, WV	Hyco Coal, NC	CLFOSB	30' 13"	Conrail sourcing for Carolina Power & Light. Prospective new business.
Hyco Coal, NC	Fola Mine, WV	CLSBFO	18' 15"	Empties returning.

## New Coal Schedules

Origin	Destination	Train ID	Average Transit Time	Purpose
Edgemoor, DE	Shaffers Crossing, VA	CLEDRO	17' 58"	Empties returning.
Williamson, WV	River Rouge, MI	CLWMRR	13' 43"	Projected diversion to serve Detroit Edison.
River Rouge, MI	Williamson, WV	CLRRWM	13' 35"	Empties returning.
Williamson, WV	Calumet, IL	CLWMCA	26' 46"	Combination train to Chicago destinations.
Calumet, IL	Williamson, WV	CLCAWM	26' 50"	Empties returning.
Kansas City, KS-UPRR	Wheatfield Coal, IN	CLKCWH-UP	21' 26"	Powder River Basin coal for NIPSCO.
Wheatfield Coal, IN	Kansas City, KS-UPRR	CLWHKC-UP	21' 26"	Empties returning.





#### **3.4.2.4 Other Bulk Commodities**

Other bulk commodities such as iron ore and coke constitute an important part of the consolidated NS Post-Acquisition business base. In some cases, projected volumes of new or diverted business will warrant unit train operations. Figure 13.3-20 depicts the new service lanes for projected bulk unit train movements. Figure 13.3-21 lists the projected new bulk train operations. Scheduled arrival and departure times are not shown in this Figure, but transit times are considered representative. Actual operations will be responsive to traffic generated and to customer needs. Many of the proposed schedules will operate on an irregular basis due to the nature of the traffic.

Detailed schedules for all of the projected movements of bulk unit trains are in Applicants' data depository.

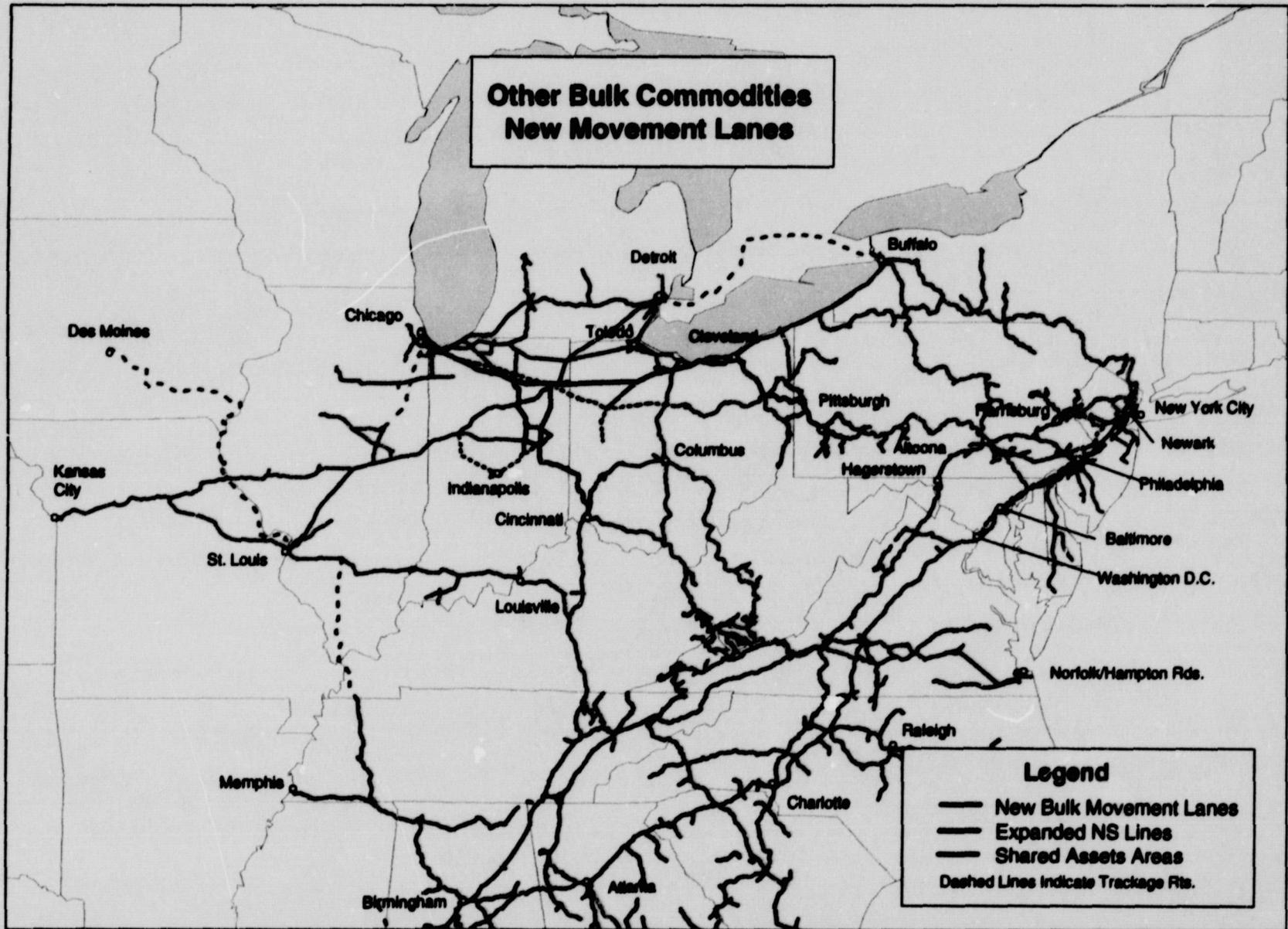


Figure 13.3-20

### New Bulk Commodity Schedules

Origin	Destination	Train ID	Average Transit Time	Purpose
Chicago, IL (WC)	Pitcairn, PA	OBCGPI-WC	21' 04"	To handle projected new business. Iron ore from Wisconsin Central points to U.S. Steel at Pittsburgh.
Pitcairn, PA	Chicago, IL (WC)	OBPICG-WC	20' 51"	Empties returning.
Chicago, IL (WC)	Middletown, OH	OBCGMT-WC	14' 41"	To handle projected new business. Iron ore from Wisconsin Central points to A&K Steel at Middletown.
Middletown, OH	Chicago, IL (WC)	OBMTCG-WC	14' 32"	Empties returning.
Chicago, IL (WC)	Mingo Jct., OH	OBCGMJ-WC	20' 13"	To handle projected new business. Iron ore from Wisconsin Central points to points to Weirton or Wheeling-Pittsburg Steel.
Mingo Jct., OH	Chicago, IL (WC)	OBMJCG-WC	20' 00"	Empties returning.
Clairton Coke, PA	Indiana Harbor, IN	OBPIIH	20' 41"	To handle projected new business. Coke from U.S. Steel Clairton Works to Indiana Harbor for LTV or Inland Steel.
Indiana Harbor, IN	Clairton Coke, PA	OBIHPI	18' 29"	Empties returning.

### **3.4.2.5 Intermodal**

The verified statement of P.J. Krick in this Application quantifies the revenue gains from truck diversions that will move in intermodal service. Gains will result from improved single-line service packages, more direct routes, improvements in transit times, and improved intermodal facilities. While some intermodal traffic increases will be attributable to diversions from other rail carriers, most will result from diverting long-haul truck traffic from interstate highway lanes.

As explained in Section 7.1.4 of this volume, NS Post-Acquisition will invest \$200 million to increase intermodal terminal capacity to handle forecasted traffic growth efficiently. This will include developing two new intermodal switching hubs at Toledo (Airline), OH and at Harrisburg (Rutherford), PA. Section 7.1.1 details over \$150 million in line capacity and other improvements to raise service reliability to levels necessary to realize the intermodal traffic growth projected.

Further, the following additional routes will be cleared for doublestacks: Perryville, MD – Baltimore, MD (Penn Route); Riverton, VA – Roanoke, VA (Shenandoah Route); and Columbus, OH – Cincinnati, OH (Mid-South Route).

This section summarizes 22 new or substantially improved intermodal train schedules which will be established to support the intermodal business plan. New service lanes are shown on Figure 13.3-22 following, which also identifies the primary Interstate highway corridors with which these new services will compete. Detailed schedule pages for the new intermodal trains are contained in Applicants' document depository.

Examples of particularly important new services follow.

**IMERHB, IMHBER, IMHBKCUP, IMKCHB**

NS will serve the E-Rail intermodal terminal in Newark, NJ exclusively from the Penn Route. Service will also be provided to Baltimore and Philadelphia (Morrisville and Ameriport). The four new trains represent service to NS's intermodal hub at Harrisburg where block swapping and train consolidation will occur. From Harrisburg long distance trains will be operated to and from Kansas City.

**IMNIDE and IMDENI**

Taking advantage of the doublestack cleared Penn route and the doublestack cleared Shenandoah and Piedmont routes, NS will reroute its current Norfolk, VA, to Detroit, MI, stack trains via Hagerstown, MD, and Cleveland, OH, saving 200 miles and 14 hours versus the current route via Knoxville, TN.

**DSCGCX-1, DSCGCX-2, DSCXCG-1, DSCXCG-2, IMCXSL and IMSLCX**

NS will operate six intermodal trains per day in and out of the Croxton terminal. Four of these trains, two each way between Chicago and Croxton, will be doublestack trains and the third pair between Croxton and St. Louis will be mixed conventional and doublestack. The St. Louis trains will connect with Kansas City trains at Airline (Toledo), OH, providing 48-hour service between Northern New Jersey and Kansas City.

**IMBFBN, IMBNBF**

Intermodal train service to the CPRS at Binghamton will be provided by Southern Tier intermodal trains operated via Buffalo, NY.

**IMALKCSF, IMKCALSF**

Intermodal service to the BNSF at Kansas City will be provided by a pair of trains originating and terminating at Airline, OH, a new Midwest consolidation hub. At Airline, connections will be made for New Jersey, New England, Baltimore and Buffalo.

**IMHBKCUP**

Intermodal train service to the UP at Kansas City will originate at Harrisburg, PA and operate via Airline to Kansas City. Transit time will be 45 hours.

**IMATER-1, IMATER-2, IMERAT-1, IMERAT-2, IMBLNO, IMNOBL**

NS will reroute the current two intermodal trains each way daily between Atlanta and Newark into the E-Rail terminal. E-Rail will be an exclusively NS-served terminal. Transit time for these four trains will average 32 hours. These trains will carry both doublestack and conventional intermodal traffic after clearance improvements are made on the Lehigh Line. Connections to Jacksonville and Miami will be made at Atlanta. New service on the Piedmont Route will be operated between Baltimore and New Orleans. Baltimore to New Orleans transit time will be 50 hours. Intermediate service stops will be made at Greensboro and Charlotte, NC, and Greenville, SC.

**IMHBNO, IMNOHB**

Two new intermodal trains will originate/terminate at Harrisburg, PA, where NS will operate a consolidation hub for intermodal trains to and from Northern New Jersey, Morrisville, PA, Baltimore and west to Pittsburgh. Service will be provided for both doublestack and conventional intermodal traffic between the above-listed northern terminals and Knoxville and Memphis, TN; Huntsville and Birmingham, AL; New Orleans, LA, and Dallas, TX, via connections with the KCS at Meridian, MS. Transit time between Harrisburg and New Orleans will be 46 hours.

New intermodal schedules are summarized on Figure 13.3-23 following.

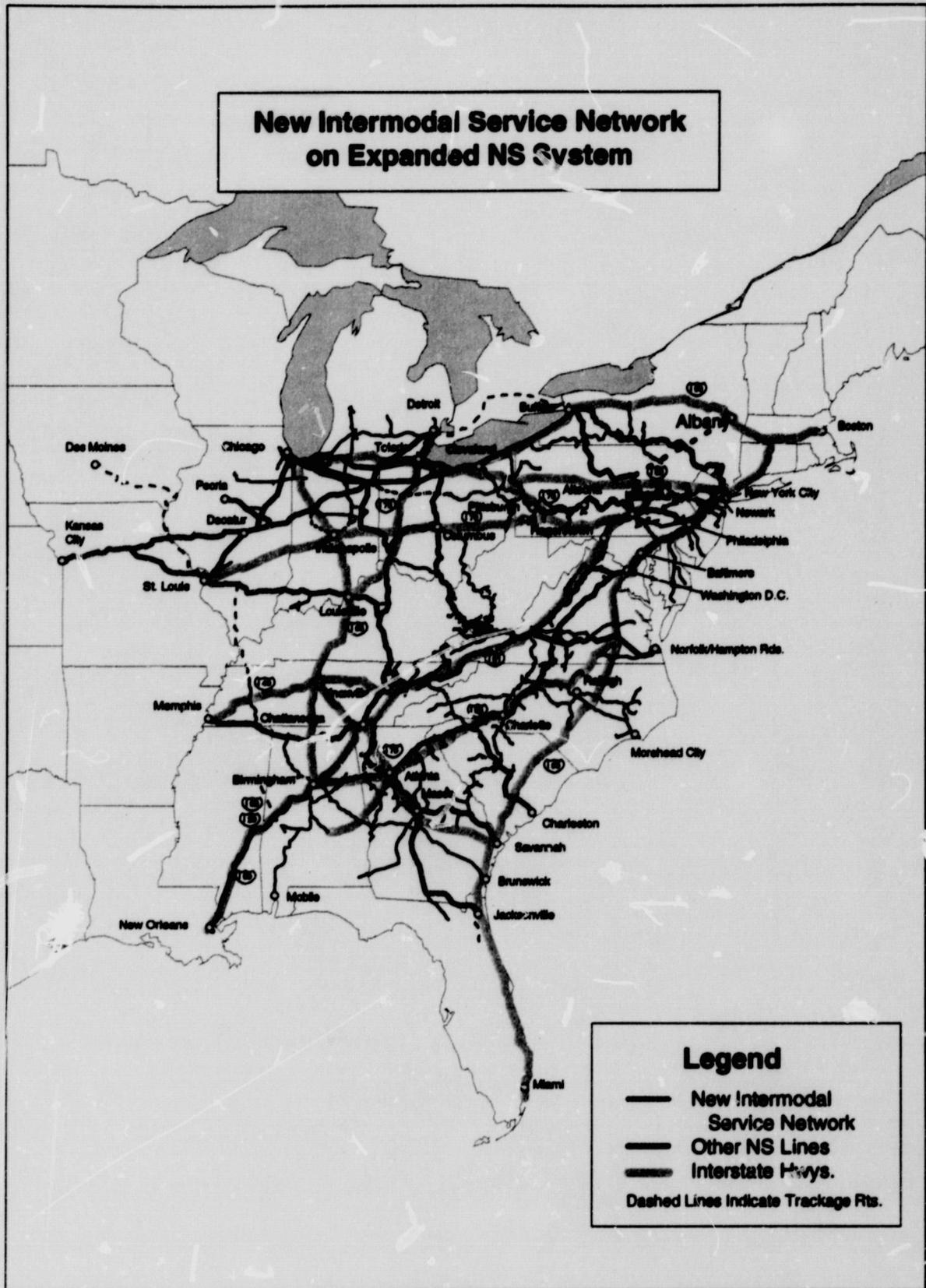


Figure 13.3-23

## New or Changed Intermodal Schedules

Origin	Destination	Train ID	Depart Origin	Arrive Destination	Transit Time	Intermediate Service and Connections
Atlanta	E-Rail	IMATER-1	0530-0	1130-1	30' 00"	New service to E-Rail replacing Kearny.
Atlanta	E-Rail	IMATER-2	2100-0	0430-2	31' 30"	New service to E-Rail replacing Kearny.
E-Rail	Atlanta	IMERAT-1	0500-0	1700-1	36' 00"	New service to E-Rail replacing Kearny.
E-Rail	Atlanta	IMERAT-2	2000-0	0430-2	32' 30"	New service to E-Rail replacing Kearny.
E-Rail	Harrisburg	IMERHB	0330-0	1151-0	8' 21"	Connecting service to Western gateways from E-Rail.
Harrisburg	E-Rail	IMHBER	0700-0	1521-0	8' 20"	Connecting service from Western gateways to E-Rail.
Chicago	Croxtan	DSCGCX-1	1900-0	2200-1	26' 00"	Doublestack service via Southern Tier to Croxtan.
Chicago	Croxtan	DSCGCX-2	0200-0	0500-1	26' 00"	Doublestack service via Southern Tier to Croxtan.
Croxtan	Chicago	DSCXCG-1	1230-0	1530-1	28' 00"	Doublestack service via Southern Tier to Chicago.
Croxtan	Chicago	DSCXCG-2	0100-0	0300-1	27' 00"	Doublestack service via Southern Tier to Chicago.
Croxtan	St. Louis	IMCXSL	2130-0	0514-3	54' 44"	New service to St. Louis from Croxtan with connections to Kansas City.
St. Louis	Croxtan	IMSLCX	1800-0	2200-2	51' 00"	New service from St. Louis with connections from KC to Croxtan.
Harrisburg	New Orleans	IMHBNO	0400-0	0100-2	46' 00"	New service via I-81 Shenandoah Valley route with connections from Pittsburgh, New York and Philadelphia.
New Orleans	Harrisburg	IMNOHB	1700-0	1600-2	46' 00"	New service via I-81 Shenandoah Valley route with connections to New York, Philadelphia and Pittsburgh.
Baltimore	New Orleans	IMBLNO	0400-0	0500-2	50' 00"	New service from Baltimore and north.
New Orleans	Baltimore	IMNOBL	00010-0	0152-2	52' 30"	New service to Baltimore from south.
Detroit	Norfolk	IMDENI	0300-0	2330-1	44' 30"	New shorter route for doublestack to Norfolk.
Norfolk	Detroit	IMNIDE	2030-0	1500-2	42' 30"	New shorter doublestack route to Detroit.
Harrisburg	Kansas City - UP	IMHAKCUP	2210-0	1830-2	45' 20"	New service from Northeastern terminals to UP-KC via Harrisburg hub.
Toledo	Kansas City - SF	IMALKCSF	0415-0	0727-1	28' 12"	New service from Ohio hub to BNSF at Kansas City.
Kansas City SF	Toledo	IMKCALSF	1445-0	1733-1	25' 45"	New run through service from NS KC ramp to Airline, HO hub.
Kansas City	Toledo	IMKCAL	2345-0	0130-1	25' 45"	New service from NS KC ramp to Airline, OH hub.
Kansas City	Harrisburg	IMKCHB	0200-0	2302-1	44' 02"	New service from NS KC ramp to eastern hub.

### **3.4.2.6 Triple Crown Service**

Triple Crown Services (TCS) is now a joint venture partnership in which Conrail and NS each have a 50 percent partnership interest. After this transaction, TCS will be 100 percent owned by NS. TCS operates a network of RoadRailer® services in the Midwest, Northeast and Southeast. The network is operated entirely with RoadRailer® equipment consisting of specially designed highway trailers equipped with rail wheel sets for the rail portion of the rail/highway movement.

Current Triple Crown operations are significantly oriented towards auto parts movements, although many other commodities are also handled. Operations are conducted through the Fort Wayne hub and consist principally of:

- A Detroit-Kansas City/St. Louis lane
- A Chicago-Newark (Portside), NJ, lane
- A Detroit-Fort Wayne-Cincinnati-Atlanta-Jacksonville, FL, lane
- A Newark-Atlanta lane

with connections between lanes and services to some intermediate points.

NS Post-Acquisition will expand TCS as a result of the consolidation to create a new network as shown on Figure 13.3-24, including a new facility in the Bellevue, OH area to replace the current TCS facility at Crestline, OH. New or expanded facilities will also be constructed in the Baltimore, Morrisville (Philadelphia), and Charlotte areas.

This will allow the establishment of new TCS operations as follows:

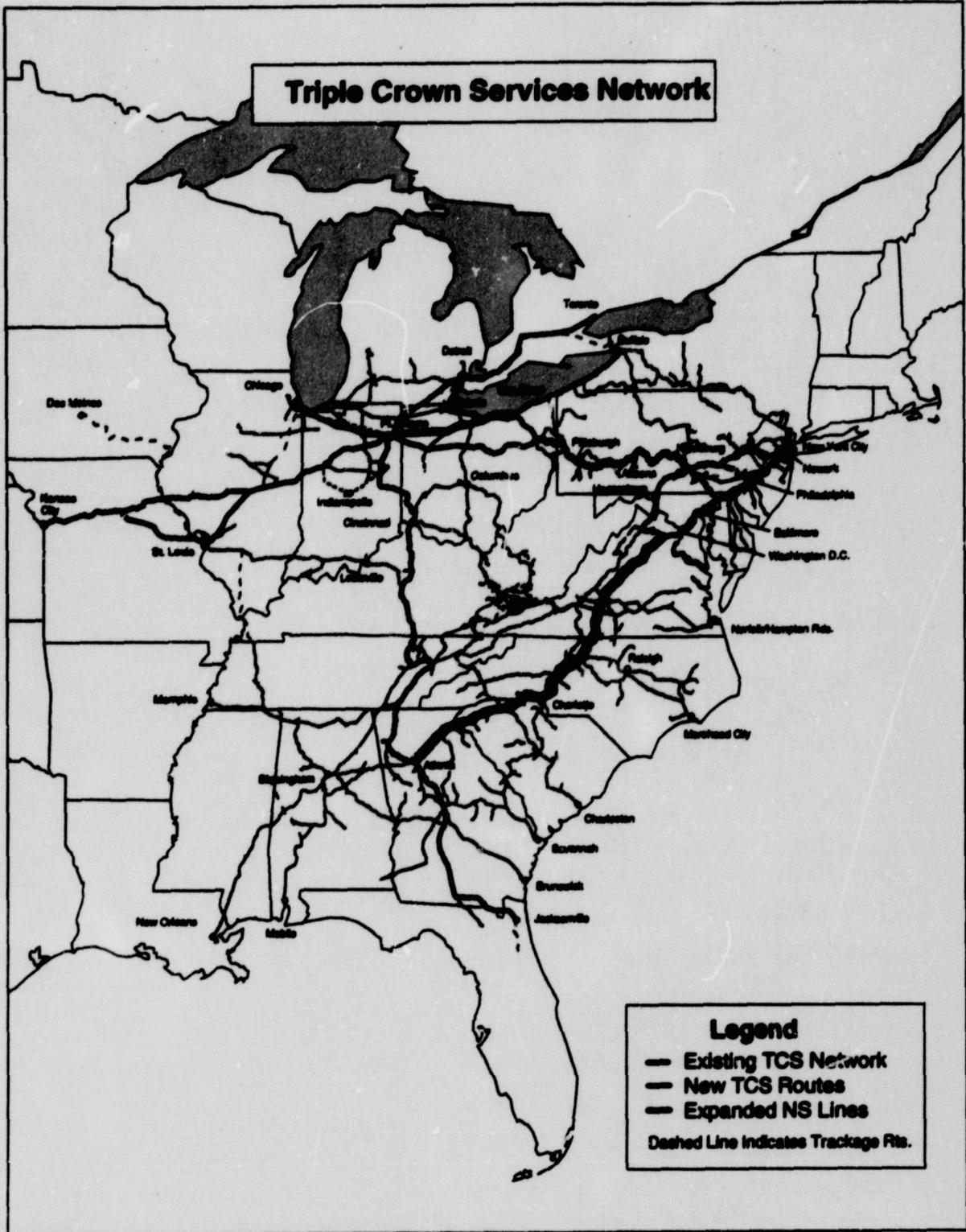
**TCATPS and TCPSAT**

Rerouted Triple Crown trains between Portside, NJ, and Atlanta with new intermediate service to Charlotte, Baltimore and the Philadelphia area. Transit time for these trains will be 27 hours.

**TCBAFW, TCFWMV, and TCMVFW**

NS will expand its current Triple Crown network on the Pennsylvania Route to include East/West trains to and from new terminals at Baltimore and Morrisville. Average transit time from the new eastern terminals to Fort Wayne will be 27 hours.

New TCS schedules are summarized in Figure 13.3-25.



## New TCS Schedules

Origin	Destination	Depart Origin	Arrive Destination	Transit Time	Intermediate Service and Connections
Atlanta	Portside	1001/0	0642/1	29' 42"	Direct service via NEC with new service at Charlotte, Baltimore and Morrisville.
Portside	Atlanta	2200/0	0244/2	28' 44"	Reverse of above schedule.
Baltimore	Ft. Wayne	2100/0	2344/1	26' 44"	New service from Baltimore to the West.
Ft. Wayne	Morrisville	0100/0	0338/1	26' 38"	New service from West via Ft. Wayne.
Morrisville	Ft. Wayne	2300/0	0238/2	27' 38"	Reverse of above schedule.

### **3.5 Blocking Plan**

As described in Section 3.4.2 preceding, the Operating Plan incorporates a new blocking plan for all post-acquisition traffic flowing across the routes and through the terminals of the NS Post-Acquisition system. Figure 13.3-26 lists the new manifest blocks that will be assembled at major Conrail and NS yards.

Figure 13.3-27 shows the major terminals where blocks will be assembled and the relative density of traffic between them.

The general blocking strategy developed in the Plan closely follows NS's current objectives. These objectives are:

- Destination block when volume justifies. The volume necessary to justify blocking depends on the traffic type and customer commitment.
- Perform as much destination blocking as possible at origin, especially for intermodal and automotive traffic.
- Develop long distance through-blocks to eliminate intermediate reclassification.
- Eliminate duplicate blocking at adjacent terminals.
- Develop run through-blocking strategies with connecting carriers to eliminate interchange delays.

Overlaying the above blocking objectives is the development of the traffic-based train networks as demonstrated by the general merchandise, intermodal, automotive, coal, other bulk and TCS train service networks that have been discussed above.

The Operating Plan segregates the various traffic types to specific terminals within the network in order to minimize the number of blocks made and to achieve the commodity breakouts with minimum rehandling. For example, Elkhart will have a minimum of automotive and intermodal traffic to reclassify, allowing it to concentrate on general merchandise train building. Moving NS's general merchandise classification from Calumet to Elkhart will allow Elkhart to build long distance trains to Macon, Chattanooga, and Oak Island. Westbound, Elkhart will build trains for western connections with the CP, BRC, UPSP, WC and BNSF.

Bellevue will concentrate on automotive traffic, both auto parts and multilevels, loaded and empty. Automotive trains will be assembled at Bellevue for the UPSP and BNSF at Kansas City, and for Atlanta, Kansas City, Doremus Avenue (NJ) and Ridgefield Heights (NJ). General merchandise traffic formerly handled at Bellevue will move via Buckeye Yard at Columbus.

Conway Yard near Pittsburgh will assemble North Platte-UP and Barstow-BNSF blocks that will be moved to Decatur, IL, where additional cars will be added and full trains forwarded to each carrier at Kansas City.

Load planning programs at major intermodal ramps will allow NS to destination-block outbound trains and thus take advantage of the new intermodal block-exchange hubs at Airline, OH, and Harrisburg, PA, without unduly adding to the switching load at these facilities where time-sensitive traffic is processed.

Overall, 364 significant new blocks will be made to expedite traffic and improve efficiency. Figure 13.3-28 illustrates the more important new blocks and their relationship to primary destination areas.

Figure 13.3-26

**New Manifest and Automotive Blocks  
Made at Major Terminals**

Terminal	New Blocks To Be Made	
Allentown, PA	Macon, GA Sevier Yard (Knoxville), TN	
Bayview (Baltimore), MD	Linwood, NC	
Bedford, OH	Claycomo, MO	Autos
Bellevue, OH	BNSF-Argentine (Kansas City), KS BNSF-Barstow, CA BNSF-Oklahoma City, OK UP(SP)-Benicia, CA UP-Kansas City, KS UP-Mira Loma, CA UP (SP)-Armourdale, KS (K. City) UP (SP)-Pine Bluff, AR CN-Toronto, ON	Autos Autos Autos Autos Autos Autos
Brosnan Yard (Macon), GA	Buckeye Yard (Columbus), OH Elkhart, IN	
Buffalo, NY	Hapeville, GA	Autos
Chattanooga, TN	Elkhart, IN Buckeye Yard, OH	
Conway (Pittsburgh), PA	Chattanooga, TN BNSF-Barstow, CA UP-North Platte, NE Decatur, IL Sidney, IL, UP	
Decatur, IL	Conway, PA Elkhart, IN	
Elkhart, IN	Brosnan Yard (Macon), GA Chattanooga, TN Norris Yard (Birmingham), AL Shaffers Crossing (Roanoke), VA Sevier Yard (Knoxville), TN	
Kansas City	Conway, PA	
Linwood, NC	Bayview (Baltimore), MD Edgemoor, DE	
Norris Yd (Birmingham), AL	Allentown, PA Elkhart, IN	
Sevier Yard (Knoxville), TN	Allentown, PA	
Tennille, GA	Elkhart, IN	
Sterling, MI (Detroit)	Claycomo, MO Hapeville, GA	Autos Autos
Wayne, MI	Atlanta, GA	Autos

