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TRANSPORTATION • COMMUNICATIONS INTERNATIONAL UNION



AFL-CIO, CLC

LEGAL DEPARTMENT



October 21, 1997

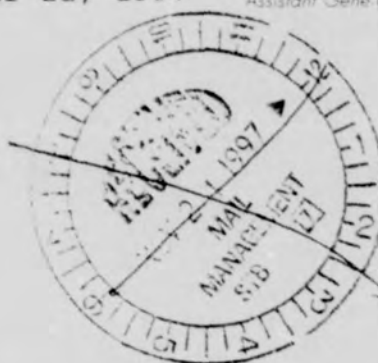
ROBERT A. SCARDELLETT
International President

MITCHELL M. KRAUS
General Counsel

CHRISTOPHER J. TULLY
Assistant General Counsel

VIA HAND DELIVERY

Mr. Vernon A. Williams, Secretary
Case Control Branch
ATTN: STB Finance Docket No. 33388
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001



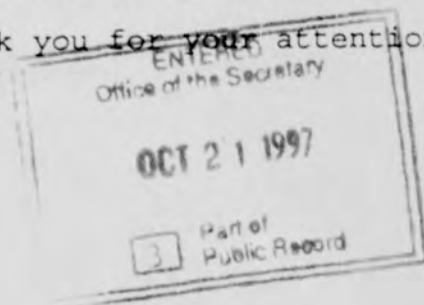
Re: Finance Docket No. 33388, CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/Agreements -- Conrail Inc. and Consolidated Rail Corporation

Dear Mr. Williams:

Enclosed please find an original and twenty-five copies of Transportation Communications International Union's Comments to Proposed Railroad Control and Operating Leases/Agreements Application (TCU-6), Verified Statement of Thomas R. Roth (TCU-7), Verified Statement of Joel M. Parker (TCU-8), Verified Statement of Richard A. Johnson (TCU-9) and Certificate of Service (TCU-10) in the above-captioned matter.

Also enclosed are two 3.5-inch IBM compatible floppy disks containing the above documents.

Thank you for your attention to this matter.



Very truly yours,

Mitchell Kraus

Mitchell M. Kraus
General Counsel

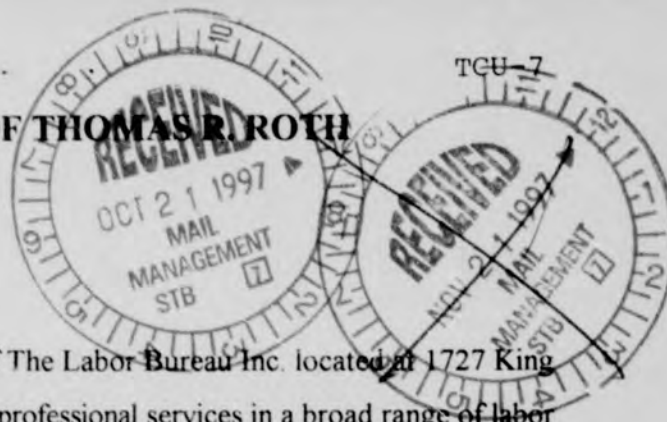
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Enclosures

CC: The Honorable Jacob Leventhal
All Parties of Record (per Service List)



VERIFIED STATEMENT OF THOMAS R. ROTH



QUALIFICATIONS

My name is Thomas R. Roth. I am President of The Labor Bureau Inc. located at 1727 King Street, Alexandria Va. The Labor Bureau has provided professional services in a broad range of labor relations matters to labor organizations throughout the United States for over 74 years. The firm has extensive experience in railroad, airline, and urban transit matters and has been retained on a regular basis to perform economic and financial analysis in the preparation of submissions to the Interstate Commerce Commission, Presidential Emergency Boards, arbitration panels and other forums.

I have been with the Labor Bureau Inc. for the past 24 years, and have directed the firm's activities as President since 1983. I hold a BS in economics and industrial relations from Lemoyne College in Syracuse, N.Y. and a MS in labor and industrial relations from the University of Wisconsin, Madison.

My experience in the railroad is extensive. I have served as economic advisor to the Railway Labor Executives' Association on a variety of legislative matters including railroad retirement reform, hours of service, STB reporting requirements etc. I have been retained on a regular basis as economic and financial advisor to several railroad unions in national negotiations. I have represented all railroad unions as financial and economic advisor in preparation of labor's case before numerous Presidential Emergency Boards under the Railway Labor Act. In all such cases I was responsible for furnishing economic and financial analysis of the industry, performing compensation analyses, preparing statistical evidence and providing qualified expert testimony. Appearances include Presidential Emergency Boards in 1982, 1986, 1989, 1990, 1995, 1996 and 1997 involving all major freight railroads, as well as commuter rails and Amtrak. My recent assignments also include regular appearances in Federal and District courts as expert witness on matters related to railroad employee compensation.

I have been retained by The Transportation Communications Union to prepare a report on Conrail's recovery and return to profitability.

CONRAIL'S RECOVERY AND RETURN TO PROFITABILITY

OVERVIEW

Conrail began to make significant strides toward profitability in 1981. Between 1981 and 1986 -- Conrail's return to the private sector -- the carrier was transformed from a drain on the federal treasury, to a competitive, profitable and valuable railroad. During Conrail's critical transition period, and the profitable years that followed, operating revenues remained flat as yields declined and traffic increased marginally. However, throughout the period, aggregate labor costs were cut as jobs were eliminated and increases in compensation restrained. The resulting collapse in unit labor costs more than offset stiff price competition and freight rate compression and provided the revenue and profit margin needed by the carrier. In essence, the meaningful and significant improvement in Conrail's financial position is attributable almost exclusively to diminished unit labor costs.

Labor's direct contribution to Conrail's recovery, resulting in the decline in unit labor costs, came in the form of jobs, income and productivity. Between 1980 and 1983 alone, 39,754 jobs were lost; from 1980 to date 50,798 jobs have been abolished. The 1981 wage deferral agreement produced wage concessions valued at \$500 million dollars over a 39 month period -- nearly 63% of net income earned by the carrier during the five years preceeding privatization. Additionally, when Conrail was divested of its highly unprofitable commuter rail services by Congress in 1983, 7,800 Conrail workers were transferred to the commuter lines where, with some exceptions, wages and work rules were worsened.

It is clear that Conrail shareholders and management will prosper under the terms of the pending NS/CSX acquisition of Conrail. However, without adequate protection of jobs and income, rail labor -- the group making the greatest contribution toward Conrail's recovery -- will continue to be adversely impacted.

CONTRIBUTING FACTORS TO CONRAIL'S RECOVERY

The Regional Rail Reorganization Act of 1973 ("3R Act") was enacted by Congress when most of the railroads in the Northeast went into bankruptcy. This reorganization would ultimately result in the creation of Conrail which was formed by Congress in 1976 out of the rail systems of six bankrupt railroads serving the Northeast and Midwest. The Federal Government had determined to rebuild a competitive railroad with the eventual objective of returning it to private ownership.

For several years after its formation, Conrail remained a weak, high-cost carrier that continued to lose hundreds of millions of dollars each year and to drain the federal treasury of even greater amounts to cover capital investment, in addition to operating losses. Over the period from 1977 to 1981, the United States government invested \$7.0 billion in Conrail. Much of this went to settle bankruptcy claims for the transfer of property to Conrail, but an estimated \$3.3 billion was spent to reconstruct badly deteriorated physical assets. Despite vast improvement from the years of bankruptcy to 1980, Conrail still provided customers with slow, unreliable service compared to its principal rail and truck competitors. However, by 1981 signs of a turnaround had begun to emerge. By 1986, when the Conrail Privatization Act was enacted (October 21, 1986), Conrail had become a lean and highly profitable railroad ready to return to the private sector.

The initial infusion of capital enabled Conrail to reverse the chronic problem of deferred maintenance of track, structures and equipment characteristic of the 1960's and early 1970's on the Penn Central Railroad -- Conrail's largest predecessor road. But capital investment is only one factor contributing to Conrail's ultimate success. The change in the regulatory environment caused by the passage of the Staggers act of 1980 and the Northeast Rail Service Act (NERSA) in 1981, and the consequent contribution by rail labor in the form of jobs, income, and productivity, would ultimately prove to be the main factors in transforming Conrail from a weak, insolvent property to a profitable and valuable railroad.

1. Rate Deregulation -- The Staggers Act of 1980 relieved the railroads from federal rate regulation which had crippled efforts to compete with other modes. Conrail was a principal advocate of the Staggers Act and was, among all major railroads, the principal beneficiary of deregulation. The

Staggers Act allowed Conrail to improve its profitability with more competitive pricing. For example:

- Conrail canceled or raised joint rates with other railroads where Conrail's share of revenues did not adequately compensate Conrail for its costs. Conrail encouraged shippers to travel further over its line and shorter over other railroads. This did not increase revenues in an absolute sense but improved load factors and cost/revenue margins.
- Where the market permitted, Conrail raised rates that had been artificially held down by regulation and lowered rates that had to be reduced to attract new business.
- Conrail introduced special or new services through contracts and other mechanisms. This flexibility allowed it to retain business it might otherwise have lost and to attract new business.

Obviously, Conrail was not the only railroad to benefit from rate making reform, but it is generally recognized that Conrail stood to gain more than other carriers from deregulation for two reasons:

First, Conrail has a high proportion of traffic that is not local to its system, and which requires another railroad to complete the haul from origin to destination. Conrail's historic interchange gateways and revenue divisions had forced it to carry interline traffic short distances, at high costs, and little revenue. The northeast railroads had long been recognized as disadvantaged in this regard as compared to carriers in the west and south. Small movement size traffic terminating on Conrail was especially unprofitable. Staggers allowed Conrail to avoid unprofitable traffic and to negotiate remunerative joint rates and routes.

Secondly, Conrail carries an unusually high degree of truck-competitive traffic. Conrail's traffic base is made up of a larger proportion of manufactured goods. Staggers gave Conrail the flexibility to compete for this business with rate and service packages tailored to customers needs.

2. Reduction in Employee Protection -- Title V of the 3R Act established labor protections for employees adversely affected by the consolidations connected with the creation of Conrail. Specifically, Title V provided termination allowances for employees with less than three years of service equal to 180 days of pay depending on service, and up to \$20,000 for employees with 3 or more years of service. Displaced employees with 5 years of service, were guaranteed the difference

between their pay and the pay of their prior position until age 65; employees with less than 5 years received 100 percent of their pay for a period equal to their service. Initially, Title V benefits were financed with a \$250 million appropriation from Congress. It was contemplated that costs beyond this sum would be paid by Conrail. Although Federal funding was expected to last for 25 years, the unpredicted carnage in the form of jobs and incomes caused the fund to be exhausted in less than four years. Conrail claimed that Title V protections would keep labor costs at 60 percent of revenues and effectively prevent it from further line abandonment and abolishment of unneeded jobs.

In 1981, Congress passed the Northeast Rail Service Act (NERSA), repealing Title V and ending life-time protection. In its place, Congress gave broad, unilateral authority to abandon lines and eliminate jobs. These operations were effectuated upon the payment of either a lump sum of \$20,000 (Section 701), or \$25,000 (Section 702) with the employee having the option of receiving this allowance over a period of time in the form of a \$42 per day unemployment benefit (later replaced by Conrail's SUB plan). Under NERSA Conrail could by-pass the usual ICC procedure and exercise expedited abandonment authority. Many of these lines were sold to short lines, and Conrail continued to receive much of the previous revenue without the cost of maintaining and operating the low density lines.

In the three years after 1980, Conrail eliminated 2,754 miles of road, and abolished 39,754 jobs -- excluding those transferred to the commuter roads. (Attachment 2) During these three years, labor productivity jumped 54% and labor costs shrank from 58% to 44% of revenues. (Attachments 3&4) During the three year period following 1980, the aggressive rate of line sales and abandonments and the consequent massive loss of jobs, caused major improvement in labor and capital efficiencies across the board:

- Labor productivity -- revenue ton-miles per man hour -- rose 54%. (Attachment 3)
- Average freight train weight rose 11%; the average train load increased 8%. (Attachment 5)
- Average train speed increased 87%. (Attachment 6)
- The average length of haul rose 5.5%; (Attachment 7)
- Freight loss and damage dropped from 1.1% of revenue to .4%. (Attachment 7)
- train utilization -- ton-miles per train-hour -- rose 103%. (Attachment 9)

3. Spinning off Commuter Operations -- Part 2, Subpart A of NERSA provides for the transfer of Conrail's commuter service to local commuter authorities. Effective January 1, 1983 Conrail was relieved of all responsibility to provide commuter service which was highly unprofitable and which presented a considerable drain on management resources. The Act dealt specifically with the transfer of Conrail employees to the commuter authorities through a complex procedure which culminated in the appointment of three Presidential Emergency Boards in late 1982. Conrail's commuter operation involved approximately 9,500 employees in 1981; about 7,880 actually transferred in 1983 to three commuter authorities: the New York Metropolitan Transportation Authority, the Southeastern Pennsylvania Transportation Authority, and the New Jersey Transit Rail Operations, Inc. As a result of the PEB "final offer" recommendations, nearly all employees suffered a reduction in their terms and conditions of work over Conrail levels in effect at the time of the transfer in 1983.

4. The 12 Percent Wage Increase Deferral -- From the very beginning, the wage adjustments and working conditions on Conrail were the same as those on other Class I freight railroads. However, on May 5, 1981 the railroad organizations on Conrail entered into an agreement calling for a "deferral" of wage increases under the national agreement until such time as the industry wage level was 12 percent above Conrail's. Once that point was reached, Conrail employees received all subsequent increases under the national agreement, thus maintaining the 12 percent differential. The first adjustment deferred under the agreement would have been payable on April 1, 1981; the 12 percent level was reached on July 1, 1982 and continued in effect until July 1, 1984. Over this 39 month period, Conrail employees contributed nearly \$500 million to what the agreement itself referred to as "a means of enhancing Conrail's prospects to become self-sustaining."

In Conrail's 1988 annual report to shareholders, the management states appropriately, that this contribution by rail labor "was critical to the company's survival and subsequent financial turnaround". During the five years preceding privatization -- 1981 to 1985 -- Conrail posted cumulative operating income of \$794 million; \$498 million of this amount was contributed by rail labor under the deferral agreement. (Attachments 1&13)

CONRAIL'S FINANCIAL RECOVERY

Over the past 17 years since deregulation the railroad industry as a whole has done well. However, for the reasons developed above, the financial recovery by Conrail is the most impressive of any Class I carrier. Reductions in aggregate labor costs caused by job abolishment and modest wage rate change, coupled with historic productivity increases have caused unit labor costs on Conrail to drop precipitously since 1980. Unit cost control fully offset price competition and freight rate compression that produced a stable operating revenue trend over the past 16 years. The consequent increase in net income lifted Conrail profitability to record levels and turned the bankrupt property of the mid-1970s' into one of the nation's most profitable and valuable railroads.

- Total revenue and revenue ton-miles have been relatively flat over the past 16 years; unit revenue therefore has been fairly constant going from 3.79 cents in 1980 to 4.01 in 1986 to 3.70 cents in 1996. (Attachment 12)
- Total labor costs have fallen from \$1.8 billion in 1980 to \$1.1 billion in 1996 -- a 39% reduction. (Attachment 11)
- Unit labor costs -- labor cost per ton mile -- haven fallen from 2.21 cents in 1980 to 1.76 cents in 1986 to 1.21 cents by 1996. This represents a 45% cut in unit labor costs since 1980. (Attachment 11)
- Although non-labor costs have not declined, they have been held in check; all told, unit costs on Conrail have fallen 27% since 1980. (Attachment 10)
- The revenue margin -- difference between unit revenue and cost -- is a bottom-line indicator of what the carrier has left over from freight operations for distribution as profits or nonoperating expenses. With yields (unit revenue) flat and unit labor costs falling, the revenue margin grew steadily over the period. (Attachment 10)
- Conrail's first year of profitability was 1983 when it recorded \$270 million in net operating income. During the preceding five year period Conrail posted over \$1.7 billion in operating losses. (Attachment 13)
- The operating ratio -- expenses over revenue -- went from 109.2 in 1980, to 103.6 in 1982, to 90.6 in 1983; the operating ratio continued to improve throughout the decade reaching 83.7 in 1996. (Attachment 13)

- The trends on Conrail regarding lower unit costs, constant yields, and growing operating and profit margins, is consistent with the rest of the major railroads. However, in all respects Conrail has outperformed the industry; and for certain no carrier has experienced a reverse in fortunes as dramatic and complete as Conrail. (Attachments 17 to 21)

The meaningful and significant improvement in Conrail's financial position is attributable almost exclusively to diminished unit labor costs. Increases in the costs of wages, health and welfare, retirement, and other compensation, were more than offset by job abolishment and productivity gains, thus permitting Conrail to increase profits to historic levels while actually cutting prices to become more competitive. In other words, Conrail's return to profitability was fueled by controlling labor costs through job abolishment, direct cost cutting (deferral agreement), and extreme moderation in wage and benefit change. In the end, labor's share of the revenue pie on Conrail has diminished, while that of both the stockholder and shipper have greatly increased.

THE ACQUISITION OF CONRAIL

Conrail's revival has already produced an incredible return to the shareholder. Between 1990 and 1995 total shareholder return (includes dividends reinvested) exceeded 300%; this is well above any other Class I Railroad and compares favorably with the S&P 500 which rose 115% over the same period. Now Conrail shareholders stand to become the biggest winners of all in the NS/CSX acquisition of Conrail. The price includes \$115 per share of stock that was trading at \$60 just twelve months ago. At \$115 per share, total shareholder return will have escalated at an annual pace exceeding 28% between 1990 and 1997.

Over this same period Conrail workers have not fared as well. Real pay has been cut by 4.5% and 5,587 jobs have been lost (as of 1996).

- Since 1983 -- covering the period of Conrail's financial recovery, return to the private sector, and expanded profitability -- rail labor has lost a total of 18,924, (excluding those transferred to commuter rails). (Attachment 2)

- During this period real hourly rates of pay have fallen by 8.4%; and there have been no meaningful improvements in the major benefit programs. In fact, health and welfare and retirement have been worsened with the introduction and/or increase in employee contributions. (Attachment 22)
- Total labor cost per employee has increased 68% over the 14 years in nominal terms, but only 4% after adjusting for inflation. (Attachment 2&4)

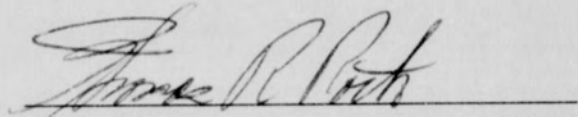
Published reports of the transaction indicate that Conrail management will also be handsomely rewarded for their contribution to the company's value. LeVan will receive a reported \$22 million to leave; while 1,200 middle managers who loose their jobs will share \$480 million in severance payments -- an average of \$400,000 each. Another 1,660 managers who stay, will receive a dislocation allowance of \$300,000 per person -- an additional \$498 million. Together, the payout to middle management alone exceeds the annual wages of the entire unionized workforce on Conrail. (Attachment 23)

It is abundantly clear that, without adequate protection of jobs and income, Conrail's unionized employees --- those most responsible for the company's return to profitability and to the private sector --- will be the only stakeholders adversely affected by the sale.

VERIFICATION

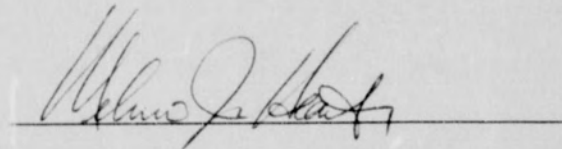
COMMONWEALTH OF VIRGINIA)
) SS.
CITY OF ALEXANDRIA)

Thomas R. Roth, being duly sworn, deposes and says that he is an economic consultant employed by The Labor Bureau, Inc., and has read the foregoing statement, knows the contents thereof, and that the same is true and correct.



Thomas R. Roth

Subscribed and sworn to before me by Thomas R. Roth this 20th day of October, 1997.



Notary Public

My commission expires: February 28, 2000

THE LABOR BUREAU, INC.



COST SAVINGS OF CONRAIL WAGE INCREASE DEFERRAL

Number Employees	Date	CRC Increase	Nat'l Increase	Average Hourly Earnings		Diffe- rence	Average Pay Hours	Earnings Savings Per Employee	Roll-Up		Total Savings Per Employee	Times Number of Employees
				CONRAIL	National				%	Amt		
70,264	4/1/81	0.00%	2.00%	\$11.15	\$11.36	\$0.21	589.3	\$123.74	16.15%	\$19.98	\$143.73	\$10,098,828
70,264	7/1/81	\$0.00	\$0.32	11.15	11.68	0.53	589.3	312.30	16.15%	50.44	362.74	25,487,518
70,264	10/1/81	0.00	3.00%	11.15	12.00	0.85	589.3	500.86	18.40%	92.16	593.02	41,668,042
57,704	1/1/82	0.00	\$0.35	11.15	12.35	1.20	1181.5	1,417.80	18.45%	261.58	1,679.38	96,907,180
57,704	7/1/82	2.20%	3.00%	11.38	12.68	1.30	1181.5	1,535.95	18.45%	283.38	1,819.33	104,982,778
57,704	7/1/82	\$0.22	\$0.22	11.60	12.90	1.30						
39,520	1/1/83	\$0.34	\$0.34	11.94	13.24	1.30	1184.5	1,539.85	18.45%	284.10	1,823.95	72,082,596
39,520	7/1/83	3.00%	3.00%	12.26	13.58	1.32	1184.5	1,563.54	18.45%	288.47	1,852.01	73,191,559
39,520	12/1/83	Inc. COLA		12.26	13.58	1.32						
39,044	1/1/84	\$0.26	\$0.26	12.52	13.84	1.32	1191.5	1,572.78	19.75%	310.62	1,883.40	73,535,628
	6/30/84	Inc. \$.13 COLA		12.52	13.84	1.32						
	7/1/84	10.65% (aprox.)		13.84	13.84	0.00						
GRAND TOTAL											\$497,954,128	
Savings per Calendar Year:												
											1981	\$77,254,387
											1982	201,889,959
											1983	145,274,155
											1984	73,535,628

THE LABOR BUREAU, INC.

NUMBER OF EMPLOYEES AND MAN-HOURS
CONSOLIDATED RAIL CORPORATION
1978 -- 1996

Year	Number of Employees	Index (1978 = 100)	Man-Hours	Index (1978 = 100)
1978 *	83,438 *	100.0	202,173,810 *	100.0
1979 *	79,631 *	95.4	193,114,285 *	95.5
1980 *	71,694 *	85.9	170,415,635 *	84.3
1981 *	62,384 *	74.8	147,014,530 *	72.7
1982 *	49,824 *	59.7	117,757,496 *	58.2
1983	39,820	47.7	93,638,943	46.3
1984	39,044	46.8	93,057,773	46.0
1985	36,331	43.5	87,125,702	43.1
1986	33,768	40.5	80,229,000	39.7
1987	31,428	37.7	75,657,000	37.4
1988	30,487	36.5	74,471,000	36.8
1989	29,394	35.2	71,194,000	35.2
1990	26,753	32.1	64,960,000	32.1
1991	24,801	29.7	59,799,000	29.6
1992	24,551	29.4	59,418,000	29.4
1993	24,728	29.6	60,298,000	29.8
1994	24,091	28.9	59,874,000	29.6
1995	22,870	27.4	56,255,000	27.8
1996	20,896	25.0	53,547,000	26.5

* Adjusted for the transfer of 7,820 commuter rail employees; manhours are proportionately reduced for the years prior to 1983.

Source of basic data: ICC; AAR.

REVENUE TON MILES PER EMPLOYEE PER MAN HOUR

CONSOLIDATED RAIL CORPORATION

1978 -- 1996

Year	Total Employees * (Actual)	Total Manhours * (Actual)	Freight Revenue Ton Miles (000)	Freight Revenue Ton Miles Per Employee (Number)	Freight Revenue Ton Miles Per Employee (1978=100)	Freight Revenue Ton Miles Per Man Hour (Number)	Freight Revenue Ton Miles Per Man Hour (1978=100)
1978 *	83,438	202,173,810	92,932,254	1,113,788	100.0	460	100.0
1979 *	79,631	193,114,285	93,072,630	1,168,799	104.9	482	104.8
1980 *	71,694	170,415,635	83,270,149	1,161,466	104.3	489	106.3
1981 *	62,384	147,014,530	79,034,768	1,266,908	113.7	538	117.0
1982 *	49,824	117,757,496	67,999,519	1,364,794	122.5	577	125.6
1983	39,820	93,638,943	70,285,644	1,765,084	158.5	751	163.3
1984	39,044	93,057,773	76,822,049	1,967,576	176.7	826	179.6
1985	36,331	87,125,702	74,131,725	2,040,454	183.2	851	185.1
1986	33,768	80,229,000	74,613,689	2,209,598	198.4	930	202.3
1987	31,428	75,657,000	81,074,562	2,579,692	231.6	1,072	233.1
1988	30,487	74,471,000	85,394,602	2,801,017	251.5	1,147	249.5
1989	29,394	71,194,000	82,125,064	2,793,940	250.9	1,154	251.0
1990	26,753	64,960,000	84,105,632	3,143,783	282.3	1,295	281.7
1991	24,801	59,799,000	82,503,599	3,326,624	298.7	1,380	300.1
1992	24,551	59,418,000	84,277,585	3,432,756	308.2	1,418	308.6
1993	24,728	60,298,000	86,953,372	3,516,393	315.7	1,442	313.7
1994	24,091	59,874,000	94,425,902	3,919,551	351.9	1,577	343.1
1995	22,870	56,255,000	92,688,334	4,052,835	363.9	1,648	358.4
1996	20,896	53,547,000	94,740,123	4,533,888	407.1	1,769	384.9

* Adjusted for the transfer of 7,880 commuter rail employees; manhours are proportionately reduced for the years prior to 1983.

Source of basic data: ICC; AAR.

LABOR COST AS A PERCENT OF TOTAL FREIGHT REVENUE

CONSOLIDATED RAIL CORPORATION

1978 -- 1996

Year	Freight Operating Revenue (000)	Labor Costs Freight Service (000)	Labor Cost as a Percent of Total Freight Revenue		
			Total (%)	Wages (%)	Benefits (%)
1978	2,812,500	1,881,978	66.9	54.5	12.4
1979	3,155,433	1,939,456	61.5	50.2	11.3
1980	3,153,584	1,837,159	58.3	47.7	10.6
1981	3,338,552	1,737,803	52.1	41.2	10.8
1982	2,833,975	1,467,051	51.8	40.1	11.7
1983	2,916,294	1,284,426	44.0	33.9	10.1
1984	3,200,034	1,398,323	43.7	33.3	10.4
1985	3,039,311	1,348,558	44.4	34.3	10.1
1986	2,990,748	1,309,529	43.8	33.2	10.6
1987	3,084,649	1,311,334	42.5	32.9	9.6
1988	3,311,322	1,360,783	41.1	31.3	9.8
1989	3,220,328	1,357,571	42.2	31.8	10.4
1990	3,206,437	1,292,827	40.3	30.0	10.3
1991	3,059,985	1,169,378	38.2	28.5	9.7
1992	3,133,262	1,163,440	37.1	28.5	8.7
1993	3,277,443	1,173,959	35.8	27.6	8.3
1994	3,563,605	1,206,496	33.9	26.5	7.4
1995	3,502,403	1,190,214	34.0	26.1	7.8
1996	3,508,939	1,143,553	32.6	25.3	7.3

Source of basic data: ICC; AAR.

THE LABOR BUREAU, INC.

AVERAGE FREIGHT TRAIN WEIGHT AND LOAD

CONSOLIDATED RAIL CORPORATION

1978 -- 1996

Year	Gross Freight Ton-Miles (000)	Revenue Freight Ton-Miles (000)	Freight Train Miles (Actual)	Average Weight (Tons)	Average Load (Tons)
1978	228,474,582	92,932,254	49,703,257	4,597	1,870
1979	224,836,825	93,072,630	49,220,200	4,568	1,891
1980	198,463,382	83,270,149	42,907,619	4,625	1,941
1981	185,343,289	79,034,768	39,103,676	4,740	2,021
1982	166,359,845	67,999,519	33,742,346	4,930	2,015
1983	171,609,691	70,285,644	33,502,408	5,122	2,098
1984	183,332,016	76,822,049	35,044,649	5,231	2,192
1985	176,603,798	74,131,725	32,984,459	5,354	2,247
1986	177,455,372	74,613,689	32,860,867	5,400	2,271
1987	190,746,976	81,074,562	34,931,712	5,461	2,321
1988	200,415,436	85,394,602	37,350,835	5,366	2,286
1989	193,966,218	82,125,064	36,308,606	5,342	2,262
1990	195,818,987	84,105,632	34,902,461	5,610	2,410
1991	189,107,168	82,503,599	32,084,704	5,894	2,571
1992	194,656,711	84,277,585	32,697,642	5,953	2,577
1993	202,315,847	86,953,372	35,018,862	5,777	2,483
1994	218,990,359	94,425,902	37,225,589	5,883	2,537
1995	212,157,308	92,688,334	35,877,562	5,913	2,583
1996	215,940,150	94,740,123	37,342,025	5,783	2,537

Source of basic data: ICC; AAR.

AVERAGE FREIGHT-TRAIN SPEED
CONSOLIDATED RAIL CORPORATION
1978 -- 1996

Year	Freight Train Miles	Freight Train Hours	Average Miles per Hour
1978	49,703,257	3,400,366	14.6
1979	49,220,200	5,418,205	9.1
1980	42,907,619	4,310,051	10.0
1981	39,103,676	3,765,077	10.4
1982	33,742,346	1,892,111	17.8
1983	33,502,408	1,793,820	18.7
1984	35,044,649	1,829,333	19.2
1985	32,984,459	1,690,434	19.5
1986	32,860,867	1,651,614	19.9
1987	34,931,712	1,730,985	20.2
1988	37,350,835	1,837,497	20.3
1989	36,308,606	1,687,271	21.5
1990	34,902,461	1,596,801	21.9
1991	32,084,704	1,443,427	22.2
1992	32,697,642	1,458,207	22.4
1993	35,018,862	1,550,072	22.6
1994	37,225,589	1,771,478	21.0
1995	35,877,562	1,638,820	21.9
1996	37,342,025	1,748,665	21.4

Source of basic data: ICC; AAR.

SELECTED EFFICIENCY INDICATORS
CONSOLIDATED RAIL CORPORATION
1978 -- 1996

Year	Number Of Cars Per Average Train	Average Length Per Haul	Average Tons Per Carload Originated	Freight Loss And Damage Claim As Percent Of Freight Revenue
1978	67.5	680	48.6	2.52 %
1979	65.7	649	51.1	2.09
1980	67.7	656	53.6	1.10
1981	68.3	666	53.9	0.68
1982	67.2	702	53.1	0.58
1983	68.9	692	52.2	0.40
1984	69.4	708	52.2	0.31
1985	71.2	709	52.5	0.51
1986	72.4	684	50.9	0.37
1987	72.4	730	50.9	0.42
1988	70.5	726	51.7	0.38
1989	69.6	726	51.0	0.38
1990	72.2	720	52.1	0.26
1991	74.6	753	52.1	0.39
1992	74.4	776	50.6	0.33
1993	70.1	689	52.0	0.33
1994	71.0	665	52.2	0.48
1995	70.9	688	53.2	0.47
1996	68.9	690	52.8	0.52

Source of basic data: ICC; AAR.

TRAFFIC DENSITY
CONSOLIDATED RAIL CORPORATION
1978 -- 1996

Year	Gross Freight Ton-Miles (000)	Revenue Freight Ton-Miles (000)	Miles Of Railroad Operated In Freight Service	Gross Ton-Miles Per Mile of Road Operated (000)	Revenue Ton-Miles Per Mile of Road Operated (000)
1978	228,474,582	92,932,254	19,164	11,922	4,849
1979	224,836,825	93,072,630	18,990	11,840	4,901
1980	198,463,382	83,270,149	18,987	10,453	4,386
1981	185,343,289	79,034,768	18,759	9,880	4,213
1982	166,359,845	67,999,519	17,133	9,710	3,969
1983	171,609,691	70,285,644	16,233	10,572	4,330
1984	183,332,016	76,822,049	15,468	11,852	4,967
1985	176,603,798	74,131,725	14,025	12,592	5,286
1986	177,455,372	74,613,689	13,739	12,916	5,431
1987	190,746,976	81,074,562	13,341	14,298	6,077
1988	200,415,436	85,394,602	13,111	15,286	6,513
1989	193,966,218	82,125,064	13,068	14,843	6,284
1990	195,818,987	84,105,632	12,828	15,265	6,556
1991	189,107,168	82,503,599	12,454	15,184	6,625
1992	194,656,711	84,277,585	11,895	16,365	7,085
1993	202,315,847	86,953,372	11,831	17,100	7,350
1994	218,990,359	94,425,902	11,349	19,296	8,320
1995	212,157,308	92,688,334	10,701	19,826	8,662
1996	215,940,150	94,740,123	10,543	20,482	8,986

Source of basic data: ICC; AAR.

THE LABOR BUREAU, INC.

FREIGHT REVENUE TON-MILES PER TRAIN HOUR
CONSOLIDATED RAIL CORPORATION
1978 -- 1996

Year	Freight Revenue Ton-Miles (000)	Freight Train Hours (000)	Ton-Miles per Train Hour
1978	92,932,254	3,400	27,330
1979	93,072,630	5,418	17,178
1980	83,270,149	4,310	19,320
1981	79,034,768	3,765	20,992
1982	67,999,519	1,892	35,938
1983	70,285,644	1,794	39,182
1984	76,822,049	1,829	41,995
1985	74,131,725	1,690	43,854
1986	74,613,689	1,652	45,176
1987	81,074,562	1,731	46,837
1988	85,394,602	1,837	46,473
1989	82,125,064	1,687	48,673
1990	84,105,632	1,597	52,671
1991	82,503,599	1,443	57,158
1992	84,277,585	1,458	57,795
1993	86,953,372	1,550	56,096
1994	94,425,902	1,771	53,303
1995	92,688,334	1,639	56,558
1996	94,740,123	1,749	54,179

Source of basic data: ICC; AAR.

NUMBER OF EMPLOYEES AND MAN-HOURS

CONSOLIDATED RAIL CORPORATION

1978 -- 1996

Year	Number of Employees	Index (1978 = 100)	Man-Hours	Index (1978 = 100)
1978 *	83,438 *	100.0	202,173,810 *	100.0
1979 *	79,631 *	95.4	193,114,285 *	95.5
1980 *	71,694 *	85.9	170,415,635 *	84.3
1981 *	62,384 *	74.8	147,014,530 *	72.7
1982 *	49,824 *	59.7	117,757,496 *	58.2
1983	39,820	47.7	93,638,943	46.3
1984	39,044	46.8	93,057,773	46.0
1985	36,331	43.5	87,125,702	43.1
1986	33,768	40.5	80,229,000	39.7
1987	31,428	37.7	75,657,000	37.4
1988	30,487	36.5	74,471,000	36.8
1989	29,394	35.2	71,194,000	35.2
1990	26,753	32.1	64,960,000	32.1
1991	24,801	29.7	59,799,000	29.6
1992	24,551	29.4	59,418,000	29.4
1993	24,728	29.6	60,298,000	29.8
1994	24,091	28.9	59,874,000	29.6
1995	22,870	27.4	56,255,000	27.8
1996	20,896	25.0	53,547,000	26.5

* Adjusted for the transfer of 7,880 commuter rail employees; manhours are proportionately reduced for the years prior to 1983.

Source of basic data: ICC; AAR.

REVENUE TON MILES PER EMPLOYEE PER MAN HOUR

CONSOLIDATED RAIL CORPORATION

1978 -- 1996

Year	Total Employees * (Actual)	Total Manhours * (Actual)	Freight Revenue Ton Miles (000)	Freight Revenue Ton Miles Per Employee (Number)	Freight Revenue Ton Miles Per Employee (1978=100)	Freight Revenue Ton Miles Per Man Hour (Number)	Freight Revenue Ton Miles Per Man Hour (1978=100)
1978 *	83,438	202,173,810	92,932,254	1,113,788	100.0	460	100.0
1979 *	79,631	193,114,285	93,072,630	1,168,799	104.9	482	104.8
1980 *	71,694	170,415,635	83,270,149	1,161,466	104.3	489	106.3
1981 *	62,384	147,014,530	79,034,768	1,266,908	113.7	538	117.0
1982 *	49,824	117,757,496	67,999,519	1,364,794	122.5	577	125.6
1983	39,820	93,638,943	70,285,644	1,765,084	158.5	751	163.3
1984	39,044	93,057,773	76,822,049	1,967,576	176.7	826	179.6
1985	36,331	87,125,702	74,131,725	2,040,454	183.2	851	185.1
1986	33,768	80,229,000	74,613,689	2,209,598	198.4	930	202.3
1987	31,428	75,657,000	81,074,562	2,579,692	231.6	1,072	233.1
1988	30,487	74,471,000	85,394,602	2,801,017	251.5	1,147	249.5
1989	29,394	71,194,000	82,125,064	2,793,940	250.9	1,154	251.0
1990	26,753	64,960,000	84,105,632	3,143,783	282.3	1,295	281.7
1991	24,801	59,799,000	82,503,599	3,326,624	298.7	1,380	300.1
1992	24,551	59,418,000	84,277,585	3,432,756	308.2	1,418	308.6
1993	24,728	60,298,000	86,953,372	3,516,393	315.7	1,442	313.7
1994	24,091	59,874,000	94,425,902	3,919,551	351.9	1,577	343.1
1995	22,870	56,255,000	92,688,334	4,052,835	363.9	1,648	358.4
1996	20,896	53,547,000	94,740,123	4,533,888	407.1	1,769	384.9

* Adjusted for the transfer of 7,880 commuter rail employees; manhours are proportionately reduced for the years prior to 1983.

Source of basic data: ICC; AAR.

THE LABOR BUREAU, INC.

LABOR COST AS A PERCENT OF TOTAL FREIGHT REVENUE

CONSOLIDATED RAIL CORPORATION

1978 -- 1996

Year	Freight Operating Revenue (000)	Labor Costs Freight Service (000)	Labor Cost as a Percent of Total Freight Revenue		
			Total (%)	Wages (%)	Benefits (%)
1978	2,812,500	1,881,978	66.9	54.5	12.4
1979	3,155,433	1,939,456	61.5	50.2	11.3
1980	3,153,584	1,837,159	58.3	47.7	10.6
1981	3,338,552	1,737,803	52.1	41.2	10.8
1982	2,833,975	1,467,051	51.8	40.1	11.7
1983	2,916,294	1,284,426	44.0	33.9	10.1
1984	3,200,034	1,398,323	43.7	33.3	10.4
1985	3,039,311	1,348,558	44.4	34.3	10.1
1986	2,990,748	1,309,529	43.8	33.2	10.6
1987	3,084,649	1,311,334	42.5	32.9	9.6
1988	3,311,322	1,360,783	41.1	31.3	9.8
1989	3,220,328	1,357,571	42.2	31.8	10.4
1990	3,206,437	1,292,827	40.3	30.0	10.3
1991	3,059,985	1,169,378	38.2	28.5	9.7
1992	3,133,262	1,163,440	37.1	28.5	8.7
1993	3,277,443	1,173,959	35.8	27.6	8.3
1994	3,563,605	1,206,496	33.9	26.5	7.4
1995	3,502,403	1,190,214	34.0	26.1	7.8
1996	3,508,939	1,143,553	32.6	25.3	7.3

Source of basic data: ICC; AAR.

THE LABOR BUREAU, INC.

AVERAGE FREIGHT TRAIN WEIGHT AND LOAD

CONSOLIDATED RAIL CORPORATION

1978 -- 1996

Year	Gross Freight Ton-Miles (000)	Revenue Freight Ton-Miles (000)	Freight Train Miles (Actual)	Average Weight (Tons)	Average Load (Tons)
1978	228,474,582	92,932,254	49,703,257	4,597	1,870
1979	224,836,825	93,072,630	49,220,200	4,568	1,891
1980	198,463,382	83,270,149	42,907,619	4,625	1,941
1981	185,343,289	79,034,768	39,103,676	4,740	2,021
1982	166,359,845	67,999,519	33,742,346	4,930	2,015
1983	171,609,691	70,285,644	33,502,408	5,122	2,098
1984	183,332,016	76,822,049	35,044,649	5,231	2,192
1985	176,603,798	74,131,725	32,984,459	5,354	2,247
1986	177,455,372	74,613,689	32,860,867	5,400	2,271
1987	190,746,976	81,074,562	34,931,712	5,461	2,321
1988	200,415,436	85,394,602	37,350,835	5,366	2,286
1989	193,966,218	82,125,064	36,308,606	5,342	2,262
1990	195,818,987	84,105,632	34,902,461	5,610	2,410
1991	189,107,168	82,503,599	32,084,704	5,894	2,571
1992	194,656,711	84,277,585	32,697,642	5,953	2,577
1993	202,315,847	86,953,372	35,018,862	5,777	2,483
1994	218,990,359	94,425,902	37,225,589	5,883	2,537
1995	212,157,308	92,688,334	35,877,562	5,913	2,583
1996	215,940,150	94,740,123	37,342,025	5,783	2,537

Source of basic data: ICC; AAR.

THE LABOR BUREAU, INC.

AVERAGE FREIGHT-TRAIN SPEED
CONSOLIDATED RAIL CORPORATION
1978 -- 1996

Year	Freight Train Miles	Freight Train Hours	Average Miles per Hour
1978	49,703,257	3,400,366	14.6
1979	49,220,200	5,418,205	9.1
1980	42,907,619	4,310,051	10.0
1981	39,103,676	3,765,077	10.4
1982	33,742,346	1,892,111	17.8
1983	33,502,408	1,793,820	18.7
1984	35,044,649	1,829,333	19.2
1985	32,984,459	1,690,434	19.5
1986	32,860,867	1,651,614	19.9
1987	34,931,712	1,730,985	20.2
1988	37,350,835	1,837,497	20.3
1989	36,308,606	1,687,271	21.5
1990	34,902,461	1,596,801	21.9
1991	32,084,704	1,443,427	22.2
1992	32,697,642	1,458,207	22.4
1993	35,018,862	1,550,072	22.6
1994	37,225,589	1,771,478	21.0
1995	35,877,562	1,638,820	21.9
1996	37,342,025	1,748,665	21.4

Source of basic data: ICC; AAR.

SELECTED EFFICIENCY INDICATORS
CONSOLIDATED RAIL CORPORATION
1978 -- 1996

Year	Number Of Cars Per Average Train	Average Length Per Haul	Average Tons Per Carload Originated	Freight Loss And Damage Claim As Percent Of Freight Revenue
1978	67.5	680	48.6	2.52 %
1979	65.7	649	51.1	2.09
1980	67.7	656	53.6	1.10
1981	68.3	666	53.9	0.68
1982	67.2	702	53.1	0.58
1983	68.9	692	52.2	0.40
1984	69.4	708	52.2	0.31
1985	71.2	709	52.5	0.51
1986	72.4	684	50.9	0.37
1987	72.4	730	50.9	0.42
1988	70.5	726	51.7	0.38
1989	69.6	726	51.0	0.38
1990	72.2	720	52.1	0.26
1991	74.6	753	52.1	0.39
1992	74.4	776	50.6	0.33
1993	70.1	689	52.0	0.33
1994	71.0	665	52.2	0.48
1995	70.9	688	53.2	0.47
1996	68.9	690	52.8	0.52

Source of basic data: ICC; AAR.

TRAFFIC DENSITY
CONSOLIDATED RAIL CORPORATION
1978 -- 1996

Year	Gross Freight Ton-Miles (000)	Revenue Freight Ton-Miles (000)	Miles Of Railroad Operated In Freight Service	Gross Ton-Miles Per Mile of Road Operated (000)	Revenue Ton-Miles Per Mile of Road Operated (000)
1978	228,474,582	92,932,254	19,164	11,922	4,849
1979	224,836,825	93,072,630	18,990	11,840	4,901
1980	198,463,382	83,270,149	18,987	10,453	4,386
1981	185,343,289	79,034,768	18,759	9,880	4,213
1982	166,359,845	67,999,519	17,133	9,710	3,969
1983	171,609,691	70,285,644	16,233	10,572	4,330
1984	183,332,016	76,822,049	15,468	11,852	4,967
1985	176,603,798	74,131,725	14,025	12,592	5,286
1986	177,455,372	74,613,689	13,739	12,916	5,431
1987	190,746,976	81,074,562	13,341	14,298	6,077
1988	200,415,436	85,394,602	13,111	15,286	6,513
1989	193,966,218	82,125,064	13,068	14,843	6,284
1990	195,818,987	84,105,632	12,828	15,265	6,556
1991	189,107,168	82,503,599	12,454	15,184	6,625
1992	194,656,711	84,277,585	11,895	16,365	7,085
1993	202,315,847	86,953,372	11,831	17,100	7,350
1994	218,990,359	94,425,902	11,349	19,296	8,320
1995	212,157,308	92,688,334	10,701	19,826	8,662
1996	215,940,150	94,740,123	10,543	20,482	8,986

Source of basic data: ICC; AAR.

FREIGHT REVENUE TON-MILES PER TRAIN HOUR

CONSOLIDATED RAIL CORPORATION

1978 -- 1996

Year	Freight Revenue Ton-Miles (000)	Freight Train Hours (000)	Ton-Miles per Train Hour
1978	92,932,254	3,400	27,330
1979	93,072,630	5,418	17,178
1980	83,270,149	4,310	19,320
1981	79,034,768	3,765	20,992
1982	67,999,519	1,892	35,938
1983	70,285,644	1,794	39,182
1984	76,822,049	1,829	41,995
1985	74,131,725	1,690	43,854
1986	74,613,689	1,652	45,176
1987	81,074,562	1,731	46,837
1988	85,394,602	1,837	46,473
1989	82,125,064	1,687	48,673
1990	84,105,632	1,597	52,671
1991	82,503,599	1,443	57,158
1992	84,277,585	1,458	57,795
1993	86,953,372	1,550	56,096
1994	94,425,902	1,771	53,303
1995	92,688,334	1,639	56,558
1996	94,740,123	1,749	54,179

Source of basic data: ICC; AAR.

THE LABOR BUREAU, INC.



REVENUE MARGIN
CONSOLIDATED RAIL CORPORATION
1978 -- 1996

Year	Freight Revenue per Ton-Mile (cents)	Freight Operating Expense per Ton-Mile (cents)			Freight Revenue Margin per Ton-Mile (cents)
		Unit Labor Cost	All Other Unit Costs	Total	
1978	3.03	2.025	1.890	3.915	-0.889
1979	3.39	2.084	2.046	4.130	-0.739
1980	3.79	2.206	2.170	4.376	-0.589
1981	4.22	2.199	2.303	4.502	-0.278
1982	4.17	2.157	2.356	4.513	-0.345
1983	4.15	1.827	2.072	3.899	0.250
1984	4.17	1.820	1.918	3.739	0.427
1985	4.10	1.819	1.909	3.728	0.372
1986	4.01	1.755	1.854	3.609	0.399
1987	3.80	1.617	1.802	3.419	0.385
1988	3.88	1.594	1.852	3.445	0.433
1989	3.92	1.653	2.168	3.821	0.101
1990	3.81	1.537	1.884	3.421	0.391
1991	3.71	1.417	2.727	4.145	-0.436
1992	3.72	1.380	1.825	3.206	0.512
1993	3.77	1.350	1.837	3.187	0.582
1994	3.77	1.278	1.945	3.223	0.551
1995	3.78	1.284	2.104	3.388	0.391
1996	3.70	1.207	1.970	3.177	0.527

NOTE: Expenses data for 1985 - 1987 exclude special charges as determined by the ICC in Revenue Adequacy Proceedings and reported by the AAR; 1988 expense data exclude special charges reported by railroads and are therefore preliminary estimates.

Source of basic data: ICC; AAR.

THE LABOR BUREAU, INC.

UNIT LABOR COST TREND
CONSOLIDATED RAIL CORPORATION
1978 -- 1996

Year	Total Labor Cost (000)	Freight Revenue Ton-Miles (000)	Unit Labor Cost (cents)	Unit Labor Cost (1978 = 100)
1978	\$1,881,978	92,932,254	2.03	100.0
1979	1,939,456	93,072,630	2.00	102.9
1980	1,837,159	83,270,149	2.21	108.9
1981	1,737,803	79,034,768	2.20	108.6
1982	1,467,051	67,999,519	2.16	106.5
1983	1,284,426	70,285,644	1.83	90.2
1984	1,398,323	76,822,049	1.82	89.9
1985	1,348,558	74,131,725	1.82	89.8
1986	1,309,529	74,613,689	1.76	86.7
1987	1,311,334	81,074,562	1.62	79.9
1988	1,360,783	85,394,602	1.59	78.7
1989	1,357,571	82,125,064	1.65	81.6
1990	1,292,827	84,105,632	1.54	75.9
1991	1,169,378	82,503,599	1.42	70.0
1992	1,163,440	84,277,585	1.38	68.2
1993	1,173,959	86,953,372	1.35	66.7
1994	1,206,496	94,425,902	1.28	63.1
1995	1,190,214	92,688,334	1.28	63.4
1996	1,143,553	94,740,123	1.21	59.6

Source of basic data: ICC; AAR.

THE LABOR BUREAU, INC.

AVERAGE REVENUE PER TON - MILE

CONSOLIDATED RAIL CORPORATION

1978 -- 1996

Year	Freight Operating Revenue (000)	Revenue Freight Ton-Miles (000)	Revenue per Ton-Mile	
			Cents (Actual)	Index (1978 = 100)
1978	2,812,500	92,932,254	3.03	100.0
1979	3,155,433	93,072,630	3.39	112.0
1980	3,153,584	83,270,149	3.79	125.1
1981	3,338,552	79,034,768	4.22	139.6
1982	2,833,975	67,999,519	4.17	137.7
1983	2,916,294	70,285,644	4.15	137.1
1984	3,200,034	76,822,049	4.17	137.6
1985	3,039,311	74,131,725	4.10	135.5
1986	2,990,748	74,613,689	4.01	132.4
1987	3,084,649	81,074,562	3.80	125.7
1988	3,311,322	85,394,602	3.88	128.1
1989	3,220,328	82,125,064	3.92	129.6
1990	3,206,437	84,105,632	3.81	126.0
1991	3,059,985	82,503,599	3.71	122.6
1992	3,133,262	84,277,585	3.72	122.8
1993	3,277,443	86,953,372	3.77	124.5
1994	3,563,605	94,425,902	3.77	124.7
1995	3,502,403	92,688,334	3.78	124.9
1996	3,508,939	94,740,123	3.70	122.4

Source of basic data: ICC; AAR.

NET RAILWAY INCOME, PROFIT MARGINS AND OPERATING RATIO

CONSOLIDATED RAIL CORPORATION

1978 -- 1996

Year	Rail Operating Revenue (000)	Rail Operating Expense (000)	Net Rail Operating Income (000)	Operating Income Margin (%)	Profit (Net Income) Margin (%)	Operating Ratio
1978	3,310,637	3,990,607	(678,014)	-20.48	-20.58	120.54
1979	3,770,466	4,258,552	(486,616)	-12.91	-12.93	112.94
1980	3,801,342	4,152,532	(348,656)	-9.17	-10.67	109.24
1981	4,001,122	4,087,510	(83,963)	-2.10	-2.66	102.16
1982	3,440,472	3,565,286	(123,908)	-3.60	0.07	103.63
1983	3,025,310	2,740,633	270,297	8.93	9.85	90.59
1984	3,321,620	2,872,095	422,217	12.71	14.22	86.47
1985	3,153,648	2,763,831	309,064	9.80	11.44	87.64
1986	3,088,125	2,693,081	279,693	9.06	10.22	87.21
1987	3,180,062	2,772,317	234,157	7.36	8.40	87.18
1988	3,408,247	2,941,871	288,825	8.47	8.97	86.32
1989	3,323,842	3,137,726	117,753	3.54	4.46	94.40
1990	3,292,856	2,877,546	295,265	8.97	7.49	87.39
1991	3,136,548	3,419,640	(130,978)	-4.18	-6.59	109.03
1992	3,207,663	2,701,613	347,591	10.84	8.78	84.22
1993	3,349,562	2,771,531	353,613	10.56	6.84	82.74
1994	3,641,473	3,043,338	411,011	11.29	8.76	83.57
1995	3,586,490	3,147,336	343,669	9.58	7.14	87.56
1996	3,597,248	3,009,722	427,077	11.87	9.33	83.67

NOTE: Data for 1983 and after were calculated on the basis of the depreciation accounting system and are not strictly comparable with prior years.

Source of basic data: ICC; AAR.

RATE OF RETURN ON NET INVESTMENT

CONSOLIDATED RAIL CORPORATION

1978 -- 1996

Year	Net Railway Operating After Tax Income (000)	Net Investment (000)	Return on Net Investment
1978	(678,014)	1,818,337	-37.29
1979	(486,616)	2,140,938	-22.73
1980	(348,656)	3,211,405	-10.86
1981	(83,963)	3,392,319	-2.48
1982	(123,908)	3,117,914	-3.97
1983	270,297	4,723,320	5.72
1984	422,217	4,959,265	8.51
1985	309,064	5,211,144	5.93
1986	279,693	5,444,706	5.14
1987	234,157	5,618,460	4.17
1988	288,825	5,868,916	4.92
1989	117,753	6,074,200	1.94
1990	295,265	6,112,407	4.83
1991	(130,978)	5,821,474	-2.25
1992	347,591	5,961,450	5.83
1993	353,613	6,379,402	5.54
1994	411,011	6,615,996	6.21
1995	343,669	6,546,537	5.25
1996	427,077	6,664,841	6.41

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RETURN ON STOCKHOLDERS' EQUITY

CONSOLIDATED RAIL CORPORATION

1978 -- 1996

Year	Net Income (000)	Stock Holders' Equity (000)	Return on Stock Holders' Equity (%)
1978	(681,484)	(\$216,455)	314.84
1979	(487,631)	(47,508)	1026.42
1980	(405,781)	942,994	-43.03
1981	(106,616)	1,059,834	-10.06
1982	2,428	1,134,144	0.21
1983	313,008	2,811,527	11.13
1984	500,173	3,203,686	15.61
1985	441,809	3,660,252	12.07
1986	431,091	3,997,853	10.78
1987	299,002	3,969,442	7.53
1988	305,824	3,933,723	7.77
1989	148,095	4,043,452	3.66
1990	246,779	3,486,742	7.08
1991	(206,544)	2,795,347	-7.39
1992	281,610	2,704,779	10.41
1993	164,044	2,745,545	5.97
1994	318,888	2,973,963	10.72
1995	256,205	3,219,692	7.96
1996	335,493	3,281,784	10.22

NOTE. Data for 1983 and after were calculated on the basis of the depreciation accounting system and are not strictly comparable with prior years.

Source of basic data: ICC; AAR.

RETURN ON EQUITY (DUPONT FORMULA)

CONSOLIDATED RAIL CORPORATION

1978 -- 1996

Year	Profit Margin	Asset Utilization	Leverage	Return on Equity (Dupont Formula)
1978	(0.21)	1.17	(16.82)	404.28
1979	(0.13)	1.17	43.82	(662.98)
1980	(0.11)	0.87	4.43	(41.10)
1981	(0.03)	0.93	3.82	(9.42)
1982	0.00	0.87	3.48	0.21
<hr/>				
1983	0.10	0.53	1.91	10.54
1984	0.15	0.53	1.81	14.55
1985	0.14	0.48	1.69	11.38
1986	0.14	0.46	1.64	10.48
1987	0.09	0.47	1.77	7.82
1988	0.09	0.48	1.77	7.57
1989	0.04	0.45	1.84	3.66
1990	0.07	0.43	2.60	8.43
1991	(0.07)	0.42	2.79	(7.76)
1992	0.09	0.42	2.80	10.25
1993	0.05	0.40	3.03	5.98
1994	0.09	0.40	2.83	9.95
1995	0.07	0.39	2.84	7.92
1996	0.09	0.39	2.77	10.08

Notes: Profit margin equals net income (ICC basis) divided by total operating revenue.
 Asset utilization equals operating revenue divided by total assets.
 Leverage equals total assets divided by net stockholders' equity.

Source of basic data: ICC; AAR.

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COMPARATIVE REVENUE PER TON MILE IN CENTS

CONRAIL AND ALL OTHER CLASS I RAILROADS

1978 -- 1996

Year	Revenue per Ton Mile (cents)	
	Class I Adjusted	Conrail
1978	2.291	3.026
1979	2.515	3.390
1980	2.776	3.787
1981	3.079	4.224
1982	3.123	4.168
1983	3.024	4.149
1984	2.992	4.166
1985	2.946	4.100
1986	2.818	4.008
1987	2.633	3.805
1988	2.611	3.878
1989	2.559	3.921
1990	2.554	3.812
1991	2.498	3.709
1992	2.481	3.718
1993	2.417	3.769
1994	2.383	3.774
1995	2.296	3.779
1996	2.250	3.704

Source of basic data: ICC; AAR.

COMPARATIVE FREIGHT OPERATING EXPENSE PER TON MILE IN CENTS

CONRAIL AND ALL OTHER CLASS I RAILROADS

1978 - 1996

Year	Freight Operating Expense per Ton Mile (cents)	
	Class I Adjusted	Conrail
1978	2.183	3.915
1979	2.385	4.130
1980	2.595	4.376
1981	2.878	4.502
1982	3.055	4.513
1983	2.795	3.899
1984	2.693	3.739
1985	2.776	3.728
1986	2.779	3.609
1987	2.431	3.419
1988	2.388	3.445
1989	2.337	3.821
1990	2.279	3.421
1991	2.562	4.145
1992	2.290	3.206
1993	2.116	3.187
1994	2.021	3.223
1995	2.031	3.388
1996	1.842	3.177

Source of basic data: ICC; AAR.

COMPARATIVE FREIGHT REVENUE MARGINS PER TON MILE IN CENTS

CONRAIL AND ALL OTHER CLASS I RAILROADS

1978 -- 1996

Year	Freight Revenue Margins per Ton Mile (cents)	
	Class I Adjusted	Conrail
1978	0.107	(0.889)
1979	0.130	(0.739)
1980	0.181	(0.589)
1981	0.201	(0.278)
1982	0.069	(0.345)
1983	0.229	0.250
1984	0.298	0.427
1985	0.169	0.372
1986	0.040	0.399
1987	0.202	0.385
1988	0.223	0.433
1989	0.222	0.101
1990	0.276	0.391
1991	(0.064)	(0.436)
1992	0.191	0.512
1993	0.301	0.582
1994	0.362	0.551
1995	0.265	0.391
1996	0.408	0.527

Source of basic data: ICC; AAR.

UNIT LABOR COST TREND
CLASS I RAILROADS ADJUSTED FOR CONRAIL

1978 - 1996

Year	Total Labor Cost (000)	Freight Revenue Ton-Miles (000)	Unit Labor Cost (cents)	Unit Labor Cost (1978 = 100)
1978	\$8,978,582	764,989,227	1.17	100.0
1979	10,028,635	811,883,397	1.24	105.2
1980	10,596,929	835,687,966	1.27	108.0
1981	11,686,341	831,134,529	1.41	113.8
1982	11,321,120	729,759,097	1.55	132.2
1983	10,791,090	757,989,427	1.42	121.3
1984	11,558,813	844,719,543	1.37	116.6
1985	10,833,209	802,852,194	1.35	115.0
1986	10,229,517	793,108,532	1.29	109.9
1987	9,936,656	862,672,298	1.15	98.1
1988	10,114,135	910,787,505	1.11	94.6
1989	10,385,866	931,715,918	1.11	95.0
1990	9,956,584	949,863,400	1.05	89.3
1991	9,571,692	956,371,653	1.00	85.3
1992	9,501,638	982,503,300	0.97	82.4
1993	9,413,733	1,022,355,596	0.92	78.5
1994	9,603,973	1,106,275,005	0.87	74.0
1995	9,927,520	1,212,999,333	0.82	69.7
1996	9,682,257	1,261,234,710	0.77	65.4

Source of basic data: ICC; AAR.

COMPARATIVE OPERATING RATIOS
CONRAIL AND ALL OTHER CLASS I RAILROADS
1978 - 1996

Year	Operating Ratio	
	Class I Adjusted	Conrail
1978	92.51	120.54
1979	91.89	112.94
1980	90.79	109.24
1981	91.08	102.16
1982	95.27	103.63
1983	90.13	90.59
1984	87.74	86.47
1985	91.93	87.64
1986	96.05	87.21
1987	90.03	87.18
1988	89.17	86.32
1989	88.91	94.40
1990	86.83	87.39
1991	99.73	109.03
1992	89.98	84.22
1993	85.36	82.74
1994	82.70	83.57
1995	86.28	87.56
1996	80.16	83.67

Source of basic data: ICC; AAR.

INDEX OF REAL WAGES
CONRAIL WEIGHTED AVERAGE HOURLY RATE
January 1978 - September 1997

Date	CONRAIL Weighted Average Rate*	Index (1/78 = 100)		CONRAIL Real Rate
		CONRAIL Average	U. S. CPI-W	
1978				
January	\$10.08	100.0	100.0	100.0
July	10.56	104.8	105.1	99.6
1979				
January	11.01	109.2	109.4	99.8
July	11.69	116.0	117.3	98.9
1980				
January	11.97	118.8	124.7	95.2
July	12.83	127.3	132.5	96.0
1981				
January	13.15	130.5	139.3	93.6
July	13.15	130.5	146.8	88.9
1982				
January	13.15	130.5	150.8	86.5
July	13.65	135.4	156.0	86.8
1983				
January	13.99	138.8	156.1	88.9
July	14.38	142.7	159.4	89.5
1984				
January	14.64	145.2	161.8	89.8
July	16.19	160.6	164.4	97.7
1985				
January	16.19	160.6	167.1	96.1
July	16.19	160.6	170.6	94.2
1986				
January	16.44	163.1	173.3	94.1
July	16.44	163.1	172.6	94.5
1987				
January	\$16.81	166.8	175.1	95.2
July	16.81	166.8	179.4	93.0

* Based on employment mix (all classes) on CONRAIL for calendar year 1994.

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Date	CONRAIL Weighted Average Rate*	Index (1/78 = 100)		CONRAIL Real Rate
		CONRAIL Average	U. S. CPI-W	
1988				
January	\$17.19	170.5	182.3	93.6
July	17.19	170.5	186.6	91.4
1989				
January	17.19	170.5	190.6	89.5
July	17.19	170.5	196.0	87.0
1990				
January	17.19	170.5	200.4	85.1
July	17.19	170.5	204.9	83.2
1991				
January	17.19	170.5	211.3	80.7
July	17.71	175.7	213.8	82.2
1992				
January	17.71	175.7	216.6	81.1
July	17.71	175.7	220.3	79.8
1993				
January	17.71	175.7	223.3	78.7
July	18.24	181.0	226.2	80.0
1994				
January	18.24	181.0	228.6	79.2
July	18.97	188.2	232.1	81.1
1995				
January	18.97	188.2	235.3	80.0
July	18.97	188.2	238.6	78.9
1996				
January	19.63	194.7	241.5	80.6
July	19.97	198.1	245.7	80.6
1997				
January	19.97	198.1	248.9	79.6
July	20.67	205.1	250.7	81.8
September	20.67	205.1	252.0	81.4

The war is over. The real fight begins

Having won the hearts and stock certificates of Conrail's owners, Norfolk Southern and partner CSX must now win the support of a formidable array of interested bystanders. By Luther S. Miller, Editor.

Norfolk Southern won the Great War in the East with three principal weapons: (1) A sensible, pro-competitive plan for dismembering Conrail and dividing the pieces 50-50 with CSX; (2) the knowledge that the fastest way to a shareholder's heart is through his wallet; and (3) a war chest brimming with enough cash and credit to help pay for the costliest transaction in the history of railroading. Also working to NS's

advantage was its reputation as the nation's best-managed, best-disciplined, and perhaps most customer-friendly railroad, which gave its bold strategy a credibility that its rivals never achieved. "We fought fairly, honestly, and with the integrity that defines the way we conduct business," said NS Chairman, President, and CEO David R. Goode when it was all over, and no one seemed ready to question that.

Norfolk Southern won, but this war really had few losers (with the possible, and important, exception of lower-level Conrail employees). CSX's multi-modal empire will have a stronger railroad component. Conrail shareholders, who sided with "hostile" bidder NS at the decisive moment of battle, will be the biggest winners of all, getting \$115 for a share of stock that just months ago was trading at slightly more than \$60. Middle and top-level Conrail management will be handsomely compensated. At the very top, David LeVan will leave the battlefield with a reported \$22 million. Nearly 1,200 non-unionists whose jobs may be axed will get more than \$400,000 each, and around 1,660 others who remain will get an average of \$300,000. Long-term, the biggest winners may be shippers; with the Conrail monopoly on the Northeast broken, customers will be in a position to bargain for lower rates and better service.

The final system plan was still in negotiation late in March and probably won't be known until it's filed with the Surface Transportation Board sometime in late May or early June. Merger negotiators cannot afford to adhere to the Wilsonian ideal of open covenants openly arrived at. But the basic plan seems clear: Norfolk Southern will absorb most of the old Pennsylvania Railroad, with ex-New York Central main lines stitched onto the CSX network (see map). There will be areas of joint ownership in the critical northern New Jersey area, and possibly a jointly-owned terminal railroad.

For the record, David Goode would only say: "Norfolk Southern will step into Conrail's shoes most places in Pennsylvania. We will also



RAILWAY AGE MAP BY DEAN SAUNDERS
 INSET PHOTOS BY MIKE DEL VECCHIO



Canadian National weighed in early with a plan for a "New York Network," contending that under the present NS-CSX plan New York State would be "significantly disadvantaged" because "rail competition is denied from the north and seriously limited from the west."

extend our reach north to the Port of New York and New Jersey and introduce a number of new north-south services that will link the metropolitan New York area with Philadelphia, Baltimore, and the Northeast." He was more forthcoming, even lyrical, in describing the benefits he believes will accrue from the restructuring that he and his army of in-house and outside strategists pursued with such button-down, bulldog, right-is-might tenacity.

SPRINGTIME IN THE NORTHEAST

"There will be a blossoming of competition, the likes of which the Northeast has not experienced in decades," Goode told a hearing convened by the Subcommittee on Transportation of the Senate Appropriations Committee in Washington on March 20. "Our restructuring plan will create two far-flung transportation networks, each serving virtually all major markets east of the Mississippi River. Each will link domestic manufacturing centers with consumer markets, and also with Atlantic Coast ports, which will speed the flow of goods from U.S. origins to overseas destinations. Similarly, the proposed restructuring will lessen the transit times for products moving among the U.S., Canada, and Mexico. This will help make a broad base of American businesses more competitive internationally, and will reduce costs to consumers."

More subdued was CSX Corp. Chairman, President, and CEO John Snow, who now says he knew the "merger-of-equals" that he and Conrail's LeVan proclaimed on Oct. 15 was doomed three days after they announced it but he could not persuade LeVan to accept the partition he and Goode had secretly arrived at. The coffin was nailed down, he confirmed, when "Conrail shareholders resoundingly refused to opt-out of the Pennsylvania law that would have allowed us to proceed with the merger." He acknowledged that the Snow-LeVan master plan encountered opposition far beyond the counterattack mounted by Norfolk Southern: "Statements by federal regulators, public officials, and numerous customers made it clear that regulatory approval was not achievable without major concessions to Norfolk Southern and that, in fact, a negotiated settlement with Norfolk Southern that provided competitive balance in the region was the pre-

ferred course." Conrail was not a party to that settlement because "we could not overcome Conrail's resistance on retaining virtually all of its system."

Not present at the Washington hearing, because he was attending a funeral, was LeVan, who stuck by his guns long after he had run out of ammunition and is regarded by many as being more victim than villain of the piece. Timothy O'Toole, Conrail's senior vice president, law and government affairs, did show up to assure the committee that Conrail "will cooperate fully to ensure an orderly transition." While he said Conrail was not party to the NS-CSX discussions for dismembering Conrail, he did say that the amended merger agreement says it's CSX's intention that Conrail's shops at Altoona and Hollidaysburg, its Pittsburgh service center, and "a major operating presence in Philadelphia (including headquarters of the surviving corporation) shall be maintained."

LABOR'S LOVE LOST?

A kind of "thank God it's over" euphoria swept not only the immediate field of combat but the entire railroad industry when the pending settlement was leaked late in February. Railroad presidents calling each other robber barons does little to polish the image of an industry already under attack by many of its customers for perceived anti-competitive behavior.

But while the war is over, the fighting isn't. First, it must be resolved who gets what and at what price. "Fluid" was a word frequently used last month to describe that situation. "It's a minefield," said one analyst.

Meanwhile, CSX and NS must now fight for the support, or at least the neutrality, of a large number of affected interests—labor, customers, connecting railroads, and a large number of political constituencies that fear the loss of jobs or service or both.

Labor is far from happy. Conrail management and Conrail labor had something of a love affair going a number of years ago, when management persuaded labor to pitch in with contract concessions to help keep the railroad a going concern. But today labor feels betrayed. It also feels uninformed. "What we know so far is what the parties have chosen to tell us through press releases and newspaper leaks, and I guarantee there is a lot we haven't been told," said Robert Scardeletti, international president of the Transportation Communications Union, who represented the Rail Labor Division of the Transportation Trades Department, AFL-CIO, at the Senate hearing.

"The winners are the Wall Street arbitrageurs, the same ones who denounced CSX and Conrail when the price wasn't as high as they thought they could get," charged Scardeletti. "It is clear who the losers will be—those who have put their sweat and money into preserving rail service in the Northeast. It is the public, the federal taxpayer, and the employees who stand to lose the most."

He expressed concerns about post-breakup service levels. "We have seen throughout the country the creation of short lines after a merger, as the merged carrier seeks to cut costs or raise cash. The result is less dependable rail service and the loss of good jobs only to be replaced by lower-

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wage, typically non-union jobs." As for the immediate affect on Conrail workers: "We have seen the news reports about the \$1.15 billion going to the management employees of Conrail. That's \$1.15 billion for a couple of thousand employees with hundreds of management employees getting bonuses worth over a million dollars. Over 10% of the purchase price has been carved out to pay off management employees even if they start a new job the next day. No such luck for rank-and-file workers. We will not sit back," Scardeletti warned, "and let union employees get less than management employees. I have already seen the stories that union employees will be okay because they will get six years of their salary. At best, if they have enough years on the railroad, they get a one-year severance payment if they flat out lose their job because of the merger."

"But try to collect. First, the employee must prove that he or she lost a job because of the transaction. And proving it is not easy. In the unusual event that the Surface Transportation Board determines that a job is lost because of the transaction, the worker is entitled to protection. But he or she also must be prepared to show up for work whenever called, or everything is lost. But if another job is secured, any income is deducted from his or her protections."

One task of NS and CSX is to convince the STB that the premium they're paying for Conrail won't impoverish them to the extent that maintenance or service levels will suffer—and many observers believe this will be no real problem.

But Scardeletti is a non-believer. "The financial impact on CSX is enormous," he said. "I guarantee you that the employees of CSX subsidiaries are praying they get the buyout package offered to Conrail management as CSX puts them on the block to raise cash. While they have my sympathy, our concern is the rail industry. CSX cannot be allowed to do to itself what we should prohibit them from doing to Conrail—cutting back on capital investment, selling essential rail assets, cutting employees—in the desperate attempt to find the cash to pay off their share of the \$10.5 billion."

WHAT CUSTOMERS ARE SAYING

One early supporter of the Conrail split-up was Pennsylvania Power & Light, which annually receives eight million tons of coal by rail. PP&L reached an early understanding with NS, and on March 20

Goode was able to quote the utility as saying the restructuring "would reintroduce competition to rail service in the Northeast, benefit electricity consumers in Pennsylvania, and lower the cost of transporting coal to PP&L power plants." (A Dow Jones report, noting that PP&L is now captive to Conrail, quoted PP&L as acknowledging that it will still have no choice of carriers but that Norfolk Southern had agreed to lower its rates for the utility if the merger is approved.)

Certainly, most shippers will benefit under the restructuring. The initial reaction from the National Industrial Transportation League was that it "sets the conditions to be placed on this merger higher than those of the two previous mergers [BNSF and UP-SP]. The CSX-NS agreement calls for balanced competition and enhancing competition in some markets."

NITL's representative at the Senate hearing, Occidental Chemical's Robert I. Evans, took a broad and somewhat troubled view of the national picture: "When the dust settles, the U.S. will be served by two mega-railroads in the West and two mega-railroads in the East. In the debate before Congress over sunseting the ICC, shippers argued that rail mergers should be judged like mergers of any other company—solely by antitrust laws. Congress chose a different approach. The STB is instructed by statute to take the antitrust laws into account, but is not restricted by those laws."

"Instead, the STB can find a rail merger to be completely anticompetitive, yet still approve it because it produces rail efficiencies, and the Department of Justice cannot challenge the merger as anticompetitive in court. Taken to the extreme, the STB could allow only one railroad in the U.S. because it would produce efficiency. Obviously, rail shippers would have no benefits of competition."

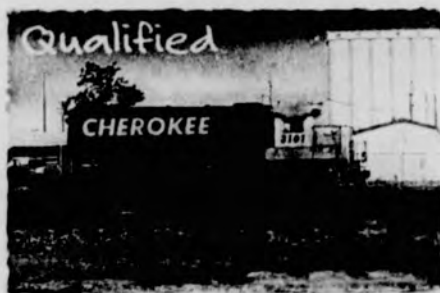
As for the present case, Evans has high hopes. He noted that in most mergers, additional competition has been offered through trackage rights, but "CSX and Norfolk Southern have promised a plan to expand and enhance rail-to-rail competition, even to areas where today no competition exists. And much of the competition will be developed through line sales. Two competing railroads that own their own tracks are preferable to one railroad merely renting track space."

AN UNFINISHED STORY

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and will be—heard from.

Will Amtrak operations be hurt or will they be helped? Amtrak hopes to do more business with freight railroads in the Northeast Corridor, which it owns, and is already negotiating with NS to run high-speed NS freights up the Corridor as far as northern New Jersey or beyond. Amtrak also hopes for some improvement in service from its host freight roads.

For example, the two Amtrak trains that operate over Conrail's Harrisburg-Pittsburgh line had a 21% ontime record last year. NS would be the new operator, and last year it achieved 81% ontime performance for Amtrak trains operating over its lines.

"It is Amtrak's hope that the CSX performance level improves substantially until it mirrors or surpasses Norfolk Southern," said George D. Warrington, president of Amtrak's Northeast Corridor Business Unit.

Among freight railroads, Canadian National is a most interested bystander. CN weighed in early with a plan for a "New York Network," contending that under the present NS-CSX plan New York State would be "significantly disadvantaged" because "rail competition is denied from the north and seriously limited from the west."

CN said its "New York Network" plan would comprise "a network of existing routes, the substantial broadening of access for competing railroads at the all-important Buffalo gateway, and effective alliances with short line railroads." (How the proposed merger could affect short lines generally will be explored by *Railway Age* Contributing Editor Roy Blanchard in the May issue.)

The metropolitan New York area has its own concerns. The Port Authority of New York and New Jersey notes that CSX and NS "are not the only railroads that are seeking full access to the Port District. Several others who have operations in New York and New Jersey want to expand their service, which ought to be encouraged."

There is the inevitable speculation as to when the final four will become the final two—or even, as NITL's man suggested, the final one. David Goode, for one, believes "the jury is still out on transcontinental railroads. It's not absolutely clear to me whether they're the right thing."

But that's another story, and this one is still far from over. ■

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TRANSPORTATION • COMMUNICATIONS INTERNATIONAL UNION

LEGAL DEPARTMENT

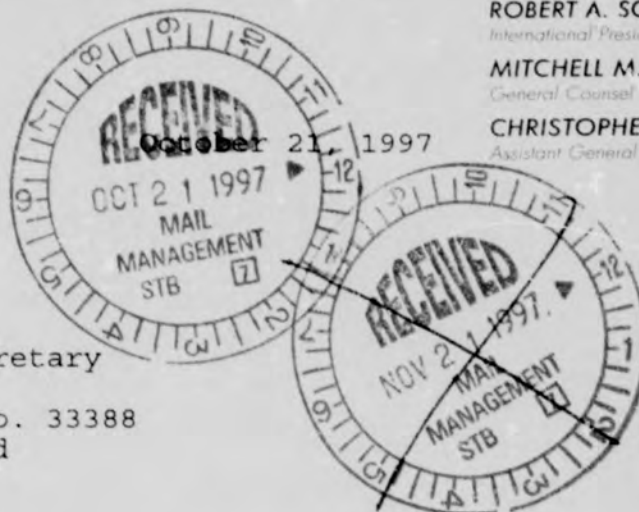
ROBERT A. SCARDELLETTI
International President

MITCHELL M. KRAUS
General Counsel

CHRISTOPHER J. TULLY
Assistant General Counsel

VIA HAND DELIVERY

Mr. Vernon A. Williams, Secretary
Case Control Branch
ATTN: STB Finance Docket No. 33388
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001



Re: Finance Docket No. 33388, CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/Agreements -- Conrail Inc. and Consolidated Rail Corporation

Dear Mr. Williams:

Enclosed please find an original and twenty-five copies of Transportation Communications International Union's Comments to Proposed Railroad Control and Operating Leases/Agreements Application (TCU-6), Verified Statement of Thomas R. Roth (TCU-7), Verified Statement of Joel M. Parker (TCU-8), Verified Statement of Richard A. Johnson (TCU-9) and Certificate of Service (TCU-10) in the above-captioned matter.

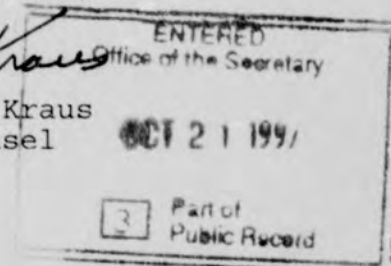
Also enclosed are two 3.5-inch IBM compatible floppy disks containing the above documents.

Thank you for your attention to this matter.

Very truly yours,

Mitchell Kraus

Mitchell M. Kraus
General Counsel



MMK:fm

Enclosures

CC: The Honorable Jacob Leventhal
All Parties of Record (per Service List)

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33389

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

TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION'S
COMMENTS TO PROPOSED RAILROAD CONTROL
AND OPERATING LEASES/AGREEMENTS APPLICATION

I. Introduction

The Transportation Communications International Union (TCU) offers these Comments with respect to labor protective issues of the proposed transaction between Norfolk Southern (NS), CSX and Conrail. TCU opposes several of the proposals submitted by the Applicants regarding New York Dock labor protective conditions.

TCU represents employees of all three carriers in the clerical and carmen craft and class, as well as certain supervisors -- a total of approximately 14,136 employees.

II. STB Should Not Approve This Merger.

TCU deplores the continuing trend of the STB approving mega-mergers with the resulting loss of competition, loss of efficient service, and reduction in safety standards. This trend is most dramatically revealed by reviewing the effects of the UP/SP merger. In its emphasis to increase profits, UP management has cut the work force to the point that it is now incapable of efficiently managing

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the railroad. Bottlenecks and delays for shippers are the rule, not the exception. Safety standards have been seriously eroded endangering rail workers and the general public -- particularly in light of the increasing amount of hazardous material shipped via rail, often through densely populated areas. Indeed, in reviewing the UP/SP merger, the Federal Railroad Administration (FRA) "came to the conclusion that there is a fundamental breakdown in basic railroad operating procedures and practices essential to a safe operation."¹

In the instant matter, a healthy and profitable railroad -- Conrail -- is being taken over by two other healthy and profitable railroads. While Applicants have claimed public benefit through greater efficiencies, those claimed efficiencies are unlikely to result in lower costs to the shippers. Quite the contrary, this merger is likely to have the opposite results -- less competition and higher shipping costs with loss of service.

What this merger is about is quite obvious -- higher profits, higher management bonuses, and, for Conrail management, some of the most generous golden parachutes in the history of corporate America starting with Conrail CEO LeVan's package of \$22 million. The dismemberment of Conrail for the benefit of private parties is particularly objectionable because Conrail has been made profitable by the infusion of public funds and the sacrifice of its employees, who had wage increases deferred and suffered massive layoffs.

¹FRA, Summary Safety Assurance Assessment of Union Pacific Railroad (September 10, 1997) -- Exhibit to Verified Statement of Richard A. Johnson.

The losers in this merger are quite clear -- shippers who will lose the benefits of competition and, based on the UP/SP experience, run a considerable risk of losing efficient service; employees who will suffer from forced relocation and employment loss; and the public who will see a deterioration of safety and service. The winners are equally clear -- management and shareholders. The Board's responsibility is to protect the public interest and deny this application.

III. The Only "Fair Arrangement" That Would Adequately Protect Conrail Employees Affected by This Transaction Is Attrition Protection and the Availability of Severance Packages in Lieu of Forced Relocations.

Pursuant to 49 U.S.C. § 11326(a), the STB has the statutory authority and responsibility to provide "a fair arrangement" to protect the interests of employees affected by an approved transaction. Traditionally the ICC and the STB have imposed the labor protective provisions set forth in New York Dock Railway--Control--Brooklyn Eastern District, 360 I.C.C. 60, aff'd sub nom. New York Dock Ry. v. United States, 609 F.2d 83 (2nd Cir. 1979), and in this proceeding the Applicants have acknowledged that approval of the primary application is subject to the New York Dock conditions. Application, Vol. 1 at 25. However, the unique circumstances of this transaction provide a compelling equitable argument for greater protection for the affected employees. Conrail's unionized employees have made extreme sacrifices in the form of jobs, income and productivity -- sacrifices which have had a crucial role in Conrail's impressive financial recovery. Yet those employees stand to lose the most from this transaction, at

the same time that Conrail's upper and middle management cash out with incredibly generous severance packages. In such circumstances, a truly "fair arrangement" would grant attrition protection for the affected unionized employees and permit employees facing relocation to elect separation allowances, comparable to those paid to management.

As demonstrated in the accompanying Verified Statement of Thomas R. Roth, Conrail's unionized work force contributed tremendously to its transformation from "the bankrupt property of the mid-1970's into one of the nation's most profitable and valuable railroads." Verified Statement of Thomas R. Roth (hereinafter "Roth Statement"), at 7. That contribution came in the form of jobs, income and productivity. In Conrail's early years, labor suffered substantial job losses, with the affected employees receiving considerably less protection than Congress originally had allocated. Thus, although Title V of the Regional Rail Reorganization Act of 1973 established labor protections for employees adversely affected by the consolidations connected with the creation of Conrail, "unpredicted carnage in the form of jobs and income" exhausted the Congressional appropriation for protection in less than four years. Id. at 5. As a result, Congress repealed prior protective provisions in 1981, greatly reduced the amount of protection payable, and granted Conrail broad, unilateral authority to abandon lines and eliminate jobs. Id. at 5. From 1980-83, Conrail abolished 39,754 jobs, excluding those transferred to commuter roads. Id. at 2.

In addition, pursuant to the Northeast Rail Service Act, Conrail was permitted to spin off its highly unprofitable commuter service and transfer Conrail employees to local commuter authorities. Conrail's commuter operations involved approximately 9,500 employees in 1981; in 1983, 7,880 transferred to three commuter authorities and nearly all of these employees suffered a reduction in their terms and conditions of employment. Id. at 6.

At the same time, Conrail unionized employees agreed to substantial wage concessions. On May 5, 1981, the rail unions entered into an agreement with Conrail calling for a deferral of wage increases under the national agreement for Class I freight railroads until such time as the industry wage level was 12% above that of Conrail. Id. at 6. After that point, Conrail employees would receive subsequent increases under the national agreement but would maintain the 12% differential. Over a 39-month period from July 1, 1982, until July 1, 1984, this wage differential translated into a nearly \$500 million contribution to Conrail's recovery, a contribution that Conrail later conceded "'was critical to the company's survival and subsequent financial turnaround.'" Id. at 6, citing Conrail's 1988 Annual Report.

In total, reductions in aggregate labor costs caused by job abolishments, modest wage rate changes, and historic productivity increases caused unit labor costs on Conrail to drop precipitously from 1980 onward. Conrail's total labor costs fell from \$1.8 billion in 1980 to \$1.1 billion in 1996, a 39% reduction. Unit labor costs (labor cost per ton mile) decreased 45%, from 2.21

cents in 1980 to 1.21 cents by 1996. During this same period, non-labor costs decreased 27% and revenues remained relatively flat. Thus, "[t]he meaningful and significant improvement in Conrail's financial position is attributable almost exclusively to diminished unit labor costs." Id. at 8.

The result is an incredible return to the shareholder. Between 1990 and 1995, shareholder return exceeded 300%. With the NS/CSX purchases, stock that was trading at \$60 per share a year ago will be sold at \$115 per share. Id. at 8.

Once the CSX/NS transaction is complete, Conrail management will receive handsome rewards for their contribution to the carrier's value. CEO LeVan will receive a reported \$22 million buyout; 1,200 middle managers stand to share \$480 million in severance payments, an average of \$400,000 each. The 1,660 managers who remain employed will each receive a \$300,000 dislocation allowance, at a total cost of an additional \$498 million. In total, the payouts to middle management alone will exceed the annual wages of the entire unionized workforce on Conrail. Id. at 9.

At the same time, Conrail workers have not fared nearly as well and stand to lose the most as a result of the transaction, despite labor's significant role in "turn[ing] the bankrupt property of the mid-1970's into one of the nation's most profitable and valuable railroads." Id. at 7. As noted above, from 1980-83, Conrail abolished 39,754 jobs (excluding those transferred to commuter lines). Since 1983, rail labor has lost an additional

18,924 jobs (excluding those transferred to commuter lines). During this same period, real hourly rates of pay have fallen by 8.4%, and there have been no meaningful improvements in the major benefit programs. In fact, those benefits have worsened with increases in employee contributions to health and welfare and retirement funds. Id. at 8-9.

It is only fitting that Conrail's unionized employees be granted a level of protection which is commensurate with their contribution to Conrail's value. Certainly if upper and middle-level management are to receive such generous severance and dislocation packages, then it is only equitable that comparable packages be made available to Conrail's unionized work force. In this regard, the hundreds of TCU-represented employees whose work is being transferred as a result of this transaction should not be compelled to follow that work without being offered the alternative option of receiving a separation allowance comparable in value to those offered Conrail's management employees. Further, those employees who face dismissal should be granted attrition protection, in compensation for the tremendous sacrifices which TCU-represented employees have made over the years to turn Conrail's fortunes around so dramatically. The Board clearly has the authority pursuant to 49 U.S.C. § 11326(a) to order severance benefits and attrition protection. TCU respectfully submits that the Board's statutory duty to provide a "fair arrangement" requires such a result in this proceeding.

IV. Labor Protection

A. NS Should Not Be Permitted to Override Conrail Agreements.

NS has claimed that, as the acquiring carrier, it has the right to override all existing Conrail agreements and impose the Norfolk & Western collective bargaining agreements. It maintains that it is more efficient to administer one collective bargaining agreement than two, and, accordingly, it need not apply the existing Conrail agreements. This Board has held that it can override provisions in collective bargaining agreements and modify them where necessary for the public benefit of the approved transactions. Union Pacific Corp., et al.--Control and Merger--Southern Pacific Transp. Co., et al. (Arbitration Review), STB Finance Docket No. 32760 (Sub-No. 22), June 26, 1997. See RLEA v. United States, 987 F.2d 806, 814 (D.C. Cir. 1993); ATDA v. ICC, 26 F.3d 1157, 1164 (D.C. Cir. 1994). However, neither this Board nor the ICC has ever approved the sweeping rejection of collective bargaining agreements proposed by the NS herein. The unprecedented nature of NS' position is amply demonstrated by the fact that multiple collective bargaining agreements among merged carriers are the norm in the industry, including the recent BN/Santa Fe and UP/SP mergers. NS itself administers three clerical agreements and two carmen agreements with TCU, while CSXT administers four clerical agreements and seven carmen agreements.² In spite of this

²Verified Statements of Joel M. Parker ("Parker Statement"), pp. 2-3, and Richard A. Johnson ("Johnson Statement"), p. 2)

multiplicity of agreements, both NS and CSXT have been immensely profitable.

But NS maintains that it could be even more efficient with only one collective bargaining agreement for each craft. Significantly, its claims are unsupported by any studies.³ Moreover, CSXT does not share NS' view in this regard. Its position is that the existing Conrail agreements will apply on its allocated portion of Conrail, and the Conrail agreements will apply to the Shared Asset Areas for which both NS and CSXT will be responsible. As we demonstrate below, NS' specific claims of efficiency are either illusory or insufficient to justify the unprecedented, sweeping override of entire agreements.

For both clerks and carmen, NS claims that the override of Conrail agreements is supported by the need to have a single uniform payroll system. It should be noted that NS has adopted such a payroll system in spite of administering multiple collective bargaining agreements in the clerical and carmen craft and class. No studies have been done as to what differences, if any, exist between NS and Conrail's payroll system; and no studies have been done to show what savings would occur.⁴ Indeed, it is not even clear what provision of the Conrail agreement, if any, must be overridden to adopt such a payroll system, and it is even more unclear how this claimed need supports an override of the entire

³Deposition of R. Spenski, September 2, 1997, pp. 83, 88-89, 92, 104.

⁴TCU Supplemental Interrogatory Response No. 5, CSX/NS-112; Deposition R. Spenski, September 2, 1997, p. 83.

Conrail agreement. The claimed need for a uniform payroll system has never, to our knowledge, been cited as a basis for overriding a provision in a collective bargaining agreement, no less the entire agreement.⁵

As it pertains specifically to the clerical craft and class, both Conrail and NS have implemented the National Salary Plan. This means that all clerical jobs on both carriers are placed within fifteen wage grades. While the wage rates for the fifteen grades differ between carriers, the maintenance of these differing rates for a uniform grade structure cannot be said to prevent NS from adopting a uniform payroll system. For the immediate future, both NS and Conrail are required under the National Salary Plan to permit those employed at the time of its adoption to continue receiving their individual rate, rather than the Wage Grade Rate. About half of the employees on both carriers receive these individualized rates. This fact has not prevented NS from adopting a uniform payroll process for its employees.⁶

NS has argued, for both its clerical and carmen craft, that there will be efficiency in labor relations administration if it is responsible for administering only one collective bargaining agreement. No cost benefit study has been done to support this claim,⁷ but NS has been able to operate profitably in spite of the fact that its labor relations department administers multiple

⁵Parker Statement, p. 5.

⁶Parker Statement, pp. 4-5.

⁷Deposition of R. Spenski, pp. 88-89.

collective bargaining agreements in the clerical and carmen craft and class.

As it pertains to the clerical craft and class, NS maintains that the adoption of the N&W clerical agreement will provide employees with expanded access to jobs on the entire NS system. This claim misrepresents the current seniority system on NS. Not even current NS clerical employees have system-wide seniority rights nor even unrestricted seniority rights on the three clerical collective bargaining agreements on NS. NS does not have the right to require its clerical employees to relocate anywhere on its system, and it should not be permitted to override Conrail clerical seniority to this end.⁸ As we discuss at greater length below on CSXT's proposal, expanding employees' seniority districts through an override places relocation burdens on employees not contemplated by and contrary to New York Dock protections.

Ironically, NS has taken a different tack on carmen seniority, arguing for an override of Conrail agreements to secure more restrictive point seniority, as opposed to the Conrail system of combined point seniority and prior rights. Approximately half of Conrail's current carmen employees, those employed prior to its formation on April 1, 1976, enjoy preference for jobs on the facilities of their predecessor railroad employer. An employee of the former Lehigh Valley or New Jersey Central has a preference or

⁸Parker Statement, p. 6.

prior rights to any jobs on the lines of those predecessor carriers.⁹

NS proposes to terminate these prior rights and, in so doing, create significant inequities among Conrail carmen.¹⁰ The current system of prior rights evolved because Conrail's predecessors had very different ways of determining when a carman was assigned a seniority date based on whether they relied on an apprenticeship program. Some Conrail employees had to complete such a program, delaying attaining a seniority date by four years, while others did not. The reliance on prior rights was Conrail and its unions' effort to fairly deal with these differences.¹¹

NS also maintains that an override of the entire Conrail agreement is necessary so that it can train Conrail carmen at its training center in McDonough, Georgia. NS reached separate training agreements with Norfolk Western and Southern carmen to establish this center, and as previously noted has continued to maintain separate carmen agreements. There is no reason for this Board to assume that the negotiating process would not similarly result in a training agreement for Conrail. In any event, NS' desire for such a training agreement should not be the basis for an override of the entire Conrail carmen agreement.¹²

⁹Johnson Statement, pp. 4-5.

¹⁰CSXT also prefers point seniority but has not cited this preference as a basis for overriding the entire Conrail agreement.

¹¹Johnson Statement, p. 3.

¹²Johnson Statement, p. 3.

NS has urged that an override of the Conrail carmen agreement is necessary to permit flexibility in making repairs. But the work rules and practices in the Conrail shops are generally similar to those in Roanoke. Further, work can be transferred between NS and Conrail shops under New York Dock implementing agreements.¹³ In his deposition testimony, NS Vice President Spenski cited the claimed efficiencies from not having to administer another collective bargaining agreement, in support of NS' claimed need for flexible work rules, a position unsupported by any cost analysis and discussed in detail above.¹⁴

As to the clerical agreements, NS has cited the fact that Conrail clerks will be placed under the NS job stabilization agreement as a basis for overriding the Conrail clerical agreement. TCU is in the process of negotiating with Conrail for a job stabilization agreement. To the extent that NS' offer of coverage under its job stabilization agreement constitutes an improvement in benefits, it does not provide a basis to override the entire Conrail agreement.¹⁵ Further, as we discuss below, NS is attempting to override the existing Conrail Supplemental Benefit Plan, a type of property protective agreement, to the detriment of Conrail employees and contrary to New York Dock conditions.

In summary, NS' theory that as the acquiring carrier its agreements automatically override those of Conrail is unsupported

¹³Johnson Statement, pp. 3-4.

¹⁴Deposition of R. Spenski, September 2, 1997, pp. 85-88.

¹⁵Parker Statement, pp. 6-7.

by any decision of this Board or the ICC as well as the industry practice of maintaining separate agreements on merged carriers, including NS itself, as well as the most recent major mergers on BN/Santa Fe and UP/SP. Its stated reasons for the override of the entire Conrail agreement is unsupported by any cost analysis, and such reasons have never previously been cited as a basis for overriding even a provision of a collective bargaining agreement, no less the entire agreement. Based on the foregoing, and the above discussion of the specific claimed basis for override, NS should not be permitted to override the Conrail clerical and carmen agreements in their entirety. Its claims to do so based on its position as the acquiring carrier should be rejected. Significantly, NS has failed to identify a single specific provision of the Conrail agreement which must be overridden to achieve a public transportation benefit.

B. CSXT Should Not Be Permitted to Transfer the Seniority of Conrail Clerical Employees to CSXT Jacksonville Rosters.

CSXT has proposed transferring the major clerical functions from Conrail facilities to Jacksonville, Florida, forming five consolidated seniority districts -- Customer Service, Crew Management, Finance-Revenue and Finance-Expenditures, and Headquarter Functions. In each case, CSXT anticipates that not all of the affected clerical employees will be needed to follow their work. Notwithstanding, CSXT plans to transfer the affected employees' seniority onto the Jacksonville roster.¹⁶

¹⁶Vol. 3A, pp. 497-501, CSX/NS-20.

For example, CSXT intends to transfer the Conrail customer service work presently performed in Pittsburgh to 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."¹⁷

Those affected employees in this category -- those who are "not needed" at the time their work is being consolidated in Jacksonville -- will become "dismissed" employees under New York Dock, unless they are able to hold a position in their original Conrail seniority district.¹⁸ This option is highly unlikely for most, if not all, affected Conrail clerical employees, since the major Conrail clerical functions are being transferred to Jacksonville.

A "dismissed" employee under New York Dock is entitled to draw a dismissal allowance. However, he must accept available work in his original seniority district or comparable work in other crafts, which does not require relocation as a condition of drawing protection. By transferring the seniority of "dismissed" employees to Jacksonville, CSXT intends that such employees be required to accept subsequent available work in Jacksonville or forfeit their dismissal allowance.¹⁹

¹⁷Vol. 3A, p. 497, CSX/NS-20.

¹⁸Deposition of K. Pfeifer, September 2, 1997, p. 48.

¹⁹Ibid, p. 50.

The transfer of employees' seniority without offering the employee an opportunity to follow the transferred work is unprecedented in the railroad industry. No railroad has ever implemented such a policy,²⁰ and no decision of the STB or ICC supports such a policy. Indeed, CSXT could not cite a single instance where it had previously transferred work and transferred seniority of employees in "dismissed" status as a result of the work transfer.²¹

The transfer of employees' seniority under these circumstances markedly changes New York Dock protections by significantly expanding employee responsibility to relocate. The STB has twice upheld arbitrator decisions rejecting similar CSXT efforts to expand "dismissed" employees' responsibility to relocate. In STB Finance Docket 28905 (Sub-No. 28) (August 21, 1997), the Board upheld the arbitrator's decision that CSXT could not discontinue dismissal allowance for an employee who declined to accept a position outside his seniority district. The Board found that Article 1, Section 6(d) of the New York Dock Conditions "limited the right of transfer of recalled employees, other than as provided by existing CBA's to locations that do not require a change of residence." The Board concluded that a "dismissed" employee may be required to relocate only to the extent that he has rights to positions within his seniority district. See also STB Finance

²⁰Parker Statement, p. 11.

²¹Deposition of K. Peifer, September 2, 1997, pp. 42-43.

Docket 28905 (Sub-No. 25) (January 11, 1994), for a similar decision involving CSXT.

CSXT's effort to transfer seniority of "dismissed" employees to Jacksonville is an effort to circumvent the recent arbitration and Board decisions cited above, by expanding employee obligation to relocate. It raises significant equity issues for Conrail and CSXT Jacksonville employees as to whether such transferred seniority should be dovetailed or endtailed under these unique circumstances. CSXT should not be permitted to so modify New York Dock protections, and its effort to transfer seniority of dismissed Conrail employees should be rejected.

C. CSXT's Proposal to Establish a Single Field Clerical Seniority District Should Be Rejected.

CSXT proposes the consolidation of previously separate Conrail seniority clerical rosters with eight separate seniority rosters under the B&O and C&O collective bargaining agreements to form a single seniority district encompassing a number of states from Illinois, Indiana, Ohio and Michigan to Maryland, Pennsylvania, New York and Massachusetts.²² The geographic scope of this district is likely to cause significant relocation burdens on clerical employees.

With the exception of a transfer of work between CSXT's facility at Walbridge, Ohio, and Conrail's Stanley Yard at Toledo, CSXT plans no work transfers between locations in this giant

²²Response 9(a) and (b) to TCU Interrogatory, CSX-16.

district.²³ TCU has never entered an implementing agreement calling for such a massive consolidation of seniority rosters on the acquiring and acquired carriers, particularly in the absence of work transfers.²⁴ In short, CSXT's proposal is unprecedented and is supported neither by arbitration awards nor by STB or ICC decisions.

Although virtually no work is being transferred, CSXT intends to apply the Conrail Agreement to all locations in this field district.²⁵ CSXT maintains that the efficiencies to be derived from applying the Conrail agreement to CSXT locations within this planned seniority district are that all employees in this district will better understand the applicable rules.²⁶

CSXT proposes to impose the acquired carrier's (Conrail's) agreements as opposed to the NS' view that it is the acquiring carrier agreement which should prevail. TCU's position in this regard is the same that has been generally followed in all prior mergers. In the absence of a transfer of work, both agreements -- in this case CSXT and Conrail -- should continue in effect at the same geographic locations where they had previously applied. If work is transferred, the agreement at the receiving location is normally applied.

²³Ibid, Response to 9(c), CSX-16.

²⁴Parker Statement, pp. 8-9.

²⁵Vol. 8A, p. 500, CSX/NS-20.

²⁶Deposition K. Peifer, p. 19.

CSXT claims for efficiencies derived from a single agreement are belied by the fact that it currently administers four clerical agreements and CSXT has operated efficiently and profitably.²⁷

CSXT employees in the planned field district currently are covered by job stabilization agreements which provide protective benefits to furloughed employees. These job stabilization agreements essentially provide what is sometimes referred to as "attrition protection" -- that is, the employee does not have to demonstrate a nexus between a furlough and another event such as a merger. It is CSXT's view that these job stabilization agreements no longer should be applicable to these employees.²⁸ While CSXT agrees that employees in the field district will have the option of electing job stabilization protection, such employees, according to CSXT, may do so only when adversely affected by the transaction.²⁹

In short, CSXT's position places these employees in a Catch-22, denying them valuable protective rights. The current CSXT job stabilization agreements provide protection regardless of nexus to any transaction, but, according to CSXT, employees may elect such protection only if affected by the merger. A CSXT employee in the field seniority district furloughed because of a reduction in force would have previously been entitled to protection under the job stabilization agreements, but would under CSXT's proposal be denied such protection. TCU is unaware of any of its employees affected

²⁷Parker Statement, p. 9.

²⁸Deposition of K. Peifer at pp. 23-24.

²⁹Ibid. p. 29.

by a merger being similarly required to surrender job stabilization protection, and we find it particularly egregious in this instance where virtually no work is being transferred.³⁰ CSXT was unable to cite any resulting efficiencies from overriding the existing job stabilization agreements.³¹

Further, CSXT's effort to override the existing job stabilization agreement of its current employees violates Article I, Section 3 of New York Dock Conditions, which calls for the ongoing viability of such on-property agreements. Article I, Section 3 states in its pertinent part that nothing within the New York Dock Conditions "shall be construed as depriving any employee of any right or benefits...which said employee may have under any existing job security or other protective conditions or arrangements."

CSXT's effort to form a gigantic field seniority district and deprive its own employees of their rights under existing job stabilization agreements should be rejected by this Board.

D. NS and CSXT Should Not Be Permitted to Deny SUB Benefits to Conrail Employees.

Conrail employees are covered by a Supplemental Benefit Plan (SUB) which provides up to \$40,000 in lifetime protection for employees furloughed. The employee need not show a connection to any particular transaction to be covered by SUB benefits, and SUB benefits may be available in situations in which job stabilization

³⁰Parker Statement, p. 10.

³¹Deposition of K. Peifer, pp. 31-32.

benefits would not. Conrail employees currently receiving SUB benefits would not be eligible for New York Dock or job stabilization protection since they would already be furloughed on the date of the transaction.³²

NS will not apply the Conrail SUB plan on its allocated portion of Conrail. CSXT will apply the SUB plan where it is applying the Conrail collective bargaining agreements.³³

The SUB plan is a "job security or other protective arrangement" within the meaning of Article I, Section 3 of the New York Dock Conditions. As such, it is not subject to override under those conditions.

NS and CSXT's attempt to override Conrail SUB benefits should be rejected by this Board.

V. Safety

The Federal Railroad Administration (FRA), in reviewing the UP/SP merger, concluded that, "there is a fundamental breakdown in basic railroad operating procedures and practices essential to a safe operation." FRA, Summary of Union Pacific Railroad Safety Assurance Assessment (September 10, 1997), (Johnson Statement, Ex. A), p. 1. In reporting the FRA's preliminary findings, the Department of Transportation (DOT) cited, among other areas of concern, train inspections and particularly focused on increased power brake related safety problems.³⁴

³²Parker Statement, p. 7; Johnson Statement, pp. 5-6.

³³Answer to Allied Rail Unions' Interrogatory 221, CSX/NS-110.

³⁴Finance Docket No. 32760 (Sub-No. 21) DOT-1, p. 4.

In its notice of intent to participate in this matter, the DOT noted that major rail carrier mergers "have given rise to concerns about the timely, effective integration of different corporate cultures as they relate to safety."³⁵

The FRA recently completed its initial report on its review of CSXT's assurance compliance program.³⁶ The report noted five recent serious derailments, one of which involved 34 cars, the leakage of hazardous material and evacuation of local citizens.³⁷ The report found serious safety violations in the movement of hazardous material in defective or non-compliant tank cars.³⁸ These safety concerns are particularly relevant herein since Applicants are responsible for transporting significant traffic of hazardous material, often through densely populated areas. The Shared Asset Area, which will be under NS and CSXT joint control, has a heavy concentration of such hazardous material being shipped in densely populated areas.³⁹

The report, among other areas, focused on the crew management center in Jacksonville, finding that inefficiencies in crew calling "added to extended duty days and overall fatigue for operating crews."⁴⁰ The FRA cited as a reason for these inefficiencies its

³⁵Finance Docket No. 33388, DOT-2, p. 2.

³⁶FRA, Safety Assurance and Compliance Program Report for CSX Transportation, Inc. (October 16, 1997) (Johnson Statement, Exhibit B).

³⁷Id., pp. ii-iii.

³⁸Id., p. vii.

³⁹Johnson Statement, pp. 14-15.

⁴⁰Johnson Statement, Ex. B, p. vi.

belief that the crew management center staff is "regularly overwhelmed."⁴¹ This conclusion is supported by the fact that not all the regular or extra board jobs in the Jacksonville crew calling office are filled, and employees are regularly required to work overtime.⁴²

These problems in CSXT's crew calling center in Jacksonville are of particular concern. CSXT plans to close Conrail's Dearborn, Michigan, crew calling center and transfer those functions to the already overburdened Jacksonville operation within seven months of merger approval.⁴³

TCU's carmen play an integral role in rail safety with responsibility for initial terminal inspections, pre-departure inspections, tank car inspections and brake inspections. Hundreds of safety violations found by carmen inspectors on Applicants have been referred to the FRA for review.⁴⁴

Significantly, in its notice of intent to participate in this proceeding, DOT identified "Train inspections and identification of hazardous material defects" as one of four principle safety concerns of the FRA in major mergers.⁴⁵ In this matter, the BRC is concerned that the emphasis on through trains will result in abandonment of current interchange points where carmen inspectors

⁴¹Id.

⁴²Parker Statement, p. 13.

⁴³Response No. 1 to TCU Supplemental Interrogatory, CSX/NS-112.

⁴⁴Johnson Statement, pp. 12-13.

⁴⁵Finance Docket No. 33388, DOT-2, P. 3.

are currently assigned. The Applicants will likely increasingly rely on inspections by train crews instead of inspection by qualified mechanical inspectors.⁴⁶ As recognized by the train crews and their union, they lack the requisite training to perform such critical safety inspections.⁴⁷

TCU submits that the safety concern raised by the FRA should be taken into consideration in this proceeding. Any approval of this application should be conditioned on the implementation of a safety plan devised or approved by the FRA. The FRA should have responsibility for oversight and monitoring to assure compliance with that safety plan.

All unions, including TCU, should have an opportunity to comment on any safety plan to the FRA and fully participate in the process of adopting appropriate safety standards. The FRA has noted that rail labor is currently participating in sixteen labor management safety projects on CSXT, and BRC on Conrail has negotiated a specific safety agreement.⁴⁸ In short, rail labor should, and probably must, be included as part of the solution to safety problems resulting from this application.

VI. Conclusion

TCU's basic position is that this merger application should not be approved because the promised benefits to shippers will be largely illusory. In the event the merger is approved, we

⁴⁶Johnson Statement, pp. 13-14.

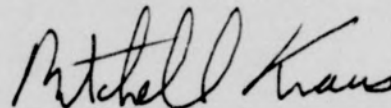
⁴⁷Ibid.

⁴⁸Johnson Statement, pp. 15-16.

request that the Board impose enhanced labor protection conditions in light of the sacrifices made by Conrail workers to create a profitable carrier and the generous severance packages provided to Conrail management.

As to specific labor protection issues, NS' request to override all Conrail collective bargaining agreements and replace them with the N&W agreements should be rejected. Similarly, CSX's request to transfer the seniority of employees "not needed" as the result of a work transfer, and its efforts to create a field seniority district overriding CSXT agreements should similarly be rejected. Finally, because of the serious safety issues raised by DOT, this merger, if approved, should be subject to the FRA approval of a safety plan, with continuing responsibility for oversight of its implementation.

Respectfully submitted,



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Dated: October 21, 1997

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Richard E. Kerth
Transportation/Distribution Manager—Commerce, Regulatory Affairs
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Corporate Transportation/Distribution

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October 13, 1997

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



re: Finance Docket No. 33388 CSX Corporation, et. al; Norfolk Southern Corporation et al: -- Control & Operating Leases / Agreements -- Conrail, Inc. and Consolidated Rail Corporation

Dear Secretary Williams:

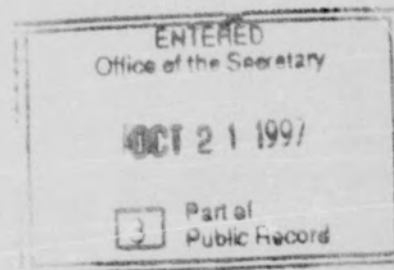
Pursuant to Decision No. 43 in the above referenced proceeding, enclosed please find the original and ten copies of the Certificate of Service of Champion International Corporation for filing in this matter.

Sincerely,

A handwritten signature in cursive script that reads 'Richard E. Kerth'.

Richard E. Kerth

cc: Administrative Law Judge Jacob Leventhal
Office of Hearings
Federal Energy Regulatory Commission
888 - 1st St. N.E., Suite 11F
Washington, D.C. 20426



182814



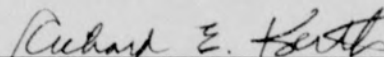
CERTIFICATE OF SERVICE

Finance Docket No. 33388

CSX Corporation and CSX Transportation, Inc.; Norfolk Southern Corporation
and Norfolk Southern Railway Company -- Control and Operating Leases /
Agreements -- Conrail, Inc. and Consolidated Rail Corporation

I hereby certify that on the 13th day of October, 1997, I served copies of the comments of
Champion International Corporation, identified by the acronym "CIC-1", by first class mail,
postage prepaid, on all Parties of Record that are added to the service list, as ordered by the
Surface Transportation Board in Decision No. 43 dated October 7, 1997.

Respectfully submitted,



Richard E. Kerth

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October 13, 1997

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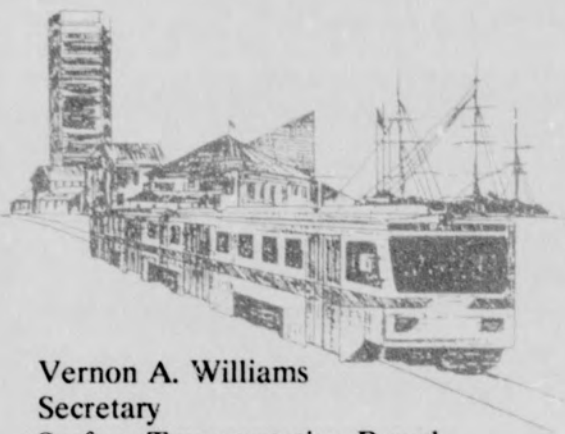
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182783

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BALTIMORE AREA
TRANSIT ASSOCIATION

15 October 1997



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

D



CONCERNING

CSX Corporation and CSX Transportation Inc.
Norfolk Southern Corporation and
Norfolk Southern Railway Company

****Control and Operating Leases/Agreements****

Conrail Inc and Consolidated Rail Corporation
Transfer of Line By Norfolk Southern Railway Company
to CSX Transportation Inc.

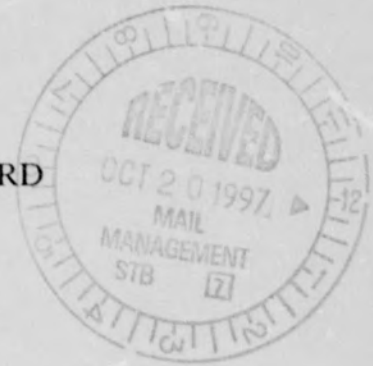
Dear Secretary Williams

Enclosed for filing in the above referenced proceeding please find the original and 25 copies of the response of the Baltimore Area Transit Association.

Respectfully submitted

John Hoy 10-15-97
John Hoy, President
Baltimore Area Transit Assoc.
P.O. Box 117
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Before the
SURFACE TRANSPORTATION BOARD
Washington, D.C.



Finance Docket No. 33388

CSX Corporation and CSX Transportation Inc.
Norfolk Southern Corporation and
Norfolk Southern Railway Company

****Control and Operating Leases/Agreements****

Conrail Inc and Consolidated Rail Corporation
Transfer of Line By Norfolk Southern Railway Company

to CSX Transportation Inc.

=====

OFFICIAL RESPONSE
OF THE
BALTIMORE AREA TRANSIT ASSOCIATION
(BATA)

The Baltimore Area Transit Association is a Non Profit, Volunteer, Citizens action group located in the Baltimore (MD) Metro area. Neither the BATA, the Board of Directors, nor any of the members is known to have a significant financial interest in the proceeding before this Board. BATA represents citizens of the Baltimore Metro Area in the area of Transit and passenger Rail Transportation. Our comments are based on our concerns in how this will affect individuals rather than corporations in this region.

The predecessor of CSX Corp was the Baltimore and Ohio Railroad, the first successful Railroad in the United States, and it began right here in Baltimore City. The B&O Railroad from its inception carried passengers, the historic race between the steam engine and the horse occurred on this piece of railroad. And this same piece of railroad today carries the commuter trains of the MARC commuter Railroad as a tenant on the CSX tracks.

We are concerned that in the multiBillion dollar enterprise that is Today's railroad industry, we the citizens through whose neighborhood these railroads run will ignore and shun serving the very citizens who made the railroad what it is today. This is evident nowhere more clearly than in the filing of this petition with the Board. The request and filing contains many thousands of pages, yet less than 20 address the passenger aspects of the railroads. (since Norfolk Southern does not operate passenger service in the Baltimore Area these comments will tend to focus on the CSX Corp, this in no way indicates a lack of concern on the actions of the Norfolk Southern, merely a lack of history in dealing with them.)

Our concerns are multiple.

> CSX claims in their filing that they will be able to increase freight traffic on lines that currently see passenger service "without impairing the safety or efficiency of existing intercity passenger or commuter service" This is difficult to understand as it is this same CSX that forced the cancellation of all service to the ballpark and this same railroad that was responsible for one of the worst passenger accidents in recent rail commuter history. Our concern is that the railroads are acting like politicians in that they will "promise anything" to get this Board to approve this undertaking knowing that once achieved they will be able to renege on their commitments with impunity.

CSX unfortunately has a long history of promising many things but when it comes time to follow through they place roadblocks in the way and cause massive amounts of money to be spent by the local governments to appease the beast that is among us. An

example is the forcing of MARC to built multimillion dollar stations with extra signals and sidetracks (such as Greenbelt station) just so that the Americans with Disabilities Act can be complied with, because of unreasonable demands by the CSX railroad. We do not believe that the CSX Corp will be able to squeeze the number of extra trains onto the existing railroad with out having some impact on the existing passenger rail service. A service for which the railroad is well paid to operate. And past history has shown that when push comes to shove, the passenger is shoved right off the track.

We understand that the Railroad is a private corporation, however they did not build this railroad without significant assistance from the citizens and the State. These same citizens are now being forced to breathe some of the dirtiest air in the United States and maybe denied access to a major transportation corridor by the private company that was assisted in acquiring and building this self same railroad.

> CSX claims that there is sufficient capacity to increase freight traffic on the Capital Subdivision due to the bidirectional CTC signaling, signaling the MARC commuter railroad installed for this track, so that additional PASSENGER trains could be operated, it was not installed or paid for by the citizens for the CSX to use it to increase freight traffic while limiting the additional passenger service permitted. MARC would like to increase passenger service by several trains a day, this signaling system was paid for by MARC, yet the CSX railroad wishes to use the "passenger paid for signals" to increase freight service!

> AMTRAK has by contract and law the right to expand service on the railroads on which it operates, it is felt by this organization that some form of "RIGHT TO EXPAND" should be included in the authority or conditions of this proposed action and extended to the commuter operations currently operating or new services begun.

> While CSX claims to be willing to allow existing operations to continue there is no mention of expansions, at least two of which are on the long range Transportation Improvement Plan of the Baltimore Region. These include the Popes' Creek Branch presently operated by Conrail and soon to be acquired by CSX, and the Hanover Sub

currently operated by CSX as far as Glyndon and then by the Maryland Midland Railroad to Westminster. Both of these important expansions are jeopardized by this proposed rail action before this Board. Both of these improvements to the MARC system are important to achieving lowered air pollution in the Baltimore Severe non attainment area.

> Certain groups of peoples are totally dependent on public transport, the Elderly, the poor and those with disabilities. For these people the passenger railroad may be the only option to be able to function in society. for example: the Americans with Disabilities Act requires rail facilities to be accessible, intercity buses are not so required. For a person with a disability the commuter rail service is frequently the ONLY way for that person to get to work, school or to travel. The loss of commuter rail service would mean the loss of one's ability to work, become educated and travel. MARC presently carries more than 20 persons a day, who physically could not use anyother method to get to work, hundreds more who would be extremely affected but not denied if the MARC service were seriously curtailed or restricted in growth. MARC (and the other commuter authorities) must be assured their ability to remain healthy, and this includes the ability to grow.

> Air Pollution is a serious concern in the Baltimore Metro Region, the actions before the board could be seen as having both a potential for good and bad effects on the air quality. Certainly if there is an ability to remove truck traffic from the highways of the region this can only be seen as a positive effect, also by rerouting some through traffic via Hagerstown this can also be viewed as a positive effect. However the reduced potential to use these rail lines for commuter Rail service will limit the ability of the local region to remove autos from the areas' highways, the largest single source of air pollution in the region.

Balancing the needs of the private industry to use a facility constructed with assistance from the public sector, with the need of that public sector to use these private facilities will always be a serious and difficult balancing act. We understand these conflicting needs, we also believe that the Railroads involved are placing far too much emphasis on the private economic impact and far too little on the public sector limitations they believe they will be able to impose once this action is no longer under the jurisdiction

of this Board.

THEREFORE

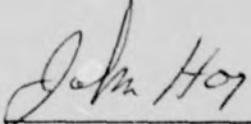
The Baltimore Area Transit Association takes no position as to whether or not this action should be approved by the Surface Transportation Board, WE DO however express great concern about the potential impact on PASSENGER RAIL SERVICE in the Baltimore Metro Area.

We strongly urge the Board to place on the participating railroads RULES OF ACCESS so that Passenger Rail service will not be strangled in the Baltimore region just as it is beginning to blossom into a real alternative to the private automobile

These rules of access should allow the local transportation authorities REAL balance of access to the facilities that have been constructed with assistance from public funds for the past 175 years. In fact we believe that certain passenger districts should be considered the same as Shared operating districts and that the commuter operating authorities given certain limited powers of access to the shared rail facilities including limited operating control in those areas, especially in areas where local commuter authorities have invested significant monies in the physical plant.

This Board is the final authority, please do not get bogged down in the extensive data that will flood your office in an attempt to prove that this acquisition is God's gift to railroading, all testimony will have an agenda. (this does) However we are not going to make or lose money directly based on the Actions of the Board, but it will affect the quality of the lives we do and can live, right down to the air we breathe.

Respectfully submitted

 10-15-97
John Hoy, President
Baltimore Area Transit Assoc.
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CERTIFICATE OF SERVICE

I hereby certify that on 20 October, 1997, a copy of the forgoing Baltimore Area Transit Association Testimony was served by first class U.S. Mail postage prepaid upon the parties of record, as attached in the submission to the STB, and by certification as permitted to all of the parties listed in the submission to the STB:

John Hoy 10-15-97
John Hoy

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SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY
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NON-PARTY
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WACHTELL, LIPTON, ROSEN & KATZ
51 WEST 52ND STREET
NEW YORK NY 10019-6150 US

Represents:

PARTY OF RECORD
PAUL D. COLEMAN
HOPPEL MAYER & COLEMAN
1000 CONNECTICUT AVE NW SUITE 400
WASHINGTON DC 20036-5302 US

Represents: DELAWARE RIVER PORT AUTHORITY
PHILADELPHIA REGIONAL PORT AUTHORITY
SOUTH JERSEY PORT CORPORATION
THE PORT OF PHILADELPHIA AND CAMDEN INC

PARTY OF RECORD

JOHN F COLLINS
COLLINS, COLLINS, & KANTOR PC
267 NORTH STREET
BUFFALO NY 14201 US

Represents: CONRAIL GENERAL COMMITTEE OF ADJUSTMENT
NEW YORK STATE LEGISLATIVE BOARD
R W GODWIN GENERAL CHAIRMAN

PARTY OF RECORD

MICHAEL CONNELLY
CITY OF EAST CHICAGO
4525 INDIANAPOLIS BLVD
EAST CHICAGO IN 46312 US

Represents: CITY OF EAST CHICAGO INDIANA

PARTY OF RECORD

ROBERT J COOPER
GENERAL CHAIRPERSON UTU
1238 CASS ROAD
MAUMEE OH 43537 US

Represents:

NON-PARTY

J DOYLE CORMAN
MAIN LINE MGMNT SERVICES INC
520 FELLOWSHIP ROAD STE A-105
MOUNT LAUREL NJ 08054-3407 US

Represents:

PARTY OF RECORD

JOHN J COSCIA, EXECUTIVE DIRECTOR
DELAWARE VALLEY REGIONAL PLANNING COMMISSION
111 SOUTH INDEPENDENCE MALL EAST
PHILADELPHIA PA 19106 US

Represents: DELAWARE VALLEY REGIONAL PLANNING COMMISSION

PARTY OF RECORD
STEVE M COULTER
EXXON COMPANY USA
PO BOX 3272
HOUSTON TX 77253-3272 US

Represents: EXXON CHEMICALS AMERICAS
EXXON COMPANY U S A

NON-PARTY
JEAN M CUNNINGHAM
SLOVER & LOFTUS
1224 SEVENTEENTH STREET NW
WASHINGTON DC 20036 US

Represents:

PARTY OF RECORD
PAUL A CUNNINGHAM
HARKINS CUNNINGHAM
1300 19TH STREET, N. W., STE 600
WASHINGTON DC 20036 US

Represents: CONRAIL INC
CONRAIL INC AND CONSOLIDATED RAIL CORPORATION
CONSOLIDATED RAIL CORPORATION

PARTY OF RECORD
M W CURRIE
GENERAL CHAIRPERSON UTU
3030 POWERS AVENUE STE 2
JACKSONVILLE FL 32250 US

Represents: UNITED TRANSPORTATION UNION GO-851

MEMBER OF CONGRESS
HONORABLE ALFONSE D'AMATO
UNITED STATES SENATE
WASHINGTON DC 20510 US

Represents:

MEMBER OF CONGRESS
HONORABLE ALFONSE D'AMATO
UNITED STATES SENATE
111 W. HURON STREET, ROOM 620
BUFFALO NY 14202 US

Represents:

PARTY OF RECORD
IRWIN L. DAVIS
1900 STATE TOWER BLDG.
SYRACUSE NY 13202 US

Represents: METROPOLITAN DEVELOPMENT ASSOCIATION OF SYRACUSE & CENTRAL
NEW YORK INC

PARTY OF RECORD
SANDRA J. DEARDEN
MDCO CONSULTANTS, INC.
407 SOUTH DEARBORN, SUITE 1145
CHICAGO IL 60605 US

Represents: MDCO CONSULTANTS INC

NON-PARTY
WILLIAM DICKERSON
U S ENVIRONMENTAL PROTECTION AGENCY
401 M STREET SW (2252A)
WASHINGTON DC 20460 US

Represents:

PARTY OF RECORD
NICHOLAS J. DIMICHAEL
DONELAN, CLEARY, ET AL.
1100 NEW YORK AVENUE N W STE 750
WASHINGTON DC 20005-3934 US

Represents: ANKER ENERGY CORPORATION
BUFFALO COAL CO.,INC.
EVERGREEN MINING COMPANY
MARYLAND COAL ASSOCIATION
METTIKI COAL CORPORATION
PBS COALS INC
TRI-STATE COAL ASSOCIATION
VENTURE COAL SALES
WEST VIRGINIA COALS,INC.

MEMBER OF CONGRESS
HONORABLE JOHN D. DINGELL
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

Represents:

PARTY OF RECORD
DAVID W. DONLEY
3361 STAFFORD ST
PITTSBURGH PA 15204-1441 US

Represents: WEIRTON STEEL CORPORATION

PARTY OF RECORD
PAUL M. DONOVAN
LAROE, WINN, ETAL
3506 IDAHO AVE NW
WASHINGTON DC 20016 US

Represents: PORT AUTHORITY OF NEW YORK AND NEW JERSEY
PORT OF AUTHORITY OF NEW YORK AND NEW JERSEY
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

PARTY OF RECORD
KELVIN J. DOWD
SLOVER & LOFTUS
1224 17TH STREET N W
WASHINGTON DC 20036 US

Represents: CONSUMERS ENERGY COMPANY
GPU GENERATION INC

PARTY OF RECORD
DANIEL DUFF
AMERICAN PUBLIC TRANSIT ASSOC
1201 NEW YORK AV NW
WASH DC 20005 US

Represents: AMERICAN PUBLIC TRANSIT ASSOCIATION

PARTY OF RECORD
JOHN K DUNLEAVY
ASSISTANT ATTORNEY GENERAL
133 STATE STREET STATE ADM BLDG
MONTPELIER VT 05633-5001 US

Represents: STATE OF VERMONT

PARTY OF RECORD
DONALD W DUNLEVY
230 STATE STREET
UTU STATE LEG DIR
PA AFL-CIO BLDG 2ND FL
HARRISBURG PA 17101-1138 US

Represents: UNITED TRANSPORTATION UNION PENNSYLVANIA STATE LEGISLATIVE
BOARD

PARTY OF RECORD
FAY D DUPUIS, CITY SOLICITOR
CITY HALL
801 PLUM STREET ROOM 214
CINCINNATI OH 45202 US

Represents: CITY OF CINCINNATI OHIO

PARTY OF RECORD
MARTIN T DURKIN ESQ
DURKIN & BOGGIA ESQS
PO BOX 378
71 MT VERNON STREET
RIDGEFIELD PARK NJ 07660 US

Represents: VILLAGE OF RIDGEFIELD PARK NEW JERSEY

PARTY OF RECORD
DAVID DYSARD
TMACOG
PO BOX 9508
300 CENTRAL UNION PLAZA
TOLEDO OH 43697-9508 US

Represents: TOLEDO METRO AREA COUNCIL OF GOVT

PARTY OF RECORD
GARY A EBERT
CITY OF BAY VILLAGE
350 DOVER CENTER ROAD
BAY VILLAGE OH 44140 US

Represents: CITY OF BAY VILLAGE OHIO

PARTY OF RECORD

RICHARD S. EDELMAN
HIGHS AW MAHONEY CLARKE
1050 SEVENTEENTH STREET N W, SUITE 210
WASHINGTON DC 20036 US

Represents: ALLIED RAIL UNIONS

PARTY OF RECORD

ROBERT EDWARDS
EASTERN TRANSPORT AND LOGISTICS
1109 LANETTE DRIVE
CINCINNATI OH 45230 US

Represents: EASTERN TRANSPORT AND LOGISTICS

PARTY OF RECORD

GARY EDWARDS SUPERINTENDENT OF RR OPERATIONS
SOMERSET RAILROAD
7725 LAKE ROAD
BARKER NY 14012 US

Represents: SOMERSET RAILROAD CORPORATION

PARTY OF RECORD

DANIEL R. ELLIOTT III ASST GENERAL COUNSEL
UNITED TRANSPORTATION UNION
14600 DETROIT AVENUE
CLEVELAND OH 44107 US

Represents: UNITED TRANSPORTATION UNION

PARTY OF RECORD

TERRELL ELLIS
CAEZ WV
P O BOX 176
CLAY WV 25043 US

Represents: CENTRAL APPALACHIA EMPOWERMENT ZONE OF WEST VIRGINIA

PARTY OF RECORD

ROBERT L. EVANS
OXYCHEM
P O BOX 809050
DALLAS TX 75380 US

Represents: OCCIDENTAL CHEMICAL CORPORATION

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PARTY OF RECORD

SARA J FAGNILLI DIRECTOR OF LAW
CITY OF LAKEWOOD
12650 DETROIT AVENUE
LAKEWOOD OH 44107 US

Represents: CITY OF LAKEWOOD OHIO

PARTY OF RECORD

GERALD W. FAUTH, III
G. W. FAUTH & ASSOCIATES INC.
P O BOX 2401
ALEXANDRIA VA 22301 US

Represents: G. W. FAUTH & ASSOCIATES, INC.
GERALD W FAUTH III

PARTY OF RECORD

CARL FELLER
DEKALB AGRA INC
P. O. BOX 127
4743 COUNTY ROAD 28
WATERLOO IN 46793-0127 US

Represents: DEKALB AGRA INC

PARTY OF RECORD

MICHAEL P. FERRO
MILLENNIUM PETROCHEMICALS, INC.
11500 NORTHLAKE DRIVE
CINCINNATI OH 45249 US

Represents: MILLENNIUM PETROCHEMICALS INC F/K/A QUANTUM CHEMICAL
CORPORATION

PARTY OF RECORD

EDWARD J FISHMAN
OPPENHEIMER WOLFF & DONNELLY
1020 NINETEENTH ST NW STE 400
WASHINGTON DC 20036 US

Represents: NEW JERSEY DEPARTMENT OF TRANSPORTATION
NEW JERSEY TRANSIT CORPORATION
NORTHERN VIRGINIA TRANSPORTATION COMMISSION-POTOMAC AND
RAPPAHANNOCK TRANSPORTATION COMMISSION
VERMONT RAILWAY INC

PARTY OF RECORD

J D FITZGERALD
UTU, GENERAL CHAIRPERSON
400 E EVERGREEN BLVD STE 217
VANCOUVER WA 98660-3264 US

Represents: UNITED TRANSPORTATION UNION-GENERAL COMMITTEE OF ADJUSTMENT
GO 386

PARTY OF RECORD

STEPHEN M FONTAINE
MASSACHUSETTS CENTRAL RAILROAD CORPORATION
ONE WILBRAHAM STREET
PALMER MA 01069 US

Represents: MASSACHUSETTS CENTRAL RAILROAD CORPORATION

GOVERNOR

HONORABLE KIRK FORDICE, GOVERNOR
STATE OF MISSISSIPPI
P O BOX 139
JACKSON MS 39205 US

Represents:

MEMBER OF CONGRESS

HONORABLE TILLIE K FOWLER
US HOUSE REPRESENTATIVES
WASHINGTON DC 20515 US

Represents:

NON-PARTY

ROBERT C. FREAS
SR. VICE PRESIDENT, MARKETING FRANKLIN INDUSTRIAL MINERALS
612 TENTH AVENUE, NORTH
NASHVILLE TN 37203 US

Represents:

PARTY OF RECORD

GARLAND B GARRETT JR
NC DEPT OF TRANSPORTATION
P O BOX 25201
RALEIGH NC 27611 US

Represents:

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PARTY OF RECORD
MICHAEL J GARRIGAN
BP CHEMICALS INC
4440 WARRENSVILLE CTR RD
CLEVELAND OH 44128 US

Represents: BP AMERICA INC

PARTY OF RECORD
RICHARD A GAVRIL
16700 GENTRY LANE NO 104
TINLEY PARK IL 60477 US

Represents: RICHARD A GAVRIL

PARTY OF RECORD
PETER A GILBERTSON
LOUISVILLE & INDIANA RAILROAD COMPANY
53 W. JACKSON BOULEVARD, STE 350
CHICAGO IL 60604 US

Represents: LOUISVILLE & INDIANA RAILROAD COMPANY

PARTY OF RECORD
PETER A GILBERTSON
REGIONAL RRS OF AMERICA
122 C ST NW STE 850
WASHINGTON DC 20001 US

Represents: REGIONAL RAILROADS OF AMERICA

PARTY OF RECORD
LOUIS E CITOMER
BALL JANIK LLP
1455 F STREET NW SUITE 225
WASHINGTON DC 20005 US

Represents: APL LAND TRANSPORT SERVICES
DELAWARE VALLEY RAILWAY COMPANY INC
HURON AND EASTERN RAILWAY COMPANY INC
RAILAMERICA INC
SAGINAW VALLEY RAILWAY COMPANY INC

MEMBER OF CONGRESS
HONORABLE JOHN GLENN
U. S. SENATE ATTN: ANISA BELL
200 N HIGH STREET S-600
COLUMBUS OH 43215-2408 US

Represents:

PARTY OF RECORD
DOUGLAS S GOLDEN
MAIN LINE MANAGEMENT SERVICES INC
520 FELLOWSHIP ROAD SUITE A-105
MOUNT LAUREL NJ 08054-3407 US

Represents: PENNSYLVANIA SENATE TRANSPORTATION COMMITTEE

PARTY OF RECORD
ANDREW P. GOLDSTEIN
MCCARTHY, SWEENEY ET AL.
1750 PENNSYLVANIA AVE NW
WASHINGTON DC 20006 US

Represents: NATIONAL GRAIN AND FEED ASSOCIATION

PARTY OF RECORD
JOHN GORDON
NATIONAL LIME & STONE COMPANY
P. O. BOX 120
FINDLAY OH 45840 US

Represents: NATIONAL LIME & STONE COMPANY

MEMBER OF CONGRESS
HONORABLE BOB GRAHAM
UNITED STATE SENATE
WASHINGTON DC 20510 US

Represents:

PARTY OF RECORD
EDWARD D. GREENBERG
GALLAND, KHARASCH, MORSE & GARFINKLE
1054 THIRTY-FIRST STREET NW
WASHINGTON DC 20007-4492 US

Represents: PROVIDENCE AND WORCESTER RAILROAD COMPANY
STEEL WAREHOUSE CO INC
THE INTERNATIONAL PAPER COMPANY

PARTY OF RECORD
PETER A. GREENE
THOMPSON HINE FLORY
1920 N STREET N W, SUITE 800
WASHINGTON DC 20036 US

Represents: BAY STATE MILLING COMPANY
BELVIDERE & DELAWARE RIVER RAILWAY
BLACK RIVER & WESTERN RAILROAD
EAST PENN RAILWAY INC
LANCASTER NORIHERN RAILWAY

PARTY OF RECORD
ROBERT E GREENLESE
TOLEDO-LUCAS COUNTY PORT AUTHORITY
1 MARITIME PLAZA SUITE 700
TOLEDO OH 43604 US

Represents: TOLEDO-LUCAS COUNTY PORT AUTHORITY
TOLEDO-LUCAS COUNTY PORT AUTHORITY

NON-PARTY
R A GRICE
GENERAL CHAIRPERSON UTU
11017-F GRAVOIS INDUSTRIAL PLAZA
ST LOUIS MO 63128 US

Represents:

PARTY OF RECORD
DONALD F GRIFFIN
BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES
400 N CAPITOL ST NW SUITE 852
WASHINGTON DC 20001 US

Represents:

PARTY OF RECORD
JOHN J GROCKI
GRA INC
115 WEST AV ONE JENKINTOWN STA
JENKINTOWN PA 19046 US

Represents: GRA INCORPORATED

PARTY OF RECORD
VAUGHN R GROVES
PITSTON COAL COMPANY
PO BOX 5100
LEBANON VA 24266 US

Represents: PITSTON COAL COMPANY

PARTY OF RECORD
JOSEPH GUERRIERI, JR.
GUERRIERI, EDMOND, ET. AL
1331 F STREET N W, 4TH FLOOR
WASHINGTON DC 20004 US

Represents:

PARTY OF RECORD
DAVID L HALL
COMMONWEALTH CONSULTING ASSOCIATES
720 NORTH POST OAK ROAD SUITE 330
HOUSTON TX 77024 US

Represents: SHELL CHEMICAL COMPANY
SHELL OIL COMPANY

MEMBER OF CONGRESS
HON. LEE N. HAMILTON
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

Represents:

PARTY OF RECORD
MICHAEL P HARMONIS
U S DEPT OF JUSTICE
325 7TH STREET SUITE 500
WASHINGTON DC 20530 US

Represents: U. S. DEPARTMENT OF JUSTICE

PARTY OF RECORD
JAMES W HARRIS
THE METROPOLITAN PLANNING ORGANIZATION
1 WORLD TRADE CENTER STE 82 EAST
NEW YORK NY 10048-0043 US

Represents:

PARTY OF RECORD
NICOLE HARVEY
THE DOW CHEMICAL COMPANY
2020 DOW CENTER
MIDLAND MI 48674 US

Represents: THE DOW CHEMICAL COMPANY

PARTY OF RECORD
JOHN D. HEFFNER, ESQ.
REA, CROSS & AUCHINCLOSS
1920 N STREET NW SUITE 420
WASHINGTON DC 20036 US

Represents: EMPIRE STATE PASSENGER ASSOCIATION
FORT ORANGE PAPER COMPANY
NEW YORK CROSS HARBOR RAILROAD TERMINAL CORPORATION
WABASH & WESTERN RAILWAY CO D/B/A MICHIGAN SOUTHERN
RAILROAD INC

PARTY OF RECORD
R J HENEFELD
PPG INDUSTRIES INC
ONE PPG PLACE
PITTSBURGH PA 15272 US

Represents: PPG INDUTRIES INC.

NON-PARTY
G W HERKNER JR
NJ TRANSIT RAIL OPERATIONS
ONE PENN PLAZA EAST
NEWARK NJ 07105 US

Represents:

PARTY OF RECORD
WILLIAM P HERNAN JR GENERAL CHAIRMAN
P O BOX 180
HILLIARD OH 43026 US

Represents:

PARTY OF RECORD
CHARLES S HESSE, PRESIDENT
CHARLES HESSE ASSOCIATES
8270 STONEY BROOK DRIVE
CHAGRIN FALLS OH 44023 US

Represents: OHIO STEEL INDUSTRY ADVISORY COUNCIL

NON-PARTY

LYNN A. HISER
A. E. STALEY MFG. CO
2200 E ELDORADO STREET
DECATUR IL 62525 US

Represents:

PARTY OF RECORD

ERIC M. HOCKY
GOLLATZ, GRIFFIN, EWING
213 WEST MINER STREET
WEST CHESTER PA 19381-0796 US

Represents: ALLEGHENY & EASTERN RAILROAD INC

ALLEGHENY & EASTERN RAILROADS INC
BETHLEHEM STEEL CORPORATION ET AL
BUFFALO & PITTSBURGH RAILROAD INC
BUFFALO & PITTSBURGH RAILROAD, INC.
NEW YORK SUSQUEHANNA AND WESTERN RAILWAY CORPORATION
PITTSBURG & SHAWMUT RAILROAD INC
PITTSBURG & SHAWMUT RAILROAD INC
READING BLUE MOUNTAIN & NORTHERN RAILROAD COMPANY
READING BLUE MOUNTAIN AND NORTHERN RAILROAD COMPANY
ROCHESTER & SOUTHERN RAILROAD INC
ROCHESTER & SOUTHERN RAILROAD INC

PARTY OF RECORD

RICHARD HORVATH
CITY OF CLEVELAND LAW DEPT RM 106
601 LAKESIDE AV
CLEVELAND OH 44114 US

Represents: CITY OF CLEVELAND OHIO

PARTY OF RECORD

JAMES E. HOWARD
90 CANAL STREET
BOSTON MA 02114 US

Represents: COALITION OF NORTHEASTERN GOVERNORS

PARTY OF RECORD

JOHN HOY
P O BOX 117
GLEN BURNIE MD 21060 US

Represents: BALTIMORE AREA TRANSIT ASSOCIATION

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PARTY OF RECORD

BRAD F HUSTON
CYPRUS AMAX COAL SALES CORP
400 TECHNECENTER DRIVE STE 320
MILFORD OH 45150 US

Represents:

PARTY OF RECORD

SHEILA MECK HYDE CITY ATTORNEY
CITY HALL
342 CENTRAL AVENUE
DUNKIRK NY 14048 US

Represents: CITY OF DUNKIRK NEW YORK

PARTY OF RECORD

ERNEST J IERARDI
NIXON HARGRAVE DEVANS DOYLE LLP
PO BOX 1051
CLINTON SQUARE
ROCHESTER NY 14603-1051 US

Represents: ROCHESTER GAS AND ELECTRIC CORPORATION

PARTY OF RECORD

WILLIAM P. JACKSON, JR.
JACKSON & JESSUP, P. C.
P O BOX 1240
3426 NORTH WASHINGTON BLVD
ARLINGTON VA 22210 US

Represents: A T MASSEY COAL COMPANY INC ET AL

PARTY OF RECORD

JAMES R JACOBS
JACOBS INDUSTRIES
2 QUARRY LANE
STONY RIDGE OH 43463 US

Represents: JACOBS INDUSTRIES

GOVERNOR

HONORABLE FOR JAMES
GOVERNOR
STATE OF ALABAMA
MONTGOMERY AL 36130 US

Represents:

PARTY OF RECORD

DOREEN C JOHNSON CHIEF ANTITRUST SECTION
OHIO ATTY GENERAL OFFICE
30 E BROAD STREET 16TH FLOOR
COLUMBUS OH 43215 US

Represents: OHIO ATTORNEY GENERALS OFFICE

PARTY OF RECORD

ERIKA Z JONES
MAYER BROWN & PLATT
2000 PA AV NW
WASH DC 20006-1882 US

Represents: BURLINGTON NORTHERN RAILROAD AND SANTA FE RAILWAY COMPANY
BURLINGTON NORTHERN RAILROAD
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY

PARTY OF RECORD

TERRENCE D JONES
KELLER & HECKMAN
1001 G ST NW STE 500 WEST
WASHINGTON DC 20001 US

Represents: NORTH AMERICAN LOGISTIC SERVICES A DIVISION OF MARS
INCORPORATED

PARTY OF RECORD

FRANK N JORGENSEN
THE ELK RIVER RAILROAD INC
P O BOX 460
SUMMERSVILLE WV 26651 US

Represents: THE ELK RIVER RAILROAD INC

PARTY OF RECORD

FRITZ R KAHN
1100 NEW YORK AVENUE NW SUITE 750 WEST
WASHINGTON DC 20005-3934 US

Represents: MARTIN MARIETTA MATERIALS INC
SHINTECH INC

PARTY OF RECORD
STEVEN J. KALISH
MCARTHY, SWEENEY & HARKAWAY
1750 PENNSYLVANIA AVE NW
WASHINGTON DC 20006-4502 US

Represents: THE TOWN OF HAYMARKET

MEMBER OF CONGRESS
HON MARCY KAPTUR
U S HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

Represents:

PARTY OF RECORD
LARRY B. KARNES
TRANSPORTATION BUILDING
PO BOX 30050
425 WEST OTTAWA
LANSING MI 48909 US

Represents: MICHIGAN DEPARTMENT OF TRANSP

PARTY OF RECORD
RICHARD E. KERTH, TRANS. MGR.
CHAMPION INTERNAT'L CORP
101 KNIGHTSBRIDGE DRIVE
HAMILTON OH 45020-0001 US

Represents: CHAMPION INTERNATIONAL CORPORATION

PARTY OF RECORD
DAVID D KING
BEAUFORT AND MOREHEAD RR CO
PO BOX 25201
RALEIGH NC 27611-5201 US

Represents:

PARTY OF RECORD
L P KING JR
GENERAL CHAIRPERSON UTU
145 CAMPBELL AVE SW STE 207
ROANOKE VA 24011 US

Represents: UNITED TRANSPORTATION UNION GENERAL COMMITTEE OF ADJUSTMENT
N & W-C

PARTY OF RECORD
MITCHELL M KRAUS GENERAL COUNSEL
TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION
3 RESEARCH PLACE
ROCKVILLE MD 20850 US

Represents: TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION

PARTY OF RECORD
HON DENNIS J KUCINICH
UNITED STATES HOUSE REPRESENTATIVES
WASHINGTON DC 20515 US

Represents: CITIZENS 10TH CONGRESSIONAL DISTRICT OF OHIO

MEMBER OF CONGRESS
HONORABLE JOHN J. LAFALCE
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

Represents:

PARTY OF RECORD
PAUL H. LAMBOLEY
1020 NINETEENTH STREET, N.W., STE 400
WASHINGTON DC 20036-6105 US

Represents: RESOURCES WAREHOUSING & CONSOLIDATION SERVICES INC
SOUTHERN TIER WEST REGIONAL PLANNING AND DEVELOPMENT BOARD
TRANSPORTATION INTERMEDIARIES ASSOCIATION

MEMBER OF CONGRESS
HON. STEVE LATOURETTE
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

Represents:

MEMBER OF CONGRESS
STEVEN C. LATOURETTE
CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

Represents:

PARTY OF RECORD

J PATRICK LATZ
HEAVY LIFT CARGO SYSTEM
PO BOX 51451
INDIANAPOLIS IN 46251-0451 US

Represents: HEAVY LIFT CARGO SYSTEMS

PARTY OF RECORD

JOHN K. LEARY, GENERAL MANAGER
SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
1234 MARKET STREET 5TH FLOOR
PHILADELPHIA PA 19107-3780 US

Represents: SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY

PARTY OF RECORD

SHERRI LEHMAN DIRECTOR OF CONGRESSIONAL AFFAIRS
CORN REFINERS ASSOC
1701 PA AV NW
WASH DC 20006-5805 US

Represents: CORN REFINERS ASSOCIATION INC

ADMINISTRATIVE LAW JUDGE

JUDGE JACOB LEVENTHAL, OFFICE OF HEARINGS
FEDERAL ENERGY REGULATORY COMMISSION
888 - 1ST ST, N.E. STE 11F
WASHINGTON DC 20426 US

Represents:

MEMBER OF CONGRESS

HON. WILLIAM O. LIPINSKI
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

Represents:

PARTY OF RECORD

EDWARD LLOYD
RUTGERS ENVIRONMENTAL LAW CLINIC
15 WASHINGTON STREET
NEWARK NJ 07102 US

Represents: TRI-STATE TRANSPORTATION CAMPAIGN

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PARTY OF RECORD
C MICHAEL LOFTUS
SLOVER & LOFTUS
1224 SEVENTEENTH STREET NW
WASHINGTON DC 20036 US

Represents: CENTERIOR ENERGY CORPORATION
DETROIT EDISON COMPANY
EAST CHICAGO INDIANA-HAMMOND INDIANA-GARY INDIANA-WHITING
INDIANA THE FOUR CITY CONSORTIUM
POTOMAC ELECTRIC POWER COMPANY
POTOMAC ELECTRIC POWER COMPANY
THE DETROIT EDISON COMPANY

PARTY OF RECORD
DENNIS G LYONS
ARNOLD & PORTER
555 TWELFTH STREET NW
WASHINGTON DC 20004 US

Represents: CSX CORPORATION
CSX CORPORATION AND CSX TRANSPORTATION INC
CSX TRANSPORTATION INC
CSX TRANSPORTATION INC

PARTY OF RECORD
GORDON P. MACDOUGALL
1025 CONNECTICUT AVE NW SUITE 410
WASHINGTON DC 20036 US

Represents: CHARLES D BOLAM
FRANK R PICKELL
JOHN D FITZGERALD
JOSEPH C SZABO

MEMBER OF CONGRESS
HONORABLE CONNIE MACK
UNITED STATES SENATE
WASHINGTON DC 20510-0904 US

Represents:

NON-PARTY
LARRY D MACKLIN
402 W WASHINGTON STREET RM 256
INDIANAPOLIS IN 46204 US

Represents:

PARTY OF RECORD

WILLIAM G. MAHONEY
HIGHSAW, MAHONEY & CLARKE
1050 SEVENTEENTH STREET NW SUITE 210
WASHINGTON DC 20036 US

Represents:

PARTY OF RECORD

RON MARQUARDT
LOCAL UNION 1810 UMW
R D #2
RAYLAND OH 43943 US

Represents:

PARTY OF RECORD

ROBERT E MARTINEZ
VA SECRETARY OF TRANSP
P O BOX 1475
RICHMOND VA 23218 US

Represents: COMMONWEALTH OF VIRGINIA

PARTY OF RECORD

JOHN K. MASER, III
DONELAN, CLEARY, WOOD, MASER
1100 NEW YORK AVE NW SUITE 750
WASHINGTON DC 20005-3934 US

Represents: ACME STEEL COMPANY
AK STEEL CORPORATION
CARGILL INCORPORATED
ERIE-NIAGARA RAIL STEERING COMMITTEE
INSTITUTE OF SCRAP RECYCLING INDUSTRIES INC
JOSEPH SMITH & SONS INC
NIAGARA MOHAWK POWER CORPORATION

NON-PARTY

THEODORE H MATTHEWS
NJ DEPARTMENT OF TRANSPORTATION
1035 PARKWAY AVENUE CN-600
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THE RAIL BRIDGE TERMINALS NEW JERSEY CORPORATION
THE RAIL-BRIDGE TERMINALS CORPORATION
THE RAIL-BRIDGE TERMINALS CORPORATION NEW JERSEY

PARTY OF RECORD
J WILLIAM VAN DYKE
NJ TRANSPORTATION PLANNING AUTHORITY
ONE NEWARK CENTER 17TH FLOOR
NEWARK NJ 07102 US

Represents: NORTH JERSEY TRANSPORTATION PLANNING AUTHORITY
NORTH JERSEY TRANSPORTATION PLANNING AUTHORITY INC

PARTY OF RECORD
WILLIAM C VAN SLYKE
152 WASHINGTON AVENUE
ALBANY NY 12210 US

Represents: THE BUSINESS COUNCIL OF NEW YORK STATE INC

MEMBER OF CONGRESS
HONORABLE PETER J. VISCLOSKY
U S HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

Represents:

PARTY OF RECORD
JOHN A. VUONO
VUONO & GRAY
2310 GRANT BUILDING
PITTSBURGH PA 15219 US

Represents: NATIONAL STEEL CORPORATION

PARTY OF RECORD
FRONALDS WALKER
CITIZENS GAS & COKE UTILITY
2020 N MERIDIAN STREET
INDIANAPOLIS IN 46202 US

Represents: CITIZENS GAS & COKE UTILITY

PARTY OF RECORD
JACK A WALTER
WCI STEEL INC
1040 PINE AVENUE S E
WARREN OH 44483 US

Represents: WCI STEEL INC

MEMBER OF CONGRESS
HON. JOHN W. WARNER
US SENATE

WASHINGTON DC 20510-0001 US

Represents:

MEMBER OF CONGRESS
HONORABLE JOHN WARNER
UNITED STATES SENATE
P.O.BOX 8817
235 FEDERAL BUILDING
ABINGDON VA 24210-0887 US

Represents:

PARTY OF RECORD
LEO J WASESCHA TRANSPORTATION MANAGER
GOLD MEDAL DIVISION, GENERAL MILLS OPERATIONS, INC.
NUMBER ONE GENERAL MILLS BLVD
MINNEAPOLIS MN 55426 US

Represents: GENERAL MILLS INC
GENERAL MILLS OPERATIONS INC

PARTY OF RECORD
JAMES R WEISS
PRESTON GATES ELLIS ET AL
1735 NEW YORK AVENUE NW SUITE 500
WASHINGTON DC 20006 US

Represents: MARYLAND DEPARTMENT OF TRANSPORTATION

PARTY OF RECORD
HUGH H. WELSH
LAW DEPT., SUITE 67E
ONE WORLD TRADE CENTER
NEW YORK NY 10048-0202 US

Represents:

NON-PARTY
JAY WESTBROOK
CITY HALL RM 216
601 LAKESIDE AV NE
CLEVELAND OH 44114 US

Represents:

NON-PARTY
BOB WEYGAND
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

Represents:

MEMBER OF CONGRESS
HONORABLE BOB WEYGAND
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

Represents:

PARTY OF RECORD
CHARLES H. WHITE, JR.
GALLAND, KHARASCH & GARFINKLE, P. C.
1054 THIRTY-FIRST STREET NW
WASHINGTON DC 20007-4492 US

Represents: STARK DEVELOPMENT BOARD INC
WHEELING & LAKE ERIE RAILWAY COMPANY

PARTY OF RECORD
WILLIAM W WHITEHURST JR.
W. W. WHITEHURST & ASSOCIATES, INC.
12421 HAPPY HOLLOW ROAD
COCKEYSVILLE MD 21030 US

Represents: W W WHITEHURST & ASSOCIATES INC

PARTY OF RECORD
HENRY M. WICK, JR.
WICK, STREIFF, ET AL
1450 TWO CHATHAM CENTER
PITTSBURGH PA 15219 US

Represents: U S CLAY PRODUCERS TRAFFIC ASSOCIATION INC

PARTY OF RECORD
ROBERT J WILL
UNITED TRANSPORTATION UNION
4134 GRAVE RUN RD
MANCHESTER MD 21102 US

Represents:

NON-PARTY
DEBRA L. WILLEN
GUERRIERI, EDMOND & CLAYMAN PC
1331 F STREET N W, 4TH FLOOR
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Represents:

NON-PARTY
MARIAN J. WILLIAMS
3239 HOWARD AVENUE
PENNSAUKEN NJ 08109 US

Represents:

PARTY OF RECORD
RICHARD R WILSON
1126 EIGHT AV STE 403
ALTOONA PA 16602 US

Represents: ASHLAND RAILROAD COMPANY
DURHAM TRANSPORT INC
JUNIATA VALLEY RAILROAD COMPANY
LYCOMING VALLEY RAILROAD COMPANY
NITTANY & BALD EAGLE RAILROAD COMPANY
NORTH SHORE RAILROAD COMPANY
NORTHWEST PENNSYLVANIA RAIL AUTHORITY
OHI RAIL CORPORATION
RICHARD D ROBES
SHAMOKIN VALLEY RAILROAD COMPANY
SOUTHWESTERN PENNSYLVANIA REGIONAL PLANNING COMMISSION
STURBRIDGE RAILROAD COMPANY
TRANSPORTATION COMMITTEE PENNSYLVANIA HOUSE OF
REPRESENTATIVES
WELLESBORO & CORNING RAILROAD COMPANY

PARTY OF RECORD

ROBERT A. WIMBISH, ESQ.
REA, CROSS & AUCHINCLOSS
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Represents: CONNECTICUT CENTRAL RAILROAD COMPANY INC
EASTERN SHORE RAILROAD INC

PARTY OF RECORD

C D WINEBRENNER
GENERAL CHAIRPERSON UTU
27801 EUCLID AV RM 200
EUCLID OH 44132 US

Represents: UNITED TRANSPORTATION UNION GENERAL COMMITTEE OF ADJUSTMENT
GO-651

PARTY OF RECORD

JOHN F WING CHAIRMAN
CITIZENS ADVISORY COMMITTEE
601 NORTH HOWARD STREET
BALTIMORE MD 21201 US

Represents: CITIZENS ADVISORY COMMITTEE

MEMBER OF CONGRESS

HON BOB WISE
U S HOUSE OF REPRESENTATIVES
WASHINGTON DC 20515 US

Represents:

PARTY OF RECORD

SERGEANT W WISE
LIVONIA, AVON & LAKEVILLE RAILROAD CORPORATION
P. O. BOX 190-B
5769 SWEETENERS BLVD
LAKEVILLE NY 14480 US

Represents: LIVONIA AVON & LAKEVILLE RAILROAD CORPORATION

PARTY OF RECORD

TIMOTHY A WOLFE
WYANDOT DOLIOITE, INC
P O BOX 99 1794 CO RD #99
CAREY OH 43316 US

Represents: WYANDOT DOLOMITE INC

10/02/97

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PARTY OF RECORD

FREDERIC L. WOOD
DONELAN, CLEARY, WOOD & MASER, P. C.
1100 NEW YORK AVE NW STE 750
WASHINGTON DC 20005-3934 US

Represents: NATIONAL INDUSTRIAL TRANSPORTATION LEAGUE
THE NATIONAL INDUSTRIAL TRANSPORTATION LEAGUE

PARTY OF RECORD

L PAT WYNNS
SUITE 210
1050 - 17TH STREET N W
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Represents:

PARTY OF RECORD

EDWARD WYTKIND, EXECUTIVE DIRECTOR
LARRY J WILLIS ESQ TRANSP TRADES DEPT AFLCIO
1000 VERMONT AVENUE, NW STE 900
WASHINGTON DC 20005 US

Represents: TRANSPORTATION TRADES DEPARTMENT AFL-CIO

PARTY OF RECORD

SHELDON A ZABEL
SCHIFF HARDIN & WAITE
7200 SEARS TOWER
CHICAGO IL 60606 US

Represents: NORTHERN INDIANA PUBLIC SERVICE COMPANY

NON-PARTY

SCOTT M ZIMMERMAN
ZUCKERT SCOUTT & RASENBERGER L L P
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WASHINGTON DC 20006 US

Represents:

PARTY OF RECORD

WALTER E ZULLIG JR SPECIAL COUNSEL
METRO-NORTH COMMUTER RAILROAD COMPANY
347 MADISON AVE
NEW YORK NY 10017-3706 US

Represents: METRO-NORTH COMMUTER RAILROAD COMPANY
METRO-NORTH RAILROAD

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GALLAND, KHARASCH & GARFINKLE, P.C.
ATTORNEYS AT LAW

EDWARD D. GREENBERG
E-MAIL: egreenbe@gkmg.com

CANAL SQUARE
1054 THIRTY-FIRST STREET, N.W.
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(202) 337-8787

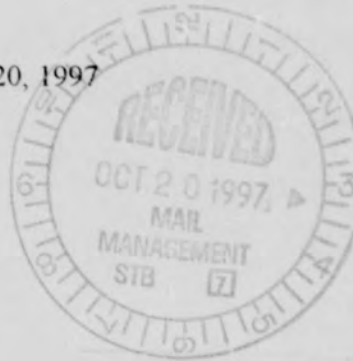
E-MAIL: gkmg@gkmg.com

ROBERT N. KHARASCH
OF COUNSEL

GEORGE F. GALLAND (1910-1985)

WRITER'S DIRECT DIAL NUMBER
(202) 342-5277

October 20, 1997



VIA COURIER

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

Re: CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company--Control and Operating Leases/Agreements--Conrail, Inc. and Consolidated Rail Corporation--Transfer of Railroad Line by Norfolk Southern Railway Company to CSX Transportation, Inc. (Finance Docket No. 33388)

Dear Secretary Williams:

Enclosed please find an original and twenty-five (25) copies of Providence and Worcester Railroad Company's letter in support of the Application in the above-referenced docket.

Also enclosed is an additional copy of the filing to be date-stamped when filed and returned to us.

Should you have any questions concerning this, please do not hesitate to contact us.

Very truly yours,

Edward D. Greenberg

Enclosures

XIN JI YUAN-GKMG LAW OFFICE
AFFILIATED FIRM
SUITE A-1603, VANTONE NEW WORLD PLAZA
NO. 2, FU CHENG MEN WAI AVENUE
BEIJING 100037 PEOPLE'S REPUBLIC OF CHINA
TEL: 011-86-10-6858-8501 FAX: 011-86-10-6858-8505
E-MAIL: xjylaw@pku.edu.cn



FOUNDED 1844



October 17, 1997

Vernon Williams
Secretary - Office of the Secretary
Surface Transportation Board
1925 K Street, N.W., Room 711
Washington, D.C. 20423

RE: Finance Docket No. 33388
CSX/Norfolk Southern Acquisition and Control of Conrail ("Application")

Dear Secretary Williams:

This letter is to reiterate Providence and Worcester Railroad Company's ("P&W") full support for the above referenced Application as expressed in my letter dated August 28, 1997. P&W draws your attention to our understanding that the Application if approved does not obviate pre-existing agreements and judicial orders relating to Conrail. For example, the Order of the Special Court created by the Regional Rail Reorganization Act of 1973 dated April 13, 1982, Approving and Directing the Consummation of Expedited Supplemental Transactions in the Matter of Expedited Supplemental Transactions Pursuant to Section 305(f) of the Regional Rail Reorganization Act of 1973 provides in Section 21 a right to P&W to acquire, inter alia the terminal properties known as New Haven Station defined in Exhibit D in the Order, "if Conrail elects to withdraw from or abandon or discontinue freight service obligations" thereon. A copy of the Order is enclosed as Exhibit 1. Certain aspects of the Order were discussed in a letter dated March 31, 1982 requested by Conrail from Robert W. Blanchette, then FRA Administrator. In his letter, Mr. Blanchette confirms that the Order would be construed and applied by the Special Court. This letter is attached as Exhibit 2. P&W has initiated steps to effect the implementation of the Order by notifying Conrail (Exhibit 3) and requesting the determination required by the Order from the Federal Railroad Administration (Exhibit 4). Conrail has recently responded by declining to enter into the requested negotiations over reasonable price and reasonable terms and conditions.



V. Williams
Secretary - Office of the Secretary
Surface Transportation Board
October 17, 1997

The Special Court, established pursuant to Section 209 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. § 719) was abolished pursuant to Pub. L. 104-317, Title VI, Section 605(a), 110 Stat. 3858 (Codified at 45 U.S.C. § 719 (b)(2)). After January 18, 1997, all jurisdiction and other functions of the Special Court were assumed by the United States District Court for the District of Columbia. P&W intends to seek enforcement of the provisions of the Order of the Special Court.

Your attention is also drawn to the August 22, 1997 filing of Connecticut Southern Railroad (CSO) describing anticipated inconsistent or responsive applications. CSO stated its intention to file a responsive application seeking 75 miles of local trackage rights between New Haven and Fresh Pond Junction, NY. CSO defines local trackage rights to include providing service to customers located on the territory involved. Obviously, more information regarding CSO's application will be available upon the filing of same. As described, however, CSO's requests would appear to include rights in New Haven Station and therefore would be violative of the Order since the Order plainly provides that P&W will acquire New Haven Station in the event Conrail elects to withdraw from or abandon or discontinue freight service obligations.

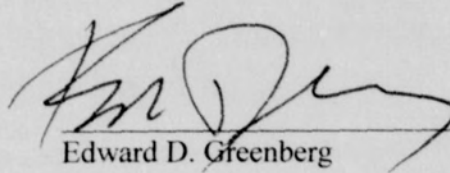
Very truly yours,

Orville R. Harrold
President

cc: Administrator Jolene Molitoris, FRA

CERTIFICATE OF SERVICE

I, Edward D. Greenberg, certify that on October 20, 1997, I have caused to be served a true and correct copy of the foregoing letter of Providence and Worcester Railroad Company on all parties that have appeared in Finance Docket 33388, by first class mail, postage prepaid, or by more expeditious means.



Edward D. Greenberg

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10-21-97

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F. Ronalds Walker
Associate Counsel

Phone: 927-4750 Fax: 927-4549
E-Mail: adn:frw@cgcui.com

October 20, 1997

Via Federal Express



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

Re: CSX Corporation and CSX Transportation Inc., Norfolk
Southern Corporation and Norfolk Southern Railway
Company -- Control and Operating Leases/Agreements --
Finance Docket No. 33388

Dear Secretary Williams:

On behalf of Citizens Gas & Coke Utility, I enclose copies for filing an original and 25 copies of CIT-2, Comments on the Application. Also enclosed is a 3 1/2" computer disk containing the pleading in Wordperfect 6.1 format, which is capable of being read by Wordperfect 7.0.

Should you have any questions regarding this, please call.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'F. Ronalds Walker'.

F. Ronalds Walker

FRW/dsg

Enclosures



**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 33388



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

**COMMENTS AND SUPPORTING EVIDENCE
OF CITIZENS GAS & COKE UTILITY IN OPPOSITION
TO THE APPLICATION OF CSX CORPORATION
(UNLESS COMPETITIVE CONDITIONS ARE IMPOSED)**

Citizens Gas & Coke Utility hereby makes the following comments on the Railroad Control Application of CSX Corporation, CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company in the above entitled matter (hereafter Citizens Gas & Coke Utility shall be "Citizens," the two CSX entities shall be "CSX," and the two Norfolk Southern entities shall be "NS" or "Norfolk").

Citizens Gas & Coke Utility is a municipal gas utility uniquely constituted in the form of a public trust, headquartered in Indianapolis, Indiana. Its regulated utility function serves approximately 250,000 business, industrial and residential gas customers in Marion County, Indiana (coterminous by statute with the City of Indianapolis). It operates a manufactured gas facility which contributes approximately 7 percent of its gas load and, in addition, manufactures approximately

670,000 tons of high-grade coke per year. This coke represents approximately \$110,000,000 in annual sales, and occasions annual railroad freight payments of more than \$15,000,000. However, as noted in the Verified Statement of Donald L. Lindemann, attached as Exhibit A to these comments, the current margins on coke are less than half of the existing railroad freight rates for transportation of that coke. Simply put, a substantial rise in railroad rates would make Citizens' coke, generally regarded as the highest quality in the market, unsaleable, because it could not be brought to the customer. That eventually would not only harm Citizens and the foundries and other industries using Citizens' coke, but Citizens' gas customers, whose bills are reduced by the profits of the coke operation. Through several subsidiaries, Citizens owns and operates a natural gas storage field in Greene County, Indiana, owns and operates oil and gas producing wells and operates a number of ancillary businesses related to its core business. Its mission and trust purpose is to provide light, power and heat for its customers. It has accomplished this mission for 111 years.

The City of Indianapolis is the twelfth largest metropolitan area in the United States and the largest not having any direct access to navigable waters. As a result, for many years the City was a major railroad center and stronghold. Indianapolis is presently served by both CSX and Conrail (Application Vol. 3A, pp 109-111). However, with the advent of Conrail, the city's railroad fortunes and the economies of railroad shipping for Citizens Gas have declined over the last three decades. The Board's approval of the application of CSX will reduce, not enhance, those economies.

As Citizens Gas understands the Railroad Control Application of CSX and Norfolk, one of the fundamental advantages of the proposed arrangement regarding Conrail assets will be that "head-to-head" rail competition between CSX and NS will expand in the eastern United States . . ." (statement

of Darius W. Gaskins, Jr. (Application Vol. 2A, p. 90). Furthermore, Dr. Gaskins asserts that "... by providing two rail service options for shippers who today are served by only one rail carrier, the transaction will create an environment of vigorous rail competition between CSX and NS . . ." (Application Vol. 2A, page 91). Finally, Dr. Gaskins asserts that the various factors he outlines in his Verified Statement will "... create a climate of robust competition . . ." (Application Vol. 2A, page 91). While those things may be true generally and in many parts of the eastern United States, the proposed arrangement for Indianapolis appears to be directly contrary: the arrangement and existing situation in which Conrail and CSX compete, directly, will be replaced by a "two-for-one" arrangement by which CSX will have direct access to Indianapolis shippers (Application Vol. 1, pp. 545-546). Norfolk Southern, however, will have access only across lines directly controlled by CSX at a switching cost or trackage charge to be set after six months of operation and review of the costs by CSX (Application Vol. 8B, p. 223-233). Hawthorne Yard would be operated solely by CSX (Application Vol. 3A, pp. 210-211).

Simply put and without unnecessary elaboration, that arrangement is so far from "robust competition" as to require no further discussion. Such an arrangement offers not even the appearance of true competition but is, in any objective sense, an illusion. For there truly to be competition in the central Indiana market, CSX and Norfolk Southern must both be assured essentially equal access to all parts of Indianapolis on a basis which is cost neutral; that is, the arrangement must be such that for either railroad the expenses of access to Citizens (or any other Indianapolis shipper) are the same for both carriers. CSX has recently indicated to Citizens that it is willing and able to adopt the switch charge currently published by Conrail in CR8001-D of \$69 per car and provide that as a switch charge between CSX and NS, subsequent to the Conrail acquisition. This is a necessary but not a sufficient

response to alleviate the problem noted above.

Citizens believes that only a long-term agreement regarding freight rates will provide the necessary guarantee to prevent some future CSX management from being tempted to erect trackage charges or other cost barriers to NS which would negate a true competitive opportunity and would obliterate the reality of competition. Given that the Railroad Cost Recovery Index provides an objective third-party determination of cost factors for railroad shippers, Citizens views the adoption of a long-term rate for Indianapolis, mediated by the RCR-East as an inflation factor, as the simplest and most efficacious way of achieving this warrant of competitiveness. In this formulation, the control application of CSX and NS would be modified by the STB, allowing the present formulation and request of the applicants with current freight rates for some substantial period of time, modified by the RCR-East, as an inflation factor. Citizens suggests that this modification should extend for twenty years or until 2017.

The authority to condition the primary application (e.g., by imposing the conditions to be sought by Applicants) is found in 49 U.S.C. 11324(c). The statutory criteria for regulatory consideration of the proposed transaction are provided in 49 U.S.C. § § 11323-11325. Section 11324(d) states:

- (d) In a proceeding under this section which does not involve the merger or control of at least two Class 1 railroads, as defined by the Board, the Board shall approve such an application unless it finds that -

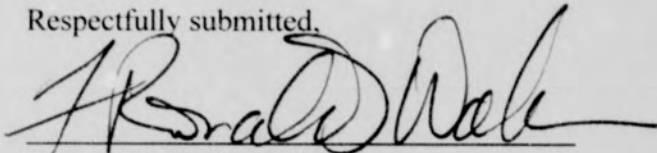
- (1) as a result of the transaction, there is likely to be substantial lessening of competition, creation of a monopoly or restraint of trade in freight surface transportation in any region of the United States; and
- (2) the anticompetitive effects of the transaction outweigh the public interest in meeting significant transportation needs.

The Board has previously interpreted Section 11324 (d) to require the imposition of conditions when the consolidation "may produce effects harmful to the public interest (such as significant reduction of competition in an affected market); that the conditions to be imposed will ameliorate or eliminate the harmful effects, that the conditions will be operationally feasible, and that the conditions will produce public benefits (through reduction or elimination of possible harm) outweighing any reduction to the public benefits produced by the merger." Union Pacific - Control - Missouri Pacific; Western Pacific, 366 I.C.C. 462, 562-65 (1982).

Citizens realizes that there are a myriad of difficulties for the Board inherent in the complexity and magnitude of the proposed acquisition, which is complicated by the hundreds of applicants. Citizens trusts that the Board will note that Indianapolis is a population center more than ten times larger than the next largest "two-for-one" point (Application Vol. 1, p. 546) and will appreciate and respond to the peculiar needs of this largest of American cities without water access and with, therefore, unique railroad freight requirements. In performing the balancing test required by 49 CFR 1180.1(c), the Board should consider that Citizens is asking only for the reality of the "robust competition" asserted by CSX in its application.

The brevity of this comment is intended because of the respondent's understanding of the great burdens placed upon the Board by this proceeding, but primarily because Citizens believes that the matter is, at its heart, a matter of great simplicity. The arrangement proposed by the Control Application for the City of Indianapolis and, therefore, perforce for Citizens Gas & Coke Utility is neither competitive, nor economically justifiable, nor fair, nor does it place Citizens or Indianapolis in a similar situation to that which existed prior to the proposed acquisition. For all of the reasons set forth above, the Board should modify the proposed plan to establish a long-term freight rate for Indianapolis, Indiana, amended annually based on the Railroad Cost Recovery Index-East, ideally for at least twenty years.

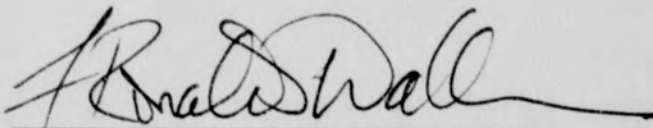
Respectfully submitted,



F. Ronalds Walker, 1095-98
Associate Counsel
Citizens Gas & Coke Utility
2020 N. Meridian Street
Indianapolis, Indiana 46202

CERTIFICATE OF SERVICE

I hereby certify that I have served this 21 day of October, 1997, a copy of the foregoing Comments and Supporting Evidence of Citizens Gas & Coke Utility in Opposition to the Application of CSX Corporation (Unless Competitive Conditions are Imposed) to applicants' attorneys and on all other persons of record in this proceeding.



F. Ronalds Walker

**citizens gas**

INDIANAPOLIS

• DONALD L. LINDEMANN

• PRESIDENT AND CHIEF EXECUTIVE OFFICER

Verified Statement**of****Donald L. Lindemann**

My name is Donald L. Lindemann. I am the President and Chief Executive Officer of Citizens Gas & Coke Utility. I have a B.S. degree in Accounting, cum laude, from Butler University; an M.S. degree in Accounting from St. Louis University; and an M.B.A. in Management, with distinction, from Harvard University. Citizens Gas & Coke Utility is a municipal gas utility constituted in the form of a public trust, located in Indianapolis, Indiana. It serves approximately 250,000 customers in Marion County, Indiana. One of the major facets of its operation is the production of approximately 670,000 tons of high-grade metallurgical and other cokes annually, representing approximately \$110,000,000 in sales. The production of this coke is integral and essential to the utility mission of Citizens Gas & Coke Utility--first, because the manufactured gas produced by the coking process represents approximately 7 percent of the gas consumed by Citizens' customers, and second, because the profits derived from the sale of the coke reduce the utility costs paid by those customers. Citizens Gas has invested over \$80,000,000 in environmental improvements in recent years, and its coke plant, carrying a book value of \$180,000,000, is arguably the most environmentally advanced in North America. The two largest cost components of Citizens' coke are coal, the primary feedstock, and freight, primarily railroad, both for approximately 900,000 tons of inbound coal and for 300,000 tons of outbound coke. In 1995 Citizens' railway freight bills totaled \$12,400,000, and about \$3,000,000 additional was paid by customers for coke freight. Citizens has a long-term contract with CSXT, expiring in 2001, and another with Norfolk Southern, expiring in 1998. Citizens enjoys demurrage arrangements with Conrail and CSXT, allowing it one extra day for unloading its cars.

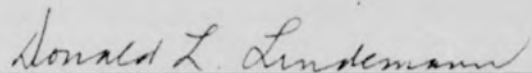
Citizens Gas has been in operation since 1886, and its present coke plant began production in 1907. The long-term prospects for its coke, which maintains the highest industry standards and reputation, are excellent; but current profit margins on coke are less than half of the existing railway freight costs. Substantial instability of rates or lack of true railroad competition would be a critical factor in the viability of Citizens' coking business and, consequently, would have a negative effect upon the utility rates of Indianapolis consumers.

Indianapolis is the twelfth largest city in the United States and the largest without access to commercially navigable waters and, as a result, ought to be quintessentially a railroad center. Historically this was so, but years of Conrail's near-monopoly control have resulted in substantial loss of railroad share of the local freight market. The gravamen of the railroad control application of CSX and Norfolk Southern, as I understand it, is to provide better and more economical service to railroad customers, both direct and derivative, due to better management, new operational synergies and efficiencies, and as CSX emphasizes in its filing, particularly through the market forces of competition. The present situation in Indianapolis is direct service by Conrail and service

by other carriers via the Indianapolis Union Railway. The railroad control application proposes eliminating this already less-than-ideal arrangement and substitutes direct control of the city's rail lines by CSX, with access for Norfolk Southern by trackage rights at a price to be later negotiated between the owner, CSX, and its prospective competitor, Norfolk Southern. Baldly stated, the arrangement is such that it hardly requires further criticism.

We feel it is critical, for both Citizens Gas and the industrial community of the City of Indianapolis, that CSX and Norfolk Southern both be assured essentially equal access to all parts of Indianapolis on a cost-neutral basis. This assurance might be either by appropriate trackage and switching-charge agreements between CSX and Norfolk Southern; or by co-equal sharing of the access track; or by creation of a separate entity to own and control the old Indianapolis belt railway or, indeed, by any mechanism more certain than the present, vague assurances of future, robust competition arising from control of track by one of the two putative competitors.

We at Citizens Gas desire to assure the long-term economic and commercial viability of the City of Indianapolis by a fair and economically reasonable arrangement with the CSX and Norfolk Southern railroads. We request that the management of both railroads engage in the most open and candid dialogue with senior members of the industrial community and, particularly, with the Honorable Stephen L. Goldsmith, Mayor of the City of Indianapolis, to attempt to craft such an agreement.



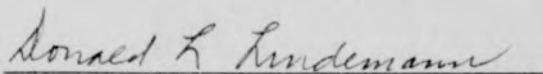
Donald L. Lindemann
President and Chief Executive Officer
Citizens Gas & Coke Utility

Verification

I, Donald L. Lindemann, verify under penalty of perjury that the foregoing is true and correct.

Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on the 20th day of October, 1997.

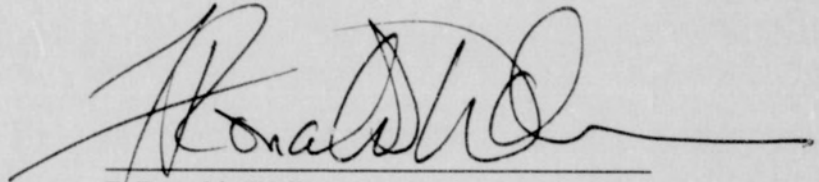


Donald L. Lindemann

VERIFICATION

I, F. RONALDS WALKER, hereby affirm and state that I have read the foregoing statement, that I am personally familiar with its contents, that I have executed it with full authority to do so, and that the facts set forth therein are true and correct to the best of my knowledge, information and belief.

Executed by the undersigned on this 20th day of October, 1997.

A handwritten signature in dark ink, appearing to read 'F. Ronalds Walker', is written over a horizontal line. The signature is stylized with large, sweeping loops.

F. Ronalds Walker

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STATE OF MICHIGAN



JOHN ENGLER, GOVERNOR

DEPARTMENT OF TRANSPORTATION

TRANSPORTATION BUILDING, 425 WEST OTTAWA POST OFFICE BOX 30050, LANSING, MICHIGAN 48909

PHONE: (517) 373-2090 TDD NO.: (517) 373-0012 FAX NO.: (517) 373-0167

JAMES R. DESANA, DIRECTOR

20 October 1997

FD-33388



Mr. Vernon A. Williams, Secretary
 Attn: Finance Docket No. 33388
 Surface Transportation Board
 1925 K Street, N.W.
 Washington, DC 20423-0001

Dear Mr. Williams:

Governor Engler recently sent you a letter supporting the acquisition of Conrail by CSX and Norfolk Southern. As the official Party of Record, I want to assure that Governor Engler's comments are entered into the record on behalf of the State of Michigan. A copy of his letter is attached.

I certify that copies of this letter and Governor Engler's letter have been sent via overnight delivery to the parties listed below.

TEHEU
 the Secretary

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Sincerely,

Larry B. Karnes
 Bureau of Transportation Planning

cc: Jacob Leventhal, Federal Energy Regulatory Commission
 Dennis G. Lyons, Arnold & Porter
 Richard A. Allen, Zuckert Scoutt & Rasenberger
 Paul A. Cunningham, Harkins Cunningham

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN ENGLER
GOVERNOR

October 3, 1997



Mr. Vernon A. Williams, Secretary
Surface Transportation Board
STB Finance Docket No. 33388
1925 K Street, N.W.
Washington DC 20423-0001

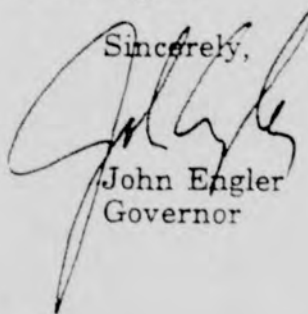
Dear Mr. Williams:

CSX and Norfolk Southern have filed an application with the Surface Transportation Board jointly seeking authority to acquire control of Conrail and subsequently divide its assets. On behalf of the State of Michigan, I am writing in support of this proposed acquisition. This restructuring of the railroad system in the eastern United States will result in a more efficient transportation system with balanced competition between two strong carriers.

While I support the proposed acquisition, I also hope these companies will continue working with us on two major railroad issues that are important to the State of Michigan. First, I encourage Norfolk Southern to continue negotiations with Amtrak and the State concerning further upgrading of the Detroit-Kalamazoo-Chicago route for higher speed rail passenger service. This corridor is the principal rail passenger line in Michigan and has been identified by the federal government as a potential high speed route. Second, I urge both CSX and Norfolk Southern to continue their participation in the development of a large intermodal freight terminal at the Junction/Livernois Yard currently owned by Conrail. This major project will provide significant benefits to shippers and carriers throughout southeastern Michigan.

I am pleased to endorse the proposed acquisition and look forward to working with CSX and Norfolk Southern on implementation of additional improvements to the railroad system in Michigan.

Sincerely,



John Engler
Governor

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the Secretary

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Public Record

JE/dkl/pw

cc: Mr. John W. Snow, Chairman of CSX
Mr. David R. Goode, Chairman of Norfolk Southern

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A.E. STALEY MANUFACTURING COMPANY 2200 E. ELDORADO STREET DECATUR, ILLINOIS 62525 TELEPHONE 217/423-4411

Via Overnight Express Delivery

October 20, 1997

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



Re: Finance Docket No. 33388

Dear Mr. Williams:

On behalf of A.E. Staley Manufacturing Company, I enclose for filing an original and twenty-five copies of our Statement of Support of the Application. Also enclosed is a 3.5 inch diskette containing the texts of the comments in MS Word format.

Respectively Submitted,

Lynn Hiser
Director, Rail Transportation





A.E. STALEY MANUFACTURING COMPANY 2200 E. ELDORADO STREET DECATUR, ILLINOIS 62525 TELEPHONE 217/423-4411

TERED
the Secretary

October 20, 1997

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



Re: Finance Docket No. 33388; CSX Corporation and CSX Transportation, Inc., Norfolk Southern Railway Company - Control and Operating Leases/Agreements - Conrail Inc. and Consolidated Rail Corporation

Statement in Support of Application

Dear Mr. Williams:

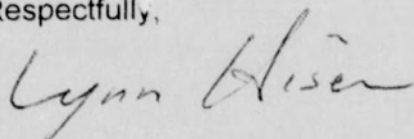
I am the Director, Rail Transportation of A.E. Staley Manufacturing Company, and have held that position for over three years. The Staley Rail Transportation group is responsible for the annual movement of over 30,000 railcar loads of raw agricultural commodities and processed bulk food and industrial ingredients.

A. E. Staley Manufacturing Company is a major corn refiner with processing plants in Illinois, Indiana, and Tennessee. These facilities are served by the NS, CSXT, Conrail, and IC railroads. We transport products in covered hopper cars, tankcars, and boxcars to locations throughout North America.

A.E. Staley Manufacturing Company supports the application of the CSX Corporation and CSX Transportation, Inc., and Norfolk Southern Corporation and Norfolk Southern Railway Company, to acquire control of Conrail, Inc. and Consolidated Rail Corporation. While supportive of the application, we have concerns about the potential for disruption of service when the operations of Conrail are ultimately divided between the applicants. We urge the acquiring carriers to develop a sound operating plan before integrating the Conrail lines into their respective operations should approval of their application be granted by the STB.

On a regional matter, we are concerned about the effect of the CSX's proposed control and administration of the IHB on the vital neutral switching services that the IHB now provides in the Chicago Switching District. We are concerned about the future for fair, equitable, and prompt dispatching of trains and switching of customers in the Chicago area. We ask that the Board consider conditions that would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of the CSX.

Respectfully,

A handwritten signature in cursive script, appearing to read "Lynn A. Hiser".

Lynn A. Hiser
Director, Rail Transportation

STB

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REDACTED - PUBLIC

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
SURFACE TRANSPORTATION BOARD



Finance Docket No. 33388

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

**COMMENTS AND SUPPORTING EVIDENCE OF
THE CITY OF INDIANAPOLIS IN OPPOSITION TO
THE APPLICATION OF CSX CORPORATION, et al.,
UNLESS COMPETITIVE CONDITIONS ARE IMPOSED**

CSX Corporation ("CSXC"), CSX Transportation, Inc. ("CSXT") (CSXC and CSXT collectively "CS"), Norfolk Southern Corporation ("NSC"), Norfolk Southern Railway Company ("NSR") (NSC and NSR collectively "NR"), Conrail, Inc. ("CRR") and Consolidated Rail Corporation ("CRC") (CRR and CRC collectively "CR"), (CSX, NR and CR collectively "Applicants"), pursuant to 49 U.S.C. §§ 11321-25 and 49 CFR Part 1180, have requested the Surface Transportation Board ("Board") to authorize the acquisition of the control and operation of CRR by CSX and NSC ("Proposed Transaction"). The Applicants have also requested authorization for certain operating agreements, the construction of new connections, the granting of trackage rights and other related matters in connection with the Proposed Transaction. It is the Applicants' position that the Proposed Transaction will "hold enormous public benefits, the greatest of these being increased competition, single-line

efficiency, and fresh opportunities for improved transportation options and resulting economic growth." Application Vol. 1, p. 2. Whatever public benefits the Proposed Transaction might yield for the rest of the northeast and the midwest, these benefits will not be realized for the City of Indianapolis without, at a minimum, the adoption of the conditions outlined below. Rather than increased competition for Indianapolis, the Proposed Transaction will mean a decrease in competition. Rather than single-line efficiency for Indianapolis, the Proposed Transaction will mean inefficient and costly trackage and switching arrangements. Rather than fresh opportunities for improved transportation options and resulting economic growth for Indianapolis, the Proposed Transaction will mean lost opportunities for improved transportation options and resulting economic harm. It is because of the public harm posed to Indianapolis by the Proposed Transaction that the City is submitting to the Board these Comments and Supporting Evidence in opposition to the Application. The conditions outlined herein are operationally feasible and will serve to lessen the public harm that would otherwise be caused to the economic future of Indianapolis by the Proposed Transaction.

**Summary of Proposed Transaction As It
Pertains to Indianapolis**

The Applicants identify Indianapolis as one of the markets that will go from two rail carrier service to single rail carrier service under the Proposed Transaction unless specific remedies are provided. *See, e.g.,* Application, Vol. 1, pp. 545-46. In fact, the Applicants recognize that Indianapolis is "by far the largest "2 to 1" point created by this transaction."

Application, Vol. 1, p. 546.¹ The reason Indianapolis is a "2 to 1" point under the Proposed Transaction is because Indianapolis is presently served by both CSX and CR but under the Proposed Transaction CSX will acquire control of all of CR's trackage in the Indianapolis area, including CR's three yard facilities. Application, Vol. 3A, pp. 109-11, 210-11. Accordingly, without more, Indianapolis would under the Proposed Transaction become a "one railroad town" served only by CSX.

The Applicants seek to "remedy" the public harm caused to Indianapolis by the Proposed Transaction by allowing NS to provide indirect rail service to "2 to 1" customers in Indianapolis by way of certain overhead trackage rights and switching agreements. The Master Trackage Rights Agreement ("TRA") proposed by the Applicants grants to NS overhead trackage rights on CSX's lines to Indianapolis from Muncie, IN, and from Lafayette, IN. NS's ability to provide rail service under the proposed TRA is severely limited, however. Specifically, the TRA provides that:

NSR shall not use any part of the subject trackage for the purpose of switching, storage or servicing of cars or equipment, or the making or breaking up of trains or service to an industry . . .

Application, Vol. 8B, p. 223.²

¹For a description of the size and importance of Indianapolis as a major manufacturing and distribution center, see CI Ex. 2, V.S. of Mayor Goldsmith, pp. 2-3.

²Form A of the Trackage Rights Addendum sets forth even more restrictive language: "The Trackage Rights herein granted are granted for the sole purpose of NSR using the same for bridge traffic only between the endpoints of Subject Trackage and NSR shall not perform any local freight service whatsoever at any point located on Subject Trackage." Application, Vol. 8B, p. 314.

Under the TRA, then, NS will not be allowed to provide direct rail service to "2 to 1" customers in Indianapolis. Instead, it will be required to transport its cars directly into Hawthorne Yard at Indianapolis, which will be operated solely by CSX under the Proposed Transaction. Application, Vol. 3A, pp. 210-11. At Hawthorne Yard, NS will not have any contractual rights regarding access to specific trackage. Rather, the Operating Plan only provides that NS will have "sufficient tracks for the arrival, departure and make up of trains, and will have reasonable access to and from the designated tracks." Application, Vol. 3A, p. 211. Moreover, CSX will have exclusive control of the management, operation and maintenance of the trackage from Muncie and Lafayette, as well as the trackage at Hawthorne Yard. In this regard, the TRA: (1) Does not require CSX to dispatch NS' trains equally and without prejudice under all circumstances (Application, Vol. 8B, pp. 232-33); (2) does not require CSX to maintain the subject trackage at its current Track Class and Speed (Application, Vol. 8B, p. 226); (3) makes upgrading of the trackage subject to CSX's operational needs (Application, Vol. 8B, p. 227); (4) allows CSX to retire the subject trackage for economic reasons (Application, Vol. 8B, p. 229); (5) explicitly denies NS any claim against CSX for damages brought about by delay or interruption from any cause, including damages for CSX's failure to maintain or renew the subject trackage (Application, Vol. 8B, pp. 223-26); and (6) does not provide for expedited dispute arbitration or the award of monetary damages by the arbitrator (Application, Vol. 8B, pp. 246-47).

Once NS has transported its cars to Hawthorne Yard, CSX will provide switching services to NS' customers under a separate switching agreement. Application, Vol. 8C, pp. 501-25. The specific charges to NS for CSX's handling of cars under the switching

agreement have not yet been determined by the Applicants. Instead, the switching agreement provides that NS shall pay CSX a "mutually agreed upon rate" for each car switched by CSX for NS during the first six months of the Agreement. Application, Vol. 8C, pp. 505-06. After this initial six month period, CSX and NS will conduct a joint study to determine CSX's "actual costs" for switching cars in the account of NS and to determine the maintenance costs for NS' use of tracks at Hawthorne Yard. The charges to NS for CSX's switching services will thereafter be based upon the results of this joint study. Applicants do not identify conclusively what factors will be relevant to determining these "actual costs."

The number and scope of Indianapolis customers that NS will actually be allowed to serve *via* trackage rights and switching by CSX is very circumscribed. As indicated above, NS will be allowed indirect access only to those customers who qualify as "2 to 1." The definition of "2 to 1" customers for purposes of the Proposed Transaction are those presently existing customers who have the option of rail service from CSX and CR. Application, Vol. 2A, pp. 146-47. It does not include any other customers, including future customers that come into existence after the proposed transaction is consummated. The number and identity of the customers that qualify as "2 to 1" under this restrictive definition is not clear from the Application. In his Verified Statement William Hart states that; "There are 66 shippers located on Conrail lines that have traditionally had a second service option available to them through reciprocal switching service." Application, Vol. 2A, p. 147. Mr. Hart does not identify these 66 shippers. In contradiction to the foregoing Verified Statement of William Hart, Exhibit "I" to the proposed switching agreement identifies only 30 customers who would be served indirectly by NS.

Under the Proposed Transaction, then, CSX will have a monopoly for rail service to a significant number of customers, including those future customers that come into existence after the transaction is consummated.

Legal Standard for the Imposition of Conditions

The Board should not approve the proposed transaction unless it first "finds the transaction is consistent with the public interest." 49 U.S.C. § 11324(c) (1997). To determine whether the proposed transaction is consistent with the public interest, the Board must perform a balancing test, weighing the potential benefits to the Applicants and the public against the potential harms to the public:

In determining whether a transaction is in the public interest, the Board performs a balancing test. It weighs the potential benefits to the Applicant and the public against the potential harm to the public. The Board will consider whether the benefits claimed by Applicants could be realized by means other than the proposed consolidation that would result in less potential harm.

49 CFR 1180.1(c).

There are a number of criteria relevant to the determination of whether a proposed transaction is in the public good. Among these criteria is whether the proposed transaction will have an adverse effect on competition among rail carriers in a particular market. 49

U.S.C. § 11324 (1997); *See also* 49 CFR § 1180.1(c)(2).³ If the Board finds an adverse impact on competition, it has broad authority under the Interstate Commerce Act to impose conditions on the transaction that will redress the harm caused by these anticompetitive effects. 49 U.S.C. § 11324(c); Union Pacific-Control-Missouri Pacific; Western Pacific, 366 I.C.C. 462, 562-65 (1982). A number of factors are relevant to determining what conditions are appropriate. The Board has summarized these factors in its Decision No. 40:

The criteria for imposing conditions to remedy anticompetitive effects were set out in Union Pacific-Control-Missouri Pacific; Western Pacific, 366 I.C.C. 462, 562-65 (1982). There, the Interstate Commerce Commission (ICC) stated that it would not impose conditions on a railroad consolidation unless it found that the consolidation may produce effects harmful to the public interest (such as a significant reduction of competition in an affected market), that the conditions to be imposed will ameliorate or eliminate the harmful effects, that the conditions will be operationally feasible, and that the conditions will produce public benefits (the reduction or elimination of possible harm) outweighing any reduction to the public benefit produced by the merger.

Even if the Applicants have proposed certain conditions in order to ameliorate the anticompetitive effects of the Proposed Transaction, the Board still has the obligation to modify or add to these conditions if it believes that the conditions proposed by the Applicants fail to fully redress these anticompetitive effects. Lamoille Valley R.R. Co. v. ICC, 711 F.2d 295, 322 (D.C. Cir. 1983).

³The reason this criterion is important is because consolidations that substantially reduce rail transportation alternatives to shippers are not favored under the law. 49 CFR § 1180.1(a).

**The Proposed Transaction has AntiCompetitive Effects for Indianapolis that
Require the Imposition of Conditions**

It has already been noted that the Applicants agree the Proposed Transaction would have an anticompetitive effect on Indianapolis if certain remedies are not adopted. The remedies the Applicants suggest are to grant to NS the trackage rights and switching arrangements outlined above. These remedies will not, however, ameliorate the anticompetitive effects of the Proposed Transaction for Indianapolis. In general this is because the proposed remedies do not give NS sufficient incentive to compete with CSX in Indianapolis, and they allows CSX to have total control over the quality of services that NS can offer to customers. CI Ex. 1, V S. of Hall, p. 5. More specifically, the remedies are inadequate because: (1) NS's overhead trackage rights under the Proposed Transaction do not address issues that can work to impede or lessen the quality of NS's service to Indianapolis customers; (2) NS will have an inadequate customer and interchange base in Indianapolis because of the narrow definition of "2 to 1" customers and its lack of access to shortline railroads; (3) the switching agreement is too vague on several key items, including the charges to be assessed NS for switching services and the time requirements for the pickup and delivery of NS' cars; (4) NS will be unable to build customer volume given that present customers of CR will not be allowed to rebid traffic to NS after the transaction is consummated; and (5) NS has no competitive way to deliver cars from Indianapolis to Chicago. Because CSX will have the highest traffic density, the shortest route structure to major markets from Indianapolis and an overwhelming physical and management presence in Indianapolis, the foregoing deficiencies will mean that NS will not be a competitor of CSX in the Indianapolis market under the Proposed Transaction. CI Ex. 1, V.S. of Hall, p. 5.

Accordingly, the Board should at minimum impose the following conditions in order to correct these deficiencies.

1. Conditions Relative to Trackage Rights

The TRA under which NS will be allowed indirect access to "2 to 1" customers in Indianapolis gives CSX excessive control of the management, operation and maintenance of the subject trackage, including the trackage at Hawthorne Yard. The TRA does not require CSX to dispatch NS' trains equally and without prejudice in all circumstances. It does not require CSX to maintain the subject trackage at its current Track Class and Speed. It makes upgrading of the trackage subject to CSX's operational needs. It allows CSX to retire the subject trackage for economic reasons. It specifically denies NS any claim against CSX for failure to maintain the subject trackage. It does not give NS any specific trackage at Hawthorne Yard. It neither provides for expedited dispute arbitration in connection with NS's use of the subject trackage, nor gives authority to the arbitrator to award monetary damages to an aggrieved party. These defects in the TRA will mean that NS's ability to compete with CSX for business can be severely impeded by CSX, resulting in a significant reduction of competition for rail service in Indianapolis.

In order to ameliorate the anticompetitive effect to Indianapolis caused by these deficits, the additions and changes set forth in Mr. Hall's Verified Statement should be incorporated into the TRA. These additions and changes are as follows: (1) The TRA should require that CSX maintain the subject trackage at its current Track Class and Speed; (2) the TRA should require CSX to dispatch NS' trains equally and without prejudice under

all circumstances, regardless of whether this will result in the most economical movement of all traffic on the lines from Muncie and Lafayette; (3) the TRA should provide for expedited arbitration of disputes between NS and CSX and should allow the arbitrator to assess monetary damages for violations of the TRA;⁴ and (4) the TRA should provide that NS has the right to lease, buy or build trackage at Hawthorne Yard for NS' exclusive use.

As Mr. Hall notes in his Verified Statement, the foregoing additions and modifications to the TRA would lessen the anticompetitive effects of the Proposed Transaction. In particular, they would address issues that otherwise would allow CSX to seriously impede and lessen the quality of NS' service to Indianapolis customers. Not only are the proposed conditions operationally feasible, they will not result in a reduction of benefits to the public produced by the Proposed Transaction. *See* CI Ex. No. 1, Verified Statement of Hall, pp. 8-9.

2. Conditions Relative to Definition of "2 to 1" Customers.

The number of customers in Indianapolis that NS will be allowed to serve under the Proposed Transaction is severely limited. NS will be allowed indirect access only to those customers who qualify as "2 to 1"; i.e., those presently existing customers who have the option of rail service from both CR and CSX.⁵ NS will not be allowed to compete with CSX for the business of either presently existing customers who do not fall within this definition

⁴The arbitration provision should require that the parties choose an arbitrator within 30 days of notice; that the arbitrator hear the case within 60 days of notice; and that the arbitrator make a decision within 90 days of notice.

⁵As indicated above, it is unclear whether these customers are 30 or 66 in number.

or customers that come into existence after the proposed transaction is consummated.

ability to develop a volume of traffic that will consistently fill the train service it provides to Indianapolis from Lafayette and Muncie will be severely hampered by this limitation because CSX will have a monopoly for the business of these customers.

In order to ameliorate the anticompetitive effects of this narrow definition of "2 to 1" customers, the Board should adopt as a condition of approval that "2 to 1" customers be defined to include all Indianapolis customers that CSX will be able to serve under the Proposed Transaction after it is consummated. CI Ex. No. 1, V.S. of Hall, p. 6. Moreover, all shortline railroads that can connect or interchange with CSX after the transaction is consummated should be allowed to connect or interchange with NS. The imposition of these conditions would lessen the anticompetitive effects of the transaction

Moreover, they would be operationally feasible and would not harm the public benefits to be realized by the Proposed Transaction. CI Ex. No. 1, V.S. of Hall, p. 8.

3. Conditions Relative to Switching Agreement

CSX will provide switching services to NS' customers under a separate switching agreement. The specific charges to NS for CSX's handling of cars have not yet been determined by the Applicants. Instead, the switching agreement provides that NS shall pay

CSX a "mutually agreed upon rate" for each car switched by CSX for NS during the first six months of the Proposed Transaction. After the initial six-month period, CSX and NS will conduct a joint study to determine CSX's "actual cost" for switching cars in the account of NS and determine the maintenance cost of NS' use of tracks at Hawthorne Yard. The charges to NS for CSX's switching serves will thereafter be based on the results of this joint study, which will not be open to public, shipper or shortline audit. The switching agreement does not set forth any time requirement for CSX's pickup and delivery of NS' cars to and from customer sidings. Finally, like the TRA, there is no provision for expedited arbitration and the award of monetary damages by the arbitrator. The vagueness of the proposed switching agreement on these points is lethal to NS' ability to compete with CSX in the Indianapolis market.

The anticompetitive effects that will result from the vagueness of the switching agreement can be overcome if the Board imposes a few additions to the switching agreement. First, the Board should require CSX and NS agree to a \$130 per car switching charge, adjusted on a yearly basis for inflation/deflation. *CI Ex. No. 1, V.S. of Hall, p. 7*. The Board has found this switching charge adequate to cover cost for switching in previous mergers. Second, the Board should require that CSX and NS agree that at any time during the first ten years of the Proposed Transaction NS has a one time right to elect either to provide its own direct service to Indianapolis customers or to contract with a third party of its own choosing to provide switching services to its Indianapolis customers. If at the end of this ten-year period NS fails to exercise its right of election, CSX would again be required to perform switching services for NS at Indianapolis on a cost-based charge that will be

determined in the manner set forth in the Proposed Transaction. Third, the switching agreement should contain arbitration provisions identical to those requested for the TRA. Finally, the switching agreement should set forth a specific time requirement for CSX's pickup and delivery of NS' cars to and from customer sidings. At a minimum, this time requirement should be that NS' traffic will be given the same treatment as CSX's.

The foregoing additions and modifications to the switching agreement would help ameliorate the anticompetitive effects of the Proposed Transaction. In particular, they would address issues that might allow CSX to impede or lessen the quality of NS' service to Indianapolis customers. Moreover, the proposed conditions would be operationally feasible. Finally, the conditions would not cause a reduction of benefits to the public produced by the Proposed Transaction.

4. Conditions Relative to Traffic Volume

In the usual situation, the private contracts between the customer and the rail carrier cover specific commodities moving over specific routes in specific volumes at specific rates. The term of these contracts is often for a number of years. Because under the Proposed Transaction, it appears that CSX will be assuming the contracts that currently exist between CR and the Indianapolis customers, NS will be unable to compete for those customers. Thus, NS' ability to develop a volume of traffic sufficient to maintain adequate rail service will be severely impaired. Also, under the Proposed Transaction, NS has no competitive way to deliver cars from Indianapolis to the Chicago market (unlike CSX who will have a direct

route to Chicago through Lafayette). Both of these factors will have a significant impact on NS' ability to build the traffic volumes necessary to compete with CSX at Indianapolis.

In order to ameliorate this impairment of NS' ability to compete with CSX at Indianapolis under the Proposed Transaction, CSX should be required to release all of its Indianapolis customers from those provisions of their contracts that would preclude or penalize these customer from rebidding traffic to NS after the proposed transaction is consummated. CI Ex. No. 1, V.S. of Hall, p. 6. Moreover, CSX should provide haulage for NS to the Chicago market. Finally, the Board should maintain oversight of the transaction for a period of ten (10) years with a right to impose additional conditions if a competitive situation between CSX and NS does not develop in the Indianapolis market. These required conditions would be operationally feasible and would have no adverse impact as the benefits to be realized by the Proposed Transaction.

Summary of Requested Conditions

The City of Indianapolis is opposed to the Proposed Transaction unless the following conditions are imposed by the Board:

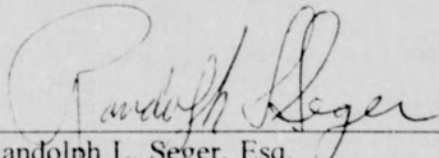
- (1) The TRA requires that CSX maintain the subject trackage at its current Track Classes and Speed;
- (2) The TRA requires CSX to dispatch trains equally and without prejudice under all circumstances;

- (3) The TRA provides for expedited arbitration of disputes between NS and CSX, as well as allowing the arbitrator to assess monetary damages for violation of the TRA;
- (4) The TRA provides that NS has the right to lease, buy or build trackage at Hawthorne Yard for NS' exclusive use;
- (5) "2 to 1" customers are defined in such a way that after the transaction is consummated NS is able to provide rail service to all Indianapolis customers to which CSX is able to provide rail service;
- (6) All presently existing and future shortline railroads that can connect or interchange with CSX after the Proposed Transaction is consummated can also connect or interchange with NS and each other;
- (7) The switching agreement provides that the switching charge for CSX's switching of NS' cars is set at \$130 per car, adjusted each year according to a mutually agreed standard for inflation/deflation;
- (8) The switching agreement allows NS a one-time right to elect during the first 10 years of the Proposed Transaction to provide its own direct service to Indianapolis customers and shortlines or to contract with a third party of its own choosing to provide these switching services;
- (9) The switching agreement contains arbitration provisions similar to those requested for the TRA;

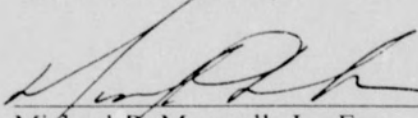
- (10) The switching agreement sets forth a specific time requirement for CSX's pickup and delivery of NS' cars to and from customer sidings in Indianapolis (at minimum that NS' traffic will be given the same treatment as CSX's);
- (11) CSX is required to release all of its Indianapolis customers from those provisions of their contracts that would preclude or penalize them from rebidding traffic to NS after the Proposed Transaction is consummated;
- (12) CSX is required to provide haulage for NS to Chicago; and
- (13) The Board maintains oversight of the transaction for a period of ten (10) years with the authority to impose further conditions if competition between CSX and NS does not develop in the Indianapolis market.

Respectfully submitted,

McHALE, COOK & WELCH, p.c.
1100 Chamber of Commerce Building
320 N. Meridian Street
Indianapolis, IN 46204
(317) 634-7588
(317) 634-7598 - Facsimile



Randolph L. Seger, Esq.
Robert B. Scott, Esq.



Michael P. Maxwell, Jr., Esq.

Attorneys for City of Indianapolis

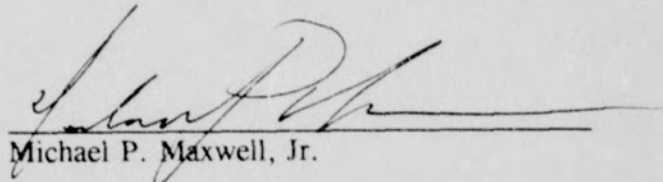
UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388

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

CERTIFICATE OF SERVICE

I hereby certify that I have served this 20th day of October, 1997, a copy of the foregoing Redacted Version of Comments and Supporting Evidence of the City of Indianapolis in Opposition to the Application of CSX Corporation, et al., Unless Competitive Conditions are Imposed to Applicants' attorneys and on all other persons of record in this proceeding.


Michael P. Maxwell, Jr.

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BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 33388

CSX CORPORATION, ET AL.
NORFOLK SOUTHERN CORPORATION, ET AL.
CONRAIL INC., ET AL.

VERIFIED STATEMENT
OF
JOHN HALL

My name is John Hall. From 1961 to 1968, I was employed by the Soo Line Railroad Company. From 1968 to 1994, I was employed by the Burlington Northern Railroad Company and its predecessor, Great Northern Railway, in a succession of positions of increasing responsibility. I served as Vice President of Business Development from 1986 to 1994. During my career at Burlington Northern, I planned, negotiated, implemented and managed a number of line sales, line acquisitions, trackage rights/haulage agreements and terminal switching operations. I have served as an expert in previous acquisitions, including the UP & SP merger. I am quite familiar with the technical issues and analysis relevant to this proceeding from the perspective of both the landlord and the tenant.

CSX, Norfolk Southern ("NS") and Conrail ("CR") have submitted their Railroad Control Application to the Surface Transportation Board, Finance Docket No. 33388, requesting that CSX and NS be given control and the management of all of the assets of CR. I have been asked by the City of Indianapolis to prepare and submit these comments on various issues involved in the Application. There are several aspects of the proposed transaction that are of particular relevance to the City of Indianapolis:

1. CSX has used the CR switching tariff to define "2 to 1" customers in Indianapolis. The number of these "2 to 1" customers varies between 30 (See Exhibit "I" to the Switching Agreement, Application, Vol. 8B, p. 525) and 66 (see Mr. Hart's Verified Statement, Application, Vol. 2A, p. 147). The proposed transaction allows NS only to serve

these "2 to 1" firms, while CSX would have exclusive access to all other firms, including all new industries in Indianapolis.

2. Today, there are a number of shortline railroads that connect at Indianapolis. The proposed transaction will apparently allow only one of these shortlines, the Indiana Railroad (which is controlled by CSX), to connect with NS at Indianapolis.

3. Under the proposed transaction CSX will assume all of CR's existing transportation contracts.

4. NS will be granted overhead trackage rights from Lafayette, 85 miles to the northwest of Indianapolis, and from Muncie, 54 miles to the northeast. In addition to using these routes to reach Indianapolis, NS will be able to serve "2 to 1" customers at Crawfordsville on the line to Lafayette. These trackage rights are described as "standard, existing trackage rights fees in effect between NS and CSX for over the road movements." At Indianapolis, NS trains will originate/terminate at Hawthorne Yard. CSX will provide switching service between the "2 to 1" customer and NS for a cost-based fee.

5. NS does not have under the proposed transaction a route between Indianapolis and Chicago that is competitive with CSX's.

6. The Trackage Rights Agreement does not specify that the subject trackage shall be maintained at current levels. As a tenant, NS gets to pay .29¢ a car-mile and has no say in how the subject trackage is maintained.

7. In the Trackage Rights Agreement, CSX pledges to operate the track "without prejudice or partiality to either party and in such a manner as will afford the most economical and efficient movement of all traffic." (Emphasis added). Because CSX will have a much larger volume of traffic than NS on these routes, CSX will always have the ability to favor its own traffic.

8. The Trackage Rights Agreement provides that disputes are to be resolved by Arbitration. The arbitrator has the ability to decide issues, but not damages. While the arbitrator's decision is binding on the parties, enforcement lies in judicial action. The process is slow, expensive and time consuming, and it does not work to resolve competitive/commercial problems between tenant and landlord and clearly favors the landlord.

9. Hawthorne Yard in Indianapolis is designated as the place where NS trains will originate and terminate. The yard will be owned and controlled by CSX. NS has no right to lease, buy or build track at Hawthorne Yard for NS' exclusive use.

10. CSX will provide switching services between Hawthorne and "2 to 1" customers. The Switching Agreement does not obligate CSX to any standards of

performance or equality. CSX is apparently free to perform the service as it sees fit. NS pays the car hire and CSX receives any demurrage.

11. The charge for switching services will be "cost based" and be determined at a future date. Any dispute regarding the switching charge will be resolved by binding arbitration. The arbitration provisions are similar to those as the Trackage Rights Agreement. There are no deadlines or penalties.

Given the above, the "2 to 1" solution proposed for the City of Indianapolis will not provide the "balanced competition" envisioned by Mr. Hart in his Verified Statement. NS cannot develop a competitive presence in Indianapolis when CSX always stands between NS and its customer and to a very large measure controls the quality of transportation service NS can offer. This is made all the more difficult when:

1. NS' "2 to 1" customer base is so limited;
2. It cannot interchange traffic with connecting shortline railroads;
3. CSX will control "contracted" rail tonnage;
4. NS has vague contracts governing how its traffic will be handled;
5. Dispute resolution is slow and without consequence; and
6. A significant portion of NS' costs are unknown (switching fees).

In view of the foregoing listed points, as well as the fact that CSX will be able for the most part to control the quality of NS' service to Indianapolis customers, the proposed transaction will have to be modified in the following ways if NS is to have a meaningful opportunity to develop a competitive presence at Indianapolis:

1. "2 to 1" customer should be freed from any contractual prohibition which restricts their ability to rebid traffic between CSX and NS after the transaction is consummated;
2. "2 to 1" customers are defined to include all Indianapolis customers that CSX will be able to serve under the proposed transaction after it is consummated. New customers will be open to NS if NS pays 1/2 the cost of establishing rail service.
3. NS has the right to establish connections and interchange traffic with any shortline that CSX will have connections and interchange with after the transaction is approved.
4. For traffic moving in connection with "2 to 1" customers or originating/terminating on shortlines connecting with NS at Indianapolis, CSX will provide haulage to Chicago.

5. The Trackage Rights Agreement be modified to define the current Track Class and Speed as the Maintenance Standard.

6. The Trackage Rights Agreement be modified to state that CSX and NS trains will be dispatched and operated equally and without prejudice under all circumstances.

7. NS should have the option to lease, acquire and/or build trackage at Hawthorne Yard.

8. The Switching Agreement should be modified to state that CSX and NS traffic will be handled equally and without prejudice.

9. NS should receive demurrage.

10. The arbitration provisions of the Trackage Rights Agreement and the Switching Agreement should be consistent and modified to have:

- a. The arbitrator picked within 30 days of notice.
- b. Hearing by arbitrator within 60 days of notice.
- c. Decision of arbitrator within 90 days of notice.

- d. The arbitrator award damages when either party use the Trackage Rights Agreement or the Switching Agreement to gain a competitive advantage of the other party.

11. There should be an explicit switch charge of \$130 per car for all "2 to 1" traffic. That switch charge was found adequate by the Board to cover system average switching costs in the UP and SP merger. No variation due to commodity, car type, etc. Likewise, there should be an explicit switch charge if and when CSX performs intermediate switching between a shortline and NS. Such charges would be adjusted periodically for inflation/deflation.

12. During the first ten years of the transaction, NS would have the one time right to elect to provide its own exclusive service to "2 to 1" customers and shortline connections with their trains or through those of a designated third party.

13. In a transaction of this scope, it is difficult to anticipate potential problem areas and solutions. I believe that STB should retain oversight for 10 years.

The foregoing conditions would all be operationally feasible and would not lessen the public benefit of the proposed transaction. Instead, if imposed by the Board, these conditions would ameliorate the anticompetitive effects of the proposed transaction as it stands and

increase the chances that NS will be an effective competitor of CSX's in the Indianapolis market.

[The rest of this page left intentionally blank.]

Verification

I, John Hall, affirm under penalties of perjury that the statements herein contained are true to the best of my knowledge, information and belief.

John Hall
John Hall

STATE OF MINNESOTA)
) SS:
COUNTY OF St Louis)

Before me the undersigned, a Notary Public in and for said County and State, personally appeared John Hall, who acknowledged the execution of the foregoing, and who, having been duly sworn, stated that the representations therein contained are true.

WITNESS MY HAND and Notarial Seal this 16th day of Oct, 1997.

My Commission Expires:

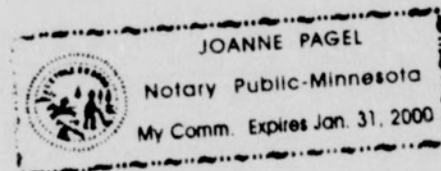
1-31-2000

My County of Residence:

St Louis

Joanne Pagel
Notary Public - Written
JoAnne Pagel
Notary Public - Printed

NOTARY: AFFIX SEAL



BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 33388

CSX CORPORATION, ET AL.
NORFOLK SOUTHERN CORPORATION, ET AL.
CONRAIL INC., ET AL.

VERIFIED STATEMENT
OF
STEPHEN GOLDSMITH
MAYOR OF INDIANAPOLIS

I am Stephen Goldsmith, Mayor of Indianapolis. After graduating from the University of Michigan Law School, I practiced law for 7 years before serving in the public sector as the Marion County Prosecuting Attorney from 1979-90. In 1992, I was elected Mayor and currently am in my second term.

Under my Administration, the City of Indianapolis is focused on stream-lining government, reducing regulations and reinvesting in our communities. Our city government has become more efficient largely through introducing competition to many municipal services. A smaller, more efficient government has saved taxpayer dollars and reduced the burden of government on business while simultaneously increasing service and reducing cost.

Introduction to Indianapolis

According to 1995 estimates of the U.S. Census Bureau, Indianapolis is the twelfth (12th) largest city in the United States with a population of 817,624 and a Metropolitan area of 1.4 Million. Of the cities served by CSX and NS east of the Mississippi, Indianapolis is the fifth (5th) largest.

Indianapolis has a diversified economy with continued strength in manufacturing and distribution while becoming a favorite site for headquarters and technical-related businesses. The Services industry employs 26% our workforce, followed by Retail Trade at 20% and Manufacturing at 16%. Some of our manufacturing industries include pharmaceuticals, automotive components and products, agricultural products, consumer products and chemicals.

Due to our industry make-up and geographic location, Indianapolis has become a major distribution center. Federal Express and U.S. Postal Service have both established distribution hubs in Indianapolis which emphasizes our importance and continued development as a distribution center. In addition, over 75 trucking firms have terminals in the Indianapolis area providing extensive truck transportation and creating a large potential intermodal market.

Overview

As Mayor, I am admittedly not a rail expert. Therefore, I will reserve the technical discussion for the appropriate parties. However, I do recognize that as a major manufacturing and distribution hub Indianapolis must be a marketplace that allows competitive access to transportation and distribution services. Therefore, the railroads servicing our city are very important to the local, state and national economy.

The City of Indianapolis is largely concerned regarding the CSX and NS acquisition of Conrail, and will only intervene, to the extent that the public interest is at stake. This is the case regarding the Conrail acquisition. From an economic development perspective, communities will be placed at a severe competitive and comparative disadvantage if held captive to a single railroad. I believe the acquisition of Conrail by CSX and NS, as currently structured, does not create a competitive rail environment in Indianapolis. Indianapolis will become captive to a single railroad in which competitive market forces will be eliminated.

At a minimum, the competitive presence of two Class-one railroads in Indianapolis must be maintained. It seems very unlikely NS will be in a position to establish any degree of presence, let alone compete, through the ability to only serve one industry directly and without owning any assets.

Situational Overview

Currently, two class one railroads, CSX and Conrail, own and operate track in our city. Three shortline railroads offer service directly to Indianapolis: The Indiana Railroad Company, Indiana Southern Railroad, The Louisville & Indiana Railroad. At a minimum, 66 individual industries are open to both CSX and Conrail. These businesses employ approximately 40,238 workers, ship over 4 Million tons of materials which is over 65,000 car loads, and generate well over \$64 Million in revenue for the railroads. These figures do not account for traffic already captive to a single carrier, the market value of these goods, or the volume of traffic with moves through Indianapolis.

Under the proposed CSX/NS acquisition of Conrail, CSX will get all Conrail assets in Indianapolis, leaving it the exclusive provider of Class I rail service. To remedy this problem, CSX proposes to let NS serve existing customers in Indianapolis that are served by CSX and Conrail (2 to 1 customers). NS will enter Indianapolis on trackage owned and controlled by CSX via trackage rights. NS will be assigned interchange tracks at Hawthorne Yard, also owned and controlled by CSX. CSX will provide switching services at 2 to 1 firms for a "to be determined" cost-based charge.

City's Actions

Due to the importance of railroad transportation to our city's economy and the large presence of Conrail, the City of Indianapolis began monitoring the acquisition in January 1997. Once it became apparent CSX and NS would jointly file with the STB to acquire Conrail, the city conducted a forum on May 15 to allow CSX and NS the opportunity to present their preliminary plan and hear comments of local businesses. Through a number of subsequent formal meetings, telephone calls and written comments, the consensus emerged that the current competitive situation within Indianapolis is in jeopardy. In addition, Indianapolis could further become a marketplace captive to one railroad.

In order to most accurately assess the acquisitions effects, we requested information from both NS and CSX. These requests were never responded to in a satisfactory manner with pertinent information. As a result, the city filed discovery and participated in the deposition proceedings established by the Surface Transportation Board.

Indy-ACTS (Association for Competitive Transportation Services) was formed to more efficiently share information and formalize a consensus position. The groups membership consisted of local shippers, shortlines, real estate developers and economic development organizations. John Hall, a former Vice President of Burlington Northern, was hired as a consultant.

The City continued to express its concern as did many members of the Indiana Congressional Delegation. I invited John Snow, Chairman CSX, to Indianapolis to meet with me. Written statements from United States Senator's Richard Lugar and Dan Coats, United States Representatives Dan Burton, Julia Carson and David McIntosh expressed their concern and encouraged an agreement to be reached between CSX and the City of Indianapolis. Despite Congressional and Mayoral objection to the plan in Indianapolis, and our desire to negotiate a reasonable agreement, to date, CSX and the City have not reached an agreement to effectively correct the problems in Indianapolis under the proposed transaction.

Conclusion

The City has made extensive efforts to gain information and reach a settlement with CSX and NS that would meet our mutual needs. These efforts have not been successful to date. The City of Indianapolis is formally opposed to the proposed CSX and NS acquisition of Conrail unless the conditions outlined by our expert John Hall are adopted by the Board. I ask that the STB strongly consider the recommendations of John Hall.

[The rest of this page left intentionally blank.]

Verification

I, Stephen Goldsmith, Mayor of the City of Indianapolis, Indiana, affirm under penalties of perjury that the statements herein contained are true to the best of my knowledge, information and belief.



Stephen Goldsmith
Mayor, City of Indianapolis, Indiana

STATE OF INDIANA)
)SS:
COUNTY OF MARION)

Before me the undersigned, a Notary Public in and for said County and State, personally appeared Stephen Goldsmith, Mayor of the City of Indianapolis, Indiana, who acknowledged the execution of the foregoing, and who, having been duly sworn, stated that the representations therein contained are true.

WITNESS MY HAND and Notarial Seal this 17th day of October, 1997

My Commission Expires:

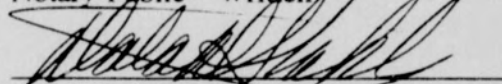
11-28-97

My County of Residence:

Marion

DALA D. STAHLEY

Notary Public - Written



Notary Public - Printed

NOTARY: AFFIX SEAL

STB

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10-20-97

D

182774



STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
TRANSPORTATION DIVISION
133 STATE STREET
MONTPELIER, VERMONT 05633-5001

182774
TELEPHONE:
(802) 828-2831

FAX:
(802) 828-2817

October 10, 1997



Honorable Vernon A. Williams, Secretary
Surface Transportation Board (Case Control Unit)
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: *CSX Corp. and CSX Transportation, Inc., Norfolk Southern Corp.
and Norfolk Southern Railway Co. -- Control and Operating
Leases/Agreements -- Conrail, Inc. and Consolidated Rail Corp.
Finance Docket No. 33388*

Dear Mr. Williams:

Enclosed for filing in the above matter are the original and 10 copies of a certificate of service stating that the State of Vermont's previous filing in this matter (a June 16, 1997 document entitled "State of Vermont's Notice of Intent to Participate") has been served on each additional Party of Record identified in the Appendix to the Board's Decision No. 43 (decided October 7, 1997), as directed in the order.

Sincerely,

John R. Dunleavy
Assistant Attorney General

jkd/bem
Enclosures
cc: Additional Parties of Record

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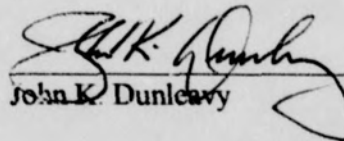
**BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.**

Finance Docket No. 33388

**CSX Corp. and CSX Transportation, Inc., Norfolk Southern Corp.
and Norfolk Southern Railway Co. -- Control and Operating
Leases/Agreements -- Conrail, Inc. and
Consolidated Rail Corp.**

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of October, 1997, on behalf of the State of Vermont, I served by first-class mail, postage pre-paid, or Federal Express overnight delivery, copies of a June 16, 1997 document entitled "State of Vermont's Notice of Intent to Participate" (to date, the State of Vermont's only filing in this matter) upon the additional Parties of Record identified in the Appendix to the Board's Decision No. 43 (decided: October 7, 1997).


John K. Dunleavy



OCT 20 1997

Part of
Public Record

STB

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10-16-97

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182643

BRICKFIELD
BURCHETTE
RITTS, P.C.

October 16, 1997



BY HAND DELIVERY

The Honorable Vernon A. Williams
Secretary, Surface Transportation Board
Case Control Branch
ATTN: STB Finance Docket No. 33388
1925 K Street, N.W.
Washington, DC 20423-0001

**Re: Finance Docket No. 33388, CSX Corporation and CSX Transportation, Inc.,
Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control
and Operating Leases/Agreements -- Conrail Inc. and Consolidated Rail
Corporation**

Dear Secretary Williams:

On behalf of Steel Dynamics, Inc. ("SDI"), please find enclosed for filing an original and ten copies of the Certificate of Service of Steel Dynamics, Inc. (SDI-8).

Please do not hesitate to contact me if you have any questions or concerns. Thank you for your cooperation in this matter.

Very truly yours,

Christopher C. O'Hara

Enclosure

cc: The Honorable Jacob Leventhal
All Parties of Record (with the next mailing)

182643

SDI-8

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 33388

CSX Corporation and CSX Transportation, Inc.
Norfolk Southern Corporation and
Norfolk Southern Railway Company
-- Control and Operating Leases/Agreements --
Conrail Inc. and Consolidated Rail Corporation



**CERTIFICATE OF SERVICE
OF STEEL DYNAMICS, INC.**

Pursuant to Decision No. 43 of the Surface Transportation Board, I hereby certify that on October 16, 1997, the "added" Parties of Record listed in Decision No. 43 were served, by United States mail, first class, postage prepaid with copies this document and of the following filings:

Entry of Appearance of Steel Dynamics, Inc. (SDI-1)
Comments of Steel Dynamics, Inc. on the Proposed Procedural Schedule (SDI-2)
Reply of Steel Dynamics, Inc. to the Petition for Waiver Filed by NS (SDI-3)
Notice of Intent to Participate of Steel Dynamics, Inc. (SDI-4)
Certificate of Service (SDI-5)
Certificate of Service (SDI-6)

A handwritten signature in cursive script, appearing to read "Chry C. O'Hara".

Christopher C. O'Hara
Brickfield, Burchette & Ritts, P.C.
1025 Thomas Jefferson Street, NW
Eighth Floor, West Tower
Washington, DC 20007

Telephone: (202) 342-0800
Facsimile: (202) 342-0807

Attorneys for Steel Dynamics, Inc.

Date: October 16, 1997

STB

FD

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10-16-97

D

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82634

CONIGLIO & UTHOFF

A PROFESSIONAL LAW CORPORATION

110 WEST OCEAN BOULEVARD, SUITE C
LONG BEACH, CALIFORNIA 90802-4615

TERRY J. CONIGLIO
STEPHEN M. UTHOFF

TELEPHONE: (562) 491-4644
TELECOPIER: (562) 435-1976
E-MAIL: candulaw@aol.com

*ALSO ADMITTED IN THE
DISTRICT OF COLUMBIA

October 13, 1997

Secretary Vernon A. Williams
Office of the Secretary
Surface Transportation Board
Case Control Branch
Attn: STB Finance Docket No. 33388
1925 "K" Street N.W.
Washington, D.C. 20423-0001



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

Our File No. 2312

Dear Secretary Williams:

Enclosed for filing please find an original, twenty-five (25) copies and a 3.5 diskette of The Rail Bridge Terminals (New Jersey) Corporation's Certificate of Service designated RBTC-5. The Certificate of Service is saved on the disk in WordPerfect 5.1 and Text formats.

Please file the enclosed and return a conformed copy to our office in the enclosed self-addressed stamped envelope.

Regards,

Stephen M. Uthoff

SMU:lme2
Enclosures
cc: John L. Miller w/out encs.

182634
ORIGINAL
BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 33388

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

RBTC-8

CERTIFICATE OF SERVICE

Pursuant to Decision No. 43 of The Surface Transportation Board, I hereby certify that on October 13, 1997, all Parties of Record listed in Decision No. 43 were served (to the extent not previously served), by first-class U.S. mail, postage prepaid, with the following filings of The Rail-Bridge Terminals (New Jersey) Corporation submitted thus far in this proceeding:

Notice of Intent to Participate (RBTC-1) (dated July 21, 1997);

Notice of Inconsistent or Responsive Application (RBTC-2) (dated August 13, 1997);

Certificate of Service (RBTC-3) (dated August 27, 1997); and

Certificate of Service (RBTC-5) (dated September 12, 1997).

DATED: October 13, 1997

Respectfully submitted,

By: 

TERRY J. CONIGLIO

STEPHEN M. UTHOFF

CONIGLIO & UTHOFF

A Professional Law Corporation

Attorneys for The Rail-Bridge

Terminals (New Jersey) Corporation

110 West Ocean Boulevard, Suite C

Long Beach, California 90802-4615

Telephone: (562) 491-4644

CERTIFICATE OF TRANSMITTAL AND SERVICE

I hereby certify that I have this day served the foregoing
document upon:

Secretary Vernon A. Williams
Office of the Secretary
Surface Transportation Board
Case Control Branch
Attn: STB Finance Docket No. 33388
1925 "K" St., N.W.
Washington, D.C. 20423-0001

Administrative Law Judge
Jacob Leventhal
Federal Energy Regulatory Commission
888 First St., N.E.
Suite 11F,
Washington, D.C. 20426;

David H. Coburn
Steptoe & Johnson
1330 Connecticut Ave., N.W.
Washington, D.C. 20036-1795

Drew A. Harker
Arnold & Porter
555 12th St., N.W.
Washington, D.C. 20004-1202

John M. Nannes
Scot B. Hutchins
Skadden, Arps, Slate,
Meagher & Flom, LLP
1440 New York Ave., N.W., 9th Flr.
Washington, D.C. 20005-2107

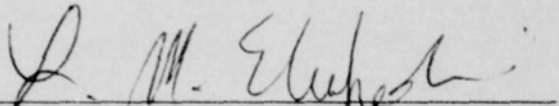
Paul A. Cunningham
Harkins & Cunningham
1300 19th St., N.W.
Suite 600
Washington, D.C. 20036

Richard A. Allen
John V. Edwards
Patricia Bruce
Zuckert, Scoutt & Rasenberger
888 17th St., N.W.
Washington, D.C 20006

And all Parties of Record on the attached service list,
by mailing, first class, postage prepaid a copy to each such
person.

I declare under penalty of perjury under the laws of the
United States that the foregoing is true and correct.

Dated at this 13th day of October, 1997 at Long Beach,
California.

By: 
LISA M. ELIAKEDIS

PARTIES OF RECORD - SERVICE LIST

Christopher J. Burger
President
Central Railroad Company of Indianapolis
500 N. Buckeye
Kokomo, IN 46903-0554

M.W. Currie
UTU GO-851
General Chairperson
3030 Powers Avenue
Suite 2
Jacksonville, FL 32250

Martin T. Durkin
Durkin & Boggia, Esqs.
Centennial House
71 Mt. Vernon St.
P.O. Box 378
Ridgefield Park, NJ 07660

Gary Edwards
Superintendent of Railroad Operations
Somerset Railroad Corporation
7725 Lake Road
Barker, NY 14012

Peter A. Gilbertson
Louisville & Indiana Railroad Company
Suite 350
53 W. Jackson Blvd.
Chicago, IL 60604

R. Lawrence McCaffrey, Jr.
New York & Atlantic Railway
405 Lexington Avenue
50th Flr.
New York, NY 10174

Samuel J. Nasca
Legislative Director
State of New York Legislative Board
United Transportation Union
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Albany, NY 12205

Scott A. Roney, Esq.
Archer Daniels Midland Company
P.O. Box 1470
4666 Faries Parkway
Decatur, IL 62525

Alice C. Saylor
Vice President & General Counsel
American Short Line Railroad Association
1120 G Street, N.W.
Suite 520
Washington, D.C. 20005-3889

Thomas E. Schick
Chemical Manufacturers Association
1300 Wilson Blvd.
Arlington, VA 22209

Robert P. vom Eigen
Hopkins & Sutter
888 16th St., N.W.
Suite 700
Washington, D.C. 20006

Leo J. Waescha
Transportation Manager
Gold Medal Division
General Mills Operations, Inc.
Number One, General Mills Blvd.
Minneapolis, MN 55426

ADIC-1
BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 33388



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

NOTICE OF INTENT TO PARTICIPATE

Please take notice that The Rail-Bridge Terminals (New Jersey) Corporation hereby intends to participate in STB Finance Docket No. 33388, including, but not limited the application of CSX Corporation, CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company under 49 U.S.C. §11323-25 seeking the Service Transportation Board's authorization for, among other things, the acquisition and control of Conrail, Inc. and Consolidated Rail Corporation.

The Rail-Bridge Terminals (New Jersey) Corporation may be contacted through their counsel, Stephen M. Uthoff, Coniglio & Uthoff, a Professional Law Corporation, 110 West Ocean Boulevard, Suite C, Long Beach, California 90802-4615, (562) 491-4644.

DATED: July 21, 1997

Respectfully submitted,

By: 

TERRY J. CONIGLIO
STEPHEN M. UTHOFF
CONIGLIO & UTHOFF

A Professional Law Corporation
Attorneys for The Rail-Bridge
Terminals (New Jersey) Corporation
110 West Ocean Boulevard, Suite C
Long Beach, California 90802-4615
Telephone: (562) 491-4644

DECLARATION RE: REPRESENTATION

I, Stephen M. Uthoff declare:

1. That I am an attorney at law duly licensed to practice before all of the Courts of the State of California and the Surface Transportation Board.

2. Terry J. Coniglio, Stephen M. Uthoff and the firm of Coniglio & Uthoff, a Professional Law Corporation have been retained to represent The Rail-Bridge Terminals (New Jersey) Corporation in the above-captioned matter.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this 21st day of July, 1997 at Long Beach, California.

By: 

STEPHEN M. UTHOFF, Declarant

CERTIFICATE OF TRANSMITTAL AND SERVICE

I hereby certify that I have this day served the foregoing document upon: Administrative Law Judge, Jacob Leventhal, Federal Energy Regulatory Commission, 888 First Street, N.E., Suite 11F, Washington, D.C. 20426; Dennis G. Lyons, Esq., Arnold & Porter, 555 12th Street, N.W., Washington, D.C. 20004-1202; Richard A. Allen, Esq., Zuckert, Scoutt & Rasenberger, L.L.P., Suite 600, 888 Seventeenth Street, N.W., Washington, D.C. 20006-3939 and Paul A. Cunningham, Esq., Harkins, Cunningham, 1300 Nineteenth Street, N.W. Suite 600, Washington, D.C. 20036 by mailing, first class, postage prepaid a copy to each such person.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Dated at this 21st day of July, 1997 at Long Beach, California.

By: 

LISA M. ELIAKEDIS

CERTIFICATE OF TRANSMITTAL AND SERVICE

I hereby certify that I have this day served the foregoing document upon:

Secretary Vernon A. Williams
Office of the Secretary
Surface Transportation Board
Case Control Branch
Attn: STB Finance Docket No. 33388
1925 "K" St., N.W.
Washington, D.C. 20423-0001

Administrative Law Judge
Jacob Leventhal
Federal Energy Regulatory Commission
888 First St., N.E.
Suite 11F,
Washington, D.C. 20426

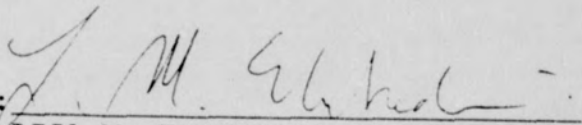
For all Parties of Record - see attached service list

by mailing, first class, postage prepaid a copy to each such person.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Dated at this 27th day of August, 1997 at Long Beach, California.

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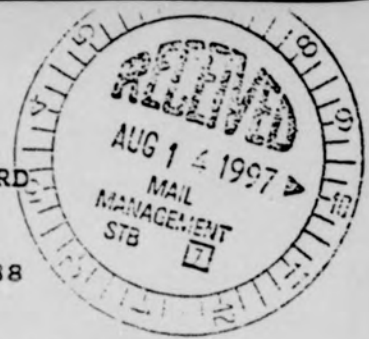
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BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 33388



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

RBTC-2

NOTICE OF INCONSISTENT OR RESPONSIVE APPLICATION

In accordance with Decision 6 of the above referenced matter served by The Surface Transportation Board ("STB") on May 30, 1997 The Rail-Bridge Terminals (New Jersey) Corporation ("RBTC") hereby submits its notice and description of the comments, protests, requests for conditions and other opposition evidence or in the alternative of inconsistent and responsive applications which it intends to file in the above-captioned matter.

RBTC currently operates the E-Rail intermodal facility located in Elizabeth, New Jersey. E-Rail is located in what has been designated the North Jersey Shared Assets Area ("SAA"). Although geographically part of the SAA, E-Rail has been allocated solely to NS. Other intermodal terminals found in the SAA geographical boundary have been allocated on an "equal access" basis to both CSX and NS.

The application is ambiguous as to the effect of this allocation of facilities on RBTC or its customer's ability to move its intermodal cargo pursuant to its current agreements with

Conrail, and it offers no explanation as to why other intermodal yards found in the SAA have been given equal access to CSX/NS, which is a distinct competitive advantage over the E-Rail facility operated by RBTC. Also, the application needs further clarification as to the intended operations of the E-Rail facility, (post approval), which apparently will be serviced by trackage that is part of the SAA but will function as a dedicated NS facility.

At present, RBTC contemplates only filing, comments, evidence and requests for conditions. However, it reserves its right to file responsive or inconsistent applications to address the subjects aforementioned.

DATED: August 13, 1997

Respectfully submitted,

By: 

TERRY J. CONIGLIO
STEPHEN M. UTHOFF
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A Professional Law Corporation
Attorneys for The Rail-Bridge
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110 West Ocean Boulevard, Suite C
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Telephone: (562) 491-4644

CERTIFICATE OF TRANSMITTAL AND SERVICE

I hereby certify that I have this day served the foregoing document upon:

Secretary Vernon A. Williams
Office of the Secretary
Case Control Branch
Attn: STB Finance Docket No. 33388
1925 "K" St., N.W.
Washington, D.C. 20423-0001

Administrative Law Judge
Jacob Leventhal
Federal Energy Regulatory Commission
888 First St., N.E.
Suite 11F,
Washington, D.C. 20426;

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Larry Willis, Esq.
Transportation Trades Department
ALF-CIO
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Suite 861
Washington, D.C. 20001

by mailing, first class, postage prepaid a copy to each such person.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

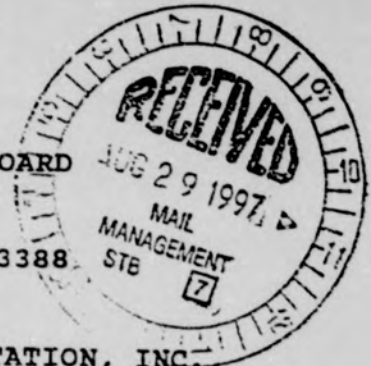
Dated at this 13th day of August, 1997 at Long Beach, California.

By: 

LISA M. ELIAKEDIS

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 33388



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

RBTC-3

CERTIFICATE OF SERVICE

Pursuant to Decision No. 21 of The Surface Transportation Board, I hereby certify that on August 27, 1997, all Parties of Record listed in Decision No. 21 were served (to the extent not previously served), by first-class U.S. mail, postage prepaid, with the following filings of The Rail-Bridge Terminals (New Jersey) Corporation submitted thus far in this proceeding:

Notice of Intent to Participate (RBTC-1) (dated July 21, 1997)

Notice of Inconsistent or Responsive Application (RBTC-2)
(dated August 13, 1997)

DATED: August 27, 1997

Respectfully submitted,

By: 

TERRY J. CONIGLIO
STEPHEN M. UTHOFF
CONIGLIO & UTHOFF
A Professional Law Corporation
Attorneys for The Rail-Bridge
Terminals (New Jersey) Corporation
110 West Ocean Boulevard, Suite C
Long Beach, California 90802-4615
Telephone: (562) 491-4644

CERTIFICATE OF TRANSMITTAL AND SERVICE

I hereby certify that I have this day served the foregoing document upon:

Secretary Vernon A. Williams
Office of the Secretary
Surface Transportation Board
Case Control Branch
Attn: STB Finance Docket No. 33388
1925 "K" St., N.W.
Washington, D.C. 20423-0001

Administrative Law Judge
Jacob Leventhal
Federal Energy Regulatory Commission
888 First St., N.E.
Suite 11F,
Washington, D.C. 20426

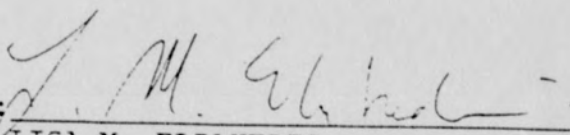
For all Parties of Record - see attached service list

by mailing, first class, postage prepaid a copy to each such person.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Dated at this 27th day of August, 1997 at Long Beach, California.

By:


LISA M. ELIAKEDIS

BEFORE THE
SURFACE TRANSPORTATION BOARD

RBTC-5

STB Finance Docket No. 33388

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

RBTC-5

CERTIFICATE OF SERVICE

Pursuant to Decision No. 27 of The Surface Transportation Board, I hereby certify that on September 12, 1997, Robert J. Cooper, a Party of Record listed in Decision No. 27 was served (to the extent not previously served), by first-class U.S. mail, postage prepaid, with the following filings of The Rail-Bridge Terminals (New Jersey) Corporation submitted thus far in this proceeding:

Notice of Intent to Participate (RBTC-1) (dated July 21, 1997);

Notice of Inconsistent or Responsive Application (RBTC-2) (dated August 13, 1997); and

Certificate of Service (RBTC-3) (dated August 27, 1997).

DATED: September 12, 1997

Respectfully submitted,

By: 

TERRY J. CONIGLIO

STEPHEN M. UTHOFF

CONIGLIO & UTHOFF

A Professional Law Corporation

Attorneys for The Rail-Bridge

Terminals (New Jersey) Corporation

110 West Ocean Boulevard, Suite C

Long Beach, California 90802-4615

Telephone: (562) 491-4644

CERTIFICATE OF TRANSMITTAL AND SERVICE

I hereby certify that I have this day served the foregoing document upon:

Secretary Vernon A. Williams
Office of the Secretary
Surface Transportation Board
Case Control Branch
Attn: STB Finance Docket No. 33388
1925 "K" St., N.W.
Washington, D.C. 20423-0001

Administrative Law Judge
Jacob Leventhal
Federal Energy Regulatory Commission
888 First St., N.E.
Suite 11F,
Washington, D.C. 20426;

Robert J. Cooper, General Chairperson
United Transportation Union
General Committee of Adjustment, GO-348
1238 Cass Road
Maumee, OH 43537

by mailing, first class, postage prepaid a copy to each such person.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Dated at this 12th day of September, 1997 at Long Beach, California.

By: 

LISA M. ELIAKEDIS