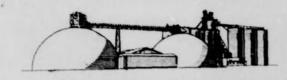
FD 33388 11-4-97 D 183696



183626



4743 County Road 28 P.O. Box 127 Waterloo, Indiana 46793-0127 219-837-8611 Toll Free: 1-800-366-0829 FAX: 219-837-7220

October 29, 1997

Via Certified Delivery

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

Re: Finance Docket No. 33388

Dear Secretary Williams:

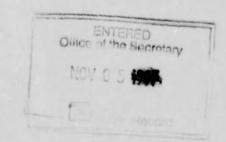
On behalf of DeKalb Agra, Inc., I enclose for filing an original and twenty-five (25) copies of Verified Statement of the impact of this proceeding on DeKalb Agra and its operations at Waterloo, Indiana.

Respectively Submitted,

Carl E. Feller General Manager DeKalb Agra, Inc.

10/29/97

cc: registered parties of records



VERIFICATION

I, CARL E. FELLER, 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 29th day of October, 1997.

Carl E. Feller

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/AGREEMENT—
CONTAIL INC. AND CONSOLIDATED RAIL CORPORATION

VERIFIED STATEMENT OF CARL E. FELLER

on behalf of

DEKALB AGRA, INC.

My name is Carl E. Feller. Since May of 1969, I have held the responsibility of General Manager of DeKalb Agra, Inc., whose principal address is P.O. Box 127, Waterloo, Indiana 46793.

DeKalb Agra, Inc. is a 1150 member farmer owned cooperative with annual sales of approximately thirty-five (35) million dollars. The cooperative relies heavily on rail shipments to market whole grains (corn, soybeans and wheat) to the eastern domestic and export markets and poultry and feed mills in the southeastern United States. The cooperative also receives inbound rail shipments of fertilizer and potash.

Since Conrail management, within the past five (5) years, has embarked on a corporate mission to enhance shareholder value while reducing costs, service has deteriorated while shipper costs have increased i.e., lack of equipment and service disruptions due to traffic prioritization for higher rate commodities.

The proposed dismemberment of Consolidated Rail Corporation severely limits our market opportunities since we will be served solely by Norfolk Southern Corporation. With Consolidated Rail Corporation we had the opportunity to sell grain to the river markets and/or to the southeastern poultry producers via Norfolk-Southern Corporation or CSX Transportation with joint line rates.

We envision that single line service will shrink our opportunities to market grain to destinations solely served by Norfolk Southern Corporation and will result in defacto market dominance.

Although both Norfolk Southern Corporation and CSX Transportation both claim to be in support of a two (2) system competitive balance, we find this somewhat difficult to believe since we have yet to see reasonable switch charges at origins or destinations or competitive joint line rates between Norfolk Southern Corporation and CSX Transportation.

We respectfully request that the Surface Transportation Board (STB), if granting control of Consolidated Rail Corporation to Norfolk Southern and CSX Transportation, take a pro-active stance in reviewing the impact of the control with special emphasis on: switch rates between the carrier and the origin and destinations to insure competitive access, service levels and finally joint line competitive rates be proscribed where necessary to insure access to river markets.

FD	33388	11-3-97	D	183679	

DONELAN, CLEARY, WOOD & MASER, P.C.

ATTORNEYS AND COUNSELORS AT LAW SUITE 750
1100 NEW YORK AVENUE, N.W. WASHINGTON, D.C. 20005-3934

OFFICE: (202) 371-9500

DO NEW YORK AVENUE, N.W. SHINGTON, D.C. 20005-3934

November 3, 1997

Via Hand Delivery
Honorable Vernon A. Williams
Office of the Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001



Re: STB Finance Docket No. 33388, CSX Corporation, et al., Norfolk Southern Corporation, et al.—Control and Operating Leases/Agreements—Conrail, Inc., et al.

Dear Secretary Williams:

Enclosed please find an original and twenty-five (25) copies of an Errata to the Comments, Evidence and Request for Conditions filed by Erie-Niagara Rail Steering Committee on October 21, 1997, in the above referenced proceeding. A copy of this Errata is also enclosed on a 3.5-inch diskette in WordPerfect 6.0 format.

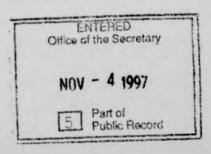
Comments and Request for Conditions

At page 12: In the last line of the first full paragraph, "\$156 per cae" should read "\$156 per car."

At page 17: In line 12 of the first full paragraph, "unusually" should read "usually."

At page 19: In line 10 of the first full paragraph, "proposal be subject to . . ." should read "proposal would be subject to . . ."

At page 29: In line 5 of the first full paragraph, "would have be determined . . ." should read "would have to be determined . . ."



Letter to Secretary Williams October 31, 1997 Page 2

At page 41: In lines 13 and 14 of the first full paragraph, "North Jersey/Philadelphia, and South Jersey . . ." should read "South Jersey/Philadelphia, and North Jersey . . ."

Respectfully submitted,

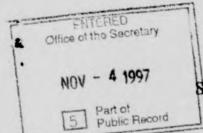
John K. Maser III Frederic L. Wood Karvn A. Booth

Attorneys for Erie-Niagara Rail Steering Committee

cc: All Parties of Record

4898-020

AKSC-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

ERRATA TO

COMMENTS, EVIDENCE, AND REQUEST FOR CONDITIONS AND OTHER RELIEF

submitted on behalf of

AK STEEL CORPORATION

AK Steel Corporation ("AK Steel") hereby submits this Errata to the Comments, Evidence, and Request for Conditions and Other Relief submitted on behalf of AK Steel, filed on October 21, 1997 in the above-captioned proceeding. AK Steel submits the following errata:

(1) On page 5 of the Comments, in the only paragraph on the page, and in the last sentence of footnote 7, all of the references to "Hart Dep. Ex. 14" should be changed to "Hart Dep. Ex. 13."

The Comments were submitted in two versions: one (AKSC-6) filed under seal with confidential and highly confidential material included, and the other (AKSC-7) filed with the confidential and highly confidential material redacted for filing in the public record. The errata all relate to public material, so only one version of this pleading is being submitted.

- (2) On page 9 of the Comments, in the third paragraph, Lines 3-4, strike the phrase "to be transferred".
- (3) On page 12 of the Comments, first paragraph, line 2 change "if" to "of".
- (4) On page 13, the name under the signature line in the certificate of service should be changed from "Aimee L. DePew" to "Frederic L. Wood."

Respectfully submitted,

Frederic L. Wood

DONELAN, CLEARY, WOOD & MASER, P.C.

1100 New York Avenue, N.W.

Suite 750

Washington, D.C. 20005-3934

(202) 371-9500

Attorneys for AK Steel Corporation

November 3, 1997

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing ERRATA TO COMMENTS, EVIDENCE, AND REQUEST FOR CONDITIONS AND OTHER RELIEF OF AK Steel Corporation has been served by first class mail, postage prepaid, on all parties of record in this proceeding this 3d day of November, 1997.

Aimee L. DePew

33388 11-3-97 D 183677

183677

DONELAN, CLEARY, WOOD & MASER, P.C.

ATTORNEYS AND COUNSELORS AT LAW **SUITE 750** 1100 NEW YORK AVENUE, N.W. WASHINGTON, D.C. 20005-3934

OFFICE: (202) 371-9500

November 3, 1997

ENTERED Office of the Secretary NOV - 4 1997

Part of

Public Record

TELECOPIER: (202) 371-0900

Via Hand Delivery Honorable Vernon A. Williams Office of the Secretary Surface Transportation Board 1925 K Street, N.W. Washington, D.C. 20423-0001

> STB Finance Docket No. 33388, CSX Corporation, et al., Norfolk Southern Corporation, et al.-Control and Operating Leases/Agreements-Conrail, Inc., et al.

Dear Secretary Williams:

Enclosed please find an original and twenty-five (25) copies of an Errata to the Comments, Evidence and Request for Conditions filed by Niagara Mohawk Power Corporation on October 21, 1997, in the above referenced proceeding. A copy of this Errata is also enclosed on a 3.5-inch diskette in WordPerfect 6.0 format.

Comments and Request for Conditions

At page 21: In the last line on the page, "financial projects" should read "financial projections."

At page 23: In line 6, "percent" should be inserted after "42."

Verified Statement of Gerald W. Fauth III.

At page 14: The second sentence of the first full paragraph should read, "Assuming a sufficient fleet of lake vessels is available, such movements would involve approximately 140 lake vessel deliveries in an eight-month period and the stockpiling of approximately 720,000 tons of coal for the four-month winter period (Huntley normally maintains a 20-day supply)."

At page 26, Table 3: "To Harriet From:" should read "To Huntley From:"

Letter to Secretary Williams October 31, 1997 Page 2

At page 31, in Paragraph F: In the second sentence, "NIMO's Harriet station..." should read "NIMO's Huntley station..."

Joint Verified Statement of Scott D. Leuthauser and Michael J. Mathis:

At page 8: In the second full paragraph, the reference to "4.3 terrawatt-hours" should read "5.4 terrawatt-hours."

At page 11: In the first full paragraph, the reference to "May 16, 1996" should read "May 20, 1996."

Respectfully submitted,

John K. Maser III Frederic L. Wood Karyn A. Booth

Attorneys for Niagara Mohawk Power Corporation

cc: All Parties of Record

3315-020

33388 10-28-97 D 183511 FD

202 347-7170

SLOVER & LOFTUS

ATTORNEYS AT LAW
1224 SEVENTEENTH STREET, N. W.
WASHINGTON, D. C. 20036

NYS-13

WILLIAM L. SLOVER
C. MICHAEL LOFTUS
DONALD G. AVERY
JOHN H. LE SEUR
KELVIN J. DOWD
ROBERT D. ROSENBERG
CHRISTOPHER A. MILLS
FRANK J. PERGOLIZZI
ANDREW B. KOLESAR III



October 28, 1997

VIA HAND DELIVERY

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

Office of the Secretary

OCT 3 0 1997

Part of Public Record

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 (Errata to Comments of the State of New York)

Dear Secretary Williams:

Please accept this letter as the State of New York's <u>Errata</u> to its Comments in the referenced proceeding, which were filed on October 21, 1997.

1. Page 21 of the Verified Statement of James A. Utermark, as filed was inadvertently truncated. The full paragraph on that page should read as follows:

"The requirements of the public interest together with New York's past and continuing commitments to Conrail, are such that the direction of the future of New York's freight and rail passenger system cannot be solely the prerogative of Applicants. New York's role must be recognized by the Board through affirmative action on the conditions which New York seeks and which we set forth in Sections IV and V of our Comments."

A corrected page is enclosed.

The Honorable Vernon A. Williams October 28, 1997 Page 2

- 2. Exhibit __ (JAU-6) to Mr. Utermark's Verified Statement was missing pages 57-65 of ... Copies of those pages are enclosed.
- 3. Exhibit __ (JAU-7) to Mr. Utermark's Verified Statement was missing pages 1-10 of 18. Copies of those pages are enclosed.

Please enter the foregoing in the formal record of this proceeding. Thank you for your attention to this matter.

Respectfully submitted,

Kelvin J. Dowd An Attorney for

The State of New York

KJD:cef Enclosures

cc: All parties of record

Conrail. Each partner did what was necessary, including the commitment of political and financial resources, to assure that success. In this sense, New York's stake is real. Even if it has no stocks, bonds, or other formal property in the corporation, New York surely has moral equity in Conrail.

The requirements of the public interest together with New York's past and continuing commitments to Conrail, are such that the direction of the future of New York's freight and rail passenger system cannot be solely the prerogative of Applicants. New York's role must be recognized by the Board through affirmative action on the conditions which New York seeks and which we set forth in Sections IV and V of our Comments.

CONR 1906 (6/77)

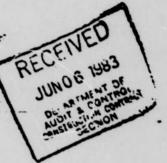


STATE OF NEW YORK

DEPARTMENT OF TRANSPORTATION

WILLIAM C. HENNESSY, COMMISSIONER

- RAIL DIVISION COPY -



SUPPLEMENTAL #1 0/39943

AGREEMENT

PIN 3935.16 CONRAIL'S RADISSON YARD LYSANDER, ONONDAGA CTY. D139943 SUPPLEMENTAL AGREEMENT #1 Radisson Yard Lysander, NY PIN 3935.16

This Supplemental Agreement dated as of March 17,

1983, by and between the People of the State of New York

(hereinafter referred to as State) acting by and through the

Commissioner of Transportation and the Department of Trans
portation (hereinafter referred to as Commissioner and

Department, respectively) with offices in the Administration

and Engineering Building, State Campus, Albany, New York 12231.

and Consolidated Rail Corporation (hereinafter referred to as

Railroad), authorized to do business in New York State, with

its main offices at Six Penn Center Plaza, Philadelphia,

Pennsylvania 19104.

WITNESSETE:

WHEREAS, State and Railroad entered into an agreement dated April 10, 1978, Comptroller's Contract No. D139943 (hereinafter referred to as the 1978 Agreement) in order to improve rail transportation services to the citizens of the State; and

WHEREAS, State and Railroad desire to amend and alter the 1978 Agreement.

NOW THEREFORE, the parties hereto, in consideration of the mutual promises, conditions, terms and obligations herein contained, agree and covenant as follows:

1. Section 2.4, Reimbursement, of the 1978 Agreement between the State and Railroad is hereby deleted and replaced by the following:

Section 2.4. Reimbursement.

State will reimburse Railroad for Project Costs up to a maximum of Two Million Three Hundred Eighty Seven Thousand Dollars (\$2,387,000) which Railroad incurs for work performed, as described in the attached Work Schedule, including the cost of preliminary and construction engineering, as well as for facilities provided by Railroad under this Agreement in connection with said work, pursuant to 23 CFR Part 140 Sub-I, and amendments thereto, it being intended by the parties hereto that by reference to said 23 CFR Fart 140 Sub-I, and amendments thereto it is agreed that the provisions thereof are deemed to be included herein and are accepted as binding upon the parties to the same extent and with the same force and effect as if said 23 CFR Fart 140 Sub-I, and amendments thereto, had been set forth in and made a part of this Agraement; provided, however, that State shall not be obligated to pay nor shall Railroad claim

reimbursement for the use of facilities or equipment acquired by Railroad in whole or in part with funds provided by State under this or any other agreement. Rental charges for Railroad-owned equipment or facilities shall not be eligible for reimbursement hereunder when State-financed equipment or facilities acceptable to the Railroad are made available without cost to Railroad for the work to be accomplished at the time and place required. Railroad shall submit to State fair and reasonable charges for the cost of the work performed, or facilities and equipment provided, by Railroad, less the value of any Railroad-owned materials recovered, as evidenced by detailed invoices acceptable to Commissioner. State shall reimburse Railroad in the amount of the approved Project Costs so submitted. All costs so submitted by Railroad shall be subject to approval by Commissioner and to audit by the Commissioner or the State Comptroller. Reimbursement therefor by State to Railroad will be made in monthly progress payments covering the Project Costs incurred by Railroad during the preceding month in accordance with approved certificates showing the cost of the work so performed or facilities provided. Upon the satisfactory completion of all work a final statement of Project Costs shall be submitted to State within one hundred eighty (180) days. The final reinbursement payment to Railroad shall be made within

. . . .

thirty (30) days from the submission of the final statement, subject to final audit.

- 2. Section 3.4, Executory Clause, of the 1978 Agreement is hereby deleted.
- 3. Appendix 1, Work Schedule, of the 1978 Agreement is hereby deleted and replaced with the revised Appendix 1 attached hereto.
- 4. Paragraph 9 of Appendix 3 of the 1978 Agreement is hereby deleted.
- 5. All other provisions of the 1978 Agreement and any supplemental agreement thereto shall remain in full force and effect and shall continue to bind the parties to the extent not inconsistent herewith.

IN WITNESS WHEREOF, the State and Railroad, through their duly authorized representatives, have executed this Agreement the day and year first above written.

CONSOLIDATED RAIL CORPORATION	OF NEW YORK
By a Hagen	James Vaenen
Title AS TO TO THE AS TO T	Title Commissioner of Transportation
STEVEN ALCOTRON	Approved Date:
STEVEN AL COTROY STEVEN AL COTROY MAN AND AND AND AND AND AND AND AND AND A	Attorney General JUL 0 8 1983 Approved Date:
	For the Comptroller, Pursuant to Section 112, State Finance Law

COUNTY OF PHILADELPHIA

on this 21st day of April , 1983, before me personally came James A. Hagen to me known and known to me to be the Marketing & Sales of Consolidated Rail Corporation described in and which executed the foregoing instrument, and he acknowledged to me that he executed the same.

MARY M. MCCOURT

Notary Public, Phra-telphia, Phila, County My Commission Expires March 21, 1937.

APPENDIX I

SUPPORT YARD TO SERVE RADISSON INDUSTRIAL PARK LYSANDER, NEW YORK

MODIFIED WORK SCHEDULE SEPTEMBER 9, 1981

1.	Grading (by contractor)	\$ 1,192,978.91
	Clear and grub - 22.64 acres	
	Unclassified Excavation - 144,347 C.Y.	
	Subballast - 24,896 C.Y. Seeding - 3,541 S.Y.	
	Seeding - 3,541 S.Y.	
	Stone Slope Protection - 6,468 C.Y. Filter Fabric - 68,666 S.Y.	
	Filter Fabric - 55,000 5	
2.	Drainage (by contractor)	50,703.95
	30" Diameter A.C.C.M. Pipe - 192 L.F.	
	42" Diameter & C.C. M. Pine - 237 L.F.	
	24" Diameter 1 C C M Pine End Section - 1 ed.	
	30" Diameter A.C.C.M. Pipe End Section - 5 ed.	
	30" Diameter Metal End - 1 ea.	
	18" Diameter A.C.C.M. Pipe Risers - 7 ea. 30" - 24" A.C.C.M. Pipe Reducer - 5 L.F.	
	30" - 24" A.C.C.M. Pipe Reducer - 5 L.F.	
	18" Diameter A.C.C.M. Pipe Risers - 7 ea. 30" - 24" A.C.C.M. Pipe Reducer - 5 L.F. 48" - 30" A.C.C.M. Pipe Reducer - 6 L.F. Concrete Headwall - 1 ea.	
	_ 1 42	1.7
	Trench & Culvert Excavation - 355 C.Y.	
3.	Roadway (by contractor)	18,542.46
	Stone Pavement - 5,878 S.Y.	
	Walkways - 687 S.Y.	
4.	Trackwork (by contractor)	948,135.80
	Pamove Track - 3,800 L.F.	
	Remove Track - 3,800 L.f. Pre-Sallast (4" depth) - 2,735.81 C.Y.	
	Lay Track - 130 15. fit rail, 6' ties - 11,963.0 L.F.	
	- 1 2. 364.0 L.F.	
	Install Turmout, No. 8, 119 lb. new - 15 ea.	
	Install Turnout, No. 3, 119 lb. new - 15 ea. Install Timmer Flangeway Road Crossing- 1 ea.	
5.	Performance & Payment Bond (by contractor)	17,845.41
	TOTAL BY TOXTRASTOR (Items 1 - 5)	\$ 2,228,206.53

APPENDIX I page 2 of 2

Radisson Industrial Park Page Two

...

6. Trackwork (by Conrail forces)

\$ 45,040.00

Remove Track - 105 L.F.
Lay Track 127 lb, fit rail 7", ties - 560 L.F.
Install Turnout, No. 10, 119 lb. new - 1 ea.

7. Communications and Signals

-0-

rlashers to be installed under separate highway program

3. Engineering

\$ 112,800.69

9. TOTAL PROJECT COST

\$ 2,386,047.22

control /

Lve

NEW YORK CENTRAL SYSTEM

The Water Level Route -- You Can Sleep

Table 1.

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14 Att	Sandusky (E. S. T.)			11 05		2		==	è				918		****	1 30	-	1411	
13 Arr	Part Clinton Ha Carne+	****		11 50	1441	55	250		50.00	:		:	-			143			
	Toledo+	1112		2 20	Date	2.2		510	•4 55	:		Operates	10 15			2 20 1			**
y, I Live	Hevan A			2 20	200	4	****	510			****	-	10.75		2000	3 27	2 17		
ch Arr	Hryan ▲							V621	2.2	3			1	****		321	30	****	
BLS DATE	Chemina Comment	Secretary.	October 187			Con		1000		0		0	11 45						
Q.J Att	Etkhart Send St. C. S. T.					È.		710	● 51	-			12 35 .			4 45		100	
2.2 475	Elkhael South Bend et (I S T) La Porte et (I D T) Gry (N) C Scatter)		000	3 15		-		7 34	•7 21	1155		****	12 59			5 10	2 45 .		
At Acc	Gury (N. F. C. Marian)			. 10				8.98	85 16	4220	1	1 48	121	****		615			***
a.T Arr	. Englewood	1000	22.11		*****		1	B 55	18 411 1	1244		2 10	- +			-		·a.	
3.7 Acr	Chicago C D THA		****	5 00	****	contra		915	9 00 1			2 25	2.			7 00			
	Threage (5 T	- market	200 11	A M		Cracks.	searl !	A M	AM	PM	200	PM	PM.	ALL AND	eres.	P M	P M	adver.	

EXPLANATION OF SIGNS.

a Stops on signal to discharge passengers from Cleveland or beyond; a stop on signal to discharge passengers; A stops regularly but on to receive passengers a stops regularly but only to discharge passengers, a stops segularly but only to discharge passengers, a stops sometimes of the stops on signal to receive passengers, a stops sometimes of the stops on signal to a stop on signal to receive passengers, a stop sometimes of the stop on signal to a stop on signal to stop on signal to a stop on signal to stop on

For Sleeping Car, SLEEPERCOACH, Coach and Dining Car Service, see pages 80-92.

The Water Level Route - You Can Sleep



CHIC		1	14		1 -	20	1000	1 .1	-	-	1	-	1.3	-	1	7	-	-	-
9 www. 1965	Limited	Special	Cleveland	Ohio State	Welverine	No wEnglan	Badgen	Paremaker	Central Limited	The Garage	Chicagosa		Ampire Stat						
	46 E1	354 - 6		•16		100000	♦54	100	♦26	40	90		♦50	100					
	San	Ex.oat	Daily	Jaily	Daily	Daily	Dally	Daily	Daily	Daily	Daily	Daily	Dalij	Dally		-			
Chicago (C.S.T.)	17224	9 00	9.55		12 30	3 00		3 00	3 30		9 25	11 45		1161	****		*****		
(La Salle Street Station.)	1000	A M	10 15		130	4 00		400	4 30	****	10 25	A M.		200	*****	*****	****	****	****
the nelewood		br 14	b1149		4144	4414		4414	A444		10 57					*****	***	****	
La Porte (C.D. 7)	***	Drigo	11 10	****	3	14 12		5.02	15 03		10 57		1.41	23.00			****	****	
South Bend . (L. Y. Z.)	SAFRA	1	12 15		1000	5 25	****	5 02	j5 53		12 05	e2 30	200		****		****		*****
Elkhart	-1547	4	1245			5 58		5 58	15 20		12 50	200	ereal.	****		10000			*****
Waterloo A	100		1			6 48		648	3.	*****	20	35		1.00	*****		****	****	****
diryan Annine errettiere		1	2.5	75.00	=			A			245	4425		1112	*****				
. Toledo	19671	•			0	7 58		7 58			2 45	5 10		*****	FARA				*****
Port Chaton (La Larac)	0.00	2	3 40		*		*****	758	18 10	****	2.55	515			-	245	****		****
Sandosky (E 5.71)	2530		3.55	(Aug.)						*****	3 47	7 18				*****		*****	*****
Elyma (Oberlin) (L.P. T.)	00	setes.	5.30	1111	5												600000		10
Cleveland (I'm. Term MEDT)	19891	:	6 18	9 27	perate			10 50	-		0.10	9 45	****			11111	*****	****	-
Painesville	10000	4		921	4		****	11 06	2		8 10	11 47			*****	****	14//		*****
Ashtabula	****	0	8 08	- 8	0	C -		100	2		8 40	12 15		Level			****	-444	
Westfield	1000	*****	9 21			2 (3.5)	****	12 (1)			0.20	1.05	3.006	413/	Make		*****	****	21.1
Buffalo (Cent Term (KDT).	77.0			0.5		60	****	2 0			10:50	2 10	Territ					****	*****
		10.15	10 36		12.17	p 216		2 48 4		AM	ti to	3 25	P	F AL	****	Estel	41		
Buftalo Cent. From 1 201		11.08	11 08		1 00	C 2 14		4 34		8 25	11 40	PM	1 45	2 09	*****	****	*****	Vac	
Rochester Newark A		12:3	12.8	10	200			5 34 3		0.30	12 40	****	245	1 00	2590	111+4		****	*****
Newark A	***	-		200	23	-		4 2		(CE)	× +		4 4	60.7	*****		*****		
Syraduse		1.45	-2.3/1	03.10	3.24		****			10 55			4 07			200		*****	
.Rome	(441)	1.53	1 55	5 1	330	£ 4.57	****	706		11 02			4 12	4 47				****	
Utica		2.40	240		4 100	5 37		7 53	1	11 48	3 00	-	4 54	5 18	****	*****	*****		
Amsterdam.	11111		- 4		53	2-		901		12 58	4 17	****		641		****		-	
Subsence tady Albany (F. P. 7.) Troy		400	4 20	5 15		0 45	*****	0 18	18 22	150	450	****	6 03	6 58	*****	*****			
Trov	2	-		*		-			-	+	+		+		-			*****	****
	2										40	-	-	-		****	++44	****	-
Albany (F. D. T.)	2		*****		3	-	-				404	****			****		****		*****
Chatham A	8.	DOTE:	-+++	11100		8.00					5 05				****	Tere	*****	****	*****
Marsheld	上五		*****			8 16	****			*****	6 07	****				***		****	*****
Springfield	10				40.00	9 50					7 16	12.7	10000	200	-	****	an eres		
Worcester	50	lest.	2500		****	1100	***	2			7 45 8 30 8 57								
Framingham Newtonville	4		*****			114"					8 57				*****	1000			****
Newtonville	900		****			11.50					9 15			****	*****	resid			
South Station	2 1		*****			12 13													****
Boston A. C.	-		****	History.		PM	(Anan)		*****		PM.					100000		****	*****
PETER CAR PARALLILATION AND ADDRESS OF	46	•6	6	●16	8	100	54	02	26	40	90		50			arre.		1.	100
All the state of t	14 A	A 61		K. M		1000		AM.		P 81	P M .		P M	P M			1		
Cauteun-on Hutsun	4 -5	4:35	4.55	5 45	0.05	*****	B 10/1	000			5 17								
Albany (E.D.T.) Castleton-on-Hudson ▲			= -											1					
Newton Hook	-			1		(20000)													
						****	8 43		2.5	231	£50		1			20000			
Germantown							- +1			1	1.			-			*****		
Poorhierraie		6.5	7.5	1			900			2 56	6 15 .			9 07				****	
Rhinechif Poughkeepsie Reacon (Newburgh)). Peekskill. Croion-Harmon	5 50			- 41	7 12		9 45 6			3 36	6 48	****	- = 6	O AC					
Peekskill.		2-1	5+1		- 1	*****	0 05				6 48			0 05					
Yorkers	6 50	10.55	1035	7 45 1	8.00	*****	0 75 E		18 34	4 05 /	7 30		8 35 1	0.22/			-01		
Yonkers tacth Street Command Control Ferminal	30	-7-23	27.23		-				;	4 53	8 00 -		9 23 /	H 35					
Grand Control Terminal	-	***	***	S	A 124	10	1 25	1 00	9 30	5 10	8 35		9 35 1	1 45	10.0		200000		
New York (E. D. T.)	M	A.M	AMI	A M 1	M			PIM	A M	PM	PMI.			MI.		***			

- a Stops Saturdays, Sondays and Mag ar, July 5 and September 6.
- & Stope Saturday only
- c Stone Sundays and May 11, July c and September 6.
- e Stops on signal to discharge passengers from Chicago or beyond and to escene maxengers for Toledo and beyond.

 E Kember stop daily, except Saturdaya only.

 A Stops regularly but only to receive maxengers.

- Stops regularly but only to discharge passengers.
- f Supe on signal to receive or discharge passengers for or from Albany and beyond.

- Stops on signal to receive passengers.

 Stops Sundays unly to discharge passengers.

 Steelings for wear Afficing and Hoston only.

 Stops are signal to remerce or discharge passengers for or from Buffalout beyond.
- © Will handle checked baggage Chicago to Buffalo only.

 © stops on signal to receive or discharge passengers for or from Tolelo di beyond.

- O Stops on signal to receive or discharge passengers for or from Johnson and beyond.

 A This train does not carry checked baggage.

 I lisses of the United Traction Co. run at frequent intervals between Albany and Troy.

 I liaggage checked to or from this station subject to delay. Please consult agent.

 A No facilities for handling bageage at this station. Baggage should be checked to or from nearest station where facilities are available.

 Daily, except Sunday and holiday but service between licacon (adjacent to railroad station) and Newburgh. Faire 45 cents. Railroad tackets not accepted on bus.

 C.B. T.—Central Standard time.

 E.D. T.—Eastern 'Daylight Saving' time.

 E.D. T.—Eastern 'Daylight Saving' time.

 E.S. T.—Eastern 'Daylight Saving' time.

-1

NEW YORK CENTRAL SYSTEM

The Water Level Route-You Can Sleep

	NEW YORK AND BOSTON-		ANY		FFAL	D-DE	TRO	IT-CI	HICA	60.	
M is.	April 15, 1965.	Empire State		States	Wolverine	To rerine		The Bretigas	The Parilight	Sotor Chy opecial	
		•5	24	27	17 Kr	19 Sat	371	355	357	369	
		Dati	3 1	elly	Set.	0017	Daily	Daily	Daily	Daily	
-	Lve New York (E.D.T.)+				FM		000				6
42	Grand Central Term	485	5 .	****	6 30	7 45			4000		
14.5	Lve Venkers	Augl	4 .	****	¥ 656	Q8 11					2
22.7	Lve Croton Harmon	400	5 .	****		4835			****		
40.0	Lve. Peekskill	1			2.750	0914					
72.8	Lve Poughkeepsie	1=			0813	9 29			100		
88.4	Lve Rhinechil	1			8 30	7		1			ä
	Lve. Hudson+			100		2.5		· · · · ·			4
42.2	Arr. Albany	11 4	9	1111	9 30	10 50	0140	-		· · · · ·	
	************************		1	27				****		1122	- 4
-	Lve Boston (E.D. T.)	-	1 .	M	1	-	_	-	-	-	L
0	South Station +				10000	1441		*****	*****		
1.3	Back hay	****		1 15				197		Ocean Co	
8.1	Live. Newtonville A		. 3	133	1000					and in	
100	Lve Framingham+		1 3	50		****					ě
100	Lve Palmer A				1227	****					
8	Lve. Palmer A		. 5	35					1		
(0,0)	Lye. PHISheld	****		45	Free!				****		
7.2	L.ve.Chatham	****	1	55		*****		14.0			
	Arr. Albany Lve. Albany Lve. Schenectady + Lve. Amsterdam. +			05		11 09	11.07.5				11
0.0	Lve Schenectady +	12 07		31	10 05		14:55				
4.9	Lve. Amsterdam	6.9	1	200	100001				550		Ö
(0.0)	Live, Other years are reserved to	1 22		46	11 18	12 57		****			
74	Arr Syracuse+	2 15		40	11 35						
	i syracuse	2 22	1 35	47						wide	ě
2.5	Lve Syracuse	- 44	10		13 32	2 04				1.04/124	8
2.4	Lve. Kochester+	3 42	11	59	1 44	3 33				****	ō
0.10	Lve. Ratavia A		-	-		1			****		ä
5.4	Arr. Buffalo (Cent ferm.)(EDT). +	4 45		12		4 40	1000	ou	17-1		4
		351	ZI.	19 Snn	17 E1	19 Sun.					
		DALLY	ogg.	DELA	Sun.	omla		-	_		
5.4	Lve Buffato (Cent ferm) & D.T.)	5 55	317	5 05	317	5 05	5 20				8
20	Arr. Fort Erie	6 19	24 04	20 44	24 04	e e.	5 50		****	****	
70/	Atr. Waterford A	a709		- 7	-		A M				
		4/30	-	~ -	1 m	-	Sec. 16				Ž,
8.0	Arr. Rulgetown A (F.D. T).	8 40	5 45	7 35	5 45	7 15		1000			
1.4	Arr. St. Thomas		A	8 15	6 30	B ts.				****	ä
7.1	Arr. Detroit (/ /) +	9 00	6 50	8 30	6 50	8 40	8.0	A M	PM	F M	ä
7.1 1	Live Detroit (E.S.T.)	FM	7 10	9110	7 30	900		. *	5 15 1	0 20	T,
5.2 /	Arr. Ypsilintia			1				-	5 45	1757	ě
1.2	Arr. Jackson +		8 42	10.35	8 52 1	0 42 .		12 13	6 42	2 105	
15	Arr. Albion.		912	10 46	012	0 40			2611	1 = 6 %	į,
0.3/	Arr. And Harburt		9 17	11 12	9 17	113.		1 44 2 12	7 28 1	2 50	
	rr. Lawton		10 04	11 39	10 04	1 39	****	2 12	B 00	1 40	
. 117	Arr Liecatur A	****	mo	1224	COMO C	1294		1		1	1
5. 1 A	rr. Dowagiac		CPNO	1215	00400	12 15 .					
7.71/	Michigan Canada 7	****	10 55	12 14	10 55 1	2 14 .		3 05	50	2 30	
1.516	of traffy (A. J. C. Marion.)		1230	1 40	1. 120 g	1 40			75		• •
(0)	er Englewood		1244	2 10	1244	2 10			004 E		
5,6 1	Arr Englewood		12 59	2 25	1259 F M 1159	2 25 .		5 00 1	0 45	40	
	(La Salle Street Sta.)	****	P M		PM	M.		P M 1	M .	M	
	the transage it is followed by	CA CARE			11 50	7 45	10000	4 D/1	36	S 400	

Table 4. NEW YORK-BUFFALO-HAMILTON-TORONTO. (Via N. Y. C. System and Canada and Gray Coach Lines.)

	S1	April 25, 1965.		S6
4	45 45 40 45	ive . + New York (E.D.T.). arr Grand Central Terminal + Yonkers arr Croton Harmon, arr + Albany arr + Buffalo (Cast. Term.) (E.D.T.).	18 6	95 95 96 36 45
Bus.	Bus.	Busses leave Buffalo from Greyhound Bus Station, 672 Main St. Railroad tickets accepted on bus.	Bus.	Bus. Daily
9 15	7 30 10 00	LEAVE LARRIVE LARRIVE AFF Hamilton Larrive APRIVE LEAVE LEAVE LEAVE	8 00	8 25 A M

Table 5. NEW YORK PLATTSRURG MONTREAL Via Delaware & Hudson R.R. with connections :

		for Ottawa, Quebec.	-		_
Limited	laurentian		The Laurentien	Montre.	Monte Limited
DAH 9	DAB DAB DADy	Afril 25, 1965.	0 AE Daily	46 0 AH 10 Bi Sal	DAR.
10 15	4854	ive New York (807) Chart. Grand Central Terminal Ive 125th Street A	9 35	15 30	.8 0
3:00	1234 1256 121 157 242	lve Albanyi D 8-11 arr. arr - Saratoga Springs . lve. arr - Fort Edward . lve. arr - Whitehall . lve. arr - Fort Tiennderoga . lve. arr - Westport lve.	5 14 4 45 4 15 3 37 2 52	219	• 19 /t of
5 19	4 27	arr Platisburglve	1 52	11 38	11 18

4002 40045 ser. Ottawa (C. P.)(F. D. T.) ive m715 w740 w740 w740 w 740 w

+ Common stations.

C.D.T.—Central "Daylight Saving" time.

C.S.T. Central Standard time.

E.D.T.—Eastern "Inaylight Saving" time,

E.X.T. Eastern Standard time.

Rail-Auto Service available at this point.

For number of table upon which each station if located, see General Index of Stations in back part of Guide:

- + Daily, except Sunday,
- Daily, except Saturday,
- Sunday only.
- a Stops on signal or receive or discharge passengers.
- d Stops on signal to discharge passengers from beyond St. Thomas, or to receive resenue passengers for Windsor and beyond.
- c Stops on signal to discharge passengers from Detroit and beyond, or to receive passengers for Chicago and beyond. e Stops on signal to receive or discharge passengers for or from Niles and beyond.
- A Stops regularly, but only to receive passengers.
- Sups regularly, but only to discharge passengers.
- A Saturday only.

/Stops to receive or discharge passengers for or from Rouses Point and beyond, or to receive or discharge passengers for or from Albany and beyond.

- Sups Sunday only.
- / Daily, except Sanday, by connecting train.
- a Daily, by connecting train.
- x Stops on signal to receive passengers for Detroit or beyond.
- A Stops on signal to receive passengers.
- ti Stops on signal to receive passengers for points beyond Albany.
- A No (actities to: handling haggage at this station; baggage should be checked to or from nearest station where facilities are available.
 - · This train does not carry checked baggage.
- Prequent has service between Beacon (adjacent to railroad static and Newburgh. No service Sundays or holidays. Fare a cents. Ra road tickets not accepted on bus.

For Sleeping Car, SLEEPERCOACH, Coach and Dining Car Service, see pages 90-92.

CHICAGO

AF

Lve. Chica Lve. Engle Lve. Michic Lve. Niles Lve. Dowa Lve. Decar Lve. Lawto Lve. Kaian Lve. Battle Lve. Aibur Lve. Jackse Lve. Ann A Lve. Ypsida Arr. Detro Lve. Wind

Lve. Water Lve. Water Lve. Welfa Lve. Fort 1 Arr. Buffal

Lve. Ridge

Lve. Buffal Arr. Batan Arr. Focht Arr. Newar Arr. Syrac Lve Syrack Arr. Utic Arr. Amste Arr. Schene Arr. Alban

Lee Albany Arr. Pittsfi-Arr. Spring: Arr. Palme-Arr. Waters Arr. Fremus Arr. Newton

.........

Lvr Albany Arr. Hudson Arr. Rhone-Arr. Poughi Arr. Beacon Arr. Peeksk Arr. Croton Arr. Vonker

Arr. Boston

Arr New Yo

Newburgh, tickets not a fe bort b.

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The Water Level Route-You Can Sleep

HICAGO AND DETROIT-		FALO		ANY	-NE	w 40	RK-E	1051	ON.			ETW	EEN	Table 7. NEW YORK - BOSTON - TORG	NTO).	
		Special	Tolerrin	-	Boter City Special						27- 371 Daily	♦57 -371 Br. Sat.	371 Sat	April 25, 1965.	16 16	28	*****
April 25, 1969	-	-	-	-			-	-		-		-		LEAVE) (E.D.T.) ARRIVE			
	354	354	*	356	366 Sat	368 R1	50	376				P M	PM	Grand Central Terminal	A M		
	Delly	Sat.	Daily	Daily	only	Sun	Daily	Daily				200	r 811	lve + Yonkersarr.	* 17 1		
ve Chicago (C.S. T.)	9 00	1015	12 30	115	10 59	12 40						9 19	9 29	ive+ Ponghkeepsiearr.	10 sol		
La Salle Street Sta.	1000	*****	1 30	5 15	11 59	140		*****				P M	F M	ANRIVE] [LEAVE			
e.Gary (N.) . C. Station)+	hiot4		4144		\$12.30				****		27					28	
Atichiann City (C.D. 7.)	11 10	0102	2 37		\$ 00	3 40											
e. Niles (E.S.T.)+	12 02	****	3 13	0.28		3.51								Boston		P M	
e.DecaturA		****		-	#235 #235	N401	1443				3 15			+ South Station		12 35	
e. Kalamaroo+	1255		3 58	7 45	3 10	4 40				1 1 - 1 1	4 24		1 X F 4 1	lve + Worcester Coarr.		12 13	
e. Battle Creek+				8 12	3 40	# 58 # 525					5 35		****	lve + Springfield Cparr.		9 50	
e. Albion	2 20	3844	5 10	9 00	4 55	5.55	will	12 2	wire		755			lve + Pittsfield Carr.		6 36	
e Jackson + Co	3 05	*****	5 55	9 45	5 40	6 45	****			04000	P M	14.000		ARRIVE [LEAVE			
r. Detroit (E.S.7)+	4 00	F.M.		10 40	-	7 35					27	•57	10		16	28	
e Detroit (E.S. Z.) Ca	PM	4 40			A M	A M					21	211	"		10	20	
e. Windsor + (E.S. 7.1. Ca		4 30	7 25	*****		****				1111	PM	PM	P M	LEAVE (E. D. T.) (ARRIVE	A.M	A.M	
e.St. Thomas			10 00							1 1	8 31	11 31	11 37	lve + Schenectady Cparr.	5 35	645	***
e. Waterford	*****	4.3	-	areal.				P.M	· icek		9 46	12 55	19 57	lve + Utica arr.		5 37	
e Welland	200	9 05	4857		****	****	12 08	10 35			11 59	1 50	3 13	lve + Rochester arr.	3 10	4 50	
Central Term +	Acres .	10 15	12 37				1 10	11 55		*****	1 12	4 29	4.40	karr + Buffalo (E.D. T.)	12 54	2 14	
Buffalo (A. D. 7.)	1140		A 80		22.0	PULL	P.M.	FAC	14141	22.014	A M	n.M	W 96	(Central Terminal)	A M	A ME	
		DALLY	Bally	40	.,	****	050		erest.		371	371			376	376	
e.Buffalo (E.D. T.)			A 85			-ita-		-		1400		A M	A M	LEAVE) (E. D. 7.) ARRIVE	PM	P.M.	
Central Terminal		1108	100	****		2					5 20	5 20	5 90	Central Terminal	11 55	11 55	
rr, Kochester + Co		12.08	2 (8)		*****	*****	2 45		****		7.25	7.25	7 25	arr Wellandive.	9 25	9 25	
r. Newark	****	141			dien.		4 07			****	B 40	8 40 A M	8 40	(Union Station)	8 05 P M		
. Syracuse			3 90				4 12			3.111	A 31	A M	A 31	(Daton Marion)	P M)	F 81	11-17-1
r. Utica.	*****	440		11725			451							THE AMATION OF SIGNE			
or Ameterdam L					Conne	T0075	4 03			1			LA	CPLANATION OF SIGNS.			
r. Schenectady +	****	4.30	552				6 35							to receive or discharge passenger	rs for	or	tron
ORBITATION DRIVENSYS.			20				100		****			beyo		por programme and the			
r Albany	_		-				-		-	11				nly to discharge passengers.			
r. Chatham A	41-14	200 1		24535	100	****				ds	tops	on si	gnal	to discharge passengers.			
r. Pinsheld	*****	1000	0.50			****	***			15	tops	on si	gnal	" receive or discharge passenge	rs for	r or	fron
r. Palmer A	41111	1470		14641			****			Buff	alo at	nd be	yend				
rr Framingham	*****	****	11 42								tane	on si	enal.	to receive or discharge passengers			
Newtonville A	17701		11 50		44.00	2.1.2.2.1		*****			rotes	40.40		in the contract of the contrac	•		
Mack Bay Nouth Mation +		Cont	12 35				****			AS	tops	re.	arly	but only to receive passengers.			
H. Boston (L.D.T.)	5.5.55	[489]								68	tops	regul	arly !	but only to discharge passengers.			
re Hudson +			0.05	*****			0 43	15111	1110		· · ·		iona	to discharge passengers from	Chic		
Rhinecliff+	8 444	- 16		Same	****	[611]								or Detroit and beyond,	C.117C.		
rr. Reacon (Newburgh))		6.05	27.12			*****				N Co					T		
r. Peekskill.	NAME OF STREET	40		20.00		Visa.	.0 36	10149						to discharge passengers, or to rece and.	tee b	A3961	.ges
rr. Croton-Harmon +					121		905			1							
Grand Cent. Term +		7.55	900	1000		****	9 55	*****						to receive passengers.			
Rew York (FAT)	22111	A M	AN					141			This	train	dues	not carry checked baggage.		_	_
I request bus service betweeningh. No service Sund	een K	encon	Carlin	cent t	o raile	out s	tation	i and	1 +	Coup D. T.				elight Saving" time,			
for First Eric to Niagara F.	alle c	One	Ras	servi	ce le	aves !	from	Enri	10	5 T-	Cen	tral S	tand	ard time.			
rie Railroad Station at 95	5 11.11	1. 00	s a.m	and	1 15	D-10	Fa	re 85						ylight Saving " time,			
this.														J. T. T. C.			

For Sleeping Car, SLEEPERCOACH, Coach and Dining Car Service, see pages 90-92.

For number of table upon which each station is located, see General Index of Stations in back part of Guide.

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NEW YORK CENTRAL SYSTEM

The Water Level Route-You Can Sleep

Table &.

NEW YORK and ROSTON-COLUMBUS-DAYTON-CINCINNATI.

d ie.	May, 1965.	51 Daily	405- 39 Daily				May, 1965.	16 Daily	16 Daily	306 Daily		-
I we M	ew York (E.D. T.)+	AM					Lve. Cincinnati (E.S. T.)	PM	**	PM		
o Lvc.	Grand Central Terminal	8 45	*****	3 00			Lve Winton Place. Lve Middletown Lve Dayton Lve Springfield	2 2 40	2 30	10 00	****	
	sacth Atreet A	A855			1.4400		Lve Winton Place	3 3 20	2 240	-1058		
. Lee Vi	onkers	AQ12	*****	/3 26	****		Lve. Middletown	E 152	= 352	211 44		
Lor Ct	roton Harmon	4035	****	4350	****		Lvr Dayton	E 427	E 427	9 12 12		1
at Live Pe	cekskill+		*****				Are Columbus	= 427 517	- 517			1
o - I was ble	engine (New hillred)		*****	/4 4Z		****	Air. Columbus		9 5 25	M 150		
28 Lve. Pe	oughkeepsie	00	***	19 42	1000		Lvr. Columbus	10 30		= 33		
54 Live K	hinecliff	221	*****	0			Lve Calion	W 626	£ 626	24 2 12	COSSI	1
27 1.46.11	Ibany+	11 70	*****	5 55			Lve Crestine A	0		= 3 76		
2.2 VII. W	ibany a	200	-	-	-	-	Lve Crestline	F 646	= 646			
1			Ans				Art Cleveland (F. P. T.)	O 8 15	6 415		****	1.
			Daily				Arr. Cleveland F. P. T.)	9 10	9 10	615		
-		-	The second second	-	-	-	(I man Terminal)	PAS	PA	AM		**
Lve.B	oston (E.P. T.)+							16 28	2	90 Baily		1.
. 7	South Station	d ceres	11 05	*****			****	Dally Dall	Datly	Bally		11
	Back Kay	1751	. 11 10	Jary			Live Cleveland (L.D.T.)	P 31 P 31	PM	A M		
Tree V	autor ville A	*****	11 10			****	Cuton Termina	9 27 11 0	6 11 06	715		1
A PROME	enminehold	*****	= 11 41	*****	*****		Y None and One	11.5	1	8 10		
W.sv.L.	orcester +	*****	= 12 10 12 54		100		Law Arbitrarilla	1				
to Lve Po	almer &	1	1 20		1000		Live Neic.	- 12 6	3 1257			
The A	mincheld +		2 12				Lac Westfield					
to live.Pi	hatham		3 07				Lore Dunkirk			10 20		
7 1.45	halliani		3 50				Arr Buffalo (E.D.T.	. 12 34 21	215	11 10		
A ATT. AL	Ibany +		2.00	600	-	-	trentral lerminal	AMAM	A 11	A M		13
a Live Al	bany	#1 #():		634				416 78	1 42	90 Bally		10
in Live. be	Benectady +	12 07	4 22	656				Daily ball	el Baile	Baily	-1486	10
o Lve.A	msterdam	1 22	241	8 02	****	1000	Lee.Buffalo (E.D.T.)		AM	A M		11
6 Live. U	tica +		602	8 21		1333	Contract Towns	1964 22	4 31	11 40		
1. 1.ve. K	yracuse+	2 15	644	9 61			Are Manage A		4 4 4	200		10
72 VIL 9	yracuse	2.20		9 10			Arr Hatavis A		5 34	12 40		
s live. Sy	yracuse	2 22		9 10			Arr. Newark A		234	40.15		1.
as Lee. N	ewark A	3 47	. 16	10 35		200	Arr.Syracuse	. 17 10 45	A KS	2 05		100
A Lve. R	ochester	1	2 57	10.33			Lyr.Syracuse		700	2 18		15
Lo Live. Is:	uffato (F.D.T.)+	445	9 30	11 40		10000	Au. Rome	1.00	740			de
5.4 ATT- B	(Central Terminal)	F.M.	PM	PM			Are Illies			3 00		J.
**	(CERTITIO TET MINING)	● 51	Madeine	5	-	-	Arr Amsterdam	- 2	901	-		1
A. series		Daily		ally	****	issee	Arr Ams'erdam	Sie 64	018	4 17	*****	ą.
		- material			-	-		3 3 =1	0.51	4.50		1
Lvc.B	uffalo (E.D.T.)	* M		M	***							П
	Central Terminal	5 20	31	59			***********	1 28	A AL	404		ŧ.
Arr.D	unkirk	6 05		-			****	PAI	1	Daily		н
47 Arr. W	estfield	7 02	7	12		*****	C	1 2 2	-	5.05		Æ
Arr. E	ric	7 55		34	*****		Arr Chatham	7.3	1	5 15		40
LO ATT. A	shtabula	1 23					Arr Chatham	180				
ALL. P.	inesville	9.15	-	115			Arr. Puisfield	0.5				
S WIE C	(Union Terminal)	P.M.		M		cases	Arr. Palmer			£ 745		in.
	LINES TOMING	327	-	5	-		Arr, Pallurt A			E 8 30		
1		Daly		Alv.		cerry	Arr. Worcester		7	e 8 57		п
		40.17		1000		-	All framington services	7	9	. 915		п
. Lve.C	leveland (A.D. T.)	PM		M			Arr. Acatomente A	121	1	9 11		۸.
			2 3	155			Arr. Worcester Arr. Pennington Arr. Newtonville Rock Roy Source Matten Arr. Boston F. D. T.)	12.3	5	9 50		1.
Arr. W	ellington			*			Arr Boston (D.T.)					
Z Atr. Sl	helly & L.S. I.)	14	=	3						5 17		1
7 Lve.C	cellington helity & (F.S.T.)	12 12	E	10			Arr. Hudson Arr. Khinecliff Arr. Poughkenson Arr. Recon (Newburgh 3) Arr. Peckskill	3 43				
o Arr. G	311011	0 12 35	3 '				Arr. Hudson					
AN ATT.D	elaware A			20		-	Arr Rameenii	mr.co	****			
at Arr. C	Olembus +	N	-	1	-	-	Arr Policherelise	71	*****			
Bil.ve.C	olumbus	W 1 35	- 5	30			Are Perkebill					1.
21 Arr. 5	pringheld +	3.52		27						7 30		J.
H. D AFF D	ayton	E 4 47	0 7	03			Arr Vankers	1		/8 00		1.
no Arr. M	olumbus prinched + Cayton + Ca	1 314	£ 1	30			Arr. Yonkers 125th Street Terminal			2.4		.1.
5.8 Arr. W	Union Place	640		25	1		Grand Central Terminal	845		8 35		1.
		71 5(1)					Arr. New York (A.D.T.)			PM		

EXPLANATION OF SIGNS.

- r Stops Sumlay and May at, July 5 and September 6.
- d Stops Saturdays, Sundays and May 3t, July 5 and September 6, e Regular stop daily, except Saturday only.
- A Stops regularly, but only to receive passengers.
- A Stops regularly, but only to receive passengers.

 / Stops regularly, but only to discharge passengers.
 / Stops on signal to receive passengers.

 # Stops on signal to receive or discharge passengers for or from Buffalo
 # Stops on signal to receive or discharge passengers for or from Buffalo
 # Stops on signal to receive or discharge passengers for or from Buffalo
 # Stops on signal to receive or discharge passengers.

 # Coupon stations.

 # LD. T. Eastern "Daylight Saving" time.

 # Stops on signal to receive or discharge passengers for or from Buffalo
 # Stops on signal to receive a discharge passengers.

 # Coupon stations.

 # LD. T. Eastern "Daylight Saving" time.

 # A Stops on signal to receive a discharge passengers.

- A No facilities for handling baggage at this station; baggage should be checked to or from nearest station where facilities are available.

 Daily, except Sunday and holidays, bus service between Beacon (adjacent to reitroal station) and Newburgh. Fare 45 cents. Railroad trickets not accepted on bus.

For Sleeping Car, SLEEPERCOACH, Coach and Dining Car Service, see pages 90-92.

For number of table upon which each station is located, see General Index of Stations in back part of Guide.

(JAU-7)

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Heacon

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NEW YORK CENTRAL SYSTEM

The Water Level Route - You Can Sleep



	KEN	TUNI	and b	.031	OH.	INDIANAPOLIS - ST. LOUIS.					
Miles	June, 1965.	51 Daily	405-	15 Daily		June, 1905.		112 ally	312 Dally	316 Daily	1
Lve	New York (L.D.T.)+-	A 61		PM		Lve St. Lours (C.S.T.)	-	-	-	-	
0	Grand Central Terminal	845	****	3 00		Lvc St Louis (C.D. 7)	1 3	85 M	9 15	*****	
4.2	sacth Street A	AREC				Merse Station	1 ^		AN	*****	
Lellve	. Vonkers	Agiz	*****	:3 26		Lys Pana A	10	35	10 35		
an Live	Yonkers Croton-Harmon	4915	*****	4350		Lve Mattoon Lve Paris (C.D. T.) Lve Terre Haute (E.S.T.)	1 19	28	12 28	* 150	
0.6 Lve	Peckskill					Lve Paris A (C.D. T)	1 41			*****	
a . Live	Beacon (Newburgh))	14 -	*****	- 4		Lve Terre Haute (# S.T.)		28	1 28	*****	
72 8 Lve	Poughkeepsie+		4.00			Arr. Greencastle	E 72	03	72 03	*****	
Sallive	khinecliff					Arr Indianapolis (F. S. T.)	1 5 4	08	3 08	*****	á
Linkline	Albany	-	*****			Lve Indianapolis (E.S. 7)			-	-	4
IZZ AFF	Albany	1 12 40	0.111	5 55		Lve Anderson		115	3 15	600	٩
-	and the second s	p.		-	-	Lve Muncie	11 15	02	4 02	- 6 47	1
			405			Lve, Muncie, Lve, Union City A Lve, Union City A Lve, Union City A Lve, Union City A Lve, Hellefontaine A Lve, Hellefontaine A		25	4 25	- 715	ă
			Dativ	1.444		Las Union City	15				4
- 100	Dantes C. D. T.	-			-	Luc Silver	0 b	00	p5 00	Q :7 40	4
	Boston (E.D.7)		A 11		2415	Are Helletonning	. 0	33	3 35	D 8 57	4
0.	South Matter,	821	11 05			Mr. Benetoniane		00	6 00	D 8 57	4
2.3	Back Bay	1400	11 10	1		Lve. Hellefontaine	£ 6	05	6 05	. 907	,
B. I I ve	Semionalie Transcriber	2501	- 11 22	1.000	23425			50	650	@ 10 co	á
TTINE	I found the territories	QUART.	0 11 41	181	123	Lve Galion	. 7	10	710	P 10 25	d
4. ULIVE	Worcester + I produce a service and Send	4000	E 12 10	*****		Lve Shelby (E.N. T.)	-	-	100		1
S.C.L.V.	Connect & Constitution of the Constitution of	00:00	E 1254	17 1 11	*****	Lve Galion Lve Shelby (E.S. 7.) Arr. Cleveland (E.D. 7.)	. 10	000	10 00	0 115	
or a line	Diversity		e 120	-101	See.	(Union Terminal.)		M	PM	-	ű
and the	Charles 4	3350	E 232	71111	125.5		28	28	2	-6	1
7.0 LXC	Springfield + Stranger Chatham Albany + Springfield Chatha		3 07	mii,		*******	Daily	Daily	Daile	Daily	d
C. 4 (\$11)	Albany Albany	1-				Live Cleveland (E.D. I.)-	-		P M		
22 650	Albany	10045	3 58	6 00		Contan Verminal	11 OC	F M	11 06	P M	J
que live.	Schenectaly +	12 07	4 22	6 34		Arr. Painesville	1100	11 00	11 00	6 38	á
4.0 L.VE.	Amsterdam +	1-0		656		Ave Ashardonia		3.3		7 33	ű
5 to Lore	Unea+	1 22	547	8 02		Arr. Eric Arr. Westfield Arr. Dunkuk Arr. Buffalo (F.D. F.) (Ventral Terminal.)	13.5			8 08	á
as ber	Syracuse +	100	6 02	821		Arr. Westfield	12 53	13.53	1253	8 43	
ar Lar	Syracuse !	2 22	651	9 10		Arr. Dunkirk	1	-	4 -	9 43	ă
to till are	Newark A	1000		133	1000	Arr. Buffalo / F. D. T. V	- 40	- 10	215		
+41.05	Kochester +	3 42	8 16	10 35		Dientral Terminally	2 10	A M		10 36	
TULLYE	Newark A Kochester + Ca Battavia A Buffalo (A. // 7.)+ Ca	15.5	8 52			- Terminal Printers	A 81			PM	4
IS A ATT	Buffalo (A.O. 7.)+	4 45	9 30	11 40			28	28	◆ 2	46	4
1111	(Central Terminal)	P 21	F-54	FM		***************************************	Daily	Daily	Daily	Daily	1
		●51	1	5		Lve. Buffalo (E.D.T.)-	-		A M	PM	å
		Daily	Da	tly		Central Terminal			4 34	11 08	d
Lve	Buffalo (E.D. T.)+-	PM		M		Arr. Batavia		. 34	4 34		71
5.4		5 20	11			Arr. Rochester		22		12 08	ı
OK ATT.	Dunkirk	6 05	-		***	Arr. Newark A		0.0	3.34		1
LT ATT.	Westfield+	6 27			1111	Arr. Syracuse	4.00		6 50	141	
TALAST.	Frie	7.02		84	***	Arr. Rome	200		7.40		
and Arr.	Aslatabula	755				Arr. Utica . Arr. Amsterdam	1 0 20	E 12	751	240	
44 Arr	Cieveland (E. D. T.)+	1360	2			Arr. Amsterdam	3.0		- Secret	7.5	
we Are.	Cleveland IA D. 734	9 15		YA !						-	
	(Union Terminal)	F.M				Arr Albany	2 45	2 15	9.0		
		315	3	11	-		1.00	7	9.50	4 30	4
	MARKET AND ADDRESS	Dally	Da			SATURDAY CONTRACTOR OF THE PROPERTY OF THE PARTY OF THE P	54 Daily	28		*****	1
100	Claustand I I II	2017	100	200	-		Daily	Daily	2	*****	1
A 1 1 4 C	Cleveland IA AAA	F M			1000	Lee Albany		* **		Gard	1
A	Cleveland (J. D. T.) — (new form) mil.	10 15		30		Arr. Chatham A	12333	3.13	2000		
7 1000	Shelly LD S. C					I.ve Albany Arr. Chatham A Arr. Pittsfield.		8 16		*****	
Langer	Manual Control of the	10.38	4	47		Arr. Springfield		0.50	1	*****	
CO PACE	Warming and the state of the st	11.25		- 1	1000	Arr PalmerA		4 50		****	
PROPERTY.	Nellefontame A control Control	1502	. 5	58	-34	Art. Worcester	1000			100	1
26.1 65	Gallion. Marion Bellefontaine Betlefontaine	1218	7 6	05		Arr. Pittsfield Arr. Springfield Arr. Palmer Arr. Worcester Arr. Framingham Arr. Newtonville Back Bay South Station Arr. Boston (E.D. P.) Lve Albany				*****	
co Arr.	Sidney		* 0	97		Arr. Newtonville		11.60		*****	
9, 118.00	Union City A		0 07	68		Back Bay	La T	12 13		****	j
MAIT.	Winchester A		0 "7			South Station	1	12 15	1000		
						Arr. Boston (E.D. 7.)		P 11		1.474.	ĺ
TALATE.	Anderson Indianapolis (E.S.T.)	3.00	¥ 2	07		Lvc Albany	0			27140	ı
ES ATT	Indianapolis (A.S. T.)	300	0 9			Arr Hudson	8 10			4 33	ē
18 1.ve.	Indianapolis (E.S. 7.)		5 0	and the		Arr. Hudson Arr. Rhinechiff	043			~ -	í
Ly ATT	Greencastie	3.5	× 100			Arr. Poughkeepsie Arr. Bearon (Newburgh))	9 08			40.00	ь
SSATE	Terre Haute + (E.S.T.)	Citto	· 10			Arr. Remon (Newharsh)	927	*****	*****	6 05	÷
Ca Arr.	Paris A (C. D. T.)		£			Arr. Perkskill	944	****	*****		ŀ
an Arr.	Greencastle Terre Haute+ (E.S.T.).		11			Arr Croton Hudson	10 00		1547	3-	ı
1.0 Ar	Pana					Arr Vonkers	10 25			16 55	ŀ
6.0	I nien Station St Louis (C D. T.)+		2							d721	ķ
A	St Louis IC D The					TANKA SILVERIA CONTRACTOR SILVERS	536	20.60		5.1	ŀ
OTT.								-		7 55	Į.
Arr	St. Louis (C.S. T.)		1			Arr. New York (E.D.T).	100	*****	20.1	A M	

EXPLANATION OF SIGNS.

- a Surpa Sunday only to discharge passengers.
- A Stons regularly but only to receive passengers. a Stops regularly but only to discharge passengers.
- # Stops on signal to discharge passengers from Indianapolis and beyond.
- I Stops on signal to discharge passengers from Cleveland and beyond. v Stops to discharge passengers from St. Louis and receive passengers for Indianapolis and beyond.
- 1 Nups on signal to receive passengers.
- Stors on signal daily to discharge passengers from Indianapolis and beyond or in receive passengers daily, except Sunday for St. Louis.
- a Stops on signal to receive or discharge passengers Sunday and Stops on signal daily to discharge passengers, also stops on signal daily, except Sundays to receive passengers.
 -) Frequent bus service between Beacon (adjacent to railroad station) and Newburgh. No service Sumbays or holidays. Fare 45 cents. Rail road tickets not accented on bus.
 - · This train does not carry checked baggage.
 - ◆ This train does not carry checked baggage.

 ▲ No tacilities for handling baggage at this station; baggage should be checked to or from nearest station where facilities are available.

 + Coupon stations.

 C. D. T. Central "Daylight Saving" time.

 C. 5. T. Central Standard time.

 E. D. T. Eastern "Daylight Saving" time.

 E. S. T. Eastern Standard time.

For Sleeping Car, SLEEPERCOACH, Coach and Dining Car Service, see pages 90-92.



The Water Level Route - You Can Sleep

Table 10.

CHICAGO - INDIANAPOLIS - CINCINNATI - WASHINGTON - NORFOLK. (Via Cincinnati and Chesapeake and Ohio Ry.)

Trains shown in Table 10 leave and arrive Central Station, Chicago— Michigan Avenue at 11th Place.

No.302 Daily	No. 304	April 25, 1965.		No. 303 Daily	
9.55 A M 9.55 A M 4905 *	# 5 00 PM	+ Kankakee (C.D. T.)	nb R		11 05 P M
1 11 · 1 55 F M	2 7 10 · 3 8 30 ·	Fowler (E.S.T.). + Lafayetie Lebanon (A.S.T.) (Calve. Indianapolis (F.S.T.) (Calve. Indianapoli	3.5	10 35 A M	8 25 ·
******	20,945 : == 11 05 FM	+ Greensburg Hatesville Hatesville Active LEAVE	he Ja	9 25 . 9 10 . 8 20 A M	
1 2227 1011	11 59 F M 9 15 A M 81-FD *	CREATE Concinnati (E.S.T.) ARRIVE Cincinnati (E.S.T.) arr. White Sulphur Springs, live, str. Hot Springs live, arr. Clifton Forge live, arr. Washington (E.S.T.). Ive.		7 25 A M 10 47 P M (9 15 • 9 47 • 4 45 P M	
	3 45 - 5 30 - 6 14 - 6 30 -	ive		719 FM 445 - 250 - 155 - 140 FM	

CHICAGO - TORONTO - MONTREAL - QUEBEC. Via Detroit and Canadian Facilie Rallway.

No. 366 Sat. only	No. 354 Daily	April 25, 1985.	Daily	Daily
10 59 PM	9 00 A M	tre Chicag S. T. J art.	9 45 F M	S.40 A.1
	THISTORY	live + Chicago (C.D.T.) Carr.	2002 2001	******
11 59 PM	10:00 A M	In Sale Street Station	10 45 F M	4.40 A.
-	bente A M	Eng! wood (6ad Street) art	11030 -	10 20 P
.44 4 41	4 00 PM	ARNIVE		10 20 + 1
No. 338	No. 340		No. 339	No. 337
Sun only	Daily	Canadian Pacific Ry.	Daily	Thaily
City (Vis		(Lastern Standard time.)	201 200	Transce.
7 00 A M	5 15 PM	ive Detroitarr	12 30 F M	945
710 .	5.25 .	arr Windsor	12 20 -	9.35 *
715 .	5 30 -	live Windsor	12 10 P M	9 25 .
8 06 a	621 -	lye Chathamarr.	II IT A M	8 38 -
915 .	7 30 +	lyelondon		740 -
941 .	757 -	ive Woodstock	9 36 .	700 -
1014 .	831 -	lvelve.	003 .	6 26 .
11 07 .	9 26 -	lice West Toronto		5 30 -
11 30 A M	9 40 P M	ARRIVE LEAVE	8 00 A M	5 20 F
*****			-	*******
*******	No. 22 Daily	Pool Trains.	No. 21 Daily	
		(Kastern Standard time)	A POR LANGE	*******
*********	#1020 F M	Torontoarr		
**********	11 19 -	lvelve.	547 ·	*******
*********	1834 -	lye		
	1858 + M	live	1506 .	
	fight A M	lve	14 48 .	
	100 *	lve Trenton	405 .	
	115 .	live Belleville		
	1215 *	lve Tichhorne	1207 .	
	308 *	live Perth	1 25 *	******
12201111		arr Smiths Falls		******
		Brockville (I nien)		*******
		Smiths Falls		*******
		Carleton Place	11 20 FM	*****
144755	6	Ottawa (L'nten)	10 00 P M	
. ********	715 A M	ARRIVE) (LEAVE	10 00 1 15	
		and the same of th	1	T Acres on the later
	3 50 A M	lve Smiths Falls arr.	12 50 A M	Assessed
		live Ste. Annes	M + OCUIA	*******
	0.25 *	lve	1030 -	
	0 12 *	lve	10 22 "	
	\$1.40 A 52		10 13 F M	SERVICE
********				*******
			ASSESSMENT	******
	NAME A ST	Montreal (Windsoy Station.) (C.P.)	8 50 PM	***** **
1102.0	12 50 P M	Quebec (F.). /	500 FM	
		AUSTVE	1714 - 111	

Table 13. DETROIT - TOLEDO - CLEVELAND. (VIA C. and O. - N. Y. C. R.R.)

C. and D. No. 46 Daily	Mis.	April as, 1965.	C. and C. No. 39 Daily
5 00 PM 7 05 PM	57.6	LEAVE ARRIVE ARRIVE Detroit (Fort St. Sta.) (E. S. T.)	4 10 PM 2 25 PM
No. 28		(N.Y.C. R.R.)	No. 59
758 P M 1050 P M	57.6		12 12 P M

N.V.C. R.K. tickets reading for passengers between Detroit and Toledo will be honored on C. and O. Ry. trains.

EXPLANATION OF SIGNS.

† Daily, except Sunday,

a Sings to receive passengers for Latayette and beyond.

& All seats reserved and assigned in advance.

. Limonsine service is provided at no additional charge to Covington, Va., station for passengers holding tickets from Hot Springs to Charlottesville and east, or Thurmond, W.Va. and west Please arrange at C. and O. ticket office in The Homestead labby or the Hm Springs station ticket office.

/ Stops ou signal to receive or discharge passengers.

e Linousine service is provided at no additional charge between Covington, Va., station and Hot Springs for passengers holding tickets to Hot Springs from Charlottesville and east or Thurmond, W.Va., and west. Please give advance namer to your train conductor.

A Stops only to receive passengers.

/Stops only to discharge passengers.

EOn Saturdays leave Toronto 1100 p.m., arrive Montreal

A No facilities for handling baggage at this station. Baggage should be checked to or from nearest station where facilities are available.

· This train does not carry checked baggage.

+ Coupon stations.

C. D. T .- Central "Daylight Saving" time.

C. 5 7 -Central Standard time.

E. P. 7 - Eastern " Daylight Saving" time.

E. S. T .- Fastern Standard time,

Rail-Auto Service available at this point.

For number of table upon which each station is located see General Index of Stations is back part of Guide.

For Sleeping Car, SLEEPERCOACH, Coach and Dining Car Service, see pages 90.92.

New York Mount Ver White Plan Brewster. Dykeman - Towner's A Patterson A Patterson A Pawling A State Hosy Wingdale A Dover Fin: Dover Plant State Schowassaic A Amenia A Millerson A Conake F Hillsdale A Crarywille A Dykeman's Craryville Chatham

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The Water Level Route-You Can Sleep



Eastern "Daylight Saving" time-

Table 14. NEW YORK-PAWLING, MILLERTON-CHATHAM

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CHATHAM - MILLERTON, PAWLING - NEW YORK.

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EXPLANATION OF SIGNS.

- d Passengers for beyond Breaster change trains at that point No a Stops Saturdays only. thecked baggage handled.
- /Stops on signal to receive or discharge passengers,
- A Stops only to receive passengers.
- s Scope only to discharge passengers
- eBy connecting "bechiner" service from Brewster. No checked has | A No facilities for handling baggage at this station. Baggage should be checked to or from nearest station where facilities are available.

 - · Does not carry checked baggage.
 - + Coupon stations.
 - Co Rail-Auto Service available at this point.

For number of table upon which each station is located, see General Index of Stations in back part of Guide.



The Water Level Route-You Can Sleep

BOSTON-WORCESTE		Table NGFIE		TTSFI	ELD AN	D ALBAN	r.		Table II BOSTON - WORCESTE Via The Spring	R-NI		ORK.	
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EXPLANATION OF SIGNS.

- A Stops Sundays only, except will not stop June 6 to September 5, This train does not carry checked baggage.
- A Stops regularly, but only to receive passengers.
- / Stops only to discharge passengers.
- Also runs May 31, July 5 and September 6.
- Will not run May et. July 5 or September 5.

- A No facilities for handling baggage at this station. Baggage should be checked to or from nearest station where facilities are available.

 - Rail-Auto Service avallable at this point.

For Sleeping Car, SLEEPERCOACH, Coach and Dining Car Service, see pages 90.92.

For number of table upon which each station is located, see General Index of Stations in back part of Guide.

Freq gage s 18 sho secure York (Manag New Y

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NEW YORK CENTRAL SYSTEM

The Water Level Route - You Can Sleep



Frequent commutation service, including bag-Table 19 gage service unless otherwise indicated, available between points listed on Tables 17 and NEW YORK - ALBANY TO UTICA-SYRACUSE. BUFFALO-DETROIT-CHICACO. 18 shown on this page. For complete service ROCHESTER - BUFFALO. secure local commutation time table from New Freight and Passenger Serv-York Central Ticket Agent or write or phone Freight and Passenger Service. For Passenger Service, see Tables 3 and 6. Manager, Suburban Sales, 466 Lexington Avenue. ice. For Passenger Service, New York, N.Y. 10017. see Tables I and 2. Table 17 - NEW YORK-PEEKSKILL-POUGHKEEPSIE. New York Grand Cents Jerm ... +
225th Street ... +
1337 Street ... +
tight be sige + Mis STATIONS. Mis. STATIONS High b alge A.
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University Heights A.
Marble Hill 10 Marble Hill.
11 Spayten Dayvild.
22 Riverdaled.
23 Mr. St. Vinctald.
14 Lastiew A. New York Buffalo (Cent. Term) Black Rock 32.7 40.6 58.3 78.5 82.9 88.4 Beacon (Newburgh) Poughkeepsie Hyde Park @ Welland 49.8 Perry tBit Edward @ Caynga 72.6 Lythmore @ .North Germantown@ Haversville ... 79-7 97-5 103-2 174-9 North Germantowne
Hudson
Stockporté
Newton Hook
Stuyesam
Schodack Landing
Castleton-on-Hudson
Rensselaere
Albany 111.7 2 Croton-Harmon + arr.
2 Croton Harmon | ve.
3 Croton Harmon | ve.
4 Croton North Station)
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4 Manifox A |
4 Manifox A |
5 Manifox A |
5 Cold Spring A |
5 Reacon (Newburgh) |
6 Chelse A |
6 New Hamburg A |
7 Poughkeepsie Tillsonburg Springfield @ ... 1224 126.9 Ayimer®
...St Thomas
...Stenden®
...Lona®
...Lona® 120.6 151.4 158.3 164.8 1427 *** 148.4 Schenectady.... froy 159.0 Amsterdam , Fonda (Fultonville) Vosts Palatine Br. (Canajoharie) Mairkirk ... Highgare@ 1774 Highgales 1870 Rulgeroun 1884 Mullo 1937 Fargon 1944 Charing Cross's Lichter's ... Fort Plaine.
... St. Johnsville ...
Little Valls.
Berkimer (Kahawa-llind ... 200.0 NEW YORK MOUNT VERNON WHITE PLAINS BREWSTER. April 25 1005 Mis New York

Grand Cent. Term.

1 12th Street 4

1 13th Street 4

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8 Tremont 4 225.0 Uties 2146 2146 Wordsler . Onedas.

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4 Freight Service. Memphis
ontan @
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28 Kessis: Cometery
29 Mt Piessant
28 Hawthorpe
20 I Troinwood
31 Piessant
20 Chappaqua
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48 Prewster Crittenden @ ... Wendee

I request took service available between New City - Nameet. West Nyark Nyark and Tareytown. © Holland Avenue platform is one quarter.

Mattern Daggage storaid by the checked to or from nearest station where facilities are available.

O Freight service only.

Note . Remains may be therked in Valhalla, however advance notice must be given to Bageage Agent, Grand Central Terminal.

FD	33388	10-27-97	D	183507	
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JOHN M. ROBINSON

ATTORNEY AT LAW

9616 OLD SPRING ROAD KENSINGTON, MARYLAND 20895

(301)949-5452

October 27, 1997

93 So 7

OCT & 1997 DEL

MANAGEMENT

STB DITTO



Re: Finance Docket No. 33388

CSX Corp. And CSX Transportation, Inc., Norfolk Southern Corp., and Norfolk Southern Railway Co.-Control and Operating Lease Agreements-Conrail Inc. and Consolidated Rail Corp.

Request for Permission for Late Service and Certificate of Service

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

Dear Secretary Williams:

Enclosed per Decision No. 43, issued October 7, 1997, in the captioned proceedings is an original and 10 copies of a certificate of service stating that copies of all documents previously filed by the Effingham Railroad Company and the Illinois Western Railroad Company (the Joint Parties) have been served on the additional parties listed in Decision No. 43. The late service is due to a two week disability of the undersigned caused by a serious back injury. Since the only document is the the Joint Parties' notice of intent to intervene and no party will have been injured by not receiving to document earlier, I request that the Joint Parties be permitted to serve the additional parties out of time.

Jetu M. Robinson

Before the

SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388

CSX Corp. And CSX Transportation, Inc., Norfolk Southern Corp., and Norfolk Southern Railway Co.-Control and Operating Lease Agreements-Conrail Inc. and Consolidated Rail Corp.

Pursuant to the Surface Transportation Board's Decision No. 43, issued October 7, 1997, I hereby certify that a copy of all documents filed with the Board to date by the Effingham Railroad Company and the Illinois Western Railroad Company have been served on each party of record listed in that order, first class postage prepaid.

John M. Robinson

9616 Old Spring Road Kensington, Md. 20895

October 27, 1997.

EDWARD J. RODRIGUEZ ATTORNEY AT LAW 67 MAIN STREET POST OFFICE BOX 298 CENTERBROOK, CONNECTICUT 06409

TEL: (860) 767-9629 (860) 388-9629 FAX: (860) 767-7419

October 15, 1997

Office of the Secretary Surface Transportation Board 1925 K Street, N.W. Washington, DC 20423

Re: Finance Docket No: 33388 (Sub-No-70)
Acquisition of Consolidated Rail Corporation by CSX and Norfolk Southern Corporation

Housatonic Railroad's Certificate of Service HRRC-9

Dear Secretary Williams:

Enclosed is an original and 10 copies of Housatonic Railroad's Certificate of Service of additional parties as required by decision No. 43.

Please stamp a copy of this letter to indicate receipt and return it to me in the enclosed envelope.

Thank you.

Very truly yours,

Edward J. Rodriguez

Ind Kligg

EJR/swf

OCT 3 0 1997



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

HOUSATONIC RAILROAD'S CERTIFICATE OF SERVICE HRRC-9

October 14, 1997

I hereby certify that on the 13th day of October, 1997, a copy of all filings submitted to date in this proceeding by Housatonic Railroad Company, Inc. was served by U.S. mail upon those parties added to the service list by STB Decision No. 43.

This certificate of service is filed in accordance with the provisions of Decision No. 43 released by the Surface Transportation Board on October 7, 1997.

Edward J. Rodriguez

Attorney for Housatonic Railroad

Company, Inc.

ENTERED
Office of the Secretary

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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 —

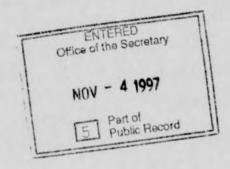
CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION

ERRATA TO

COMMENTS AND REQUEST FOR CONDITIONS

submitted on behalf of

INSTITUTE OF SCRAP RECYCLING INDUSTRIES, INC.



John K. Maser III
Jeffrey O. Moreno
DONELAN, CLEARY, WOOD & MASER, P.C.
1100 New York Avenue, N.W.
Suite 750
Washington, D.C. 20005-3934
(202) 371-9500

Attorneys for Institute of Scrap Recycling Industries, Inc.

November 3, 1997

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

ERRATA TO

COMMENTS AND REQUEST FOR CONDITIONS

submitted on behalf of

INSTITUTE OF SCRAP RECYCLING INDUSTRIES, INC.

The Institute of Scrap Recycling Industries, Inc. ("ISRI") hereby submits this Errata to the "Comments and Request for Conditions submitted on behalf of Institute of Scrap Recycling Industries, Inc." (ISRI-6), filed on October 21, 1997 in the above-captioned proceeding. ISRI submits the following errata:

(1) On page 17 of the Comments, Lines 25-26, strike "Two of Royal Green's largest customer destinations are the NorthStar steel mills located in Youngstown and Canton, Ohio." and replace with "Two of Royal Green's customer destinations are in Youngstown and Canton, Ohio."

- (2) On page 3 of the Verified Statement of Jonathan Simon, Lines 5-7, strike "Compounding this injury is the fact that Royal Green's competitors in these shared asset areas will have single-line hauls to Royal Green's two largest rail customers: NorthStar's Youngstown and Canton, Ohio mills." and replace with "Compounding this injury is the fact that Royal Green's competitors in these shared asset areas will have single-line hauls to two of Royal Green's customers in Youngstown and Canton, Ohio."
- (3) On page 4 of the Verified Statement of Jonathan Simon, Lines 6-7. Strike "We own our own," and replace with "In addition, we operate a." The sentence should read as follows: "In addition, we operate a fleet of 72 rail cars, which we use in conjunction with Conrail cars, to transport scrap."

Respectfully submitted,

John K. Maser III

Jeffrey O. Moreno

DONELAN, CLEARY, WOOD & MASER, P.C.

1100 New York Avenue, N.W.

Suite 750

Washington, D.C. 20005-3934

(202) 371-9500

Attorneys for Institute of Scrap Recycling Industries, Inc.

November 3, 1997

CERTIFICATE OF SERVICE

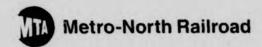
I hereby certify that a copy of the foregoing ERRATA TO COMMENTS AND REQUEST FOR CONDITIONS OF INSTITUTE OF SCRAP RECYCLING INDUSTRIES, INC. has been served by first class mail, postage prepaid, on all parties of record in this proceeding this 3rd day of November, 1997

Aimee L. DePew

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October 22, 1997

Honorable Vernon A. Williams
Secretary
Case Control Branch
ATTN: STB Finance Docket No. 33388
Surface Transportation Board
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:

Pursuant to Decision No. 43 in the above-referenced proceeding, enclosed please find the original and ten copies of the Certificate of Service of Metro-North Commuter Railroad Company for filing in this matter.

The only document we had filed with your Board prior to Decision No. 43 which possibly could be characterized as a "pleading" was our Notice of Intent to Participate dated July 30, 1997. To the extent this document should have been served on the additional parties within 5 days of October 7, 1997, we apologize. Copies of that Notice now have been sent to the additional parties.

Finally, please note that we did not apply a designation to our July 30, 1997 Notice of Intent to Participate. We assume that during the course of events the Board designated it as "MNCR-1" since we had selected "MNCR" as our acronym. Our subsequent filing has been designated "MNCR-2" and has been served on all parties of record, including those newly added by Decision No. 43.

Honorable Vernon A. Williams Page 2 October 22, 1997

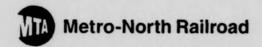
Thank your for your courtesy in this matter. Please call me if there is any question whatsoever.

Respectfully submitted,

Walter E. Zullig, Jr.

Special Counsel (212) 340-2027

[62598/WEZ]/67





October 22, 1997

TO: ALL PARTIES OF RECORD ADDED BY STB DECISION NO. 43

Re: Surface Transportation Board Finance Docket No. 33388

Dear Party of Record:

Your name was added to the official service list by Decision No. 43, served on October 7, 1997. That Decision also required all Parties of Record who had filed pleadings in the proceeding to serve a copy of those pleadings on the new Parties of Record.

The only document we previously had filed which could be characterized as a "pleading" was our July 30, 1997 notice of intent to participate in the proceeding. A copy of that document is enclosed.

Our Comments and Request for Conditions [MNCR-2] were served upon you and all other parties of record on October 20, 1997.

Sincerely yours,

Walter E. Zullig, Jr.

Special Counsel (212) 340-2027

[62598/WEZ]/65

cc: Honorable Vernon A. Williams

Secretary, Surface Transportation Board

Matro-North Railroad

July 30, 1997

Surface Transportation Board Office of the Secretary 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

Dear Secretary Williams:

By this letter, Metro-North Commuter Railroad Company ("MNCR") submits notice to the Surface Transportation Board of its intent to participate in the above-captioned proceeding.

MNCR is a public benefit corporation of the State of New York which provides commuter railroad passenger transportation over several railroad lines which radiate out of Grand Central Terminal in New York City. Under the proposal submitted by CSX and Norfolk Southern ("NS") in the instant case, CSX will operate freight train service over portions of three of MNCR's lines. Likewise, NS will operate freight train service over a fourth line over which commuter railroad passenger service is operated by NJ Transit Rail Operations. Inc., under a service contract with MNCR.

MNCR hereby requests that it be made a party to this proceeding, that it be added to the appropriate service lists, and that the Board furnish it with all relevant notices hereafter. Correspondence should be sent as follows:

Walter E. Zullig Jr., Esq., Special Counsel Metro-North Commuter Railroad Company 347 Madison Avenue (19th Floor) New York, NY 10017

Thank you for your courtesy in this matter.

Respectfully submitted,

Walter E. Zullig Jr.

Special Counsel

MTA Metro North Railroad is an agency of the Metropolitan Parsportation Authority. State of New York E. Virgil Conway, Chairman

ORIGINAL

CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of October, 1997, a copy of all filings in Finance Docket No. 33388 submitted by Metro-North Commuter Railroad Company prior to the service date of Board Decision No. 43 was served, by First Class U.S. mail, postage prepaid, upon the persons added to the service list purguant to Decision No. 43.

WALTER E. ZULLIG, JR.

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LOS ANGELES

LEBOEUF, LAMB, GREENE & MACRAE

L.L.P.

A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

1875 CONNECTICUT AVENUE, N.W. WASHINGTON, DC 20009-5728

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SAN FRANCISCO
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(202) 986-8050 E-Mail Address: mfmcbrid@llgm.com

October 23, 1997

VIA HAND DELIVERY

NEW YORK

ALBANY

BOSTON

DENVER

WASHINGTON

HARRISBURG

JACKSONVILLE

HARTFORD

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

> Re: CSX Corporation/Norfolk Southern Corp. -- Control and Leases/Agreement -- Conrail; Finance Docket No. 33388

Dear Secretary Williams:

It has been brought to my attention that there is a minor transcription error in Appendix A to Exhibit 1 (the Verified Statement of Drs. Kahn and Durbar) to the "Joint Comments, Evidence, and Request for Conditions of Atlantic City Electric Company and Indianapolis Power & Light Company" (ACE-,et al.-18). In the third line of (unnumbered) page 1 of Appendix A, the words "Carrier 2 owns the BC route" should have read "Carrier 2 owns the other AB route."

We apologize for any confusion.

ENTERED
Office of the Secretary

OCT 2 8 1997

Part of Public Record

Very truly yours, Michael F. McBride

Michael F. McBride

Attorney for Atlantic City Electric Company and Indianapolis Power & Light Company

cc: All Parties on Service List

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LAW OFFICES

RLA. CROSS & AUCHINCLOSS

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DONALD E. CROSS (1923-1986)

RABSE

THOMAS M. AUCHINCLOSS, JR. LEO C. FRANKY JOHN D. HEFFNER KEITH G. O'BRIEN ROVCE DEA JE BRIAN L. TROLANO ROBERT A. WIMBISH

Secretary

October 22, 1997

ENTERED Office of the Secretary

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Public Record

1925 K Street, N. W. Washington, DC 20443

Surface Transportation Board

Mr. Vernon A. Williams

Opposition, Comments and Request for Protective Conditions of the Ohio

Attorney Coneral, Ohio Rail Development

Commission and Public Utilities

Commission of Ohio

Finance Docket No. 33388

Dear Mr. Williams:

It has been discovered that the full text of the Verified Statement of Wesley W. Wilson attached as Exhibit 2 to the Opposition, Comments and Request for Protective Conditions filed on behalf of the State of Ohio was not fully reproduced during the printing process. We are enclosing an original and 25 copies of Dr. Wilson's full statement together with exhibits as it was intended to be filed.

Please also note that the cover page has been corrected to properly delineate participating parties and counsel.

We appreciate the Board's understanding in this matter.

Sincerely

cc: All Parties of Record

BEFORE THE

SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 33388

CSX CORPORATION AND CSX TRANSPORTATION, INC.,
NORFOLK SOUTHERN CORPORATION AND
NORFOLK SOUTHER, RAILWAY COMPANY
-- CONTROL AND OPERATING LEASES/AGREEMENT'S -CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION

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OPPOSITION, COMMENTS AND
REQUEST FOR
PROTECTIVE CONDITIONS OF THE
OHIO ATTORNEY GENERAL,
OHIO RAIL DEVELOPMENT COMMISSION
AND PUBLIC UTILITIES COMMISSION OF OHIO

CORRECT SUPPLEMENT

Thomas M. O'Leary
Executive Director
Ohio Rail Development Commission
50 West Broad Street
Columbus, OH 43215

Alfred P. Agler
Director of Transportation
Division, Public Utilities
Commission of Ohio (P.U.C.O.)
Borden Building, 5th Floor
180 E. Broad Street
Columbus, OH 43215

ATTORNEYS FOR STATE OF OHIO

BETTY D. MONTGOMERY ATTORNEY GENERAL OF OHIO

Doreen C. Johnson Assistant Attorney General Chief, Antitrust Section Mitchell L. Gentile Thomas G. Lindgren Assistant Attorneys General Antitrust Section State Office Tower, 16th Floor 30 East Broad Street Columbus, OH 43266-0410 Alan H. Klodell Assistant Attorney General for Ohio Rail Development Commission 37 W. Broad Street, 3rd Floor Columbus, OH 43216-0899

Keith G. O'Brien
John D. Heffner
Robert A. Wimbish
Rea, Cross & Auchincloss
1920 N Street, NW
Washington, DC 20036

DATED: OCTOBER 22, 1997

BEFORE THE SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 33388

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

VERIFIED STATEMENT OF WESLEY W. WILSON

In the Matter of

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

STB Finance Docket No. 33388

VERIFIED STATEMENT OF WESLEY W. WILSON

I. INTRODUCTION

1. A. Witness Background and Qualification

My name is Wesley W. Wilson. I am an Associate Professor of Economics at the University of Oregon. Prior to coming to Oregon in the fall of 1989, I was an Assistant Professor of Agricultural Economics at Washington State University (1986-1989). In addition to these positions, I also held a research assistant/associate position with the Upper Great Plains Transportation Institute (1980-1981) with which I continue to maintain an informal affiliation and for which I have been a consultant on railroad-related matters on several different occasions. In total, I have 17 years of professional research experience. The primary focus of my research throughout those 17 years has been on the analysis of regulatory and pricing issues in transportation economics.

I received my Ph.D. (1986) and my Master's (1984) degrees in economics from Washington State University, and my Bachelor's (1980) degree in economics and accounting from the University of North Dakota. In my Ph.D. course-work, I specialized in

econometrics and industrial economics. My research then and now applies theory and econometrics, primarily to transportation issues. My dissertation, "Transport Market and Firm Behavior: The Backhaul Problem", focused on network pricing, regulation and unbalanced traffic flows. I have over 60 papers that have been published with 25 of these in referenced journals. This research has been presented on approximately 50 different occasions. The bulk of the research conducted and presented has been in the area of transportation economics. (My vita is provided herein as Exhibit A.)

While working on my Bachelor's degree at the University of North Dakota, I developed an interest in transportation economics. After receiving my degree, I accepted an offer from the Upper Great Plains Transportation Institute at North Dakota State University. At the UGPTI, I developed my own research program to study the efficiency and partial deregulation of transportation markets with a focus on the movement of North Dakota's agricultural products to market. My interest and commitment to research in transportation continued while a graduate student at Washington State University and as a faculty member at both Washington State University and at the University of Oregon.

In addition to the positions above, I also have served in a variety of other positions.

For the Transportation Research Forum, I have served as President, Executive Vice
President, Vice-President for Membership and Council member for the Agricultural Chapter.

I currently serve as a board member for the Pacific Northwest Regional Economic

Conference. I have served as a council member for the Citizen's Advisory Transit

Commission.

At the University of Oregon, I teach or have taught graduate and undergraduate courses in industrial economics, Ph.D. core theory, and graduate and undergraduate courses in econometrics. At Washington State, I have taught or been involved in teaching Principles of Microeconomics, Microeconomic Theory for MBA students, Introductory Agricultural Marketing, and short courses in energy and transportation economics. And, I have won both departmental and university teaching awards for my success in teaching.

In addition to my research, teaching and professional background I also have consulting experience on pricing, mergers, productivity, and the effects of deregulation in railroad markets. While I did not submit testimony in recent merger cases, I conducted

analyses for the BN-SF and UP-SP merger as a consultant for the U.S. Department of Justice and the California Attorney General's office. In addition, I am currently involved in assessing reregulation in Canadian rail markets.

In this proceeding, I have been asked by the Ohio Attorney General's Office to assess the competitive impact on rail transportation of the proposed acquisition of Conrail (CR) by CSXT and Norfolk Southern (NS). In preparing my testimony, I have used information taken from the Application, prepared testimonials, the confidential waybill sample, direct contact with shippers and railroads, and a wide variety of public and private sources. All conclusions and opinions expressed in this statement are my own. They have not been produced by or for the University of Oregon and I am not representing the University of Oregon in my capacity as an expert in this matter.

1. B. Organization and Summary of Findings

There are several competitive issues of paramount importance to Ohio. First, there is a perceived overall threat to competition, owing to the reduction of Class I carriers that will operate within the state if the transaction is approved. This general concern is bolstered by a number of *specific* instances in which individual shippers will see the number of available Class I railroads fall from two to one. There are also situations in which shippers and receivers will lose access to the currently available single-line service and will, instead, face routings that necessitate interchange. Finally, the long-run viability of competing railroads, particularly the Wheeling and Lake Erie (W&LE), that are non-parties to the transaction is questionable. In some cases, CSXT, CR, and NS have, themselves, proposed remedies designed to mitigate potential anti-competitive effects. In other instances, such remedies, while not yet proposed, are nonetheless available. Finally, in a few specific situations, the proposed transaction will likely result in either reduced competition or lost efficiencies for which no immediate cure is evident.

In the remainder of this statement, I will discuss both the general and specific competitive concerns that I have identified in relation to the proposed transaction and offer policy recommendations where appropriate. The balance of my remarks are organized as follows: In Section II, I briefly discuss transportation markets, the pricing of transportation

services, and the potential competitive impacts of any proposed transaction that reduces the number of rail service providers within a region. In Section III, I offer the necessary description of Ohio's railroad networks, both pre- and post- transaction, as well as a description of the rail traffic flows currently observed over these networks. In Section IV, I discuss a number of specific transaction-related competitive concerns and suggested remedies that have arisen in response to the proposed transaction. Finally, in Section V, I provide concluding remarks.

II. RAIL COMPETITION, PRICING, AND THE PROPOSED TRANSACTION

The testimony of CSXT and NS witnesses validates the typical treatment of rail transportation providers as profit-maximizing sellers. However, so long as existing economic conditions provide effective competition in rail-served markets, profit-maximizing firm behavior is perfectly consistent with desirable and efficient economic outcomes. If, however, market conditions seriously inhibit the functioning of competitive forces, these limitations, combined with carrier desires for economic profits, can significantly elevate prices to supra-competitive levels, reduce the volume of transacted services, and distort the usage of valuable resources. Consequently, the desirability of any merger or like transaction depends on whether it enhances competition by increasing the number of alternatives available to shippers or whether it, instead, dampens rivalries, reduces available options, and expands the degree of market power available to transportation providers.

The standard Williamson model² examines the welfare effects of a merger by considering the benefits of a merger (e.g., improved efficiency) against the costs of a merger (e.g., deadweight loss from increased market power) in a specific market. In this specific

In their respective depositions, Raymond Sharp (CSXT) and John Fox (NS) refer to "charging the highest rate possible without losing the business." See Deposition of Raymond L. Sharp, p. 44, STB Finance Docket 33888, August 21, 1997 and Deposition of John W. Fox, p. 100, STB Finance Docket 33888, August 25, 1997

²Williamson, O.E., "Economies as an Antitrust Defense: The Welfare Tradeoffs," *American Economics Review*, Vol. 58 (March, 1968), pp. 18-36.

instance, because of the network characteristics of the State and because of the number of separate markets in the State, there are a number of instances wherein market power may increase from the merger (two to one issues) as well as instances in which costs increase from the merger (single-line to multiple-line issues).

Making this determination is sometimes tedious, even when the number of affected markets is small. However, evaluating the consequences of the current proposal is made even more difficult by the fact that railroads, like other producers of transportation, operate over complex networks. The parties to the proposed transaction, therefore, sell their services in thousands of individual markets that are defined by both the geography of the transportation networks and the characteristics of the shipped commodities. Thus, evaluating the impacts of the proposed transaction often requires that network operations be considered separately and that individual markets be made the analytical focus whenever competitive concerns are voiced. At the same time, however, it is necessary to be ever-mindful that the network nature of production links these individual markets and that impacts in one market can easily spill over into markets that are related either by geography or commodity characteristics.

Where a transaction-related anti-competitive concern is identified, the first step toward verifying its merit is the proper definition of the full range of substitutes available within the market in question. Railroads compete with other modes of transportation as well as with each other in most settings. Thus, the appropriate set of available alternatives that defines a particular market may include railroads, motor carriers, barge or pipeline operators, or any of these modes in combination. It is also possible that origin shippers may have access to alternative destination markets or that destination receivers can obtain substitute inputs from other supply sources, so that both product and geographic substitutions may add to the range of available transport alternatives. In the final analysis, a post-transaction paucity of rail competitors may reflect a significant lack of transportation competition. Alternatively, it may have less competitive relevance if there are feasible non-rail alternatives.

³ One caveat is necessary here. Pricing of a transport option may make two alternatives appear to be substitutes when they would not be if both were competitively priced. For example, trucking may appear to be a good substitute for rail service in a particular market only when the rail carrier in question is charging a monopoly

It is also important to gauge the possibility of firm entry in response to any attempt to extract noncompetitive profits. In the case of rail, pipeline, or barge, the probability of extensive new facilities construction is markedly diminished by the large and largely sunk nature of such investments. However, to the extent that motor carriage is an appropriate alternative, entry by trucking firms in response to perceived profit opportunities is a virtual certainty.

Finally, the level of effective competition in a transportation (or any other) market is also a function of the demand conditions evident in that market. In cases where existing customers possess both the willingness and ability to switch providers and/or when new customers are being regularly added to the market, available market alternatives can be an extremely effective means of curbing noncompetitive pricing behavior. Conversely, customer loyalty, switching costs, or sluggish market growth can diminish the impacts (and, ultimately, the sustainability) of a large number of supply alternatives.

While the proposed transaction promises to increase the number of transportation alternatives in some regions of the country, this is not generally the case in Ohio. As will be discussed below, the proposed transaction generally points to the status quo or to a reduction in the number of railroads serving specific markets. Moreover, at least one regional carrier, the W&LE has indicated that the proposed transaction will threaten its financial viability, so that competitive concerns, evident today, could be further exacerbated by the subsequent elimination of currently available railroad service. Finally, in certain instances, the division of Conrail trackage will generate inefficiencies by imposing the need for interchange where that need does not currently exist. Given the possibility of these undesirable outcomes, it is incumbent on Ohio's policy-makers to ensure: (1) that there are sufficient competitive alternatives available to Ohio's shippers where the immediate effects of the proposed transaction would be to reduce the number of available rail carriers; (2) that non-participating rail carriers, such as the W&LE are not unnecessarily or unfairly disadvantaged by the transaction; and (3) that the effects of any inefficiencies attributable to the need for additional

price. Whereas, competitively priced railroad service would render that mode entirely dominant. See, Wesley W. Wilson, "Legislated Market Dominance", Research in Transportation Economics, Vol. 4, (1996) pp. 49-67.

interchange are effectively mitigated so that no Ohio shipper is harmed by the transaction's division of Conrail routes.

III. OHIO'S RAIL NETWORK, THE TRANSACTION AND CURRENT NETWORK FLOWS

Ohio rail markets are clearly dominated by Conrail, Norfolk Southern, and CSXT - the three parties to the proposed transaction. Together, these carriers control approximately 85% of the roughly 150 million tons of annual inbound and outbound railroad traffic, while the remaining traffic is divided between two regional Class II railroads (W&LE and BLE) and a Canadian-owned Class I (the GTW). In Ohio, Conrail's dominant share will be divided between its two lesser rivals. As noted above, however, competitive concerns arise from specific market circumstances that may be partially or entirely obscured by aggregate state-wide or even county-level representations.

The remainder of this section provides a variety of statistics that, together, characterize overall railroad operations in Ohio. This general portrayal provides a necessary backdrop for further discussions. It is, however, the details of specific market interactions that provide the sources for the competitive issues described in Section IV.

III. A. The Current Network, Network Flows, and Transaction Impacts

Figure 1 provides a graphical representation of CR, CSXT, and NS trackage in Ohio. Conrail, Ohio's largest rail carrier, operates trackage that forms an "X" centered roughly in the Columbus area. Within this X, operations are heavily concentrated in the north and northeastern portions of the state. CSXT's network also runs through much of Ohio and tends to be concentrated in roughly the same areas as that of Conrail (although less densely), as well as around the Cincinnati area. NS's network in Ohio is smaller and less dense than that of either Conrail or CSXT. It runs across the north and also operates corridors running though Columbus and Cincinnati. The proposed post-transaction network is portrayed in

Figure 2. CSX and NS would provide service over roughly the same network as CSX, NS, and CR currently serve. CSX would maintain its areas of concentration in the north and northeast, but also increase the size and breadth of its network in the west, while NS is slated to acquire much of the Conrail operations in the northeast portion of the state.

Aggregate 1995 originating and terminating Ohio rail traffic is summarized in Tables 1 and 2. Roughly 7.5% (145 million tons) of all U.S. rail tonnage either originated and/or terminated within Ohio's borders during that year. This traffic was dominated by coal and iron ore movements to and from Lake Erie harbors, utility coal deliveries, a wide variety of primary metal product shipments and a significant volume of outbound transportation equipment. These general patterns are reinforced by the county-level data provided in Table 3. Clearly, there is a concentration of traffic to and from the Lake Erie region, with the largest overall flows to and from Lucas, Cuyahoga, and Ashtabula counties. Together, these three counties account for nearly one-third of all Ohio traffic. More broadly, twelve of the 25 busiest counties (in terms of rail activity) are on Lake Erie or are contiguous to a county that is on the Lake and only one county with Lake frontage (Ottawa) is not among this top 25.

In 1995, Toledo and the surrounding area in Lucas County received nearly eight million tons of inbound coal. It also received nearly one-half million tons of primary metal products and over 370,000 tons of automobiles (roughly 17,000 rail car loads). Outbound traffic included over four million tons of iron ore, nearly two million tons of coal, nearly half a million tons (nearly 25,000 carloads) of automobiles, as well as like volumes of wheat, metal scrap, and flour and other milling products. Ashtabula and Cuyahoga Counties though only a few dozen miles apart, provide considerable contrast to one another in terms of rail traffic composition. Ports at Ashtabula and Conneaut are dominated by movements of iron ore (pellets) from and coal movements to Great Lakes vessels. On the other hand, Cuyahoga County displayed tremendous diversity in the range of both inbound and originating rail-shipped commodities. In total, 74 different (4-Digit STCC) rail-shipped commodities either originated or terminated in the Cleveland area during 1995.

Apart from the Lake Erie region, the most active area in terms of originating and terminating rail traffic was the area around and to the north of Cincinnati. Hamilton and

Butler Counties together originated or terminated nearly 19 million tons of rail traffic in 1995. Montgomery County added another 1.7 million tons to the area's traffic total. As in Cleveland, the diversity and relatively low volumes of individual commodities points to a pattern of general commerce and manufacturing rather than the transloading of raw materials that is evident at other Ohio locations.⁴

III. B. Railroads Providing Service and Market Shares

Tables 4 and 5 report 1995 originating and terminating Ohio tonnages and car loadings by railroad. From these data it is clear the CR, CSXT, and NS dominate state-wide railroad activity, together accounting for between 84% and 85% of all inbound and outbound traffic. The remaining traffic was largely originated and/or terminated by the Wheeling & Lake Erie (W&LE), Bessemer & Lake Erie (BLE), and the Grand Trunk Western (GTW). However, as with traffic flows, individual railroad operations and dominance are extremely localized, so that state-wide aggregations can obscure the true magnitude of concentration in some markets.

In the Toledo area, CSXT carried the largest volume of 1995 traffic, hauling more than 10 million tons of coal and iron ore. Norfolk Southern's traffic totaled more than five million tons and included more than twice as much terminating traffic as originating traffic. Conrail was third in the area with roughly two million tons of inbound and outbound traffic and finally, the Canadian Nation's Grand Trunk Western originated and terminated a little over one million tons of Toledo area traffic. It should be noted that while all three transaction participants currently have a significant presence in Toledo and Lucas County, traffic into and from the area is highly segregated. CSXT handles coal and ore, Conrail

⁴ Belmont, Harrison, and Jefferson Counties in east-central Ohio also originated and terminated a significant volume of rail traffic in 1995. In Belmont county, both inbound and outbound coal dominated rail traffic. Traffic to and from Jefferson County was reflective of steel-making activity in the area. Other areas within Ohio that had significant volumes of rail traffic in 1995 include Franklin County (both inbound and outbound intermodal and manufactured commodities), Scioto County (outbound coal), Wyandot County (outbound stone), Allen County (outbound grain and chemicals both inbound and outbound), and Washington County (inbound coal and outbound chemicals).

serves many chemical shippers and NS serves the balance of the chemical shippers and provides the bulk of all grain transport.

In the Cleveland area and in Ashtabula County, Conrail is clearly the dominant carrier based on 1995 traffic flows. It handled 6.8 million tons of traffic to and from Cuyahoga County, while the carrier with the second largest presence, CSXT originated and terminated 3.3 million tons. NS moved roughly one and one-half million tons of traffic to or from the County and regional carrier Wheeling & Lake Erie supplied transport for something less than one million tons. At Ashtabula, Conrail delivered or received 8.8 million tons of rail traffic, primarily to and from the Lake Erie docks at that location. During the same time period, regional carrier Bessemer & Lake Erie moved originated or terminated 5.3 million tons of rail traffic to or from Conneaut.

In the pre-transaction Cincinnati area, CSXT is the dominant carrier, handling nearly 70% of the more than 18 million tons of railroad traffic originated and terminated in Hamilton and Braer Counties in 1995. This is particularly true in Butler County where CSXT's 1995 market share was nearly 90 percent. In Hamilton County, market shares are somewhat less severe with CSXT originating or terminating 50 percent of all rail traffic. NS maintained a 2c percent market share, while the remaining 22 percent or rail traffic was divided more or less evenly between Conrail and the Central Railroad Company of Indiana (CIND).

Table 6 provides traffic share data for the 41 Ohio counties that originated and/or terminated more than 500,000 tons of railroad traffic in 1995. In addition to the areas already discussed, these data provide some rough measure of the amount of pre-transaction rail-on-rail competition. In more than 80 percent of these counties, the most prevalent rail carrier originates and/or terminates more than 50 percent of the county's total traffic. In 21 percent of these counties the more prevalent railroad controls 95 percent or more of all traffic. When this information is combined with the very real fact that an operational presence within a county by no means guarantees that the railroad in question can serve a

⁵ A relatively small portion of this tonnage also reflects coal movements to the Centerior generating facility at Ashtabula.

particular shipper, the fragile nature of pre-transaction rail-to-rail competition in Ohio becomes very evident.

IV. SPECIFIC COMPETITIVE CONCERNS

The previous section provided a summary of traffic flows, pre- and post- transaction over the rail networks of NS, CSXT, and Conrail. The market is heavily concentrated among these railroads and the Application points to further concentration in Ohio at both a state and a county level. Again, however, these aggregations can partially obscure the severity of potentially anti-competitive outcomes. In this section, I focus on some of the specific competitive issues associated with the Application. These fall into three general categories - the effects of the transaction on captive shippers, the plight of short-line and regional railroads, and the transition of some current single line movements to multiple line movements.⁶

IV. A. Captive Shippers

Captive shippers are shippers without any economically feasible transportation alternatives to the railroad services provided by a monopoly rail carrier. Even when there are as few as two options available, shippers are assumed to have some opportunity to promote and play upon the rivalry that exists between providers. The shipper with only one alternative, however, is viewed as particularly vulnerable. Thus, while locations where the number of available carriers will fall from three to two will face less competition, economists and policy-makers have been quick to focus on those instances in which the transaction

The enumeration of these concerns is, by no means comprehensive. Some parties that anticipated negative transaction-related impacts elected to negotiate mitigating or compensatory a rangements directly with NS or CSXT. Other aggrieved parties are participating directly in this proceeding, without seeking to coordinate their efforts with those of the Ohio Attorney General. The specific instances cited here, therefore, reflect only a subset of the negative competitive outcomes which may be associated with the proposed transaction.

would reduce the number of available rail carriers from two to one (2 to 1).⁷ There are also potential 3 to 1 locations. Specifically, the transaction threatens the solvency of the short-line railroads (W&LE and BLE). Should the Application result in the loss of service from the short-lines, these locations (or locations with these characteristics) would see a reduction of service.

In Ohio, there are some specific verifiable 2 to 1 markets that have generated considerable interest. The greatest concerns include Ford and Ford/Nissan production facilities at Avon Lake and Fairlane, the dock facilities at Ashtabula, and the coal and ore facilities in Toledo. The participants propose to mitigate competitive damage only in Avon Lake, Fairlane and Ashtabula through the extension of trackage rights and shared facilities.

The NS will have rights over CSXT in order to reach the two Ford facilities and CSXT will have trackage rights into the dock facilities at Ashtabula. Moreover, CSXT will also have the use of 42% of the ground storage and other facilities at Ashtabula under conditions of a shared facility agreement between the two surviving carriers.

The coal and ore facilities at Toledo are currently leased by CSXT. Additionally, Conrail has trackage rights into these facilities. Post-transaction, CSXT will be the only Class I railroad to serve these facilities. As noted above, the vast majority of coal and iron ore moving over Toledo is transported by CSXT.9 Nonetheless, Lucas County Port

The efficacy of two rail carriers and the detrimental impacts of a single serving railroad both depend on the availability of alternative rail carriage to or from geographically distinct markets, the availability of non-rail transportation substitutes, and the ability of producers to substitute products for which there are competitive transportation alternatives available. Nonetheless, 2 to 1 markets do provide easily of identifiable evidence of outcomes that cannot possibly benefit the competitive process.

⁸ The 2 to 1 representations based on the analysis of waybill statistics are subject to modest qualifications. First, Class III railroads do not face reporting requirements, so that the competitive influence of short-line operations is absent in these measures of increased concentration. Second, because waybill records only represent a sample from a much greater population of movements, it is also possible that a Class I carrier that actually originated or terminated a small amount of traffic at a particular location would not be reflected as having done so. Finally, a carrier with access to a location that did not exercise those rights would not be reflected within the waybill data. It is possible, however, for that railroad to have exercised a competitive influence over rates. While these caveats suggest some amount of caution is advisable, they do not seriously inhibit the use of the waybill statistics for analytical purposes.

Anecdotal information, indicates that there were Conrail coal movements in July of 1977. See Coal Transportation Report, Fieldston Publications, September 8, 1997, p. 5.

Authority officials indicated during an informal interview that Conrail's mere ability to move coal from the docks at Toledo has worked to discipline CSXT pricing practices. These officials further indicated that unless Conrail's competitive influence is replaced, the port will be hurt.

While I am generally supportive of trackage rights as a mitigating strategy, there are three specific conditions that are necessary if alternative carrier access through trackage rights is to provide additional competitive discipline to a specific transportation market. These are: (1) full access to customers, not simply terminal access; (2) service parity between the incumbent and the alternative carrier; and (3) trackage rights prices that reflect competitively incurred costs.

In the cases of Ford at Avon Lake and Fairlane, NS is to receive direct access to the customers, so that the first of the conditions enumerated above will be met. The large volume of automobiles shipped by Ford each year and the magnitude of the revenues suggest that these shippers may be able to use their bargaining power to mitigate market power concerns. There are, however, other locations, where the effectiveness of trackage rights in mitigating market power is far less certain.

In establishing trackage rights prices, switching and line-haul rates must be based on competitively incurred costs if these rights are to facilitate meaningful rail-to-rail competition. Alternatively, NS must be given direct access to CSXT customers. The filed materials provide no indication of the levels at which switching charges will be set. However, historical industry practices in this area have typically resulted in switching costs that bear little if any relationship to efficiently incurred costs. The same issue arises with respect to the line-haul rate that alternative carriers will pay to incumbents for trackage rights. The standard transaction trackage rights agreement proposed by the applicants, has the alternative carrier compensating the incumbent at a rate of \$0.29 per car-mile. This rate is tied to an index of railroad costs (excluding fuel costs), so that it may escalate automatically as railroad costs increase. Once again, if trackage rights are to enable effective

Ford is, in fact, Norfolk Southern's largest single customer. See "Hot Times on Norfolk Southern's Nickel Plate Line", *Trains*, August 1997, pp. 39-49

competition, they must be extended at prices that mirror competitively incurred costs.

Traffic rights are indeed an effective constraint on market power, but only if competitive parity is established. The parties to the proposed transaction have not demonstrated that this is the case. Before policy-makers are to rely on trackage rights as a competitive remedy, they must be provided with the information necessary to independently verify the validity of the agreement in establishing competitive prices. Both with regard to switching charges and the line-haul trackage rights rate, charges that exceed efficiently incurred competitive costs will insulate the incumbent from the forces of competition and serve to perpetuate the inefficient operating practices and/or the accumulation of supra-competitive profits.

IV. B. Short-Lines and Competition

A number of Ohio short-line and regional carriers may be affected by the proposed transaction. From a competitive standpoint, however, the most important of these is the Wheeling & Lake Erie. The W&LE is a NS spin-off and is largely an east-west carrier, linking Pittsburgh, Wheeling, Canton, Akron and Cleveland. It operates as far west as Carey, Ohio and in so doing provides nearly 80 percent of Wyandot Dolomite's railroad service between quarries in western Ohio and markets in the eastern portion of the state. The W&LE also reaches the Lake Erie harbor at Huron. In 1995, the W&LE handled roughly nine million tons of revenue traffic. Of this total, roughly 70 percent both originated and terminated on the carrier's own system. The remaining 30 percent consisted of bridge traffic (5 percent) and forwarded or received interchange traffic (25 percent). Table 7 summarizes the interchange traffic.

The W&LE's 1995 bridge traffic accounted for a little more than 470,000 tons or roughly five percent of the carrier's total tonnage. Very nearly all of this bridge traffic

¹¹ The parties have indicated through informal communications with the Ohio Attorney General's Office that individual line-specific, cost-based rates will be determined post-transaction. They have also, however, indicated that no formal mechanism for verifying these line-specific costs will be forthcoming and there is no indication that any regulatory body will have an oversight role in this process.

reflected shipments that both originated and terminated on CSXT.¹² An interview with W&LE officials indicated that most of this bridge traffic has already disappeared. Any remaining bridge traffic is likely to be fully eliminated by the proposed transaction.

There are, at least, two situations in which current W&LE forwarded or received interchange traffic is placed at risk of a post-transaction diversion. The first occurs at those locations where Conrail and the W&LE share access to a particular shipper. It is highly unlikely (though not impossible) that Conrail interchanges traffic to the W&LE that it could deliver itself, so that any interchange traffic that the W&LE moves to or from that shipper is almost certainly interchanged with either CSXT or NS. Depending on which of these latter two carriers acquires Conrail's trackage and access to the shipper in question, the W&LE's service could become entirely redundant, particularly in cases where the surviving transaction carrier (either CSXT or NS) terminates the traffic.¹³

Secondly, the W&LE could, in fact, lose traffic even when it is the only carrier serving a particular shipper. If a producer of a particular input is located on the W&LE and there is a consumer of this input located on CSXT, and if there is also a second producer of the input located on trackage currently owned and exclusively served by Conrail, then pre-transaction, the two producers would compete head-to-head. Both have rail service; both can interchange traffic with CSXT to reach the consumer of their product; and neither has a particular advantage in doing so. If CSXT is the post-transaction railroad who gains control of the former Conrail trackage and access to its customers, then the competitive parity is destroyed. Under the new scenario, CSXT could offer single-line service between the commodity's consumer and the producer located on the former Conrail trackage, while access by the W&LE-served producer would still involve the expense of interchange. This

This traffic largely originated in Ohio and Indiana and terminated in West Virginia. The W&LE routing very probably served the dual purpose of providing a shorter route while relieving congestion at CSXT's Queensgate Yard.

¹³From a cost standpoint, any post-transaction routing that includes the W&LE will contain one more interchange than a routing over the surviving transaction carrier increasing costs of traffic moved by W&LE. Given everything else being the same, the surviving transaction carrier would have theability and the incentive to foreclose W&LE participation purely for strategic reasons.

scenario unequivocally harms the W&LE and the shippers it serves.

Identification of each instance in which the W&LE could lose traffic because of the proposed transaction would be quite difficult. It is, however, possible to point to a few conditions which make the diversion of current W&LE traffic more likely. First, the likelihood of any foreclosure by a surviving carrier is reduced when that carrier is a bridge carrier that neither originates nor terminates the traffic in question. Second, the case in which traffic is lost at a location served exclusively by the W&LE holds only when that location is at an upstream stage of production and, therefore, originates the traffic. Finally, even an originating shipper that is served exclusively by the W&LE could be in danger if the input it produces does not have reasonably unique characteristics that preclude the production of close substitutes at other locations. The waybill records indicate that a significant portion of the W&LE's interchange traffic is coal and scrap steel, two products that are readily obtainable at a variety of locations to be served by post-transaction CSXT and NS.

Again, while the above concerns are not quantified, these concerns, combined with the potentially important competitive role of the W&LE in the post-transaction railroad environment, are sufficient to justify the alternatives discussed below.

The W&LE also is seeking relief from the Surface Transportation Board for the anticipated effects of the transaction. As discussed above, the W&LE may lose a significant portion of its current traffic. NS and CSXT, in their transaction filings, have estimated the W&LE's annual revenue losses from traffic diversions at \$1 million. W&LE, on the other hand, estimates that it will lose between 25 percent and 30 percent of its total traffic, representing annual revenues that exceed \$10 million a year. The potential transaction-induced losses do seem sufficient to threaten the long-run viability of the Wheeling & Lake Erie and this possibility raises a number of additional concerns for residents and shippers within the study region.

There are actually two important and interrelated questions that the current analysis seeks to address: Are there measures available that can help to make possible the continued viability of the W&LE? Further, are these opportunity-enhancing actions simultaneously capable of resolving other competitive concerns within the region? The answer to both

questions seems to be yes. It appears that by facilitating the W&LE's entry into various regional markets, policy makers can provide the railroad with ample opportunities to compete for its survival and, at the same time, allay many of the fears of shippers who are wary of the transaction's outcome.

In a recent news report, W&LE Chairman Larry Parsons enumerated a variety of transaction-related concessions that the railroad deems necessary to its future ability to compete. Among these concessions, the W&LE is asking for access to Toledo. It is my judgment that this would provide numerous benefits to both the W&LE and the shipping public. Currently, the W&LE has only limited Lake Erie access through short-term contractural rights at Huron. W&LE access to the coal and ore facilities at Toledo would provide the carrier with a valuable new source of iron ore for east-bound movement and an important outlet for west-bound coal. At the same time, it would largely resolve the concerns currently expressed by area bulk material shippers by providing a competitive alternative to CSXT at the Toledo docks. For Toledo access to be truly effective, however, two corollary actions should also be considered. First, the W&LE should also be afforded the means to compete for the patronage of additional integrated steel producers in eastern Ohio and western Pennsylvania. Second, the W&LE needs on-line access to coal producing locations. Both of these corollary measures could be accomplished through trackage rights over NS and CSXT.

In addition to coal and ore traffic, Toledo would provide the W&LE with at least two other important opportunities. First, this access would facilitate interchange with the Canadian National (through its GTW subsidiary). Second, if W&LE access is extended beyond Toledo to other Lucas County locations, it could provide some amount of additional competition to NS for the inbound movement of grain.

In addition to Toledo, initiatives that provide the W&LE with better access to the Cleveland area and permanent access to harbor facilities at Huron would also strengthen the regional's ability to compete. The W&LE already reaches both locations. It does not,

^{14&}quot;W&LE Seeks Merger," Traffic World, September 8, 1997, pp. 19-20.

however, have waterfront access at Cleveland and access at Huron is through a short-term agreement. The ability to serve the coal and ore loading facilities at Cleveland and assured access at Huron would provide the W&LE with the same competitive opportunities derived from access at Toledo, with one important distinction. For movements to or from eastern Ohio and western Pennsylvania, the rail leg of a vessel-rail combination is shorter than it is for similar movements routed over Toledo. While on a per-ton basis, this may mean less revenue for the participating railroad, it also means that the overall movement is more competitive with coal and ore produced in other regions.¹⁵

Further potential policy initiatives involving the W&LE relate to intermodal rather than dry bulk commodities. In particular, there are alternatives that would provide the W&LE with additional competitive opportunities while simultaneously addressing the concerns of the Neomodal facility in Stark County. It is unlikely that Neomodal, with its W&LE connection, will receive better post-transaction service from CSXT and NS. Consequently, any initiative that seeks to strengthen service to Neomodal involves rather extensive eastbound and westbound W&LE trackage rights over NS and/or CSXT. Unlike the trackage rights that would connect the W&LE with coal and ore facilities at Toledo or Cleveland, the overhead trackage rights necessary to provide the W&LE with direct access to Class I gateways in the west and port facilities in the east would require the W&LE to operate its trains over hundreds of miles of NS and / or CSXT mainline trackage.

Toward the west, access to Toledo and the potential connection with the Canadian National (CN) is important for dry-bulk commodities and perhaps lumber, but it is of little value for intermdoal traffic, at least given Neomodal's current traffic base. Most Neomodal traffic is interchanged with western U.S. Class I railroads at Chicago, so that W&LF needs traffic rights (most likely over CSX) to these Chicago interchanges in order to provide Stark County with dependable western intermodal service.

Eastbound, there are a variety of options. Neomodal personnel report having had

¹⁵ While Cleveland is already an important transload location, its role may be measurably increased if environmental concerns over dredging at Ashtabula and Conneaut eventually cause one or the other of these facilities to be closed.

discussions with the Port of Baltimore that suggest traffic could be routed to that location or to ports in northern Virginia via an extension of the trackage rights that already connect the W&LE to current interchanges at Hagerstown, Maryland. Alternatively, an NS routing could provide the W&LE with access to the extremely busy intermodal facilities at Philadelphia. Any of these three mid-Atlantic routings could provide Neomodal with a viable eastern outlet assuming that W&LE trains receive equitable and expedient handling by the host railroad.

It is also possible to connect Neomodal to the busy and growing Canadian intermodal facilities at Halifax and Montreal.¹⁶ This connection would require trackage rights on either CSXT or NS from Cleveland to Buffalo and interchange with the Canadian National or Canadian Pacific at that point.¹⁷ Given the ability to connect with the CN or CP at Buffalo and depending on the quality of west-end interchanges, it is possible that a W&LE routing could provide an important southern bridge alternative for wintertime traffic in addition to helping Neomodal.

To summarize, the Wheeling & Lake Erie currently provides an important competitive alternative to a variety of Ohio's shippers. If this current role is to continue, this regional's access to competitive opportunities must be expanded. There are a number of policy initiatives through which the provision of these opportunities could be accomplished. These include: (1) overhead trackage rights that would allow the W&LE to serve harbor and industrial customers in Toledo; (2) overhead trackage rights that improve access to integrated steel producers and coal producing locations in eastern Ohio and western Pennsylvania; (3) access to harbor facilities in Cleveland and permanent access to harbor facilities at Huron; and (4) overhead trackage rights for the movement of intermodal traffic for interchange at

¹⁶ The draft at Halifax (55 feet) is five feet deeper than the deepest U.S. east-coast port. Consequently, arriving vessels from Europe routinely call on Halifax before proceeding to American ports. This gives Halifax a several-day advantage in the movement of westbound intermodal shipments and this advantage has spurred tremendous growth in the Canadian facility.

The advantage of using CSXT is that this carrier will possess multiple line trackage, capable of handling considerably greater traffic volumes than Norfolk Southern's mostly single track, former Nickel Plate routing. On the other hand, NS already interchanges a considerable amount intermodal traffic with the CP at Buffalo, so that the facilities and operating practices necessary to affect an efficient interchange are already in place.

Chicago and/or Buffalo and/or Philadelphia and/or Baltimore.

IV. Single-Line and Multiple Line Rail Movements, Going From 1 to 2

The Application contains a number of instances in which shippers that currently have single line service will be faced with a multiple line movement in the wake of the proposed transaction. Multiple line movements, in turn, point to higher costs and higher rates which, along with added transit times, can result in the loss of some or all traffic within particular markets. Indeed, an examination of the 1995 waybill data reveals that 77 percent of the 17,141 Ohio waybills were for single-line movements. Moreover, this represented 83 and 86 percent of state-wide carloads and tonnages. Clearly, as the number of rail carriers declines and the economies of single-line service become more pronounced, those shippers who are forced into multiple-line service face an increasing disadvantage.

There are two cases in Ohio of 1 to 2 situations that have drawn considerable attention. The first case involves two (2) producers of aggregates in west-central Ohio (Wyandot County) that ship large quantities of crushed stone to eastern Ohio. The second 1 to 2 routing to gain attention involves the movement of Ohio Valley coal to Centerior Electric's generating facilities at Eastlake and Ashtabula. Wyandot Dolomite and National Lime and Stone Company move aggregates east from Carey and Bucyrus. Post-transaction, both locations will be served by CSXT and Carey will continue to be served by the Wheeling & Lake Erie. The problem that both producers face is that former Conrail destinations will be served by Norfolk Southern, so that a significant volume of eastbound aggregates will have to be interchanged between CSXT and NS at Crestline, Ohio. Again, interchange imposes costs and these aggregate shippers are, therefore, appropriately fearful that the post-transaction rail rates they face to reach customers and distribution facilities on former Conrail trackage will be higher than the rates they currently pay. Given the large share of delivered price that is attributable to transportation costs, these stone producers contend that any

¹⁸ Until recently, OVCC had been particularly vocal in its concerns and had sought assistance from a variety of quarters. Apparently, it has been successful in negotiating a satisfactory arrangement with the transacting carriers, so that it is no longer seeking relief within this proceeding.

measurable increase in rail rates would prohibit them from competing effectively in destination markets.¹⁹

Wyandot Dolomite and National Lime and Stone will both be requesting that the Surface Transportation Board impose trackage rights as a means of mitigating the competitive harms that will arise out of the proposed transaction. In absence of such relief, the viability of their commercial stone operations will be in jeopardy. (See verified statements of Wyandot Dolomite and National Lime and Stone). This mitigating measure would involve NS trackage rights over CSXT from Crestiine to the quarries at Carey and Bucyrus.²⁰

The position of these shippers, in fact, demands *more* than the simple extension of trackage rights to quarry locations. It requires that NS, CSXT and the shippers work together to ensure that the substitute service can be offered at rates that are, at least, as low as those currently in evidence for the single-line Conrail movement. The exercise of trackage rights imposes administrative and operational costs that would not be incurred in traditional single-line service. Therefore, maintaining or improving rate levels will require CSXT and NS apply a portion of the claimed transaction-related savings to offset any additional expenses that are directly attributable to the substitution of trackage rights for traditional single-line service.

V. SUMMARY REMARKS

The accelerated schedule of these proceedings precludes the comprehensive

¹⁹During informal interviews, representatives of both Wyandot Dolomite and National Line and Stone indicated that at a distance of roughly 100 miles, the transportation cost for crushed stone exceeds the value added during the quarrying process.

²⁰Bucyrus is only 12 miles from Crestine, so that the trackage rights necessary for NS to access quarry facilities at that location would be relatively minimal. The distance from Crestine to Carey, however, is roughly 40 miles and the distance from Cleveland to Ashtabula is more that 55 miles.

investigation of the myriad potential effects of the proposed transaction within the study region. Instead, the analysis focused on a relatively small number of perceived competitive concerns. Even so, two conclusions clearly emerge. First, without regard to any potential benefits from the proposed transaction, it is clear that the acquisition and division of Conrail by CSXT and NS will harm competition in some transportation markets. Second, it is evident that there are numerous initiatives available to the Surface Transportation Board through which it could largely mitigate these deleterious outcomes.

Both available data and anecdotal information indicate numerous situations in which the number of rail carriers serving particular shippers will be reduced from two to one or where shippers that currently have single-line service will be faced with costly interchange. While the transacting parties have sometimes offered to mitigate the potential effects of these undesirable outcome through the extension of trackage rights, they have offered no indication that these rights will be extended at the competitively prices that are necessary to ensure that these arrangements afford any genuine relief to shippers. Without verifiable assurances that trackage rights and local switching agreements will be based on competitively incurred costs, these mitigation strategies offer little solace to concerned policy-makers and fearful shippers. It is, however, within the Board's purview to impose conditions that would assure that trackage rights are efficiently priced and such an action would be well-advised.

It is also clear that the proposed transaction poses a non-trivial threat to the financial viability of the Wheeling & Lake Erie Railroad, the one regional carrier that is currently capable of augmenting the competitive rail alternatives available to Ohio's shippers. If this threat goes unchecked, so that the W&LE is vanquished without ample opportunity to compete for its survival, then the competitive concerns arising from increased market concentration will be made measurably worse. Again, however, the Board in its adduction of this proposed transaction can provide the W&LE with the competitive access to new customers and interchange opportunities. In doing so, the Board would simultaneously allay the fears of a number of shippers that are fearful of reduced rail-to-rail competition.

Figure 1.-Conrail, Norfolk Southern, and CSXT - Pre-Transaction

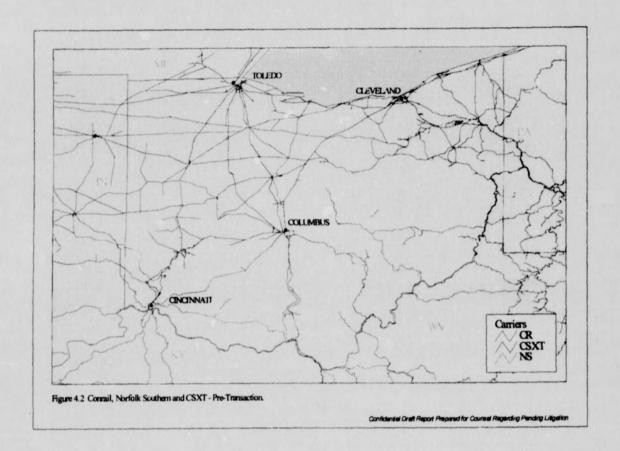


Figure 3.—Ohio Origins and Regional Destinations Tonnages

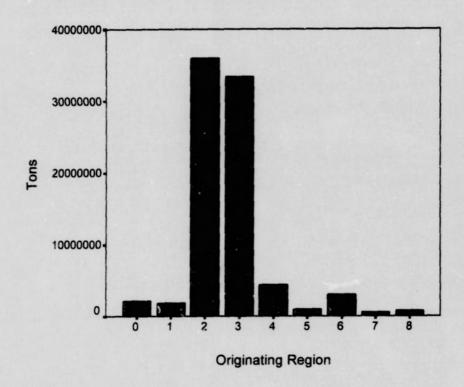


Figure 2.-Conrail, Norfolk Southern, and CSXT - Post -Transaction.

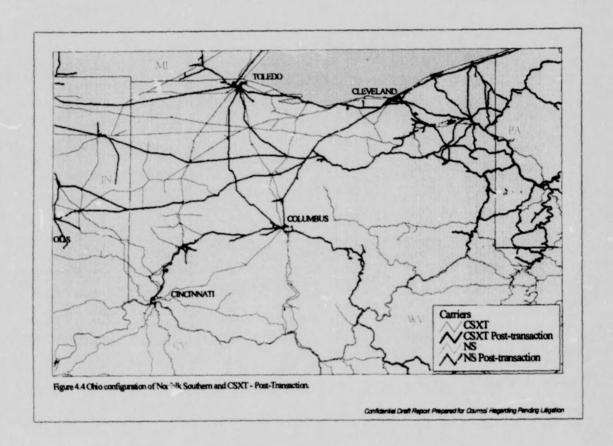


Figure 4.-Ohio Origins and Destination Region - Tonnages

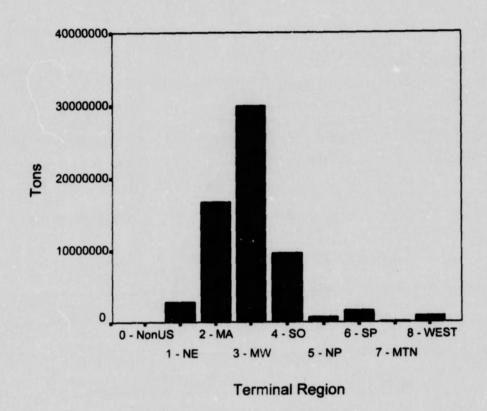


Table 1.-Ohio Originating Traffic by STCC-2 Codes

STCC-2	Carloads	Tons	
1 Farm Products	82132	7838243	
10 Metallic Ores	127844	12018256	
11 Coal	74663	7113702	
14 Non-Metallic Minerals	56370	5529831	
19 Ordnance or Accessories	204	12996	
20 Food or Kindred Products	49209	3725462	
23 Apparel	640	10080	
24 Lumber or Wood Products	1984	103528	
25 Furniture or Fixtures	800	14920	
26 Pulp, Paper, or Allied Products	4860	218400	
27 Printed Matter	120	1760	
28 Chemicals or Applied Products	23204	1811880	
29 Petroleum or Coal Products	19928	1278488	
30 Rubber or Misc. Plastic Products	1760	28480	
32 Clay, Concrete, Glass, or Stone Products	22884	1624880	
33 Primary Metal Products	99164	8419792	
34 Fabricated Metal Products	540	9700	
35 Machinery	1080	43180	
36 Electrical Machinery or Equipment	3160	28320	
37 Transportation Equipment	197303	4486735	
38 Instruments or Photographic Goods	40	600	
39 Misc. Products or Manufacturing	2960	27720	
40 Waste or Scrap Materials	52484	4107696	
41 Misc. Freight Shipments	480	9000	
42 Containers, Shipping, Returned Empty	24920	208000	
43 Rail Express or Other Contract Traffic	1680	34480	
45 Shipper Association or Similar Traffic	680	12400	
46 Miscellaneous Mixed Shipments	74452	1181988	
47 Small Packaged Freight Shipments	720	11000	
48 Waste Hazordous Materials or Substances	580	47220	
49 Alternative Classification for Hazordous Materials	39470	2361388	
Total	966315	62320125	

Table 2.-Ohio Origins and Commodity Terminations

STCC - 2	Terminal Region	Carloads	Tons
1 Farm Products	0 - NonUS	40	800
	1 - NE 3251		320492
	2 - MA	15194	1479505
	3 - MW	13023	1054735
	4-SO	49478	4868427
	5 - NP	768	76328
	6 - SP	378	37956
	Total	82132	7838243
10 Metallic Ores	2 - MA	76894	7078221
	3 - MW	50870	4932275
	8 - WEST	80	7760
	Total	127844	12018256
11 Coal	1 - NE	252	21672
	2 - MA	40	3440
	3 - MW	73795	7030489
	4 - SO	576	58101
	Total	74663	7113702
14 Non-Metallic Minerals	1 - NE	568	42832
	2 - MA	6460	599416
	3 - MW	48902	4844943
	4 - SO	440	42640
	Total	56370	5529831
19 Ordnance or	6 - SP	204	12996
Accessories	Total	204	12996
20 Food or Kindred	1 - NE	9732	775092
Products	2 - MA	13760	1188680
	3 - MW	8981	710398
	4 - SO	14456	959612
	5 - NP	560	30320
	6 - SP	880	31320
	7-MTN	80	3800

	8 - WEST	760	26240
	Total	49209	3725462
23 Apparel	3 - MW	40	40
	4-SO	320	5960
	5 - NP	40	800
	6 - SP	120	2040
	8 - WEST	120	1240
	Total	640	10080
24 Lumber or Wood	1 - NE	260	21640
Products	2 - MA	440	19960
	3 - MW	280	14920
	4-80	244	17888
	8 - WEST	760	29120
	Total	1984	103528
25 Furniture or Fixtures	2 - MA	40	240
	3 - MW	40	600
	4-SO	560	6680
	8 - WEST	160	7400
	Total	800	14920
26 Pulp, Paper, or Allied	1 - NE	380	20360
Products	2 - MA	1040	64800
	3 - MW	680	40360
	4-SO	1760	68520
	5 - NP	160	4720
	6 - SP	360	14880
	8 - WEST	480	4760
	Total	4860	218400
27 Printed Matter	1 - NE	80	1200
	6 - SP	40	560
	Total	120	1760
28 Chemicals or Applied	0 - NonUS	160	15520
Products	1 - NE	2120	170080
	2 - MA	2936	263896
	3 - MW	8748	787744

	4-SO	6080	379240
	5 - NP	640	46520
	6-SP	1200	87320
	7-MTN	240	12120
	8 - WEST	1080	49440
	Total	23204	1811880
29 Petroleum or Coal	1 - NE	160	12440
Products	2 - MA	5720	458012
	3 - MW	13728	783676
	4-SO	240	17320
	6 - SP	80	7040
	Total	19928	1278488
30 Rubber or Misc. Plastic Products	1 - NE	80	1040
	2 - MA	240	4520
	3 - MW	80	1480
	4 · SO	160	2240
	5 - NP	120	1200
	6-SP	200	3760
	7-MTN	80	2040
	8 - WEST	800	12200
	Total	1760	28480
32 Clay, Concrete, Glass,	1 - NE	1720	151480
or Stone Products	2 - MA	6492	606120
	3 - MW	5772	531400
	4 - SO	4060	193680
	5 - NP	2480	55880
	6 - SP	1280	61960
	7 - MTN	40	3640
	8 - WEST	1040	20720
	Total	22884	1624880
33 Primary Metal	1 - NE	1220	101040
Products	2 - MA	24376	2118348
	3 - MW	48748	4159224
	4-SO	11300	953620

	5 - NP	1460	126900
	6-SP	10100	800860
	7 - MTN	360	27760
	8 - WEST	1600	132040
	Total	99164	8419792
34 Fabricated Metal	3 - MW	40	720
Products	4-SO	240	5120
	6 - SP	100	2500
	8 - WEST	160	1360
	Total	540	9700
35 Machinery	2 - MA	480	12280
	3 - MW	40	2480
	4-SO	200	2520
	5 - NP	200	18300
	6 - SP	80	5040
	8 - WEST	80	2560
	Total	1080	43180
36 Electrical Machinery	2 - MA	80	400
or Equipment	3 - MW	40	400
	4-SO	2080	19520
	6 - SP	40	360
	8 - WEST	920	7640
	Total	3160	28320
37 Transportation	0 - NonUS	1320	25120
Equipment	1 - NE	33240	735360
	2 - MA	35650	813904
	3 - MW	35329	81348
	4-80	51500	120500
	5 - NP	12104	27986
	6 - SP	11440	22080
	7 - MTN	2720	6616
	8 - WEST	14000	32704
	Total	197303	448673
38 Instruments or	4-SO	40	60

	Total	40	600
39 Misc. Products or	1 - NE	680	7600
Manufacturing	2 - MA	480	3280
	3 - MW	200	3320
	4 - SO	560	4360
	5 - NP	200	1520
	6 - SP	160	1240
	8 - WEST	680	6400
	Total	2960	27720
40 Waste or Scrap	0 - NonUS	40	2400
Materials	1 - NE	720	47400
	2 - MA	11568	935272
	3 - MW	35316	2795084
	4-SO	3680	269640
	5 - NP	420	23320
	6 - SP	580	28580
	7 - MTN	40	800
	8 - WEST	120	5200
	Total	52484	4107696
41 Misc. Freight	2 - MA	160	2480
Shipments	3 - MW	240	5920
	4-SO	40	200
	5 - NP	40	400
	Total	480	9000
42 Containers, Shipping,	0 - NonUS	40	600
Returned Empty	1 - NE	520	8560
	2 - MA	6160	31000
	3 - MW	14000	145840
	4-SO	1880	9800
	5 - NP	2160	10880
	6 - SP	120	600
	8 - WEST	40	720
	Total	24920	208000
43 Rail Express or Other	4-SO	240	4520

	5-NP	40	440
	6 - SP	120	2520
	8 - WEST	1280	27000
	Total	1680	34480
45 Shipper Association or	2 - MA	160	2760
Similar Traffic	4-SO	520	9640
	Total	680	12400
46 Miscellaneous Mixed	1 - NE	10440	146360
Shipments	2 - MA	10000	172720
	3 - MW	18440	317120
	4-SO	16000	244000
	5 - NP	2520	38920
	6 - SP	2560	41600
	7 - MTN	520	6040
	8 - WEST	13972	215228
	Total	74452	1181988
47 Small Packaged	1 - NE	320	4800
Freight Shipments	2 - MA	80	1200
	3 - MW	80	1200
	4-SO	200	3000
	8 - WEST	40	800
	Total	720	11000
48 Waste Hazordous	2 - MA	120	10920
Materials or Substances	4-50	40	440
	5 - NP	40	3960
	6 - SP	140	10660
	7-MTN	246	21240
	Total	580	47220
49 Alternative	0 - NonUS	112	7780
Classification for Hazordous Materials	1 - NE	7180	175680
	2 - MA	10178	813588
	3 - MW	14624	899484
	4-SO	3356	190016
	5 - NP	680	33920

	6 - SP	2300	186000
	7 - MTN	80	7400
	8 - WEST	960	47520
	Total	39470	2361388
Total	0 - NonUS	1712	52220
	1 - NE	72923	2765128
	2 - MA	228748	16684962
	3 - MW	392036	29877339
	4-SO	170250	9542308
	5 - NP	24632	754188
	6 - SP	32482	1500592
7 - MTN	7 - MTN	4400	151000
	8 - WEST	39132	932388
	Total	966315	62320125

Table 4.-- Ohio Origins - Carloads and Tons by Railroad

Originating Railroad	Carloads	Tons
22 - ATSF	10612	157908
61 - BLE	25912	2562364
188- CIND	520	46400
190 - CR	378750	24911130
237 - OTH	40	3320
308 - GTW	16292	965188
555 - NS	210306	11324762
680 - SSWN	1240	15400
712 - CSX	252792	16018097
856 - WE	69851	6315556
Total	966315	62320125

Table 5.-- Ohio Destinations, Carloads and Tons by Railroad

Terminating Railroad	Carloads	Tons
22-ATSF	9040	171680
61 - BLE	29968	2703228
76 - BN	80	1680
190 - CR	407028	27400293
308 - GTW	43746	1915113
555 - NS	262755	19007349
680 - SSWN	880	15120
712 - CSX	300835	24365109
856 - WE	82492	7310951
Total	1136824	82890523

Table 3.--OHIO COUNTY-LEVEL ORIGINATING AND/OR TERMINATING 1995 RAIL TRAFFIC

FIPS Code	County Name	Chemical Petrl. Prd.	Coal	Farm. Prod.	Gen. Mrchdse	Met. Ore	Raw Materials.	County Total
39003	Allen	1,481,852		301,639	438,360		3,960	2,225,811
39007	Ashtabula	487,484	7,863,197		183,612	5,249,051	603,352	14,386,696
39013	Belmont	72,868	5,411,702		144,080	9,624	3,800	5,642,074
39017	Butler	467,108	1,818,299	18,988	5,519,290	1,724,056	96,280	9,644,021
39033	Crawford	42,280		140,172	171,200		255,512	609,164
39035	Cuyahoga	2,445,552	86,568	180,788	6,485,628	2,076,111	812,712	12,087,359
39039	Defiance	114,920		4,764	275,360		390,560	785,604
39043	Erie	48,400	3,454,720	298,264	196,440	537,632	739,168	5,274,624
39047	Fayette	135,588		424,984	110,128			670,700
39049	Franklin	473,596	32,660	429,094	2,980,976	600	700,056	4,616,982
39061	Hamilton	2,080,764	24,588	1,131,573	5,224,499	75,360	528,848	9,065,632
39067	Harrison	4,000	1,199,187				20,000	1,223,187
39069	Henry	11,880		517,783	3,440			533,103
39077	Huron	106,016	174,818	506,644	490,116			1,277,594
39081	Jefferson	15,960	381,704	19,208	3,353,764	. 3	142,692	5,816,838
39085	Lake	408,640	2,130,094		146,200	.3,160	7,440	2,705,534
39087	Lawrence	100,680		374,985	91,546		43,520	610,731
39093	Lorain	1,019,760	1,770,958	58,368	2,299,240	7,600	1,120	5,157,046
39095	Lucas	1,439,757	9,736,132	1,081,421	3,608,913	4,081,442	115,540	20,063,205
39099	Mahoning	7,600			868,796			876,396
39101	Marion	118,160		169,263	714,683		3,120	1,005,226
39103	Medina	64,280			67,200		1,179,843	1,311,323
39113	Montgomery	81,600		3,320	1,569,899		134,128	1,788,947
39119	Muskingum	33,292			68,900		446,508	548,700
39123	Ottawa	7,840			18,160		683,856	709,856
39125	Paulding	70,972		527,041	20,760		90,560	709,333
39129	Pickaway	71,040		458,184	130,520		55,040	714,784
39137	Putnam	48,196			942,320			990,516
39139	Richland	88,800		55,568	395,544		27,960	567,872
39141	Ross	171,008		124,844	209,320		121,120	626,292
39143	Sandusky	75,280		44,488	373,960		1,024,092	1,517,820
39145	Scioto	588,936	3,503,748		49,888	15,280	47,256	4,205,108
39147	Seneca	334,228	17,520	398,964	534,446		880,316	2,165,474
39149	Shelby	65,432		148,847	417,336			631,615
39151	Stark	218,724			3,331,236	7,640	892,332	4,449,932
39153	Summit	526,564			402,660		2,164,896	3,)94,120
39155	Trumbull	105,580	1,027,489		1,386,164	1,379,265	111,896	4,010,394
39159	Union	111,760			674,480		16,000	802,240
39167	Washington	301,220	1,218,153		39,068	7,840	126,584	1,692,865
39173	Wood	123,120		209,792	469,932		232,436	1,035,280
39175	Wyandot	20,000		490,667	18,640		2,453.175	2,982,482

Table 6.--OHIO RAII ROAD TRAFFIC SHARES

County FIPS Code	County Name	NS Traffic Share	CSXT Traffic Share	Conrail Traffic Share	Others' R Traffic Share	Total 1995 Traffic (tons)
39003	Allen	16 percent	34 percent	44 percent	6 percent	2,225,811
39007	Ashtabula			63 percent	37 percent	14,386,696
39013	Belmont			97 percent	3 percent	5,642,074
39017	Butler		89 percent	11 percent		9,644,021
39033	Crawford	20 percent		75 percent	5 percent	609,164
39035	Cuyahoga	13 percent	27 percent	57 percent	3 percent	12,087,359
39039	Defiance		100 percent	1		785,604
39043	Erie	78 percent			22 percent	5,274,624
39047	Fayette		100 percent			670,700
39049	Franklin	38 percent	20 percent	39 percent		4,616,982
39061	Hamilton	27 percent	49 percent	13 percent	10 percent	9,065,632
39067	Harrison				100 percent	1,223,187
39069	Henry	4 percent	66 percent		31 percent	533,103
39077	Huron	72 percent	10 percent		17 percent	1,277,594
39081	Jefferson			50 percent	50 percent	5,816,838
39085	Lake	11 percent		89 percent		2,705,534
39087	Lawrence	100 percent				610,731
39093	Lorain	67 percent	6 percent	28 percent		5,157,046
39095	Lucas	25 percent	52 percent	18 percent	6 percent	20,063,205
39099	Mahoning		24 percent	76 percent		876,396
39101	Marion	36 percent	20 percent	44 percent		1,005,226
39103	Medina		8 percent		92 percent	1,311,323
39113	Montgomery		47 percent	53 percent		1,788,947
39119	Muskingum		24 percent	76 percent		548,700
39123	Ottawa	1 percent		99 percent		709,856
39125	Paulding	100 percent				709,333
39129	Pickaway	90 percent	10 percent			714,784
39137	Putnam	81 percent	11 percent		8 percent	990,516
39139	Richland		2 percent	90 percent	8 percent	567,872
39141	Ross	40 percent	60 percent			626,292
39143	Sandusky	31 percent		69 percent		1,517,820
39145	Scioto	99 percent	1 percent			4,205,108
39147	Seneca	48 percent	24 percent		28 percent	2,165,474
39149	Shelby		30 percent	66 percent	4 percent	631,615
39151	Stark	A Commence		65 percent	35 percent	4,449,932
39153	Summit		7 percent	31 percent	62 percent	3,094,120
39155	Trumbuli		47 percent	53 percent		4,010,394
39159	Union			100 ercent		802,240
39167	Washington		100 percent			1,692,865
39173	Wood		87 percent	13 percent		1,035,280
39175	Wyandott		27 percent	7 percent	65 percent	2,982,482

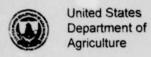
Table 7.--1995 WHEELING & LAKE ERIE INTERCHANGE ACTIVITY

Connecting Carrier	Interchange Location	1995 Tons Received	1995 Tons Forwarded	1995 Total Interchange Volume
BLE (URR)	Mifflin Junction	0	3,600	3,600
Total		0	3,600	3,600
Conrail	Canton	146,360	21,320	167,680
	Cleveland	29,040	12,520	41,560
	Martins Ferry	3,480	0	3,480
Total		178,880	33,840	212,720
Norfolk Southern	Bellevue	624,668	271,228	895,896
	Cleveland	23,780	14,160	37,940
Total		648,448	285,388	933,836
CSXT	Akron	9,560	267,595	277,155
	Benwood	259,434	9,624	269,058
	Carey	16,200	0	16,200
	Cleveland	189,000	43,512	232,512
	Greenwich	299,772	51,560	351,332
	Pittsburgh (West End)	6,000	0	6,000
Total		779,966	372,291	1,152,257

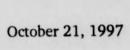
Table 8.-- Ohio Origins - Number of Railroads in the Movement

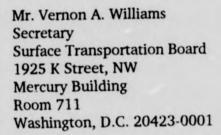
# of RR		Carloads	Tons
1.00	N	13279	13279
	Sum	798747	53680450
2.00	N	2950	2950
	Sum	127140	6650555
3.00	N	787	787
	Sum	35008	1762840
4.00	N	113	113
	Sum	4820	188420
5.00	N	11	11
	Sum	560	34140
6.00	N	1	1
	Sum	40	3720
Total	N	17141	17141
	Sum	966315	62320125

FD 33388 10-22-97 D 182884

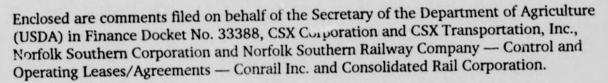


Agricultural Marketing Service P.O. Box 96456 Washington, DC 20090-6456





Dear Mr. Williams:



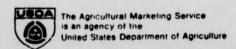
Included as a part of this filing, USDA is providing a detailed analysis of the impact of the proposed merger on agricultural markets. Because this data is sensitive and subject to disclosure rules governing the use of Waybill data, it is submitted as a confidential comment of the USDA. The use and release of this material is left to the discretion of the Surface Transportation Board.

Sincerely,

Thomas A. O'Brien Acting Administrator

Enclosures





STB FD 33388 10-21-97 D 183439



Department of Transportation OFFICE OF THE DIRECTOR Two Capitol Hill Providence, R.I. 02903 - 1124



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October 20, 1997

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

RE: STB Finance Docket No. 33388 (Sub-Number 42)

Conrail Acquisition - CSX & Norfolk Southern Railroads

Request For Conditions Filing

Dear Mr. Williams:

The Rhode Island Department of Transportation, as a party of record in these proceedings, is submitting the attached Request For Conditions filing.

We lock forward to working with the STB and the railroad applicants as the Conrail acquisition proceedings continue.

Sincerely yours,

William D. Ankner Ph.D

Director

ENTERED
Office of the Secretary

OCT 2 1 1997

5 Public Rec

BEFORE THE SURFACE TRANSPORTATION BOARD	(51119110)
	SCENED EN
FINANCE DOCKET NO. 33388 (SUB-NUMBER 42)	OCT 2 1 195
	MSTB TTTE

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 REQUEST FOR CONDITIONS BY THE RHODE ISLAND DEPARTMENT OF TRANSPORTATION

SUMMARY

The Rhode Island Department of Transportation (RIDOT) believes, for the reasons described below, that the approval of the acquisition of Conrail by the CSX Corporation (CSX) and the Norfolk Southern Corporation (NS) should be conditioned in order to balance the competitive inequities that will result from this transaction upon Rhode Island and New England.

RIDOT's request for conditions is guided by three basic principles:

1. Competitive Freight Access: Direct, competitive access by two Class I railroads in New England is critical to the ability of our existing and future ports to grow on a level economic playing field with those ports in the "shared asset areas" where CSX and NS will jointly operate. RIDOT understands the STB's normal mandate with respect to competition; since there is no competition today. The sale doesn't change the competitive situation for Rhode Island or New England. This approach is not adequate to meet these sales conditions. The sale changes competitive situations, by allowing for rail competition to the ports of New York and New Jersey. New England ports will be hurt by providing competition to competitors while leaving us with a monopoly. Furthermore, there is a real risk that New England rail users will be subsidizing CSX's competitive rates down south.

- 2. Protect Passenger Rail Investments: A massive public commitment and investment has been made along the Northeast Corridor, both by the federal government on the Northeast Corridor Improvement Project, and by the State of Rhode Island, on the Freight Rail Improvement Project (FRIP). To protect these investments, it is important that the Conrail acquisition not hinder existing or planned commuter and intercity passenger rail services.
- Protect the Public Interest: Considering the unique history of Conrail, particularly
 the government's rol. In forming and funding Conrail, the federal government has
 an obligation to oversee and ensure the acquisition is not economically advantageous
 to one region over another.

Specifically, RIDOT is proposing the following conditions be placed on the acquisition by the approval by the STB:

- 1. The STB, as part of its oversight role proposed below, should require competitive access by a second Class I railroad into New England. Although outside the transaction before the STB, we will continue to monitor the efforts by the NS to gain access to New England via trackage rights on the Boston & Maine line or interchange agreements with Guilford in Albany. However, at this time, it is very difficult to predict the impact, it any, this would have on rail competition in New England.
- 2. CSX be 1 quired to enter into an agreement with the State of Rhode Island committing to a reasonable rate structure, assuring comparable rates between the "shared asset areas" and the monopoly areas. RIDOT looks forward to working with CSX in an effort to promote the full development potential at Quonset/Davisville.
- Commitments from CSX that existing and planned passenger rail operations will
 not be harmed, and will continue to have adequate access for the growth of high
 speed rail and commuter rail services along the Northeast Corridor.
- 4. The STB must retain jurisdiction over this matter to monitor the rail competition issues, and if necessary, impose remedies as they are warranted. Provisions must be made for STB oversight and review to protect the public interest by ensuring the three above-mentioned conditions are meet for a period of at least 3 5 years from the date of the Board's final decision in June, 1998.

BACKGROUND

State of Rhode Island's Role and Infrastructure Investment

The mission of the Rhode Island Department of Transportation (RIDOT) is to provide a safe, effective, and environmentally responsible intermodal transportation system that supports economic development and improves the quality of life for all Rhode Islanders. The acquisition of Conrail by the CSX and NS railroads, as proposed, would hinder RIDOT's ability to provide an effective

intermodal transportation system that supports economic development.

The State of Rhode Island has made, and will continue to make significant investments in railroad infrastructure and operations of both freight and passenger rail systems. The state is currently investing over \$120 million in upgrading 22 miles of Amtrak's Northeast Corridor to provide safe, effective modern double stack containerized freight rail as part of the Freight Rail Improvement Project (FRIP). The project includes the construction of a separate, 22 mile freight-dedicated track (third track), parallel to the Amtrak Main Lines, between Boston Switch and Quonset Point/Davisville (Q/D).

The FRIP will permit safe operations of modern freight cars to/from Q/D, a former naval base, into which a public/private partnership is investing hundreds of millions of dollars in infrastructure improvements to develop a world class containerized port. The Providence & Worcester Railroad Company (P&W), the state's sole short line railroad, will provide the modern freight service to/from Q/D via the third track on the Northeast Corridor, along the P&W Main Line between Central Falls, RI and Worcester, MA.

The P&W currently interchanges its freight with Conrail at Worcester. As proposed in the CSX/NS operating plan, Conrail would be replaced by CSX, and P&W would interchange future freight from QP/D with CSX at Worcester.

In addition to the freight rail investments underway, the state has made significant investments in passenger rail equipment and operations. As part of RIDOT's Pilgrim Partnership Agreement with the Massachusetts Bay Transportation Authority (MBTA), RIDOT has spent approximately \$20 million for commuter rail operations between Providence and Boston. Also, RIDOT has spent over \$10 million towards construction of the Providence Station and the rebuilding of the Kingston and Westerly stations along the Northeast Corridor.

Also, being located within the heavily-congested Northeast Corridor, intercity passenger rail, in particular the upcoming high speed rail, is very critical to the traveling public in Rhode Island. A successful high speed service will help to alleviate the overcrowded conditions on our highways and airports, in addition to providing air quality benefits.

Public Investment in Conrail

Through the Regional Rail Reorganization Act, Congress created Conrail to continue freight rail operations in the Northeast at a time of widespread bankruptcy of private railroads. The Final System Plan established certain monopolies for Conrail, resulting in a profitable operation in the Northeast. Even with over \$8 biilion invested in Conrail by the United States taxpayers, the federal government was able to recover much of its costs to establish Conrail.

With the proposed acquisition, CSX and NS will benefit greatly as a result of significant taxpayer investments in Conrail. What particularly concerns Rhode Island is that this private acquisition will occur without the establishment of competitive Class I rail service throughout the New England region. Conrail was established as a monopoly to ensure its profitability at a time of railroad insolvency. This monopoly structure is not appropriate for the post-Conrail system.

Under this acquisition application, as proposed, competitive access to ports in the Northeast would be improperly established. While direct, competitive port access has been established at several Mid-Atlantic ports, New England has been unilaterally excluded from competitive access to a Class I rail system. This scenario has put New England ports at a major economic disadvantage with other East Coast ports, and will have serious national and international implications. Competitive rail access to New England is warranted and should be mandated as part of the STB's approval of this acquisition application.

DISCUSSION

Competitive Freight Access

CSX and NS have split the Conrail territories into two distinct classifications: 1) "shared asset areas" are those areas where CSX and NS will both operate and have the ability to serve customers directly; and 2) "monopoly areas", where only one Class I railroad would operate, i.e. Albany to Boston.

The application proposes direct head-to-head rail competition between the two railroads in selected areas. These regions in the Northeast will benefit immensely from this newly created competitive environment. The CSX/NS plan does not go far enough, however, in that selected major market areas were excluded from two rail carrier competition.

The CSX/NS plan changes the competitive relationship within the Northeast. Ports, such as those in New York/New Jersey that are served by Conrail only, will as a result of the plan, enjoy the benefits of competition between the two railroads. If the competitive rules change in one region, then they can and should change in another region. We will not accept the easy explanation that since New England has had only one Class I railroad for over 25 years, that the CSX/NS plan will not harm nor alter conditions in our region.

What is more, the application before the Board offers no compelling basis for the selective restoration of two rail carrier competition to certain markets and the continuation of the monopoly in other markets. We believe that the determination of the public interest in this matter is better served by the STB, a government agency appointed by elected officials, than two private companies whose main concern in this transaction is the assurance of their own maximum profitability.

Passenger Rail

As stated above, Rhode Island has invested significantly in its passenger rail operations and facilities. The operating plan has very limited information relating to the joint operation of freight and passenger operations on the Northeast Corridor. Although Conrail does not operate on the Rhode Island portion of the Northeast Corridor, our commuter rail service between Providence and Boston is directly impacted by freight operations on the Massachusetts portion of the Northeast Corridor.

In addition, considering the massive public investments made on the much anticipated Northeast Corridor Improvement Project, it is critically important that passenger rail remain the primary focus of the Northeast Corridor. The State of Rhode Island, in conjunction with the Federal Railroad Administration, is spending over \$120 million to construct a freight-dedicated third track

so freight rail and high speed rail are separated to provide safe, efficient services for both rail systems.

STB Jurisdiction

It is reasonable to assert that the public interest will be harmed by this transaction. Both railroads have highlighted the benefits of rail competition. Additionally, they have clearly shown the economic advantages a "shared asset area" will have over a monopoly area.

We believe New England's shippers and the public interest will suffer from this lack of competition. Both railroads have demonstrated that rail rates are likely to decrease in areas of competition. Our ability to foster economic growth in this region is directly related to transportation costs. Without competition, which translates to higher transportation costs, the region will suffer economically, and opportunities will be lost to other rail-competitive areas.

Therefore, we believe the Board has an obligation to oversee the competitive access issue, rather than allow self-interested parties to dictate their own terms, and to impose, if necessary, remedies to prevent anti-competitive conduct. Conditions should warrant that the Board maintain jurisdiction concerning rate reasonableness, trackage rights and haulage agreements.

REQUEST FOR CONDITIONS

In conclusion, RIDOT strongly believes that the New England region must be afforded the opportunity for a competitive, economic playing field which is level with other regions. Competition can be ensured through several methods. RIDOT requests that the approval of the CSX/NS plan be contingent upon the following conditions:

- 1. The STB, as part of its oversight role proposed below, should require direct access by a second Class I railroad into New England. Although outside the transaction before the STB, we will continue to monitor the efforts by the NS to gain access to New England via trackage rights on the Boston & Maine line or interchange agreements with Guilford in Albany. However, at this time, it is very difficult to predict the impact, if any, this would have on rail competition in New England.
- 2. CSX be required to enter into an agreement with the State of Rhode Island committing to a reasonable rate structure, assuring comparable rates between the "shared asset areas" and the monopoly areas. RIDOT looks forward to working with CSX in an effort to promote the full development potential at Quonset/Davisville.
- Commitments from CSX that existing and planned passenger rail operations will
 not be harmed, and will continue to have adequate access for the growth of high
 speed rail and commuter rail services along the Northeast Corridor.
- 4. The STB must retain jurisdiction over this matter to monitor the rail competition issues, and if necessary, impose remedies as they are warranted. Provisions must be made for STB oversight and review to protect the public interest by ensuring the three above-mentioned conditions are meet for a period of at least 3 5 years from the date of the Board's final decision in June, 1998.

The RIDOT believes that the final outcome of Conrail should not be totally left up to the private sector. The massive public investment into Conrail requires ongoing public oversight in order to ensure that rail competition is restored to New England. We ask that the STB structure its approval of the transaction so that it provides New England with an equal chance to actively compete with those regions that will have competition established by the private sector. A balanced, competitive freight rail system that allows for passenger rail666 is critical to the continued development of economic opportunities both in our state, the region and the nation.

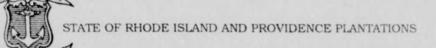
Respectfully submitted,

William D. Ankner, Ph.D.

Director

Rhode Island Department of Transportation

Dated: October 21, 1997



Department of Transportation OFFICE OF THE DIRECTOR Two Capitol Hill Providence, R.I. 02903 - 1124

OFFICE (401) 277-2481 FAX (401) 277-2086 TDD 277-4971

CERTIFICATE OF SERVICE

I hereby certify that a true and authentic copy of the foregoing document to Vernon A. Williams, Secretary, Surface Transportation Board, constituting an "Request For Conditions Filing", under STB Finance Docket No. 33388 (Sub-Number 42) proceedings, was mailed on the 21st Day of October, 1997, upon the following:

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

Dennis G, Lyons, Esq. Arnold & Porter 555 12th Street N.W. Washington, DC 20004-1202

Richard A. Allen, Esq. Zuckert Scoutt & Rasenberger, L.L.P. 888 Seventeenth Street, N.W. - Suite 600 Washington, DC 20006-3939

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WILLIAM D. ANKNER, Ph.D.

DIRECTOR

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Transportation OFFICE OF THE DIRECTOR Two Capitol Hill Providence, R.I. 02903 - 1124 OFFICE (401) 277-2481 FAX (401) 277-2086 TDD 277-4971

BEFORE THE SURFACE TRANSPORTATION BOARD FINANCE DOCKET NO. 33388 (SUB-NUMBER 42)

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the provisions of Decision No. 21 served August 19, 1997 under STB Finance Docket No. 33388 (Sub-Number 42), that a true and authentic copy of the Request For Conditions Filing was served on all parties of record identified in Decision No. 21 and Decision No. 43, via first class mail, postage prepaid on this 21th day of October, 1997.

Respectfully submitted,

WILLTAM D. ANKNER, Ph.D.

DIRECTOR

33388 10-21-97 182983 STB

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October 21, 1997

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

RE: Finance Docket No. 33388 (Sub-No. 70)
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

HOUSATONIC RAILROAD'S REQUEST FOR PROTECTIVE CONDITIONS AND COMMENTS (HRRC-10)

Highly Confidential Version - Filed Pursuant to Protective Order

Dear Secretary Williams:

I am writing on behalf of the Housatonic Railroad ("HRRC") in connection with the above-captioned proceeding. You will find enclosed an original and 25 copies of HRRC's "Request for Protective Conditions and Comments" as well as a WordPerfect formatted disk containing this same document.

Please note that this filing contains a "highly confidential" supplement protected under the terms of the Board's Protective Order in this proceeding. HRRC submits this supplement under seal, and requests that it be handled accordingly.

If you have any questions, please contact the undersigned.

Thank you for your attention.

Sincerely

John D. Heffner

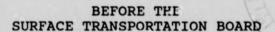
Counsel for Housatonic Railroad

cc: Edward J. Rodriguez

(Enclosures)

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FINANCE DOCKET NO. 33388
-Sub. No. 70

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

HOUSATONIC RAILROAD'S REQUEST FOR PROTECTIVE CONDITIONS AND COMMENTS HRRC-10

October 21, 1997

ENTERED
Office of the Secretary

OCT 2 2 19971

5 Part of Public Record Atty. Edward J. Rodriguez P.O. Box 298 Centerbrook, Conn. 06409 (860) 767-9629

Attorney for: Housatonic Railroad Company, Inc.

INTRODUCTION

In a Decision served July 23, 1997, the Surface Transportation accepted for consideration the primary application (hereinafter, the "Application") and related filings submitted by Transportation, CSX CSX Corporation and Applicants (hereinafter "CSX"), Norfolk Southern Corporation and Norfolk Southern Railway Company (hereinafter "NS"), Conrail, Inc. and Consolidated Rail Corporation (hereinafter "Conrail" or "CR") for Board approval and authorization under 49 U.S.C. 11321-25 for, as is relevant here, (1) the acquisition by CSX and NS of control of CR, and (2) the division of assets owned by CR by and between CSX and NS.1

In a Decision issued July 23, 1997, the Board confirmed the procedural schedule previously prescribed for this proceeding. As pertinent here, the Board has required that all parties wishing to offer comments, protests, and requests for protective conditions, and any other opposition evidence and argument must make such filing(s) by October 21, 1997. In keeping with the Board's procedural schedule, Housatonic Railroad Company, Inc. ("HRRC") hereby submits its comments and requests for protective conditions in response to Applicant's proposed Transaction.

Housatonic Railroad Company, Inc. supports the Application

Hereinafter CSX, NS and CR collectively will be referred to as "Applicants" and the series of transactions proposed in Applicants' primary application and related supplements shall be referred to as the "Transaction".

provided that it is approved subject to the conditions described herein.

As described in greater detail herein, HRRC enthusiastically endorses and requests that the Surface Transportation Board approve certain trackage rights requests of New England Central Railroad ("NECR") as set forth is a Responsive Application to be filed by NECR On October 21, 1997, and HRRC requests additional protective conditions as more particularly set forth below.

The Transaction which is the subject of the Primary Application, involving the partition and division of the Conrail assets between two competing class 1 carriers, is different in scope and in kind from any previous transaction which the S.T.B. or the I.C.C. has been called upon to review. As more particularly set forth herein, the difference in kind, while producing unprecedented benefits for some, will cause harm to certain shippers, certain Class III carriers, and the public, of a type not previously considered by the S.T.B. The Transaction requires a review of factors not usually present in merger transactions and an application of the law and regulations in a way that takes account of the unique nature of the Transaction and the public benefits sought to be achieved.

Finally, as explained more fully below, the relationship between Housatonic Railroad and Conrail in not merely that of connecting carriers. Housatonic Railroad should also be considered, for purposes of this proceeding, a Conrail customer and partner, and thereby entitled to different relief than might be

appropriate if HRRC were merely a connecting carrier.

DESCRIPTION OF HOUSATONIC RAILROAD

A. GENERAL DESCRIPTION

Housatonic Railroad Company, Inc. is a Class III rail carrier which interchanges all of its interline freight with Conrail at Pittsfield, Massachusetts. HRRC operates two connecting lines over approximately 161.3 miles in Massachusetts, Connecticut and New York. The so-called Berkshire Line is a predominately north/south line between Pittsfield, Massachusetts and Danbury, Connecticut. The so-called Maybrook Line is a predominately east/west line from Derby, Connecticut through Danbury, where it connects with the Berkshire Line to Beacon, New York.

B. HISTORICAL SUMMARY

All of the lines operated by HRRC are either former Conrail lines or lines which were taken out of service in connection with the formation of Conrail. The history of HRRC's development is relevant to its relationship with Conrail.

HRRC began rail operation after it leased a thirty-five mile section of the Berkshire Line between North Canaan, Connecticut and New Milford, Connecticut from the State of Connecticut in 1987. That section of track was former Penn Central track which was not included in the <u>Final System Plan</u> prepared by the U.S.R.A. and was purchased by the State of Connecticut and rail banked. At the time

of the lease from the State of Connecticut, the track had been out of service and was impassable with sections of crack missing. HRRC rehabilitated the track and began freight operation with one customer in 1989.

Upon its formation, Conrail acquired the remaining Berkshire Line from North Canaan, Connecticut north to Pittsfield, Massachusetts and from New Milford south to Danbury, Connecticut. Conrail also acquired what became the HRRC Maybrook Line.

In 1982, Conrail sold the northern part of the Berkshire Line between North Canaan and Pittsfield to Boston & Maine Railroad. At the time of the sale, CR and B&M agreed upon a certain division of revenue and a haulage arrangement by which CR would haul cars between Pittsfield and Springfield, Massachusetts for the account of B&M. In 1991, B&M sold that part of the Berkshire Line to an HRRC affiliate and transferred the division arrangement, haulage arrangement and certain other agreements to HRRC.

In 1992, Conrail sold the remainder of the Berkshire Line and what became the HRRC Maybrook Line to an affiliate of HRRC and agreed to extend the divisional agreement which HRRC had inherited from B&M to the lines being sold, with slight modifications.

C. HRRC AS CONRAIL CONNECTING CARRIER

In 1997, HRRC expects to handle approximately 5750 cars consisting of approximately 5000 inbound cars and 750 outbound cars. Housatonic Railroad owns and operates a lumber reloading facility in Hawleyville which is expected to handle approximately

600 cars in 1997. All traffic is interchanged with Conrail at Pittsfield, Massachusetts.

D. HRRC AS CONRAIL CUSTOMER/SHIPPER

HRRC as a captive Conrail shortline cannot compete with Conrail. HRRC can not take business away from Conrail since HRRC does not interchange traffic with any other carrier and since, in any event, Conrail ultimately controls the through freight rates.

HRRC is, in effect, the local retail provider of Conrail transportation services. HRRC should be regarded as a Conrail customer and shipper, both with respect to the cars which HRRC receives at its reloading facility and with respect to the cars which HRRC receives from Conrail for further delivery to firms on HRRC's lines.

Conrail itself regards Housatonic Railroad as its customer. In 1995, Conrail appointed an "Account Executive" to service the Housatonic Railroad Account and to monitor and to assist in growth of the Conrail business from the short line customer. Conrail has described its short lines as customers in official publications. Apparently Conrail furnished a list of its customers to CSX in connection with the proposed merger since HRRC

A letter from Wayne Michel, Senior Director, Short Line Network (Conrail) notifying Conrail of the appointment of an Account Executive is attached as part of Exhibit 1 together with a description of the Account Executive program which appeared in the Fall 1995 issue of the Conrail publication Partners.

Excerpts from <u>Partners</u> referring to short lines as customers are attached as part of Exhibit 1.

received a letter from John Q. Anderson, Executive Vice President of CSX dated June 23, 1997 in which Housatonic Railroad is consistently referred to as a Customer. It is clear by the letter that CSX considers HRRC as a customer also. In addition, Conrail and CSX consider HRRC direct rail served customers as present Conrail and future CSX customers as is indicated in a letter from Mr. Anderson to Fairfield Processing Corporation, an HRRC customer in Danbury, Connecticut. 5

The role of short lines as customers is not unique to Conrail, although Conrail may have embraced the role more enthusiastically than other Class 1 carriers. In an interview with former I.C.C. Commissioner Edward M. Emmett which appeared in the Journal of Commerce on September 23, 1997, Mr. Emmett is quoted as having said:

"Short lines are excellent at what they're doing, but short lines become more like shippers than they do railroads. A short line to a Class-1 railroad is a shipper; it is not a railroad. How do they fit in?"

Housatonic Railroad, like many other short lines, lack both the bargaining power and market access to be anything other than customers. Surely, it is as much a customer and shipper of Conrail as United Parcel Service whose status as shipper is well established.

A copy of the letter is attached as Exhibit 2.

A copy of the letter is attached as Exhibit 3.

A copy of a portion of Edward Emmett's comments are set forth in Exhibit 4.

The fact that HRRC can not compete with Conrail does not mean that Conrail can not compete with HRRC. Conrail can compete for HRRC business in a variety of ways including, but not limited to, establishment of lower commodity rates to potentially competing Conrail stations. For purposes of reviewing the harmful effects of the proposed transactions in this proceeding and the appropriate remedial measures, HRRC should be considered a railroad, a shipper and a member of the public which the Interstate Commerce Act and the I.C.C. Termination Act of 1995 were designed to protect.

E. HRRC AS CONRAIL PARTNER

Conrail has long recognized its captive short lines as partners. Indeed it published, until the acquisition transaction was announced, a short line newsletter entitled "Partners". The Conrail characterization of its short lines as partners has been persistent. Some examples are set forth in Exhibit 5. Perhaps, the Conrail attitude was best described by Wayne Michel, Conrail Senior Director of Short Line Network in the Fall, 1995 edition of Partners in which he said:

<u>Partners</u> is only one facet of our ongoing efforts to improve two-way communication between all of Conrail and you, our critical partners....

Partnership for Profit is the way we at Conrail are thinking about our future business relationship with you. It will serve as the slogan for our forthcoming annual meeting and it is meant to quickly convey Conrail's sincere belief that only a partnership that benefits both of us will work for either of us....

In closing, I want to let you all know how much I appreciate your feedback and your willingness to

work with me and all of us at Conrail to make our relationship a true partnership.

A partnership or joint venture is characterized by an association of two or more parties to carry out a business enterprise for profit for which purpose they combine their property, money, effort, skill and knowledge. Viewed in this light, the relationship between HRRC and Conrail has been truly a partnership.

HRRC acquired its principal lines directly from Conrail together with the locomotive power necessary to operate the lines. Conrail and HRRC agreed upon a division of revenue to enhance the likelihood of HRRC meeting its financial obligations and being able to enhance and develop the business on the line. Conrail provided executive to assist in monitoring an account partnership/customer relationship and to assist in the development of business for the mutual benefit of both partners. Conrail and Housatonic worked cooperatively to develop competitive freight rates with reasonable revenue to both which would enable the business to grow and develop.

Both Conrail and HRRC have derived substantial benefits from the partnership between them. However, with the benefits of partnership come the duties of partners to each other. Partners owe to each other fiduciary duties of care and loyalty. Generally, Conrail fulfilled its duties. The partners developed equalized freight rates to HRRC stations and Conrail stations which could compete with HRRC where equalization was important, and generally

Conrail took steps as required to prevent competition with its weaker partner.

If Conrail were to merge with another railroad, the merger transaction could be accomplished without any breach of partnership duties and the partnership arrangement would continue with the surviving railroad to the merger. However, in the Conrail Acquisition Transaction, as proposed, joint assets and partnership opportunities may be wrongfully destroyed or appropriated for the benefit of one of the purchasers and, as set forth below, the proposed Conrail successors have refused to give assurances that the partnership obligations of Conrail will be honored.

EFFECTS OF THE PROPOSED ACQUISITION TRANSACTION

A. ENHANCED COMPETITION IN PARTS OF NORTHEASTERN UNITED STATES RESULTS IN LOWER TRANSPORTATION COSTS WHICH DISADVANTAGES SHIPPERS EAST OF HUDSON RIVER.

The proposed acquisition of Conrail properties by CSX Corporation and Norfolk Southern Corporation has been described as a transaction whose benefits include (1) enhancing rail competition in the Northeast and (2) achieving economies by creating additional single line traffic movements.

While the Transaction as proposed will result in enhanced rail competition in certain Northeastern markets, particularly New Jersey, no such pro-competitive benefits will accrue to New England. All of the Conrail lines in Connecticut and Massachusetts are proposed to be acquired by CSX Corporation. Housatonic

Railroad, which currently interchanges all of its traffic with Conrail, will, if the Transaction is consummated as planned, interchange all of its traffic with CSX Corporation. Neither HRRC nor its customers will have direct rail access to other Class I carriers.

A superficial examination might suggest that the posttransaction competitive position of HRRC and its customers will be unchanged from pre-transaction conditions. However, in fact, the position of HRRC and its customers is much worse.

Currently, Conrail serves as a neutral, although monopolistic, gatekeeper to HRRC and much of New England as well as to nearby New York and New Jersey. With respect to traffic which neither originates nor terminates on Conrail, Conrail serves as a neutral overhead carrier to southern and western gateways. In general, Conrail faces the same market rate constraints throughout the region, with the effect that no part of the Northeastern region is disproportionately benefited or burdened by freight rate differentials which do not reflect differentials in the cost of providing service or meeting truck competition.

After the transaction is consummated, some areas of the Northeast (those areas west of the Hudson River) will have new and vigorous rail freight competition while other areas (those east of the Hudson River including the HRRC market area) will not have such competition. The applicants agree that the increased competition in the competitive areas will cause shippers located there to experience decreased rail rates and therefore decreased

transportation costs. It is likely that increased rail competition will lead to increased competition by trucking firms as they seek to compete for business with the railroads. Shippers in Connecticut and Massachusetts will not benefit from the lower rates created by competition.

Shippers in the non-competition area will thereby be put in a competitive disadvantage.

As a result of higher costs, shippers in the non-competition area, including Housatonic Railroad, will lose business. The loss of business will naturally lead to decreased employment, decreased capital investment and decreased tax revenue for state and local government.

B. INTERMODAL AND DISTRIBUTION FROM COMPETITIVE ZONE WILL HARM BUSINESS OF HOUSATONIC RAILROAD.

The existence of enhanced rail competition west of the Hudson River will be harmful to HRRC by creating artificial intermodal competition. Norfolk Southern has announced the successful conclusion of negotiations with CP Rail which will give NS an economic presence in the Albany, New York area, approximately 45 miles west of HRRC's Conrail interchange at Pittsfield, Massachusetts. In addition, NS will be acquire the Southern Tier line and have a presence in the Maybrook, New York area which is approximately 15 miles west of Housatonic's western terminus at Beacon, New York and is convenient to Interstate 84 with access to current HRRC market areas.

NS is a leader in intermodal transportation and rail/truck

England traffic in that manner. This competition will come at the expense of New England short lines and most particularly, because of location, at the expense of Housatonic Railroad. One can expect that either NS or an NS served private facility will vigorously engage in competition at those locations proximate to HRRC'c market areas.

HRRC anticipates that NS or another party will establish reload facilities for lumber, woodpulp and other forest products as well as flexiflo and bulk transfer facilities for plastics, chemicals and other bulk products. The rail freight rates in the competitive / 2a will enable those operators to successfully compete for current HRRC business. While HRRC's reload business is especially vulnerable to this competition, HRRC direct rail business in woodpulp, plastic and lumber is also vulnerable.

Approximately 82% of HRRC's current inbound traffic presently consists of lumber, woodpulp, other forest products and plastic. HRRC currently operates a lumber reload facility which distributes forest products throughout Connecticut, New Jersey and Eastern New York. This business is seriously threatened by the proposed transaction. As CSX and NS vigorously compete for business, any gain by NS will be at the expense of Housatonic Railroad.

The harm to HRRC's competitive position lies not in the inefficiency of Housatonic Railroad or the inability to provide economical value added freight service, but it lies in the inability of HRRC to connect with the new competitor (NS) which has

been added to the market area or to any other Class 1 carriers.

competition is good for the customer, good for the country and good for the industry and HRRC vigorously supports increase rail competition. However, new competition should not be introduced in a region in a manner which excludes one of the present rail providers from participating in the competitive environment. If the transaction is consummated without some protective measures taken for the benefit of HRRC, that is exactly what will happen. HRRC will be disadvantaged in competing for business travelling over the NS portion of the former Conrail lines.

C. INTRODUCTION OF A SECOND CLASS 1 CARRIER IN TRAFFIC ROUTING WILL JEOPARDIZE HRRC BUSINESS.

CSX and NS have both stated that the acquisition of the Conrail system by those two carriers would result in the conversion of certain two carrier moves into single carrier moves with resulting cost efficiencies. Of course, this is true. However, those cost savings on existing traffic movements are likely to benefit CSX and NS, not the customers, and certainly not the short line carriers. In fact, HRRC has not been able to identify any cost saving or revenue enhancing opportunities to HRRC as a result of the conversion.

On the other hand, not frequently mentioned is the fact that the breakup of the Conrail system will inevitably result in certain traffic movements requiring handling by more carriers than was the case prior to the breakup. For example, HRRC currently forwards ground limestone traffic from Canaan, Connecticut to Gypsum, Ohio. Conrail currently serves Gypsum, Ohio and the traffic movement is currently a two line movement. If the transaction is consummated as proposed, NS will serve Gypsum, Ohio and the traffic movement will introduce an additional carrier. HRRC will interchange the traffic to CSX who will then interchange the traffic with NS, the destination carrier. It is likely that introduction of an additional carrier will introduce additional transportation costs. Since the Connecticut limestone producer competes directly with southern limestone producers, it is more likely that NS will successfully be able to divert that business to an NS served southern origin.

Attached as Exhibit 6 is a verified statement from Specialty Minerals, Inc., the HRRC shipper, expressing concern about the traffic movement and doubt about the likelihood that the movement will continue after the transactions are consummated unless the S.T.B. takes some protective action.

The concerns of Specialty Minerals, Inc. and of Housatonic Railroad are not in any way alleviated by the responses of CSX and NS to interrogatories addressing this issue. When questioned about the projected transit time and routing of this traffic following the Acquisition, CSX responded that it had not determined a projected routing beyond Pittsfield, Mass. nor a projected transit time. 7

NS responded by indicating three alternative routings subject to negotiation with CSX and by indicating that NS would work to insure current transit time and service reliability. Housatonic Railroad's First Interrogatories to CSX Parties, Interrogatory No. 16 and response thereto attached hereto as

When asked what steps would be taken to ensure that rate levels for the Gypsum Traffic are preserved at competitive levels after the current rate authorities expire, NS failed to responded and instead stated only that "NS intends that it will honor all current single line Conrail rates that will become joint rates until their expiration." CSX stated more directly, but no more helpfully, that CSX is unable to state at this time what rate actions, if any, it might take with respect to that traffic following approval of the transactions.⁸

When asked whether CSX or NS would attempt to divert the Gypsum traffic by offering lower rates from other origins, NS replied that NS does not know what rates, if any, would be offered to Gypsum from an origin other than Canaan but that NS plans to take all steps necessary to move traffic in an efficient manner. CSX responded that it had not studied the situation and is unable to provide a response at this time.

The Gypsum Ohio business is very economically important to Housatonic Railroad and loss of the business would threaten the

Exhibit 7 and Housatonic Railroad's First Interrogatories to NS Parties, Interrogatory No. 10 and response thereto attached hereto as Exhibit 7.

Housatonic Railroad's First Interrogatories to CSX Parties, Interrogatory No. 17 and response thereto attached hereto as Exhibit 7 and Housatonic Railroad's First Interrogatories to NS Parties, Interrogatory No. 11 and response thereto attached hereto as Exhibit 7.

⁹ Housatonic Railroad's First Interrogatories to CSX Parties, Interrogatory No. 17 and response thereto attached hereto as Exhibit 7 and Housatonic Railroad's First Interrogatories to NS Parties, Interrogatory No. 11 and response thereto attached hereto as Exhibit 7.

financial health of the company. During 1996, revenue from the Gypsum, Ohio limestone business accounted for 7.46% of HRRC freight revenue. 10 The traffic moves in private zero mileage covered hoppers so there is no car hire cost associated with the traffic. HRRC switches the shipper's plant for other business and there is no measurable cost savings to reduce the revenue loss which the loss of the traffic would represent.

During 1996, HRRC operated at a net loss. The net loss would have been substantially greater if the Gypsum traffic had not existed. During 1997, it is projected that HRRC will operate at a small profit with the Gypsum business but at a net loss without the Gypsum business. 11

COMMISSION AUTHORITY TO IMPOSE PROTECTIVE CONDITIONS

The Interstate Commerce Act requires the Board to approve and authorize a transaction when "it finds that the transaction is consistent with the public interest". 12 In making that determination, the Board is instructed to consider at least the

Verified Statement of Richard Apell, C.P.A. designated as highly confidential and set forth in the highly confidential appendix filed with the Board. During 1996, Danbury Terminal Railroad Company (DTRR) operated a portion of the lines now operated by Housatonic Railroad Company, Inc. Both DTRR and HRRC were subsidiaries of Housatonic Transportation Company. As of January 1, 1997, DTRR merged into HRRC. Unless otherwise indicated, all 1996 financial data for HRRC is consolidated with financial date for DTRR. If DTRR is not included, Gypsum, Ohio traffic accounted for 21.65% of HRRC 1996 revenue.

Verified statement of Richard Appel, C.P.A.

^{12 49} U.S.C. 11324(c).

following:

- "(1) the effect of the proposed transaction on the adequacy of transportation to the public;
- (2) the effect on the public interest of including, or failing to include, other rail carriers in the area involved in the proposed transaction;
- (3) the total fixed charges that result from the proposed transaction;
- (4) the interest of rail carrier employees affected by the proposed transaction; and
- (5) whether the proposed transaction would have an adverse effect on competition among rail carriers in the affected region or in the national rail system. 13

The act states that "[T]he Board may impose conditions governing the transaction..." but does not state the criteria which the Board should employ in imposing conditions. It is clear, however, that the resulting transaction must be consistent with the public interest, and it seems apparent that the conditions themselves must be consistent with the public interest.

In determining whether proposed conditions are consistent with the public interest, the Board should consider not only the five factors which it is required to consider in deciding whether the transaction is consistent with the public interest, but it also should consider the Rail Transportation Policy of the United States Government¹⁵, the interests of the public as articulated in the proceeding by public officials who submit comments, the fostering

^{13 49} U.S.C. 11324(b).

^{14 49} U.S.C. 11324(c).

^{15 49} U.S.C. 10901a. See, Southern Pacific Transportation Company v. I.C.C., 736 F.2d 708,716 (D.C. Cir. 1984).

and preservation of competition, and environmental goals. 16

The Board has broad discretion to impose conditions, so long as the conditions are consistent with the public interest. The Board has traditionally exercised restraint in imposing conditions. The Board's policy statement regarding the imposition of conditions is set forth at 49 C.F.R. 1180.1(d) as follows:

The Commission has broad authority to impose conditions on consolidations, including those that might be useful in ameliorating potential anticompetitive effects of a consolidation. However, the Commission recognizes that conditions may lessen the benefits of a consolidation to both the carrier and the public. Therefore, Commission will not normally impose conditions on a consolidation to protect a carrier unless essential services are affected and the condition: (i) Is shown to be related to the impact of the consolidation; (ii) is designed to enable shippers to receive adequate service; (iii) would not impose unreasonable operating or other problems for the consolidated carrier; and (iv) would not frustrate the ability of the consolidated carrier to obtain the anticipated public benefits. Moreover, the Commission believes that indemnification is ordinarily not an appropriate remedy in consolidation proceedings. Indemnification conditions can be anticompetitive by requiring the consolidated carrier to subsidize carriers who are no longer able to compete efficiently in the marketplace.

In applying its policy, the I.C.C. and the Board have traditionally recognized two types of potential harm from rail consolidations that warrant imposition of protective conditions to protect competing carriers: (1) harm to essential services and (2) harm to competition.¹⁷

The Commission must also consider the impact of any transaction on the quality of the human environment and the conservation of energy resources. 49 C.F.R. 1180.1(a)(2).

See, Lamoille Valley Railroad Co. v. I.C.C., 711 F.2d
 295, 302 (D.C. Cir. 1983); Guilford Transportation Industries, Inc.
 Control-Boston and Maine Corporation, Finance Docket No. 29720

Congress has at times noted its belief that the I.C.C. [S.T.B.] should take an active role in structuring transactions to advance the public interest. "The I.C.C. is not intended to be a passive arbiter but the 'guardian of the general public interest' with a duty to see that this interest is at all times effectively protected." 18

Both the I.C.C. and the courts have sometimes described the circumstances in which conditions should be imposed more broadly. For example, the D.C. Circuit Court of Appeals recently stated:

[T]he Commission will impose conditions only when a transaction threatens harm to the public interest, the conditions are operationally feasible, they would ameliorate or eliminate the harm, and they would result in greater benefit to the public than detriment to the transaction. 19

As specifically detailed below, the conditions requested herein are consistent with the public interest and operationally feasible. In addition, the conditions, if imposed, would result in public benefit and would in no way interfere with the public benefit to be obtained by the transaction.

As indicated in detail above, Housatonic Railroad is not a carrier in competition with Conrail. It is a carrier, but it is also a customer/shipper of Conrail and a partner with Conrail in

⁽Sub. No. 1), Finance Docket No. 29720 (Sub. No. 2), Finance Docket No. 29722, December 9, 1988, 1988 WL 225582(I.C.C.).

¹⁸ <u>See</u>, discussion and material cited in <u>Lamoille Valley</u>, at 322 and footnote 55.

Grainbelt Corporation v. S.T.B., 190 F.3d 794,796 (D.C. Cir. 1997) citing Union Pacific--Control--Missouri Pacific; Western Pacific, 366 I.C.C. 462, 562-65 (1982).

providing local rail service. As such, and in the context of this transaction, Housatonic Railroad is a member of the general public which the Board has the mission and duty to protect. The conditions requested herein will help protect HRRC and CR/HRRC's customers from harms created by the proposed transactions and will advance the public interest and the transportation policy of the United States.

SPECIFIC REQUESTS FOR CONDITIONS

- I. ACCESS TO CONNECTING CARRIERS
- A. DESCRIPTION OF REQUESTED CONDITION

By notice dated August 21, 1997 (HRRC-2) Housatonic Railroad indicated its intention to file a responsive application seeking trackage rights over a portion of the Conrail Boston and Albany main line which is proposed to be transferred to CSX Corporation. In that same notice, HRRC indicated that it expected to seek other relief in the form of protective conditions, which other relief would not require the filing of a responsive application.

By notice dated August 21, 1997 (NECR-2) New England Central Railroad ("NECR") indicated its intention to file a responsive application seeking trackage rights over essentially the same portion of the Conrail Boston and Albany line over which HRRC had anticipated seeking trackage rights. NECR also indicated that it would seek additional trackage rights and other relief.

HRRC, after consultation with NECR, has determined that its objectives in seeking trackage rights could be accomplished through a commercial arrangement with NECR, if NECR is successful in its

trackage rights application. In addition, trackage rights by both HRRC and NECR would lead to additional potential traffic on the line and additional capital investment in equipment, both of which can be avoided by a cooperative arrangement. Accordingly, rather than submit a responsive application, HRRC submits these comments in support of certain portions of the NECR responsive application seeking trackage rights, as more particularly set forth herein.²⁰

If the Board does not grant trackage rights to NECR between Palmer, Massachusetts and the Albany, New York area which will permit HRRC, through a commercial arrangement with NECR to interchange traffic with NS, CP Rail and Springfield Terminal Railroad in Albany, and with connecting carriers at Springfield and Palmer, HRRC requests that the Board order a protective condition as follows:²¹

A Haulage arrangement by CSX over the Boston-Albany Main Line (1) from Pittsfield to the Albany, New York area for the purpose of interchange at Albany with connecting carriers including, but not limited to NS, CP Rail and ST Rail, and (2) from Pittsfield to Palmer, Massachusetts for interchange purposes at Palmer and intermediate points.²²

HRRC supports the application of NECR to acquire trackage rights between Palmer, Mass. and Albany, New York but takes no position with respect to other relief sought by NECR.

As of the date of this filing, HRRC and NECR have reached agreement in principle for a commercial arrangement under the terms of which NECR would haul traffic for HRRC. If a commercial arrangement is not finally concluded, HRRC reserves its right to withdraw its support for the NECR proposal and to seek the haulage remedy set forth herein notwithstanding any relief which may be granted to NECR.

For purposes of this request the "Albany Area" includes Albany, Selkirk, Mechanicville and Rotterdam Jct. The nature of the request is to provide the most efficient interchange location

- B. REASON FOR THE REQUEST HARM CAUSED BY THE PROPOSED TRANSACTION
- Rail Competition available to Competitors Disadvantages HRRC Customers' ability to Compete.

As discussed above, if the transactions are approved as proposed, shippers currently served by HRRC will not benefit from the increased rail competition which is advanced by the primary applicants as a public benefit resulting from the merger. In fact, the benefits of competition which will accrue to nearby competitors will be harmful to HRRC shippers because their competitors will enjoy lower transportation costs. HRRC shippers can be expected to experience a reduction in revenue and profit as a result of the merger.

Verified Statements submitted by the following shippers, and attached as Exhibit 8, address this concern:

Kimberly Clark Corporation Quality Food Oils, Inc. Stevenson Lumber Company Weyerhaeuser Canada FIDCO

The harm to effective competition caused by these proposed transactions is different from but just as real as the harm caused by a merger transaction which reduces competition.

2. Failure to extend Rail Competition to HRRC Damages HRRC's ability to Compete.

By introducing rail competition in HRRC's backyard but failing to extend the competition to Housatonic Railroad, HRRC is

with each of the carriers.

disadvantaged as both a Conrail customer and as a carrier in the following ways:

- (i.) HRRC expects to receive less inbound traffic as a result of a reduction in business experienced by HRRC customers as a result of the compositive transportation cost advantage to be experienced by the competitors to HRRC's customers.
- (ii.) HRRC expects to experience a reduction in traffic to its lumber reloading facility or a loss of Weyerhaeuser or other customers because of competitive pressures which those firms will experience as a result of competition from NS and CSX reload points within the competitive zone west of the Hudson River.
- (iii) As outlined above, HRRC expects to face predatory competition from transloading, reloading and distribution facilities located within the HRRC market area but within the rail competitive zone west of the Hudson River. HRRC expects NS, CSX and/ or private firms to compete successfully for HRRC business by rail truck transfer from those points.

HRRC's inability to compete effectively is not the result of inefficient operation by Housatonic nor of natural transportation barriers. It is the result of introducing competitive rail service within a few miles of its rail line while leaving Housatonic Railroad without any competitive alternatives.

The harm derives directly from the proposed transactions. Currently, Conrail enjoys a virtual monopoly on rail service to the HRRC market area. HRRC's only connection is with Conrail. However, as a rational monopolist, Conrail has no incentive to disadvantage HRRC relative to its other customers nor to compete with HRRC for traffic. If the transaction is consummated as proposed, the new

competition which will be created will give both NS and CSX an incentive to compete to take HRRC business for themselves.

This is not a traditional situation in which a merger is claimed to have the result of reducing competition. It is a divisive transaction in which competition is created where none existed before. Such competition is good. However, HRRC is wrongfully harmed by being excluded from competition in the same way as it might be harmed if existing competition were eliminated. HRRC is not seeking indemnification or subsidy. HRRC is merely seeking the opportunity to compete on a level playing field.

C. PUBLIC INTEREST AND APPROPRIATENESS OF THE PROPOSED CONDITION FOR ACCESS TO CONNECTING CARRIERS VIA HAULAGE ARRANGEMENTS

It is clear that the request for a Haulage Arrangement with CSX satisfies the four Board criteria for imposing protective conditions in general.²³

- 1. As indicated above, the transaction as proposed threatens to harm the public interest by disadvantaging shippers/customers, including HRRC, who are situated just east of the Northeast competitive zone. There is real harm to competition.
- 2. The conditions are operationally feasible. Haulage rights are the least obtrusive method for obtaining access to other connections. They do not involve operation over CSX by another carrier, create scheduling conflicts, nor otherwise burden CSX operation.
- 3. The proposed conditions would not eliminate the harm but would ameliorate the harm by providing access to competition at a reasonable cost.

The trackage rights which NECR seeks may also satisfy the criteria.

4. The proposed haulage condition would result in benefit to the public by providing increased competition in rail transportation to an area which would otherwise not have the benefit of such increased competition. The proposed protective conditions would not in any way reduce competition in other areas nor otherwise cause detriment to the public benefits of the proposed transaction.

In addition, the proposed protective condition enhances competition in general and furthers the transportation policy of the United States. Not only does the proposed haulage arrangement foster competition by opening access to connecting carriers in order to provide rate and service competition for existing rail business, it also fosters competition for truck traffic in certain markets.

As the verified statement of Stevenson Lumber Company indicates, there is a large quantity of eastern Canadian spruce which is imported into the HRRC market area by truck. According to the verified statement, that traffic does not move by rail solely because of cost. A direct connection with CP Rail in Albany by haulage and a connection with CN via NECR would enhance the possibility of constructing truck competitive rail freight rates for that traffic. If successful, that additional traffic would benefit HRRC, CSX, and the other connecting carriers as well as the lumber receivers on HRRC, without any cost to the primary Applicants and without sacrificing any benefit to be derived from the transactions. Such traffic would also advance the goals of N.A.F.T.A. and would reduce air pollution, reduce highway traffic congestion, and conserve energy to the extent that traffic is diverted from truck.

The rail transportation policy of the United States would be advanced in the following ways:

- By allowing, to the maximum extent possible, competition and the demand for services to establish reasonable rates for transportation by rail.²⁴
- 2. By ensuring the development and continuation of a sound rail transportation system with effective competition among rail carriers and with other modes, to meet the needs of the public and the national defense.²⁵
- By avoiding predatory pricing and practices and avoiding undue concentrations of market power.²⁶
- 4. By fostering sound economic conditions in transportation and ensuring effective competition and coordination between rail carriers and other modes.²⁷
- By encouraging and promoting energy conservation policies.²⁸

In addition, this request for protective conditions is supported and endorsed by the Coalition of Northeastern Governors who are filing separate comments simultaneously with this filing.

II. GYPSUM, OHIO SWITCHING CHARGE

A. DESCRIPTION OF REQUESTED CONDITION

HRRC requests the Board to order a protective condition to preserve through rate competitiveness for the limestone traffic

^{24 49} U.S.C. 101013(1).

^{25 49} U.S.C. 10101a(4).

^{26 49} U.S.C. 10101a(13).

^{27 49} U.S.C. 10101a(5).

^{28 49} U.S.C. 10101a(15).

from Canaan, Connecticut to Gypsum, Ohio in order to preserve the viability of the traffic for the benefit of the shipper and for the benefit of HRRC. Specifically, HRRC requests the following protective condition:

An order establishing a switching charge to be charged by NS to CSX for switching cars between Cleveland, Ohio and Gypsum, Ohio for existing limestone traffic originating on HRRC, interchanged by HRRC with CSX, and terminating at Gypsum, Ohio.

B. REASON FOR THE REQUEST - HARM CAUSED BY THE PROPOSED TRANSACTIONS - APPROPRIATENESS OF THE REQUESTED REMEDY

As discussed above, if the Transaction is approved as proposed, the traffic movement is likely to be diverted to another origin because of the introduction of a third carrier and a second class 1 carrier in the route. Such a traffic diversion will be a direct result of the Transaction and will harm both the shipper and HRRC.

The request satisfies the four Board criteria for imposing protective conditions. The harm to the shipper is a direct result of the proposed Transaction. The condition is clearly operationally feasible. The proposed conditions would not eliminate the harm but would ameliorate the harm by allowing Specialty Minerals, CSX and HRRC to jointly compete for the business on a reasonable basis. The proposed condition would not in any way reduce competition in other areas nor otherwise cause detriment to the public benefits of the proposed transaction.

A remedy is required to address the harm to competition caused by the Transaction.

III. COMMODITY RATE EQUALIZATION

A. DESCRIPTION OF REQUESTED CONDITION

HRRC requests the Board to order a protective condition to preserve and establish certain commodity rate equalization between stations of HRRC and potentially competing Conrail stations which are proposed to become CSX stations. Specifically, HRRC requests:

An order requiring that CSX maintain thru class and commodity rates to HRRC Connecticut and Western Massachusetts stations for plastic, lumber and other forest products, which are no higher than it maintains to former CR stations in Connecticut and Western Massachusetts, with revenue between CSX and HRRC to be divided in accordance with existing division agreements between HRRC and CR. This provision shall apply both to traffic governed by tariffs and circulars and to traffic governed by contracts and quotes for shipments of the same class of commodities from the same origin. Western Massachusetts shall consist of Berkshire and Hampden Counties.

B. REASON FOR THE REQUEST - HARM CAUSED BY THE PROPOSED TRANSACTION - APPROPRIATENESS OF THE REQUESTED REMEDY

In the case of lumber and other building materials, shippers on HRRC compete regionally. If through freight rates for lumber to HRRC stations are higher than rates to CSX/CR stations in the same region, HRRC customers will be disadvantaged relative to customers served by CSX. The verified statements of Stevenson Lumber and Weyerhaeuser Canada attached hereto as Exhibit 8 address that concern.

As set forth above in the discussion concerning the relationship between HRRC and Conrail, HRRC is unable to effectively compete with Conrail. However, Conrail can effectively

compete against HRRC. That is especially true in the case of commodities which are easily transported by truck or by rail/truck transfer, such as lumber and plastic. The problem is even more acute when the commodities are shipped to HRRC by rail for further distribution, as in the case of Housatonic's lumber reload facility.

CSX will in the future, if the Transaction is approved, be able to harm the competitive position of HRRC and HRRC's lumber customers and to divert lumber and certain other commodity traffic from HRRC stations to CSX stations by maintaining lower through rates to CSX stations than are maintained to HRRC stations. Conrail has generally refrained from doing so.

Certain rate and division arrangements with Conrail were acquired from Boston and Maine Railroad in connection with the 1991 line sale by Boston and Maine to HRRC, and certain understandings between HRRC and CR arose in connection with the 1992 line sale by Conrail to HRRC. Some of those arrangements and understandings deal directly or indirectly with the rate equalization issue. Some are legally binding as contracts and some are not.

Notwithstanding the extent of enforceability of the arrangements, Conrail has been precluded from competing with HRRC because of the partnership relationship which exists between CR and HRRC. As a result, rate equalization currently exists, in almost all cases, for lumber and plywood. Furthermore, when opportunities to establish reloading, transloading or distribution facilities have arisen, Conrail has been careful to equalize through rates to

potential HRRC locations and to CR locations which potentially compete with HRRC locations so that the location decision can be made on factors other than rail freight rates.

When equalized through rates are put in place to HRRC stations, the division of revenue is determined by agreement between CR and HRRC or, failing agreement is governed by an established confidential divisional basis CR60050.

With the partition of Conrail, CSX should logically assume the position of CR as a partner or joint venturer with HRRC and should assume the partnership duties of CR to refrain from competition and should honor the rate equalization understanding and the existing divisional a transpersent. Unfortunately, CSX appears to construe its duty more narrowly.

In response to an interrogatory asking whether CSX will establish and maintain higher through freight rates for plastic, lumber and forest products to HRRC Connecticut and Western Massachusetts stations than to CSX stations in those areas, CSX responded that "It is possible that Connecticut and Western Massachusetts shippers of plastics, lumber and other forest products located on HRRC will face higher rates than Connecticut and Western Massachusetts shippers of those commodities located on CSX as a result of HRRC's revenue requirements and other factors."²⁹

In response to an interrogatory asking whether CSX will assure

Housatonic Railroad's First Interrogatories to CSX Parties, Interrogatory No. 3 and response thereto attached hereto as Exhibit 7.

HRRC that, after the Transaction is implemented, CSX will not, without agreement with HRRC, attempt to decrease HRRC's proportion or percentage of revenue on current traffic movements, CSX responded that CSX will honor existing Conrail contracts for the remainder of their term but "CSX will not provide any other assurances with respect to HRRC's proportion or percentage of revenue."³⁰

A failure by CSX to assume the contractual, divisional and partnership obligations of Conrail and to maintain rate equalization between HRRC stations and potentially competing CSX stations will result in irreparable harm to the ability of HRRC to compete for new and existing business.

The request satisfies the four Board criteria for imposing protective conditions. The harm to the shippers, including specifically HRRC's lumber customers and HRRC³¹, is a direct result of the proposed Transaction. The condition is clearly operationally feasible. The proposed conditions would eliminate the harm and would increase competition. It would not in any way reduce competition in other areas nor otherwise cause detriment to

Housatonic Railroad's First Interrogatories to CSX Parties, Interrogatory No. 4 and response thereto attached hereto as Exhibit 7.

HRRC serves the following lumber customers directly: Georgia Pacific Company, Stevenson Lumber Company and Wickes Lumber. Through its lumber reload center HRRC serves Weyerhaeuser Canada, Saxonville USA and other customers. Lumber business accounts for approximately 34% of HRRC's inbound cars and 28% of HRRC's revenue, as set forth in the verified statement of Richard J. Apell which is classified as highly confidential and is part of the highly confidential Appendix submitted to the Board.

the public benefits of the proposed transaction.

ESSENTIAL SERVICES BASIS FOR IMPOSING CONDITIONS

All three of the requested conditions - Haulage Arrangements; Gypsum, Ohio Switching; and Rate Equalization - address harm to competition caused by the Transaction. In each case the harm will be suffered both by HRRC's customers and by HRRC, which should be considered a Conrail customer. In each case there is an adequate and sufficient reason and basis for the Board to impose the conditions which are requested.

In addition to the reasons previously set forth, there is an Essential Services justification for the requested action. The financial condition of Housatonic Railroad should be regarded as fragile. During each of the years 1995 and 1996, HRRC experienced a net loss. In 1997, the company's profitability has turned around and for the first three quarters of 1997, HRRC has a small net income. Actual income figures are set forth in the verified statement of Richard J. Apell, the company's controller, which statement is designated highly confidential and is a part of the highly confidential appendix filed with the Board.

It is clear from the above discussion and even clearer from the financial data that even a small loss of traffic has the potential of jeopardizing the financial health of Housatonic Railroad. The protective conditions requested herein are necessary to preserve the long term financial viability of Housatonic Railroad.

ESSENTIAL SERVICES BASIS FOR IMPOSING CONDITIONS

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It is clear from the above discussion and even clearer from the financial data that even a small loss of traffic has the potential of jeopardizing the financial health of Housatonic Railroad. More significantly, any action which jeopardizes Housatonic's viability could severely harm or put out of business customers dependent upon Housatonic's services. For example, one its customers, Sheffield Plastics, Inc., has submitted a Verified Statement attached as Exhibit 9, stating that loss of rail service

would seriously affect Sheffield's ability to continue to operate and compete in the marketplace. The protective conditions requested herein are necessary to preserve the long term financial viability of Housatonic Railroad.

SUMMARY OF RELIEF REQUESTED

Housatonic Railroad Company hereby requests:

- 1. That the Surface Transportation Board approve that portion of the Responsive Application filed by New England Central Railroad seeking trackage rights for New England Central Railroad between Palmer, Massachusetts and Albany, New York for the purpose of interchange with connecting carriers.
- 2. That the Surface Transportation Board require CSX to enter into a Haulage arrangement on reasonable terms with HRRC, under the terms of which CSX will haul HRRC traffic over the Boston-Albany Main Line (1) from Pittsfield to the Albany, New York area for the purpose of interchange at Albany with connecting carriers including, but not limited to NS, CP Rail and ST Rail, and (2) from Pittsfield to Palmer, Massachusetts for interchange purposes at Palmer and intermediate points.
- 3. That the Surface Transportation Board require the establishment of a reasonable switching charge to be charged by NS to CSX for switching cars between Cleveland, Ohio and Gypsum, Ohio for existing limestone traffic originating on HRRC, interchanged by HRRC with CSX, and terminating at Gypsum, Ohio.
- 4. That the Surface Transportation Board issue an order requiring that CSX maintain thru class and commodity rates to HRRC Connecticut and Western Massachusetts stations for plastic, lumber and other forest products, which are no higher than it maintains to former CR stations in Connecticut and Western Massachusetts, with revenue between CSX and HRRC to be divided in accordance with existing division agreements between HRRC and CR. This provision shall

apply both to traffic governed by tariffs and circulars and to traffic governed by contracts and quotes for shipments of the same class of commodities from the same origin. Western Massachusetts shall consist of Berkshire and Hampden Counties.

Respectfully submitted,

Atty. Edward J. Rodriguez

That follows

P.O. Box 298

Centerbrook, Conn. 06409

(860) 767-9629

Attorney for: Housatonic Railroad Company, Inc.

Certificate of Service

I hereby certify that a copy of the foregoing Request for Conditions and Comments has been served upon all parties of record, as amended, by U>S> mail, postage prepaid, this 21st day of October, 1997.

Edward J. Rodriguez

CONRAIL



September 29, 1995

Edward Rodriguez General Counsel Housatonic R.R. P. O. Box 537 Old Saybrook, CT 06475-

Dear Ed:

Over the past few months Conrail has been listening to our ShortLine connections about the need to strengthen our partnership and develop a closer working relationship. As a result, one of the programs that we are introducing is the Short Line Account Executive Program.

With this program, each and every Short Line connecting to Conrail will have one single point of contact within Conrail. Each has been assigned to one of the members of the Short Line Marketing Staff. These are people who are veterans of Conrail and are knowledgeable and skilled in dealing with your needs. They will also continue to work together as a group to deal with those issues which involve the general Short Line community.

Their responsibility will be to foster communication between the two companies and to assist the Short Lines in every way possible in maintaining and developing rail business. You can expect to have direct contact with your account executive through meetings, visits, phone conferences, etc. As your initial contact, they are here to help to resolve operating issues that interfere with efficient service to you and your customers, to assist in the identification of new business and to act as a liaison between the Short Line and the Conrail Marketing Department in the development of service and rate packages. All questions and issues relating to billing, service, reporting, etc. will be able to be funneled through this one person, thereby simplifying your efforts and expediting the resolution of any problems that may occur.

We are confident that you will find this arrangement to have great benefit in your future dealings with Conrail. At the end of 1995 we will be surveying you to see how the program is working and to solicit your suggestions for improvements.

Your Account Executive will be Pat Pilla, at (215) 209-7746. You will be contacted by Pat in the next few weeks, but in the meantime, do not hesitate to call her with any of your questions.

Sincerely.

Wayne Michel

Senior Director, Short Line Network

Mayne Muche

PARTNERS

NEWS FROM CONRAIL'S SHORT LINE NETWORK GROUP

Account Executive Program

Consistent with the commitment made to you in April by John Sammon, we are pleased to announce that effective

October 1, 1995. Conrail assigned an Account Executive for each short line carrier.

The people chosen to be your Account Executives—John Leahy, Pat Pilla and Janice Sladzinski—have worked with short lines for years and already know many of you personally. We believe their talents and experience will help make the Account Executive Program a success.

The goal of the program is to provide you with a single point-of-contact responsible for answering the daily commercial, operational and billing inquiries Contail receives from you.

Now, you will be able to make one telephone call to Contail and receive a response to any subject that previously may have required second and third calls or transfers from the party first contacted. Now, Contail's Account Executives perform the task of contacting the right person needed to answer the question.

Continued on page 3



Consolidated Rail Corporation Short Line Network Group 2001 Market Street, 24-A PO. Box 41424 Philadelphia, PA 19101-1424

John T. Leahy, Editor [215] 209-5664

FALL 1995



3

The theme for the 1996 Conrail Short Line Conference will be Partnership for Profit. This theme was carefully

chosen to reflect our belief that in order for either of us to profit, we both must profit.

The meeting will take place next April 25 and 26 at the Wyndham Franklin Plaza Hotel, located at 17th and Vine Streets in Philadelphia. This hotel has been completely refurbished to create an atmosphere enjoyable for both business and pleasure.

In order to make this conference a valuable use of your time, we are focusing the meeting on issues related to growing market share. Accordingly, we will be inviting the chairmen, presidents and senior marketing representatives of our connecting short line and switch carriers to attend and interact with Conrail's marketing officials. Given our intention to keep the conference focused on commercial issues, we will continue to hold regional meetings in 1996 to discuss operational matters that can be best addressed at the local level.

We will also provide time for you to discuss business opportunities individually with key marketing contacts at Conrail. This face-to-face interaction received positive comments at the previous meeting with suggestions to continue the format.

We have held a block of rooms at the Wyndham Franklin Plaza Hotel, and we recommend you make reservations early, as accommodations in the Philadelphia area are becoming increasingly difficult to locate since the opening of the new convention center last year. Further details will be sent early next year.

Panel Volunteers

We are looking for a few good men and women to share success stories d like to pres discussi becific business development initiatives in which the short line and Conrail jointly succeeded in gaining new business. Volunteers should contact their Account Executive if interested in participating

Account Executive Program

Continued from page 1

The geographic location of each short line determined the assignment to a particular Account Executive. (See the listing on page 1 of the Short Line Marketing Account Executives and

their regions.) However, be aware that the divisional formula is not always used to determine assignments. If a carrier is part of a family of short lines, then the Account Executive responsible for one family road, will also be the point-of-contact for the roads that belong to that family. We will be surveying you in a few months to see how the program is working. At that time, if we need to make changes in the program to ensure adequate coverage of all short lines, we shall do so. Until then, please get to know your Account Executive and begin the process of educating them about your railroad.

1 0

NEWS FROM CONRAIL'S SHORT LINE MARKETING GROUP

Organizational changes

By John Leahy

Contail's Short Line Marketing organization and our Division Sales unit have been combined in recognition of the importance of our regional partners and costomers.

Fredancka C. Molfitt has been appointed Director, Division Marketing and Sales, to lead the group and is reporting to Mariatine Gregory, AVP-Forest and Manufactured Products Business Group Fredancka most recently served on Conrail's Corporate Quality Council, creating the structure and process for unplementing Continuous Quality Improvement (CQI) at Contail She has been a Sales Director and a Marketing Manager at Conrail.

loining her in the new organization are Kel MacKavanagh and Larry DeYoung, both Directors, Short Line Marketing, John T. Leahy, Manager, Short Line Administration, Jim Conway, Account Executive-Division Sales, Philadelphia, Lena DiSimone, Account Executive-Division Sales, Indianapolis, and Carol Yupco, Account Executive-Division Sales, Albany

Kel, Larry and John will continue to be available to provide short lines with the information needed to do business with Conrail, to answer questions, and to resolve issues that arise. The Division Sales Account Executives can help with commercial development opportunities in their geographic areas But most importantly, the group will continue to examine our business processes and consult with short line executives to identify ways that Contail can work more effectively with short lines.

Headquarters Contacts

Consolidated Rail Corporation 2001 Market Street, 24-A P.O. Box 41424 Philodelphia, PA 19101-1424 FAX: (215) 209-7682 or 7748

> Kelvin L MacKavanagh (215) 209-5655

Larry & DeYoung (215) 209-5657

John T. Leahy (215) 209.5664

Customer Service Contacts

Assistance at Conrail is at your fingertips with a touch-tone phone and the following number: 1-800-ACTION1 (1-800-228-4661)

For assistance in: Electronic Data

Interchang

Prompt 10

Car Tracing

Prompt 11

Rate Requests

Prompt 12 Prompt 44

For any other service: **Dial your Customer Service** Representative (Prompt 48) or wait for assistance.

CONRAIL



Consolidated Rail Corporation Short Line Marketing 2001 Market Sheet, 24A P.O. Box 41424 Philodelphia. PA 19101-1424

John T. Leatry, Editor [215] 209-5664

SPRING 1993

TRANSPORTATION

John Q. Anderson
Executive Vice President
Soles & Morketing

500 Water Street - J120 Jacksonville, FL 32202

June 23, 1997

Dear Conrail Customer:

I am sure that as a Conrail customer you have a keen interest the plan put forward by CSX Corporation and Norfolk Southern to acquire and divide Conrail's assets and operations. As you are probably aware, Conrail shares are now held in a joint voting trust pending federal regulatory approval of the acquisition. Today, CSX and NS filed a joint application with the Surface Transportation Board, an action which started the clock ticking on the agency's 350-day review period. Because our proposal will create the most balanced, competitive transportation marketplace shippers and receivers in the eastern United States have ever had access to, we are confident our application will be approved.

The joint application includes CSX's formal plan for operating the portions of the Conrail system we propose to integrate into the CSX network. It details our plan to use the best routes available on the combined system, to eliminate interchanges that might have slowed traffic movement in the past and to upgrade the infrastructure to insure that traffic blends smoothly.

The operating plan was developed with the needs of Conrail's customers firmly in mind. Once the acquisition is complete, CSX will compete hard to earn your business. In addition to expanding the breadth of our service area, implementation of the plan will position CSX to offer you reliable, truck-competitive, single-line rail service to new markets. Across the entire expanded CSX network, our goal will be to deliver unprecedented value for your transportation dollar.

Even before beginning operations in new areas, we want to learn more about your transportation needs and how CSX can offer the services that will meet them. We will be introducing ourselves to Conrail customers we have not worked with in the past over the next few months. In the meantime, I am committed to keeping you informed. In a few days, you will receive additional information about the impact the operating plan filed today will have on our service and the expected benefits that will result. More details, including portions of the application itself, are available on the internet at the CSX home page at www.csx.com.

As we prepare to begin operation as the "new" CSX, we look forward to working with you.

Sincerely.

John Q. Anderson



500 Water Street - J120 Jacksonville FL 32202



Frecutive VICE President . Salos & Marketing

September 11, 1997

Mr. David Dannin Vice President Fairfield Processing Corporation 88 Rose Hill Avenue Danbury, CT 06810

Dear Mr. Dannin.

The proposed CSX/Conrail acquisition is a complex transaction with a simple aim: restoring balance in the eastern transportation marketplace by creating competition and better serving rail customers.

We believe this acquisition offers many benefits and we're anxious to get undorway. But before we come to market in your area, we would like to introduce ourselves and begin learning about your ousiness. We want to meet you, and will host a customer briefing session at 10:30 am September 17 at the Crowne Plaza. 10 Lincoln Square, Worcester, Massachusetts. Lunch will be served after the meeting. Our agenda includes an overview of CSX and highlights of our plan for acquiring our part of Conrail, a discussion of our proposed operating approach in your area, and a question and answer period. Please plan to join us.

We have teams already at work to ensure the combination of CSX and Conrail goes smoothly and avoids disruption. We plan to incorporate the best practices of Conrail with those of CSX, remembering that our goal is to provide you with the best value for your transportation dollar. You can help us. Shortly after our meeting, we will conduct a brief customer survey which we hope you will use to tell us more about your needs and expectations.

Please let us know if you and/or some of your colleagues can attend by roturning the enclosed fax sheet by September 15, 1997. I look forward to seeing you in Worcester.

Sincerely.

John Q. Anderson

Executive Vice President -

Sales & Marketing

JOURNAL OF COMMERCE - Sept. 23

Edward Emmett: In his own words

"Our system is a throwback to an earlier era."

IDURNAL OF COMMERCE STAFF

Edward M. Emmett, president of the National Industrial Transportation League, the nation's oldest and largest shippers association, met with The Journal of Commerce editorial board in New York recently. He was asked about several issues the influential NIT League has taken up, including its leading role in pushing Congress to further deregulate ocean shipping.

In a wide-ranging interview, he also spoke about the UPS strike and its impact on NIT League members, shippers' growing interest in air cargo policy, and why his association looks favorably on CSX and Notfolk Southern's plan to divide up Contail.

What are some of the big rail issues NTI League members are dealing with?

There are big problems out West. We started getting phone calls (in August) that shippers in the Houston area were very concerned over the UP's poor rail service. We started checking and found out there are shippers who have horror stories like a rail car they expected in five days was taking five weeks. (or) some not showing up at all.

Owhat's your take on the CSX and Norfolk Southern's plan to divide up Conrail?

Not everybody is going to get better rail service, and not everybody is going to get more service, but if you look at the big picture they (CSX and Norfolk Southern) are doing what shippers have asked to have done for years. If you are sole-served by Conrail now, and you will be sole-served by Norfolk Southern after the merger, are you happier? They all say 'yes' I'm not picking on Conrail, but that is the general feeling.

The only shippers who seem to have some difficulty are at 1 in handpolis, where

they are going from two (railroads) to one. The Buffalo area also has some concerns. They're upset about their switch charges. And then there are some individual shippers that right now have interline service that when this is all said and done are going to have single line service with one railroad, whereas before they were able to set competitors off against each other. All in all, it is an entirely different situation from any of the other mergers because it is eliminating a monopoly and putting two railroads in.

Obo you think there will be a merger of east and west railroads? John Snow (chief executive of CSX) told us he thought that would eventually occur.

I think it will happen. But there is no reason for it to happen. If you look at traffic patterns, West Coast to East Coast uaffic is not that big a deal. But the first time there is one merger, then you will see a second merger. My prediction for years was that you would have two east-west and one north-south railroad down the middle of the country.

Edward M. Emmett

Title:

Since 1992, president and chief operating officer of the National Industrial Transportation League, the nation's oldest and largest

oldest and largest
association of transport users. Known
principally for defending the interests of large
corporations, the NIT League's advocacy spans
the transport spectrum from rail to intermodal
in both domestic and international spheres.

Age: 4

Former

Commissioner and vice-chairman, Interstate Commerce Commission (1989-1992). Republican state representative, Texas Legislature (1979-1987), executive director, Texas Association to Improve Destribution (1986-1989), executive director, North Houston Association (1983-1986), policy analyst, Exxon U.S.A. (1976-1979), special assistant to the U.S. Secretary of Health, Education and Welfare (1975-1976). Graduated from Rice University.

Personal: Currently resides in Bethesda, Md., with his wife and four childeren.

The Jump of Comment

What other rail issues do you see coming up? The discussion of rail transportation is always interesting because shippers have never had a choice of railroads in terms of who comes to your plant. There are very few ship pers that are big enough to have two railroads come to their plant, so does it matter that there are 40 others in the country, or three others? That is what sluppers are wrestling with. They don't know the answer to that I don't know the answer to that.

It is interesting that the Staggers Act (deregulating rail-roads) was passed when there were 40 Class-1 railroads, and now we are getting down to a handful. Do you need a different type of approach in terms of what is a captive shipper? I think that is what various coalitions like the Albance for Rail

CONTINUED

CONTINUED

Competition are going to be looking at.

Qyou mean a different approach in terms of new regulations?

We've always said in the case of railroads that you've got to have some form of regulation because you don't have freedom of entry. You don't have a free market system You have some shippers in the extreme who think they want open access: One railroad rolling up and down another railroad's tracks A whole lot of shippers have looked at that and said that ain't going to work. I'd like to know which rail operator is coming into and out of my plant.' They don't want just anybody showing up at the gate driving a locomotive. And

would that allow the biggest railroad to pick and choose where they use their power units around the country? And would that leave other rail shippers completely out?

Right now what we have is mainly anecdotal information about rail-to-rail competition. In the next couple of years I think you are going to see people develop real hard information. AAR has been saying for quite some time that rail rates have gone down dramatically. We don't know for sure that there is a big problem, but it is something we need to look at.

Qin when considering new railroad regulations?

Short lines are excellent at what they're doing, but short

lines become more like shippers than they do radioads A short line to a Class-1 railroad is a shipper; it is not a railroad. How do they fit in? All those questions have to be answered, and I don't think it is going to be an adequate answer to form some group called the Committee Against Revising Staggers at all costs.

The Staggers Act is approaching 20 years old. The industry has changed There may be some changes, but I sure wouldn't want to go out and say we want to do this or that at this point. We need to find out what that is.

ATLANTA JOURNAL - Sept. 21, 1997

BUSINESS COMMENTARY Divvying Conrail a boon for some, bane for others

By Ernest Holsendolph

Nearly everyone is clamoring to board the Conrail express.

The \$10 billion plan to divide Conrail, the huge Northeast railroad, between rivals CSX and Norfolk Southern has brought broad grins to the faces of the shippers, who stand to benefit most directly from the changes.

And why not? The bigger operations of CSX and Norfolk Southern will make it easier and cheaper for the chicken producers to get their birds to market and receive feed grains from the Midwest. Lumber products will move more easily from the forests and plants here to points throughout the East and the Midwest. Finished goods will move better toward this growing Southeast market. And automotive assembly plants, such as the GM facility in Doraville and the Ford plant in south Atlanta, will be able to receive parts and ship finished vehicles faster and better.

Economic development officials and all of these shippers are urging the government's Surface Transportation Board, which is processing the application to divide Courail between CSX and Norfalls Southern, to move ahead full throttle. Specifically, Georgia shippers ranging from giant Gold Kist Inc. of Atlanta to Tucker Materials of Tucker, have organized themselves into a Washington-based group called Transportation Advocates for Competition to lobby for the new rail plan.

Leaders from many major corporations have spoken out for the rail plan, or promised to file statements supporting it. But, if so many can be for it, who could be against the plan? Especially one that would beef up Norfolk Southern and CSX, make them compete harder against one another and supposedly provide cheaper, improved rail service? Well, some shippers are wary of it. Some safety experts have raised ted flags. And most rail unions are dead set against the possibility that the merger will cost jobs. The merger of differing systems and computers will be a complex operation at best, giving some credence to the argument that the merger has safety implications

Others are concerned about a \$2.5 billion judgment against CSX over the mishandling of dangerous materials in a community near New Orleans. Though the judgment is under appeal, and the

Greetings from Wayne Michel

Hello again

Because so many of you reacted so positively to our last issue of **Partners**, we have decided to make this greetings page a regular feature to update you on the changes occurring at Conrail and in our industry.



Partners is only one facet of our ongoing efforts to improve two-way communication between all of Conrail and you, our critical partners. I am delighted to report that our new Account Executive Program is now in place [see story on page 1]. All of you have received a letter laying out the purpose of this program and identifying your individual Account Executive. Over time, it is our hope that you and your Account Executive will form a true understanding of your needs and determine how you and Conrail can work in a Partnership for Profit.

Partnership for Profit is the way we at Conrail are thinking about our future business relationship with you. It will serve as the slogan for our forthcoming annual meeting and it is meant to quickly convey Conrail's sincere belief that only a partnership that benefits both of us will work for either of us. Conrail's strategies for industrial development, line sales and equipment utilization all stem from the premise that short lines are well-suited to efficiently feed traffic into Conrail's efficient main line system. In the coming months, you will see these words turned into actions that benefit both of us and our customers.

Because any change can be stressful, I believe that the key to our success together must be constant, honest, two-way communication. We are demonstrating our commitment to that communication with the AE Program, the resumption of the annual meeting, the continuation of the division meetings in 1996, the continuation of the Short Line GIT and, of course, Partners.

To date, the short line community has been very supportive of our efforts. Turnout at our division meetings was excellent and feedback received at the annual ASLRA meeting and in private discussions has shown that you are willing and desirous of working with us. In class g, I want to let you all know how much I appreciate your feedback and your willingness to work with me and all of us at Contail to make our relationship a true partnership.

Mayne Muchel

PARTNERS

NEWS FROM CONRAIL'S SHORT LINE MARKETING GROUP

Organizational changes

By John Leahy

Contail's Short Line Marketing organization and our Division Sales unit have been combined in recognition of the importance of our regional partners and customers.

Fredaricka C. Molfitt has been appointed Director, Division Marketing and Sales, to lead the group and is reporting to Mariature Gregory, AVP-Forest and Manufactured Products Business Group. Fredaricka most recently served on Contrail's Corporate Quality Council, creating the structure and process for unplementing Continuous Quality Improvement (CQI) at Contrail. She has been a Sales Director and a Marketing Manager at Contrail.

Joining her in the new organization are
Kel MacKavanagh and Larry DeYoung, both Directors,
Short Line Marketing, John T. Leahy, Manager, Short
Line Administration, Jun Conway, Account Executive—
Division Sales, Philadelphia, Lena DiSimone, Account
Executive—Division Sales, Indianapolis, and Carol Yupco,
Account Executive—Division Sales, Albany

Kel, Larry and John will continue to be available to provide short lines with the information needed to do business with Conrail, to answer questions, and to resolve issues that arise. The Division Sales Account Executives can help with commercial development opportunities in their geographic areas. But most importantly, the group will continue to examine our business processes and consult with short line executives to identify ways that Conrail can work more effectively with short lines.

CONRAIL



Consolidated Rail Corporation Short Line Marketing 2001 Market Sheet, 24A P.O. Box 41424 Philodelphia, PA 19101-1424

John T. Leathy, Editor [215] 209-5664

SPRING 1993

Headquarters Contacts

Consolidated Rail Corporation 2001 Market Street, 24-A P.O. Box 41424 Philodelphia, PA 19101-1424 FAX: (215) 209-7682 or 7748

Kelvin L MecKevarragh (215) 209-5655

(215) 209-5657

John T. Leahy [215] 209.5664

Customer Service Contacts

Assistance at Conrail is at your fingertips with a touch-tone phone and the following number.

1-800-ACTION 1 (1-800-228-4661)

For assistance in: Electronic Date

Interchange

Prompt 10 Prompt 11

Car Tracing Diverting or Reconsisting

Prompt 12

Bete Requests

Prompt 44

For any other service:
Dial your Customer Service
Representative (Prompt 48)
or wait for assistance.

3

1996 Short Line Conference

The theme for the 1996 Conrail Short Line Conference will be Partnership for Profit. This theme was carefully

chosen to reflect our belief that in order for either of us to profit, we both must profit.

The meeting will take place next April 25 and 26 at the Wyndham Franklin Plaza Hotel, located at 17th and Vinc Streets in Philadelphia. This hotel has been completely refurbished to create an atmosphere enjoyable for both business and pleasure.

In order to make this conference a valuable use of your time, we are focusing the meeting on issues related to growing market share. Accordingly, we will be inviting the chairmen, presidents and senior marketing representatives of our connecting short line and switch carriers to attend and interact with Conrail's marketing officials. Given our intention to keep the conference focused on commercial issues, we will continue to hold regional meetings in 1996 to discuss operational matters that can be best addressed at the local level.

We will also provide time for you to discuss business opportunities individually with key marketing contacts at Conrail. This face-to-face interaction received positive comments at the previous meeting with suggestions to continue the format.

We have held a block of rooms at the Wyndham Franklin Plaza Hotel, and we recommend you make reservations early, as accommodations in the Philadelphia area are becoming increasingly difficult to locate since the opening of the new convention center last year. Further details will be sent early next year.

Panel Volunteers

We are looking for a few good men and women to share success stories. We'd like to present a panel discussion on specific business development initiatives in which the short line and Conrail jointly succeeded in gaining new business. Volunteers should contact their Account Executive if Interested in participating.

Account Executive Program

Continued from page 1

The geographic location of each short line determined the assignment to a particular Account Executive. (See the listing on page 1 of the Short Line Marketing Account Executives and

their regions.) However, be aware that the divisional formula is not always used to determine assignments. If a carrier is part of a family of short lines, then the Account Executive responsible for one family road, will also be the point-of-contact for the roads that belong to that family. We will be surveying you in a few months to see how the program is working. At that time, if we need to make changes in the program to ensure adequate coverage of all short lines, we shall do so. Until then, please get to know your Account Executive and begin the process of educating them about your railroad.

NEWS FROM CONRAIL'S SHORT LINE NETWORK GROUP

Greetings

Hello to all of you. I'm Wayne Michel, the new Senior Director of the Short Line Network I understand that the unveiling of our new

Strategic Business Plan has raised some questions for some of you, especially after the tather distorted picture painted by The Wall Street Journal, so I would like to clarify just

where we stand in this changing business environment.



Wayne Michel

First of all, we are in the process of devising a commercial strategy for short lines that is intended to keep both halves of this partnership profitable. The strategy will be based on Contail's Strategic Business Plan, particularly the mandate to earn our cost of capital

on all traffic. To achieve this in the carload business means we must continue to simplify the pricing and billing of our product. We must make our rate and service offenngs clear and have fewer of them. In this way, we can be assured that our dealings with short lines, and our dealings with our joint customers, can be administered effectively, accurately, quickly and efficiently.

We also must make more efficient use of our assets. As you may have heard, we are currently studying many of our branch lines to see whether they can support continued capital investment. If they cannot, the lines will be offered for sale according to the same policy we have always had, which is to try to sell them to a viable new operator.

Continued on page 8

CONRAIL



Consolidated Rail Corporation Short Line Network Group 2001 Market Street, 24A PO Box 41424 Philadelphia, PA 10101-1424

John T. Leohy, Editor (215) 209 5664

SUMMER 1995

Headquarters Contacts

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Wayne Michel (215) 209-5653

John Lassahn (215) 209.7887

John T. Leahy (215) 209-5664

Patricia L Pilla (215) 209.7746

Janice T. Sladzinski 1215) 209-5657

Customer Service Contacts

1-800-ACTION1 (1-800-228-4661) For assistance in:

Prompt 11 Car Tracing

Diverting or Reconsigning of Cors

Prompt 12

1800-456-8405

Rate Requests 1-800-932-9292 Freight Claims 1800-227-2256

Ext. 61

Freight Claim

Inspection

1-800-252-52/0

For any other service:

Dial your Customer Service Representative (Prompt 48) or wait for assistance.

The new short line commercial strategy is not yet complete. As soon as it is, we will inform you of it personally through our group Continued from page 1 meetings, through this newsletter, and through a new method, your own account executive. When the account executive system is in place, each short line will have its own personal contact at Contail, someone trained to be the one person to call for all business issues. We hope that will make life easier and communication clearer, both for

you and for us Change is never comfortable, but keep these things in mind over the next few months. Short lines account for 20% of Contail's revenues. We have a vested interest in you, as you do in us. What is motivating change at Contail is the need to secure our financial future. That's a need that created our relationship with you in the first place and will keep it healthy over the long run. There is no reason to believe that our mutual futures cannot continue to be bright.

In the last few weeks, I have attended the ASLFA regional meetings in Cincinnati, OH and Oak Brook, IL, the Contail Pittsburgh and Dearborn Division meetings, and the Short Line QIT meeting. As a result, I have had the opportunity to rekindle some old friendships and to forge new ones. In the months to come, I look forward to continuing this dialogue by meeting all of you personally. Mayno Muche

The Short Story

Did you know?

Association of American Railroads (AAR) embargo notices are available to short line and switching carriers electronically through Conrail's electronic mail system (accessible through Conrail's Quik-Connect software package). To get a listing of embargo notices and reroute orders issued by the AAR, access the EMBARGO. Notices bulletin board.

Changing locations?

Does the label on this mailing show your current address? To keep you up-to-date on the news at Conrail, we need your correct address. Please check the mailing label on this newsletter and send corrections to:

Address Correction

Consolidated Rail Corporation Short Line Network Group 2001 Market Street, 24A P.O. Box 41424 Philadelphia, PA 19101-1424

Specialty Minerals Inc. The Chrysler Building 405 Lexington Avenue New York NY 10174-1901



VERIFIED STATEMENT OF David C. Kane

October 20, 1997

Mr. Vernon A. Williams
Secretary
Surface Transportation Board STB
Finance Docket # 33338 1925 K Street, N.W.
Washington, DC 20423-0001

Dear Mr. Williams:

My name is David C. Kane. I am the Director of Transportation for Specialty Minerals Inc./Barretts Minerals Inc. with offices at "The Chrysler Building" 405 Lexington Avenue, New York, NY 10174-1901. My responsibilities include planning for rail service, negotiation of rail contracts and arranging for carload shipments.

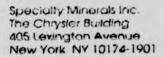
Specialty Minerals Inc. owns a mine and manufacturing facilities at Canaan, CT. We have shapped bulk limestone by rail transportation to the U.S. Gypsum Company at Gypsum, OH for several years. Our facilities are served by the lines of Housatonic Railroad Company, Inc. (HRRC). All of our rail shipments are routed via HRRC (Pittsfield, MA) Conrail. Conrail is also the serving carrier at Gypsum. The transaction, as proposed, will transfer the line serving Gypsum, OH to Norfolk Southern and transfer the line from Pittsfield, MA to Cleveland, OH to CSX. We anticipate the introduction of a second Class I carrier in the route will result in higher transportation charges. Our main competitors for the Gypsum business are located in Georgia on NS and Alabama on EARY (with connections to NS). The introduction of single line routes to Gypsum, OH gives them a competitive advantage which I anticipate will result in Specialty Minerals and HRRC's loss of this important business.

Specialty Minerals urges the Surface Transportation Board to take steps to preserve competitive rail access to Gypsum, OH for shipments of limestone from Canaan, CT.

I, David C. Kane, declare under penalty of perjury that the foregoing is true and correct. Furthermore I certify that I am qualified and authorized to file this verified statement. Executed on October 20, 1997.

Sincerely,

Director of Transportation





VERIFIED STATEMENT OF David C. Kane

October 20, 1997

Mr. Vernon A. Williams
Secretary
Surface Transportation Board STB
Finance Docket # 33338 1925 K Street, N.W.
Washington, DC 20423-0001

Dear Mr. Williams:

My name is David C. Kane. I am the Director of Transportation for Specialty Minerals Inc./Barretts Minerals Inc. with offices at "The Chrysler Building" 405 Lexington Avenue, New York, NY 10174-1901. My responsibilities include planning for rail service, negotiation of rail contracts and arranging for carload shipments.

Specialty Minerals Inc. owns a mine and manufacturing facilities at Canaan, CT. We have shipped bulk limestone by rail transportation to the U.S. Gypsum Company at Gypsum. OH for several years. Our facilities are served by the lines of Housatonic Railroad Company, Inc. (HRRC). All of our rail shipments are routed via HRRC (Pittsfield, MA) Conrail. Conrail is also the serving carrier at Gypsum. The transaction, as proposed, will transfer the line serving Gypsum, OH to Norfolk Southern and transfer the line from Pittsfield, MA to Cleveland, OH to CSX. We anticipate the introduction of a second Class I carrier in the route will result in higher transportation charges. Our main competitors for the Gypsum business are located in Georgia on NS and Alabama on EARY (with connections to NS). The introduction of single line routes to Gypsum, OH gives them a competitive advantage which I anticipate will result in Specialty Minerals and HRRC's loss of this important business.

Specialty Minerals urges the Surface Transportation Board to take steps to preserve competitive rail access to Gypsum, OH for shipments of limestone from Canaan, CT.

I, David C. Kane, declare under penalty of perjury that the foregoing is true and correct. Furthermore I certify that I am qualified and authorized to file this verified statement. Executed on October 20, 1997.

Sincerely,

Director of Transportation

NS-30

BEFORE THE SURFACE TRANSPORTATION BOARD

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

STB FINANCE DOCKET NO. 33388

NORFOLK SOUTHERN'S RESPONSES
TO HOUSATONIC RAILROAD'S
PRIST INTERROGATORIES AND
FIRST REQUESTS FOR PRODUCTION OF DOCUMENTS TO
NS PARTIES (HRRC-7)

NS! hereby responds to Housatonia's ("HRRC" or "requester") First Interrogatories and First Requests for Production of Documents to NS Parties.

GENERAL RESPONSES

The following general responses are made with respect to all of the requests and interrogatories:

1. Any responsive documents will be made available for inspection and copying in Applicants' document depository, which is located at the offices of Arnold & Porter in Washington, D.C. Copies of documents will be supplied upon payment of duplicating costs (including, in the case of computer tapes, costs for programming, tapes and processing time).

I'NS refers collectively to Norfolk Southern Corporation and Norfolk Southern Railway Company.

Interrogatory No. 10

HRRC curre, 'ly enjoys dolomitic limestone traffic moving from Canaan, Connecticut to Gypsum, Ohio (hereinafter "Gypsum Traffic"). The traffic is currently routed "HRRC PTSFD CR". Please indicate how such Gypsum Traffic is proposed to be routed after the Transaction is implemented and the projected transit time for the Gypsum Traffic movement after the Transaction is implemented.

10. Without waiving any objection, and subject to the General Objections stated above, NS responds as follows:

Routings will be the subject of negotiations between the extended NS, extended CSX, their customers and connections. NS plans to work to insure maintenance of current transit time and also to insure service reliability. Possible routing choices for the referenced Gypsum Traffic include: 1) HRRC Pittsfield - CSX Buffalo - NS Gypsum; 2) HRRC Pittsfield - CSX Cleveland - NS Gypsum; and 3) HRRC Pittsfield -- CSX Oak Island, NJ -- NS Gypsum (via Pittsburgh).

Interrogatory No. 11

Please indicate whether NS and CSX will honor the existing rates for the Gypsum Traffic as set forth in Freight Tariff CR 3151-A until its stated expiration date of 4/30/99 and indicate what measures, if any, will be taken to ensure that rate levels for the Gypsum Traffic are preserved at competitive levels after current rate authorities expire.

11. NS objects to this request on the basis that it seeks a business commitment to which requester is not entitled to in the discovery process. Without waiving that objection, and subject to the General Objections stated above, NS responds as follows:

NS intends that it will honor all current single line Conrail rates that will become joint line rates until their expiration.

Interrogatory No. 12

Please indicate whether NS will attempt, by offering lower thru rates to Gypsum from an origin other than Canaan, to divert or assist other suppliers to attempt to divert the Gypsum Traffic which HRRC current[s] enjoys to another origin from which NS would enjoy a longer haul, greater revenue, or greater contribution.

12. NS objects to this request on the basis that it seeks a business commitment to which requester is not entitled in the discovery process. Without waiving any objection, and subject to the General Objections stated above, NS responds as follows:

At the present time, NS does not know what rates, if any, would be offered to

Gypsum from an origin other than Canaan. NS plans to take all steps necessary to move

traffic in an efficient manner.

Interrogatory No. 13

Please indicate the commodities presently handled at the existing NS intermodal facility in the Albany, New York area and indicate whether that facility is devoted solely to TOFC/COFC transportation. If the facility presently handles other than TOFC/COFC cars, please describe in detail the other types of traffic handled including a description of the types of cars, commodities transported, original origin of the traffic excluding TOFC/COFC cars, and ultimate destination of such commodities.

13. NS objects to this request as overbroad and unduly burdensome. Without waiving any objection, and subject to the General Objections stated above, NS responds as follows:

NS' Albany, NY intermodal facility handles TOFC and COFC traffic only. The commodity is FAK or freight of all kinds and is governed by STCC 4611110.

Interrogatory No. 14

Please indicate whether NS plans, intends or anticipates that it will handle other than TOFC/COFC traffic at the existing Albany facility within the next five years or whether NS has prepared, received, or caused to be prepared any reports or studies concerning such possibility. If so, please identify the report or study and describe in detail the other types of traffic anticipated, including a description of the types of cars, commodities, anticipated origin of the rail cars excluding TOFC/COFC cars, and ultimate destination of such commodities.

14. NS objects to this request on the basis that it calls for speculation regarding events that may occur up to five years in the future, far beyond the period covered by the NS

CSX-34

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

RESPONSE TO HOUSATONIC RAILROAD'S
FIRST SET OF INTERROGATORIES AND
FIRST REQUESTS FOR PRODUCTION OF DOCUMENTS
TO CSX PARTIES

CSX Corporation and CSX Transportation, Inc. hereby respond to Housatonic Railroad's First Set of Interrogatories and Document Requests to CSX Parties (HRRC-06), served September 24, 1997.1

GENERAL RESPONSES

The following general responses are made with respect to all of the requests and interrogatories.

CSX Corporation and CSX Transportation, Inc. are collectively referred to as "CSX"), Norfolk Southern Corporation and Norfolk Southern Railway Company as "NS" and Conrail, Inc. and Consolidated Rail Corporation as "Conrail". CSX, NS and Conrail are collectively referred to as "Applicants". Housatonic Railroad is referred to as "Housatonic", "HRRC" or "requester".

and westbound) to Pittsfield/HRRC; Conrail train SPSE (eastbound and westbound) from Pittsfield/HRRC). However, future interchange arrangements may be subject to negotiations between CSX and HRRC.

INTERROGATORY NO. 2:

please indicate the terms upon which CSX will guarantee on time interchange in accordance with the interchange schedule in effect at any given time and the car hire relief, if any, available in the case of missed HRRC connections resulting from late interchange by CSX.

Response:

CSX objects to Interrogatory No. 2 to the extent it calls for speculation regarding potential future business arrangements. Without waiving any objection, and subject to the general objections set forth above, CSX responds as follows:

CSX has no plans to "guarantee on time interchange" with HRRC and has not determined on what terms, if any, it might do so.

INTERROGATORY NO. 3:

Please indicate whether, after the Transaction is implemented, CSX will allow HRRC to be disadvantaged by CSX offering or maintaining higher thru freight rates for plastic, lumber and other forest products to HRRC Connecticut and Western Massachusetts stations than to CSX Connecticut and Western Massachusetts stations. For purposes of this interrogatory "Western Massachusetts" consists of Berkshire and Hampden Counties, This question contemplates that HRRC would not be competitively disadvantaged by CSX offering private contract or quoted rates to individual shippers so long as those shippers were offered the same rates to competing HRRC stations.

Response:

CSX objects to Interrogatory No. 3 on the ground that the term "allow HRRC to be disadvantaged" is vague, ambiguous and improper, argumentative characterization by HRRC. Without waiving any objection, and subject to the general objections set forth above, CSX responds as follows:

It is possible that Connecticut and Western Massachusetts shippers of plastics, lumber and other forest products located on HRRC will face higher rates than Connecticut and Western Massachusetts shippers of these commodities located on CSX as a result of HRRC's revenue requirements and other factors.

INTERROGATORY NO. 4:

Please indicate whether CSX will assure HRRC that, after the Transaction is implemented, CSX will not, without agreement by HRRC, attempt to decrease HRRC, s proportion or percentage of revenue on current traffic movements, whether such traffic is moving by contract, tariff, quote or otherwise.

Response:

Without waiving any objection, and subject to the general objections set forth above, CSX responds as follows:

CSX will honor existing Conrail contracts, including the rate provisions thereof, for the remainder of their term. CSX will not provide any other assurances with respect to HRRC's proportion or percentage of revenue.

INTERROGATORY NO. 16:

MRRC currently enjoys dolomite limestone traffic moving from Canaan, Connecticut to Gypsum, Ohio (hereinafter "Gypsum Traffic"). The traffic is currently routed "HRRC PTSFD CR". Please indicate how such traffic is proposed to be routed after the Transaction is implemented, and the projected transit time for the Gypsum Traffic movement after the Transaction is implemented.

Response:

Without waiving any objection, and subject to the general objections set forth above, CSX responds as follows:

CSX has not undertaken a specific study or analysis of the expected post-Transaction routing for the identified movement. To the best of CSX's knowledge and belief, the post-Transaction routing for this traffic would be: HRRC PTSFD CSX with a further interchange to NS at an as yet undetermined interchange point. CSX has not determined a projected transit time for this particular movement.

INTERROGATORY NO. 17:

Please indicate whether NS and CSX will honor the existing rates for the Gypsum Traffic as set forth in Freight Tariff CR 3151-A until its stated expiration date of 4/30/99 and indicate what measures, it any, will be taken to ensure that rate levels for the Gypsum Traffic are preserved at competitive levels after current rate authorities expire.

Response:

Without waiving any objection, and subject to the general objections set forth above, CSX responds as follows:

CSX has not reviewed the provisions of the referenced Conrail tariff. CSX is unable to state at this time what rate

actions, if any, it might take following approval of the Transaction with respect to traffic subject to that tariff.

INTERROGATORY NO. 18:

Please indicate whether CSX will attempt, by offering lower thru rates to Gypsum from an origin other than Canaan, to divert or assist other suppliers to attempt to divert the Gypsum Traffic which HRRC currents enjoys to another origin from which CSX would enjoy a longer haul, greater revenue, or greater contribution.

Response:

Without waiving any objection, and subject to the general objections set forth above, CSX responds as follows:

CSX has not studied the situation referenced in the interrogatory, and is therefore unable to provide a response at the present time.

INTERROGATORY NO. 19:

Please indicate whether CSX has conducted or caused to be conducted any marketing surveys, assessments or other studies to determine the potential opportunities for CSX to operate or serve, alone or with others, transloading, reloading, flexi-flow, distribution or intermodal facilities for any or all of the following commodities:

lumber, plywood and panel products, woodpulp, paper, plastic, minerals and aggregates.

in any of the following areas:

- (a) the Albany, New York area which, for purposes of this interrogatory, is defined to include any site within 50 miles of Selkirk.
- (b) The Maybrook, New York area which, for purposes of this interrogatory, is defined to include any site within 50 miles of Maybrook, but excluding the North Jersey shared asset area.
- (c) The States of Massachusetts and Connecticut.

VERIFIED STATEMENT ON BEHALF OF STEVENSON LUMBER COMPANY STEVENSON, CONNECTICUT

Submitted to Surface Transportation Board Acquisition by CSX Corporation and Norfolk Southern Corporation of Assets of Consolidated Rail Corporation. Finance Docket #33338

I am the President of Stevenson Lumber Company which sells lumber, plywood and other building products in Connecticut and eastern New York. Stevenson Lumber competes vigorously with firms in New York and New Jersey, including firms situated in the North Jersey shared asset area, who also sell lumber and building products in our market area.

Stevenson Lumber is concerned about certain aspects of the Conrail acquisition by NS and CSX. The transaction, as proposed, will introduce vigorous rail competition by CSX and NS in areas west of the Hudson River but will have no such effect in Connecticut. We are rail served by Housatonic Railroad at Stevenson, Connecticut. Housatonic Railroad will have access only to CSX.

The CSX/NS competition in New York and New Jersey is expected to reduce transportation costs for firms situated in the competitive zone. As a consequence, those firms will gain a competitive advantage over Stevenson Lumber and, because of their lower material costs, will be able to gain market share at our expense, causing a reduction in business and revenue to Stevenson Lumber.

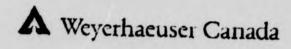
In order to address the competitive imbalance which will occur by introducing rail competition for our competitors, we vigorously support the application of Housatonic Railroad to acquire access to other connections, including NS, CP Rail and ST through trackage rights or haulage arrangements to the Albany area.

In addition to the substantial traffic which we now receive by rail, we also receive a large amount of spruce lumber from eastern Canada by truck. We expect the spruce shipments, which currently are the equivalent of approximately 100 rail cars per year, to increase as the regional market for spruce continues to mature in our market area. Although we prefer to receive this traffic by rail, we can not do so because rail rates are not truck competitive. We believe that if HRRC acquires a direct connection with CP Rail in Albany that this traffic will be able to move by rail.

We urge the Surface Transportation Board to grant the application of HRRC to acquire access to the Albany, New York area for interchange with other carriers.

VERIFICATION

I, Kenneth Miron, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement. Executed on this /7 day of October, 1997.



Weysthaeuser Canada Ltd Mission Flats Road PÜ. Box 800 Kamloops, British Columbia Canada V2C 5M7 Tel (804) 372-2217

October, 20th 1997

Submitted to Surface Transportation Board Finance Docket #33338

Verified Statement on Behalf of Weyerhaeuser Canada

I am the Manager of Transportation Services for Weyerhaeuser Canada. Weyerhaeuser currently uses a rail to truck lumber reload facility on the Housatonic Railroad in Hawleyville CT for distribution to customers in CT, NJ and NY states. Weyerhaeuser competes for much of this business with firms located in these states, including firms which are situated in the North Jersey shared asset area.

Weyerhaeuser is concerned that certain aspects of the Conrail acquisition by NS and CSXT. The transaction as proposed, will introduce competition by CSXT and NS in areas west of the Hudson River but will have no such effect in Connecticut. The Housatonic Railroad will have access only to CSXT.

The CSXT/NS competition in NJ and NY will introduced competition and likely lower costs for those customers situated in the shared access zone, giving them competitive advantage over Weyerhaeuser. This could result in reduction of our market share and consequently cause losses to the Housatonic Railroad.

In order to address the competitive balance which will certainly occur with the current acquisition proposal, Weyerhaeuser supports the application of the Housatonic Railroad to acquire access to other connections, including NS, CP Rail and ST through trackage rights or hanlage arrangements to the Albany area.

We urge the Surface Transportation Board to grant the application of the HRRC to acquire access to Albany, NY area for interchange with other carriers.

Manager Transportation Services

Knut Biomda

Jerome L. Blankenship Vice President Corporate Transportation

Verified Statement of Jerome Blankenship Kimberly-Clark Corporation

October 20, 1997

Mr. Vernon A. Williams Secretary Surface Transportation Board STB Finance Docket No. 333388 1925 K. Street, NW Washington, DC 20423-0001

Dear Mr. Williams:

My name is Jerome L. Blankenship and I am Vice President of Transportation for Kimberly-Clark Corporation. I have held my present position for seven years. My duties include management of all aspects of transportation in North America for Kimberly-Clark.

Kimberly-Clark is a major manufacturer of consumer products with approximately four billion dollars in annual sales. We have a large consumer products manufacturing plant located on the Housatonic Railroad Company in New Milford, Connecticut which receives 900 carloads, or 65,000 tons, of woodpulp annually for conversion to various products.

We have previously supported the acquisition of Conrail by CSXT and the Norfolk Southern because it introduces rail-to-rail competition at numerous points in the Northeast. We continue to be supportive of the acquisition.

However, it is apparent that the acquisition, as proposed, does not enhance the competitive environment substantially for our mill located in New Milford, Connecticut. The application of CSXT and Norfolk Southern, if granted as currently proposed, would result in the Housatonic Railroad having a connection only with the CSXT. From a competitive standpoint, we would have a more favorable rate and service environment if the Housatonic could also have a connection with the Norfolk Southern and CP Rail in the Albany, New York area.

To this end, the Housatonic has given notice to the STB that it intends to file a responsive application in the above proceedings requesting certain trackage rights or haulage arrangements to acquire access to other connections, including NS, CP Rail and ST in the Albany, New York area.

Mr. Vernon A. Williams Page -2-October 20, 1997

Our New Milford, Connecticut mill is dependent upon reliable rail transportation and competitive rates in order to compete with other consumer products producers located in areas of the Northeast that will enjoy more favorable rail-to-rail competition. For example, any producer located in the proposed "joint access area" can purchase woodpulp, a major raw material for our New Milford plant, from producers jointly served by CSXT and Norfolk Southern in the Southeast and have the ability to bid traffic between railroads on a single line basis.

At New Milford, the current plan would result in two or three line rates when traffic originates at southeastern mills jointly served by CSXT and Norfolk Southern. While the two line haul over CSXT and Housatonic is an improvement over the three line rates we have today with Conrail, it still puts us at a competitive disadvantage compared to other producers located in the Northeast who will enjoy single line rates.

The request of the Housatonic Railroad to reach connections with other carriers such as the Norfolk Southern and CP will not result in our New Milford mill enjoying the benefits of single line rates. However, it would result in our ability to have rail-to-rail competition via CSXT or NS to connections with the Housatonic Railroad, and two line versus three line rates on woodpulp received from CP origins in Canada. Kimberly-Clark owns a large pulp producing facility in Terrace Bay, Ontario that currently ships 24,000 tons annually to the New Milford mill. There is no doubt that this would be a more favorable competitive situation for moving inbound raw materials into our New Milford mill.

For these reasons, we respectfully request that you give serious consideration to the Housatonic Railroad request for trackage rights or a haulage arrangement to acquire access to other connections including Norfolk Southern, CP Rail and ST in Albany, New York.

I, Jerome L. Blankenship, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on October 20, 1997.

Sincerely.

Jerome L. Blankenship

Vice President, Corporate Transportation

Gleons & Blankership

Kimberly-Clark Corporation

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cc. Edward J. Rodriguez - FAX 860-767-7419

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VERIFIED STATEMENT ON BEHALF OF QUALITY FOOD OILS, INC. NEW MILFORD, CONNECTICUT

Submitted to Surface Transportation Board Acquisition by CSX Corporation and Norfolk Southern Corporation of Assets of Consolidated Rail Corporation. Finance Docket #33338

I am the General Manager of Quality Food Oils, Inc. in New Milford, Connecticut which receives various food oils by rail and distributes finished products throughout the eastern U.S. Quality Food Oils, Inc. competes directly with a firm in New Jersey situated within the shared access area.

Quality Food Oils, Inc. is concerned about certain aspects of the Courail acquisition by NS and CSX. The transaction, as proposed, will introduce vigorous rail competition by CSX and NS in much of New York and New Jersey and will benefit our competition but will have no such effect in Connecticut. We are rail served by Housatonic Railroad at New Milford. Housatoni Railroad will have access only to CSX.

The CSX/NS competition in New York and New Jersey is expected to reduce transportation costs for firms situated in the competitive zone. As a consequence, those firms will gain a competitive advantage over Quality Foods and, because of their lower material costs, will be able to gain market share at our expense, causing a reduction in business and revenue to Quality Food Oils, Inc.

In order to address the competitive imbalance which will occur by introducing rail competition for our competitors, we vigorously support the application of Housatonic Railroad to acquire access to other connections, including NS, CP Rail and ST through trackage rights or haulage arrangements to the Albany area.

VERIFICATION

I, Steve Hunt, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement. Executed on this day of October, 1997.

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VERIFIED STATEMENT ON BEHALF OF FIDCO NEW MILFORD, CONNECTICUT

Submitted to Surface Transportation Board Acquisition by CSX Corporation and Norfolk Southern Corporation of Assets of Consolidated Rail Corporation. Finance Docket #33338

I am the Distribution Manager of FIDCO, a Nestles Company, which receives various food ingredients by rail and distributes finished products throughout the eastern U.S. Fidco competes with firms in New York and New Jersey.

Fidco is concerned about certain aspects of the Conrail acquisition by NS and CSX. The transaction, as proposed, will introduce vigorous rail competition by CSX and NS in areas west of the Hudson River but will have no such effect in Connecticut. We are rail served by Housatonic Railroad at New Milford, Connecticut. Housatonic Railroad will have access only to CSX.

The CSX/NS competition in New York and New Jersey is expected to reduce transportation costs for firms situated in the competitive zone. As a consequence, those firms will gain a competitive advantage over Fidco and, because of their lower material costs, will be able to gain market share at our expense, causing a reduction in business and revenue to Fidco.

In order to address the competitive imbalance which will occur by introducing rail competition for our competitors, we vigorously support the application of Housatonic Railroad to acquire access to other connections, including NS, CP Rail and ST through trackage rights or haulage arrangements to the Albany area.

James Ceanning

VERIFICATION

I, James Canning, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement. Executed on this 47 day of October, 1997.

TOTAL P. 03

TOTAL P. 83

VERIFIED STATEMENT ON BEHALF OF SHEFFIELD PLASTICS, INC. SHEFFIELD, MASSACHUSETTS

Submitted to Surface Transportation Board Acquisition by CSX Corporation and Norfolk Southern Corporation of Assets of Consolidated Rail Corporation. Finance Docket #33338

I am the Director of Purchasing of DSM Sheffield Plastics, Inc., a division of DSM EPP, Inc. situated in Sheffield, Massachusetts. Our company operates a sheet extrusion facility employing approximately 180 persons and receives plastic resins by rail. The delivering carrier is the Housatonic Railroad.

Our firm relies heavily on rail service. Truck service would be inadequate both because of cost considerations and because we are unable to accommodate the volume of truck traffic which would be required of our facility. In addition, Sheffield Plastics is situated in a small town without convenient access to major highways. Traffic, environmental and other local concerns would make truck traffic unacceptable.

If Sheffield Plastics did not have rail service, it would seriously effect our ability to continue to operate and compete in our marketplace.

VERIFICATION

I. At DiNicola, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement. Executed on this day of October, 1997.

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ULMER & BERNE LLP

ATTORNEYS AT LAW

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INAJO D. CHAPPELL

Direct Dial (216) 902-8930

Bond Court Building 1300 East Ninth Street, Suite 900 Cleveland, Ohio 44114-1583 Fax (216) 621-7488

(216) 621-8400

October 20, 1997

Columbus Office 88 East Broad Street, Suite 1980 Columbus, Ohio 43215-3506 Fax (614) 228-8561 Telephone (614) 228-8400



VIA OVERNIGHT MAIL

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

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

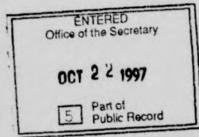
Dear Secretary Williams:

Enclosed for filing the above-captioned docket are an original and twenty-five (25) copies of ASHTA Chemicals Inc. Responsive Application and Request For Conditions (ASHT-11). A 3.5-inch disk containing the text of this ASHT-11 pleading in WordPerfect 5.1 format is also provided.

Copies of ASHTA Chemicals Inc. Responsive Application and Request For Conditions (ASHT-11) are being served via first-class mail, postage prepaid on the Honorable Jacob Leventhal, all Counsel of Record, and all parties of record identified on the Office Service List. Please date-stamp the enclosed extra copy of the ASHT-11 pleading and return it in the enclosed self-addressed envelope. If you have any questions, please contact me at (216) 902-8930. Thank you.

114:diw I-WPDOCDAVIN DATA 742003 DI Very truly yours,

Ina Davie Needle Public Record



BEFORE THE . SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388



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

ASHTA CHEMICALS INC. RESPONSIVE APPLICATION AND REQUEST FOR CONDITIONS

Now comes ASHTA Chemicals Inc., by and through counsel, and respectfully submits its Responsive Application and Request for Conditions pursuant to 49 U.S.C. §§11102 & 11324. ASHTA Chemicals Inc. requests that the Surface Transportation Board condition approval of the transaction proposed by CSX Corporation, Norfolk Southern Corporation, and Conrail, Inc. upon the establishment of a reciprocal switching arrangement or other competitive access remedy in the West Yard area of Ashtabula, Ohio. The establishment of such reciprocal switching arrangement or other competitive access is in the public interest, feasible, and necessary to ensure the existence of competition in both the rail and chemical industries. The reasons for this request are more fully explained in the brief attached hereto and incorporated herein.

Respectfully submitted,

CHRISTOPHER C. McCRACKEN, ESQ

INAJO DAVIS CHAPPELL, ESQ.

ULMER & BERNE

1300 East Ninth Street, Suite 900

Cleveland, Ohio 44114

216-621-8400

BRIEF

FACTUAL BACKGROUND

A. The Company

ASHTA is one of the largest manufacturers and the largest shipper (via rail) of chemical products in Ashtabula, Ohio (Ashtabula). Verified Statement of Staci Zappitelli, Distribution Analyst ("Zappitelli Verified Statement", par. 2). ASHTA's primary product is liquid potassium hydroxide or caustic potash, (LKOH). ASHTA is the second largest of only three domestic producers of LKOH. Chlorine, ASHTA's other primary product, is a by-product of potassium hydroxide production. ASHTA also produces anhydrous and liquid potassium carbonate and chloropicrin, which are derivatives of potassium hydroxide and chlorine, respectively. ASHTA is one of four known domestic manufacturers of chloropicrin, and enjoys about 25% of the domestic chloropicrin market. ASHTA also processes and produces flake and walnut potassium hydroxide (FKOH and WKOH). Verified Statement of Frank Cappello, Vice President of Finance and Administration ("Cappello Verified Statement", par. 2); Verified Statement of Elaine Sivy, Distribution Manager ("Sivy Verified Statement", par. 2).

ASHTA's potassium products are used in a variety of applications, primarily in the manufacture of other products, including glass, potassium phosphates, fertilizers, soaps and detergents, alkaline batteries, photographic chemicals, petroleum products and other potassium chemicals. Chlorine is used in the pulp, paper, and polyvinyl chloride (PVC) industries, as well as numerous smaller applications. The largest portion of ASHTA's chlorine product is used in

¹A copy of the Zappitelli Statement is attached hereto as Exhibit 1.

²Copies of the Cappello Verified Statement and the Sivy Verified Statement are attached hereto as Exhibits 2 and 3, respectively.

the manufacture of titanium dioxide. Chloropicrin is used as a pesticide, and is a leading chemical replacement of methyl bromide. (Cappello Verified Statement, par. 3 and Sivy Verified Statement, par. 3).

ASHTA's manufacturing operations are located on a 72-acre site at a single facility in Ashtabula, Ohio ("Ashtabula"), approximately sixty miles east of Cleveland, Ohio, on Lake Erie's south shore. The facility is situated in an industrial complex which includes producers of titanium dioxide, hydrochloric acid and other chemicals. (Sivy Verified Statement, par. 5). ASHTA operates out of five warehouses, located in Ohio, New York, Illinois, Texas, and California. (Sivy Verified Statement par. 5). ASHTA is in the business of manufacturing and marketing potassium hydroxide (KOH), chlorine (Cl), anhydrous potassium carbonate (APC) and liquid potassium carbonate (LPC), as well as various products derived from these chemicals. (Cappello Verified Statement, par. 2 and Sivy Verified Statement, par. 2).

B. Shipping

ASHTA currently spends approximately \$2.5 million annually on transportation via Conrail Inc. ("Conrail"). (Cappello Verified Statement, par.6; Sivy Verified Statement, par. 6). ASHTA has throughout agreements with 18 terminals strategically located throughout the United States, in Illinois, Texas, Massachusetts, Georgia, New Jersey, Ohio, California, Washington, Utah, North Carolina, Florida and Nebraska. (Zappitelli Verified Statement, par 2). ASHTA ships its chemical products to customers throughout the continental United States and Canada (Sivy Verified Statement, par. 4).

Statement, par. 3). The first is located at Ashtabula Harbor, which lies approximately 2 miles to the Northwest of Ashtabula's production center. The Ashtabula Harbor facility is utilized primarily for transporting coal and is ill-equipped to handle liquid product. Although the Ashtabula Harbor facility is in close proximity to ASHTA's plant, ASHTA's products have never been shipped through the Ashtabula Harbor because ASHTA primarily produces and ships liquid materials. (Zappitelli Verified Statement, par. 3). Although CSX and Norfolk Southern have entered into an access and use agreement out of the Ashtabula Harbor (Application, Volume 8C, pp.397-420) pursuant to which switching of cars will be permitted, ASHTA will not be able to benefit from the Ashtabula Access Agreement, since the largest volume of product shipped by ASHTA consists of liquid chemicals, and the only docking facility at Ashtabula Harbor, Pinney Dock, is not equipped to handle liquid freight. (Zappitelli Verified Statement, par. 3 and Sivy Verified Statement, pars. 9-10).

The second Ashtabula loading/shipping facility is located in an area called the "West Yard," which is approximately 6 miles west of ASHTA's site. (Zappitelli Verified Statement, par. 4 and Sivy Verified Statement, par.6). All of ASHTA's products are transported from ASHTA's plant to the West Yard. (Sivy Verified Statement, par. 6, and Zappitelli Verified Statement, par. 4). From the West Yard, ASHTA's chemical products are shipped out of Ashtabula, Ohio to Buffalo, New York and, at Buffalo, routed to final "ship-to" destinations on

³The Ashtabula Harbor facility is of little use to at least six other shippers in the Ashtabula area, all of whom ship product through the West Yard. (Zappitelli Verified Statement, par. 3).

Conrail. (Sivy Verified Statement, par. 6 and Zappitelli Verified Statement, par. 4). ASHTA's chemical products, even product with final destinations of Texas, Georgia, Alabama, North Carolina and other points south, are all first shipped north to Buffalo, New York primarily because there has been no competitive alternatives available to ASHTA. (Sivy Verified Statement, par. 6 and Zappitelli Verified Statement, par. 4). Conrail has been the only railroad carrier providing transportation services to ASHTA out of the West Yard. (Zappitelli Verified Statement, par. 4 and Sivy Verified Statement, par. 6).

Initially, ASHTA viewed the proposed transaction with optimism, encouraged by discussion that the control transaction would offer competitive alternatives, better operating efficiencies, improved shipper logistics and shipper benefits. However, it does not appear that the transaction, as now proposed, offers any of the promised efficiencies, logistics, benefits or competitive alternatives. If approved as proposed, the transaction would leave no effective intramodal competition for ASHTA and other area shippers of liquid freight. (Sivy Verified Statement, par. 9).

As a result of the transaction proposed in these proceedings, Norfolk Southern Corporation ("NS") will handle movement of rail traffic over the north-south lines, and will be assigned control of Conrail's Ashtabula Harbor facility. (Application, Volume 3B, p.161). CSX Corporation ("CSX") will control the interlocking at the crossing of the Harbor Connecting Track with Conrail's Youngstown and Chicago lines (Application, Volume 38, p. 161). Based on the Post Transaction Map B (Application, Exhibit 1, Map B), it appears that CSX will gain exclusive control over east-west rail lines out of the West Yard and that NS will operate the north-south rail

lines, each handling movement of freight on those rail lines out of the West Yard. (Application, Exhibit 1, Map B). ASHTA will not be able to utilize rail lines operated by NS at the West Yard, but will have CSX as the only available rail carrier of its chemical products. (Sivy Verified Statement, par. 9 and Zappitelli Verified Statement, par. 5). ASHTA has determined that there are no economically feasible competitive elernatives available to it if the transaction is approved as proposed and, without the affirmative relief sought herein, ASHTA will be put at a competitive disadvantage. (Sivy Verified Statement, pars 7, 9 and 12, and Zappitelli Verified Statement, par. 5).

Nothing then will have changed for ASHTA; it is still a captive shipper. ASHTA will continue to be forced to ship its product to Buffalo, New York on CSX for routing and switching to southern, eastern and western destinations and for transport throughout the nation. (Zappitelli Verified Statement, pars. 5 and 6). This arrangement is logistically unsound, as ASHTA ships to a number of distant southern and western locations, including Alabama, Arizona, California, Florida, Georgia, Nebraska, Texas, Utah, and Washington (Sivy Verified Statement, par. 8). A reciprocal switching arrangement or other competitive access remedy would avoid such unnecessary and costly movement of freight through Buffalo, New York. (Cappello Verified Statement, par. 4); Sivy Verified Statement, par. 8; Zappitelli Verified Statement, par. 6).

That reciprocal switching or competitive access is feasible as is evidenced by the fact that such an arrangement previously existed at two locations in the Ashtabula area. (Zappitelli Verified Statement, par. 7). ASHTA has learned that in the early 1970's rail cars were brought out of the West Yard to a rail interconnect, where the Norfolk and Western RR (now Norfolk

Southern) and Penn Central RR (now Conrail) intersect, just southeast of the West Yard (near Gary and Fitch Streets). At this "spur" outbound West Yard rail cars were rerouted pursuant to some switching arrangement between the carriers. (Zappitelli Verified Statement, par. 7). This type of arrangement, even at the same location is both practicable and necessary for ASH1A and ASHTA would pay a reasonable fee for switching services.

In addition, it appears that the physical plant to accommodate the switching arrangement at the West Yard facility already exists. A switch is located at the West Yard and could be reestablished so as to permit competitive access. Reestablishment of one or both of these existing switches is feasible at the West Yard and at the "spur".

Despite the inefficiencies produced by circuitous routing in Ashtabula, this issue has not been addressed. ASHTA has sought redress from Conrail (in the form of a request for proportional rates) (Sivy Verified Statement par. 16). However, Conrail has never responded to ASHTA's request. (Sivy Verified Statement, par. 16). After many discussions and various attempts to secure a commitment from CSX and Norfolk for reciprocal switching and competitive access, ASHTA has not been able to work out any agreement with the two carriers. On September 30, 1997, ASHTA formally contacted both CSX and NS to inquire into the possibility of a reciprocal switching arrangement to accommodate shipping ASHTA's products out of the West Yard utilizing both carriers and proposing that reciprocal switching or some other competitive access be considered by NS and CSX. (See Letter from Staci Zappitelli to David Novak, dated September 30, 1997; Letter from Staci Zappitelli to D.W. Seale, dated September 30, 1997.)⁴

⁴Copies of Ms. Zappitelli's letters to CSX and NS are attached hereto as Exhibits A and

CSX has summarily rejected ASHTA's proposal, and the response from NS was noncommittal.

(See Letter from Donald Seale, dated October 6, 1997; Letter from Christopher Jenkins to Staci Zappitelli, dated October 2, 1997).⁵ It now appears that ASHTA will be competitively disadvantaged if the Application is approved as has been proposed, unless appropriate relief is given to ASHTA and made a condition of approval of the control transaction. (Sivy Verified Statement, par. 12, 17 and Zappitelli Verified Statement, par 11). CSX's outright refusal to consider reciprocal switching or any other arrangement that would allow rail access to NS forecloses efficient rail routing, is discriminatory, and threatens anticompetitive conduct such that an affirmative remedy must be granted by this Board.

LAW AND ARGUMENT

49 U.S.C. §11102 [formerly 49 U.S.C. §11103] authorizes the Board to prescribe reciprocal switching rights. 49 U.S.C. §11324(c) authorizes the Board to impose conditions upon transactions pending before it. Prescription or imposition of a reciprocal switching arrangement or other competitive access remedy ("CAR") in the Ashtabula area is appropriate under either provision.

I. Reciprocal switching should be prescribed under 49 U.S.C. §11102.

49 U.S.C.§11102 states in pertinent part:

(c)(1) The Board may require rail carriers to enter into reciprocal switching agreements, where it finds such agreements to be practicable and in the public interest, or where such agreements are necessary to provide competitive rail

B, respectively.

Copies of the Seale and Jenkins letters are attached hereto as Exhibits C and D, respectively.

service. The rail carriers entering into such an agreement shall establish the conditions and compensation applicable to such agreement, but, if the rail carriers cannot agree upon such conditions and compensation within a reasonable period of time, the Board may establish such conditions and compensation.

49 C.F.R. §1144.2 provides:

(a) Timing. At least 5 days prior to . . . seeking the prescription of . . . reciprocal switching, the party intending to initiate such action must first seek to engage in negotiations to resolve its dispute with the prospective defendants.

49 C.F.R. §1144.5 provides:

- (a) General [A] switching arrangement shall be established under 49 U.S.C. \$11103, if the Commission determines:
 - (1) That the prescription or establishment
 - (I) is necessary to remedy or prevent an act that is contrary to the competition policies of 49 U.S.C. §10101a or is otherwise anticompetitive, and (ii) otherwise satisfies the criteria of 49 U.S.C. . . §11103 In making its determination, the Commission shall take into account all relevant factors, including:
 - (A) The revenues of the involved railroads on the affected travel via the rail routes in question.
 - (B) The efficiency of the rail routes in question, including the costs of operating via those routes.
 - (C) The rates or compensation charged or sought to be charged by the railroad or railroads from which prescription . . . is sought.
 - (D) The revenues, following the prescription, of the involved railroads for the traffic in question via the affected route; the costs of the involved railroads for that traffic via that route; the ratios of those revenues to those costs; and all circumstances relevant to any difference in those ratios; provided that the mere loss

of revenue to an affected carrier shall not be a basis for finding that a prescription or establishment is necessary to remedy or prevent an act contrary to the anticompetitive standards of this section; and

(2) That . . .

the complaining shipper has used or would use the .
 . reciprocal switching to meet a significant portion of its current or future railroad transportation needs between the origin and destination;

* * *

(B) Other considerations.

- (1) The Commission will not consider product competition.
- (2) If a railroad wishes to rely in any way on geographic competition, it will have the burden of proving the existence of effective geographic competition by clear and convincing evidence.
- (3) When prescription of. . .reciprocal switching is necessary to remedy or prevent an act contrary to the competitive standards of this section, the overall revenue inadequacy of the defendant railroad(s) will not be a basis for denying the prescription.
- (4) Any proceeding under the terms of this section will be conducted and concluded by the Commission on an expedited basis.

Reciprocal switching: is necessary to prevent acts that are anticompetitive or contrary to the policies of the Staggers Act; is practicable and in the public interest; and, would be used by ASHTA to meet a significant portion of its shipping needs. The Board should therefore invoke

its authority under 49 U.S.C. §11102 and prescribe reciprocal switching or other CARs in the Ashtabula, Ohio area.

- A. Reciprocal switching is necessary to prevent act(s) contrary to the policies of the Staggers Act and otherwise anticompetitive conduct.
 - 1. Reciprocal switching is necessary because there are a lack of competitive alternatives available to ASHTA and other captive shippers in the Ashtabula area.

Because there is a significant threat of anticompetitive conduct on the part of Applicants and because there are no competitive shipping alternatives available to ASHTA, reciprocal switching or other competitive access mechanism should be imposed as a condition of approval of the transaction. Without Board intervention, ASHTA and other shippers in the Ashtabula area are, essentially, without any practical remedy or relief. Hence, there is a "compelling reason" for reciprocal switching or other CARs in Ashtabula. Delaware and Hudson v. Consolidated Rail Corp., 367 ICC 718 (1983).

"[E]vidence of intramodal, intermodal, and geographic competition 'can be helpful in determining whether anticompetitive conduct. . .is likely to occur." Midtec Paper Corp. v. United States, 857 F.2d 1487, 1503 (D.C. Cir. 1988) (internal quotation omitted). "If a railroad [opposing the prescription of competitive access remedies] wishes to rely in any way on geographic competition, it will have the burden of proving the existence of effective geographic competition by clear and convincing evidence." 49 C.F.R. 1144.5(B)(2). None of the foregoing types of competitive alternatives exists for ASHTA and similarly situated shippers, and Applicants appear to admit that "ample Competitive Alternatives" exist only for Lake Coal Customers, not

Ashtabula shippers foreclosed from use of the Ashtabula Harbor. (See Applicants' Response No. 21 to ASHTA Chemicals Inc.'s First Set of Interrogatories (ASHT-7) ("Response No. 21 to ASHT-7").

There is no effective intramodal competition with respect to ASHTA and other similarly situated shippers of liquid freight. (Sivy Verified Statement, par. 9). Applicants have indicated that CSX will handle all east-west movement in the area, while NS will handle all north-south movement. Because Ashtabula Harbor --the only switching arrangement in the entire Ashtabula area-- is incapable of handling liquid freight. Ashtabula area shippers of liquid product such as ASHTA will be forced to ship along and in the direction of the line immediately servicing them. (Sivy Verified Statement, par. 9). CSX and NS therefore will not be subject to any competitive restraints, and will be free to abuse their positions of power over the shippers in the Ashtabula area.

There will be no effective intermodal competition available to remedy this situation. (Sivy Verified Statement, par. 10). Shipping via the Great Lakes is impracticable and uneconomical, as ASHTA and other shippers in the area must send product to southern and western destinations. (Sivy Verified Statement par. 10, and Zappitelli Verified Statement, par. 9). Moreover, trucking chemical product is not a feasible alternative for shippers such as ASHTA. (Sivy Verified Statement, par. 10 and Zappitelli Verified Statement, par. 9). Indeed, it requires

⁶ A copy of Applicants' Responses to ASHTA Chemicals Inc.'s First Set of Interrogatories (ASHT-7) is attached hereto as Exhibit E.

four trucks to move the volume of ASHTA product which can be accommodated by one freight car. (Zappitelli Verified Statement, par. 9). In terms of operational logistics, it is generally very difficult and often times impossible for ASHTA and other high volume shippers in the Ashtabula area to rely on truck movements, as sufficiently sized fleets are not available. (Sivy Verified Statement, par. 10 and Zappitelli Verified Statement, par. 9). The cost of shipping via truck is prohibitive: It will cost more annually to ship ASHTA's volume via truck than to ship by rail, and this cost will ultimately be reflected in the cost of product sold to customers. Cappello Verified Statement; Sivy Verified Statement; Zappitelli Verified Statement.

Finally, ASHTA has no effective geographic competitive alternatives available to it, and Applicants cannot carry their burden on this issue. See 49 C.F.R. §1144.5(B)(2). This conclusion is compelled by the ICC's decision in Vista Chemical Co. V. Atchison, Topeka and Santa Fe Railway Co., 5 ICC 2d 331 (1989). In Vista, the ICC rejected a shipper's request for the prescription of reciprocal switching because there was sufficient geographic competition. In finding effective geographic competition, the ICC reasoned:

Vista is not the sole supplier for any of its customers, as they receive [product] from 25 plants throughout the country over the lines of many railroads other than the Santa Fe . . Vista's own [product] rates must be competitive or Vista will not be able to price its Oklahoma City [product] competitively, and the Santa Fe will lose a valued customer. Accordingly, it appears that Vista's traffic is subject to strong geographic competition.

Id. at 14.

Here, in contrast, no effective geographic competition will exist. (Sivy Verified Statement, par. 11 and Zappitelli Verified Statement, par. 10). ASHTA is only one of three domestic producers of caustic potash, and is **one of four** domestic producers of chloropicrin and anhydrous potassium carbonate. (Cappello Verified Statement, par. 2 and Zappitelli Verified Statement, par. 10). Because ASHTA is the sole supplier of these products in this region there is virtually no competition for movement of this product. (Sivy Verified Statement, par. 11). Thus, the factual predicate needed to support a finding of effective geographic competition [i.e. the numerosity of alternative sources of product] is lacking.

Applicants admit that there are no effective competitive alternatives available to ASHTA and other shippers of liquid freight. Indeed, at lease by implication, Applicants have suggested that their prior assurances of the existence of "ample competitive alternatives" do not apply to ASHTA or others similarly situated. (See Response No. 21 to ASHT-7). Instead, they emphasize that only "Lake Coal Customers" will benefit or enjoy competitive alternatives as a result of their proposed transaction. (Response No. 21 to ASHT-7). Applicants disclaimer of the existence of any competitive alternatives available to non-coal shippers such as ASHTA yields the inescapable conclusion that there is no geographic competition and, in fact, that no competitive alternatives exist.

In sum, there will be no competitive transportation alternatives for shippers such as ASHTA if the present transaction is approved as proposed. That Applicants generally (and CSX in particular) will be unrestrained in their ability to adversely impact ASHT's operations

require this Board to prescribe reciprocal switching or other CARs to prevent anticompetitive acts.

2. Reciprocal switching is needed to guard against unreasonable freight rates and to promote balanced competition.

A. Freight Rates

There is a substantial threat that CSX and NS will attempt to exact unreasonable rates from captive Ashtabula area shippers, or engage in unfair pricing practices. Reciprocal switching or other CARs in the Ashtabula area is needed to prevent such anticompetitive abuses of power and to promote competitive rates.

"It is the policy of the United States Government . . . to . . . maintain reasonable rates where there is an absence of effective competition [and] to prohibit predatory pricing and practices" Thus, the Board should be "attentive to the possibility of competitive abuse [including] price squeeze . . ." Midtec, 857 F.2d at 1503, (internal quotation omitted).

Observance of the national policy against unreasonable or unfair pricing requires the prescription of reciprocal switching or other CARs in the Ashtabula area. As a result of the proposed transaction, CSX and NS have indicated they will take on a significant amount of debt to finance the control transaction. ASHTA is of the view that there is a real risk of harm to company operations resulting from the inevitable rate increases. It is only logical that CSX and NS will increase their rates to ameliorate the internal impact of incurring the debt associated with the undertaking. In the absence of competitive restraints, see Section I(A)(1), supra, to restrict such rate increases, Applicants will be free to set and charge unreasonable rates from captive shippers such as ASHTA in order to pay their debts and to recover the costs of this transaction.

Applicants have failed to alleviate concerns in this respect, cryptically stating that they "do not know how freight rates will change in the next (sic) five years." (See Response No. 23 to ASHT-7). In view of the Applicants' Responses to ASHT-7, ASHTA can only expect that freight rates will increase. Verbal assurances made by Applicants that they will maintain reasonable rates are not a firm commitment. More importantly, even assuming that the current freight rates were maintained for a period of years, the fact remains that no competitive benefit would be enjoyed by ASHTA and similarly-situated shippers, as compared to the other shippers nationwide receiving better service, more direct routes, new rail network, physical plant and other tangible improvements. An overview of the Application reveals that certain regions across the country and certain industries stand to gain disproportionately from the proposed transaction. Others, such as ASHTA, have been given no real consideration and, without STB intervention, will suffer harm. Based on these concerns and to ensure against discriminatory effects, it is appropriate for the Board to impose reciprocal switching or other competitive access remedy as a condition to approval of the transaction.

B. Balanced Competition

Applicants have gone to great lengths to demonstrate the advantages which they believe this transaction will carry for a number of industries. For example, their proposal outlines in detail the opportunities which the transaction will present for the coal and automotive industries. (Application, Volume 3B, pp. 141-151). However, Applicants fail to consider or address the needs of the chemical industry, which is heavily reliant on rail transportation.

Moreover. Applicants have developed a plan which appears to favor certain industries over others and inures to the benefit of various regions/locations throughout the nation. Applicants have made provision for switching arrangements, trackage rights, and terminal sharing throughout the nation, in locations other than Ashtabula Ohio. For example, new automotive service networks, and opportunities for new and diverted coal business have been developed (Application, Volume 3B, pp. 141, 147). The Applicants have indicated that these industries will benefit from "improved efficiency associated with elimination of route circuity." (Application, Volume 3B at 147). Yet, no such consideration has been given to ASHTA. The Applicants' plan does not even tangentially address the needs or concerns of Ashtabula area shippers. In fact, when considered in relation to other shippers in the country, any benefits of the transaction are distributed disproportionately. There is no balanced competition, and ASHTA is placed not only at competitive disadvantage but also a geographic disadvantage.

It appears that Applicants' plan, as proposed, will put Ashtabula area shippers at a general competitive disadvantage. Chemical shippers will be put to further, specific, disadvantage, as Applicants' plan makes no provision for these shippers' transportation requirements. If the plan is adopted as proposed and no mechanism for competitive access is afforded, ASHTA will be unable to compete in the free market. Because Applicants' plan will put ASHTA and similarly-situated shippers at a competitive disadvantage and action by the Board is necessary to ensure balanced competition, the Board should prescribe reciprocal switching or other CARs.

3. Reciprocal switching will promote public health and safety.

The shipping routes contemplated by Applicants will carry unnecessary risk to the public health and safety. Reciprocal switching or other competitive access will effectively reduce this unneeded risk, and promote public health and safety in rail transportation.

The national policy of promoting safe rail transportation is codified in 49 U.S.C. §10101. That section declares that "it is the policy of the United States Government . . . to promote a safe and efficient rail transportation system [by allowing rail carriers to earn adequate revenues as determined by the Board]; . . . to operate transportation facilities and equipment without detriment to the public health and safety; [and] to encourage . . . safe and suitable conditions in the railroad industry."

Commitment to this policy of protecting the public health and safety requires the prescription of reciprocal switching or other competitive access in the Ashtabula area. ASHTA ships product out of the area that is sensitive chemical material, classified as hazardous under applicable state and federal law (Zappitelli Verified Statement, par. 12 and Sivy Verified Statement, par. 13). ASHTA has always been committed to implementing and maintaining programs, operating practices and procedures that promote safety. A switching arrangement serves the public and the public interest because shorter, more direct routing of chemical products will reduce travel time, the volume of sensitive products on the rail lines and the risk of harm to the public (Zappitelli Verified Statement, par. 12 and Sivy Verified Statement, pars. 13-14). As a consequence, the switching arrangement will promote public health and safety.

Applicants have indicated that they will not "switch" ASHTA's chemical products or give each other access or trackage rights that would allow for more direct routing of chemical products to reduce the distance and the time that the product travels the rails. (See Exhibit C and Exhibit D attached hereto). Instead, Applicants propose a transaction which will needlessly require carrying these sensitive materials to distant points, where the material will be switched to other carriers for transport back in the direction from which they came, and then on to their final destinations throughout the United States. This arrangement unnecessarily increase the amount of time and distance in which chemical materials are in transport (Sivy Verified Statement, par. 8). The Board should not allow Applicants to foreclose use of more efficient and safe routing of chemical freight. Instead, a reciprocal switching arrangement or other competitive access mechanism should be mandated to affirm the national policy of promoting safe rail transportation.

4. Reciprocal switching will encourage and promote energy conservation.

It is the policy of the United States to "encourage and promote energy conservation.

... "49 U.S.C. §10101(14). The routing arrangement proposed by Applicants conflicts with this policy, as it will involve significant unneeded movement of product shipped out of Ashtabula, and the accompanying waste of resources. A reciprocal switching arrangement in the area will alleviate this problem by allowing shippers to avail themselves of existing, more direct lines. (Sivy Verified Statement, par. 13-14 and Zappitelli Verified Statement, pars. 12-13). Reciprocal switching or other competitive access should therefore be prescribed in the Ashtabula area.

Applicants can offer no persuasive counter-argument in this regard. Indeed, Applicants themselves extol the benefits associated with eliminating route circuity and routing traffic more directly at least as it relates to the coal and automotive industries. (Application, Volume 3B, p147). However, the same logistical and efficiency goal has not been applied as it relates to ASHTA. As proposed, ASHTA will still be required to ship its product to Buffalo, New York, even if its final destination is Houston, Texas or Cleveland, Ohio. Because Applicants and ASHTA are in agreement that direct routing promotes rail efficiency and competition, the Board should require the Applicants to work with ASHTA to develop a plan that makes sense for rail transportation in Ashtabula for all shippers, instead of just a few. Reciprocal switching or other competitive access mechanism will allow shippers such as ASHTA to route product directly.

B. Reciprocal switching is practicable and in the public interest.

There are four criteria for determining whether a proposed switching service is practicable and in the public interest:

- (1) interchange and switching must be feasible;
- (2) the terminal facilities must be able to accommodate the traffic of both competing carriers;
- (3) the presence of reciprocal switching must not unduly hamper the ability of either carrier to serve its shippers; and
- (4) the benefits to shippers from improved service or reduced rates must outweigh detriments, if any, to either carrier.

Delaware and Hudson v. Consolidated Rail Corp., 367 ICC 718 (1983). These four criteria are all met in the instant case. The Board should therefore prescribe reciprocal switching or other CARs.

Interchange and switching in the Ashtabula area is feasible. Indeed, two such rail shipping locations exist at and near the West Yard where the interchange and switching by and between carriers have occurred previously and could be accommodated in the future. Applicants have already agreed to enter into such an arrangement in the area (at Ashtabula Harbor), and they fail to identify non-feasibility as one of their objections to the use of reciprocal switching or other competitive access elsewhere in the Ashtabula area. (See Response Nos. 8 and 25 to ASHT-7). Indeed, Applicants cannot claim that reciprocal switching would not be feasible, as they have conducted no feasibility studies regarding reciprocal switching in the Ashtabula area. (See Response No.3 to ASHT-7.

Terminal facilities in the Ashtabula area will be able to handle the traffic of both competing carriers. None of the relevant yards currently operate at capacity, and "there is sufficient capacity to handle anticipated traffic." (See Response No. 24 to ASHT-7). Moreover, Applicants fail to identify the lack of terminal capacity as a basis for objection to the use of reciprocal switching. (See Response No. 25 to ASHT-7).

The presence of reciprocal switching will not unduly hamper the ability of Applicants to meet the need of area shippers. Again, Applicants do not even claim as much, having failed to identify this as a grounds for objection to reciprocal switching. (See Response No. 25 to ASHTA-7). In fact, reciprocal switching will allow Applicants to better serve their

customers by providing more direct rail routes and improved turnaround times, with concordant reductions in shipping costs and rail transit times. (Cappello Verified Statement, par. 5; Sivy Verified Statement, par. 14; Zappitelli Verified Statement, par. 13).

The benefits that will inure to the public, customers and that ASHTA and other similarly situated shippers will enjoy as a result of reciprocal switching in the area far outweigh any negative impact on Applicants. Reciprocal switching or other competitive access will reduce shipping costs and rail time. This, in turn, will allow shippers such as ASHTA to reduce product cost, or at least minimize any increase therein. Such cost reductions allow for economic and competitive growth. (Cappello Verified Statement, par. 5; Sivy Verified Statement, par. 14; Zappitelli Verified Statement, par. 13).

The public benefit to be gained as a result of the proposed switch cannot be overemphasized. Because reciprocal switching in the Ashtabula area is feasible and will benefit consumers of a variety of products throughout the nation, the Board should prescribe such competitive access remedy.

C. ASHTA would use the requested reciprocal switching arrangement for a significant porion of its current and future railroad transportation needs.

ASHTA has standing to seek reciprocal switching in the Ashtabula area. As the ICC noted in <u>Vista Chemical Co.</u>, a shipper may demonstrate "its standing... by showing that it would use [switch-connected rails] for a significant portion of its railroad transportation." 5 ICC 2d at 13. This may be achieved by offering examples of destinations that could be served via switch. ASHTA could use switch-connected rails to move southern and western-bound shipments.

ASHTA would use a switch in the area to service the following destinations:

- * Lemont, Illinois;
- * Houston, Texas; and
- * Los Angles, California.

Several other product destinations could also be served by way of switch-connected rails, and ASHTA would be able to employ an Ashtabula area switch to ship 30-60% of its product (Sivy Verified Statement, par. 15). The locations which would be served via switched route represent a significant portion of the total number of destinations to which ASHTA ships. Clearly, ASHTA could use reciprocal switching to meet a significant portion of its shipping needs, and has standing to seek competitive access.

Reciprocal switching should be imposed as a condition to the proposed transaction pursuant to 49 U.S.C.§11323.

49 U.S.C. §11323 (C) states that "[t]he Board may impose conditions governing the transaction, including . . . requiring the granting of trackage rights and access to other facilities." Thus, "if a transaction threatens harm to the public interest, then public interest conditions should be imposed if they are operationally feasible, ameliorate or eliminate the harm threatened by the transaction, and they are of greater benefit to the public then they are detrimental to the transaction" Union Pacific -- Control -- Missouri Pacific; Western Pacific, 366 ICC 462, 1982 WL 190779, *76 (1982).

A. The transaction threatens harm to the public interest.

The transaction, as proposed by Applicants, threatens harm to the public interest.

It invites abuse by Applicants of the positions of power which they will enjoy in Ashtabula area shipping. See Section I(A)(1), supra. It further invites Applicants to engage in unfair or unreasonable pricing practices. See Section I(A)(2), supra. It will involve needless movement of hazardous materials, and will therefore present avoidable risk to the environment, public health and safety, as well as) waste of the energy and resources expended in such movement. See Sections I(A)(3+4), supra. Lastly, the transaction as proposed by Applicants will impact consumers of chemical products and by-products throughout the nation negatively, by reducing the amount of pricing competition in the chemical industry. See Section I(B), supra.

B. Reciprocal switching is operationally feasible.

The switching arrangement that ASHTA seeks in the Ashtabula area is operationally feasible. Two switches already exist nearby, and the West Yard terminal appears to have sufficient capacity to handle switch-related traffic. Indeed, Applicants have conducted no studies which suggest the contrary, and they fail to advance non-feasibility as a basis for objection to reciprocal switching/competitive access in the area. See generally, Section I(B), supra.

C. Imposing reciprocal switching as a condition to the transaction would ameliorate or eliminate the threatened harm.

Reciprocal switching would eliminate, or at least ameliorate, all of the public interest problems identified in section II(A), supra. Such an arrangement would inject the Ashtabula area rail industry with an appreciable degree of competition, and will thereby reduce the risk of rate or service abuse by Applicants. See Sections I(A)(1+2), supra. It would permit Ashtabula area shippers of liquid freight to employ the most direct routes available, and thereby

reduce the time and distance which these products spend in transit, as well as the amount of resources expended in shipping. See Sections I(A)(3+4), supra. Lastly, it will allow ASHTA to price its product competitively, which will serve to lower prices in relevant chemical industries, as well as the prices paid by consumers for various products manufactured nationwide. See Section I(B), supra.

D. The benefits associated with Board-ordered reciprocal switching would far outweigh any potential harm to the transaction.

The benefits of the condition requested by ASHTA will have national impact, and will have positive safety and environmental consequences. In contrast, Applicants can point to no specific objections which they might have to a reciprocal switching arrangement in the West Yard area. Indeed, the only negative impact which could be associated with the requested condition is a possible reduction in Applicant's Ashtabula area revenue. This speculative harm is itself insufficient to preclude the prescription of CARs. See 49 C.F.R. 1144.5(B)(3). It follows that it is likewise insufficient reason to deny the condition presently sought. Moreover, such speculative harm is local in nature, impacting only the amount of revenue generated in the Ashtabula area. Because national environmental, safety, and economic benefits far outweigh possible loss of revenue generated in one small locale, ASHTA's request for conditions should be granted.

III. Additional Relief -- The Board should establish an ongoing oversight committee to monitor implementation of conditions and to ensure that no anticompetitive abuses occur.

The Board should exercise its authority to establish an ongoing oversight committee to monitor implementation of any conditions imposed as a condition to approval of the instant transaction. Such ongoing oversight is also needed to ensure that the quality of service provision does not deteriorate. Applicants from instituting punitive measures or otherwise retaliating against shippers such as ASHTA, who have sought to safeguard their interests and rights before this Board.

CONCLUSION

For all of the foregoing reasons, ASHTA respectfully requests that the Board grant it the relief sought herein by conditioning approval of the transaction on establishment of a reciprocal switching arrangement or other competitive access remedy at the West yard in Ashtabula, Ohio.

CERTIFICATE OF SERVICE

I hereby certify that copies of ASHTA Chemicals Inc. Responsive Application And Request for Conditions (ASHT-11) have been served this day of October, 1997, by first-class mail, postage prepaid on the Honorable Jacob Leventhal, all Counsel of Record in Finance Docket No. 33388, and on all parties of record identified on the Official Service List.

CHRISTOPHER/C. McCRACKEN, ESQ.

One of the Attorneys for ASHTA Chemicals Inc.



ALL STATISTICAL STORES ON BOTH RECYCLED

BEFORE THE SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388

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

ASHTA CHEMICALS INC. VERIFIED STATEMENT OF STACI ZAPPITELLI

- My name is STACI ZAPPITELLI, and I am a Distribution Analyst at ASHTA Chemicals Inc. (ASHTA). I have prepared this Verified Statement in connection with the Responsive Application and Request for Conditions that ASHTA will file in this proceeding. I have been employed as a Distribution Analyst with ASHTA since 1993, and I have knowledge of rail routes in and around the Ashtabula, Ohio area, ASHTA's operations and the matters stated herein.
- 2. ASHTA is one of the largest manufacturers and the largest shipper (via rail) of chemical products in Ashtabula, Ohio (Ashtabula). ASHTA has throughput agreements with 22 terminals strategically located throughout the United States, in Illinois, Texas, Massachusetts, Georgia, New Jersey, Ohio, California, Washington, Utah, North Carolina, Florida, Alabama, Oregon, Minnesota, and Nebraska. ASHTA ships its chemical products to customers throughout the continental United States and Canada.
- 3. There are two main rail loading facilities in Ashtabula, Ohio. The first is located at Ashtabula Harbor, which lies approximately 2 miles to the northwest of Ashtabula's production center. The Ashtabula Harbor facility is utilized primarily for transporting coal and is ill-equipped to handle liquid product. Although the Ashtabula Harbor facility is in close proximity to ASHTA's plant, ASHTA's products have never been shipped through

Date: October 17, 1997

the Ashtabula Harbor because ASHTA primarily produces and ships liquid materials. ASHTA is unable to use the Ashtabula Harbor facilities, since the largest volume of product shipped by ASHTA consists of liquid chemicals. The Ashtabula Harbor facilities are of little use to at least six other shippers in the Ashtabula area, all of whom ship through the "West Yard," as described in the following paragraph.

- 4. The second Ashtabula shipping location is situated in an area called the "West Yard," which is approximately 6 miles west of ASHTA's site. All of ASHTA's products are transported from ASHTA's plant to the West Yard. From the West Yard, ASHTA's chemical products are shipped out of Ashtabula, Ohio to Buffalo, New York and, at Buffalo, routed to final "ship-to" destinations on Conrail. ASHTA's chemical products, even product with final destinations of Texas, Georgia, Alabama, North Carolina and other points south, are all first shipped north to Buffalo, New York primarily because there has been no competitive alternatives available to ASHTA. To date, Conrail has been the only railroad carrier providing transportation services to ASHTA out of the West Yard.
- 5. Based on my analysis of the Application and my knowledge of the rail lines in Ashtabula, I have concluded that ASHTA will not be able to utilize rail lines operated by NS at the West Yard, but will have CSX as the only available rail carrier of its chemical products if the transaction is approved as proposed. This situation will leave ASHTA with no economically feasible competitive alternatives. Moreover, ASHTA will continue to be forced to ship its product to Buffalo, New York on CSX for routing and switching to southern, eastern and western destinations and for transport throughout the nation.
- 6. Any rail arrangement requiring ASHTA to route all of its product through Buffalo, New York is logistically unsound, as ASHTA ships to a number of distant southern and western locations, including Alabama, Arizona, California, Florida, Georgia, Nebraska, Texas, Utah, and Washington. A reciprocal switching arrangement or other competitive access remedy would avoid the unnecessary and costly movement involved in routing southern and western-bound shipments through Buffalo.
- 7. In the early 1970's, rail cars were brought out of the West Yard to a rail interconnect, where the Norfolk and Western RR (now Norfolk Southern) and Penn Central RR (now Conrail) intersect, just southeast of the West Yard (near Gary and Fitch Streets in Ashtabula, Ohio). At this "spur" outbound West Yard rail cars were rerouted pursuant to some switching arrangement between the carriers. An additional switch is located at the West Yard. The physical plant already exists to accommodate a switching arrangement or competitive access at this West Yard location. Reestablishment of one or more of these switches, or establishment of similar switches, is both practicable and necessary, and ASHTA would pay a reasonable fee for switching services. The fact that these "switches"

already exist and were previously used indicates that switching is feasible in at least two locations.

- 8. Based on my analysis and assessment of rail traffic in the Ashtabula area, the transaction, as proposed in these proceedings, would leave no effective intramodal competition for ASHTA and other similarly situated Ashtabula area shippers of liquid freight. Applicants have indicated that CSX will handle all east-west movement in the area, while NS will handle all north-south movement. Because Ashtabula Harbor --the only switching arrangement in the entire Ashtabula area-- is incapable of handling liquid freight, Ash.abula area shippers of liquid product such as ASHTA will be forced to ship along and in the direction of the line immediately servicing them. CSX and NS therefore will not be subject to any competitive restraints.
- 9. My analysis of our company's transportation options indicates that there is no effective intermodal competition available to ASHTA and similarly situated shippers. Shipping via the Great Lakes is in racticable and uneconomical, as ASHTA and other shippers in the area must send product to southern and western destinations. Moreover, Pinney Dock, the only docking facility at Ashtabula Harbor, is unable to handle liquid freight. Trucking chemical product is also generally not a feasible alternative for high volume shippers such as ASHTA, as it requires four trucks to move the volume of ASHTA product which can be accommodated by one freight car. It is logistically impossible for ASHTA and other high volume shippers in the Ashtabula area to rely on truck movements, as sufficiently sized fleets are generally not available. In addition, the cost of shipping via truck is generally prohibitive: It will be significantly more expensive to ship ASHTA's volume via truck than to ship by rail, and this cost will ultimately be reflected in the cost of product sold to customers.
- 10. I have determined that no effective geographic competition exists to protect ASHTA: ASHTA is one of only three domestic producers of caustic potash in the nation; one of only four domestic producers of chloropicrin in the nation; one of only four domestic producers of anhydrous potassium carbonate in the nation; and one of only three domestic producers of liquid potassium carbonate in the nation. Because ASHTA is the sole supplier of these products in this region, there is virtually no geographic competition for movement of ASHTA's product.
- Based on my assessment of Applicants' proposal, the transaction, if approved as proposed, will put ASHTA at a competitive disadvantage.
- ASHTA ships products classified as a hazardous material under applicable state and federal law. For example, ASHTA ships potassium hydroxide solution to a number of western

Date: October 17, 1997

and southern destinations, including Texas, Georgia, North Carolina, Florida, California, and Washington. The arrangement proposed by Applicants will require shipping this sensitive chemical to Buffalo, where it will be transported to other locations. A reciprocal switch in the Ashtabula area would eliminate circuitous routing of this sensitive product and would allow ASHTA to send the product directly, more efficiently, and safely to its final destination. Under the Applicants' proposal, for example, product with a final destination of Cleveland would need to be first sent to Buffalo then routed back through Ashtabula to Cleveland. A reciprocal switching arrangement would permit a direct route from Ashtabula to Cleveland, and would significantly reduce the distance which this chemical material travels.

13. Reciprocal switching will allow ASHTA to better serve its customers by providing more direct rail routes. This will reduce shipping costs, rail transit times, and energy consumption. A reciprocal switching arrangement will also allow shippers such as ASHTA to reduce product cost, or at least minimize any increase therein. Such cost reductions allow for economic and competitive growth.

Date: October 17, 1997

VERIFICATION

) SS.
COUNTY OF CUYAHOGA	
	LI, being duly sworn, state that I have read the foregoing
statement, that I know	its contents and that those contents are true as stated.

STACI ZAPPITELLI

SUBSCRIBED AND SWORN to before me this _____ day of September 1997.

Notary Public

My commission expiers 3/29/2000

STATE OF OHIO



ALL-STATE" LEGAL BRO-772-0810 TOTI RECYCLER

BEFORE THE SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388

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

ASHTA CHEMICALS INC. VERIFIED STATEMENT OF ELAINE SIVY

- My name is ELAINE SIVY, and I am the Distribution Manager at ASHTA Chemicals Inc. (ASHTA). I have prepared this Verified Statement in connection with the Responsive Application and Request for Conditions that ASHTA will file in this proceeding. I have been employed by ASHTA since 1988. I am a member of the Council on Logistic Management. I have knowledge of rail routes in and around the Ashtabula, Ohio area, ASHTA's operations, and the matters stated herein.
- 2. ASHTA is in the business of manufacturing and marketing potassium hydroxide (KOH), chlorine (Cl₂), anhydrous potassium carbonate (APC) and liquid potassium carbonate (LPC), as well as various products derived from these chemicals. ASHTA's primary product is liquid potassium hydroxide or caustic potash, (LKOH). ASHTA is the second largest of only three domestic producers of LKOH. Chlorine, ASHTA's other primary product, is a by-product of potassium hydroxide production. ASHTA also produces anhydrous and liquid potassium carbonate and chloropicrin, which are derivatives of potassium hydroxide and chlorine, respectively. ASHTA is one of four domestic producers of anhydrous potassium carbonate, and one of three domestic producers of liquid potassium carbonate. ASHTA is one of four known domestic manufacturers of chloropicrin, and enjoys about 25% of the domestic chloropicrin market. ASHTA also processes and produces flake and walnut potassium hydroxide (FKOH & WKOH).

Date: October 17, 1997

- 3. ASHTA's potassium products are used in a variety of applications, primarily in the manufacture of other products, including glass, potassium phosphates, fertilizers, soaps and detergents, alkaline batteries, photographic chemicals, petroleum products and other potassium chemicals. Chlorine is used in the pulp, paper, and polyvinyl chloride (PVC) industries, as well as numerous smaller applications. The largest portion of ASHTA's chlorine product is used in the manufacture of titanium dioxide. Chloropicrin is used as a pesticide, and is a leading chemical replacement of methylbromide.
- 4. ASHTA is one of the largest manufacturers and the largest shipper (via rail) of chemical products in Ashtabula, Ohio (Ashtabula). ASHTA has throughput agreements with 22 terminals strategically located throughout the United States, in Illinois, Texas, Massachusetts, Georgia, New Jersey, Ohio, California, Washington, Utah, North Carolina, Florida, Alabama, Oregon, Minnesota, and Nebraska. ASHTA ships its chemical products to customers throughout the continental United States and Canada.
- 5. ASHTA's manufacturing operations are located on a 72-acre site at a single facility in Ashtabula, approximately sixty miles east of Cleveland, Ohio, on Lake Erie's south shore. The facility is situated in an industrial complex which includes producers of titanium dioxide, polyvinyl chloride, hydrochloric acid and other chemicals. ASHTA operates out of five warehouses, located in Ohio, New York, Illinois, Texas, and California.
- 6. There is a rail shipping location situated in an area of Ashtabula called the "West Yard," which is approximately 6 miles west of ASHTA's site. All of ASHTA's products are transported from ASHTA's plant to the West Yard. From the West Yard, ASHTA's chemical products are shipped out of Ashtabula, Ohio to Buffalo, New York and, at Buffalo, routed to final "ship-to" destinations on Conrail. ASHTA's chemical products, even product with final destinations of Texas, Georgia, Alabama, North Carolina and other points south, are all first shipped north to Buffalo, New York primarily because there has been no competitive alternatives available to ASHTA. To date, Conrail has been the only railroad carrier providing transportation services to ASHTA out of the West Yard. ASHTA currently spends approximately \$2.5 million annually on transportation via Conrail.
- Based on my analysis of the Application and knowledge of the rail lines in Ashtabula, I have concluded that ASHTA will not be able to utilize rail lines operated by NS at the West Yard, but will have CSX as the only available rail carrier of its chemical products if the transaction is approved as proposed. This situation will leave ASHTA with no economically feasible competitive alternatives. Moreover, ASHTA will continue to be forced to ship its product to Buffalo, New York on CSX for routing and switching to southern, eastern and western destinations and for transport throughout the nation.
- 8. Based on my analysis of the proposed transaction and our company's rail routes, I have

Date: October 17, 1997 G:\WPDOC\SIMED\DATA\740957

determined that any rail arrangement requiring ASHTA to route all of its product through Buffalo, New York is logistically unsound, as ASHTA ships to a number of distant southern and western locations, including Alabama, Arizona, California, Florida, Georgia, Nebraska, Texas, Utah, and Washington. A reciprocal switching arrangement or other competitive access remedy would avoid the unnecessary and costly movement involved in routing southern and western-bound shipments through Buffalo. A reciprocal switch in the Ashtabula area would significantly reduce the amount of rail which ASHTA's southern and western-bound product travels. ASHTA is one of at least 6 shippers in the Ashtabula area who could ship more directly via reciprocal switch.

- 9. Based on my analysis and assessment of rail traffic in the Ashtabula area, the transaction, as proposed in these proceedings, would leave no effective intramodal competition for ASHTA and other similarly situated Ashtabula area shippers of liquid freight. Applicants have indicated that CSX will handle all east-west movement in the area, while NS will handle all north-south movement. Because Ashtabula Harbor --the only switching arrangement in the entire Ashtabula area-- is incapable of handling liquid freight, Ashtabula area shippers of liquid product such as ASHTA will be forced to ship along and in the direction of the line immediately servicing them. CSX and NS therefore will not be subject to any competitive restraints.
- My analysis of our company's transportation options indicates that there is no effective intermodal competition available to ASHTA and similarly situated shippers. Shipping via the Great Lakes is impracticable and uneconomical, as ASHTA and other shippers in the area must send product to southern and western destinations. Moreover, Pinney Dock, the only docking facility at Ashtabula Harbor, is unable to handle liquid freight. Trucking chemical product is also generally not a feasible alternative for high volume shippers such as ASHTA, as it requires four trucks to move the volume of ASHTA product which can be accommodated by one freight car. It is logistically impossible for ASHTA and other high volume shippers in the Ashtabula area to rely on truck movements, as sufficiently sized fleets are generally not available. In addition, the cost of shipping via truck is generally prohibitive: It will be significantly more expensive to ship ASHTA's volume via truck than to ship by rail, and this cost will ultimately be reflected in the cost of product sold to customers.
- 11. I have determined that no effective geographic competition exists to protect ASHTA: ASHTA is one of only three domestic producers of caustic potash in the nation; one of only four domestic producers of chloropicrin in the nation; one of only four domestic producers of anhydrous potassium carbonate in the nation; and one of only three domestic producers of liquid potassium carbonate in the nation. Because ASHTA is the sole supplier of these products in this region, there is virtually no geographic competition for movement of ASHTA's product.
- Based on my assessment of Applicants' proposal, the transaction, if approved as proposed, will put ASHTA at a competitive disadvantage.

Date: October 17, 1997

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facsimile TRANSMITTAL

to:

Bruce Mihalick - Conrail

fax #:

216-268-7173

Rate Requests

date:

April 17, 1997

pages:

1, including this cover sheet.

Bruce,

I need the following rates please:

Origin:

Ashtabula, OH

Destination:

Hoescht Celanese

Carlisle, SC

Delv Carrier: CSXT or NS (not sure)

Product:

Potassium Hydroxide, Solution

STCC=2812410

Volume:

24 tank cars per year

Need Proportional rates for the following:

Origin:

Ashtabuia, OH

Destination:

Buffalo, NY

Product:

Potassium Hydroxide, Solution

STCC=2812410

Origin:

Ashtabula, OH

Destination: Product:

Cleveland, OH Potassium Hydroxide, Solution

STCC=2812410

Any questions, please let me know.

Thanks,

Elaine

From the desk of ...

Elaine M. Sivy **Distribution Manager** ASHTA Chemicals Inc. P.O. Box 858 Ashtabula, OH 44005-0858

> 216-997-6858 Fax: 216-992-0151

- 13. ASHTA ships products classified as a hazardous material under applicable state and federal law. For example, ASHTA ships potassium hydroxide solution to a number of western and southern destinations, including Texas, Georgia, North Carolina, Florida, California, and Washington. The arrangement proposed by Applicants will require shipping this sensitive chemical to Buffalo, where it will be transported to other locations. A reciprocal switch in the Ashtabula area would eliminate circuitous routing of this sensitive product and would allow ASHTA to send the product directly, more efficiently, and safely to its final destination. Under the Applicants' proposal, for example, product with a final destination of Cleveland would need to be first sent to Buffalo then routed back through Ashtabula to Cleveland. A reciprocal switching arrangement would permit a direct route from Ashtabula to Cleveland, and would significantly reduce the distance which this chemical material travels.
- 14. Reciprocal switching will allow ASHTA to better serve its customers by providing more direct rail routes. This will reduce shipping costs, rail transit times, and energy consumption. A reciprocal switching arrangement will also allow shippers such as ASHTA to reduce product cost, or at least minimize any increase therein. Such cost reductions allow for economic and competitive growth.
- 15. ASHTA could use a reciprocal switch in the Ashtabula area to ship 30-60 % of its product. The locations which would be served via switched route represent a significant portion of the total number of destinations to which ASHTA ships. Specifically, ASHTA could use a switch to service the following destinations:

*Lemont, Illinois

*Houston, Texas

*Los Angeles, California

- On at least two separate occasions, I have requested, on behalf of ASHTA, Conrail to provide proportional rates. A true and accurate copy of my written request for a proport ional rate agreement (fax dated April 17, 1997) is attached hereto. Conrail failed to respond to these requests.
- 17. Based on the responses and nonresponses our company received from the Applicants, intervention by the Surface Transportation Board is necessary to ensure fair and equitable treatment of area shippers generally and ASHTA specifically, by imposing reciprocal switching or other competitive access remedy.

Date: October 17, 1997

VERIFICATION

STATE OF OHIO)	
) SS.	
COUNTY OF CUYAHOGA)	
I, ELAINE SIVY, b statement, that I know	eing duly sworn, its contents and t	state that I have read the foregoin that those contents are true as stated.
		61
		ELAINE SIVY
SUBSCRIBED	AND SWORN to	me this <u>17</u> day of October 1997
		Margo VA. Crutto
		Notary Publi
		My Commission expires 3/29/2000

Date: October 17, 1997



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BEFORE THE SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388

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

ASHTA CHEMICALS INC. VERIFIED STATEMENT OF FRANK CAPPELLO

- 1. My name is FRANK CAPPELLO, and I have prepared this Verified Statement in connection with the Responsive Application and Request for Conditions that ASHTA Chemicals Inc. (ASHTA) will file in this proceeding. I am employed with ASHTA as Vice President of Finance and Administration. I have been employed with ASHTA for more than six years. I graduated with a B.S. degree in Business Administration from John Carroll University, and I obtained my certification as a CPA from the state of Ohio in 1981. I have first-hand knowledge of the financial and business affairs of ASHTA.
- 2. ASHTA is in the business of manufacturing and marketing potassium hydroxide (KOH), chlorine (Cl₂), anhydrous potassium carbonate (APC) and liquid potassium carbonate (LPC), as well as various products derived from these chemicals. ASHTA's primary product is liquid potassium hydroxide or caustic potash, (LKOH). ASHTA is the second largest of only three domestic producers of LKOH. Chlorine, ASHTA's other primary product, is a by-product of potassium hydroxide production. ASHTA also produces anhydrous and liquid potassium carbonate and chloropicrin, which are derivatives of potassium hydroxide and chlorine, respectively. ASHTA is one of four domestic producers of anhydrous potassium carbonate, and one of three domestic producers of liquid potassium carbonate. ASHTA is one of four known domestic manufacturers of chloropicrin, and enjoys about 25% of the domestic chloropicrin market. ASHTA also processes and produces flake and walnut potassium hydroxide (FKOH & WKOH).

- 3. ASHTA's potassium products are used in a variety of applications, primarily in the manufacture of other products, including glass, potassium phosphates, fertilizers, soaps and detergents, aikaline batteries, photographic chemicals, petroleum products and other potassium chemicals. Chlorine is used in the pulp, paper, and polyvinyl chloride (PVC) industries, as well as numerous smaller applications. The largest portion of ASHTA's chlorine product is used in the manufacture of titanium dioxide. Chloropicrin is used as a pesticide, and is a leading chemical replacement of methylbromide.
- From ASHTA's perspective, a reciprocal switching arrangement or other competitive access remedy in the Ashtabula area would avoid unnecessary and costly movement of freight through Buffalo, New York.
- A reciprocal switch at the West Yard would benefit the public and serve the public interest by promoting safety and operating efficiencies. It would also allow shippers such as ASHTA access to more direct rail routes and would reduce shipping costs.
- 6. ASHTA currently spends approximately \$2.5 million annually on transportation vai Conrail.

Date: October 17, 1997

VERIFICATION

OTATE OF OTHER	,	SS.
COUNTY OF CUYAHOGA)	

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

FRANK CAPPELLO

SUBSCRIBED AND SWORN to before me this 17 day of September 1997.

Margaret A. Courts
Notary Public

My Commission expires 3/29/2000.

Date: October 17, 1997

STATE OF OHIO

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ALL STATE* LEGAL 800-722-9519 EDRIT PREVILED TO

ASHTA Chemicals, Inc. 3509 Middle Rd. P.O. Box 858 Ashtabula, Ohio 44004 216-997-5221 Fax: 216-992-0151

September 30, 1997



David L. Novak
CSX Transportation
500 Water Street - J120
Jacksonville, FL 32202

Dear David,

Our company is very interested in meeting with Norfolk Southern representatives to discuss the possibility of reciprocal switching or competitive access in Ashtabula, Ohio. ASHTA Chemicals is the largest shipper in Ashtabula, Ohio. Therefore, we have a great concern of the impact of the acquisition of Conrail by Norfolk Southern and CSX Transportation.

On September 5, our attorney sent a letter to your legal representative requesting competitive access. A copy of that letter is attached. Your attorney, Dennis Lyons sent a reply indicating that further discussion on these issues should be pursued businessman to businessman. A copy of that letter is also attached.

Please contact us immediately at 440-997-6815, as we would like to schedule a meeting before October 13. If we do not hear from you on or before October 6, we will be forced to conclude that your company is unwilling to negotiate in good faith on these issues.

We look forward to hearing from you soon.

Sincerely,

Staci Zappitelli Distribution Analyst

cc: Ange Gianni - ASHTA Chemicals
Frank Capello - ASHTA Chemicals
Michael Bowers - ASHTA Chemicals
Inajo D. Chappell - Ulmer & Berne
Stewart Edwards - CSX Transportation



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ASHTA Chemicals, Inc. 3509 Middle Rd. P.O. Box 858 Ashtabula, Ohio 44004 216-997-5221 Fax: 216-992-0151

September 30, 1997



D.W. Seale Norfolk Southern Corporation Three Commercial Place Norfolk, VA 23510-2191

Dear Don,

Our company is very interested in meeting with Norfolk Southern representatives to discuss the possibility of reciprocal switching or competitive access in Ashtabula, Ohio. ASHTA Chemicals is the largest shipper in Ashtabula, Ohio. Therefore, we have a great concern of the impact of the acquisition of Conrail by Norfolk Southern and CSX Transportation.

On September 5, our attorney sent a letter to your legal representative requesting competitive access. A copy of that letter is attached. To date, we have received no response to our letter from your attorney or business representatives.

Please contact us immediately at 440-997-6815, as we would like to schedule a meeting before October 13. If we do not hear from you on or before October 6, we will be forced to conclude that your company is unwilling to negotiate in good faith on these issues.

We look forward to hearing from you soon.

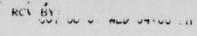
Sincerely,

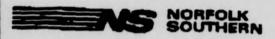
Staci Zappitelli Distribution Analyst

cc: Ange Gianni - ASHTA Chemicals
Frank Capello - ASHTA Chemicals
Michael Bowers - ASHTA Chemicals
Inajo D. Chappell - Ulmer & Berne
Rudy Dowe - Norfolk Southern



ALL-STATE* LEGAL 800-222-0616 EDRTI RECYCLED





Norfolk Southern Corporation Three Commercial Place Norfolk, Virginia 23510-9206 Telephone: 757 629-2730 FAX: 757 533-4824

Donald W. Seale Vice President Merchandise Marketing

October 6, 1997

VIA FAX 216/992-0151

Ms. Staci Zappitelli Distribution Analyst ASHTA Chemicals, Inc. 3509 Middle Road Ashtabula, OH 44004

Dear Ms. Zappitelli:

Thank you for your letter of September 30. We apologize for not responding to your attorney's earlier communication to counsel for Norfolk Southern, CSX, and Conrail.

ASHTA's concerns about the Conrail restructuring are well articulated, and I appreciate the opportunity to respond to them. From our review it is clear that ASHTA will suffer no reduction in competition or other competitive harm. Indeed, though I do not presume to speak for CSX, it seems likely ASHTA will gain significantly from the transaction as proposed.

Again, thank you for writing. We believe that restructuring northeastern rail services, while inevitably a complex undertaking, will bring about significant benefits for all concerned, including ASHTA.

Sincerely.

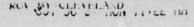
cc: Rudy Dowe

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Inajo-4+B



S arouse





Christopher P. Jenkins Vice President Chemicals Marketing 500 Water Street - .593 Jacksonville, FL 32202 (904) 559-1129 FAX (904) 259-3240

October 2, 1997

Ms. Staci Zappitelll Distribution Analyst Ashta Chemicals, Inc. 3509 Middle Road P. O. Box 858 Ashtabula, OH 44004

Dear Staci

I enjoyed our telephone conversation this afternoon.

If CSXT is successful in winning STB Approval for the CR Transaction, we look forward to being the serving carrier at your Ashtabula Facility. I think you will find a strong interest on the part of CSXT in meeting your transportation needs, and providing a superior rail service option.

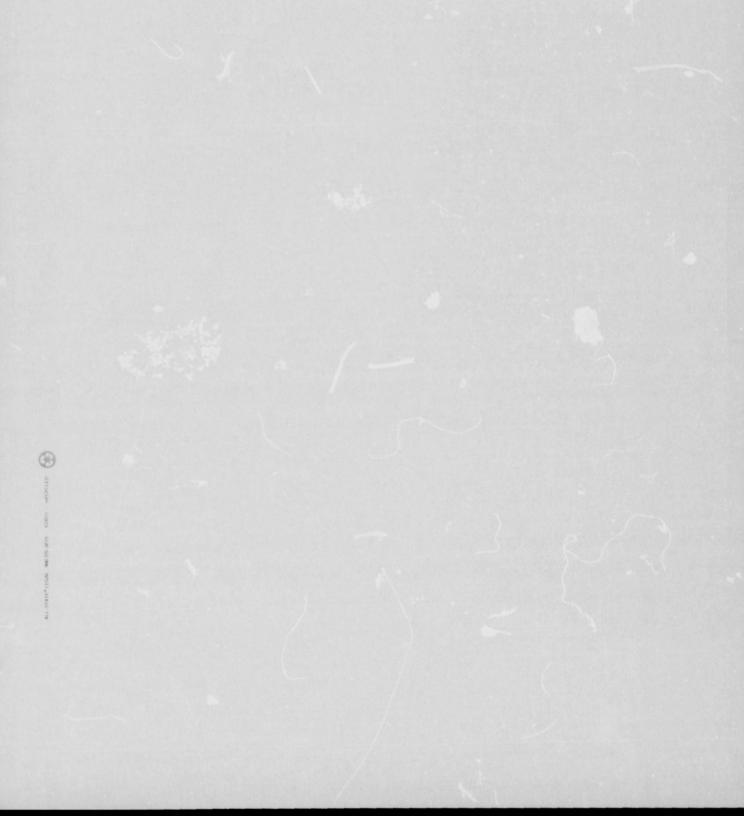
Although CSXT is not willing to give access to our railroad to NS, we would be delighted to work with Ashta in assembling attractive joint line rates from your facility to reach points on the NS. These rates could be constructed either as through rates or as proportional rates.

Although CSXT can not provide pro-forms rates until after STB Approval, we would be willing to contact NS and attempt to develop a commitment not to exceed current rates, for the foreseeable future, from Ashtabula to points that will be on the portion of CR acquired by NS. In particular, if you have major movements from Ashtabula to stations that NS would acquire in the proposed transaction, please let me know.

CSXT would be pleased to meet at the time and location of your choice if you would like to discuss these issues further.

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Cc: Stew Edwards



CSX/NS-96

BEFORE THE SUPFACE TRANSPORTATION BOARD

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

STB FINANCE DOCKET NO. 33388

APPLICANTS' RESPONSES TO
ASHTA CHEMICALS INC.'S
FIRST SET OF INTERROGATORIES TO APPLICANTS
AND REQUEST FOR PRODUCTION OF DOCUMENTS (ASHT-7)

Applicants¹ hereby respond to the ASHTA Chemicals Inc.'s First Set of

Interrogatories and Request for Production of Documents (ASHT-7) to Applicants ("ASHTA"

or "Requester").

GENERAL RESPONSES

The following general responses are made with respect to all of the requests and interrogatories.

[&]quot;Applicants" refers collectively to CSX Corporation and CSX Transportation (collectively "CSX"), Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively "NS"), and Consolidated Rail Corporation and Conrail Inc. (collectively "Conrail).

- Applicants will conduct a reasonable search for documents responsive to the 1. requester's documents requests. Except as objections are noted herein, 2 all responsive documents will be made available for inspection and copying in Applicants' document depository, which is located at the offices of Arnold & Porter in Washington, D.C. Copies of documents will be supplied upon payment of duplicating costs (including, in the case of computer tapes, costs for programming, tapes and processing time).
- Production of information or documents does not necessarily imply that they are relevant to this proceeding, and is not to be construed as waiving any objection stated herein.
- In line with past practice in cases of this nature, Applicants have not secured verifications for the answers to interrogatories herein. Applicants are prepared to discuss the matter with requester if this is of concern with respect to any particular answer.
- 4. Where objections have been raised as to the scope of the interrogatory, Applicants are willing to discuss searching for and producing information covered by a more limited request or interrogatory taking account of the stated objection.

GENERAL OBJECTIONS

The following general objections are made with respect to all of the interrogatories and documents requests. Any additional specific objections are stated at the beginning of the response to each interrogatory or document request.

Thus, any responses that state that responsive documents are being produced is subject to the General Objections, so that, for example, any documents subject to attorneyclient privilege or the work product doctrine are not being produced.

- Applicants object to production of, and are not producing, documents or information subject to the attorney-client privilege, the work product doctrine and/or the joint or common interest privilege.
- Applicants object to production of, and are not producing, documents prepared
 in connection with, or information relating to, possible settlement of this or any other matter.
- 3. Applicants object to production of, and are not producing, public decuments or information that is readily available, including but not limited to documents on public file at the Surface Transportation Board ("STB"), the Securities and Exchange Commission, or any other government agency or court, or that have appeared in newspapers or other public media.
- 4. Applicants object to the production of, and are not producing, draft verified statements and documents related thereto. In prior railroad consolidation proceedings, such documents have been treated by all parties as protected from production.
- Applicants object to the production of, and are not producing, information or documents that are as readily obtainable by the requester from its own files.
- 6. Applicants object to the extent that the requests seek documents containing confidential or sensitive commercial information, including information subject to disclosure restrictions imposed by law in other proceedings or by contractual obligation to third parties, and that is of insufficient materiality to warrant production here even under a protective order.
- Applicants object to the requests to the extent that they seek documents or information in a form not maintained by Applicants in the regular course of business and not

readily available in the form requested, on the ground that such documents or information could only be developed, if at all, through unduly burdensome and oppressive special studies, which are not ordinarily required and which Applicants object to performing.

- 8. Applicants object to these interrogatories as overbroad and unduly burdensome to the extent that they seek information for period prior to January 1, 1995.
- Applicants object to Definition and Instruction No. 8 to the extent that it requests individuals' home addresses and telephone numbers.
- Applicants object to Definition and Instruction Nos. 3, 6, 7, 10 and 12 as unduly burdensome.
- 11. Applicants object to Definition and Instruction Nos. 3, 5, 6, 7, 10, 11 and 12 to the extent they seek to impose requirements that exceed those specified in the applicable discovery guidelines.
- 12. Applicants object to Definition and Instruction No. 10 to the extent it requests detailed information regarding otherwise responsive documents that fall within the scope of a privilege. Such detailed information is not necessary, and is unreasonably burdensome to provide. Such information was not required or provided in the recent major control cases, and there is no reason here warranting different treatment.
- 13. Applicants object to Definition and Instruction No. 17 as overbroad and imprecise in its reference to "all territory within a twenty (20) mile radius of the Ashtabula Harbor." Applicants further object to this request on the basis that it is vague and ambiguous in its reference to "Exhibit _____ to the Application."

INTERROGATORIES

Interrogatory No. 1

- Describe any plans, or agreements relating to reconstruction, rehabilitation, or reactivation or resumption of service on any abandoned or discontinued CSX, NS or Conrail line in Ashtabula, Ohio after the transaction is consummated and identify all persons involved in preparing these documents.
- Without waiving any objection, and subject to the General Objections stated above, CSX and NS research as follows:
- NS: NS plans to upgrade and restore to regular service the existing connection between Conrail's Youngstown line and NS' Cleveland/Buffalo line in the Southwest quadrant at Ashtabula, Ohio.

CSX: CSX has no such plans or agreements. See the Ashtabula Access Agreement, Volume 8C, pages 397-420.

Interrogatory No. 2

Specify any rail construction or improvement projects expected on or around the Conrail line segment, CSX line segment, or NS line segment in the Ashtabula, Ohio area.

2. Applicants object to this request as vague and ambiguous to the extent that it seeks information regarding construction or improvements "around" line segments. Without waiving any objection, and subject to the General Objections stated above, CSX and NS respond as follows:

See response to Interrogatory No. 1.

Interrogatory No. 3

Describe any plans, studies, feasibility studies, oral communications or agreements relating to reciprocal switching in the Ashtabula, Ohio area, including the switching arrangement at Ashtabula Harbor and identify all persons involved in preparing the documents or making or receiving the oral communications.

FROM ZER LAW

3. Applicants object to this request as vague, ambiguous and overly broad to the extent that it seeks information regarding plans, studies, oral communications or agreements "relating to" Ashtabula. Applicants object to this interrogatory to the extent that it seeks information regarding oral communications and the identity of persons making or receiving those communications. Applicants further object to this interrogatory as vague and ambiguous to the extent that it does not define "the Ashtabula, Ohio area." For purposes of this response, Applicants assume that "the Ashtabula, Ohio area" refers to those Conrail-owned facilities in Ashtabula, Ohio. Without waiving any objection, and subject to the General Objections stated above, CSX and NS respond as follows:

Other than the Ashtabula Access Agreement, Volume 8C at pages 397-420,

Applicants have conducted no such studies, nor made any such plans or agreements. The

persons primarily responsible for negotiating the Ashtabula Access Agreement were William

H. Hart for CSX and James W. McClellan and Stephen C. Tobias for NS.

Interrogatory No. 4

Has any consideration been given to entering into a switching arrangement for movement of freight out of the West Yard in Ashtabula on the east/west line? If so, please describe any such consideration given, and identify any plans, studies, oral communications or other documents relating thereto. If oral communications were made, please identify the persons receiving or making said communications together with the subject matter and content of the communication.

4. Applicants object to this interrogatory as vague and ambiguous to the extent that it seeks information regarding oral communications and the identity of persons making or receiving those communications. Applicants also object to this request as vague, ambiguous and overbroad in that it seeks "documents relating thereto." Without waiving any objection, and subject to the General Objections stated above, CSX and NS respond as follows:

No.

Interrogatory No. 5

Was any consideration given to or analysis performed of the movement of freight transported from the ASHTA Chemicals Facility? If so, please describe the consideration and analysis and identify any documents relating thereto. If not, please explain why not.

5. Applicants object to the this interrogatory on the basis that the term "relating to" is vague, ambiguous and overbroad. Without waiving any objection and subje : to the General Objections stated above, CSX and NS respond as follows:

NS: No consideration was given to or analysis performed of the movement of freight transported from the ASHTA Chemicals Facility. As explained in the Verified Statement of John H. Williams, the Carload Waybill Sample was used for NS' Rail Traffic Diversion Study, and there is no shipper or consignee identification in that traffic data base. Volume 3B, Section 3, pages 95-177 describes Applicants intended service improvements. Projected train schedules may be found in Applicants' depository. See NS-21-CO-07358-09247.

CSX: No. Specific analysis of the type requested has not been performed. See Verified Statement of Howard Rosen, Volume 2A at page 154.

Interrogatory No. 6

Please describe what analysis of the impacts of the transaction on shippers in Ashtabula, Ohio, has been performed, specifically describing how service will be improved and how the public will benefit.

6. Applicants object to this request as vague, ambiguous and unclear as to whether the request seeks information regarding any analysis that was performed or information regarding how service will be improved and how the public will benefit. Without waiving any objection, and subject to the General Objections stated above, CSX and NS respond as follows:

See response to Interrogatory No. 5. In addition, Volume 3B, Section 4.2.3, page 229 summarizes the Ashtabula Access Agreement. Ashtabula Harbor is currently served only by Conrail. Post transaction, both the extended NS and extended CSX will serve Ashtabula Harbor.

Interrogatory No. 7

Have you assessed the impact of the division of Conrail assets on Ashtabula shippers. such as ASHTA Chemicals, Inc., that do not use the Ashtabula Harbor Facilities? If so identify your impact assessment.

Without waiving any objection, and subject to the General Objections stated 7. above, CSX and NS responds as follows:

See response to Interrogatory Nos. 5 and 6.

Interrogatory No. 8

Please describe the rationale underlying your decision to have a switching arrangement at Ashtabula Harbor, and identify the persons responsible for making the decision to enter into the Ashtabula Access Agreement?

Without waiving any objection, and subject to the General Objections stated above, CSX and NS respond as follows:

The decision to have a switching arrangement at Ashtabula Harbor was a culmination of an arms length bargaining process over the division of Conrail assets and was only one aspect of the negotiation of a complex plan to divide a major rail system consisting of thousands of miles of track and hundreds of rail facilities.

The persons primarily responsible for making the decision to enter into the Ashtabula Access Agreement for were James W. McClellan and Stephen C. Tobias for NS and William H. Hart for CSX.

Interrogatory No. 9

Does CSX intend to maintain service to all points served by Conrail on the lines allocated to CSX by the transaction?

9. Without waiving any objection, and subject to the General Objections stated above, CSX responds as follows:

See Volume 1 at page 58 and Volume 5 at pages 1 through 30.

Interrogatory No. 10

Have any commercial arrangements with NS been formulated with respect to movements out of the West Yard in Ashtabula, Ohio or on the Chicago line?

10. Applicants object to this request as vague and ambiguous to the extent that the term "commercial arrangements" is susceptible to more than one meaning. Without waiving this objection, and subject to the General Objections stated above, NS responds as follows:

No.

Interrogatory No. 11

In the Application, it is stated that CSX intends to invest over \$196.2 million to upgrade the former B&O line in Ohio and that the operating plan calls for an investment of approximately \$488 million, what portion of the funds stated in the preceding interrogatory will be used to improve service delivery in Ashtabula, Ohio? At facilities other than Ashtabula Harbor?

11. Applicants object to this interrogatory on the basis that it is ambiguous and confusing in that no "portion of funds" is stated in Interrogatory No. 10, the preceding

interrogatory. Without waiving that objection, and subject to the General Objections stated above, CSX responds as follows:

All shippers routing traffic via the former B&O line will benefit from the investment.

Therefore, all portions of the funds will be used to improve service in Ashtabula.

Interrogatory No. 12

Exclusive of use and access of Ashtabula Harbor, what portion of those funds will be used to improve service delivery in other areas of Ashtabula, Ohio?

12. Applicants object to this interrogatory on the basis that it is vague and ambiguous. Applicants assume for purposes of this request that the funds referenced in this interrogatory are the same as those referenced in Interrogatory No. 11. Without waiving any objection, and subject to the General Objections stated above, CSX responds as follows:

See response to Interrogatory No. 11.

Interrogatory No. 13

Have NS, CSX, and Conrail discussed or entered into any other agreement(s) as to how costs will be shared in Ashtabula, Ohio? If so, please identify said agreement(s), whether written or verbal.

13. Without waiving any objection, and subject to the General Objections stated above, Applicants respond as follows:

With the exception of the Ashtabula Access Agreement, no such agreements have been discussed or entered into.

Interrogatory No. 14

What is the internal cost of service delivery to Ashtabula, Ohio?

14. Applicants object to this interrogatory on the basis that the terms "internal cost" and "service delivery" are vague and ambiguous as they have not been defined and are

susceptible to more than one meaning. Applicants object to this interrogatory as overbroad and imprecise on the basis that Ashtabula, Ohio is not a defined term. Applicants also object to this request to the extent that it seeks only information which is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, and subject to the General Objections stated above, Applicants respond as follows:

Under applicable Board precedent, the relevant costing system in Board proceedings is the Uniform Rail Costing System (URCS). Applicants have not made URCS-based calculations of the information requested. Applicants could not determine the "cost of service delivery to Ashtabula, Ohio" using URCS without conducting a burdensome special study which Applicants are not required to perform.

Interrogatory No. 15

How will the internal cost of service delivery in Ashtabula, Ohio impact any switching charge?

15. Applicants object to this interrogatory as overbroad and imprecise on the basis that Ashtabula, Ohio is not a defined term. Applicants also object to this request to the extent that it seeks only information which is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, and subject to the General Objections stated above, CSX and NS respond as follows:

See response to Interrogatory No. 14.

Interrogator No. 16

Have any proportional rate agreements been discussed, negotiated, or consummated in Ashtabula, Ohio or in other parts of Ohio?

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16. Applicants object to this interrogatory on the basis that the term "proportional rate agreement" is vague and ambiguous ar I susceptible to more than one meaning.

Applicants object to this request on the basis that it seeks irrelevant information regarding "other parts of Ohio." Applicants object to this interrogatory as overbroad and imprecise on the basis that Ashtabula, Ohio is not a defined term. Applicants also object to this request to the extent that it seeks a business commitment to which the requester is not entitled in the discovery process. Without waiving this objection and subject to the General Objections stated above, CSX and NS respond as follows regarding Ashtabula, Ohio:

No.

Interrogatory No. 17

Has any consideration been given in designating any areas or facilities in Ashtabula, Ohio as a Shared Asset Area so that shippers in Ashtabula, Ohio could have access to both NS and CSX service? If so, please describe.

17. Applicants object to this interrogatory as overbroad and imprecise on the basis that Ashtabula, Ohio is not a defined term. Without waiving any objection, and subject to the General Objections stated above, CSX and NS respond as follows:

Neither CSX nor NS proposed the creation of any substantial areas to be formed out of the property of Conrail in which both CSX and NS would have general access to ship are other than the Shared Assets Areas of South Jersey/Philadelphia, North Jersey, Detroit and the Monongahela Agreement Area.

Interrogatory No. 18

Identify all documents relating to projections of the total traffic of chemical products moved on east and west lines and north and south lines in Ashtabula, Ohio.