

STB

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SLOVER & LOFTUS

ATTORNEYS AT LAW

1224 SEVENTEENTH STREET, N. W.

WASHINGTON, D. C. 20036

WILLIAM L. SLOVER

C. MICHAEL LOFTUS

DONALD G. AVERY

JOHN H. LE SEUR

KELVIN J. DOWD

ROBERT D. ROSENBERG

CHRISTOPHER A. M...

FRANK J. PERGOLIZZI

ANDREW B. KOLESAR III

ENTERED
DEC 11 1997
Part of
Public Record

December 10, 1997



202 347-7176

BY HAND DELIVERY

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

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. 57 in the above-referenced proceeding, enclosed please find an original and ten (10) copies of the Certificate of Service of Amvest Corporation and the Vaughan Railroad Company (AMVT/VGN).

We have included an extra copy of the Certificate of Service. Kindly indicate receipt by time-stamping this copy and returning it with our messenger.

Sincerely,

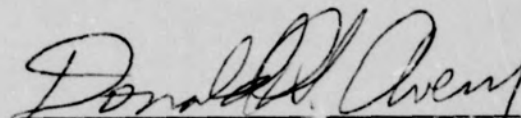
Donald G. Avery
An Attorney for Amvest Corporation
and the Vaughan Railroad Company

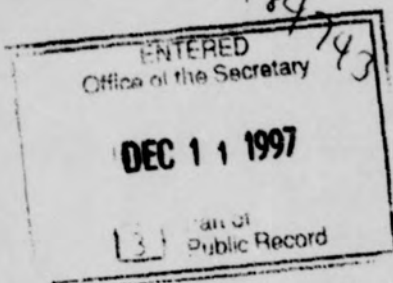
Enclosures

CERTIFICATE OF SERVICE



Pursuant to Decision No. 57 in STB Finance Docket No. 33388, CSX Corporation and CSX Transportation Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/ Agreements -- Conrail Inc. and Consolidated Rail Corporation, I hereby certify that on this 10th day of December, 1997, I caused copies of all filings submitted thus far in this proceeding by Amvest Corporation and the Vaughan Railroad Company (AMVT/VGN) to be served by first-class mail, postage pre-paid on each Party of Record added to the Board's service list.

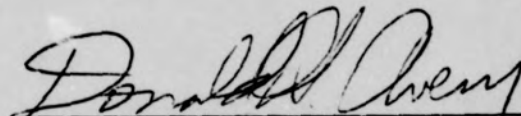

Donald G. Avery



CERTIFICATE OF SERVICE



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Donald G. Avery

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WEINER, BRODSKY, SIDMAN & KIDER
ATTORNEYS AT LAW

PROFESSIONAL CORPORATION

1350 NEW YORK AVENUE, N.W., SUITE 800
WASHINGTON, D.C. 20005-4797
(202) 628-2000
TELECOPIER (202) 628-2011

H. GERRY ANDERSON*
RICHARD J. ANDREANO, JR.
JAMES A. BRODSKY
JENNIFER A. COHN
JO A. DeROCHE
CYNTHIA L. GILMAN
KAREN R. GUS "AVSON"
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RUGENIA SILVER
HARVEY E. WEINER
ROSE-MICHELE WEINRYB*
JOSEPH F. YENOUSKAS

*NOT ADMITTED IN D.C.

December 10, 1997



BY HAND

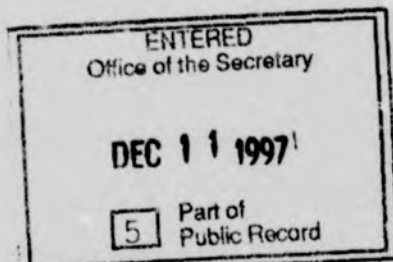
Hon. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

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

Dear Secretary Williams:

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Please acknowledge receipt of this letter by date-stamping the enclosed acknowledgment copy and returning it to our messenger.



Enclosures

Very truly yours,

Rose Michele Weinryb
Rose-Michele Weinryb

CERTIFICATE OF SERVICE

I hereby certify that on December 10, 1997, a copy of Central Railroad Company of Indiana's (i) request to be a Party of Record, (ii) Description of Anticipated Responsive Application and Petition for Clarification and Waiver, and (iii) Verified Statement of No Significant Impact were served by first-class mail, postage prepaid, on the following Parties of Record, added to the service list in Decision No. 57, served by the Surface Transportation Board on December 5, 1997:

John M. Cutler, Jr.
McCarthy, Sweeney & Harkaway, P.C.
Suite 1105
1750 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

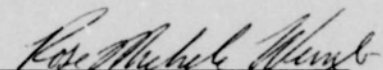
Clark Evans Downs
Jones, Day, Reavis & Pogue
1450 G Street, N.W.
Washington, D.C. 20005-2088

Richard F. Friedman
Earl L. Neal & Associates
3506 East 95th Street
Chicago, IL 60617-5193

John F. McHugh
McHugh & Sherman, Esqs.
20 Exchange Place
New York, NY 10005

The Honorable Jerrold Nadler
U.S. House of Representatives
Washington, D.C. 20515

Kevin M. Sheys
Oppenheimer Wolff & Donnelly
1020 Nineteenth Street, N.W., Suite 400
Washington, D.C. 20036-6105


Rose-Michele Weinryb, Esq.

STB

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WEINER, BRODSKY, SIDMAN & KIDER

ATTORNEYS AT LAW

PROFESSIONAL CORPORATION

1350 NEW YORK AVENUE, N.W., SUITE 800

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 JOSEPH F. YENOUSKAS

*NOT ADMITTED IN D.C.

December 10, 1997

**BY HAND**

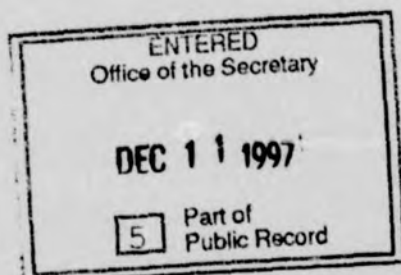
Hon. Vernon A. Williams
 Secretary
 Surface Transportation Board
 1925 K Street, N.W.
 Washington, D.C. 20423-0001

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Dear Secretary Williams:

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Enclosures

Very truly yours,

Rose-Michele Weinryb

CERTIFICATE OF SERVICE

I hereby certify that on December 10, 1997, a copy of Central Railroad Company of Indianapolis' (i) request to become a Party of Record, (ii) Description of Anticipated Responsive Application and Petition for Clarification and Waiver, and (iii) Verified Statement of No Significant Impact were served by first-class mail, postage prepaid, on the following Parties of Record, added to the service list in Decision No. 57, served by the Surface Transportation Board on December 5, 1997:

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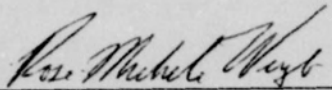
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1450 G Street, N.W.
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The Honorable Jerrold Nadler
U.S. House of Representatives
Washington, D.C. 20515

Kevin M. Sheys
Oppenheimer Wolff & Donnelly
1020 Nineteenth Street, N.W., Suite 400
Washington, D.C. 20036-6105


Rose-Michele Weinryb, Esq.

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WEINER, BRODSKY, SIDMAN & KIDER
ATTORNEYS AT LAW

PROFESSIONAL CORPORATION

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*NOT ADMITTED IN D.C.

December 10, 1997



BY HAND

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

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

Dear Secretary Williams:

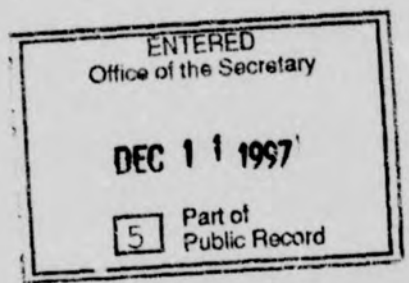
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Please acknowledge receipt of this letter by date-stamping the enclosed acknowledgment copy and returning it to our messenger.

Very truly yours,

Rose Michele Weinryb
Rose-Michele Weinryb

Enclosures



CERTIFICATE OF SERVICE

I hereby certify that on December 10, 1997, a copy of Chicago SouthShore & South Bend Railroad's letter in support of the primary application filed in this proceeding was served by first-class mail, postage prepaid, on the following Parties of Record, added to the service list in Decision No. 57, served by the Surface Transportation Board on December 5, 1997:

John M. Cutler, Jr.
McCarthy, Sweeney & Harkaway, P.C.
Suite 1105
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Washington, D.C. 20006

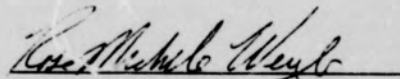
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Washington, D.C. 20036-6105


Rose-Michele Weinryb, Esq.

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WEINER, BRODSKY, SIDMAN & KIDER

ATTORNEYS AT LAW

PROFESSIONAL CORPORATION

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WASHINGTON, D.C. 20005-4797

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*NOT ADMITTED IN D.C.

December 10, 1997



BY HAND

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Secretary
Surface Transportation Board
1925 K Street, N.W.
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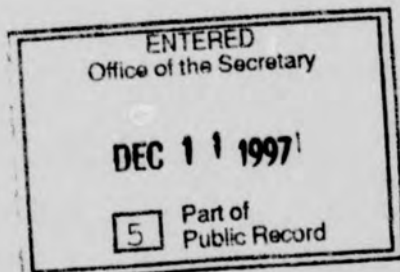
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Please acknowledge receipt of this letter by date-stamping the enclosed acknowledgment copy and returning it to our messenger.

Very truly yours,

Rose-Michele Weinryb
Rose-Michele Weinryb

Enclosures



CERTIFICATE OF SERVICE

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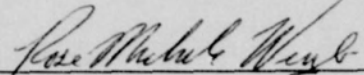
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Rose-Michele Weinryb, Esq.

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ATTORNEYS AT LAW

PROFESSIONAL CORPORATION

1350 NEW YORK AVENUE, N.W., SUITE 800
WASHINGTON, D.C. 20005-4797
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1925 K Street, N.W.
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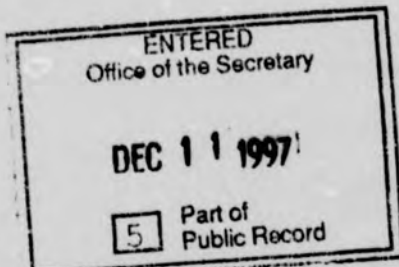


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Rose Michele Weinryb
Rose-Michele Weinryb

CERTIFICATE OF SERVICE

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Suite 1105
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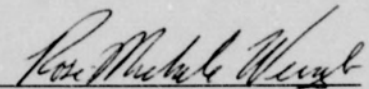
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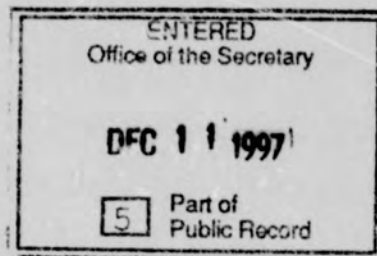


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CSX Corporation and CSX Transportation Inc.,
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Southern Railway Company -- Control and Operating
Leases/Agreements -- Conrail Inc.
and Consolidated Rail Corporation

Dear Secretary Williams:

Pursuant to Decision No. 57 in the above-referenced proceeding, enclosed please find an original and ten (10) copies of the Certificate of Service of Centerior Energy Corporation (CEC).

We have included an extra copy of the Certificate of Service. Kindly indicate receipt by time-stamping this copy and returning it with our messenger.

Sincerely,

C. Michael Loftus

C. Michael Loftus
An Attorney for Centerior
Energy Corporation

Enclosures

CERTIFICATE OF SERVICE



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C. Michael Loftus

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SLOVER & LOFTUS

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WASHINGTON, D. C. 20036

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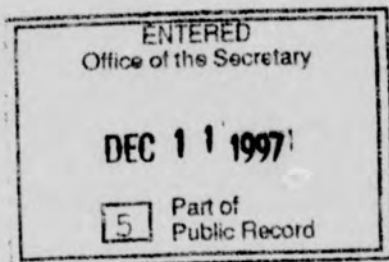
Dear Secretary Williams:

Pursuant to Decision No. 57 in the above-referenced proceeding, enclosed please find an original and ten (10) copies of the Certificate of Service of the Cities of East Chicago, Indiana; Hammond, Indiana; Gary, Indiana; and Whiting, Indiana (collectively "The Four City Consortium") (FCC).

We have included an extra copy of the Certificate of Service. Kindly indicate receipt by time-stamping this copy and returning it with our messenger.

Sincerely,

C. Michael Loftus
 An Attorney for the Cities of
 East Chicago, Indiana
 Hammond, Indiana
 Gary, Indiana
 Whiting, Indiana
 Collectively "The Four City
 Consortium"

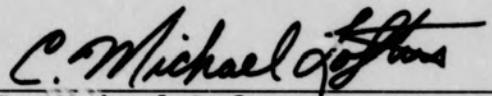


Enclosures

CERTIFICATE OF SERVICE



Pursuant to Decision No. 57 in STB Finance Docket No. 33388, CSX Corporation and CSX Transportation Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/ Agreements -- Conrail Inc. and Consolidated Rail Corporation, I hereby certify that on this 10th day of December, 1997, I caused copies of all filings submitted thus far in this proceeding by the Cities of East Chicago, Indiana; Hammond, Indiana; Gary, Indiana; and Whiting, Indiana (collectively "The Four City Consortium") to be served by first-class mail, postage pre-paid on each Party of Record added to the Board's service list.


C. Michael Loftus

STB

FD

33388

12-10-97

D

184729

184729

SLOVER & LOFTUS

ATTORNEYS AT LAW

1224 SEVENTEENTH STREET, N.W.

WASHINGTON, D. C. 20006

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



December 10, 1997

BY HAND DELIVERY

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

Confidential

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:

Enclosed for filing under seal in the above-referenced proceeding, please find a separately packaged original and twenty-five (25) copies of the HIGHLY CONFIDENTIAL VERSION of Centerior Energy Corporation's ("Centerior") "Petition to File Supplemental Comments and Supplemental Comments" (CEC-14). In accordance with the Board's order, we have enclosed a Wordperfect 5.1 diskette containing this filing.

Also enclosed for filing please find an original and twenty-five (25) copies of the REDACTED, PUBLIC VERSION of Centerior's "Petition to File Supplemental Comments and Supplemental Comments" (CEC-15).

We have included an extra copy of each of these filings. Kindly indicate receipt by time-stamping these copies and returning them with our messenger.

Sincerely,

Frank J. Pergolizzi
Frank J. Pergolizzi
An Attorney for Centerior
Energy Corporation

Enclosures

STB

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12-10-97

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SLOVER & LOFTUS

ATTORNEYS AT LAW

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

ENTERED
Office of the Secretary

SEVENTEENTH STREET, N. W.
WASHINGTON, D. C. 20036

DEC 10 1997

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Public Record

December 10, 1997

BY HAND DELIVERY

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

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. 57 in the above-referenced proceeding, enclosed please find an original and ten (10) copies of the Certificate of Service of the Detroit Edison Company (DE).

We have included an extra copy of the Certificate of Service. Kindly indicate receipt by time-stamping this copy and returning it with our messenger.

Sincerely,

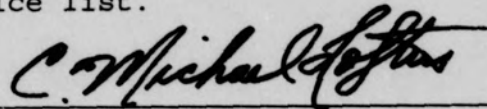
C. Michael Loftus
An Attorney for the Detroit Edison
Company

Enclosures

CERTIFICATE OF SERVICE



Pursuant to Decision No. 57 in STB Finance Docket No. 33388, CSX Corporation and CSX Transportation Inc. Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/ Agreements -- Conrail Inc. and Consolidated Rail Corporation, I hereby certify that on this 10th day of December, 1997, I caused copies of all filings submitted thus far in this proceeding by the Detroit Edison Company (DE) to be served by first-class mail, postage pre-paid on each Party of Record added to the Board's service list.



C. Michael Loftus

STB

FD

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12-10-97

D

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SLOVER & LOFTUS

ATTORNEYS AT LAW

1224 SEVENTEENTH STREET, N. W.

WASHINGTON, D. C. 20036

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

Office of the Secretary

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December 10, 1997

BY HAND DELIVERY

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

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. 57 in the above-referenced proceeding, enclosed please find an original and ten (10) copies of the Certificate of Service of the Potomac Electric Power Company (PEPC).

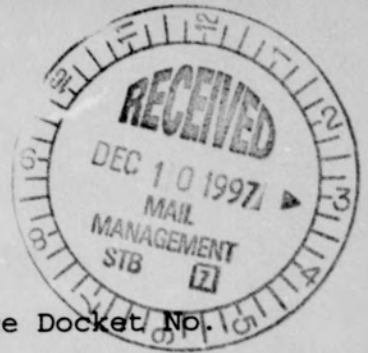
We have included an extra copy of the Certificate of Service. Kindly indicate receipt by time-stamping this copy and returning it with our messenger.

Sincerely,

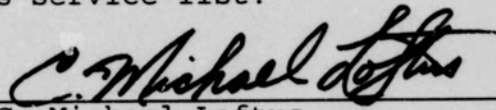
C. Michael Loftus
An Attorney for Potomac Electric
Power Company

Enclosures

CERTIFICATE OF SERVICE



Pursuant to Decision No. 57 in STB Finance Docket No. 33388, CSX Corporation and CSX Transportation Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/ Agreements -- Conrail Inc. and Consolidated Rail Corporation, I hereby certify that on this 10th day of December, 1997, I caused copies of all filings submitted thus far in this proceeding by the Potomac Electric Power Company (PEPC) to be served by first-class mail, postage pre-paid on each Party of Record added to the Board's service list.


C. Michael Loftus

STB

FD

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12-10-97

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SLOVER & LOFTUS

ATTORNEYS AT LAW

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

ENTERED
Office of the Secretary

1224 SEVENTEENTH STREET, N.W.
WASHINGTON, D. C. 20036

DEC 10 1997

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Public Record

December 10, 1997



BY HAND DELIVERY

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

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. 57 in the above-referenced proceeding, enclosed please find an original and ten (10) copies of the Certificate of Service of the State of New York, by and through its Department of Transportation (NYS).

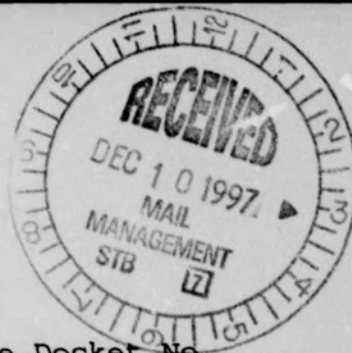
We have included an extra copy of the Certificate of Service. Kindly indicate receipt by time-stamping this copy and returning it with our messenger.

Sincerely,


Kelvin J. Dowd
An Attorney for the State of
New York by and through its
Department of Transportation

Enclosures

CERTIFICATE OF SERVICE



Pursuant to Decision No. 57 in STB Finance Docket No. 33388, CSX Corporation and CSX Transportation Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/ Agreements -- Conrail Inc. and Consolidated Rail Corporation, I hereby certify that on this 10th day of December, 1997, I caused copies of all filings submitted thus far in this proceeding by the State of New York, by and through its Department of Transportation (NYS) to be served by first-class mail, postage pre-paid on each Party of Record added to the Board's service list.


Kelvin J. Dowd

STB

FD

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12-10-97

D

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SLOVER & LOFTUS

ATTORNEYS AT LAW

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. KONESAR II

Office of the Secretary

1225 SEVENTEENTH STREET, N. W.
WASHINGTON, D. C. 20036

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December 10, 1997



BY HAND DELIVERY

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

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. 57 in the above-referenced proceeding, enclosed please find an original and ten (10) copies of the Certificate of Service of Consumers Energy Company (CE).

We have included an extra copy of the Certificate of Service. Kindly indicate receipt by time-stamping this copy and returning it with our messenger.

Sincerely,

Kelvin J. Dowd
An Attorney for Consumers
Energy Company

Enclosures

CERTIFICATE OF SERVICE



Pursuant to Decision No. 57 in STB Finance Docket No. 33388, CSX Corporation and CSX Transportation Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/ Agreements -- Conrail Inc. and Consolidated Rail Corporation, I hereby certify that on this 10th day of December, 1997, I caused copies of all filings submitted thus far in this proceeding by Consumers Energy Company (CE) to be served by first-class mail, postage pre-paid on each Party of Record added to the Board's service list.


Kelvin J. Dowd

STB

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12-10-97

D

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SLOVER & LOFTUS

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

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Office of the Secretary
1994 SEVENTEENTH STREET, N. W.
WASHINGTON, D. C. 20036
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December 10, 1997

BY HAND DELIVERY

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

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. 57 in the above-referenced proceeding, enclosed please find an original and ten (10) copies of the Certificate of Service of GPU Generation, Inc. (GPU).

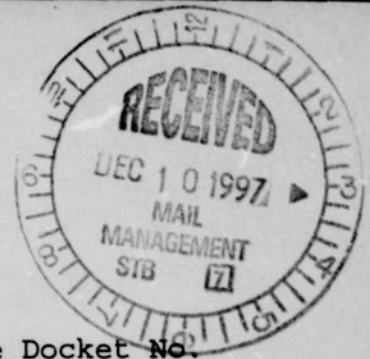
We have included an extra copy of the Certificate of Service. Kindly indicate receipt by time-stamping this copy and returning it with our messenger.

Sincerely,

Kelvin J. Dowd
An Attorney for GPU
Generation, Inc.

Enclosures

CERTIFICATE OF SERVICE



Pursuant to Decision No. 57 in STB Finance Docket No. 33388, CSX Corporation and CSX Transportation Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/ Agreements -- Conrail Inc. and Consolidated Rail Corporation, I hereby certify that on this 10th day of December, 1997, I caused copies of all filings submitted thus far in this proceeding by GPU Generation, Inc. (GPU) to be served by first-class mail, postage pre-paid on each Party of Record added to the Board's service list.


Kelvin J. Dowd

STB

FD

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12-10-97

D.

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SLOVER & LOFTUS

ATTORNEYS AT LAW

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

Office of the Secretary

1224 SEVENTEENTH STREET, N. W.
WASHINGTON, D. C. 20036

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December 10, 1997



BY HAND DELIVERY

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

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. 57 in the above-referenced proceeding, enclosed please find an original and ten (10) copies of the Certificate of Service of The West Virginia Association for Economic Development through the Joint Use of Conrail Tracks by Norfolk Southern and CSXT (WVED).

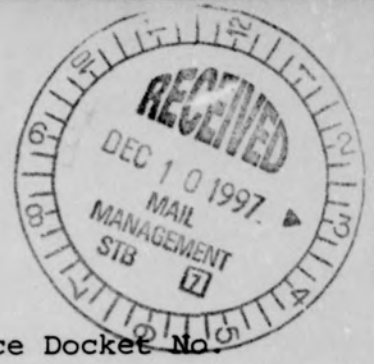
We have included an extra copy of the Certificate of Service. Kindly indicate receipt by time-stamping this copy and returning it with our messenger.

Sincerely,

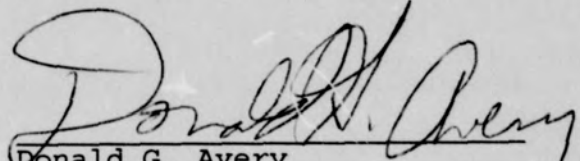
Donald G. Avery
An Attorney for The West Virginia
Association for Economic
Development through the Joint
Use of Conrail Tracks by Norfolk
Southern and CSXT

Enclosures

CERTIFICATE OF SERVICE



Pursuant to Decision No. 57 in STB Finance Docket No. 33388, CSX Corporation and CSX Transportation Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/ Agreements -- Conrail Inc. and Consolidated Rail Corporation, I hereby certify that on this 10th day of December, 1997, I caused copies of all filings submitted thus far in this proceeding by The West Virginia Association for Economic Development through the Joint Use of Conrail Tracks by Norfolk Southern and CSXT (WVED) to be served by first-class mail, postage pre-paid on each Party of Record added to the Board's service list.


Donald G. Avery

STB

FD

33388

12-10-97

D

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SLOVER & LOFTUS

ATTORNEYS AT LAW

1224 SEVENTEENTH STREET, N. W.

WASHINGTON, D. C. 20036

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 I

Office of the Secretary

DEC 10 1997

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December 10, 1997



BY HAND DELIVERY

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

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. 57 in the above-referenced proceeding, enclosed please find an original and ten (10) copies of the Certificate of Service of the Elk River Railroad, Incorporated (ELKR).

We have included an extra copy of the Certificate of Service. Kindly indicate receipt by time-stamping this copy and returning it with our messenger.

Sincerely,

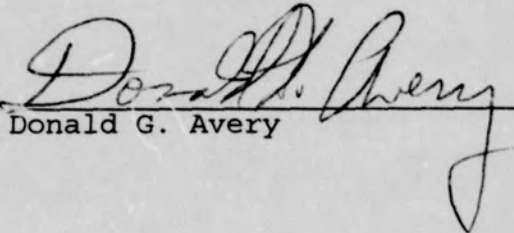
Donald G. Avery
An Attorney for the Elk River
Railroad, Incorporated

Enclosures

CERTIFICATE OF SERVICE



Pursuant to Decision No. 57 in STB Finance Docket No. 33388, CSX Corporation and CSX Transportation Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/ Agreements -- Conrail Inc. and Consolidated Rail Corporation, I hereby certify that on this 10th day of December, 1997, I caused copies of all filings submitted thus far in this proceeding by the Elk River Railroad, Incorporated (ELKR) to be served by first-class mail, postage pre-paid on each Party of Record added to the Board's service list.


Donald G. Avery

STB

FD

33388

12-10-97

D

184721

184720
SLOVER & LOFTUS

ATTORNEYS AT LAW

1224 SEVENTEENTH STREET, N. W.
WASHINGTON, D. C. 20036

WILLIAM L. SLOVER

C. MICHAEL LOFTUS

DONALD G. AVERY

JOHN H. LE SEUP

KELVIN J. DOWD

ROBERT D. ROSENBERG

CHRISTOPHER A. MILLS

FRANK J. PERGOLIZZI

ANDREW B. KOLESAR III

Office of the Secretary

DEC 10 1997

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December 10, 1997



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BY HAND DELIVERY

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

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. 57 in the above-referenced proceeding, enclosed please find an original and ten (10) copies of the Certificate of Service of East Jersey Railroad and Terminal Company (EJRR).

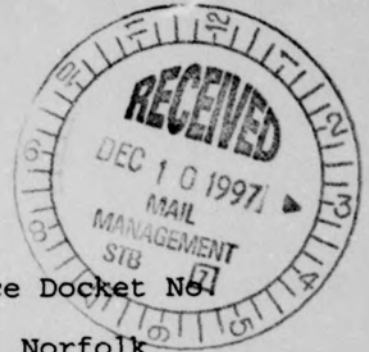
We have included an extra copy of the Certificate of Service. Kindly indicate receipt by time-stamping this copy and returning it with our messenger.

Sincerely,

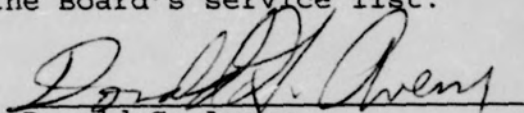
Donald G. Avery
An Attorney for East Jersey
Railroad and Terminal Company

Enclosures

CERTIFICATE OF SERVICE



Pursuant to Decision No. 57 in STB Finance Docket No. 33388, CSX Corporation and CSX Transportation Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/ Agreements -- Conrail Inc. and Consolidated Rail Corporation, I hereby certify that on this 10th day of December, 1997, I caused copies of all filings submitted thus far in this proceeding by East Jersey Railroad and Terminal Company (EJRR) to be served by first-class mail, postage pre-paid on each Party of Record added to the Board's service list.


Donald G. Avery

STB

FD

33388

12-10-97

D

184720

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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

DEC 10 1997

Office of the Secretary
Public Record

SLOVER & LOFTUS

ATTORNEYS AT LAW

1224 SEVENTEENTH STREET, N. W.
WASHINGTON, D. C. 20036



December 10, 1997

BY HAND DELIVERY

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

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. 57 in the above-referenced proceeding, enclosed please find an original and ten (10) copies of the Certificate of Service of the National Railroad Passenger Corporation ("AMTRAK") (NRPC).

We have included an extra copy of the Certificate of Service. Kindly indicate receipt by time-stamping this copy and returning it with our messenger.

Sincerely,

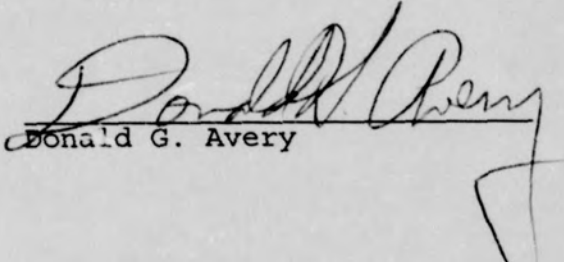
Donald G. Avery
An Attorney for the National
Railroad Passenger Corporation

Enclosures

CERTIFICATE OF SERVICE

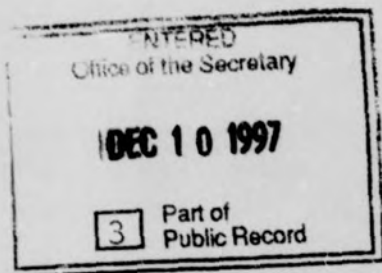


Pursuant to Decision No. 57 in STB Finance Docket No. 33388, CSX Corporation and CSX Transportation Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/ Agreements -- Conrail Inc. and Consolidated Rail Corporation, I hereby certify that on this 10th day of December, 1997, I caused copies of all filings submitted thus far in this proceeding by the National Railroad Passenger Corporation ("AMTRAK") (NRPC) to be served by first-class mail, postage pre-paid on each Party of Record added to the Board's service list.


Donald G. Avery

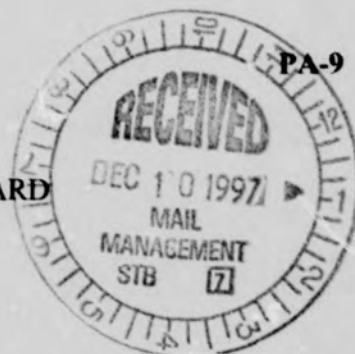
STB • FD 33388 12-10-97 D • 184719

184719



BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388



CSX CORPORATION AND CSX TRANSPORTATION, INC., NORFOLK SOUTHERN
CORPORATION AND NORFOLK SOUTHERN RAILWAY COMPANY

-- CONTROL AND OPERATING LEASES/AGREEMENTS --

CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION

CERTIFICATE OF SERVICE OF PRIOR FILINGS OF
COMMONWEALTH OF PENNSYLVANIA,
GOVERNOR THOMAS J. RIDGE AND
PENNSYLVANIA DEPARTMENT OF TRANSPORTATION

The Commonwealth of Pennsylvania, Governor Thomas J. Ridge and the Pennsylvania Department of Transportation hereby certify that they have served the following on the parties of record added to the service list of this proceeding on December 5, 1997, as designated by the Board's Decision No. 57:¹

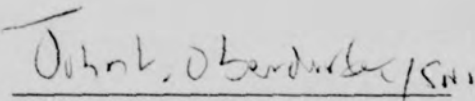
- PA-1 Notice of Intent to Participate of Commonwealth of Pennsylvania, Governor Thomas J. Ridge and Pennsylvania Department of Transportation

¹ Discovery requests and responses were served on members of the Restricted Service List only. In addition, several of the new parties indicated to the undersigned that they did not wish to receive past filings.

- PA-2 Comments of Commonwealth of Pennsylvania, Governor Thomas J. Ridge and Pennsylvania Department of Transportation on Proposed Scope of Environmental Impact Statement
- PA-3 Description of Anticipated Responsive Application
- PA-4 Certificate of Service of Prior Filings of Commonwealth of Pennsylvania, Governor Thomas J. Ridge and Pennsylvania Department of Transportation
- PA-5 Certificate of Service of Prior Filings of Commonwealth of Pennsylvania, Governor Thomas J. Ridge and Pennsylvania Department of Transportation (to Robert J. Cooper)
- PA-6 First Interrogatories and Document Request of the Commonwealth of Pennsylvania, Governor Thomas J. Ridge and Pennsylvania Department of Transportation to NS and CSX
- PA-7 Certificate of Service of Prior Filing of Commonwealth of Pennsylvania, Governor Thomas J. Ridge and Pennsylvania Department of Transportation
- PA-8 Comments of The Commonwealth of Pennsylvania, Governor Thomas J. Ridge and the Pennsylvania Department of Transportation

Respectfully submitted,

Paul A. Tufano, General Counsel
Commonwealth of Pennsylvania
Room 225, Main Capitol Building
Harrisburg, PA 17120
(717) 787-2551


John L. Oberdorfer
Patton Boggs, L.L.P.
2550 M Street, N.W.
Washington, DC 20037
(202) 457-6424

Counsel for Commonwealth of
Pennsylvania, Governor Thomas J. Ridge,
and Pennsylvania Department of
Transportation

Dated: December 10, 1997

STB

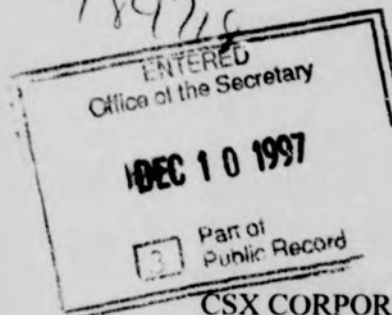
FD

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12-10-97

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184718



BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388



CSX CORPORATION AND CSX TRANSPORTATION, INC., NORFOLK SOUTHERN
CORPORATION AND NORFOLK SOUTHERN RAILWAY COMPANY

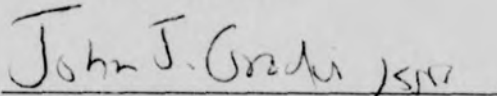
-- CONTROL AND OPERATING LEASES/AGREEMENTS --

CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION

GRA'S CERTIFICATE OF SERVICE OF PRIOR FILINGS

GRA, Incorporated ("GRA") hereby certifies that it has served (1) GRA-1, GRA's Notice of Intent to Participate, and (2) GRA-2, GRA's Certificate of Service of Prior Filings, (3) GRA-3, GRA's Certificate of Service of Prior Filings on Robert J. Cooper, General Chairperson of the United Transportation Union General Committee of Adjustment, GO-348, (4) GRA-4, a Certificate of Service of Prior Filings on the parties of record added to the service list of this proceeding on October 7, 1997, as designated by the Board's Decision No. 43, and (5) GRA-5, this Certificate of Service of Prior Filings on the parties of record added to the service list of this proceeding on December 5, 1997, as designated by the Board's Decision No. 57.

Respectfully submitted,


John J. Grocki, Executive Vice President
GRA, Incorporated
One Jenkintown Station
115 West Avenue
Jenkintown, PA 19046

Dated: December 10, 1997

STB

FD

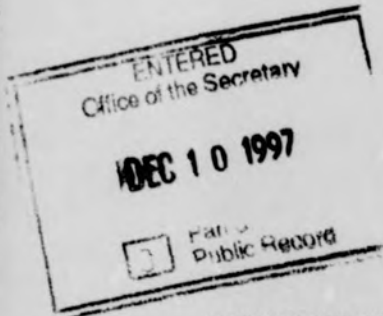
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BEFORE THE
SURFACE TRANSPORTATION BOARD

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

CERTIFICATE OF SERVICE OF PRIOR FILINGS OF
CHEMICAL MANUFACTURERS ASSOCIATION

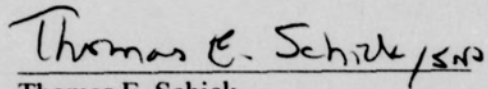
Chemical Manufacturers Association ("CMA") hereby certifies that it has served the
following on the parties of record added to the service list in this proceeding on
December 5, 1997, as designated by the Board's Decision No. 57:¹

- CMA-1 Comments of the Chemical Manufacturers Association
- CMA-2 CMA's First Interrogatories to CSX Parties
- CMA-3 CMA's First Interrogatories to NS Parties
- CMA-4 CMA's First Interrogatories to Conrail Parties

¹ Discovery requests and responses were served on members of the Restricted Service List only. In addition, several of the new parties indicated to the undersigned that they did not wish to receive past filings.

- CMA-5 Notice of Intent to Participate of the Chemical Manufacturers Association
- CMA-6 Certificate of Service of Prior Filings of Chemical Manufacturers Association
- CMA-7 Certificate of Service of Prior Filings of Chemical Manufacturers Association (Robert J. Cooper)
- CMA-8 CMA's Second Interrogatories and First Document Request to NS and CSX
- CMA-9 Certificate of Service of Prior Filings of Chemical Manufacturers Association
- CMA-10 Joint Comments of the Chemical Manufacturers Association and the Society of the Plastics Industry, Inc.
- CMA-11 CMA's and SPI's Written Deposition Questions to NS' and SPI-6 CSX's Witnesses on the North Jersey Shared Asset Area Operating Plan
- CMA-12 Chemical Manufacturers Association and The Society of the SPI-7 Plastics Industry, Inc.'s Responses to CSX Corporation and CSX Transportation, Inc.'s First Set of Interrogatories and Requests for Production of Documents
- CMA-13 Chemical Manufacturers Association and The Society of the SPI-8 Plastics Industry, Inc.'s Responses and Objections to Norfolk Southern's First Set of Interrogatories and Requests for Production of Documents
- CMA-14 Chemical Manufacturers Association's Responses and Objections to Norfolk Southern's Second Set of Interrogatories and Requests for Production of Documents
- CMA-15 Chemical Manufacturers Association and The Society of the SPI-9 Plastics Industry, Inc.'s Responses to CSX Corporation and CSX Transportation, Inc.'s Second Set of Interrogatories and Requests for Production of Documents

Respectfully submitted,



Thomas E. Schick

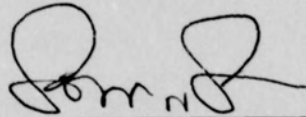
Counsel

Chemical Manufacturers Association

1300 Wilson Boulevard

Arlington, VA 22209

(703) 741-5172



Scott N. Stone

Patton Boggs, L.L.P.

2550 M Street, N.W.

Washington, DC 20037

(202) 457-6335

Dated: December 10, 1997

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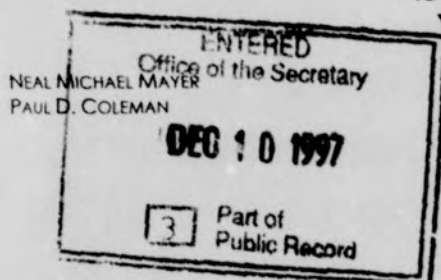
184716

HOPPEL, MAYER & COLEMAN

ATTORNEYS AND COUNSELLORS AT LAW
1000 CONNECTICUT AVENUE, N. W.

WASHINGTON, D. C. 20036

(202) 296-5460



December 8, 1997



Honorable Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001

Re: STB Finance Docket No. 33388

Dear Secretary Williams:

In accordance with STB Finance Docket No. 33388 Decision No. 57 dated December 3, 1997, I hereby certify that the following parties who have been added to the service list have been served this date with a copy of our pleadings in this proceeding:

John M. Cutler, Jr.
McCarthy, Sweeney & Harkaway, P.C., S. 1105
1750 Pennsylvania Avenue, N.W.
Washington, DC 20006

Clark Evans Downs
Jones, Day, Reavis & Pogue
11450 G Street, NW
Washington, DC 20005-2088

Richard F. Friedman
Earl I Neal & Associates
3600 E. 95th Street
Chicago, IL 60617-5193

John F. McHugh
McHue & Sherman, Esqs.
20 Exchange Place
New York, New York 10005

Honorable Vernon A. Williams
Surface Transportation Board
December 8, 1997
Page 2

Kevin M. Sheys
Openheimer Wolff & Donnelly
1020 19th Street, NW, Suite 400
Washington, DC 20036

Ten copies of this Certificate of Service are enclosed.

Sincerely,

HOPPEL, MAYER & COLEMAN

By *Paul D. Coleman*

Attorneys for:
PHILADELPHIA REGIONAL PORT
AUTHORITY
SOUTH JERSEY PORT CORPORATION
THE DELAWARE RIVER PORT AUTHORITY
THE PORT OF PHILADELPHIA AND
CAMDEN, INC.

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LAW OFFICES

FRITZ R. KAHN, P.C.

SUITE 750 WEST

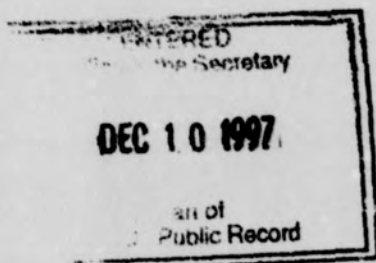
1100 NEW YORK AVENUE, N.W.

WASHINGTON, D.C. 20005-3934

(202) 371-8037

FAX (202) 371-0900

ORIGINAL



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Hon. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423

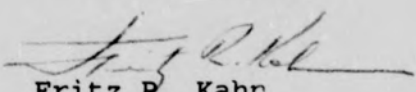
Dear Secretary Williams:

This refers to STB Finance Docket No. 33388, CSX Corp., et al.--Control and Operating Leases/Agreements--Conrail, Inc., and the decision, Decision No. 57, served December 5, 1997.

This is to certify copies of the prior pleading of Martin Marietta Materials, Inc., have been served upon the Parties of Record added to the service list.

Ten copies of this certificate of service are enclosed.

Sincerely yours,


Fritz R. Kahn

enc.

cc: Bruce A. Deerson, Esq.

STB

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12-10-97

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U. S. Department of Justice
Antitrust Division

184714

325 7th Street, N.W., Suite 500
Washington, DC 20530

December 10, 1997



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

Re: Conrail Control Case -- STB Finance Docket No. 33388

Dear Secretary Williams:

Pursuant to Decision 57 in the above-captioned matter, the United States Department of Justice encloses herewith an original and ten copies of its certificate of service indicating service of all pleadings that the Department has filed to date in this proceeding on the designated Parties of Record most recently added to the service list.

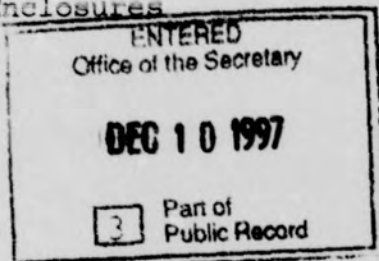
Thank you for your assistance in this matter. If you have any questions please feel free to call me at 202-307-6357.

Sincerely yours,

Michael P. Harmonis

Michael P. Harmonis
Attorney
Transportation, Energy and
Agriculture Section

Enclosures





Before the
Surface Transportation Board
Washington, D.C.

Finance Docket No. 33388

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

CERTIFICATE OF SERVICE

I certify that I have this 9th day of December, 1997, caused to be served by first-class mail copies of the COMMENTS OF THE UNITED STATES DEPARTMENT OF JUSTICE (DOJ-1) on the designated Parties of Record most recently added to the official service list.

Michael P. Harmonis
Attorney

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JONES, DAY, REAVIS & POGUE

ATLANTA
BRUSSELS
CHICAGO
CLEVELAND
COLUMBUS
DALLAS
FRANKFURT
GENEVA
HONG KONG
IRVINE
LONDON
LOS ANGELES
NEW DELHI
NEW YORK
PARIS
PITTSBURGH
RIYADH
TAIPEI
TOKYO

METROPOLITAN SQUARE
1450 G STREET, N.W.
WASHINGTON, D.C. 20005-2088

TELEPHONE: 202-879-3939
FACSIMILE: 202-737-2832
WRITER'S DIRECT NUMBER:

(202) 879-7629

December 10, 1997

VIA HAND DELIVERY

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



Re: STB Finance Docket No. 33388

Dear Secretary Williams:

In compliance with Decision No. 57 in the above-referenced proceeding, served December 5, 1997, National Lime & Stone Company (National) hereby certifies that it has served a copy of its prior pleading upon Parties of Record added to the service list. Ten copies of this certificate are also enclosed.

If you have any questions regarding this matter, please do not hesitate to call me.

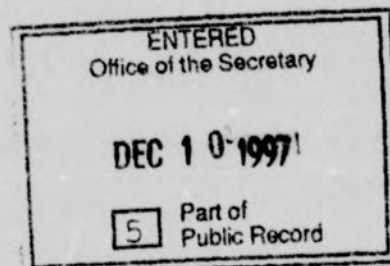
Respectfully submitted,

A handwritten signature in dark ink, appearing to read "K. B. Driver".

Kenneth B. Driver

Enclosure

cc: Thomas Palmer, Esq.
Clark Evans Downs, Esq.



STB

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UNION PACIFIC CORPORATION



DICK DAVIDSON
CHAIRMAN

December 9, 1997

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Suite 700
1925 K Street, N.W.
Washington, D.C. 20423-001



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

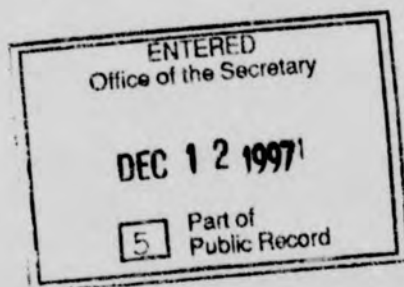
Dear Secretary Williams:

Union Pacific Railroad, while a party to the pending proceeding considering the joint acquisition of Conrail and the division of its assets by CSX and Norfolk Southern, has not participated actively in the case. Union Pacific has, however, followed the proceeding closely. In addition, UP officials have met with representatives of both NS and CSX to consider how best to take advantage of the efficiencies the pending mergers promise for the movement of traffic interchanged between UP and the two new Eastern systems that will result should this transaction be approved.

Because of the prospect for further efficiency in the handling of interline traffic, Union Pacific supports the pending transaction. Consolidation of Conrail traffic volumes with those of CSX and NS should provide opportunities for enhanced blocking and more efficient interline service. As an interchange partner with CSX, NS and Conrail, UP believes that the proposed transaction has the promise for the more efficient handling of rail traffic moving over the Illinois and major Mississippi River gateways.

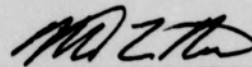
In conclusion, UP believes that the proposed transaction will produce substantial economies and efficiencies in the provision of effective, competitive transportation services by the new entities.

Very truly yours,



CERTIFICATE OF SERVICE

I, Michael L. Rosenthal, certify that, on this 11th day of December, 1997, I caused a copy of the foregoing document to be served by first-class mail, postage prepaid, on all parties of record in Finance Docket No. 33388.



Michael L. Rosenthal



STB

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U.S. Department of
Transportation
Office of the Secretary
of Transportation

GENERAL COUNSEL

400 Seventh St., S.W.
Washington, D.C. 20590

December 10, 1997

Vernon A. Williams, Secretary
Surface Transportation Board
Suite 700
1925 K Street, N.W.
Washington, D.C. 20423-0001



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

Dear Secretary Williams:

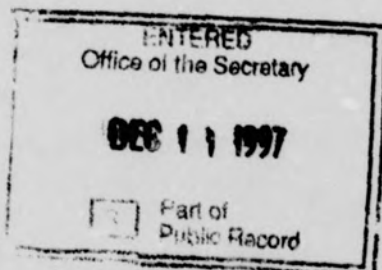
Pursuant to Decision No. 57 in the above-referenced proceeding, the United States Department of Transportation encloses herewith an original and ten copies of its Certificate of Service in this matter, attesting to the service of prior DOT pleadings herein on all new Parties of Record.

Respectfully submitted,

Paul Samuel Smith
Senior Trial Counsel

Enclosures

cc: New Parties of Record



184747

Before the
Surface Transportation Board
Washington, D.C.



Finance Docket No. 33388

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

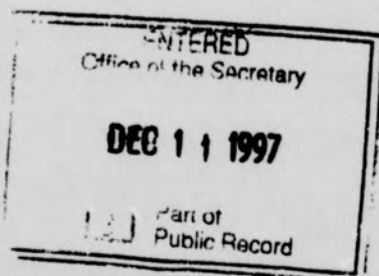
CERTIFICATE OF SERVICE

Pursuant to Decision No. 57 in the above-referenced proceeding, I hereby certify that on December 9, 1997, I caused to be served by first class mail a copy of all pleadings previously submitted in this proceeding by the United States Department of Transportation on all new Parties of Record.

Paul Samuel Smith

Paul Samuel Smith
Senior Trial Attorney

December 10, 1997



STB

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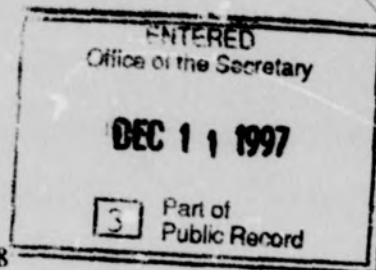
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Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902-1499

December 10, 1997

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



D

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

Dear Secretary Williams:

Enclosed are an original and ten (10) copies of the Certificate of Service of the Tennessee Valley Authority (TVA-5) for filing in the above-referenced proceeding. Please note that a copy of this filing is also enclosed on a 3.5-inch diskette in WordPerfect 7.0 format.

Respectfully submitted,

William L. Osteen
Associate General Counsel

Enclosures

cc (Enclosure):

The Honorable Jacob Leventhal
Administrative Law Judge
Federal Energy Regulatory Commission
Office of Hearings, Suite 11F
888 First Street, N.E.
Washington, D.C. 20426

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

FINANCE DOCKET NO. 33388



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

**CERTIFICATE OF SERVICE
OF THE TENNESSEE VALLEY AUTHORITY**

Pursuant to Decision No. 57 of the Surface Transportation Board, I hereby certify that on December 10, 1997, the Parties of Record added by Decision No. 57 were served by first-class U.S. mail, postage prepaid, with the following filing of the Tennessee Valley Authority submitted thus far in this proceeding:

Notice of Intent to Participate (TVA-1)

Dated: December 10, 1997

William L. Osteen
Associate General Counsel

Tennessee Valley Authority
400 West Summit Hill Drive
Knoxville, Tennessee 37902-1499
Telephone No. (423) 632-7304
Facsimile No. (423) 632-2422

Attorney for Tennessee Valley Authority

August 5, 1997

VIA FACSIMILE AND OVERNIGHT MESSENGER

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

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

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceeding are an original and 25 copies of the Notice of Intent to Participate of the Tennessee Valley Authority. Also enclosed is a 3.5 inch diskette containing the text of the filing in WordPerfect 7.0 format.

Respectfully submitted,

WLO

Edward S. Christenbury

CLY:GFH
Enclosures

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 33388

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

NOTICE OF INTENT TO PARTICIPATE

Tennessee Valley Authority ("TVA") hereby notifies the Board that it intends to participate in the above-referenced proceeding. Service may be made on the undersigned counsel. TVA adopts the abbreviation "TVA" for identifying its pleadings.

Respectfully submitted,

Edward S. Christenbury
General Counsel

WLO

William L. Osteen
Associate General Counsel

Tennessee Valley Authority
400 West Summit Hill Drive
Knoxville, Tennessee 37902-1499
Telephone No. (423) 632-7304
Facsimile No. (423) 632-2422

Attorneys for Tennessee Valley Authority

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 33388

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

CERTIFICATE OF SERVICE

I hereby certify that I have served this 5th day of August, 1997, a copy of the foregoing
“Notice of Intent to Participate” by first-class mail, postage prepaid, or by more expeditious
means, upon each of the following parties of record:

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

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

Paul A. Cunningham, Esq.
Harkins Cunningham
Suite 600
1300 Nineteenth Street, N.W.
Washington, D.C. 20036

The Honorable Jacob Leventhal
Administrative Law Judge
Federal Energy Regulatory Commission
Office of Hearings, Suite 11F
888 First Street, N.E.
Washington, D.C. 20426

Dennis G. Lyons, Esq.
Arnold & Porter
555 Twelfth Street, N.W.
Washington, D.C. 20004-1206

Ww

William L. Osteen

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U.S. Department of
Transportation
Office of the Secretary
of Transportation

GENERAL COUNSEL

ENTERED
Office of the Secretary

DEC 4 1997

400 Seventh St., S.W.
Washington, D.C. 20590
Public Record

December 3, 1997



Vernon A. Williams, Secretary
Surface Transportation Board
Suite 700
1925 K Street, N.W.
Washington, D.C. 20423-0001

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

Dear Secretary Williams:

By Decision No. 52 in the above-referenced proceeding, the Surface Transportation Board directed the Applicant railroads to submit Safety Integration Plans concerning the proposed transaction. The United States Department of Transportation encloses herewith an original and twenty-five copies of its Initial Comments on these Plans ("DOT-4"). As requested, this document is also contained on the enclosed computer diskette, formatted for WordPerfect 5.1.

I have also included an additional copy that I ask be date-stamped and returned to the messenger.

Respectfully submitted,

Paul Samuel Smith
Senior Trial Counsel

Enclosures

cc: Hon. Jacob Leventhal
Parties of Record

ORIGINAL

Before the
Surface Transportation Board
Washington, D.C.



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)

Finance Docket No. 87388

**Initial Comments of the United States Department of Transportation on the
Safety Integration Plans Filed by CSX Corporation and CSX Transportation,
Incorporated, and Norfolk Southern Corporation and Norfolk Southern
Railway Company**

On October 21, 1997, the United States Department of Transportation ("DOT" or "Department") filed its preliminary comments with the Surface Transportation Board ("STB") on the proposed acquisition of Consolidated Rail Corporation ("Conrail") by CSX Corporation and CSX Transportation, Inc. (collectively referred to as "CSX"), and Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively referred to as "NS"), and the division of the assets of Conrail between CSX and NS. DOT-3. The comments identified concerns raised by the application's shortcomings in the area of rail safety that, in DOT's view, warranted further attention by the applicants. Significantly, DOT expressed concern about the absence of detailed information about how CSX and NS intended to maintain rail safety while integrating portions of Conrail into their independent operations, and while creating the Conrail Shared Assets Operation and beginning its operations.

DOT's preliminary comments included the conclusion of its safety expert, Edward R. English, that

it is vitally important that each acquiring railroad prepare a detailed *Safety Integration Plan* prior to integrating any operations of an acquired railroad with those of an acquiring railroad. A Safety Implementation Plan must be a formal, written document that systematically describes how each element of an acquired railroad will be integrated safely into the operations of the acquiring railroad in compliance with the Federal railroad safety laws.

DOT-3, Verified Statement of Edward R. English at 16 (emphasis original).

By Decision No. 52, issued November 3, 1997, the STB ordered CSX and NS to prepare the plans recommended by the Department and to file their respective Safety Integration Plans ("SIPs") by December 3, 1997, so that they could be incorporated in the STB's draft environmental impact statement ("EIS"). The Order further mandated that DOT and other interested parties would have 45 days upon receipt of the draft EIS to comment on the SIPs, as part of the draft EIS, and ruled that the final EIS would be served in May 1998.

DOT is making this filing concurrently with the CSX and NS SIPs in order to advise the STB about both its own regulatory intentions in this area and about its involvement in the preparation of the SIPs submitted today. As previously indicated, the Department is preparing to initiate a public proceeding in the near future that will address the need for the preparation of detailed SIPs under relevant guidelines whenever two or more major railroads decide to integrate their operations. DOT-3 at 6. Safety deficiencies in recent mergers of Class I railroads, evidenced by a lack of planning and resulting accidents and incidents, illustrate the need for specific regulatory oversight. We note the Board's recent release of an advance notice of proposed rulemaking on this subject (Ex Parte No. 574, served December 1, 1997), and we shall submit comments at the appropriate time.

The Department's proceeding relating to the need for SIPs will be grounded in DOT's plenary authority, exercised through the Federal Railroad Administration ("FRA"), over safety in the railroad industry. 49 U.S.C. §§ 20101-53. The proceeding will propose that railroads seeking to acquire, consolidate, or merge with other railroads submit to the FRA (or work with the FRA to produce) a SIP. These SIPs will detail the precise manner in which the affected rail carriers will integrate their operations, in all areas of railroad safety. See DOT-3, Verified Statement of Edward R. English at 30-50. This requirement will be independent of the STB's regulatory processes, but we intend to administer it in a complementary fashion, consistent with the goal of safety. We of course appreciate the Board's receptivity to the safety concerns expressed in our preliminary comments. We will continue to work with the applicants to satisfy those concerns within the time limits of this proceeding. Should the STB approve the application, the FRA will closely monitor the implementation of the NS and CSX SIPs.

The fact that such a rule is not now in effect, however, does not lessen the safety concerns raised by this proposed acquisition. Accordingly, FRA has held a series of meetings with NS and CSX in an effort to produce SIPs that are responsive to our safety concerns. During those meetings the FRA provided the railroads with guidelines for

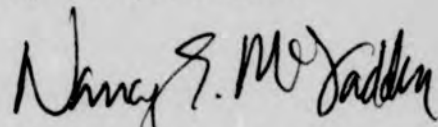
preparing their SIPs, which guidelines are based on Mr. English's testimony, as noted above. The applicants agreed to coordinate and communicate with the FRA by having it review drafts of their SIPs and by accepting comments before tendering their plans to the STB, provided that FRA agreed to treat all advance information as confidential. While CSX and NS are submitting well-reasoned SIPs that DOT believes to be adequate for inclusion in the draft EIS, the applicants and FRA are committed to continuing the refinement of the SIPs until comments are due on the final EIS.

In brief, the parties have worked to ensure that each SIP will demonstrate that each acquiring carrier has systematically and thoroughly considered (1) how Conrail and the pertinent carrier differ in all areas of railroad management and operations, (2) how the railroad resulting from the proposed transaction is to function in all areas of operations (including the Shared Asset Areas), taking advantage of "best practices" and the unique strengths of Conrail and the acquiring carrier, (3) how the acquiring railroad will be staffed to assure safety, and (4) how, in specific detail, the acquiring railroad plans to reach those desired results.

Both applicants have cooperated fully with the FRA, and we commend their efforts. It has become apparent to all concerned, however, that fully responsive SIPs could not be completed by the December 3 deadline set by the Board in Decision No. 52. That is because not only is this an unprecedented endeavor in the industry, but because the railroads and the FRA have come to appreciate that ensuring a comprehensive, workable, and safe integration of operations entails ongoing monitoring and adjustment on the part of both FRA and the railroads.

DOT considers the SIPs submitted today to be appropriate for inclusion in a draft EIS because they are sufficiently comprehensive to offer parties a fair opportunity to perceive and comment upon the safety concerns the SIPs are meant to address and the extent to which those concerns will be mitigated. But they are necessarily "works in progress." We envision continued interaction between FRA and the applicants to refine the SIPs in the light of observation and experience.

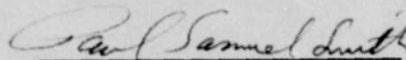
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nancy E. McFadden". The signature is fluid and cursive, with the first name "Nancy" being the most prominent.

Nancy E. McFadden
General Counsel

CERTIFICATE OF SERVICE

I hereby certify that I have on this day caused to be served on all Parties of Record in Finance Docket No. 33388 by first-class mail, postage prepaid, a copy of the foregoing Initial Comments of the United States Department of Transportation on the Safety Integration Plans filed by the Applicants in this proceeding.

A handwritten signature in cursive script, reading "Paul Samuel Smith", written over a horizontal line.

Paul Samuel Smith

December 3, 1997

STB

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12-3-97

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184567



Before the
Surface Transportation Board
Washington, D.C.

D



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

**Initial Comments of the United States Department of Transportation on the
Safety Integration Plans Filed by CSX Corporation and CSX Transportation,
Incorporated, and Norfolk Southern Corporation and Norfolk Southern
Railway Company**

On October 21, 1997, the United States Department of Transportation ("DOT" or "Department") filed its preliminary comments with the Surface Transportation Board ("STB") on the proposed acquisition of Consolidated Rail Corporation ("Conrail") by CSX Corporation and CSX Transportation, Inc. (collectively referred to as "CSX"), and Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively referred to as "NS"), and the division of the assets of Conrail between CSX and NS. DOT-3. The comments identified concerns raised by the application's shortcomings in the area of rail safety that, in DOT's view, warranted further attention by the applicants. Significantly, DOT expressed concern about the absence of detailed information about how CSX and NS intended to maintain rail safety while integrating portions of Conrail into their independent operations, and while creating the Conrail Shared Assets Operation and beginning its operations.

DOT's preliminary comments included the conclusion of its safety expert, Edward R. English, that

it is vitally important that each acquiring railroad prepare a detailed *Safety Integration Plan* prior to integrating any operations of an acquired railroad with those of an acquiring railroad. A Safety Implementation Plan must be a formal, written document that systematically describes how each element of an acquired railroad will be integrated safely into the operations of the acquiring railroad in compliance with the Federal railroad safety laws.

DOT-3, Verified Statement of Edward R. English at 16 (emphasis original).

By Decision No. 52, issued November 3, 1997, the STB ordered CSX and NS to prepare the plans recommended by the Department and to file their respective Safety Integration Plans ("SIPs") by December 3, 1997, so that they could be incorporated in the STB's draft environmental impact statement ("EIS"). The Order further mandated that DOT and other interested parties would have 45 days upon receipt of the draft EIS to comment on the SIPs, as part of the draft EIS, and ruled that the final EIS would be served in May 1998.

DOT is making this filing concurrently with the CSX and NS SIPs in order to advise the STB about both its own regulatory intentions in this area and about its involvement in the preparation of the SIPs submitted today. As previously indicated, the Department is preparing to initiate a public proceeding in the near future that will address the need for the preparation of detailed SIPs under relevant guidelines whenever two or more major railroads decide to integrate their operations. DOT-3 at 6. Safety deficiencies in recent mergers of Class I railroads, evidenced by a lack of planning and resulting accidents and incidents, illustrate the need for specific regulatory oversight. We note the Board's recent release of an advance notice of proposed rulemaking on this subject (Ex Parte No. 574, served December 1, 1997), and we shall submit comments at the appropriate time.

The Department's proceeding relating to the need for SIPs will be grounded in DOT's plenary authority, exercised through the Federal Railroad Administration ("FRA"), over safety in the railroad industry. 49 U.S.C. §§ 20101-53. The proceeding will propose that railroads seeking to acquire, consolidate, or merge with other railroads submit to the FRA (or work with the FRA to produce) a SIP. These SIPs will detail the precise manner in which the affected rail carriers will integrate their operations, in all areas of railroad safety. See DOT-3, Verified Statement of Edward R. English at 30-50. This requirement will be independent of the STB's regulatory processes, but we intend to administer it in a complementary fashion, consistent with the goal of safety. We of course appreciate the Board's receptivity to the safety concerns expressed in our preliminary comments. We will continue to work with the applicants to satisfy those concerns within the time limits of this proceeding. Should the STB approve the application, the FRA will closely monitor the implementation of the NS and CSX SIPs.

The fact that such a rule is not now in effect, however, does not lessen the safety concerns raised by this proposed acquisition. Accordingly, FRA has held a series of meetings with NS and CSX in an effort to produce SIPs that are responsive to our safety concerns. During those meetings the FRA provided the railroads with guidelines for

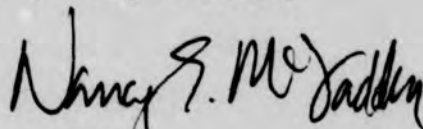
preparing their SIPs, which guidelines are based on Mr. English's testimony, as noted above. The applicants agreed to coordinate and communicate with the FRA by having it review drafts of their SIPs and by accepting comments before tendering their plans to the STB, provided that FRA agreed to treat all advance information as confidential. While CSX and NS are submitting well-reasoned SIPs that DOT believes to be adequate for inclusion in the draft EIS, the applicants and FRA are committed to continuing the refinement of the SIPs until comments are due on the final EIS.

In brief, the parties have worked to ensure that each SIP will demonstrate that each acquiring carrier has systematically and thoroughly considered (1) how Conrail and the pertinent carrier differ in all areas of railroad management and operations, (2) how the railroad resulting from the proposed transaction is to function in all areas of operations (including the Shared Asset Areas), taking advantage of "best practices" and the unique strengths of Conrail and the acquiring carrier, (3) how the acquiring railroad will be staffed to assure safety, and (4) how, in specific detail, the acquiring railroad plans to reach those desired results.

Both applicants have cooperated fully with the FRA, and we commend their efforts. It has become apparent to all concerned, however, that fully responsive SIPs could not be completed by the December 3 deadline set by the Board in Decision No. 52. That is because not only is this an unprecedented endeavor in the industry, but because the railroads and the FRA have come to appreciate that ensuring a comprehensive, workable, and safe integration of operations entails ongoing monitoring and adjustment on the part of both FRA and the railroads.

DOT considers the SIPs submitted today to be appropriate for inclusion in a draft EIS because they are sufficiently comprehensive to offer parties a fair opportunity to perceive and comment upon the safety concerns the SIPs are meant to address and the extent to which those concerns will be mitigated. But they are necessarily "works in progress." We envision continued interaction between FRA and the applicants to refine the SIPs in the light of observation and experience.

Respectfully submitted,



Nancy E. McFadden
General Counsel

CERTIFICATE OF SERVICE

I hereby certify that I have on this day caused to be served on all Parties of Record in Finance Docket No. 33388 by first-class mail, postage prepaid, a copy of the foregoing Initial Comments of the United States Department of Transportation on the Safety Integration Plans filed by the Applicants in this proceeding.

Paul Samuel Smith

Paul Samuel Smith

December 3, 1997

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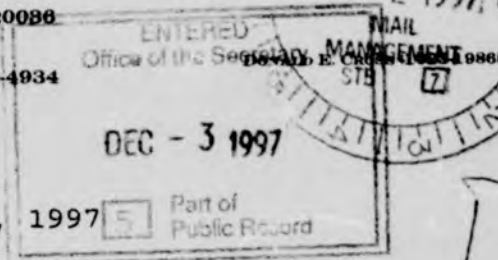
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LAW OFFICES
REA, CROSS & AUCHINCLOSS
SUITE 420

THOMAS M. AUCHINCLOSS, JR.
LEO C. FRANEY
JOHN D. HEFFNER
KEITH G. O'BRIEN
BRYCE REA, JR.
BRIAN L. TROLAND
ROBERT A. WIMBISH

1920 N STREET, N.W.
WASHINGTON, D. C. 20086
(202) 785-3700
FACSIMILE (202) 659-4934



November 26, 1997

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

RE: Finance Docket No. 33388
Supplement/Revision to Redland Ohio Inc.'s "Opposition,
Comments and Requests for Protective Conditions"
(Redland-2)

Dear Secretary Williams:

I am writing on behalf of Redland Ohio, Inc. ("Redland") in connection with the above-captioned proceeding. As you know, Redland submitted with the Board on October 21st a filing entitled "Opposition, Comments and Requests for Protective Conditions of Redland Ohio, Inc." (hereinafter, "the Pleading"). Upon further review of the facts applicable to its case, and having discussed last week certain discovery matters with CSX's counsel, Redland has agreed to withdraw certain select portions of the Pleading which are identified on the following pages.

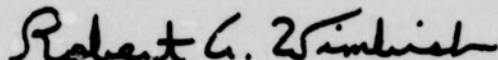
In particular, Redland withdraws "Relief Request No. 2" (set forth on page five of the Pleading) and all text directly supporting that specific protective condition. Attached are the relevant pages of the Pleading which identify the portions of the text now stricken. All other portions of the Pleading remain unchanged. Furthermore, although Redland withdraws as irrelevant a portion of its argument concerning certain of its (or its customers') contracts with Conrail,¹ Redland continues to assert that none of the currently existing rail service contracts that it has (or its customers have) with Conrail can be assumed by CSX post-consummation. Thus, Redland still asserts that it cannot be legally bound to such Conrail contracts beyond the subject transaction's consummation date.

¹ It turns out that the specific contracts at issue will, by their terms, expire before the potential consummation date of NS and CSX's control of Conrail.

Hon. Vernon A. Williams
November 26, 1997
Page Two

Redland respectfully requests that the Board and all parties of record make appropriate note of the attached revisions to the Pleading.

Respectfully submitted,

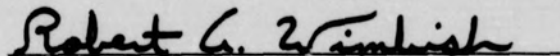

Robert A. Wimbish

Counsel for Redland Ohio, Inc.

Attachment

CERTIFICATE OF SERVICE

I hereby certify that I have this 26th day of November, 1997, served copies of the foregoing document upon the Primary Applicants, ALI Jacob Leventhal, and all parties of record by means of U.S. mail, first class postage prepaid, or by means of more expeditious delivery.


Robert A. Wimbish

(post-Transaction) single-line routes will also emerge which may or may not be preferable to those existing routes upon which shippers like Redland currently rely.

III. SUMMARY OF REQUESTED RELIEF

For reasons set forth in detail below, Redland opposes the Transaction, and therefore requests that the Board deny the Application. In the event that the Board dismisses Redland's opposition and grants the Application, then, for reasons also set forth below, Redland requests the following relief:

1. Where, as a result of the Transaction, NOW will no longer be a necessary participant in the movement of Redland traffic to CSX, the Board must direct that --
(a) CSX is prohibited from insisting that Redland's Woodville traffic be handled by NOW; (b) CSX is required to provide direct switching services to Redland's Woodville facility; and (c) wherever permissible, CSX must arrange to terminate any contracts that require NOW to provide switching or other intermediate services between Redland's Woodville facility and the nearest CSX connection.
2. ~~With respect to CR Redland rail service contracts with terms extending beyond the consummation date of the Transaction, the Board must prohibit CSX from requiring Redland to route such traffic via Toledo (and CSX routes), where (a) to do so would result in joint CSX NS service, and (b) an alternative NOW NS route would be available.~~
3. The Board must direct Applicants to provide to W&LE, upon reasonable terms and conditions, either trackage or haulage rights over an existing NS line from Bellevue, OH, to the NOW interchange at Maple Grove, OH.

the Board, as a condition to consummation of the Transaction, prohibit CSX from requiring any Redland traffic from being switched or otherwise handled by NOW where there is no longer any need for NOW's intermediate services.

Redland has in place with CR several rate contracts which, by their terms, will or may extend beyond the proposed consummation date for the Transaction. These contracts afford Redland certain fixed rates for single-line CR service via Toledo, OH. These contracts are neither transferrable nor assignable without the express written consent of Redland or CR. As Redland understands the CR contracts, should it so elect, it may terminate these contracts upon consummation of the Transaction. CSX, however, insists that the contracts should be maintained, and cannot be terminated at Redland's election, even though CR will be endeavor to assign such contracts to either CSX or NS.

While this contract issue may not seem at first blush to be problematic, it turns out that CSX is insisting once again upon requiring the inefficient movement of Redland traffic. CSX reasons that -- (1) the CR contracts cannot be terminated by Redland upon consummation of the Transaction; ~~and (2) since the CR contracts provide for routing via Woodville and Toledo, the contract traffic must continue to move via CSX to Toledo, even though the traffic is destined to points on CR that will be served by NS.~~ ** Redland quite reasonably notes that traffic from

¹⁶ ~~See, Chapman V.S. at 3 and 4.~~

~~Woodville or Millersville intended for NS served points need not be handled jointly by CSX and NS, as CSX seems to propose. Redland has access via NOW to NS, and Redland would prefer to explore the apparent efficiencies of "all NS" routing.~~

~~CSX has no basis to insist that it must "take hostage" traffic that can be more efficiently handled via single line NS routes.~~ To that end, Redland requests that the Board require CSX to establish in this proceeding whether or not it can insist upon retaining for itself, and making subject to its own routing whims, traffic handled pursuant to the above-described CR contracts. If CSX cannot make an appropriate showing, then Redland requests that the Board -- (1) prohibit CSX from taking any actions designed to disregard the specific language of the subject CR contracts; ~~and (2) prohibit CSX from requiring Redland to deliver to CSX at Woodville any and all traffic that would, in order to reach its intended destination, require subsequent interchange with NS.~~

VI. REQUEST FOR PROTECTIVE CONDITION:
WHEELING & LAKE ERIE ACCESS TO REDLAND

Redland recognizes, as do so many Ohio-based shippers and the State of Ohio, that unless either (1) the Applicants take greater strides to preserve the W&LE, or (2) the Board grants conditions to W&LE sufficient to ensure its future viability, the proposed Transaction will not be in the best interests of Ohio. Having assessed the filings thus far submitted by the Applicants and W&LE, and based on conversations it has already undertaken

themselves. In the case back East, it appears that CSX and NS are, similarly, in far too much of a hurry to implement the division of CR to focus attention on the finer but equally important marketing aspects of the proposed Transaction. While the Transaction may ultimately bear fruit for shippers in many cases, NS and CSX's failure to adequately explore prospective or contingent contract and service relationships with Redland, as explained in some detail above, does Redland and its shippers an immediately-felt disservice. The consequence of NS and CSX's action (or inaction) in this instance is counter-productive, anti-competitive, not in the best interests of the shipping public, and for these reasons Redland presently cannot support the Applicants.

In addition, Redland objects to CSX's apparent efforts to force Redland to utilize inefficient service options to and from its Woodville facility, especially when such inefficiencies are wholly avoidable. ~~Redland also objects to CSX's insistence on keeping for itself traffic moving under existing CR rate contracts that could be more efficiently handled by NS post-Transaction.~~ CSX's position is not only objectionable, but, in the event that the Board grants the Application, it warrants the protective relief listed above in the event that the Board grants the Application.

Finally, Redland cannot support any rail Transaction that would threaten the continued viability of an independent W&LE. As explained above, Applicants have done far too little to

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LAW OFFICES

REA, CROSS & AUCHINCLOSS

SUITE 420

1920 N STREET, N.W.

WASHINGTON, D. C. 20036

(202) 785-3700

FACSIMILE: (202) 659-4934

THOMAS M. AUCHINCLOSS, JR.

LEO C. FRANEY

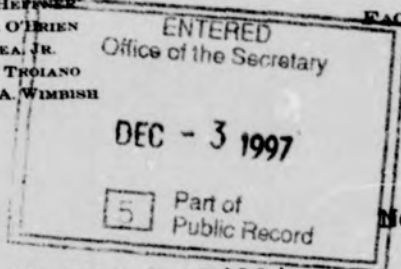
JOHN D. HEFFNER

KEITH G. O'BRIEN

BRUCE REA, JR.

BRIAN L. TROIANO

ROBERT A. WIMBISH



JI-5

November 25, 1997

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

RE: Finance Docket No. 33388
Notice of Appearance of Robert A. Wimbish on Behalf of
Jacobs Industries

Dear Secretary Williams:

I am writing on behalf of Jacobs Industries (JI), a party of record in the above-docketed proceeding, to inform the Board and all parties of record that JI has designated Robert A. Wimbish to serve as JI's counsel. Accordingly, all Board decisions and all filings submitted hereafter by any and all parties of record or other interested parties should be served upon the undersigned as addressed below:

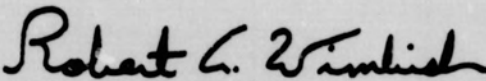
Robert A. Wimbish
REA, CROSS & AUCHINCLOSS
1920 "N" Street, N.W.
Suite 420
Washington, D.C. 20036
(202) 785-3700 / fax (202) 659-4934

In keeping with the nature of this request, I hereby certify that I have served a copy of this letter to the Primary Applicants, ALJ Jacob Leventhal, and all parties of record via U.S. mail, first class postage pre-paid, or more expeditious delivery.

Thank you for your attention.

Hon. Vernon A. Williams
November 25, 1997
Page Two

Sincerely,


Robert A. Wimbish

Counsel for Jacobs Industries

cc: James R. Jacobs
All parties of record

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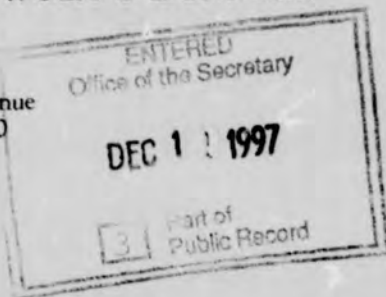
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184 430
OPPENHEIMER WOLFF & DONNELLY

Two Prudential Plaza
45th Floor
180 North Stetson Avenue
Chicago, IL 60601-6710

(312) 616-1800
FAX (312) 616-5800



November 26, 1997



VIA FEDERAL EXPRESS

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20423-0001

Brussels
Chicago
Detroit
Geneva
Irvine
Los Angeles
Minneapolis
New York
Paris
Saint Paul
San Jose
Washington, D.C.

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:

Enclosed for filing in the above-captioned proceeding are an original and twenty-five copies of the **Consolidated Responses of Illinois Central Railroad Company, Wisconsin Central Ltd., Transtar, Inc., Elgin, Joliet and Eastern Railway Company and I & M Rail Link, LLC to Applicants' Appeal from Certain Decisions of Administrative Law Judge**, dated November 26, 1997. A computer diskette containing the text of this filing in WordPerfect 5.1 format also is enclosed.

An extra copy of this transmittal letter and the pleading are enclosed as well. I would request that you date-stamp those items to show receipt of this filing and return them to me in the provided, postage-prepaid envelope. Thank you for your assistance on this matter.

Respectfully submitted,

Thomas J. Healey
Attorney for Responding Parties

TJH:tjl

Enclosures

cc: Parties on Restricted Service List

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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

**CONSOLIDATED RESPONSES OF ILLINOIS CENTRAL RAILROAD COMPANY,
WISCONSIN CENTRAL LTD., TRANSTAR, INC., ELGIN, JOLIET AND EASTERN
RAILWAY COMPANY AND I & M RAIL LINK, LLC TO APPLICANTS' APPEAL
FROM CERTAIN DECISIONS OF ADMINISTRATIVE LAW JUDGE**

Robert N. Gentile
Colette Ferris-Shotton
Transtar, Inc.
135 Jamison Lane
P.O. Box 68
Monroeville, PA 15146
(412) 829-6600

Janet H. Gilbert
General Counsel
Wisconsin Central Ltd.
6250 North River Road
Suite 9000
Rosemont, IL 60018
(847) 318-4691

Ronald A. Lane
Myles L. Tobin
Illinois Central Railroad Company
455 North Cityfront Plaza Drive
Chicago, IL 60611-5504
(312) 755-7621

Robert H. Wheeler
William C. Sippel
Thomas J. Healey
Thomas J. Litwiler
Oppenheimer Wolff & Donnelly
Two Prudential Plaza, 45th Floor
180 North Stetson Avenue
Chicago, IL 60601-6710
(312) 616-1800

**ATTORNEYS FOR TRANSTAR, INC.,
ELGIN, JOLIET AND EASTERN RAILWAY
COMPANY, WISCONSIN CENTRAL LTD.,
ILLINOIS CENTRAL RAILROAD COMPANY
AND I & M RAIL LINK, LLC**

Dated: November 26, 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



**CONSOLIDATED RESPONSES OF ILLINOIS CENTRAL RAILROAD COMPANY,
WISCONSIN CENTRAL LTD., TRANSTAR, INC., ELGIN, JOLIET AND EASTERN
RAILWAY COMPANY AND I & M RAIL LINK, LLC, TO APPLICANTS' APPEAL
FROM CERTAIN DECISIONS OF ADMINISTRATIVE LAW JUDGE**

Illinois Central Railroad Company ("IC"), Wisconsin Central Ltd. ("WCL"), Transtar, Inc. and Elgin, Joliet and Eastern Railway Company (collectively, "EJE") and I & M Rail Link, LLC ("IMRL") hereby respond to the Appeal taken by CSX Corporation and CSX Transportation, Inc. (collectively, "CSXT") and partially joined by Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively, "NS")¹ of the order entered by Administrative Law Judge Leventhal during Appellants' Motion to Compel, held November 20, 1997. Appellants' motion pays brief lip service to the rigorous standards applicable to appeals from discovery rulings entered in Surface Transportation Board (the "Board") proceedings. The bulk of Appellants' motion, however, is addressed to the alleged relevance of the information they seek. On the whole, Appellants' appeal amounts to nothing more than a re-argument of the issues on which they lost before

¹ CSXT and NS are collectively referred to herein as "Appellants."

Judge Leventhal. Appellants were accorded a full and fair hearing on their relevance arguments, and they lost. They are not entitled to a re-hearing on their arguments now.

I. Standard of Review for Appeals From Discovery Rulings

In proceedings before the Board, appellants from discovery rulings are required to meet a high standard in presenting their appeal: "Appeals from discovery decisions issued by Judge Leventhal will be granted only 'in exceptional circumstances to correct a clear error of judgment or to prevent manifest injustice.'" Decision No. 53 at 3 (quoting Decision No. 6 at 7). Appeals from discovery orders "are not favored," 49 C.F.R. § 1115.1(c), and the standards set for prevailing on such appeals are "stringent," see Decision No. 17 at 2, and "strict." Union Pacific Corporation, et al. -- Control and Merger -- Southern Pacific Rail Corporation, et al., Finance Docket No. 32760 (STB served June 13, 1996), Decision No. 40 at 6.

II. Appellants Cannot Satisfy the High Standards for Overturning a Discovery Order

Even a cursory review of Appellants' appeal reveals that they have not come close to meeting the strict standards of 49 C.F.R. § 1115.1(c). Judge Leventhal's rulings were correct on their face -- the information sought by Appellants is "neither relevant nor reasonably calculated to lead to the discovery of admissible evidence." More importantly, other than their bald assertion to the contrary, Appellants have not even tried to show that these rulings are "clearly erroneous" or that they will

operate as a "manifest injustice" to Appellants. Judge Leventhal's orders should therefore be upheld by the Board.

A. Discovery Sought From IC and WCL

In Interrogatory Nos. 1 and 2 of CSX/NS-130, CSXT and NS sought information from IC relating to prior efforts made by IC to purchase CSXT's Leewood to Aulon Line. Similar discovery was served on WCL with respect to the Altenheim Subdivision in CSX-89, Interrogatory Nos. 12 and 13. IC and WCL filed timely objections to these requests, pointing out that the information sought did not meet the standard of relevance applicable to this proceeding. In CSXT's Motion to Compel, the sole basis for relevance proffered by CSXT was that past efforts to purchase the track would be relevant to the claims made that purchase of the track would ameliorate an anti-competitive harm visited on the shipping public as a result of Appellants' proposed transaction.

Clearly, Appellants' arguments is wide of the mark. As was pointed out by Judge Leventhal during oral argument on Appellants' Motion to Compel, past efforts to purchase rail lines from Appellants could well be unrelated to any past problems IC and WCL have had on the respective tracks. The merits of the Responsive Applications submitted by IC and WCL -- that is, whether IC and WCL have adequately identified a harm to competition remedied by the purchases proposed by IC and WCL -- will be addressed based upon the cases presented therein. In short, there is nothing about a prior inquiry regarding purchase of a rail line which indicates that the harms resulting from the

proposed transaction, as identified by IC and WCL, are not real, or will not be rectified through the proposed condition.

Even more fundamentally, to the extent Appellants believe that the harms anticipated by IC and WCL have previously existed, they have asked (and IC and WCL have answered) discovery designed to elicit evidence of those past conditions. See CSX/NS-130, Interrogatory No. 6 and Document Request No. 9 (asking for identification of all prior instances of "significant interference" with IC's trains operating over the Leewood to Aulon track); CSX/NS-130, Interrogatory No. 7 and Document Request No. 11 (asking about prior communications between IC and CSXT concerning improvements to the Leewood to Aulon interlocking); CSX/NS-130, Document Request No. 10 (asking for documentation of communications between IC and CSXT concerning dispatching on the Leewood to Aulon track); CSX-89, Interrogatory Nos. 1(b) and Document Request No. 1 (regarding WCL's prior complaints of inadequate maintenance on the Altenheim Subdivision); CSX-89, Interrogatory No. 1(d) and Document Request No. 1 (seeking identification of information relating to CSXT's refusal of WCL's requests to upgrade the Altenheim Subdivision and to improve maintenance on it).

Denial of discovery related to past offers to purchase will not, as contended by Appellants, deny them the opportunity to conduct discovery designed to determine whether the competitive harms projected by IC and WCL predate the proposed transaction.

Finally, and perhaps most curiously, Appellants ignore one of the fundamental truths of their discovery requests: as Appellants are asking information regarding offers or proposals to acquire Appellants' own rail lines, Appellants are already in possession of the evidence they seek. A review of Interrogatory No. 1 and, more particularly, Interrogatory No. 2 of Appellants' discovery requests to IC (CSX/NS-130) and Interrogatory No. 12 of Appellants' discovery requests to WCL (CSX-89) reveals that all of the information sought concerns details of conversations or communications between IC and CSXT or WCL and CSXT (or its wholly owned subsidiary, The Baltimore & Ohio Chicago Terminal Railroad Company). In essence, Appellants' appeal seeks to require IC and WCL to tell them what they already know. Ignoring for the moment the disingenuousness of discovery drafted in this fashion, it is clear that, at a minimum, there can be no "manifest injustice" present. If Appellants wish to argue (however tangentially) that past efforts to purchase are relevant to the current proceeding, by definition they have the information they seek in their own possession.

B. Discovery Sought From EJE and IMRL

In CSX/NS-125 and CSX/NS-126, respectively, Appellants sought discovery of EJE and IMRL related to their agreement to submit a joint responsive application seeking divestiture of Conrail's 51% stock ownership of the Indiana Harbor Belt Railroad Company ("IHB"). In response, EJE and IMRL provided substantive responses, informing Appellants of the identities of the parties at both EJE and IMRL who were primarily responsible for

discussions leading to the parties' agreement. Appellants have noticed depositions of those persons for Tuesday, December 2, 1997. Additionally, EJE and IMRL have supplied Appellants with the document reflecting the terms of the agreement between EJE and IMRL.

The only portion of this discovery objected to by EJE and IMRL was those questions related to when the discussions between EJE and IMRL began, and when those discussions culminated in an agreement. These inquiries were not answered because they have no relevance to any of the material issues in this case. In Appellants' Motion to Compel, they attempted to justify these requests by claiming that the information would be used to measure "how well conceived and how well thought out" the EJE/IMRL Responsive Application (EJE-10) was.

As an initial matter, Judge Leventhal's determination was clearly correct. Information relating to the timing of discussions has no bearing on whether the condition sought is designed to address an anti-competitive by-product of the proposed transaction. The Responsive Application will stand or fail on its own merits; its contents will determine whether it is persuasive and justified in this proceeding. Whether the Responsive Application was formulated several months before it was filed, or whether it came together the day before it was filed, is irrelevant to whether it identifies a harm to competition and proposes an appropriate remedy, which are the issues the Board will be asked to decide.

Additionally, the issue to be decided on this appeal is not whether the information sought is relevant, but rather whether Judge Leventhal's ruling that it is not constitutes a "clear error" or if it imposes a "manifest injustice" on Appellants. These high standards have not been met. It was certainly within Judge Leventhal's sound discretion to determine that issues relating to the timing of negotiations are not relevant. Moreover, there is no "manifest injustice" to Appellants. To the extent they wish to argue that the Responsive Application submitted by EJE and IMRL was "not well conceived and not well thought out", they already have the truest test of that claim in their hands - the Responsive Applications.

Finally, Appellants support their appeal with citation to the deposition of Appellants' witness William M. Hart, during which Mr. Hart was asked about the timing of certain negotiations. Nowhere, however, do Appellants claim that EJE or IMRL posed these questions. Indeed, they could not have, as counsel for EJE and IMRL were not even present for Mr. Hart's deposition. And it is obviously meaningless to the current proceeding that Appellants' counsel made a tactical decision several months ago not to object to the irrelevance of deposition questions on an unrelated subject. EJE and IMRL did object to the current questions, and the prior action (or inaction) of Appellants' own counsel cannot serve to make the current disputed matters relevant.

CONCLUSION

In summary, Appellants' appeal is not well taken. The information sought from IC, WCL, EJE and IMRL was neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Appellants have done nothing to establish "clear error" or show that denial of access to this evidence will work a "manifest injustice" on them. In short, Administrative Law Judge Leventhal's order of November 20, 1997, should be upheld as to the issues raised in Appellants' appeal.

Respectfully submitted,

By: _____

Tom Healey

Robert N. Gentile
Colette Ferris-Shotton
Transtar, Inc.
135 Jamison Lane
P.O. Box 68
Monroeville, PA 15146
(412) 829-6600

Ronald A. Lane
Myles L. Tobin
Illinois Central Railroad Company
455 North Cityfront Plaza Drive
Chicago, IL 60611-5504
(312) 755-7621

Janet H. Gilbert
General Counsel
Wisconsin Central Ltd.
6250 North River Road
Suite 9000
Rosemont, IL 60018
(847) 318-4691

Robert H. Wheeler
William C. Sippel
Thomas J. Healey
Thomas J. Litwiler
Oppenheimer Wolff & Donnelly
Two Prudential Plaza, 45th Floor
180 North Stetson Avenue
Chicago, IL 60601-6710
(312) 616-1800

**ATTORNEYS FOR TRANSTAR, INC.,
ELGIN, JOLIET AND EASTERN RAILWAY
COMPANY, WISCONSIN CENTRAL LTD.,
ILLINOIS CENTRAL RAILROAD COMPANY
AND I & M RAIL LINK, LLC**

Dated: November 26, 1997

CERTIFICATE OF SERVICE

I hereby certify that on this 26th day of November, 1997, a copy of the foregoing Consolidated Responses of Illinois Central Railroad Company, Wisconsin Central Ltd., Transtar, Inc., Elgin, Joliet and Eastern Railway Company and I & M Rail Link, LLC was served by overnight delivery upon:

Drew A. Harker, Esq.
Arnold & Porter
555 12th Street, N.W.
Washington, DC 20004-1202

David H. Coburn, Esq.
Steptoe & Johnson, L.L.P.
1330 Connecticut Avenue, N.W.
Washington, DC 20036-1796

John V. Edwards, Esq.
Patricia E. Bruce, Esq.
Zuckert, Scoutt & Rasenberger, L.L.P.
888 Seventeenth Street, N.W.
Suite 600
Washington, DC 20006-3939

Gerald P. Norton, Esq.
Harkins Cunningham
1300 Nineteenth Street, N.W.
Suite 600
Washington, DC 20036

and by first class mail, postage prepaid, upon all parties appearing on the Restricted Service List.

Tom Healey

Thomas J. Healey

STB

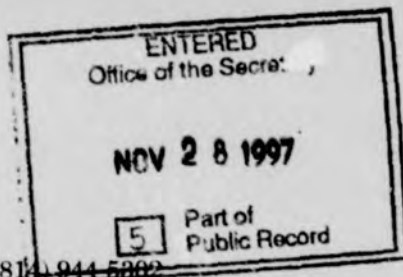
FD

33388

11-26-97

D

184248



184248

Richard R. Wilson, P.C.

Attorney at Law
A Professional Corporation
1126 Eighth Avenue, Suite 403
Altoona, PA 16602

November 25, 1997

Of counsel to:
Vuono & Gray LLC
2310 Grant Building
Pittsburgh, PA 15219
(412) 471-1800
(412) 471-4477 FAX

(814) 944-5882
888-454-3817 (Toll Free)
(814) 944-6978 FAX
rrwilson@mail.csrlink.net

The Honorable Vernon A. Williams
Office of the Secretary
Case Control Branch
ATTN: STB Finance Docket No. 33388
Surface Transportation Board
1925 K Street, N.W. Suite 718
Washington, DC 20423-0001



D

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

Dear Sir:

Enclosed please find an original and twenty-five copies of this letter Petition for Leave to late file the attached Comments and Request for Protective Conditions on behalf of Durham Transport, Inc. which pertains to the need for coordinated rail operations by Durham Transport, Inc. and Conrail as the shared asset operator in the North Jersey/New York Shared Asset Area. As set forth in the enclosed Comments, Durham Transport, Inc. has sought clarification from the applicants regarding certain discrepancies on the Conrail System Map Showing the Proposed Allocation of Conrail Lines and Rights which improperly identified rail assets within the Raritan Center Industrial Park as belonging to and being operated by Consolidated Rail Corporation as part of the North Jersey Shared Asset Area.

On October 29, 1997 applicants filed a Supplemental Operating Plan for the North Jersey Shared Asset Area which now raise further concerns on the part of Durham Transport in that operations described at Metuchen Yard completely omit any reference to interchange operations with Durham Transport and the coordinated joint use of lead tracks within the Raritan Center Industrial Park.

Under the Board's Opinion No. 44, comments on the Supplemental Operating Plan were requested from parties of record not later than November 24, 1997. However, executives for Durham Transport have been involved in the sale of another rail line by

The Honorable Vernon A. Williams
November 25, 1997
Page 2

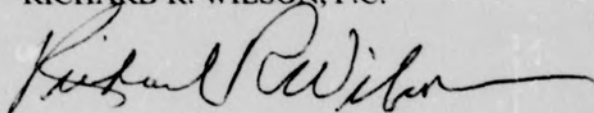
CSX Transportation, Inc. to an affiliated railroad company and only recently have had an adequate opportunity to review and confirm the impact of the above described omissions on the operations of Durham Transport, Inc.

Accordingly, Durham Transport, Inc. requests that the Board permit the late filing of its Comments and Requests for Conditions inasmuch as applicants have been aware of the concerns expressed by Durham Transport in these comments since August 13, 1997 and will suffer no prejudice as a result of the late filing of these comments.

Copies of this Letter Petition and the Comments of Durham Transport have been filed on all parties of record. Please note that a copy of this filing is also enclosed on a 3.5" diskette in Microsoft Word 7.0 format.

Very truly yours,

RICHARD R. WILSON, P.C.

A handwritten signature in cursive script, appearing to read "Richard R. Wilson", written in dark ink.

Richard R. Wilson

RRW/klh
Enclosures

xc: The Honorable Jacob Leventhal
All Parties of Record

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/AGREEMENT—
CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION

**COMMENTS AND REQUEST FOR PROTECTIVE
CONDITIONS OF DURHAM TRANSPORT, INC.
TO THE CSX/NS OPERATING PLAN FOR
THE NORTH JERSEY SHARED ASSET AREA
AND SUPPORTING STATEMENTS**

Submitted by.
Richard R. Wilson, P.C.
1126 8th Avenue, Suite 403
Altoona, PA 16602
(814) 944-5302
Attorney for Durham Transport, Inc.

Date: November 25, 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/AGREEMENT--
CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION

**COMMENTS AND REQUEST FOR PROTECTIVE
CONDITIONS OF DURHAM TRANSPORT, INC.
TO THE CSX/NS OPERATING PLAN FOR
THE NORTH JERSEY SHARED ASSET AREA
AND SUPPORTING STATEMENTS**

My name is G. David Crane and I am President of Durham Transport, Inc. ("Durham"). Durham's business address is P.O. Box 479, Stockton, NJ 08559. Durham is a Class III common carrier railroad which acquired the right to operate approximately 12 miles of rail line within the Raritan Center Industrial Park under the terms of an easement agreement with the owners of that Industrial Park at Edison, Middlesex County, New Jersey. Durham obtained an acquisition and operation exemption from the Interstate Commerce Commission in at Finance Docket No. 31917 which was served November 6, 1991.

On August 13, 1997 counsel for Durham Transport submitted the letter set forth at Exhibit A to counsel for the applicants indicating that the Conrail System Map Showing the Proposed Allocation of Conrail Lines and Rights submitted with the merger

application contained an error in that it included all tracks within the Raritan Center Industrial Park as part of the North Jersey Shared Asset Area. In that correspondence, Durham Transport provided the applicants with various documents including copies of Durham's Exemption Notice, its Interchange Agreement with Consolidated Rail Corporation, and the Notice of Recission from Raritan Center revoking Conrail's right to operate within the Industrial Park upon the commencement of interchange operations with Durham Transport. On November 20, 1997 Durham requested further written confirmation of the oversight on the part of applicants but to date, have received no response. As indicated in our August 13th correspondence, we had hoped it would be unnecessary for Durham Transport to become an active participant in this proceeding. However, our review of the CSX/NS Operating Plan for the North Jersey Shared Asset Area has given us further cause for concern.

I have carefully examined this filing with particular attention to the information provided regarding rail operations at Metuchen Yard. Metuchen Yard is the yard from which Conrail provides crews which perform interchange operations with Durham Transport in Lower Yard within the Raritan Center Industrial Park. However, the yard switching assignments set forth on page 99 and 100 of the applicants Operating Plan do not indicate the performance of any interchange operations with Durham Transport.


Furthermore, at page 98 of the applicants Operating Plan the map of Metuchen Yard shows track 215 extending south to Raritan Junction. Our Conrail Interchange Agreement Track Chart (Exhibit B) indicates that track 215 is the Bonhamton Industrial Track which proceeds south across U.S. 1 and the New Jersey Turnpike and terminates at Woodbridge Avenue. From that point, the track number changes to 223 and becomes the

GSA Lead which extends into the Raritan Center Industrial Park. Raritan Center obtained a rail operating easement over the GAS Lead track from Woodbridge Avenue into the Industrial Park as part of its acquisition of that property in order to assure access to rail service. Upon the commencement of rail operations by Durham Transport, Raritan Center canceled Conrail's use of the Center's operating rights over the GSA Lead and the rest of the rail lines within the Industrial Park. It is apparent from the Operating Plan submitted by the applicants that they intend Conrail to continue operations over the GSA Lead to reach Conrail's Raritan Industrial Track in order to serve the Heller Industrial Park, and other shippers located on the Raritan Industrial Track both east and west of Raritan Center. The continuation of non-interchange operations by Conrail, as the shared asset operator, requires coordinated rail operations on the GSA Lead Track by Conrail and Durham Transport. Coordinated rail operations are essential for efficient and safe rail operations especially since many of the commodities transported by Conrail through Raritan Center and over the GSA Lead involve the movement of chemicals and other hazardous materials.

Accordingly, Durham Transport, Inc. requests that the Board impose as a condition of this transaction, the requirement that Conrail enter into an appropriate agreement governing the coordination of rail operations over the GSA Lead and the designation of crew assignments to insure the preservation of interchange operations at Durham Transport's Lower Yard.

VERIFICATION

I, G. David Crane, declare under penalty of perjury, that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file these Comments on behalf of the Durham Transport, Inc., of which I am President. Executed on November 25, 1997.



G. David Crane, President
Durham Transport, Inc.

Richard R. Wilson, P.C.

**Attorney at Law
A Professional Corporation
1126 Eighth Avenue, Suite 403
Altoona, PA 16602**

(814) 944-5302
888-454-3817 (Toll Free)
(814) 944-6978 FAX
rrwilson@mail.csrlink.net

Of counsel to:
Vuono & Gray LLC
2310 Grant Building
Pittsburgh, PA 15219
(412) 471-1800
(412) 471-4477 FAX

August 13, 1997

Dennis G. Lyons, Esq.
Arnold & Porter
555 Twelfth Street, N.W.
Washington, D.C. 20004-1202

Richard A. Allen, Esq.
Zuckert, Scout & Rasenberger, LLP
Suite 600
888 Seventeenth Street, N.W.
Washington, D.C. 20006-3939

Paul A. Cunningham, Esq.
Harkens & Cunningham
Suite 600
1300 Nineteenth Street, N.W.
Washington, D.C. 20036

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

Durham Transport, Inc. - Rariton Industrial Center Leads - Northern
New Jersey Shared Asset Area

Gentlemen:

The purpose of this letter is to bring to your attention an inaccuracy in the description of assets to be retained by Consolidated Rail Corporation as part of the New York/North Jersey Shared Asset Area. The Conrail System Map, to which the merger application makes reference, indicates that all lead tracks within the Rariton Industrial Park are part of the shared asset area for that region. In fact, the Rariton lead tracks are operated by Durham Transport, Inc. under an easement agreement with the owners of the industrial park and pursuant to an Exemption Notice issued by the ICC on November 6,

Dennis G. Lyons, Esq.
Richard A. Allen, Esq.
Paul A. Cunningham, Esq.
Page 2
August 13, 1997

1991 in Finance Docket No. 31917, Durham Transport, Inc. - Acquisition and Operation Exemption - Center Reality, Federal Storage Warehouse, and Garden State Buildings, L.P.

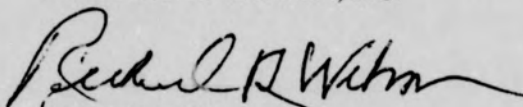
After protracted negotiations, on July 1, 1994, Durham Transport and Consolidated Rail Corporation executed an Interchange Agreement which provides for the interchange of traffic between Durham Transport and Consolidated Rail Corporation in Lower Yard. Enclosed for your information are copies of these and other documents pertaining to Durham Transport's common carrier rail operations at Rariton Industrial Park.

We bring this matter to your attention at this time so that a clarification can be made in the merger application thereby avoiding the necessity of Durham Transport becoming a participant in the merger proceeding.

Thank you for your attention to this matter. If we can provide you with any additional information or can assist in resolving this matter expeditiously, please contact us.

Very truly yours,

RICHARD R. WILSON, P.C.



Richard R. Wilson
Counsel for Durham Transport, Inc.

RRW/klh
Enclosure

xc: Durham Transport, Inc.
John Paylor, Esq.

Summit Associates Inc.

Raritan Plaza I - Raritan Center
Edison, New Jersey 08818

908-223-2000
Telecopier: 908-223-8763

June 17, 1994

VIA CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Mr. James Beard
Mr. T.P. Dwyer
Conrail-Philadelphia Division
1000 Howard Blvd., Room 400
Mount Laurel, NJ 08054

Re: Raritan Center and Appurtenant Railroad Facilities

Dear Messrs. Beard and Dwyer:

We understand that Consolidated Rail Corporation ("Conrail") and Durham have reached agreement on the interchange of rail cars coming to and leaving Raritan Center. Durham has its engines and crew on site and is prepared to commence operations at or before 12:01 A.M. on Monday, August 1, 1994.

Accordingly, this is to formally advise and notify Conrail that the undersigned, collectively and individually, hereby cancel and terminate all present and past easements, licenses, leases and all agreements of any type whatsoever, whether written or oral, presently in effect, or to be effective at any subsequent time, which give or gave, grant or granted Conrail the right and license to occupy, use and/or travel over the railroad facilities or any component part or parts thereof in all or any part of Raritan Center, or any easements appurtenant thereto, owned or held by the undersigned including, without limitation, the rights, powers and/or privileges set forth and/or described in that certain letter dated April 6, 1992 (on Federal Business Center's letterhead) addressed to Consolidated Rail Corporation and signed by Gerard F. Maher, General Counsel, and that certain letter dated April 17, 1992 (on Conrail letterhead) addressed to Peter Visceglia and Diego R. Visceglia signed by T.P. Dwyer, Division General Manager of Transportation and Customer Service.

This notice of cancellation and termination shall be effective on July 31, 1994.

Summit Associates Inc.
and others

Raritan Plaza I - Raritan Center
Edison, New Jersey 08818

908-225-2900

Telecopier: 908-225-8765

This notice shall serve to cancel and terminate only such easements, licenses, leases and agreements as the undersigned are legally empowered to cancel and terminate.

Please be further advised that nothing set forth herein shall constitute a release or waiver of any claim the undersigned, or any of them, may have already made or hereafter may make for damages or other remedies resulting from Conrail's use and/or misuse of the Raritan Center and appurtenant railroad facilities. In addition, nothing herein shall constitute an acknowledgment by any of the undersigned that there is in existence any easement, license, lease or agreement with Conrail other than the letters dated April 6, 1992 and April 13, 1992 referred to above.

Very truly yours,

SUMMIT ASSOCIATES INC.

By: [Signature]

GARDEN STATE BUILDINGS, L.P.

By: [Signature]

FEDERAL BUSINESS CENTERS

By: Peter Vinciglieri

CENTER REALTY

By: Peter Vinciglieri

RARITAN CENTER INC.

By: Peter Vinciglieri

07/28/94 12:15

21 215 862 0225

Ashland Railway

JUL 26 1994 10:24AM G. H. KUPP

P. 002

002

CONRAIL



July 20, 1994

Mr. G. D. Crane
President
Durham Transport, Inc.
P. O. Box 479
Stockton, NJ 08559

SUBJECT: Switching Settlement Agreement - DRHY

Dear Mr. Crane:

For your information and guidance, enclosed is a copy of the AAR Mandatory Switching Rules (261-270), Settlement Rule (149) and Switching Forms (AD 163-165) which outline the procedures to be followed.

The original Switching Settlement Statements (see attached) are to be sent to the paying carrier's Audit office, which in the case of Conrail is:

Conrail
Manager - Short Line/Switch Settlements
2001 Market Street, Room 24C
Philadelphia, PA 19101-1424
(215)-209-7289

Statements submitted on a 19th day of the month should be processed for payment by the 20th of the month. Retain a copy for your records.

Under Railway Accounting Rules, Conrail places switching between DRHY Conrail in an DRHY account. Since Conrail does not normally perform switching services for DRHY, the net balance of the account should always be due DRHY. You may arrange for payment of the net balance due DRHY by contacting:

Ms. Theresa McCarmey
Manager - Customer Accounts Receivable
Conrail
2001 Market Street, Room 25C
Philadelphia, PA 19101-1425
(215) 209-3035

07 28 94 12:16 215 862 0225

Ashland Railway

003

JUL 28 1994 10:25AM G. R. KURN

P.3/3

The DRHY will be responsible for the billing and collection of any local surcharges and/or tariff charges in excess of any allowance made by Conrail on both inbound and outbound traffic, whether collect or prepaid. This includes any proportional rates between junctions and DRHY customers published by DRHY.

Should there be any questions regarding the implementation of these procedures, please contact the aforementioned at (215)-209-7289.

Sincerely,

Earl M. Wimbish

Earl M. Wimbish
Manager - Short Line/Switch Settlement
2001 Market Street, Room 22D
Philadelphia, PA 19101-1422

Enclosure

CONCURRENCE

DATE

7.28.94

CONRAIL



July 1, 1994

Mr. G. David Crane
President
Durham Transport, Inc.
P. O. Box 479
Stockton, NJ 08559

Dear David:

This letter of agreement is to confirm pricing and settlement arrangements between Conrail and Durham Transport, Inc. at Raritan Center in Edison, New Jersey.

For purposes of providing rail services at Raritan Center, Durham Transport, Inc. will be a switching and terminal carrier. As a switching and terminal carrier, Durham will not participate in through line haul rates without Conrail's consent. Conrail will be the originating or terminating line haul carrier and revenues for Durham will be settled in accordance with AAR Mandatory Freight Accounting Rules for switching settlements, as provided in a separate Freight Operations Agreement between Durham and Conrail.

Durham will also obtain Alpha and Numeric Railroad Codes from the Association of American Railroads ("AAR"). Please advise us when you have received these.

Unless otherwise restricted by the terms of applicable line haul tariffs, circulars, exempt quotations, contracts, or Item 820 (Minimum Freight Revenue Requirements) of Conrail Switching Tariff 8001-C, supplements thereto, or successive issues thereof, Conrail is willing to absorb switching charges of \$217 per loaded car for customers served by Durham Transport, Inc. at Raritan Center. This absorption will be published in Conrail's Switching Tariff 8001-C.

As you know, the customers served will be limited to those located on trackage controlled by Raritan Center.

Page Two
July 1, 1994

According to our records, the following patrons are active rail customers located on trackage controlled by Raritan Center:

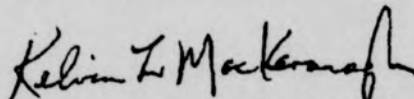
W. T. Grant & Sons
J. M. Huber
Mead Johnson
Michelin Tires
Nestle
North American Packaging
Riviana Foods
Spectrum International
Wakefern Foods

A listing of those customers should be published in Durham Transport, Inc.'s switching tariff. Conrail should be provided with advance notice of any changes in the published list of customers.

Conrail has created a new station designated as Raritan Center, New Jersey (FSAC 86002). This station will be used exclusively for customers served by Durham Transport. Our customer profiles for the patrons listed above will be altered to reflect this new location when you are ready to commence operations.

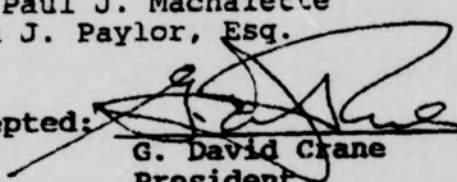
If you have any questions, please let me know.

Sincerely,



Kelvin L. MacKavanagh
Director-Short Line Relations

cc: Mr. Paul J. Machalette
John J. Paylor, Esq.

Accepted: 

G. David Crane
President

Durham Transport, Inc.

Date: 7/15/94

FREIGHT OPERATIONS

The terms and conditions set out below shall govern the transition from Consolidated Rail Corporation ("Conrail") to Durham Transport, Inc. ("Durham") of rail freight operations in Raritan Center. The date of such transition is hereafter referred to as the Operation Date.

1. Relationship of the Parties

Except to the extent that Durham, as a switching carrier, is the agent of the connecting line haul carrier, and except as provided in Section 2.B., nothing herein shall be deemed to constitute either Durham or Conrail as the agent of the other for the handling of any traffic, the billing or collecting of any charges, or the payment of any assessments.

2. Billing and Freight Revenue

A. Conrail will be responsible for necessary processing and accounting for all waybills, freight bills and interline settlements, for all shipments moving to and from Raritan Center.

B. Durham shall be a switching carrier and the processing and accounting of switching charges as provided by Durham's tariffs or circulars shall be made in accordance with the AAR Mandatory Freight Accounting Rules governing switching settlements. Durham shall furnish to Conrail a copy of each of its applicable switching tariffs or circulars prior to their effective date.

3. Inventory of Loaded Cars

Conrail will prepare and make available to Durham an inventory of all loaded cars on the Property at 11:59 p.m., Operation Date, so that revenue resulting from shipments to and from Raritan Center can be identified and properly distributed between Conrail and Durham. The inventory will show separately:

A. Loaded cars at the interchange yard or on sidings, which have not entered

into linehaul service from Raritan Center as of 11:59 p.m., Operation Date.

- B. Loaded cars at the interchange yard or on sidings for which linehaul service to Raritan Center has been completed as of 11:59 p.m., Operation Date.

4. Linehaul Revenue

A. Where inbound cars are located at the interchange yard or outbound cars are located at sidings at 11:59 p.m., Operation Date, and no switching service of loaded cars within Raritan Center has been performed, Durham shall be entitled to assess its switch charge for movement of the cars within Raritan Center.

B. Where outbound cars are located at the interchange yard or inbound cars are located at sidings at 11:59 p.m., Operation Date, and switching service of loaded cars on the Property has been completed, Durham shall not be entitled to assess its switch charge for movement of the cars within Raritan Center.

5. Demurrage Revenue

Conrail will furnish Durham with detailed placement and other data necessary to compute demurrage charges for all cars subject to actual or constructive placement on the Operation Date, and Durham shall bill for demurrage accrued on all such cars. Demurrage charges accrued up to 11:59 p.m. of the Operation Date shall be paid to Conrail by Durham.

6. Car Accounting

An inventory of both loaded and empty equipment within Raritan Center as of 11:59 p.m., Operation Date, will be taken by Conrail. For purposes of determining responsibility for car hire and car mileage payments, Conrail shall perform a paper interchange of all such equipment to Durham effective as of 11:59 p.m., Operation Date. Car mileage payments and the mileage portion of car hire shall be calculated based on the actual location of the car as of 11:50 p.m., Operation Date. Conrail will be responsible

for car hire and mileage payments accrued prior to and on the Operation Date. Durham will be responsible for car hire and mileage payments accrued after Operation Date. This provision shall not affect any car hire reclaim to which Durham may be entitled by an agreement signed by the parties, or by applicable tariffs or Car Hire Rules.

7. Billing and Collection

In the event Durham or Conrail erroneously receives payment for billing of the other party, the party receiving such payment shall remit the payment to the party making the billing.

8. Car and Trailer Repairs

Freight cars and trailers damaged within Raritan Center, or requiring repairs not related to damage which are the responsibility of the car user under applicable car interchange rules, on or prior to Operation Date, will be the responsibility of Conrail. Those damaged, or requiring repairs not related to damage which are the responsibility of the car user under applicable car interchange rules, subsequent to Operation Date, will be the responsibility of Durham.

9. Freight Loss and Damage

A. Conrail shall be responsible for claims for freight loss and damage which arise from acts or omissions that occur within Raritan Center prior to or on the Operation Date. Durham shall be responsible for such claims which arise from acts or omissions that occur within Raritan Center subsequent to the Operation Date. If the date or location of an act or omission giving rise to a claim cannot be determined, freight loss and damage liability attributable to movements within Raritan Center shall be assumed by Conrail and Durham in accordance with AAR Freight Claims Rules.

B. Durham shall indemnify, defend, and hold harmless Conrail from freight loss and damage claims arising from acts or omissions that occur within Raritan Center after the Operation Date. Conrail shall indemnify, defend, and hold harmless

Durham from freight loss and damage claims arising from acts or omissions that occur within Raritan Center on or before the Operation Date.

C. This provision is not intended, and shall not be interpreted, as an admission or acknowledgment of liability by Conrail or Durham with respect to any claim for freight loss and damage.

D. Durham and Conrail will process and pro-rate claims in accordance with AAR Freight Claim Rules, Principles and Practices. Conrail will provide claim or prevention services upon request at an agreed upon cost.

10. Payments

Payments required hereunder shall be made to the party entitled thereto pursuant to AAR Accounting Rules.

11. Common Carrier Obligations

Nothing in this Agreement shall limit the right or obligation of Durham Transport to provide rail service to its shippers as a Class III rail common carrier.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have duly executed this agreement.

WITNESS:

John T. Leahy
Date: 8-8-94

CONSOLIDATED RAIL CORPORATION

By: Kelvin L. McKernagh
Director-Short Line Relations

WITNESS:

Mary E. Davidson
Date: 7/11/94

DURHAM TRANSPORT INC.

By: [Signature]
President

INTERCHANGE AGREEMENT

Dated as of July 1, 1994

between

CONSOLIDATED RAIL CORPORATION ("Conrail")

and

DURHAM TRANSPORT, INC. ("Durham")

relating to operating rights at Raritan Center
for purposes of interchange.

INTERCHANGE AGREEMENT

THIS AGREEMENT, entered into as of the 1st day of July, 1994 by and between CONSOLIDATED RAIL CORPORATION (hereinafter referred to as "Conrail") and DURHAM TRANSPORT, INC. (hereinafter referred to as "Durham").

WHEREAS, Durham is the operator of certain railroad tracks, including Lower Yard (Durham Rail Lines) in Raritan Center Industrial Park (hereinafter referred to as "Raritan Center"), Edison, NJ which are owned by Raritan Center, Inc.; and

WHEREAS, Conrail provides rail service to and from Raritan Center by means of its Raritan Industrial Track which bisects Raritan Center; and

WHEREAS, the parties hereto desire to enter into an agreement to provide for the interchange of loaded and empty freight cars in Lower Yard, Raritan Center, Edison, NJ; and

WHEREAS, it will be necessary for each party to operate over the tracks of the other in order to access the interchange facilities; and

WHEREAS, to facilitate efficient interchange operations, each party is willing to grant to the other operating rights over their respective rail lines in accordance with the terms and conditions set forth herein.

NOW THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

SECTION 1. GRANT OF OPERATING RIGHTS

(a) Subject to the terms and conditions herein provided, Durham hereby grants to Conrail the right to operate its trains, locomotives, cars and equipment with its own crews (hereinafter referred to as "Conrail operating rights") over the following segments of Durham Rail Lines shown on the plan attached hereto, made a part hereof and marked Exhibit "I" (hereinafter referred to as "Durham Trackage"):

Durham's east leg of the Wye (Track No. 235) from its connection with Conrail's Raritan Industrial Track, and Track No. 622 and 2,000 feet of Track No. 242 to provide access to the interchange track (Track No. 621) in Lower Yard, and such other tracks of Durham Rail Lines as may be agreed upon by the parties from time to time for purposes of interchange.

(b) Subject to the terms and conditions herein provided, Conrail hereby grants to Durham the right to operate its trains, locomotives, cars and equipment with its own crews (hereinafter referred to as "Durham operating rights") over the following segments of Conrail's rail lines shown on the plan attached hereto, made a part hereof and marked Exhibit "I" (hereinafter referred to as "Conrail Trackage"):

Conrail's Raritan Industrial Track (Track No. 229) between the switch to an unnamed industrial lead to Raritan Center (Track No. 230) and the switch to the Macy Lead (Track No. 244) and all necessary head and tail room. Durham may enter on or exit from the Conrail Trackage at the

points of connection of Tracks 230, 223, 244, 839 and the wye for 235 with the Conrail Trackage and such other future connections as may be constructed pursuant to a construction agreement between the parties said trackage to be located wholly within the Raritan Center Industrial Park.

(c) In this agreement the term "Subject Trackage" shall include both Conrail and Durham Trackage.

SECTION 2. USE OF CONRAIL AND DURHAM TRACKAGE

(a) Operating rights herein granted by each party are granted for the sole purpose of permitting each party to use the same for the delivery and receipt of interchange traffic between the parties hereto. Conrail shall not perform any local freight service whatsoever at any point on Durham Trackage as defined in Section 1(a) and Durham shall not perform any local freight service on Conrail Trackage as defined in Section 1(b) hereof.

(b) Each party is prohibited from using steam locomotives and from moving passenger equipment over the other party's trackage.

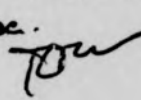
SECTION 3. INTERCHANGE PROVISIONS

(a) The parties hereto shall deliver and pull interchange cars to and from Durham's Lower Yard Track No. 621 or other tracks in Lower Yard as mutually agreed to by the parties (referred to as the "Interchange Track"). Neither party shall be required or obligated to violate its labor

agreements to satisfy a request on the part of the other party. In the event a train and engine crew of either party is required to perform service at the direction of the other party's representative which is in violation of the performing party's collective bargaining agreement, if any, any resultant penalties arising from the performing party's collective bargaining agreement shall be assumed and borne solely by the party requesting the service.

(b) The interchange of traffic covered by this Agreement shall be governed by the applicable AAR Interchange Rules and the Car Service and Car Hire Rules and any supplements or amendments thereto promulgated from time to time by the Association of American Railroads, (hereinafter referred to as "AAR Rules"). Cars together with containers and/or trailers loaded thereon (hereinafter referred to as "Cars") shall be considered as interchanged from the account of one party to the other when the provisions of the AAR Rules have been satisfied and the engine consist is uncoupled therefrom.

SECTION 4. COMPENSATION

There will be no charge to either party for use of the Subject Trackage as such use is granted for the sole purpose of providing access for Interchange Track No. ⁶²¹~~162~~ ^{4th}. 

SECTION 5. MAINTENANCE OF SUBJECT TRACKAGE

(a) For purposes of this Agreement, Durham shall be the owner of tracks to which Conrail has been granted operating rights in Section 1(a) and Conrail shall be considered the user of said tracks when operating thereon. Likewise, Conrail shall be the owner of tracks to which Durham has been granted operating rights in Section 1(b) and Durham shall be considered the user of said tracks when operating thereon.

(b) Each party shall maintain, repair and renew its own trackage at its own expense and with its own supervision and labor. Each party shall keep and maintain its own trackage in reasonably good condition for the use herein contemplated, but does not guarantee the conditions of its own trackage or that operation thereover will not be interrupted.

SECTION 6. MANAGEMENT AND OPERATION

(a) User shall comply with the provisions of the Federal Locomotive Inspection Act and the Federal Safety Appliance Acts, as amended, and all other federal and state laws, regulations, and rules respecting the operation, condition, inspection, and safety of its trains, locomotives, cars and equipment while such trains, locomotives, cars and equipment are being operated over Owner's track. User shall indemnify, protect, defend, and save harmless Owner and its directors, officers, agents, and employees from and against all fines, penalties, and liabilities imposed upon Owner or its

directors, officers, agents, or employees under such laws, rules, and regulations by any public authority or court having jurisdiction in the premises, when attributable solely to the failure of User to comply with its obligations in this regard.

(b) User in its use of Owner's track will comply in all respects with the operating rules and regulations of Owner, and the movement of User's trains, locomotives, cars and equipment over Owner's track shall at all times be subject to the orders of the transportation officers of Owner. User's trains shall not include locomotives, cars or equipment which exceed the width, height, weight or other restrictions or capacities of Owner's track as published in Railway Line Clearances, and no train shall contain locomotives, cars or equipment which require speed restrictions or other movement restrictions below the authorized freight speeds as provided by Owner's operating rules and regulations without the prior consent of Owner. User shall indemnify, protect, defend, and save harmless Owner and its directors, officers, agents and employees from and against all liabilities when attributable solely to the failure of User to comply with the provisions of this subsection.

(c) User shall make such arrangements with Owner as may be required to have all of its employees who shall operate its trains, locomotives, cars and equipment over the Owner's track qualified for operation thereover, and User shall

pay to Owner, promptly upon receipt of bills therefor, any cost incurred by Owner in connection with the qualification of such employees of User, as well as the cost of pilots furnished by Owner, until such time as such employees are deemed by the appropriate examining officer of Owner to be properly qualified for operation as herein contemplated. This subparagraph shall not apply to Conrail crews who are presently qualified to operate in the Raritan Center Industrial Track. It is the intent of the parties that the relevant rules for this paragraph be drawn from N.O.R.A.C.

(d) Owner may conduct an investigation at its option if a User's employee working on Owner's property is alleged to have violated Owner's rules, regulations, orders, practices or instructions, or if an incident occurs which requires an investigation under applicable agreement rules. To exercise its option, Owner will schedule the investigation and notify User's Local Transportation Officer, who will, in turn, arrange to issue proper notice to the User's employee(s) of the investigation. Owner's scheduling of the investigation must comply with the time limits provided in the applicable agreement on User's railroad. Owner will provide its regulations, supplements, and safety rules to User at no cost.

(e) If Owner conducts an investigation, Owner shall have the right to exclude from its tracks any employee of User, except officers, as determined by Owner under the rules

of Owner's investigation or hearing described below, to be in violation of Owner's rules, regulations, orders, practices or instructions.

(f) In a major offense such as violation of Rule G, dishonesty, insubordination, or a serious violation of operating rules, wherein Owner desires to bar User's employee from service on Owner's rail lines pending an investigation by Owner, immediate verbal notification will be given to the appropriate Transportation Officer of User so that proper written notice can be issued to the employee.

(g) If Owner conducts an investigation, its officer will conduct the investigation, but an officer of User may be present to assure compliance with the User's labor agreement and practices with respect to investigation procedures. After the investigation is concluded, Owner will promptly furnish User with two copies of the transcript and a recommendation as to the discipline to be assessed. User's Transportation Officer will arrange to assess discipline, subject to receipt of Owner's recommended discipline, within the applicable time limits. If Owner recommends dismissal, User reserves the right to change the recommendation to the extent of barring the individual from operating over Owner's rail line.

(h) It is understood that Owner shall reimburse User for all payments that User might be required to make as a result of a challenge being made by the employee or his

representative as to the discipline recommended by Owner and assessed by User. User agrees to notify Owner before committing itself to making payment of any claim. In the event a claim is progressed to an Adjustment Board, Owner will be given an opportunity to review User's submission. Any payments made to employees, as a result of an investigation being "overturned", shall include not only actual wages, but in addition, shall include expenses which User may be required to pay covering vacation allowances, Railroad Retirement taxes, unemployment insurance taxes and any other payroll tax or fringe benefits.

(i) The trains, locomotives, cars and equipment of User, Owner, and any other present or future user of Owner's track or any portion thereof shall be operated without prejudice or partiality and in such manner as will afford the most economical and efficient manner of movement of all traffic.

(j) If by reason of any mechanical failure or for any other cause not resulting from an accident or derailment, a train or locomotive of User becomes stalled or unable to proceed under its own power, or fails to maintain the speed required by Owner on the Owner's Track, or if in emergencies crippled or otherwise defective cars are set out of User's trains on the Owner's track, Owner shall have the option to furnish motive power or such other assistance as may be necessary to haul, help, or push such trains, locomotives, or cars, or to properly move the disabled equipment off such trackage, and User shall reimburse Owner for the cost of rendering any such assistance.

(k) If it becomes necessary to make repairs to or adjust or transfer the lading of such crippled or defective cars in order to move them off the Owner's track, such work shall be done by Owner and User shall reimburse Owner for the cost thereof.

(l) In the event Owner and User agree that Owner should provide additional employees for the sole benefit of User, the parties hereto shall enter into a separate agreement under which User shall bear all cost and expense for any such additional employees, including without limitation all cost and expense associated with labor protective payments which are made by Owner and which would not have been incurred had the additional employees not been provided.

SECTION 7. CLEARING OF WRECKS

Whenever User's use of Owner's track requires rerailing, wrecking service, or wrecking train service, Owner shall perform such service, including the repair and restoration of roadbed, track and structures, except that Conrail will perform all rerailing or wrecking services required for equipment in its custody on both Conrail and Durham Trackage. The cost and expense thereof, including without limitation loss of, damage to, and destruction of any property whatsoever and injury to or death of any person or persons whomsoever resulting therefrom, shall be apportioned in accordance with

the provisions of Section 8 hereof. All locomotives, cars and equipment and salvage from same so picked up and removed which are owned by or under the management and control of or used by User at the time of such wreck shall be promptly delivered to User.

SECTION 8. LIABILITY

The responsibility of the parties hereto as between themselves for loss of, damage to, or destruction of any property whatsoever or injury to or death of any person or persons whomsoever, resulting from, arising out of, incidental to, or occurring in connection with the Operating Rights or the interchange operations set forth in this Agreement, shall be determined as follows:

(a) Whenever any loss of, damage to, or destruction of any property whatsoever, or injury to or death of any person or persons whomsoever, or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, occurs with the trains, locomotives, cars or equipment of, or in the account of, User being involved, without the trains, locomotives, cars, or equipment of, or in the account of, Owner being involved, User shall assume all liability therefor and bear all cost and expense in connection therewith, including without limitation all cost and expense referred to in Section 7 hereof, and shall forever protect, defend, indemnify, and save harmless Owner and

its directors, officers, agents, and employees from and against any such liability, cost, and expense, regardless of whether caused in whole or in part by the fault, failure, negligence, misconduct, nonfeasance or misfeasance of Owner or its directors, officers, agents or employees.

(b) Whenever any loss of, damage to, or destruction of any property whatsoever, or injury to or death of any person or persons whomsoever, or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, occurs with the trains, locomotives, cars, or equipment of, or in the account of, Owner being involved, without the trains, locomotives, cars, or equipment of, or in the account of, User being involved, Owner shall assume all liability therefor and bear all cost and expense in connection therewith, including without limitation all cost and expense referred to in Section 7 hereof, and shall forever protect, defend, indemnify, and save harmless User and its directors, officers, agents, and employees from and against any such liability, cost, and expense, regardless of whether caused in whole or in part by the fault, failure, negligence, misconduct, nonfeasance or misfeasance of User or its directors, officers, agents, or employees.

(c) Whenever any loss of, damage to, or destruction of any property whatsoever, or injury to or death of any person or persons whomsoever, or any damage to or destruction of the

environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, occurs with the trains, locomotives, cars, or equipment of, or in the account of, both Owner and User being involved, Owner and User shall separately assume and bear all liability, cost, and expense for loss of and damage to said trains, locomotives, cars (including without limitation lading), and equipment operated by each of them and for injury to and death of each of their directors, officers, agents, and employees, and persons in each of their care and custody, and all liability, cost, and expense for injury to and death of any other person or persons whomsoever, for loss of, damage to, or destruction of all other property (including without limitation the Subject Trackage) and for any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, so occurring shall be borne equally by Owner and User, including without limitation all cost and expense referred to in Section 7 hereof. Whenever any liability, cost, or expense is assumed by or apportioned to a party hereto under the foregoing provisions, that party shall forever protect, defend, indemnify, and save harmless the other party to this Agreement and its directors, officers, agents, and employees from and against that liability, cost, and expense assumed by that party or apportioned to it, regardless of whether caused in whole or in part by the fault, failure, negligence, misconduct, nonfeasance or misfeasance of the indemnitee or its directors, officers, agents or employees.

(d) Notwithstanding the foregoing provisions, whenever any loss of, damage to, or destruction of any property whatsoever, or injury to or death of any person or persons whomsoever, or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, occurs with the trains, locomotives, cars, or equipment of, or in the account of, both parties to this Agreement being so involved, and in the event such loss, damage, destruction, injury, or death is attributable to the sole negligence of the employee(s) on the train(s), locomotive(s), car(s), or caboose(s) of, or in the account of, only one of the parties to this Agreement where such sole negligence is the active or proximate cause of such loss, damage, destruction, injury, or death, the party hereto whose employee(s) was (were) solely negligent shall assume and bear all liability, cost, and expense in connection with the loss, damage, destruction, injury, and death so occurring, including without limitation all cost and expense referred to in Section 7 hereof, and said party shall forever protect, defend, indemnify, and save harmless the other party to this Agreement and its directors, officers, agents, and employees from and against any such liability, cost, and expense.

(e) In every case of death or injury suffered by an employee of either Owner or User, when compensation to such employee or employee's dependents is required to be paid under

any workmen's compensation, occupational disease, employer's liability, or other law, and either of said parties under the provisions of this Agreement is required to pay said compensation, if such compensation is required to be paid in installments over a period of time, such party shall not be released from paying any such future installments by reason of the expiration or other termination of this Agreement prior to any of the respective dates upon which any such future installments are to be paid.

(f) For purposes of this Section 8, pilots furnished by Owner to User pursuant to Section 6(c) of this Agreement shall be considered as the employees of User while such employees are on duty as a pilot.

(g) For the purposes of this Section 8, the word "equipment" shall mean and be confined to (i) cabooses, (ii) vehicles and machinery which are capable of being operated on railroad tracks that, at the time of an occurrence, are being operated on Owner's track, and (iii) vehicles and machinery that, at the time of an occurrence, are on the Owner's track or right-of-way, for the purpose of the maintenance or repair thereof or the clearing of wrecks thereon.

SECTION 9. INSURANCE

(a) During the term, and any continued term of this Agreement, Durham, at its own expense, shall procure and

maintain in effect a policy of public liability insurance, with limits of not less than \$3 million single limit, bodily injury and/or property damage, for damages arising out of bodily injuries to or death of all persons in any one occurrence and for damage to, or destruction of property, including the loss of use thereof, in any one occurrence, subject to a self-insured retention limit not to exceed Twenty-Five Thousand Dollars (\$25,000), including contractual liability insurance, which names Conrail as an additional insured and provides for a minimum of thirty (30) days' advance written notice to Conrail prior to any changes or cancellation. Failure to procure and maintain such insurance in force shall constitute a Breach of Contract hereunder.

(b) This insurance coverage shall be effected under standard form policies issued by insurers of financial responsibility, which are rated "A" or better by either Best's Insurance Reports, Standard & Poor's Insurance Rating Service or Moody's Investors Service. Conrail reserves the right to reject as inadequate, coverage provided by an insurance company rated less than "A" by the aforementioned rating services.

(c) If the insurance provided under this section takes the form of a "Claims Made Policy", Durham shall purchase whatever supplemental coverage may be necessary to provide continuous coverage of its potential liability under this Agreement, with annual occurrence and annual aggregate limits

no less than those required hereunder, for a period of time at least five (5) years following the termination of this Agreement. Durham shall immediately give Conrail written notice of any claim, or notice of incident, or notice of potential claim, that is required to be reported to Durham's liability insurance company.

(d) Durham shall provide annually, satisfactory evidence of coverage, written notice of any claim and any other correspondence dealing with insurance and insurance matters should be directed to:

Director - Insurance
Consolidated Rail Corporation
2001 Market Street 25-A
P.O. Box 41425
Philadelphia, PA 19101-1425

SECTION 10. INVESTIGATION

(a) Except as provided in Subsection (b) hereof, all claims, injuries, deaths, property damages, and losses arising out of or connected with this Agreement shall be investigated, adjusted, and defended by the party bearing the liability, cost, and expense therefor under the provisions of this Agreement.

(b) Each party will investigate, adjust, and defend all freight loss and damage claims filed with it in accordance with 49 U.S.C. Section 11707 or 49 C.F.R. Section 1005, or in accordance with any applicable transportation contracts filed pursuant to 49 U.S.C. Section 10713.

(c) In the event a claim or suit is asserted against Owner or User which is the other's duty hereunder to investigate, adjust, or defend, then, unless otherwise agreed, such other party shall, upon request, take over the investigation, adjustment, and defense of such claim or suit.

(d) All costs and expenses in connection with the investigation, adjustment, and defense of any claim or suit under this Agreement shall be included as costs and expenses in applying the liability provisions set forth in this Agreement, except that salaries or wages of full-time claim agents, full-time attorneys, and other full-time employees of either party engaged directly or indirectly in such work shall be borne by such party.

(e) Excluding freight loss and damage claims filed in accordance with 49 U.S.C. Section 11707 or 49 C.F.R. Section 1005, neither party shall settle or compromise any claim, demand, suit, or cause of action for which the other party has any liability under this Agreement without the concurrence of such other party if the consideration for such settlement or compromise exceeds Twenty-Five Thousand Dollars (\$25,000).

(f) It is understood that nothing in this Section shall modify or waive the conditions, obligations, assumptions, or apportionments provided in Section 8 hereof.

SECTION 11. ABANDONMENT OF SUBJECT TRACKAGE

Notwithstanding the provisions of Section 15 of this Agreement, Conrail may abandon the Conrail Trackage or such other portions of the Raritan Industrial track as would be detrimental to interchange operations between Durham and Conrail during the term of this Agreement, or any renewals thereof, upon giving Durham not less than ninety (90) days notice of Conrail's intent to abandon. In the event regulatory authority is required to effect such abandonment, Durham will not interfere with Conrail's actions to seek and to exercise such authority. Upon the date established by Conrail for abandonment of the Conrail Trackage or other portions of the Raritan Industrial Track by its aforesaid notice to Durham or upon the above-specified date of exercise of the regulatory authority to abandon and discontinue operations, whichever is later, this Agreement shall terminate and be of no further force and effect, except that termination of this Agreement shall not relieve or release either party hereto from any obligations assumed or from any liability which may have arisen or been incurred prior to said termination. In the event that one or more offers of financial assistance are received by Conrail for all or part of the Track to be abandoned, Conrail agrees to select Durham as the party with whom it shall first negotiate pursuant to 49 C.F.R. Section 1152.27^(c)~~(d)~~ (1). Durham hereby expressly reserves the right pursuant to 49 U.S.C. Section 10905 or Section 10906 to subsidize Conrail operations

JZP

or to acquire the Conrail Trackage or as much of the Raritan Industrial Track as required to establish a new interchange with Conrail. As used herein, Conrail Trackage means the entire Conrail Trackage or any portion or portions thereof.

SECTION 12. PAYMENT OF BILLS

(a) All payments called for under this Agreement shall be made within sixty (60) days after receipt of bills therefor. No payments shall be withheld because of any dispute as to the correctness of items in the bills rendered, and any discrepancies reconciled between the parties hereto shall be adjusted in the accounts of a subsequent month. The records of each party hereto, insofar as they pertain to matters covered by this Agreement, shall be open at all reasonable times to inspection by the other party.

(b) Bills rendered pursuant to the provisions of this Agreement, shall include direct labor and material costs, together with the surcharges, overhead percentages, and equipment rentals in effect at the time any work is performed.

SECTION 13. TERM

This Agreement shall take effect as of the Date first above written and shall continue in full force and effect until terminated by either party upon thirty (30) days advance written notice to the other party. Termination of this

Agreement shall not relieve, release or excuse either party from any liability which either party may have incurred or any obligation which may have accrued under any provisions of this Agreement prior to the effective date of termination.

SECTION 14. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto, provided, however, that neither party hereto shall transfer or assign this Agreement, or any of its rights, interests, or obligations hereunder, by merger or otherwise, to any person, firm or corporation without obtaining the prior written consent of the other party.

SECTION 15. NOTICE

Any notice required or permitted to be given by one party to the other under this Agreement shall be deemed given on the date sent by certified mail, or by such other means as the parties may mutually agree, and shall be addressed as follows:

(a) If to Conrail:

General Manager -
Contracts Department
Consolidated Rail Corporation
2001 Market Street 14C
P.O. Box 41414
Philadelphia, PA 19101-1414

(b) If to Durham:

Durham Transport, Inc.
c/o General Manager
P.O. Box 479
Stockton, NJ 08559

(c) Either party may provide changes in the above addresses to the other party by personal service or certified mail.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

WITNESS:

Wm. P. Cook

CONSOLIDATED RAIL CORPORATION

By: *[Signature]*
General Manager -
Contracts Department

WITNESS:

Mary E. Doolittle

DURHAM TRANSPORT, INC.

By: *[Signature]*
President

CONRAIL



May 24, 1994

Mr. G. David Crane, President
Durham Transport, Inc.
P. O. Box 479
Stockton, NJ 08559

Dear David:

This letter of agreement is to confirm pricing and settlement arrangements between Conrail and Durham Transport, Inc. at Raritan Center in Edison, New Jersey.

Durham Transport, Inc. will be a switching and terminal carrier and will apply to the Interstate Commerce Commission for certification as such. As a switching and terminal carrier, Durham will not participate in through line haul rates. Conrail will be the originating or terminating line haul carrier and revenues for Durham will be settled in accordance with AAR Mandatory Freight Accounting Rules for switching settlements, as provided in a separate Freight Operations Agreement between Durham and Conrail.

Durham will also obtain Alpha and Numeric Railroad Codes from the Association of American Railroads (AAR). Please advise us when you have received these.

Unless otherwise restricted by the terms of applicable line haul tariffs, circulars, exempt quotations, contracts, or Item 820 (Minimum Freight Revenue Requirements) of CR Switching Tariff 8001-C, supplements thereto, or successive issues thereof, Conrail is willing to absorb switching charges of \$217.00 per car for customers served by Durham Transport, Inc. at Raritan Center. This absorption will be published in CR Switching Tariff 8001-C.

As you know, the customers served will be limited to those located on trackage ~~owned~~ by Raritan Center.

Conrail

According to our records, the following patrons are active rail customers located on trackage ~~owned~~^{leased} by Raritan Center: ~~Conrail~~

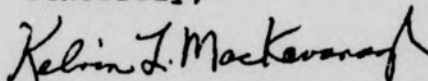
W. T. Grant and Sons
J. M. Huber
Mead Johnson
Michelin Tires
Nestle
North American Packaging
Riviana Foods
Spectrum International
Wakefern Foods

A listing of those customers should be published in Durham Transport, Inc.'s switching tariff. Conrail should be provided with advance notice of any changes in the published list of customers.

Conrail has created a new station designated as Raritan Center, New Jersey (FSAC 86002). This station will be used exclusively for customers served by Durham Transport. Our customer profiles for the patrons listed above will be altered to reflect this new location when you are ready to commence operations.

If you have any questions, please let me know.


Sincerely,



Kelvin L. MacKavanagh
Director - Short Line Relations

cc: Paul J. Machalette
John J. Paylor

Accepted



G. David Crane
President
Durham Transport, Inc.

Date _____

Kelvin - Durham Railroad Codes are Alpha: DRHY
Numeric: 275
D. Crane

EXHIBIT A

SERVICE DATE

NOV 6 1991

FR 7035-01
DO

INTERSTATE COMMERCE COMMISSION

NOTICE OF EXEMPTION

[Finance Docket No. 31917]

DURHAM TRANSPORT, INC.--ACQUISITION AND OPERATION
EXEMPTION--CENTER REALTY, FEDERAL STORAGE WAREHOUSES,
AND GARDEN STATE BUILDINGS, L.P.

Durham Transport, Inc. (Durham), a non-carrier, has filed a notice of exemption to acquire, through an easement agreement, and operate approximately 12 miles of rail line within the Raritan Center Industrial Park, at Edison, Middlesex County, NJ. The line is owned by Center Realty, Federal Storage Warehouses, and Garden State Buildings, L.P., all non-carriers. Durham will become a class III rail carrier and intends to interchange traffic with Conrail, which had been providing service on the line. Consummation is expected to occur on or about November 15, 1991.¹

Any comments must be filed with the Commission and served on G. David Crane, 9 Market Place, Village of Logan Square, New Hope, PA 18938.

¹ The parties indicate that the easement agreement was "completed" on September 15, 1989, and that "operation of . . . the line . . . will be consummated on or about the 15th day of November, 1991, or as soon thereafter as this Notice of Exemption becomes effective." The class exemption that the parties have invoked becomes effective 7 days after the verified notice of the transaction is filed. 49 CFR 1150.32(b). A verified notice of exemption in this proceeding was filed October 8, 1991, and was supplemented by a filing on October 30, 1991.

Finance Docket No. 31917

This notice is filed under 49 CFR 1150.31. If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10505(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

Decided: October 31, 1991

By the Commission, David M. Konschnik, Director, Office of Proceedings.

Sidney L. Strickland, Jr.
Secretary

(SEAL)

LAW OFFICES

VUONO, LAVELLE & GRAY

2310 GRANT BUILDING

PITTSBURGH, PA. 15219-2983

(412) 471-1800

JOHN A. VUONO
WILLIAM J. LAVELLE
WILLIAM A. GRAY
MARK T. VUONO *
RICHARD R. WILSON
DENNIS J. KUSTURISS
CHRISTINE M. DOLFI
PETER J. SCANLON

September 20, 1993

TELECOPIER
(412) 471-4477

* ALSO MEMBER OF FLORIDA BAR

Re: Durham Transportation Company
Our File 3961

BY TELECOPIER 215-209-4819

John J. Paylor, Esq.
Associate General Counsel
Consolidated Rail Corporation
2001 Market Street
16-A Two Commerce Square
P. O. Box 41416
Philadelphia, PA 19101-1416

Dear John:

We are pleased to enclose a copy of the Approval of Designated Common Carrier and Consent to Interchange which has been executed on behalf of Center Realty, L.P., Federal Storage Warehouses, and Garden State Buildings, L.P. By virtue of this approval and consent, the Grant of Easement under which Durham Transport provides common carrier rail service to the Federal Business Center in Edison, NJ, is extended to Conrail for purposes of interchange.

Paragraph 11 of the Grant of Easement to Durham Transport states:

This grant of easement is not divisible and only applies to the Grantee and the common rail carrier designated by Grantee. The Grantee shall not assign or transfer this grant of easement. The Grantee shall not permit any person to use the easement property, except for the common rail carrier designated by Grantee and approved by the Grantors. (Emphasis added.)

Durham Transport has designated Conrail as the line haul carrier with whom it will interchange traffic and the Federal Business Center parties have agreed to grant Conrail easement rights over its property and tracks to permit interchange of traffic in accordance with the terms and conditions of the October 21, 1992 draft Interchange Agreement.

John J. Paylor, Esq.
Page Two
September 20, 1993

Our review of your letter of May 7, 1993 indicates that Conrail's principal concern was that the grant of easement to Durham was only an "in gross" or personal right to use the track, and that Durham did not have the right to further lease, sublease or assign its rights, without the written consent of the owner. The approval and consent enclosed herewith provides that requisite written consent and should therefore eliminate any further reluctance of the part of Conrail to enter into an Interchange Agreement with Durham Transport.

Durham Transport has a locomotive on station at the Raritan Center and is ready to commence interchange operations at the earliest possible date. Given the delays that have been encountered by the parties in this matter, we believe it would be appropriate and feasible for Durham and Conrail to finalize and execute an Interchange Agreement by September 30, 1993.

Would you please contact us as soon as possible so that we can discuss the steps which need to be undertaken in order to conclude this matter by that date.

Very truly yours,

VUONO, LAVELLE & GRAY

Richard R. Wilson

pz
Enclosure
cc: Mr. G. David Crane

Approval of Designated Common Carrier and Consent to Interchange

AND NOW, this 16th day of September, 1993, pursuant to paragraph 11 of the Contract for Grant of Easement (the "Easement") dated September 15, 1989, the undersigned parties hereto agree and consent to an Interchange Agreement and the designation of the common carrier therein between Durham Transport and Consolidated Rail Corporation which provides for the utilization of certain tracks upon the properties of the undersigned for purposes of interchange of freight traffic as permitted in the Easement and the Contract for the Grant of Easement between the undersigned and Durham Transport, also dated September 15, 1989.

CENTER REALTY, L.P.

By: Federal Business Centers, Inc.
Corporate General Partner

Dated: September 16, 1993

Peter Visceglia

By: Peter Visceglia, President

FEDERAL STORAGE WAREHOUSES

Dated: September 16, 1993

Peter Visceglia

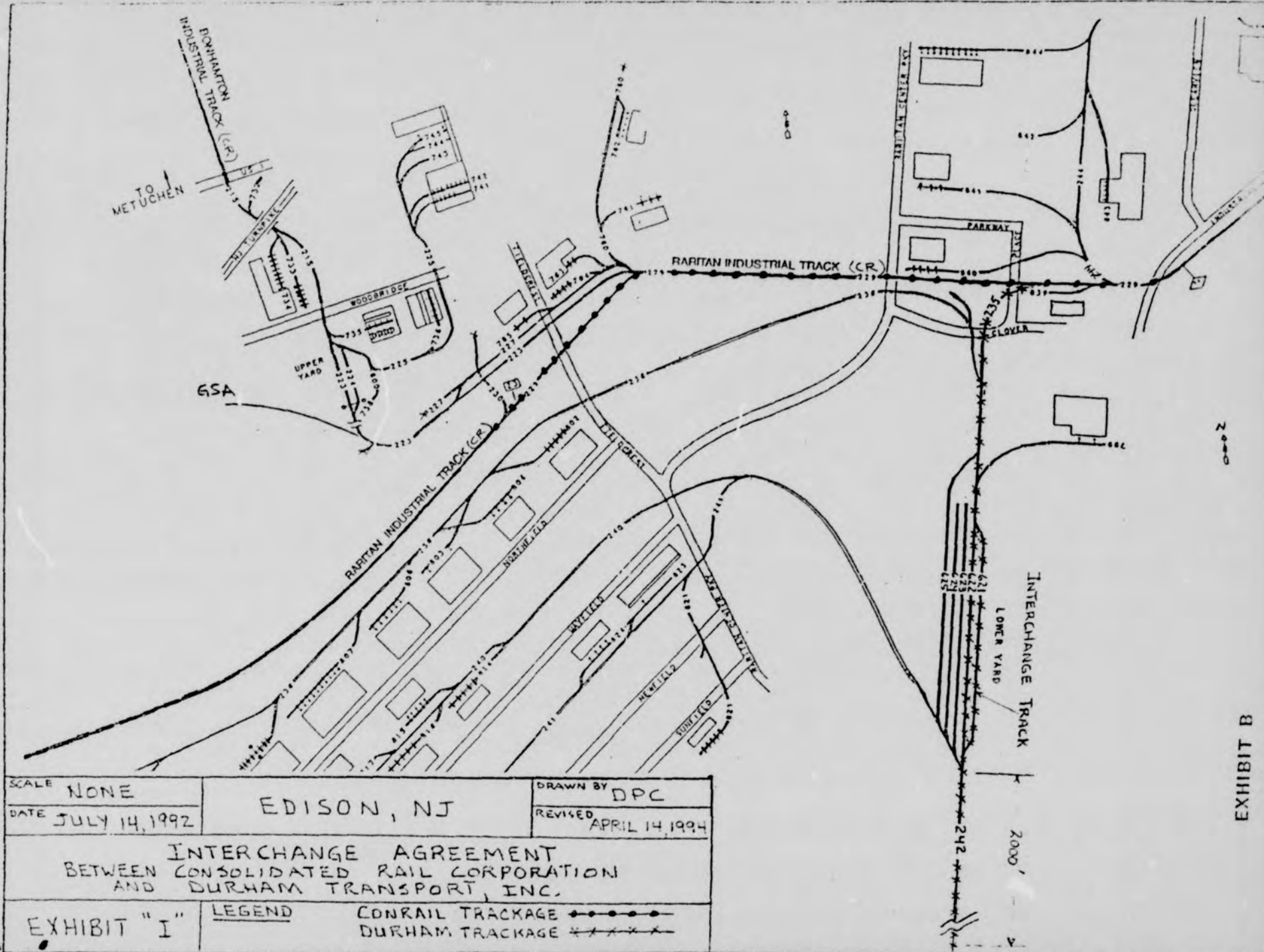
By: Peter Visceglia, Vice President

GARDEN STATE BUILDINGS, L.P.

Dated: _____

John B. Visceglia

By: John B. Visceglia, General Partner



STB

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LAROE, WINN, MOERMAN & DONOVAN

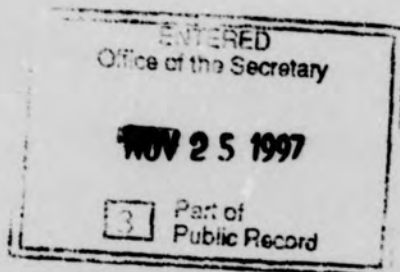
ATTORNEYS AT LAW

3506 IDAHO AVENUE, N. W.

WASHINGTON, D. C. 20016

TELEPHONE (202) 362-3010

FAX (202) 362-3050



November 25, 1997

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

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

Dear Secretary Williams:

In the transmittal letter accompanying NYNJ-18, filed November 24, 1997, I erroneously indicated that the Port Authority of New York and New Jersey was filing confidential and highly confidential versions, as well as a public version, of NYNJ-18. In fact, the Port Authority filed only a public version of that document. I regret the error.

Very truly yours,

Paul M. Donovan

cc: Restricted Service List

LAROE, WINN, MOERMAN & DONOVAN

ATTORNEYS AT LAW

3506 IDAHO AVENUE, N. W.

WASHINGTON, D. C. 20018

TELEPHONE (202) 362-3010

FAX (202) 362-3050



November 24, 1997

Vernon A. Williams, Secretary
Office of the Secretary
Case Control Branch
ATTN: STB Finance Docket No. 33383
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001

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

Dear Secretary Williams:

Enclosed are an original and twenty-five (25) copies of the highly confidential version, an original and twenty-five copies of the confidential version, and an original and twenty-five (25) copies of Comments on Behalf of the Port Authority of New York and New Jersey With REspect to Applicants' North Jersey Shared Asset Operating Plan (NYNJ-18) for filing in the above-captioned proceeding. An additional copy of each is enclosed for file stamp and return with our messenger. Please note that copies of these filings are also enclosed on 3.5-inch diskette in WordPerfect 5.1 format.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Paul M. Donovan".

Paul M. Donovan

STB

FD

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11-24-97

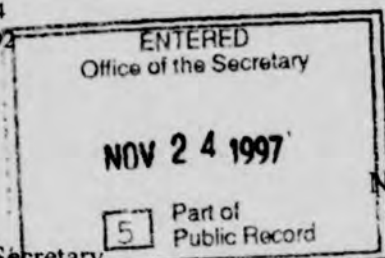
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RUTGERS ENVIRONMENTAL LAW CLINIC

15 Washington Street, Room 304
Newark, New Jersey 07102-3192
(973) 353-5695
(973) 353-1249 (FAX)

Rutgers, The State University of New Jersey
School of Law-Newark



November 22, 1997



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

RE: FINANCE DOCKET NO.33388 - APPLICANTS' NORTH JERSEY SHARED ASSETS
AREA OPERATING PLANS

Dear Mr. Williams:

The following comments are submitted on behalf of the Tri-State Transportation Campaign (Tri-State) in response to the supplemental operating plan for the North Jersey Shared Assets Area (Shared Assets Area) submitted by the Applicants CSX and NS, as required by the Surface Transportation Board (STB) in Decision No. 44 of October 15, 1997. The operating plan deals with operations west of the Hudson River following the Conrail acquisition. Tri-State's earlier comments requested that STB impose certain conditions on the acquisition to achieve two-carrier competitive rail freight service east of the Hudson River. Below, Tri-State re-emphasizes the previous conditions and, in light of the supplemental operating plan, requests additional conditions.

The most compelling reason for imposing these conditions is the need to improve rail freight service and thus reduce truck vehicle-miles of travel on the crowded roads in the Tri-State Region, especially adjacent to the Hudson River. Reduced truck VMT produces important benefits for the region: less wear and tear on roads, fewer deaths and injuries from motor vehicle crashes, less time lost by road users on congested highways, and reduced air and noise pollution.

The east of Hudson sector is not well served by rail freight, and the corrective actions described in the October 20, 1997 letter would go a long way toward reducing dependence on trucks for freight delivery in New York City, Long Island, Westchester County and Connecticut. Although the area encompassed by the North Jersey SAA is far better served by rail, many of the same ill effects of excessive truck dependence occur in that area as well. While the applicants have indicated that intermodal freight movement can be expected to increase significantly as a result of the acquisition, the impact on carload rail freight activity is less clear. From an environmental standpoint, carload freight movement, which involves the delivery of goods by rail directly to shippers' sidings or service tracks, is preferable even to rail intermodal goods movement, which requires drayage from intermodal terminals on congested metropolitan roads to reach shipper loading docks. Carload delivery also can support concentration of development in areas with existing infrastructure, an objective that Tri-State promotes as a component of sound land use planning. Tri-State has examined the Shared Assts Area operating plan with

these considerations in mind.

The supplemental operating plan describes the restoration and increase in use of the hump classification yard at Oak Island, the region's only remaining yard of this type. This could be an important enhancement for carload freight in the region. Unfortunately, the applicants' plan offers little quantitative evidence that direct carload shipments will increase or that truck VMT will decrease in Northern New Jersey as a result of the acquisition and the Shared Assts Area operating plan. Tri-State believes the anticipated annual carloads shipped and delivered through Oak Island Yard before and after the acquisition should be laid out in the plan to allow an adequate assessment of the effects of the acquisition.

A further concern is that the complex Shared Assts Area operation may impose burdensome costs on NS and CSX and lead these carriers to encourage carload shippers to relocate away from their existing plants to more remote locations that are beyond the limits of the Shared Assts Area. Remaining shippers would then face even higher costs and this trend could accelerate. The resulting increase in truck VMT and disinvestment in urban areas in Northern New Jersey could be significant.

Finally, among Tri-State's highest priorities is seeking improvements to rail passenger service in order to provide attractive alternatives to auto travel in the region. Tri-State supports increased frequency of train service on some existing commuter rail lines, in effect converting them to "regional rail" lines, as a means of fostering transit-friendly communities along these lines and encouraging discretionary travel by public transit. Therefore Tri-State, while in favor of significant increases in rail freight activity, shares the concerns of New Jersey Transit (NJT) and others regarding the impact of the merger on passenger service.

NJT is currently conducting detailed studies for new passenger service on the West Shore line and the West Trenton line, both busy freight routes, and expanding service on some existing lines. In response to concerns raised by NJT, the Shared Assts Area operating plan devotes a good deal of attention to potential interference of freight operations with existing rail passenger service. Specifically, the plan calls for operating ten fewer freight trains on the busy Aldene-Hunter segment of the Raritan Valley commuter rail line. Elsewhere, the plan envisions some increases in freight service on Amtrak's North East Corridor (NEC) line and NJ Transit's Port Jervis line. While the operating plan does not anticipate that the increases will have significant negative impacts on passenger service, the level of uncertainty, as well as the Applicants' history of less than amicable relationship with passenger rail operators, makes this an issue of continuing concern.

In light of the above considerations, Tri-State recommends that the STB impose the following conditions on the proposed acquisition:

1. The five conditions described in Tri-State's Oct. 20th comments.

Two carrier competition east of the Hudson is crucial to increasing rail freight activity in this sector. Under the current acquisition plan, CSX will inherit Conrail trackage rights east of the Hudson and become the sole carrier. In its prior submission, Tri-State recommended that NS gain access to the east of Hudson sector by improving car float service across the Hudson, making use of the 65th St. yard in Brooklyn for intermodal service, gaining trackage rights from 65th St. yard to Hunts Point Market in the Bronx and on to New Haven, CT, and gaining trackage rights through Amtrak's Penn Station tunnel for low profile and roadrailer equipment. Tri-State also requested that STB require CSX to modify its operating plan to include conventional piggyback service to Harlem River Yard.

Tri-State has reviewed the intervention petition by Congressman Nadler, et als., which calls for the Shared Assts Area to be extended across the Hudson and include many Conrail facilities currently proposed to be assigned to CSX. Tri-State regards this plan as a highly significant improvement to the plan offered by the railroads and recognizes it as an alternative to our own proposal for two carrier service east of the Hudson through NS trackage rights. Both plans strive for a dramatic increase in cross-Hudson rail freight movements, and both may offer the accompanying gains in competition and economic benefits, as well as reductions in truck VMT. Tri-State favors the trackage rights plan because it is simpler and avoids the introduction of a third party, namely the Shared Assts Area operator, which could lead to higher costs and less incentive to invest in the area.

2. The Shared Assts Area operating plan must spell out specific measures to maintain, expand and improve the hump classification facility for carload freight at Oak Island Yard in Newark, NJ.

Oak Island, the region's sole remaining hump classification yard, is an important asset for retaining and increasing carload freight business generated by the Shared Assts Area lines west of the Hudson. Furthermore, Oak Island is strategically located to facilitate increased NS carload business to points east of the Hudson, including Long Island and New England, through the cross-Harbor carfloat and the trackage rights plan previously advanced by Tri-State. The Shared Assts Area operating plan indicates that the hump at Oak Island has been put back into operation and will be used to a greater extent in the future. Specific physical improvements to maintain this hump yard are not described in the plan, however. The opportunity exists to modernize and expand this important facility, and approval of the railroads' application should be conditioned on a commitment to certain capital improvements.

Land is available adjacent to the Oak Island classification yard. Once two yards operated at Oak Island, while there is currently only one. Investments in the adjacent yard, track, and/or

switching connections will make access to secondary yards easier. Commitments to improvements of this type elsewhere, including Philadelphia, Harrisburg and Pittsburgh, Pennsylvania, appear in the railroads' application and should be made for Oak Island as well.

3. The Shared Assts Area operating plan must aggressively pursue carload freight in its West of Hudson service area and commit to not shifting carload freight to intermodal.

Specific measures to increase carload freight should be described in the plan. As a pre-condition of approval of the acquisition, the Applicants should be required to conduct an assessment for New Jersey similar to the New York Downstate Rail Freight Study (Mercer, 1995), which indicated a substantial untapped potential for conventional carload freight, the method of freight movement that is least damaging to the environment and livability of the region. Based on the study results, STB should assign both carriers specific target levels for carload freight traffic. STB should monitor the attainment of these levels for a minimum of five years.

4. NS and CSX must commit to retaining carload and intermodal freight within the metro area and discouraging its relocation to the outer fringes, or more distant points.

NS and CSX must monitor the cost of operating the shared asset rail lines and provide assurance to STB that costs will be below levels that would encourage shippers from relocating to more remote points in western NJ and eastern PA. This concern is critical for two reasons. First, commercial relocation to remote points will necessarily lead to increases in truck VMT, contrary to the claims made for the acquisition as a whole. Second, any shift of industries from long-standing urban core areas within the Shared Assts Area currently served by rail to fringe areas, where shipping rates may be lower, would violate sound land use principles and cause a loss of jobs in urban centers. Such a shift would in particular be counter to policies set forth in the New Jersey State Plan for Development and Redevelopment, which states that economic activity should be concentrated in existing centers. Because of the adverse effects, both economic and environmental, that dispersion could have, STB should maintain oversight for a minimum of five years to ensure that rates do not discriminate against centrally located shippers. If the cost for the shared assess services rises precipitously, STB must intervene, investigate and take appropriate action.

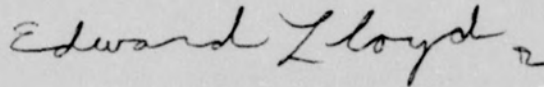
5. NS, CSX and the shared asset operator must cooperate with NJ Transit and MTA to allow for expansion of rail passenger service on existing routes and the introduction of passenger service on new routes in the West of Hudson sector.

Increased levels of service on existing routes, as well as new service on lines that are presently freight-only, are needed to reduce car use in the region. Transit operators can be expected to fund incremental investments in track and signals needed to accommodate passenger

Vernon A. Williams
November 22, 1997
Page 5

service. CSX and NS must be required, as a condition of their application's approval, to negotiate reasonable requirements for physical facilities and operating plans. In the event of a dispute between the freight and passenger carriers, FTA and STB must arbitrate reasonable terms and conditions.

Respectfully submitted,

A handwritten signature in cursive script that reads "Edward Lloyd".

Edward Lloyd
General Counsel
Tri-State Transportation Campaign

c: Parties of Record

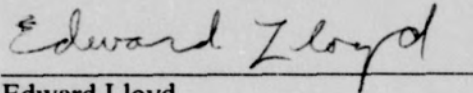
Before the
SURFACE TRANSPORTATION BOARD
Washington, D.C.

Finance Docket No.33388

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

CERTIFICATE OF SERVICE

I hereby certify that on or before November 25, 1997, a copy of the foregoing document will be served by first-class mail upon Administrative Law Judge Leventhal and upon all parties of record, as listed on the official service list issued by the Board on August 19, 1997 in Decision No.21.

A handwritten signature in cursive script, reading "Edward Lloyd", is written over a horizontal line.

Edward Lloyd
Rutgers Environmental Law Clinic
15 Washington Street
Newark, NJ 07102

STB

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33388

10-23-97

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Argeo Paul Cellucci
Governor

Patrick J. Moynihan
Secretary and MBTA Chairman

183054
The Commonwealth of Massachusetts
Executive Office of Transportation and Construction
Ten Park Plaza, Boston MA 02116-3969

D

October 22, 1997



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

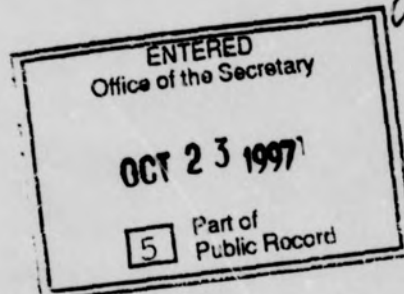
RE: Finance Docket 33388 ~~sub 36~~

Dear Mr. Williams:

Enclosed please find a Certificate of Service for the Commonwealth of Massachusetts request for an extension, which was previously filed on October 21, 1997.

Very truly yours,

John D. Cirame
Deputy General Counsel
Commonwealth of Massachusetts





Argeo Paul Cellucci
Governor

Patrick J. Moynihan
Secretary and MBTA Chairman

The Commonwealth of Massachusetts
Executive Office of Transportation and Construction
Ten Park Plaza, Boston MA 02116-3969

October 21, 1997

Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street N.W.
Washington, D.C. 20433-0001

Re: Finance Docket 33388 sub86

Dear Mr. Williams:

The Commonwealth of Massachusetts intends to file comments on the pending joint application of CSX/NS for control of Conrail. We have been in active negotiation with CSX on substantive issues and believe we have reached agreement in most areas. However, several points remain to be resolved.

We respectfully request, with the concurrence of CSX, an extension of not more than ten days to complete our filing with the Board in this matter. Your cooperation is appreciated.

Respectfully submitted,

John D. Cirame
Deputy General Counsel
Commonwealth of Massachusetts

c: M. Ruehling, CSX Corp.





CERTIFICATE OF SERVICE

I hereby certify that on the 22nd day of October, 1997, I served a copy of the foregoing Executive Office of Transportation and Construction's request for an extension by the Commonwealth of Massachusetts first class mail, postage prepaid, upon:

Richard A. Allen, Esq.
Zuckert, Scoutt & Rasenberger, LLP
888 Seventeenth Street, N.W. Suite 600
Washington, D.C. 20006-3939

Administrative Law Judge Jacob Leventhal
Federal Energy Regulatory Commission
888 First Street, N.E., Suite 11F
Washington, D.C. 20004-1202

Paul A. Cunningham, Esq.
Markins Cunningham
1300 19th Street, N.W., Suite 600
Washington, D.C. 20002

Richard G. Slattery, Esq.
National Railroad Passenger Corporation
60 Massachusetts Avenue, N.E.
Washington, D.C. 20002

James C. Bishop, Jr., Esq.
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510-2191

John M. Nannes, Esq.
Scot B. Hutchins, Esq.
Skadden, Arps, Slate, Meagher & Flom, LLP
1440 New York Avenue, N.W.
Washington, D.C. 20005-2111

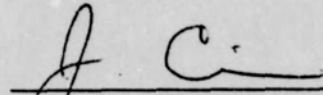
Mark G. Aron, Esq.
Peter J. Schudtz, Esq.
Ellen M. Fitzsimmons, Esq.
CSX Corporation
One James Center
901 East Cary Street
Richmond, VA 23129

P. Michael Giftos, Esq.
CSX Transportation, Inc.
500 Water Street
Jacksonville, FL 32202

Samuel M. Sipe, Jr., Esq.
Steptoe & Johnson, LLP
1330 Connecticut Avenue, N.W.
Washington, DC 20036-1795

Timothy O'Toole, Esq.
Constance L. Abrams, Esq.
Consolidated Rail Corporation
Two Commerce Square
2001 Market Street
Philadelphia, PA 19101

and upon all other Parties of Record in this proceeding.



John D. Cirame
Deputy General Counsel
Counsel for the Commonwealth
of Massachusetts Executive
Office of Transportation and
Construction

STB

FD

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10-21-97

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U.S. Department of
Transportation
Office of the Secretary
of Transportation

GENERAL COUNSEL

400 Seventh St., S.W.
Washington, D.C. 20590

182875

October 21, 1997

Vernon A. Williams, Secretary
Surface Transportation Board
Suite 700
1925 K Street, N.W.
Washington, D.C. 20423-0001



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

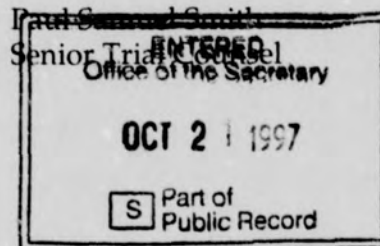
Dear Secretary Williams:

Pursuant to Decision No. 6 in the above-referenced proceeding, the United States Department of Transportation encloses herewith an original and twenty-five copies of its Preliminary Comments ("DOT-3") in this matter. As requested, this document is also contained on the enclosed computer diskette, formatted for WordPerfect 6.0 and therefore suitable for conversion into WordPerfect 7.0.

I have also included an additional copy that I ask be date-stamped and returned to the messenger.

Respectfully submitted,

Paul Samuel Smith



Enclosures

cc: Hon. Jacob Leventhal
Parties of Record

182875

Original

Original

DOT-3

Original

Before the
Surface Transportation Board
Washington, D.C.

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



Preliminary Comments of the

United States Department of Transportation

Original

Original

JOLENE M. MOLITORIS
Administrator

NANCY E. McFADDEN
General Counsel

DONALD M. ITZKOFF
Deputy Administrator

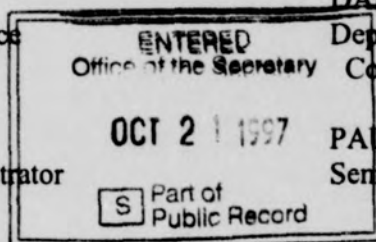
ROSALIND A. KNAPP
Deputy General Counsel

EDWARD R. ENGLISH
Office of Safety Compliance
and Assurance

DALE C. ANDREWS
Deputy Assistant General
Counsel for Litigation

RAPHAEL KEDAR
Deputy Associate Administrator
for Policy Systems

PAUL SAMUEL SMITH
Senior Trial Counsel



JOSEPH R. POMPONIO
Office of the Chief Counsel

Office of the Secretary
400 Seventh Street, S.W.
Washington, D.C. 20590
(202) 366-9285

Federal Railroad Administration

October 21, 1997

Original

182875

DOT-3

Before the
Surface Transportation Board
Washington, D.C.



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

Preliminary Comments of the
United States Department of Transportation

JOLENE M. MOLITORIS
Administrator

NANCY E. McFADDEN
General Counsel

DONALD M. ITZKOFF
Deputy Administrator

ROSALIND A. KNAPP
Deputy General Counsel

EDWARD R. ENGLISH
Office of Safety Compliance
and Assurance

DALE C. ANDREWS
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Deputy Associate Administrator
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PAUL SAMUEL SMITH
Senior Trial Counsel

JOSEPH R. POMPONIO
Office of the Chief Counsel

Federal Railroad Administration

Office of the Secretary
400 Seventh Street, S.W.
Washington, D.C. 20590
(202) 366-9285

October 21, 1997

**Before the
Surface Transportation Board
Washington, D.C.**

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

**Preliminary Comments of the
United States Department of Transportation**

Introduction

On June 23, 1997, CSX Corporation ("CSXC"), CSX Transportation, Inc. ("CSXT"), Norfolk Southern Corporation ("NSC"), Norfolk Southern Railway Company ("NSR"), Conrail, Inc. ("CRR"), and Consolidated Rail Corporation ("CRC") (collectively, "Applicants"),¹ filed an application with the Surface Transportation Board ("STB" or "Board") seeking approval and authorization under 49 U.S.C. §§ 113231-25 for: (1) the acquisition by CSX and NS of control of Conrail, and (2) the division of the assets of Conrail between CSX and NS. The Board found the application in substantial compliance with applicable rules and accepted it for consideration. Decision No. 12, served July 23, 1997.

¹ / The abbreviations used herein are consistent with those adopted by the Board. Hence, CSXC and CSXT, and their wholly-owned subsidiaries, are referred to collectively as "CSX." NSC and NSR, and their wholly-owned subsidiaries, are referred to collectively as "NS." CRR and CRC, and their wholly-owned subsidiaries, are referred to collectively as "Conrail." Decision No. 12, served July 23, 1997, at note 2.

By Decision No. 6, served May 30, 1997, the STB concluded that the National Environmental Policy Act ("NEPA") requires preparation of an environmental impact statement ("EIS") to enable it to identify and assess the likely environmental consequences of this transaction. Those potential consequences encompass safety (e.g., increased risk of grade crossing accidents, integration of different rail operations and procedures) air quality, rail passenger operations (intercity and commuter), and community impacts (arising from increases in train traffic). Notice of Final Scope of EIS, served October 1, 1997. ²

By Decision No. 6 the Board also established a procedural schedule for this proceeding that encompasses 350 days from submission of the application to service of the Board's final decision. That Decision also calls for the United States Department of Transportation ("DOT" or "Department") to submit its preliminary comments on the proposed transaction by October 21, 1997.

The role of the Department in this proceeding is ultimately grounded both in the statutory provisions that govern this transaction, 49 U.S.C. §§ 11323-24, and in DOT's statutory responsibilities as the Executive Department of the United States established by Congress "to provide general leadership in identifying and solving transportation problems," to the end that the Secretary of Transportation "shall provide leadership in the development of transportation policies and programs." ³ Pursuant to these provisions and the Board's prior orders, we hereby submit our preliminary comments on the proposed transaction.

Preliminary Comments

Through this transaction the two largest railroads in the Eastern United States, CSX and NS, would gain control over and divide the assets of the third largest, Conrail. CSX operates approximately 18,500 route miles and almost 32,000 track miles of railroad in 20 states east of the Mississippi River and in Canada. CSX has principal routes to virtually every major metropolitan area in the Midwest and Eastern United States: between Chicago, St. Louis, Memphis, and New Orleans on the one hand, and Miami, Norfolk, Washington, D.C., and

²/ A draft EIS is now scheduled to be issued in November, 1997.

³/ 49 U.S.C. §§ 101(b)(5) and 301(2), respectively.

Philadelphia on the other.

NS operates more than 14,000 route miles and 25,000 track miles of railroad, also in 20 states east of the Mississippi and in Canada. NS has routes to virtually every major market from Kansas City and Chicago in the Midwest, to New Orleans in the South, to Norfolk in the East, and to Buffalo in the North. Both CSX and NS also serve the major metropolitan areas of Atlanta, Detroit, Cincinnati, Louisville, Kentucky, Jacksonville, Florida, and Charlotte, North Carolina. Both interchange traffic with other railroads at these and numerous other locations throughout their systems.

Conrail operates approximately 10,500 miles of track in the Northeast and Midwest. Its primary network forms an "X" connecting Chicago and East St. Louis in the West with Boston, New York, Philadelphia, Baltimore, and Washington, D.C. in the East. The lines of the "X" intersect in the vicinity of Cleveland, Ohio. Conrail also serves Pittsburgh, Indianapolis, Detroit, Cincinnati, and Montreal, Canada.

CSX and NS ultimately agreed jointly to purchase Conrail common stock for more than \$10 billion in cash. This amount, and most of Conrail's assets, will be divided between NS and CSX on a 58% - 42% revenue basis, respectively. The remainder of Conrail's physical assets -- track, rolling stock, yards, etc. -- are largely contained in three so-called "Shared Asset Areas" in Detroit, Northern New Jersey, and Southern New Jersey/Philadelphia. Both CSX and NS will provide service to shippers in these areas via their own trains, crews, and equipment; each will set its own rates and service offerings independently. CSX/NS-18 at 45-46. ⁴ Maintenance and dispatching in these areas will be undertaken by a jointly-owned successor to Conrail.

The Applicants contend that the proposed transaction is in the public interest and should be approved. It will enhance intramodal competition, in their view, because it will introduce service by both CSX and NS into areas in which Conrail has effectively enjoyed a monopoly, and because it will extend single line service to more shippers. The Applicants also urge that approval of the transaction will intensify intermodal competition because the resulting improved rail service will in their view divert much traffic now hauled by motor carriers. By removing large numbers of trucks from the highways, particularly

⁴/ There are also other areas in which Conrail assets will be shared by NS and CSX. *Id.* at 49-54.

the heavily traveled I-95 corridor, this transaction will also increase safety and improve air quality as well. Finally, the Applicants aver that the transaction will produce significant savings through improved integration of facilities and better utilization of equipment. They submit that quantifiable public benefits amount to nearly \$1 billion annually. Statements from many shippers, receivers, and States and various public bodies in support of this proposal have been filed.

The Department is not taking a position on the merits of the application at this time. Neither does DOT take a position at this time as to whether relief would be required in the public interest as a condition to any approval by the Board. However, it is clear that the proposed transaction raises fundamental issues concerning the rail industry in the United States. These include the transaction's impact on competition, on communities likely to be subject to the passage of many more trains, on passenger rail operations, on the Applicants' employees, and on the financial prospects of NS and CSX (and therefore of rail service in the East). As discussed below, we also believe that, given the scope of this acquisition and the recent difficulties experienced by large Class I rail carriers in trying to integrate mergers of their own, there are fundamental safety issues that arise from the pending transaction and that need to be addressed.

The Department considers it essential for the Board to develop a complete evidentiary record and to consider the full impacts of the proposal. We intend to participate in these proceedings to that end. DOT anticipates submitting its views on the merits of the transaction in its brief, which is due February 23, 1998.

The Transaction's Potential Effect on Safety

In the Department's view, the most important issue raised by the pending transaction is its potential effect on safety. We have learned from the UP/SP and BN/SF mergers⁵ that the integration of two major Class I railroads into one even larger carrier presents significant challenges in a great many areas: harmonizing information systems, coordinating marketing, training dispatchers, modifying operational practices and procedures, implementing personnel policies and bargaining agreements, and so forth. It is also necessary that these challenges be met in a manner that ensures continued safety.

⁵/ Respectively, ICC Finance Docket Nos. 32670 and 32549.

To integrate the many elements of such independent entities into a single railroad, particularly during the integration process itself, is difficult under the best of circumstances. Where, as here, two very large and very different rail carriers seek to divide and absorb part of a third, and to share the remainder of the third in some of the most heavily populated and industrialized portions of the country,⁶ that difficulty can only be magnified. In that context, the necessity for an overriding commitment to safety is intensified.

The Department, through the Federal Railroad Administration ("FRA"), is the federal agency with plenary authority over the safety of the railroad industry. *See generally* 49 U.S.C. §§ 20101-53. We have carefully reviewed the application in an attempt to determine the specific steps to be taken by CSX, NS, and Conrail in order to maintain safe operations during their anticipated but unprecedented integration. To date there is little to provide such assurance.

Moreover, FRA has investigated recent serious incidents on CSX and completed a comprehensive safety audit of the carrier, thereby obtaining a detailed understanding of its safety status.⁷ FRA has also assessed recent accidents and incidents on the Union Pacific and Burlington Northern Santa Fe railroads, as they seek to integrate with their recent merger partners. These efforts have yielded evidence of regulatory shortcomings and threats to safety from numerous quarters.

As a result of these reviews, DOT is compelled to raise safety as an issue here. Therefore, although the subject of rail safety is and remains principally the statutory charge of DOT and the FRA, *supra*, we believe that, in the context of a proposal of this magnitude, evidence and comments should be invited on the following issue:

1. Whether implementation of the transaction would have an adverse effect on rail safety.

Accordingly, submitted herewith is the verified statement of Edward R. English, the Director of FRA's Office of Safety Assurance and Compliance.

⁶ / By Decision No. 44, served October 15, 1997, the Board ordered the Applicants to supply more detailed information on their intended operations in the Northern New Jersey Shared Asset Area.

⁷ / This is called a Safety Assurance and Compliance Program ("SACP") review.

DOT-4. Mr. English's statement expresses the Department's growing concern that the ever larger size and complexity of major Class I railroads, and thus of consolidations involving such carriers, pose a risk to safety in the absence of very careful and detailed implementation planning. More specifically, Mr. English recounts (1) accidents and other evidence of safety problems arising from the recent UP/SP and BN/SF mergers, (2) deficiencies found in a just-completed safety audit of CSX, and (3) the lack of specific information in the pending application that addresses the precise manner in which the Applicants propose to maintain rail safety while integrating their operations following any approval. Mr. English concludes that it is in the public interest that the Applicants address this subject in a much more detailed way.

The Applicants themselves appreciate that this is critical. Both CSX and NS have already committed to working with FRA to prepare detailed plans that will guide the integration of their respective portions of the Conrail system and the Shared Asset Areas. The Department is also actively considering addressing the subject of safety implementation/integration plans in the context of rail consolidations in a rulemaking proceeding. However, addressing these matters in the context of the pending proceeding as well, will facilitate a thorough and timely airing in a manner that furthers the public's paramount interest in safe and dependable rail operations throughout our nation.

Additional Major Issues

The Department submits that the following major issues also warrant consideration by the Board:

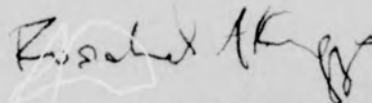
2. Whether the transaction will significantly reduce competition (including intramodal, intermodal, product and geographic), as reflected in the transportation rates and services likely to be available to the shipping public after the acquisition.
3. If the transaction would significantly reduce competition, whether the anticompetitive effects can be eliminated or mitigated through conditions on the transaction.
4. If the transaction would significantly reduce competition, whether this loss would be offset by transportation benefits to the shipping public.

5. If the transaction would significantly reduce competition, whether the public benefits could still be secured by less anticompetitive measures.
6. Whether the transaction would result in a loss of essential services now provided to communities.
7. Whether the transaction would have adverse effects on rail passenger service, both inter-city and commuter.
8. If the transaction would have adverse effects on rail passenger service, whether these effects can be eliminated or mitigated through conditions on the transaction.
9. Whether the transaction would have adverse environmental impacts on communities.
10. If the transaction would have adverse environmental impacts on communities, whether these effects can be eliminated or mitigated through conditions on the transaction.
11. The effect of the transaction on the merging carriers' employees.
12. Whether the merger would lead to a railroad industry structure that would adversely affect the adequacy of transportation available to the public and/or the development and maintenance of a sound rail transportation system in the United States.

Conclusion

The Department appreciates this opportunity to participate in a decision of pivotal significance to the nation's rail industry and the general public. We look forward to contributing to a sound final decision.

Respectfully submitted,



ROSALIND A. KNAPP
Deputy General Counsel

**Before the
Surface Transportation Board
Washington, D.C.**

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

**Verified Statement of
Edward R. English**

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A) INTRODUCTION

My name is Edward R. English, and my position at the Federal Railroad Administration (FRA) is that of Director of the Office of Safety Assurance & Compliance. In this capacity I am responsible for carrying out FRA's safety regulatory enforcement, accident investigation and field operations programs. These programs cover the five broad disciplines of Operating Practices, Track and Structures, Signal and Train Control, Hazardous Materials and Motive Power and Equipment.

Between 1960 and 1972 I was employed by the Engineering Department of the New York Central Railroad, and later the Penn Central Transportation Company. During that time I held various positions, including Division Engineer in charge of planning, programming and implementation of all maintenance and construction activities in an area that covered the State of Michigan and portions of Ohio, Indiana and Illinois.

I began my employment with the Federal Railroad Administration in 1972 as a field supervisor responsible for regional enforcement activities pertaining to track and structures. In 1975 I accepted a position in FRA headquarters with nation-wide responsibilities for railroad track and structures. In 1983 my duties were expanded to include all enforcement programs in the areas of track, signals, and motive power and equipment until my promotion to my present position in 1989.

My responsibilities include the supervision of all personnel in the Office of Safety Assurance and Compliance and liaison responsibilities with FRA's eight regions and their respective specialists and inspectors. Recent project/program responsibilities for the Office of Safety Assurance and Compliance have included:

1. Locomotive Crashworthiness and Cab Working Conditions (Report to Congress)
2. Railroad Communications and Train Control (Report to Congress)
3. High Speed Rail Standards (Florida Overland Express)
4. Roadway Maintenance Worker Protection Regulation
5. Amtrak RoadRailer safety studies
6. Steam Locomotive Inspection Regulations
7. Track Safety Standards Revisions
8. Assessment of Railroad Bridge Safety and Related Regulations
9. Two-Way, End-of-Train (EOT) Regulation
10. Coordination/Participation in Railroad Safety Audits and Safety Assurance and Compliance Program (SACP), including recent SACP oversight activities at Union Pacific, Wisconsin Central, CSX, among others.

B) SAFETY ISSUES MUST BE CONSIDERED IN THE CONTEXT OF THIS PROPOSED ACQUISITION

1) Recent Mergers

Filings by interested parties before the Surface Transportation Board (STB) and its predecessor, the Interstate Commerce Commission (ICC), have not generally addressed issues of safety. That is understandable, in no small part because FRA has plenary authority over safety in the railroad industry. However, the scope of rail mergers among, and acquisitions by, Class I railroads has changed dramatically in ways that present serious safety issues. As these carriers, and the consolidations in which they are involved, become larger and more complex, maintaining safe operations becomes more of a challenge. FRA has always been prepared to exercise its underlying authority in such circumstances to insure that the railroads involved meet the challenge. My statement discusses some instances of recent FRA action in this regard. We think that the proposed transaction presents a similar situation.

In the last four months alone, the newly merged Union Pacific (UP/SP¹) has experienced three fatal train collisions that resulted in five employee fatalities and several employee injuries. Thus far in 1997, UP/SP has experienced nine employee fatalities, more than twice the number in all of 1996. It has also experienced two other serious, non-fatal collisions during that same period. FRA has concluded that these occurrences, and many less visible safety problems, are directly related to inadequate safety planning by the acquiring railroad to implement the transaction in a sufficiently safe manner. The merged Burlington Northern Santa Fe (BNSF) has also had operational difficulties and serious accidents, some of which also appear to relate to inadequate safety planning in for implementation of the merger. FRA's conclusions concerning the BNSF merger are more tentative because the FRA's safety staff has not examined the BNSF merger as deeply as it has the merger between the former Union Pacific (UP) and the Southern Pacific (SP). In both cases, the sheer magnitude of the operations being integrated has produced a significant change in the difficulty of implementing the transaction in a safe manner. The acquisition of Conrail (CR) by Norfolk Southern (NS) and CSX Transportation (CSX) introduces new and even more significant complexities, because, in addition to sheer size, the acquiring railroads are dividing an operating railroad and creating a new type of entity, the Conrail Shared Assets Operation (CSAO), that presents a series of serious safety concerns. It is clearly no longer sufficient to assume that the acquiring railroads will work out ways to comply with Federal railroad safety laws in their new configurations, or that the transition to those configurations will be smooth and acceptably safe.

The merged UP/SP and the merged BNSF are railroads of enormous size and operational complexity. The lines of each company cover virtually the entire area of the United States west of the Mississippi River, and reach east to Chicago. The merged UP/SP is the nation's largest railroad. It has more than 36,000 miles of track and employs 53,000 staff. Prior to their mergers, three of the four railroad parties had relatively poor safety records (FRA reported accident rates,

¹Throughout this document I refer to the newly merged Union Pacific/Southern Pacific entity as UP/SP.

see Fig. 1-1), with UP having the highest accident rate of any of the large railroads for five of the last six years. Southern Pacific consistently had the second highest rate (except for 1995, when it led the industry in major accident rate). It is then, perhaps, no surprise that the merged company (UP/SP) has experienced safety problems almost since the day of the merger. These problems have been aggravated by rapid traffic growth and shortages of both locomotives and the crews to operate them. This has led to major disruption in UP/SP services to customers, overworked supervisors, overworked train and engine service personnel and a severe shortage of qualified employees in Texas (Houston) and other UP/SP system locations. So, again, it might have been anticipated that the new company, faced with booming traffic and the challenge of operating service over more than 3,500 miles of trackage rights on competitor UP, would exhibit a relatively poor safety performance.

The safety experience of BNSF and UP/SP since their recent mergers is summarized below.

2) UP/SP Merger

a) Incidents

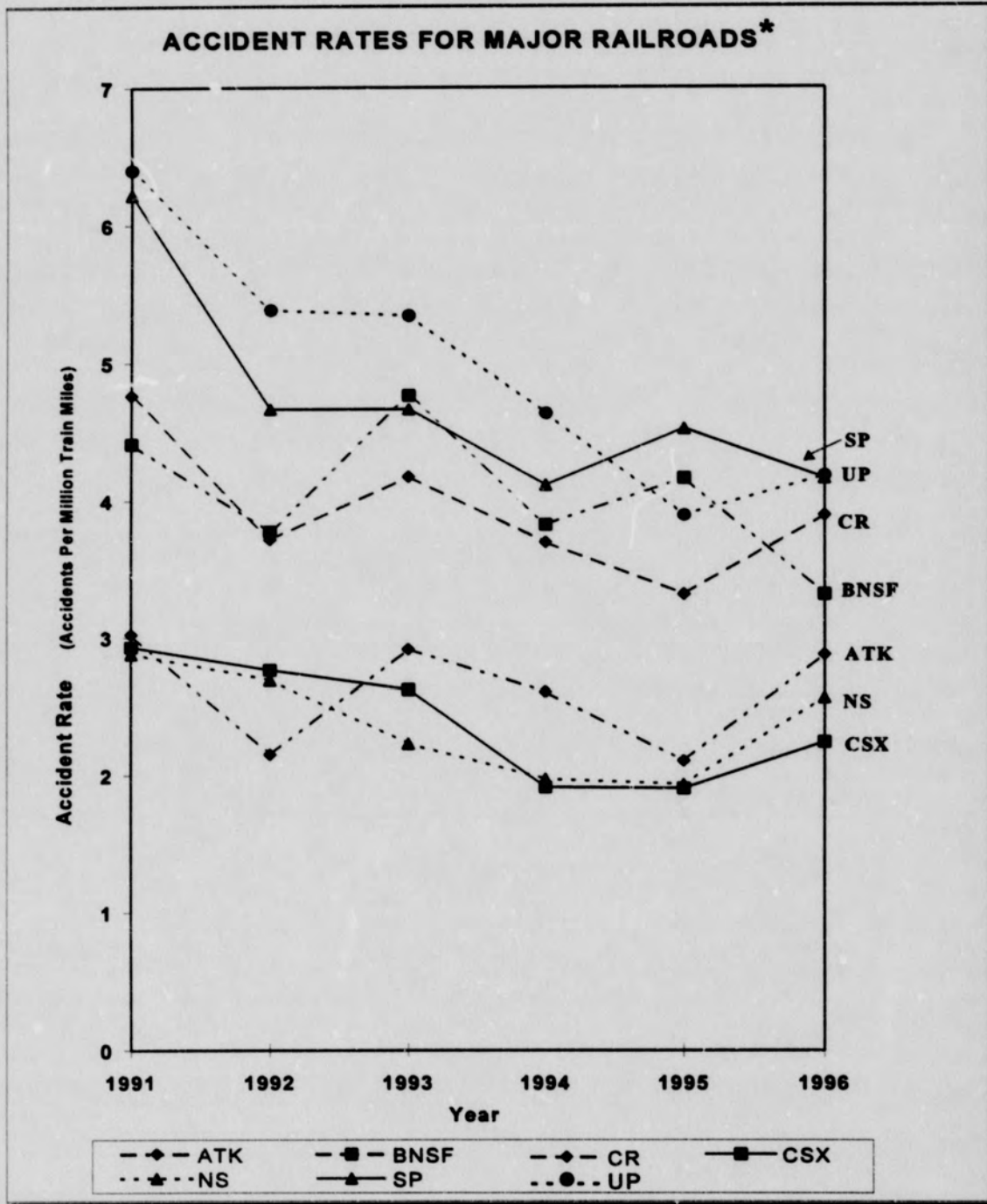
Since the merger of UP/SP was initiated, management decisions were made to reduce/consolidate forces and concentrate upon attaining the efficiencies and operating savings identified in the parties' filings to the STB. The pace at which this goal has been pursued in the implementation of the merger has led to operations characterized not only by major service disruptions, employee fatigue and low morale, but by a number of serious train incidents. Since January of 1997 UP/SP has experienced **nine fatalities of on duty employees, more than double the previous year**. The deaths include five that resulted from collisions involving UP/SP trains during the past three months. These recent incidents include:

- Devine, Texas (San Antonio), June 2, 1997: Head-on collision of two trains; likely cause was dispatcher error; two crew member fatalities;
- Rossville, Kansas (Topeka), July 2 1997: Side collision involving train running through siding; possible cause was crew fatigue; engineer fatality;
- Fort Worth, Texas, August 21, 1997: Runaway locomotives on grade collided with mainline train; two engineer fatalities.

Two subsequent collisions in Wyoming and California, as noted below, fortunately did not result in loss of life or serious injury, however they demonstrated a **disturbing trend**:

- Shawnee Jct., Wyoming, August 22, 1997: UP/SP unit coal train struck the rear of a standing BNSF coal train; UP/SP conductor and engineer injured;
- Barstow, California, August 23, 1997: UP/SP freight train struck the rear of a standing BNSF freight train; derailed equipment struck the side of a passing UP/SP freight train; UP/SP conductor was injured.

Figure 1-1



Source: FRA Accident/Incident Data Base 1991 through 1996.

*For accidents with damage greater than \$500,000 per accident

b) Conclusions From the Safety Survey

As a result of these incidents, FRA undertook a post-merger safety survey of the US/PS and has drawn several conclusions from the results of the safety survey. Some of these were used in the preparation of DOT's comments to the STB in UPSP Oversight, F.D.No. 32760 (Sub-No.21)². Some of those conclusions include the following:

(1) Train Control Systems and Operating Practices

The findings from the previously mentioned UP/SP incidents investigated by the FRA indicated a strong correlation between a lack of training on specific new rules and procedures that resulted from the merger with the potential for creating incidents. The following examples clearly indicate that there was a fundamental breakdown in the application of sound railroad safety practices that, in most cases, can be directly related to the pursuit of operational efficiencies anticipated from the merger, and a resultant safety culture that placed those efficiencies before safety in the day-to-day decision making process. FRA found that in virtually all management levels, supervisors perform a multitude of tasks that are not directly related to their supervisory responsibilities. In many cases, these were tasks that were typically performed by administrative personnel whose jobs were eliminated as a result of the merger. The inability of supervisors to monitor and evaluate the performance of those that they supervise contributes to a breakdown in the safety processes. For example:

- FRA found that some officers do not have time to conduct meaningful operational tests, and as a result, some tests were not actually conducted. Consequently, the testing program has become a numbers generating exercise that makes any evaluation of the level of an employee's understanding and compliance with the operating rules impossible. An initial review of the tests conducted on the 250 mile subdivision where the Devine, TX head on collision occurred indicate that virtually all of the tests were conducted at only three convenient locations along the line. This raises questions of adequacy of testing in terms of added safety value.
- During a night inspection, FRA inspectors observed a conductor report for duty at West Colton with a patch covering his left eye. The conductor said he received the eye injury from swimming pool chemicals, and his personal physician was providing treatment. He said he did not report this injury to anyone at the railroad. This conductor had already made one trip from Bakersfield to West Colton without any management person noticing him and was now working back to Bakersfield in the same condition. FRA searched for a company officer to investigate this concern, but no one was available on the property. Employees know they can report for duty at West Colton, CA without being observed by a

²Railroad Control Application, submitted by CSX and NS to the Surface Transportation Board, Finance Docket No. 33388, 1997.

manager. This is only one example, but this could also pertain to other conditions that would limit employee ability to gain supervisory support in any number of areas, i.e., questions on rules and operating practices, etc. It also indicates a lack of supervision during evening hours. Although this is not a violation of regulations, it is believed that the individual may have placed himself in an unsafe circumstance.

- SP train, engine, and yard crews are not allowed to make photocopies of posted General Orders (GO) and General Notices (GN). They must try to remember the rules changes, restrictions and changed practices contained in 72 GOs and 70 GNs. On former UP trackage, crews can access a computer printer and print out a personal copy of GO and GN. It is FRA's judgement that crews cannot reasonably be expected to remember and comply with all the directions issued in 142 GOs and GNs without some form of reference material. When crews are overwhelmed by such information, they may overlook a critical safety rule change or directive or simply stop trying to "keep up" with those notices that they deem less than critical. Proper planning before the merger could have assured adequate familiarity by managers with their districts.
- The railroad was unable to show records for "manager" locomotive engineer familiarization trips. Because of the congestion caused by the merger these managers have been called for service in any of four directions out of Houston, Avondale, and San Antonio, without regard for qualification or familiarization over the territory on which they are called to operate. Several records indicated that the managers were performing service on one subdivision and making a qualifying trip on another subdivision on the same calendar day. Either the record is falsified or the manager performed excess service, either of which violates the law. In most cases when managers do get the chance to familiarize themselves with a new territory, they only get one trip over districts as long as 250 miles. Locomotive engineers operating in territories over which they have not become properly familiarized are at a substantially increased risk of train-handling/human-factor train incidents and are not legally qualified to perform their duties.
- For approximately 130 managers who performed covered services in the Houston area, the railroad was able to produce only 40 pre-employment drug testing records. Managers who had not previously performed this service, or who were out of the random drug-testing pool, were subject to pre-employment drug testing before performing covered services. The railroad had not produced any evidence of managers selected for random testing while performing this service and, furthermore, FRA was only able to inspect records for about one-half the managers who had performed this service. Uniform, consistent drug testing programs insure the integrity of that segment of the transportation industry's work force engaged in safety sensitive activities. Failure to conduct testing when required is a federal violation of law and may lead to unacceptable risk of

personal injuries, train wrecks, and/or other related incidents. Adequate pre-merger planning would have assured compliance.

- One UP/SP crew reported finding a signal with an unfamiliar aspect and indication. Since they did not have the proper Timetable as a reference, they had to call the control operator and describe the signal location and aspect, and request guidance as to what they were authorized to do. However, when crews operate very slowly through Houston because of uncertainty, they are criticized by managers for unnecessarily delaying trains. With proper planning, correct Timetables would have been provided and uncertainty, as well as risk, would have been reduced.
- FRA has received reports that many UP and former SP engineers are sent out to operate Distributed Power Units (DPU) equipment before they have received any training. When they find the DPU equipment and call the Manager of Operating Practices (MOP) for help, they are told that if they do not want to operate the train the railroad will send out another crew and they will be sent home. Crew Management System (CMS) has a listing of all DPU qualified engineers, but does not accurately reflect who is qualified.

(2) Training and Quality Control at Central Dispatch Center

FRA conducted a dispatching audit the week of June 22, 1997, at UP/SP's consolidated Harriman dispatch Center in Omaha, Nebraska. Errors in the transmission and acknowledgment of messages were commonplace -- almost 80% of the orders monitored contained one or more errors. The audit also found problems with the level of dispatcher experience and lack of training. Many of these issues may be related to the Chicago and North Western Transportation Co. (CNW) merger because some experienced dispatchers did not move to Omaha, Nebraska, which made it necessary for the railroad to hire replacements. Numerous procedural problems associated with the understanding and application of the rules were noted during the assessment, such as operations against the current of traffic without the issuance of a track movement authority. These problems could be directly related to the hiring of replacements. Dispatching errors are very dangerous because they may cause collision between trains. Some examples follow:

- On six occasions, track warrants (instructions transmitted by the dispatcher) were not repeated back to the dispatcher as issued. In one case the copying employee changed the direction of the train in his repeat. In another case, the employee read back the wrong "to" location identifying the location as a milepost when the dispatcher issued it as a control point.
- On two occasions, employees did not read the pre-printed portions of the warrants. In one case an incorrect track warrant number was repeated on the same warrant that the crew failed to read back line specific instructions (Line 15). The

dispatcher caught that the employee had left off the specific line (Line 15) but failed to catch that the crew had read the wrong track warrant number. In one case the copying employee read back an incorrect track warrant number that the dispatcher caught.

- On two occasions the dispatcher omitted reading certain lines (both box 7's) that were prompted by the anti-conflict function of the CTWC computer.
- One case was noted where the dispatcher rearranged "trains prompted" on a specific line on the warrant (line 7) so they would be in the proper order on arrival. The software on box 7 does not allow the dispatcher to arrange the opposing trains in arrival order. If the dispatcher desires to eliminate the confusion of having the trains arrive out of order, he must read the warrant incorrectly.
- One case was noted where the dispatcher attempted to talk a train crew into taking a track warrant addressed to an engine that was in the consist, but not cleared for movement, in order to attempt to resolve a conflicting move issue. The crew refused to take the mis-addressed warrant.
- Lack of identification of employees copying the warrants appears to be a systemic issue. Several times the identification of the copying employee consisted only of "go ahead dispatcher." Only maintenance of way employees give the name of the copying employee prior to the dispatcher issuing the warrant.
- On June 25, while FRA was present at the Harriman Dispatching Center, the train dispatcher controlling the Kenosha Subdivision verbally issued authority to a northbound freight train to operate against the current of traffic on the same track that a southbound METRA commuter train was operating. This potential incident was avoided because the signal system functioned as intended.
- On August 19, FRA was notified that trains are operating against the current of traffic on the Union Pacific Railroad's Milwaukee Subdivision between stations KO and Bryn Mawr under verbal authority. This issue is another example of the difference in the operating procedures on the merged railroad companies. For example, on the former CNW train dispatchers issued authority in writing, not verbally, as was the procedure on the Union Pacific.
- FRA found that in virtually all management levels supervisors perform a multitude of tasks that are not directly related to their supervisory responsibilities. The inability of supervisors to monitor and evaluate the performance of those they supervise contributes to a breakdown in safety processes. For example, FRA's review of the basic elements of their dispatcher's program found several areas of weakness in need of immediate correction to enable the railroad to improve its

ability to determine the extent of compliance by its train dispatchers with operating rules, timetables, timetable special instructions and train dispatcher rules.

- State of Iowa Track Inspectors discovered several concerns relative to train location line-ups on former CNW trackage through Iowa as issued by the UP/SP Harriman Center in Omaha. In response to these concerns, FRA investigated this situation at the Harriman Center in Omaha. The software in the UP/SP's Computer Aided Dispatcher (CAD) system was not properly programmed to accommodate unique north and south directions used on former CNW. This was causing some of the errors on train location line-ups.

(3) Train Inspection and Hazardous Materials Defects

Since approval of the merger, FRA inspectors have documented continuing train inspection/hazardous materials defect problems, particularly with trains received in interchange from Mexico. Inspections at Brownsville and Laredo, Texas have revealed defects related to insecure closures of rail tank cars (65 since late 1996). Approximately 86 various placarding defects have been noted with numerous billing infractions. While these problems existed at a reduced level prior to the merger, many of the personnel typically assigned to identify and correct these problems accepted buy-out offers from the SP. This reduction of personnel was further compounded by the failure to assign these duties to other personnel. Similarly, FRA has also found numerous instances where improper or missing documentation and/or labelling of hazardous materials shipments has occurred. In mid-June of this year FRA identified a number of BNSF trackage right trains operating from Houston and Longview, Texas across the Southern Pacific and two trains operating each day from Houston to Memphis and Longview to Memphis with the physical make-up of these trains not manifested at the BNSF/SP interchange at Pine Bluff, Arkansas. BNSF and UP/SP are currently working on this problem to eliminate the train consist mixups. These instances could pose problems for safe transportation of the shipment or foster improper procedures in case of an incident. Before there was any discussion of a merger with UP, SP routinely worked to identify and correct computer errors that resulted in billing and train consist problems. Just prior to the merger, however, SP required a complete cost justification for all computer corrections. In many instances it appears that the corrective costs for regulatory compliance were weighed against the probability of FRA penalty costs and the railroad chose not to make the changes that would have ensured regulatory compliance. To further exacerbate the situation SP stopped making computer corrections when the merger was approved in the belief that it was better wait until after the two railroads' computer systems had been merged before making any changes. These systems are still not merged, and until they are, the problems, and therefore the associated risks, continue. These problems could have been easily addressed in a comprehensive safety plan developed before the merger.

(4) Hours-of-Service Utilizations of Train Crews

FRA found evidence of ineffective utilization which can lead to crew fatigue, stress, a lowering of morale, violations of the Hours of Service law, and a reduced ability to comply with operating rules. Crews are working longer hours without getting time off. Cumulative fatigue can erode train and engine service employees' ability to perform their duties safely. When crews work erratic schedules for days on end, their ability to read and follow instructions, identify and comply with signals, react appropriately in emergency situations, make safety-critical decisions and act on those decisions is affected. The result can be train incidents and employee fatalities. For example, the recent UP mergers (first, with the Chicago North Western Railroad and, then, with the Southern Pacific Railroad Co.) have caused substantial growing pains within the UP Crew Management System (CMS), by combining the operations of these railroads into a centralized office in Omaha with a reduced workforce. Railroad management agrees that the CMS is presently short of personnel, yet they are offering voluntary buy-outs to 40 experienced employees and preparing to hire 40 new employees apparently to save on personnel costs. As a result of these seemingly contradictory actions, CMS does not have the management resources to handle calling crews, arrange for proper relief personnel, calling vans, etc. Other consequences of this personnel issue are:

- Crews are being left on trains after the expiration of their Hours of Service limits. Sometimes in excess of two hours is spent awaiting the arrival of crew vans or relief crews. Crews run out of service time under the Hours of Service Act approximately 75% of the time. This severely constrains crew unavailability and compounds rest and fatigue issues.
- The UP/SP has one Crew Balancer Position for its entire UP/SP system. As a result of what appears to be fatigue due to excess work, questionable management decisions are by the incumbent. Specifically, FRA noted numerous examples where train crews spend the majority of their time at an away-from-home terminal which contributes to poor morale. Poor management of train crews results in inefficient train movements, thereby adding to the negative atmosphere.
- Time wasted waiting on "dead head" transportation needlessly keeps crews away from home, delays final release tie-ups, extends the period during which crews are not available for other service, and contributes substantially to manpower shortages.
- Cumulative fatigue and workplace stress is reported as a major concern for train and engine service crews. FRA observed examples where crews are off-duty at home terminals for 8 to 10 hours, yet away-from-home crews are off duty for 30 to 48 hours. Crews report the only way to get a day off is to lie about being sick. Morale is very low among train crew members because they feel they are frequently mishandled when they must stop working on line under the Hours of

Service laws. It is not uncommon for crews to sit on a train for hours waiting for transportation to a tie-up point. Most crews report waiting 3 to 4 hours for deadhead transportation. One UP/SP crew from San Antonio worked 12 hours, then waited for a carryall from 11:00 p.m. until 9:00 a.m. the next day, for a total of 22 hours. The crew was 10 miles from their home terminal, San Antonio.

- When UP merged with SP, employees of each railroad began operating over the lines of the other railroad. There were some former SP terminals where UP Timetables were not available to train crews. Also, the SP Timetable was out of print prior to the merger, and former UP crews called to operate trains over former SP trackage did so without Timetables or Timetable Special Instructions. Additionally, because the UP and SP computer systems were initially incompatible, former SP train crews could not obtain copies of UP General Orders and other instructions and notices.

FRA has presented all of its conclusions about UP/SP to the railroad's management and expects the management to present a safety action plan describing how each problem will be remedied. FRA will enforce the resultant safety action plan.

3) BNSF Merger

There are several FRA concerns that have arisen in the context of the newly merged BNSF (now well into the second year of merger integration). I will briefly describe three of these safety concerns that FRA believes are directly related to, and/or have been aggravated by the merger as discussed below.

a) Cajon Pass (California) Derailments

Shortly after the BNSF merger in February 1996, a westbound freight train derailed on the Cajon Pass due to loss of braking on a descending 3% grade. The incident resulted in fatal injuries to two of the crew members, serious injuries to a third and the derailment of 45 of 49 cars and four locomotives. The National Transportation Safety Board determined that the incident could have been avoided if the crew had made an emergency brake application from the rear of the train. A similar derailment occurred on the same grade in December 1994. After the derailment, BNSF agreed to install two-way, end-of-train devices on all trains using the Cajon Pass. Although BNSF was one of the first of the major railroads to equip its trains with two-way end-of-train devices (EOT), pre-merger operating practices at BN did not ensure for correct use of the equipment. In many cases the rear device could not communicate with the head-end device. This fact was never reported to top management for correction. In other instances the train crews failed to use or activate the EOT equipment (because of a lack of instruction/training). A properly prepared and implemented safety plan would have provided for avenues of communication that could have corrected these conditions.

b) Incompatible Electronic Data Systems

Prior to the merger of the Burlington Northern Railroad (BN) and the Santa Fe Railway (ATSF)

the BN used "YMS" and "Compass" programs as well as a system left over from a former merger called "FRISCO." However, the ATSF used a newer program called "TSS" (Transportation Support System). The railroads were able to exchange electronic data with each other because each had specific interchange points and treated each other's information as foreign line data. The BNSF initially began changing to the TSS system in November 1996, but it soon became evident that TSS was incapable of managing an operation of the magnitude of the BNSF. Also, the BNSF redesignated many of its terminal and operations to use only one of the previous systems (i.e. Chicago used COMPASS, Kansas City used TSS, etc.). This resulted in a systemic problem which impacted safety as follows:

- Computer-generated train lists were often incorrect, incomplete or both. A reliance appears to be placed on Automatic Equipment Identifiers (AEI) readers to verify train placement of hazardous materials cars and effect corrections in the documentation. These units have demonstrated a propensity to go offline unexpectedly, give inaccurate car counts due to a variety of circumstances, and if the person entering the power consist into the system enters an incorrect locomotive number, it can cause the reader to fail to recognize the train at all.
- Train documents for westbound train movements originating in Chicago and moving over former BN trackage were being generated by the ATSF TSS Software. Often when a new train list was printed at subsequent terminals, the previous set-outs were still included. This created confusion and limited the value of the document in identifying hazardous materials in an emergency situation.
- Train lists were often reversed when printed by the present system. This is most prevalent in locations with North/South Yards where employees often were not aware of a requirement to "set" the direction of a train properly for East/West movements.
- Often when an AEI reader detected an error in train placement, the train list was corrected in the computer; however there was no procedure in place to ensure the train crew's list was updated as well. Although a screen identified train consists with incorrect train placement of hazardous materials, that function was in the Network Operations Center (NOC) and train crews reported little or no effort to notify them of needed corrections.
- Inbound crews check consists for outbound crews using the inbound list, so if the outbound list was incorrect, there was no system to warn the train crew of the error.

A "new" TSS was placed in service throughout the BNSF system on July 4, 1997. Based on FRA's initial observations, this new system has eliminated these problems. FRA will continue to monitor progress.

c) Lack of Coordination between the SOC and NOC

Prior to the merger the ATSF had consolidated their train dispatching and other operational functions in the System Operations Center (SOC) in Schaumburg, IL, while the BN had just

completed a similar consolidation at the NOC in Fort Worth, TX. Procedures were not put in place at the time of the merger to ensure that proper coordination took place between the two centers prior to the authorization of train movements. This lack of coordination resulted in a breakdown in many functional areas. For example, at adjacent locations that were controlled by different centers, maintenance-of-way personnel were issued 'track and time' by the dispatcher at the NOC. This information was not communicated to the dispatcher at the SOC. Subsequently, the SOC dispatcher authorized a train to operate over the trackage, thereby endangering the maintenance-of-way personnel.

d) Locomotive Identification

Following the merger, BN and ATSF locomotives began operating over the entire combined system. Instructions were issued to identify trains by using the initials BNSF prior to the locomotive number. This caused a potentially dangerous situation whereby two locomotives (one BN and the other ATSF) could be identified as the same locomotive. Much confusion was caused to dispatchers, train crews, and maintenance-of-way employees in regard to track warrants, track and time, etc. This situation was further complicated by locomotives being painted with the new BNSF identification.

e) Unfamiliarity with the Merging Partners' Policies and Procedures

BNSF did not implement a process by which to communicate operational and/or safety procedures as they were applied by the formerly separate BN and ATSF railroads. For example, the ATSF only equipped 50% of its locomotive fleet with event recorders. They accomplished this by using the ATSF numbering system and equipping every other locomotive. Shortly after the merger, a train was dispatched from a former BN terminal with two ATSF locomotives, neither of which were equipped with event recorders. The train subsequently derailed. The absence of an event recorder hampered the resulting incident investigation.

f) BNSF Safety Issues Resulting From UP/SP Merger

As a result of the UP/SP merger, the BNSF took over operation of former SP trackage from MP 14.9 - Avondale Yard - New Orleans, westward to Lake Charles, Louisiana. However, eastward from MP 14.9 was still designated internally as SP (though actually UP/SP), though the SP expertise had been eliminated. Prior to the merger this line was dispatched by SP and was a daily Amtrak route carrying about 26 freight trains a day. BNSF assumed train dispatching functions westward from MP 14.9, but there was no apparent designation or train dispatcher for trackage from MP 14.9 eastward to West Bridge Jct.- MP 10.5. This was Centralized Train Control (CTC) territory prior to merger, and the automatic block signal system was still in place. Ultimately, UP/SP resolved this oversight and resumed dispatching functions for this track segment after FRA interceded.

FRA has presented all of its conclusions about UP/SP to the railroad's management and expects the management to present a safety action plan describing how each problem will be remedied. FRA will enforce the resultant safety action plan.

4) Safety Culture

From FRA's perspective the definition of a company's 'safety culture' encompasses management's attitudes, directives, planning, and resource allocations on the subject of safety. These elements ultimately provide the vision and direction for all levels of railroad employees and influence their training, health, morale and safety practices and habits. The safety culture of U.S. railroad companies, especially the major Class I lines, starts at the top (Chief Executive Officer) and permeates throughout the entire rank and file of employees (labor and management). A company's safety culture is an intangible that can be viewed by different individuals from different perspectives and can be misinterpreted. As FRA has investigated safety accidents and injuries across the nation, it has become apparent that the safety cultures of the railroad companies, as reflected by their underlying priorities, practices and philosophies, greatly influenced the success or failure of their merger integration processes.

Following approved mergers most railroads in the past have chosen to reduce forces and eliminate duplication of facilities in order to achieve pre-merger calculated financial efficiencies. Consequently, past mergers and the recent 'mega-mergers' (BNSF and UP/SP) resulted in mass 'downsizing' of personnel (cost reduction strategy) through incentive programs. These programs were offered by the merged (or soon to be merged) railroads for seasoned management and operating personnel to opt for early retirement benefits and/or 'buy out' bonuses. In many cases hundreds, if not thousands, of railroad personnel with strong railroad safety knowledge have been eliminated from the merged railroads (an estimated 1,100 or more supervisors reduced at BNSF alone).

A shortsighted 'safety culture' in a company may indicate that cost reduction is valued over safety. This can lead to employee misunderstandings, lack of communication, irritability, fatigue, low morale, perception of intimidation, loss of talent and institutional knowledge, and other undesirable traits which can significantly increase exposure to incidents and injuries.

a) UP/SP

As FRA began its recent safety review on the merged UP/SP, one area that drew particular attention was the different corporate cultures of the now merged Union Pacific and Southern Pacific railroads. The main thrust of the operating philosophy residing at Union Pacific was a "get-the-train-out-of-town" (productivity driven) attitude versus one that places the highest priority upon safety. For example, dispatcher performance at UP was measured based upon train movements (productivity) and not on the safety of operations.

UP/SP admitted that due to the rapid reduction in personnel following approval of the merger, there may be an actual shortage of personnel of up to 1,500 train and engine, mechanical, dispatching and supervisory personnel. This has contributed to widely reported service problems, especially in Texas generally and in the Houston area in particular. In mid-September approximately 130 railroad managers were performing temporary duty as train and engine service crews in Houston terminals.

b) CSX

The FRA recently conducted a Safety Assurance and Compliance Program (SACP) review of CSX, one of the principals in the Conrail acquisition. This was during the period July through August, 1997.³ Although CSX has one of the better safety records in the industry, this SACP was initiated due to safety concerns after several high-profile incidents and collisions which included:

- June 1997: One fatality and multiple injuries occurred when a CSX freight train collided with the rear of another CSX freight near St. Albans, West Virginia;
- June 1997: CSX freight train derailed 34 cars, 17 of which were hazardous materials tank cars near Marianna, Florida; of the 13 loaded cars, five were leaking product, resulting in four-hour evacuation within one square mile of the incident;
- July 1997: CSX freight train derailed due to a shifted trailer and sideswiped an Amtrak passenger train near Crystal City (Washington, D.C.) on the Virginia Railway Express (VRE), tearing out the signal system and creating extended service delays for over 3,000 commuters;
- July 1997: Eastbound CSX freight train experienced a shifted load, and struck a westbound CSX train in Lawrenceville, Illinois; a total of six cars derailed; one of the cars, which contained a residue hazardous material, was punctured and caught fire.

In light of these serious safety incidents, FRA examined CSX closely and identified specific problems with CSX's safety culture and lack of commitment at the local supervisor level. FRA also identified the perception by employees that harassment and intimidation exist at many locations on the CSX system. Separately, FRA is currently examining a number of potential individual liability actions as a result of willful or negligent acts that may have compromised CSX safety. CSX, rail labor, and the FRA are working cooperatively to identify solutions to these problems and ways to enhance the employee safety culture. FRA also identified other crew rest and "quality of life" issues at CSX.

c) NS

For many years NS has been a successful safety performer from a historical perspective. NS' train accident rate (accident rate per million train miles) is frequently one of the lowest of the Class I railroads. It also has, however, a long history of being very 'provincial' in its operating policies, rules, and practices. There are strong individualistic traits which dictate NS' company safety culture and may greatly influence any acquisition partners. NS management may have strong tendencies to hold rigidly to their own rules and practices and, thereby, may not actively seek the "best practices" of the merging partners. This would be safety-critical to such areas as

³ Federal Railroad Administration, "Safety Assurance and Compliance Program for CSX Transportation," September 1997. The Executive Summary is attached as Appendix.

the merged Conrail's supervision of hazardous materials and compatible operating rules and equipment in the northeast (especially Amtrak's Northeast Corridor).

FRA perceives a much greater difference between the NS and Conrail cultures than that of NS and CSX. All railroads have varying forms of identifiable safety culture with some being more individualistic than others, but NS is at an extreme end of this scale. If these differences are not integrated in a prudent fashion, conflicts of personalities may occur which may adversely affect management functions, maintenance of track and equipment, operating practices and ultimately, the safety of rail operations. FRA firmly believes that transition planning by NS should address this issue. NS may have internally addressed this issue, but there appears to be no such effort identified in their STB filings or elsewhere that FRA could detect.

C) NEED FOR A SAFETY INTEGRATION PLAN

The safety problems encountered in previous mergers provide sufficient cause for railroads involved in this merger to formally address the safety of combined operations. For the reasons set forth in this statement, FRA has concluded that it is vitally important that each acquiring railroad prepare a detailed *Safety Integration Plan* (SIP) prior to integrating any operations of an acquired railroad with those of an acquiring railroad. A Safety Integration Plan must be a formal, written document that systematically describes how each element of an acquired railroad will be integrated safely into the operations of the acquiring railroad in compliance with the federal railroad safety laws. Among other benefits, this should assure that no aspect of railroad safety is left unexamined. Both railroad management and FRA can evaluate the likely effectiveness of a comprehensive plan in advance and assure that any gaps or deficiencies are corrected before implementation begins. A written plan also facilitates training everyone who must implement it and provides a reference for the trainees to use later. In this case, FRA believes that both NS and CSX must have Safety Integration Plans (SIP) in place before either begins to integrate any CR operations with its own because it would not appear to be safe to leave the remainder of CR operating independently. FRA is also actively considering addressing the subject of safety integration plans in the context of rail consolidations in a rulemaking proceeding.

The findings that follow reflect my views and the conclusions of FRA with regard to many of the shortcomings of the operating plans with respect to safety.

D) THE PROPOSED ACQUISITION - FRA's GENERAL REVIEW

1) FRA Safety Analysis

An extensive review by FRA of the NS and the CSX operating plans in this proceeding revealed that no comprehensive assessment of the safety effects of the proposed acquisition has been submitted. This was not surprising since safety has generally been beyond the scope of STB proceedings. It was surprising to learn, however, during the course of the safety assessment described below, that neither NS nor CSX had a fully defined, comprehensive safety plan that

FRA could identify for the implementation of the proposed transaction. While one carrier has provided FRA with preliminary planning documents in this regard, this is not the systematic plan that FRA requires

Given the poor safety experiences of the UP/SP merger and the safety related problems FRA also identified in the context of the BNSF merger, given the complex rail operations and population density of the northeastern United States, FRA has concluded that a safety assessment of the proposed acquisition is imperative. Accordingly, FRA formed teams of expert FRA personnel to address safety in functional areas such as:

- Track, bridges, and structures
- Dispatching centers
- Operating practices
- Car and equipment maintenance, and inspection
- Signals and train control
- Hazardous materials
- Highway grade crossings

A team leader was appointed for each functional area, and the team leaders coordinated the collection of information about current and projected performance of Conrail and the acquiring railroads in each safety area. Areas in which merger-related safety issues could be foreseen were identified and analyzed.

In addition, a safety forecasting model was constructed and used to anticipate the future performance of major segments of Conrail and the two acquiring railroads after Conrail's operations are successfully integrated into the operations of the acquiring railroads. The model is based upon traffic and investment forecasts provided by NS and CSX in their filings.

While CSX and NS have had the two best safety records among large U.S. railroads for the last six years, and therefore one might reasonably expect them to better achieve a safe transition than railroads with poorer records, FRA is nevertheless concerned by the difficulties posed by the sheer size of the acquisition, the issues presented by the concept of the proposed Conrail Shared Assets Operating Areas (CSAO - detailed in Section D.2.b), and the sharp differences between much of the territory through which Conrail operates and through which CSX and NS operate.

Specifically, the northeastern United States is a densely settled area with a large volume of hazardous material movement, especially to the "Chemical Coast" in northern New Jersey. There are dense, high-speed passenger train operations, especially on Amtrak's Northeast Corridor (NEC) and connecting lines. The high volumes of highway traffic yield large numbers of highway-rail crossings with significant collision exposure.

While the safety histories of CSX and NS are good (see attached Figure 1-1, excerpted from *U.S. DOT and FRA Accident/Incident Bulletins, Nos. 160-165, 1992-1997*), large parts of their operations, especially NS', are in more rural, less densely settled portions of the United States. CSX and NS have yet to show that they recognize the need to adapt their operating procedures

to the unique characteristics of Conrail's high-volume territory with special attention to hazardous material movement.

2) General System-Wide Issues

a) Safety Training of Employees and Supervisors

The operating plans filed by CSX and NS are not specific about the training and/or retraining to be provided for employees and supervisors. This is particularly true for the Conrail Shared Assets Operations (CSAO). Although the operating plans of CSX and NS address maintenance-of-way training and track inspection procedures, the training of Conrail employees in safety rules and programs, Roadway Worker Protection, on-track safety, and engineering procedures are not adequately addressed and remain a major concern. The Roadway Worker Protection program is a major element of any railroad engineering department's overall safety program. The CSX and NS safety integration plans for the merger should show explicitly (in terms of resources and schedules) how these safety-critical items are to be addressed.

The differences in the Applicant's and Conrail's signaling systems can lead to significant problems. The accurate interpretation of the signal aspects (colors, number of lights, and location) and indications (meanings of the aspects) is vital for the safe movement of trains governed by block signal indications. The operating plans submitted by CSX and NS do not include any details identifying the scope and depth of training to be provided to operating personnel who govern the movement of trains by block signal indications. The training and qualification of these employees is imperative to ensure safe operations.

b) Conrail Shared Assets Operating Areas

The CSAO Areas identified in the operating plans are located in northern New Jersey, southern New Jersey/Philadelphia and Detroit. Each of these CSAO Areas is to be managed by Division Superintendents under the direction of a General Manager of Conrail. Dispatching is to be conducted by Conrail Corporation (CRC), the proposed surviving CR entity, on a local basis as agreed to by CSX and NS. CRC will be responsible for routine and program maintenance. Much of the equipment and maintenance services will be provided by CSX and NS.

The CSAO may prove to be very complex operating environments with overlapping authorities of the railroads sharing the Areas. The CSAO concept may lead not only to operational difficulties, but to potential controversies over liability for the quality of train service, train inspections, crew assignments, dispatching, incident cause findings, damage costs, employee injury claims, equipment damage claims, maintenance of track and equipment, etc. Locomotives operating in the CSAO and the Northeast Corridor (NEC) will need to be equipped with ACS/ATC compatible signal systems. I believe that the many questions raised by the formation of the CSAO must be answered, including:

- Where will dispatching functions be geographically located?
- How will emergency response and evacuation actions be conducted?

- How will the agreed-upon protocols for the movement of each carrier's trains be ensured?
- How will dispatchers and maintenance of equipment personnel coordinate with Amtrak and commuter services?

Since the CSAO will not be operated as traditional terminals with single ownership, responsibilities, and liabilities, many safety concerns regarding the management and operation of these CSAOs must be carefully examined.

3) Major Findings of FRA Safety Analysis

FRA's review of the operating plans has identified many safety related issues which must be addressed by the Applicants in great detail. While all these issues and concerns are more fully set out below, the following are the more serious issues that require special attention.

a) Hazardous Materials Response

Conrail, because of the volume of hazardous materials handled and the densely settled areas through which this traffic moves, presently has a well-trained hazardous materials response team. FRA sees no evidence that either of the acquiring railroads has planned to integrate these sound training practices in their combined systems. It is very important that both CSX and NS recognize why Conrail maintains such a high level of training and response capability and that they develop plans and enact measures that will maintain the level and quality of hazardous materials response capability in this part of the country.

b) The NORAC Rulebook

Both NS and CSX propose to increase their operations over trackage owned and dispatched by Amtrak and various state commuter railroads. All of these entities use an operating rulebook developed by the Northeast Operating Rules Advisory Committee (NORAC) to reflect the complexity and density of rail operations in the northeast. NORAC is comprised of voluntary railroads that collaborate on a common set of rules. On the other hand, NS and CSX have each developed and use their own individual operating rulebooks. There is nothing more essential to ensuring railroad operating safety than strict adherence to the established operating rules. Both CSX and NS will need to reconcile any differing rules and their operations with the NORAC rules.

An increase in freight operations will require the training of NS and CSX employees in NORAC procedures, and both railroads will need to make a continuing commitment to this training in order to ensure that enough trained and qualified personnel are available to sustain safety in these areas.

c) The Conrail Shared Assets Operation

As identified in the CSX and NS operating plan submissions, there are three areas which will operate as a separate entity with joint CSX and NS control: northern New Jersey, southern New Jersey/Philadelphia, and Detroit. These survivors of Conrail will be separate, jointly owned terminal operations, but it appears from the merger filings that they will differ in many ways

from traditional terminal railroads. For example, although each CSAO will have operating staff and will dispatch trains (including its own and those of NS and CSX), both NS and CSX will be directly able to serve customers at CSAOs. NS and CSX crews will operate NS and CSX locomotives on CSAO track, although the CSAOs will also have some of its own motive power. Therefore, the CSAOs seem to have considerably less independence than a typical switching terminals. This raises a number of immediate safety issues:

- Who will train and qualify CSAO crews?
- Which rulebook(s) will they use?
- How will incidents and injuries on CSAOs be reported?
- Where will CSAO locomotives be inspected and maintained?
- Who will file CSAO accident reports, if the organization does not file its own?

The legal responsibilities and operational conduct of the CSAOs must be clarified before the acquisition goes forward.

d) Signals and Train Control

The disparities among wayside signal aspects and indications on CSX, CR, and NS are a major safety concern to FRA. Inconsistencies between wayside signal aspects and indications already exist in the Northeast Corridor and on the three railroads involved in the proposed acquisitions. The signal aspects (colors, numbers of lights, and location) convey different signal indications (meanings) on all three railroads. These inconsistencies are the legacy of prior mergers and acquisitions and are of increasing concern to FRA. Absent systematic plans to remedy it, this situation will worsen following the proposed acquisition.

e) Results of the CR/CSX/NS Line Segments Risk Analysis

An analytic model was constructed for FRA by its consultant, ZETA-TECH Associates, Inc., to quantify the safety impacts of changes in rail traffic forecast by CSX and NS in their STB filings. The model included 61 segments covering all Conrail main lines, plus certain lines of CSX and NS on which traffic flows would increase as a result of the proposed acquisition (See Table 1). Its purpose was to measure impacts on safety in terms of dollars of accident cost, for each segment in the analysis both in a base year (1995) and in the year 2000 (assuming successful completion of the acquisition).

The risk analysis is a regression model which takes into account train volume, track characteristics, operating speed, and includes a "firm variable" to capture historical differences in accident rates among the three carriers due to non-quantifiable factors. However, it should be noted that this model implicitly assumed "steady state" conditions such that:

- All former CR employees are trained in NS or CSX practices
- Former CR supervisors are brought up to the caliber of NS and CSX
- Morale and discipline are the same on all segments of the former CR as on the lines of the acquiring roads.

Table 1

List of Line Segments

Conrail Segments

1. Oak Island - Selkirk
2. Selkirk - Buffalo (Frontier)
3. Frontier - Niagara Falls
4. Frontier - Cleveland (Collinwood)
5. Collinwood - Berea (Short Line)
6. Collinwood - Toledo (Stanley) via Lakefront Line
7. Stanley - Elkhart
8. Stanley - Columbus
9. Elkhart - Kalamazoo*
10. Elkhart - Blue Island
11. Selkirk - Boston
12. Croxton - Binghamton*
13. Binghamton - Buffalo
14. Buffalo - Harrisburg*
15. Oak Island - Bound Brook
16. Bound Brook - Allentown*
17. Allentown - Reading*
18. Reading - Harrisburg
19. Reading - Philadelphia (Abrams)
20. Abrams - Greenwich YD*
21. Bound Brook - CP Falls (Phila.)*
22. Harrisburg - Johnstown
23. Johnstown - Greensburg - Pittsburgh (Conway)
24. Johnstown - Kiski - Conway
25. Conway - Alliance
26. Alliance - Cleveland
27. Alliance - Crestline
28. Crestline - Ft. Wayne
29. Ft. Wayne - Clark Junction
30. Crestline - Galion
31. Galion - Columbus*
32. Galion - Indianapolis (Avon)
33. Indianapolis - E. St. Louis (Rose Lake)

34. Toledo - Detroit
35. Detroit - Ypsilanti
36. Columbus - Deepwater, WV
37. Landover - "RO"
38. Enola - Perryville
39. Rockville - Buffalo
40. Columbus - Cincinnati*

CSX Segments

1. Baltimore - Point of Rocks (Old Main Line)
2. Baltimore - Washington
3. Washington - Point of Rocks
4. Point of Rocks - Cumberland
5. Cumberland - New Castle, PA
6. Greenwich, OH - Chicago (Barr)
7. Deshler - Toledo*
8. Danville - Evansville
9. Hyattsville - Anacostia Junction
10. "RO" - Richmond

NS Segments

1. Hagerstown - Roanoke
2. Manassas - Shenandoah Jct.
3. Buffalo - Cleveland
4. Cleveland - Ft. Wayne
5. Ft. Wayne - Chicago (Calumet)
6. Ft. Wayne - Muncie
7. Ft. Wayne - Kansas City
8. Columbus - Bellevue
9. Bellevue - Sandusky
10. Decatur - St. Louis
11. Deepwater, WV - Roanoke

*No calculation or risk assigned on Map of Safety Risk Assessment (Figure 1-2)

Overall, the model indicated that traffic volume in train miles was projected to increase 17.8% by the year 2000 on the line segments analyzed. This increase in train volume was estimated to result in a 12% increase in accident costs (risks) assuming Conrail's operations to have been successfully integrated into those of CSX and NS (See Table 2). However, this cost increase (risk) was not uniform over the network (See Figure 1-2, Map of Safety Risk Assessment by Line Segment of Proposed Conrail Acquisition). Certain segments with large projected traffic increases also sustained large increases in risk (cost). The large projected traffic increases on a number of line segments mean that, while the accident rate may be reduced on a line segment, the total costs (risk) of rail accidents on that line segment will increase. Moreover, there is nothing in the application, as noted earlier, that addresses the models of successful integration.

FRA thinks it imperative that the acquiring carriers specifically address in their safety integration plans measures that might be taken to mitigate these projected increases. Such an effort could yield significant gains in safety.

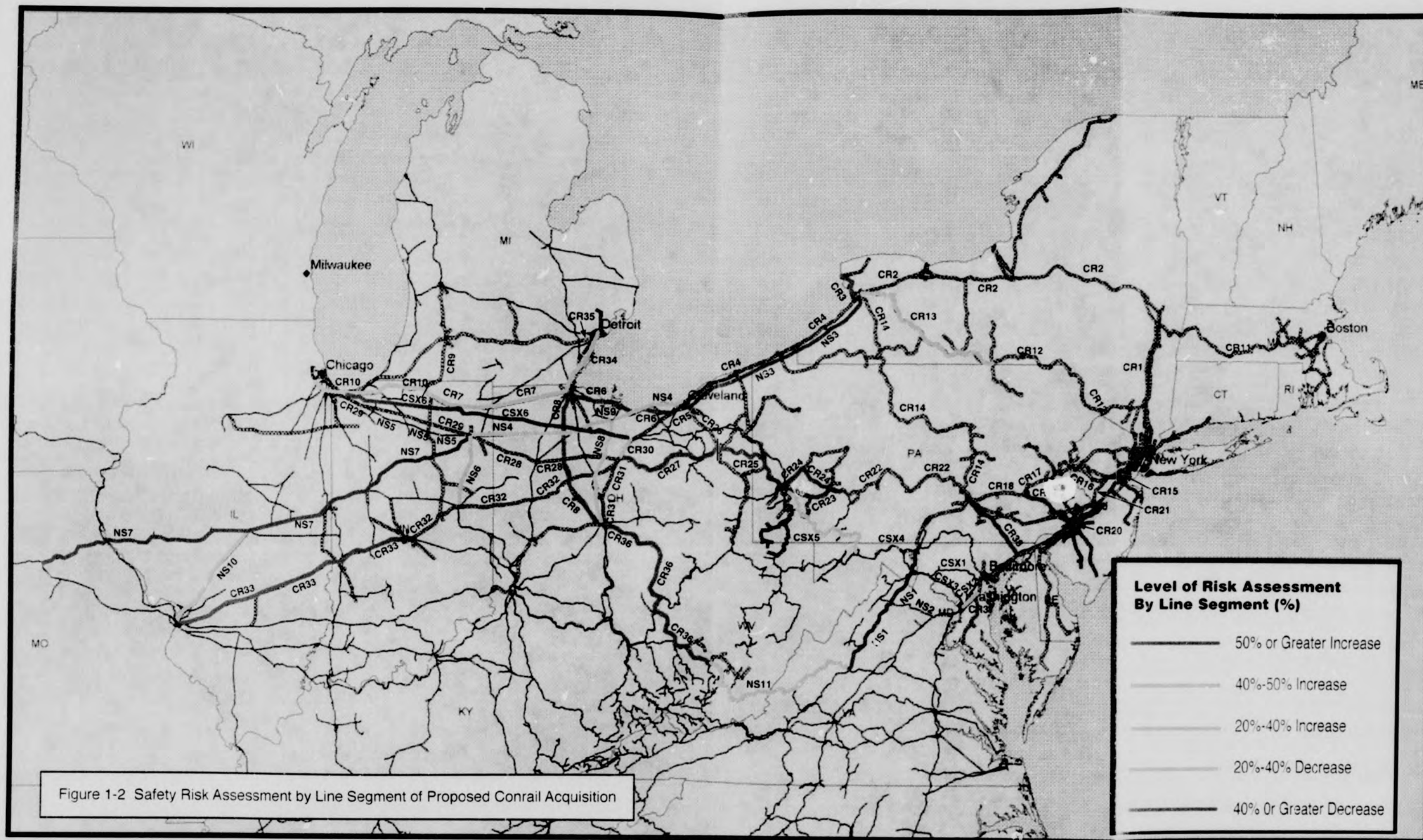


Figure 1-2 Safety Risk Assessment by Line Segment of Proposed Conrail Acquisition

Table 2
Results of Accident Safety Model - Risk Assessment

SEGMENT	8 yrs ANNUAL	1995 PREDCT	2000 PREDCT	1995	2000	8 yrs ANNUAL	1995 PREDCT	2000 PREDCT	% TRAIN	% COST	FROM	TO
NT	Average Cost	COST	COST	TRAIN	TRAIN	PER TRAIN	PER TRAIN	PER TRAIN	MILES	PRED.		
	Note 1	Note 2	Note 3			MILE	MILE	MILE				
CR1	\$885,876	\$225,035	\$193,759	2	2,988	\$234.64	\$79.30	\$64.65	5.20%	-16.14%	Oak Island	Selkirk
CR2	\$2,712,219	\$6,899,859	\$3,274,124	15,073	15,073	\$202.20	\$216.17	\$217.22	12.37%	11.44%	Selkirk	Buffalo
CR3	\$4,955	\$95,217	\$66,774	619	619	\$7.74	\$148.66	\$107.81	-3.28%	-42.60%	Frontier	Niagara
CR4	\$1,778,760	\$1,401,499	\$1,299,240	9,515	9,515	\$187.83	\$147.99	\$136.55	0.47%	-7.87%	Frontier	Cleveland
CR5	\$7,529	\$197,217	\$216,373	991	991	\$30.29	\$793.37	\$218.34	288.58%	8.85%	Collinswood	Berea
CR6	\$1,453,944	\$687,022	\$471,084	3,729	2,848	\$390.34	\$184.45	\$165.39	-23.53%	-45.64%	Drawbridge	Toledo
CR7	\$1,292,385	\$1,209,101	\$884,111	7,171	6,022	\$180.24	\$168.62	\$144.15	-16.01%	-39.28%	Air Line Jct	Elkhart
CR8	\$597,823	\$148,191	\$40,631	1,880	431	\$158.34	\$78.84	\$94.27	-77.98%	-264.68%	Stanley	Columbus
CR10	\$1,336,199	\$940,183	\$757,446	5,659	5,246	\$236.11	\$166.13	\$144.39	-7.31%	-24.13%	Elkhart	So. Chicago
CR11	\$516,210	\$814,111	\$717,949	5,374	5,302	\$96.05	\$151.48	\$135.42	-1.35%	-13.30%	Selkirk	Boston
CR13	\$205,021	\$289,909	\$386,215	2,877	4,243	\$71.26	\$100.76	\$86.31	47.47%	20.64%	Binghamton	E. Buffalo
CR15	\$44,510	\$331,212	\$235,183	1,980	1,661	\$22.48	\$167.24	\$141.61	-16.14%	-40.83%	Oak Island	Bethlehem
CR18	\$44,520	\$366,272	\$337,463	2,299	2,689	\$19.37	\$159.35	\$125.49	16.93%	-8.54%	Reading	Harrisburg
CR19	\$280,406	\$171,462	\$127,742	1,221	1,265	\$229.63	\$140.42	\$101.01	3.88%	-34.22%	Reading	Philadelphia
CR22	\$1,366,313	\$1,773,864	\$1,648,333	11,218	11,354	\$121.80	\$158.13	\$145.17	1.22%	-7.62%	Enola	E. Conway
CR23	\$603,698	\$134,145	\$92,801	870	861	\$693.59	\$154.12	\$107.81	-1.40%	-44.55%	Conitt	Federal St.
CR24	\$245,237	\$179,727	\$138,249	76	168	\$3,235.32	\$2,371.07	\$822.91	121.64%	-30.00%	Conway	Alliance
CR25	\$443,441	\$518,409	\$352,428	2,580	1,877	\$171.89	\$200.95	\$187.80	-27.28%	-47.10%	Alliance	Cleveland
CR26	\$378,061	\$345,603	\$303,129	1,466	1,688	\$257.90	\$235.76	\$177.84	16.12%	-15.12%	Alliance	Crestline
CR27	\$351,010	\$407,692	\$206,237	2,025	700	\$173.37	\$201.37	\$294.79	-65.45%	-87.68%	Airline Jct	N. Detroit
CR28	\$172,318	\$326,441	\$385,024	777	1,820	\$221.92	\$420.40	\$211.59	134.38%	15.22%	Crestline	Ft. Wayne
CR29	\$399,248	\$236,047	\$235,524	178	689	\$2,238.19	\$1,323.28	\$341.79	286.30%	-0.22%	Ft. Wayne	Clarke Jct.
CR30	\$198,427	\$275,824	\$442,589	1,010	3,027	\$198.50	\$273.15	\$146.19	189.81%	37.68%	Berea	Galion
CR32	\$146,201	\$740,828	\$695,707	5,684	5,915	\$25.72	\$130.34	\$117.62	4.67%	-6.49%	Galion	Indianapolis
CR33	\$28,574	\$644,354	\$377,155	4,739	3,234	\$5.61	\$135.98	\$116.61	-31.75%	-70.65%	Indianapolis	E. St. Louis
CR34	\$462,923	\$212,314	\$173,347	751	926	\$616.49	\$262.75	\$187.28	23.27%	-22.48%	N. Detroit	Jackson
CR35	\$404,657	\$459,775	\$521,479	1,704	2,827	\$237.42	\$269.76	\$184.44	65.69%	11.63%	Jackson	Kalamazoo
CR36	\$206,921	\$104,471	\$66,166	895	838	\$231.33	\$116.79	\$78.95	-6.31%	-57.89%	Columbus	Deepwater
CR37	\$10,238	\$145,352	\$118,397	384	502	\$26.66	\$378.51	\$235.74	30.76%	-23.77%	Landover	RO
CR38	\$262,377	\$244,654	\$170,456	1,275	1,050	\$205.72	\$191.83	\$162.34	-17.67%	-43.53%	Enola	Perryville
CR39	\$186,716	\$160,548	\$126,157	1,601	1,764	\$116.65	\$100.31	\$71.53	10.20%	-27.26%	Rockville	Buffalo
CSX1	\$52,010	\$58,509	\$58,247	539	534	\$96.42	\$108.47	\$109.16	-1.08%	-0.45%	Baltimore	Point of Rocks
CSX2	\$182,228	\$198,758	\$211,126	1,754	1,901	\$103.88	\$113.30	\$111.08	8.38%	6.06%	Baltimore	Washington
CSX3	\$502,191	\$231,068	\$258,861	1,643	1,944	\$305.73	\$140.67	\$133.19	16.32%	16.74%	Washington	Point of Rocks
CSX4	\$129,789	\$481,159	\$544,136	3,925	4,396	\$33.07	\$122.60	\$123.77	12.01%	11.97%	Point of Rocks	Cumberland
CSX5	\$623,796	\$609,365	\$825,374	6,312	7,683	\$98.82	\$96.52	\$107.43	21.71%	26.17%	Cumberland	New Castle
CSX6	\$1,386,208	\$904,725	\$2,395,542	8,848	13,239	\$202.48	\$132.15	\$180.92	93.38%	62.23%	Greenwich	Chicago
CSX8	\$819,287	\$806,828	\$954,376	3,691	4,534	\$222.08	\$218.62	\$210.51	22.65%	16.46%	Danville	Evansville
CSX10	\$86,105	\$438,459	\$537,426	3,788	4,548	\$17.45	\$115.73	\$118.17	20.07%	16.41%	RO	Richmond
NS1	\$387,891	\$128,473	\$298,244	1,373	3,364	\$282.60	\$93.60	\$88.06	145.10%	66.93%	Hagerstown	Roanoke
NS2	\$33,943	\$104,569	\$97,015	576	449	\$58.90	\$161.45	\$216.17	-22.12%	-7.70%	Manassas	Shenandoah
NS3	\$113,071	\$265,968	\$583,443	2,314	4,973	\$48.86	\$114.94	\$117.33	114.60%	54.41%	Buffalo	Cleveland
NS4	\$824,078	\$503,028	\$781,392	3,773	5,645	\$218.41	\$133.32	\$138.41	49.62%	35.62%	Cleveland	Ft. Wayne
NS5	\$666,097	\$219,380	\$238,386	1,321	1,534	\$504.08	\$166.02	\$155.37	16.11%	7.67%	Ft. Wayne	Chicago
NS6	\$18,440	\$70,695	\$56,840	1,254	990	\$14.70	\$56.36	\$59.21	-24.37%	-23.47%	Ft. Wayne	Muncie
NS7	\$1,185,798	\$1,395,848	\$3,089,819	9,998	16,113	\$118.60	\$132.61	\$190.52	61.18%	54.53%	Ft. Wayne	Kansas
NS8	\$31,405	\$255,519	\$325,411	2,857	3,353	\$11.82	\$96.16	\$97.04	28.20%	21.48%	Columbus	Belleue
NS10	\$72,472	\$219,149	\$313,574	1,835	2,821	\$39.46	\$119.34	\$111.17	53.89%	30.11%	Decatur	St. Louis
NS11	\$2,535	\$4,520	\$6,226	96	221	\$26.35	\$49.98	\$28.13	130.04%	27.40%	Deepwater	Roanoke
TOTAL	\$23,582,157	\$23,582,157	\$26,575,721	149,725	176,343	\$157.50	\$157.50	\$150.70	17.8%	-4.3%	Total	

EXPECTED INCREASE IN COST

12.69%

Note

- (1) Average annual accident cost, 1989-1996
- (2) Predicted 1995 accident cost, calibrated to 8 years average
- (3) Predicted year 2000 accident cost
- (4) Projected percent change in train miles, Year 2000 (From Railroad Filings)
- (5) Predicted change in accident cost, Year 2000 V.S. 1995

A similar situation exists with respect to highway-rail crossings. More lives are lost in highway-rail grade crossing accidents by far than in any other aspect of rail operations except for trespassing (which also results in large numbers of deaths relative to other railroad-related causes of death). Again, on average, the traffic increase is relatively small, but on specific segments of the network the train volume is projected to increase significantly. For example, the increase in volume from four trains per day to a range of 43 - 47 trains per day is projected on the Cleveland Short Line (CSL) between Collinwood and Berea, Ohio. An increase of 13 trains per day to 36 - 38 trains per day is projected for the NS line through Lakewood, Ohio. Although there have been no recent grade crossing accidents on the CSL and Lakewood line segments, the very large projected increase in train volumes demands a careful evaluation of risks and possible measures to mitigate them. All of the crossings on each of these segments should be analyzed together as a corridor and mitigation measures designed to reduce risk along entire segments rather than on a crossing-by-crossing basis.

A separate analysis was performed for accidents at highway-rail grade crossings based on a 1986 FRA-developed grade crossing prediction model. This grade crossing analysis made use of data from several FRA sources; an FRA-maintained inventory of public highway-rail crossings in the United States and a separate FRA-maintained grade crossing accident database. Five years of accident data, together with crossing safety information, highway traffic levels, and railroad traffic levels were used to calculate predicted number of accidents per crossing and per segment. The post-acquisition accident rate for each study segment was computed using the railroad projected traffic for the year 2000 with the results calculated by line segment (by summing across all crossings on the segment). The predicted number of accidents, fatalities, and injuries per year was tabulated for each line segment of the CR, NS, and CSX lines and is shown in Tables 3 through 5.

Table 3
CR Line Segments - Base Case and Post Acquisition Case

	Station	Station	Miles	Base Case			Post Acquisition Case											Change in Accidents Per Year
				Psg	Frt	Total	Predicted	Predicted	Predicted	Psg	Frt	Total	Change	Predicted	Predicted	Predicted		
				Trains	Trains	Trains	Accidents	Fatalities	Injuries	Trains	Trains	Trains	in	Accidents	Fatalities	Injuries		
				Day	Day	Day	Per Year	Per Year	Per Year	Day	Day	Day	Trains	Per Year	Per Year	Per Year		
CR1	RIDGEFIELD H	NEW BURGH	44.9	0	23.6	23.6	1.6784	0.1130	0.4759	0	24.8	24.8	1.2	1.6979	0.1143	0.4814	0.0195	
	NEW BURGH	SELKIRK	80.1	0	22.2	22.2	1.1220	0.0817	0.2912	0	23.4	23.4	1.2	1.1362	0.0827	0.2948	0.0142	
CR2	SELKIRK	HOFFMANS	25.4	0	38.7	38.7	0.3450	0.0310	0.0860	0	45.2	45.2	6.5	0.3590	0.0323	0.0895	0.0140	
	RENSSEALER	W ALBANY	4	14	3.4	17.4	0.0000	0.0000	0.0000	14	3.4	17.4	0	0.0000	0.0000	0.0000		
	W ALBANY	HOFFMAN	23	7.4	0.1	7.5	0.0000	0.0000	0.0000	7.4	0.1	7.5	0	0.0000	0.0000	0.0000		
	HOFFMAN	UTICA	66.4	7.4	38.3	45.7	0.4255	0.0443	0.0975	7.4	44.8	52.2	6.5	0.4381	0.0456	0.1004	0.0126	
	UTICA	SYRACUS	50.6	7.4	36.9	44.3	0.0000	0.0000	0.0000	7.4	43.4	50.8	6.5	0.0000	0.0000	0.0000		
	SYRACUSE	SYRACUSE J	5.5	7.1	40	47.1	0.0000	0.0000	0.0000	7.1	46.6	53.7	6.6	0.0000	0.0000	0.0000		
	SOLVAY	LYONS	42.3	7.1	39.5	46.6	0.0000	0.0000	0.0000	7.1	44.8	51.9	5.3	0.0000	0.0000	0.0000		
	LYONS	FAIRPORT	23.4	7.1	39.8	46.9	0.2456	0.0239	0.0634	7.1	45.1	52.2	5.3	0.2505	0.0244	0.0646	0.0050	
	FAIRPORT	ROCHESTER	10.7	7.1	31.8	38.9	0.2329	0.0138	0.0604	7.1	36.5	43.6	4.7	0.2383	0.0141	0.0617	0.0054	
	ROCHESTER	CHILI	12.7	7.1	33.4	40.5	0.2484	0.0287	0.0505	7.1	36.9	44	3.5	0.2522	0.0291	0.0513	0.0038	
	CHILI	FRONTIER	50.5	7.1	40.6	47.7	0.7806	0.1044	0.2171	7.1	45.9	53	5.3	0.8004	0.1071	0.2226	0.0198	
	FRONTIER	BUFFALO	4.1	7.1	52.8	59.9	0.0000	0.0000	0.0000	7.1	49.5	56.6	-3.3	0.0000	0.0000	0.0000		
	CR3	BUFFALO	BLACK ROCK	7.1	5.1	1.6	6.7	0.0000	0.0000	0.0000	5.1	1.6	6.7	0	0.0000	0.0000	0.0000	
		BLACK ROCK	NIAGRA FAL	21.1	5.1	23	28.1	0.8949	0.0147	0.2052	5.1	22	27.1	-1	0.8880	0.0146	0.2036	-0.0069
CR4	BUFFALO	DRAW	1.7	2	55.8	57.8	0.0000	0.0000	0.0000	2	58.5	60.5	2.7	0.0000	0.0000	0.0000		
	DRAW	BUFF CRK JCT	0.4	2	55.8	57.8	0.0000	0.0000	0.0000	2	52.5	54.5	-3.3	0.0000	0.0000	0.0000		
	BUFF CRK JCT	BUFF SETCA	3.3	2	55.8	57.8	0.0000	0.0000	0.0000	2	52.5	54.5	-3.3	0.0000	0.0000	0.0000		
	BUFF SETCA	ASHTABULA	122.8	2	50.1	52.1	3.3932	0.3805	0.8323	2	50.8	52.8	0.7	3.4022	0.3816	0.8345	0.0091	
	ASHTABULA	QUAKER	46.5	2	48.3	50.3	0.8099	0.0931	0.1924	2	54.2	56.2	5.9	0.8240	0.0947	0.1957	0.0141	
	QUAKER	DRAW BRIDGE	7.6	2	53.4	55.4	0.0000	0.0000	0.0000	2	12.9	14.9	-40.5	0.0000	0.0000	0.0000		
	QUAKER	MAYFIELD	5.8	0	6.8	6.8	0.0000	0.0000	0.0000	0	43.8	43.8	37	0.0000	0.0000	0.0000		
	MAYFIELD	MARCEY	3.3	0	3.4	3.4	0.0000	0.0000	0.0000	0	43.8	43.8	40.4	0.0000	0.0000	0.0000		
CR5	MARCEY	SHORT	8.8	0	16.4	16.4	0.0000	0.0000	0.0000	0	45.8	45.8	29.4	0.0000	0.0000	0.0000		
	SHORT	BEREA	4	0	13.4	13.4	0.0000	0.0000	0.0000	0	47.3	47.3	33.9	0.0000	0.0000	0.0000		
CR6	STANLEY	DUNKIRK	57.2	0	11.6	11.6	4.3050	0.3606	1.2978	0	14	14	-10.2	2.5524	0.2105	0.7731	-1.7526	
	DUNKIRK	RIDGEWAY	21.1	0	13.2	13.2	0.1007	0.0105	0.0330	0	14	14	-11.8	0.0605	0.0062	0.0199	-0.0401	
	RIDGEWAY	MARYSVILLE	22.2	0	22.2	22.2	0.5559	0.0578	0.1824	0	9.4	9.4	-12.8	0.4406	0.0457	0.1446	-0.1153	
	MARYSVILLE	DARBY	19.2	0	22.2	22.2	0.1146	0.0119	0.0376	0	5	5	-17.2	0.0774	0.0080	0.0254	-0.0372	
	DARBY	MOUNDS	2.6	0	2.2	2.2	0.0000	0.0000	0.0000	0	2	2	-0.2	0.0000	0.0000	0.0000		
	MOUNDS	SCIOTO	5.8	0	2.2	2.2	0.6929	0.0326	0.1834	0	2	2	-0.2	0.6793	0.0320	0.1797	-0.0136	
CR11	BOSTON BEA	FRAMINGHAM	18.3	38	9.3	47.3	0.5327	0.0184	0.1294	38	8.7	46.7	-0.6	0.5316	0.0183	0.1292	-0.0011	
	FRAMINGHAM	WESTBORO	11.9	12	15.3	27.3	0.0000	0.0000	0.0000	12	14.4	26.4	-0.9	0.0000	0.0000	0.0000		
	WESTBORO	WORCESTER	11	12	15.3	27.3	0.0000	0.0000	0.0000	12	14.4	26.4	-0.9	0.0000	0.0000	0.0000		
	WORCESTER	PALMER	39	4	20.3	24.3	0.0000	0.0000	0.0000	4	19.9	23.9	-0.4	0.0000	0.0000	0.0000		
	PALMER	SPRINGFIELD	15.3	6	22.3	28.3	0.0000	0.0000	0.0000	6	21.9	27.9	-0.4	0.0000	0.0000	0.0000		
	SPRINGFIELD	WESTFIELD	11	2	22.3	24.3	0.0000	0.0000	0.0000	2	22.1	24.1	-0.2	0.0000	0.0000	0.0000		
	WESTFIELD	SELKIRK	85	2	24.3	26.3	0.1661	0.0124	0.0351	2	24.1	26.1	-0.2	0.1657	0.0124	0.0350	-0.0003	
CR20	RG	FIELD	2	0	0	0	0.0000	0.0000	0.0000	0	16	16	16	0.0000	0.0000	0.0000		
	SOUTH PHILA	FIELD	8	0	8.2	8.2	0.0000	0.0000	0.0000	0	21.1	21.1	12.9	0.0000	0.0000	0.0000		
	FIELD	BELMONT	4	0	8.2	8.2	0.0000	0.0000	0.0000	0	15.8	15.8	7.6	0.0000	0.0000	0.0000		

Table 3 - continued
CR Line Segments - Base Case and Post Acquisition Case

	Station	Station	Miles	Base Case			Post Acquisition Case										Change in Accidents
				Pgr	Frt	Total	Predicted	Predicted	Predicted	Pgr	Frt	Total	Change	Predicted	Predicted	Predicted	
				Trains Day	Trains Day	Trains Day	Accidents Per Year	Fatalities Per Year	Injuries Per Year	Trains Day	Trains Day	Trains Day	in Trains	Accidents Per Year	Fatalities Per Year	Injuries Per Year	
CR21	PARK JCT	BELMONT	0.9	0	17	17	0.0000	0.0000	0.0000	0	18.3	18.3	1.3	0.0000	0.0000	0.0000	
	BELMONT	WEST FALLS	1.3	0	24.5	24.5	0.0000	0.0000	0.0000	0	27.1	27.1	2.6	0.0000	0.0000	0.0000	
	WEST FALLS	CP NEW TOW	3.7	0	11.1	11.1	0.0000	0.0000	0.0000	0	11.4	11.4	0.3	0.0000	0.0000	0.0000	
	CP NEW TOW	CP WOOD	20.7	48	12	60	0.0000	0.0000	0.0000	48	11.4	59.4	-0.6	0.0000	0.0000	0.0000	
	CP WOOD	TRENTON	5.7	48	14.3	62.3	0.0000	0.0000	0.0000	48	10	58	-4.3	0.0000	0.0000	0.0000	
	TRENTON	CP PT READI	24.7	0	15.7	15.7	0.0000	0.0000	0.0000	0	11.4	11.4	-4.3	0.0000	0.0000	0.0000	
CR28	CRESTLINE	BUCYRUS	11.9	0	6.5	6.5	1.0769	0.1203	0.2946	0	14.5	14.5	8	1.3254	0.1488	0.3623	0.2485
	BUCYRUS	ADAMS	113.5	0	5.9	5.9	1.4158	0.1296	0.4333	0	13.9	13.9	8	1.7675	0.1619	0.5411	0.3517
	ADAMS	FT WAYNE	5	0	5.9	5.9	0.0000	0.0000	0.0000	0	13.9	13.9	8	0.0000	0.0000	0.0000	
CR29	FT WAYNE	WARSAW	39.7	0	2.4	2.4	0.5571	0.0361	1.1570	0	6.4	6.4	4	0.7121	0.0462	0.1994	0.1550
	WARSAW	TOLLESTON	83.1	0	1	1	0.0604	0.0036	0.0171	0	5	5	4	0.0844	0.0052	0.0235	0.0240
	TOLLESTON	CLARK JCT	3.9	0	0	0	0.2428	0.0165	0.0629	0	5	5	5	0.6663	0.0513	0.1680	0.4235
CR30	BEREA	GREENWICH	42	0	14.5	14.5	1.3502	0.1794	0.4032	0	54.2	54.2	39.7	1.8999	0.2531	0.5669	0.5498
	GREENWICH	CRESTLINE	21.2	0	14.5	14.5	1.6057	0.1919	0.4198	0	31.3	31.3	16.8	1.9205	0.2309	0.5033	0.3148
	CRESTLINE	GALION	3.3	0	28.3	28.3	0.1323	0.0186	0.0424	0	26.5	26.5	-1.8	0.1299	0.0182	0.0416	-0.0024
CR31	COLUMBUS	HOCKING	1	0	13.4	13.4	0.8535	0.0963	0.2646	0	9.5	9.5	-3.9	0.7812	0.0878	0.2422	-0.0723
	GALION	COLUMBUS	57.7	0	13.4	13.4	0.0000	0.0000	0.0000	0	7.5	7.5	-5.9	0.0000	0.0000	0.0000	
CR32	MARION	RIDGWAY	22.5	0	18.6	18.6	1.5300	0.1816	0.4570	0	23.6	23.6	5	1.6218	0.1927	0.4844	0.0918
	RIDGWAY	SIDNEY	23.2	0	16.1	16.1	0.2806	0.0292	0.0853	0	31.8	31.8	15.7	0.3372	0.1025	0.0568	
	SIDNEY	SO ANDERSON	38.3	0	24.2	24.2	0.3515	0.0433	0.0973	0	31	31	6.8	0.3741	0.0461	0.1036	0.0227
	SO ANDERSON	INDIANA POL	85.6	0	29.4	29.4	0.5682	0.0797	0.1617	0	26.7	26.7	-2.7	0.5544	0.0778	0.1578	-0.0137
	INDIANA POL	AVON	35.1	0	32	32	8.6074	0.5954	2.2795	0	25.7	25.7	-6.3	8.2132	0.5678	2.1755	-0.3942
CR33	AVON	GREENCASTLE	12.5	0	26	26	0.4851	0.0608	0.1425	0	21.7	21.7	-4.3	0.4647	0.0582	0.1366	-0.0203
	GREENCASTLE	TERREHAUT	27.5	0	23	23	0.4596	0.0576	0.1351	0	19.9	19.9	-3.1	0.4460	0.0558	0.1311	-0.0136
	TERREHAUT	EFFINGHAM	32	0	26.4	26.4	1.6935	0.1097	0.4116	0	19.9	19.9	-6.5	1.5874	0.1026	0.3858	-0.1061
	EFFINGHAM	ST ELMO	68.6	0	23.8	23.8	0.2412	0.0220	0.0622	0	16.1	16.1	-7.7	0.2226	0.0203	0.0575	-0.0185
	ST ELMO	E ST LOUIS	13.7	0	22.3	22.3	0.0000	0.0000	0.0000	0	14.1	14.1	-8.2	0.0000	0.0000	0.0000	
CR37	LANDOVER	ANACOSTIA	82.7	0	16	16	0.2920	0.0139	0.0801	0	9.1	9.1	-6.9	0.2494	0.0118	0.0685	-0.0426
	ANACOSTIA	VIRGINIA AV	5.4	0	3.4	3.4	0.0000	0.0000	0.0000	0	9.1	9.1	5.7	0.0000	0.0000	0.0000	
	VIRGINIA AV	POTOMAC Y	2.5	0	19.3	19.3	0.0000	0.0000	0.0000	0	28.6	28.6	9.3	0.0000	0.0000	0.0000	
CR6	Cleveland OH	Vermillion OH	6	35	17.9	52.9	0.0000	0.0000	0.0000	35	28.6	63.6	10.7	0.0000	0.0000	0.0000	
	Vermillion OH	Oak Harbor OH	43	4	48.4	52.4	2.6175	0.2166	0.5934	4	24.4	28.4	-24	2.3162	0.1909	0.5245	-0.3013
	Oak Harbor OH	Arlingline OH	4	4	48.3	52.3	2.1587	0.2712	0.5588	4	36.2	40.2	-12.1	2.0496	0.2572	0.5303	-0.1092
CR7	Arlingline OH	Butler IN	24	4	48.6	52.6	0.6624	0.0853	0.1851	4	57.1	61.1	8.5	0.6880	0.0886	0.1923	0.0256
	Butler IN	Elkhart IN	68	4	50.4	54.4	3.6531	0.5099	1.0266	4	43.8	47.8	-6.6	3.5538	0.1959	0.9986	-0.0993
CR9	Kalamazoo MI	Elkhart IN	63	4	51.1	55.1	5.6424	0.5095	1.2820	4	40	44	-11.1	5.4037	0.4874	1.2267	-0.2387
CR10	Elkhart IN	Porter IN	55	0	7	7	6.2903	0.4329	1.6724	0	6.5	6.5	-0.5	6.1771	0.4250	1.6424	-0.1132
	Porter IN	Control Pt 501	61	4	53	57	9.9985	1.0170	2.3604	4	45.2	49.2	-7.8	9.7371	0.9901	2.2985	-0.2613
	Control Pt 501	Indiana Hbr IN	20	14	69.4	83.4	1.0119	0.0934	0.2499	14	68.7	82.7	-0.7	1.0104	0.0932	0.2495	-0.0015
	Indiana Hbr IN	South Chicago	1	14	43.4	57.4	0.0000	0.0000	0.0000	14	56.5	70.5	13.1	0.0000	0.0000	0.0000	
CR12	Croston NJ	Suffern NY	8	16	41.1	57.1	0.0000	0.0000	0.0000	16	49	65	7.9	0.0000	0.0000	0.0000	
	Suffern NY	Campbell NY	28	58.9	5.1	64	0.0000	0.0000	0.0000	58.9	8.2	67.1	3.1	0.0000	0.0000	0.0000	
	Campbell NY	Port Jervis NY	35	13.4	4.7	18.1	0.0000	0.0000	0.0000	13.4	7.7	21.1	3	0.0000	0.0000	0.0000	
	Port Jervis NY	Binghamton NY	30	12.4	7.9	21.3	0.0000	0.0000	0.0000	13.4	7.9	25.4	4.1	0.0000	0.0000	0.0000	
CR13	Binghamton NY	Waverly NY	126	0	7.9	7.9	0.0000	0.0000	0.0000	0	12	12	4.1	0.0000	0.0000	0.0000	
	Waverly NY	Corning NY	42	0	13	13	0.0944	0.0097	0.0285	0	19.9	19.9	6.9	0.1082	0.0111	0.0326	0.0138
	Corning NY	Buffalo NY	36	0	16.4	16.4	0.0000	0.0000	0.0000	0	21.4	21.4	5	0.0000	0.0000	0.0000	
CR14	Harrisburg PA	Hagerstown P	128	0	13.6	13.6	0.8050	0.0780	0.2460	0	20.6	20.6	7	0.8976	0.0866	0.2732	0.0896
CR19	Rockville PA	Watsonstown P	74	0	11.2	11.2	0.5664	0.0396	0.1836	0	19.4	19.4	8.2	0.6454	0.0453	0.2091	0.0791
	Watsonstown P	Montgomery P	64	0	5	5	0.0000	0.0000	0.0000	0	7	7	2	0.0000	0.0000	0.0000	
	Montgomery P	Linden PA No	7	0	7.6	7.6	0.4356	0.0398	0.1400	0	6.9	6.9	-0.7	0.4258	0.0389	0.1369	-0.0098
	Linden PA No	Linden PA So	22	0	3.3	3.3	0.0567	0.0043	0.0170	0	5	5	1.7	0.0607	0.0046	0.0182	0.0041
	Linden PA So	Keating PA	22	0	4.2	4.2	0.0900	0.0000	0.0000	0	2	2	-2.2	0.0000	0.0000	0.0000	
	Keating PA	Ebenezer Jct N	59	0	7.4	7.4	0.4179	0.0180	0.1278	0	7.9	7.9	0.5	0.4252	0.0183	0.1300	0.0072
	Ebenezer Jct N	Buffalo NY	149	0	4.2	4.2	0.8721	0.0666	0.2547	0	4.2	4.2	0	0.8721	0.0666	0.2547	0.0000
	Buffalo NY		6	0	0	0	0.0000	0.0000	0.0000	0	3.6	3.6	3.6	0.0000	0.0000	0.0000	

Table 3 - continued
CR Line Segments - Base Case and Post Acquisition Case

				Base Case						Post Acquisition Case							
				Psg	Frt	Total	Predicted	Predicted	Predicted	Psg	Frt	Total	Change	Predicted	Predicted	Predicted	Change in
				Trains	Trains	Trains	Accidents	Fatalities	Injuries	Trains	Trains	Trains	in	Accidents	Fatalities	Injuries	Accidents
	Station	Station	Miles	Day	Day	Day	Per Year	Per Year	Per Year	Day	Day	Day	Trains	Per Year	Per Year	Per Year	Per Year
CR15	Oak Island NJ	Aldene NJ	8	50	21.5	71.5	0.0000	0.0000	0.0000	50	12.5	62.5	-9	0.0000	0.0000	0.0000	
	Aldene NJ	Manville NJ	20	0	21.8	21.8	0.4428	0.0206	0.1162	0	12.8	12.8	-9	0.3922	0.0183	0.1029	-0.0506
	Manville NJ	Bethlehem PA	52	0	18.7	18.7	0.6342	0.0547	0.1895	0	17.4	17.4	-1.3	0.6230	0.0537	0.1862	-0.0112
CR16	Bethlehem PA	Allentown PA	3	0	17.2	17.2	0.0000	0.0000	0.0000	0	13.3	13.3	-3.9	0.0000	0.0000	0.0000	
	Allentown PA	Burn PA	3	0	24.9	24.9	0.0000	0.0000	0.0000	0	21.3	21.3	-3.6	0.0000	0.0000	0.0000	
CR17	Burn PA	Rdg Belt Jct P	37	0	36.4	36.4	2.9745	0.2404	0.7720	0	30.9	30.9	-5.5	2.8654	0.2312	0.7434	-0.1091
CR18	Rdg Belt Jct PA	W M Jct PA	4	0	31.2	31.2	0.8597	0.0461	0.1996	0	26.3	26.3	-4.9	0.8284	0.0442	0.1924	-0.0313
	W M Jct PA	Rutherford PA	45	0	42.4	42.4	0.0000	0.0000	0.0000	0	49.7	49.7	7.3	0.0000	0.0000	0.0000	
CF19	Rutherford PA	Harrisburg PA	6	0	44.3	44.3	2.9293	0.1783	0.6707	0	57.9	57.9	13.6	3.1041	0.1894	0.7107	0.1748
	West Falls PA	Abrams PA	14	0	17.3	17.3	0.2503	0.0042	0.0573	0	14	14	-3.3	0.2405	0.0040	0.0551	-0.0098
CR20	Abrams PA	W M Jct. PA	39	0	25.1	25.1	0.2578	0.0229	0.0696	0	27.4	27.4	2.3	0.2617	0.0232	0.0707	0.0039
	West Falls PA	Wayne Jct PA	4	0	7.3	7.3	0.0000	0.0000	0.0000	0	4	4	-3.3	0.0000	0.0000	0.0000	
	Zoo PA	Arsenal PA	2	0	5.4	5.4	0.0000	0.0000	0.0000	0	9.3	9.3	3.9	0.0000	0.0000	0.0000	
CR22	Arsenal PA	Greenwich PA	3	0	5.4	5.4	0.0000	0.0000	0.0000	0	6.9	6.9	1.5	0.0000	0.0000	0.0000	
	Marysville PA	Pitcairn PA	227	4	42.5	46.5	1.8320	0.1438	0.4905	4	42.8	46.8	0.3	1.8346	0.1440	0.4912	0.0027
	Pitcairn PA	Jacks Run PA	18	4	32.8	36.8	0.5704	0.0091	0.0974	4	36.6	40.6	3.8	0.5841	0.0093	0.0997	0.0138
CR23	Jacks Run PA	Conway East	16	4	50.4	54.4	0.3605	0.0378	0.0740	4	49.8	53.8	-0.6	0.3598	0.0378	0.0738	-0.0008
CR24	Conpitt Jct PA	Avonmre Coa	28	0	1.4	1.4	0.0000	0.0000	0.0000	0	2.9	2.9	1.5	0.0000	0.0000	0.0000	
	Avonmre Coal	Etna PA	44	0	0.6	0.6	0.1775	0.0115	0.0477	0	1.7	1.7	1.1	0.2132	0.0139	0.0572	0.0357
	Etna PA	Federal St PA	6	0	1.7	1.7	0.0000	0.0000	0.0000	0	2	2	0.3	0.0000	0.0000	0.0000	
CR25	Conway East P	Rochester PA	5	4	57.1	61.1	0.0000	0.0000	0.0000	4	48.7	52.7	-8.4	0.0000	0.0000	0.0000	
	Rochester PA	Alliance OH	57	2	37.9	39.9	1.4638	0.1045	0.3803	2	26.3	28.3	-11.6	1.3476	0.0960	0.3501	-0.1162
CR26	Alliance OH	White OH	46	2	26.4	28.4	2.4873	0.2071	0.6535	2	27.8	29.8	1.4	2.5156	0.2095	0.6609	0.0283
	White OH	Cleveland OH	11	2	12.5	14.5	0.0000	0.0000	0.0000	2	26.8	28.8	14.3	0.0000	0.0000	0.0000	
CR27	Alliance OH	Crestline OH	106	0	19.1	19.1	7.8161	0.7493	1.9882	0	6.6	6.6	-12.5	5.9815	0.5692	1.5195	-1.8346
CR34	Airline OH	River Rouge M	50	0	11.6	11.6	1.9439	0.1074	0.4314	0	14.5	14.5	2.9	2.0450	0.1132	0.4538	0.1012
	River Rouge M	W. Detroit MI	5	0	22.9	22.9	0.0000	0.0000	0.0000	0	25.6	25.6	2.7	0.0000	0.0000	0.0000	
	W. Detroit MI	North Yd MI	6	0	9.4	9.4	0.0000	0.0000	0.0000	0	12.1	12.1	2.7	0.0000	0.0000	0.0000	
CR35	West Detroit M	Jackson MI	74	8	2.9	10.9	1.5938	0.0885	0.3860	8	12.1	20.1	9.2	1.8419	0.1026	0.4461	0.2481
	Jackson MI	Kalamazoo M	67	8	5.4	13.4	1.9891	0.0742	0.4976	8	12	20	6.6	2.1931	0.0818	0.5483	0.2040
CR36	Columbus OH	Charleston W	185	0	4.1	4.1	1.5887	0.0914	0.4169	0	3.4	3.4	-0.7	1.5220	0.0876	0.3998	-0.0667
	Charleston W	V Dickinson W	14	0	4.3	4.3	0.0767	0.0036	0.0211	0	4.6	4.6	0.3	0.0779	0.0037	0.0214	0.0012
	Dickenson W	V Peters Jct W	41	0	1.6	1.6	0.3029	0.0167	0.0908	0	2.7	2.7	1.1	0.3409	0.0192	0.1018	0.0380
	Deepwater W	V Fola Mine W	17	0	0.6	0.6	0.0516	0.0034	0.0153	0	2	2	1.4	0.0618	0.0043	0.0181	0.0102
CR38	Enola PA	Wago York H.	18	0	19.3	19.3	0.5706	0.0404	0.1534	0	12.9	12.9	-6.4	0.5169	0.0366	0.1391	-0.0537
	Wago York Ha	Perryville PA	58	0	16	16	0.0000	0.0000	0.0000	0	14.1	14.1	-1.9	0.0000	0.0000	0.0000	
TOTAL							104.91	9.07	27.22					102.27	8.84	26.52	-2.63

Table 4
CSX Line Segments - Base Case and Post Acquisition Case

Base Case										Post Acquisition Case							
				Psg	Frt	Total	Predicted	Predicted	Predicted	Psg	Frt	Total	Change	Predicted	Predicted	Predicted	Change in
				Trains	Trains	Trains	Accidents	Fatalities	Injuries	Trains	Trains	Trains	m	Accidents	Fatalities	Injuries	Accidents
	Station	Station	Miles	Day	Day	Day	Per Year	Per Year	Per Year	Day	Day	Day	Trains	Per Year	Per Year	Per Year	Per Year
CS1	RELAY	POINT OF ROCK	58	0	9.3	9.3	0.8555	0.0534	0.2419	0	9.2	9.2	-0.1	0.8532	0.0532	0.2413	-0.0023
CS2	BALTIMORE	RELAY	7	15.5	39.6	55.1	0.3349	0.0087	0.0826	15.5	42.7	58.2	3.1	0.3376	0.0088	0.0832	0.0026
	RELAY	JESSUP	7	15.5	33.1	48.6	0.2707	0.0263	0.0700	15.5	37	52.5	3.9	0.2751	0.0267	0.0711	0.0044
	JESSUP	ALEXANDRIA JC	17	15.5	33.4	48.9	0.0000	0.0000	0.0000	15.5	37.1	52.6	3.7	0.0000	0.0000	0.0000	
	ALEXANDRIA J	WASHINGTON	5	15.5	23.9	39.4	0.0000	0.0000	0.0000	15.5	30.8	46.3	6.9	0.0000	0.0000	0.0000	
CS3	WASHINGTON	POINT OF ROCK	43	14.4	23.8	38.2	0.8872	0.1046	0.2246	14.4	30.8	45.2	7	0.9043	0.1067	0.2289	0.0171
CS4	POINT OF ROCK	HARPERS FERRY	13	14.4	33.3	47.7	0.1648	0.0110	0.0532	14.4	41.6	56	8.3	0.1724	0.0115	0.0556	0.0076
	HARPERS FERR	CHERRY RUN	32	7	33.3	40.3	0.2037	0.0272	0.0595	7	40.6	47.6	7.3	0.2127	0.0285	0.0622	0.0090
	CHERRY RUN	CUMBERLAND	65	2	29	31	0.4151	0.0240	0.1055	2	31	33	2	0.4212	0.0243	0.1071	0.0061
CS5	CUMBERLAND	SINNS	133	2	27.4	29.4	1.2131	0.0889	0.3418	2	32.5	34.5	5.1	1.2625	0.0926	0.3558	0.0494
	SINNS	RANKIN JCT	9	2	30.8	32.8	0.3728	0.0215	0.0639	2	40.2	42.2	9.4	0.3988	0.0230	0.0683	0.0260
	RANKIN JCT	NEW CASTLE	51	0	28.9	28.9	0.2989	0.0224	0.0695	0	38.3	38.3	9.4	0.3232	0.0242	0.0751	0.0243
	NEW CASTLE	YOUNGS TOWN	18.3	2	32.6	34.6	0.9172	0.1233	0.2616	2	39.6	41.6	7	0.9583	0.1288	0.2732	0.0411
CS6	GREENWICH	WILLIARD	11.6	2	32.5	34.5	0.5941	0.0933	0.1695	2	55.2	57.2	22.7	0.6733	0.1058	0.1920	0.0792
	WILLIARD	FOSTORIA	36.8	2	32.5	34.5	2.8714	0.3014	0.7674	2	54	56	21.5	3.2278	0.3392	0.8630	0.3564
	FOSTORIA	DESHLER	26	2	34	36	0.8268	0.1310	0.2347	2	37.9	39.9	3.9	0.8465	0.1342	0.2403	0.0197
	DESHLER	WILLOW CREEK	174	2	21.4	23.4	6.5055	0.8691	1.8425	2	47.7	49.7	26.3	7.7334	1.0346	2.1895	1.2279
	WILLOW CREEK	PINE JCT	12	2	20.1	22.1	1.1184	0.1280	0.3175	2	36.6	38.6	16.5	1.2538	0.1436	0.3558	0.1354
	PINE JCT	BARR YD	11	0	27.6	27.6	0.6281	0.0239	0.1325	0	33.3	33.3	5.7	0.6574	0.0250	0.1387	0.0292
CS7	DESHLER	TOLEDO	36	0	0.6	0.6	0.6301	0.0448	0.1499	0	14.2	14.2	13.6	1.3165	0.0934	0.3081	0.6864
CS8	DANVILLE	TERRE HAUTE	57	0	22.6	22.6	4.2649	0.3180	1.1625	0	23.9	23.9	1.3	4.3141	0.3218	1.1759	0.0492
	TERRE HAUTE	VINCENNES	54	0	22.6	22.6	4.6998	0.3759	1.3285	0	28.5	28.5	5.9	4.9723	0.3986	1.4058	0.2725
	VINCENNES	EVANSVILLE	53	0	22.3	22.3	4.4796	0.3123	1.2345	0	30.8	30.8	8.5	4.8356	0.3374	1.3326	0.3559
CS9	ALEXANDRIA J	BENNING	6	0	18.7	18.7	0.0000	0.0000	0.0000	0	24.3	24.3	5.6	0.0000	0.0000	0.0000	
CS10	FREDERICKSBUR	POTOMOC YARD	49	22	16.3	38.3	0.1960	0.0278	0.0568	22	23.4	45.4	7.1	0.2050	0.0291	0.0595	0.0090
	DOSWELL	FREDERICKSBUR	37	14.5	16.2	30.7	0.0000	0.0000	0.0000	14.5	22.8	37.3	6.6	0.0000	0.0000	0.0000	
	RICHMOND	DOSWELL	24	14.5	17.8	32.3	1.4464	0.1701	0.3802	14.5	24.8	39.3	7	1.4936	0.1758	0.3927	0.0472
TOTAL							34.20	3.31	9.35					37.65	3.67	10.28	3.45

Table 5
NS Line Segments - Base Case and Post Acquisition Case

			Base Case							Post Acquisition Case								
			Psg	Frt	Total	Predicted	Predicted	Predicted	Psg	Frt	Total	Change	Predicted	Predicted	Predicted	Change in		
			Trains	Trains	Trains	Accidents	Fatalities	Injuries	Trains	Trains	Trains	in	Accidents	Fatalities	Injuries	Accidents		
	Station	Station	Miles	Day	Day	Day	Per Year	Per Year	Per Year	Day	Day	Day	Trains	Per Year	Per Year	Per Year	Per Year	
NS1	Hagerstown, M	Riverton Jct, V.	59	0	11.3	11.3	0.8750	0.0930	0.2835	0	19.9	19.9	8.6	1.0254	0.1095	0.3318	0.1503	
	Riverton Jct, V	Roanoke, VA	181	0	3.9	3.9	0.2215	0.0226	0.0702	0	12.1	12.1	8.2	0.2894	0.0298	0.0918	0.0680	
NS2	Riverton Jct, V	Manassas, VA	51	0	11.3	11.3	1.2452	0.0948	0.3702	0	8.8	8.8	-2.5	1.1691	0.0885	0.3480	-0.0761	
NS3	Buffalo FW, NY	Ashtabula, OH	128	0	13	13	2.7765	0.2460	0.7687	0	25.1	25.1	12.1	3.3024	0.2929	0.9136	0.5259	
	Ashtabula, OH	Cleveland, OH	50	0	13	13	1.7730	0.1834	0.5227	0	35.2	35.2	22.2	2.2931	0.2385	0.6761	0.5201	
NS4	Cleveland, OH	Vermillion, OH	37	0	13.5	13.5	3.4166	0.2440	0.9233	0	37.8	37.8	24.3	4.3460	0.3096	1.1739	0.9293	
	Vermillion, OH	Bellevue, OH	26	0	15.6	15.6	0.9257	0.0983	0.2850	0	31.8	31.8	16.2	1.1150	0.1187	0.3430	0.1893	
	Bellevue, OH	Ft. Wayne, IN	120	0	23.9	23.9	9.6537	1.0256	2.8399	0	28.5	28.5	4.6	10.0856	1.0722	2.9671	0.4319	
NS5	Ft. Wayne, IN	Hammond, IN	129	0	8.6	8.6	19.8455	1.7655	5.6373	0	11.1	11.1	2.5	21.0834	1.8783	5.9879	1.2378	
	Hammond, IN	Calumet, IN	8	0	26.5	26.5	1.6950	0.0776	0.3973	0	12.8	12.8	-13.7	1.4666	0.0670	0.3441	-0.2284	
NS6	Ft. Wayne, IN	Muncie, IN	64	0	19.6	19.6	10.7615	0.8647	3.1388	0	15	15	-4.6	10.1540	0.8140	2.9613	-0.6075	
NS7	Ft. Wayne, IN	Lafayette Jct, IL	115	0	20.2	20.2	13.7130	0.8667	3.6704	0	37.8	37.8	17.6	15.8223	1.0029	4.2364	2.1094	
	Lafayette Jct, IL	Sidney, IL	71	0	22.7	22.7	3.4006	0.3245	0.9284	0	41.2	41.2	18.5	3.8964	0.3750	1.0669	0.4958	
	Sidney, IL	Tolono, IL	10	0	21.3	21.3	1.0615	0.1303	0.3310	0	37.1	37.1	15.8	1.2097	0.1486	0.3771	0.1482	
	Tolono, IL	Bement, IL	18	0	21.6	21.6	0.4388	0.0465	0.1331	0	35.4	35.4	13.8	0.4996	0.0529	0.1515	0.0608	
	Bement, IL	Decatur, IL	20	0	26.3	26.3	2.2128	0.0896	0.5187	0	40.6	40.6	14.3	2.4289	0.0988	0.5697	0.2162	
NS8	Decatur, IL	Moberly, MO	209	0	10.8	10.8	4.8824	0.3683	1.3749	0	17.3	17.3	6.5	5.4935	0.4148	1.5458	0.6111	
	Moberly, MO	CA Jct, MO	94	0	18.6	18.6	0.7210	0.0876	0.2308	0	25.9	25.9	7.3	0.7874	0.0957	0.2520	0.0663	
	CA Jct, MO	N. Kansas City	31	0	30	30	1.2658	0.1452	0.3734	0	31.3	31.3	1.3	1.2783	0.1467	0.3771	0.0125	
	Columbus, OH	Bucyrus, OH	69	0	25.7	25.7	3.2421	0.3383	0.9439	0	31.6	31.6	5.9	3.4029	0.3560	0.9913	0.1607	
	Bucyrus, OH	Bellevue, OH	34	0	26	26	1.0064	0.1181	0.3099	0	34.5	34.5	8.5	1.0826	0.1271	0.3332	0.0762	
NS9	Bellevue, OH	Sandusky Docl	15	0	1.4	1.4	0.4668	0.0368	0.1532	0	5.9	5.9	4.5	0.6299	0.0503	0.2061	0.1631	
	Alexandria, IN	Muncie, IN	16	0	2.6	2.6	2.0534	0.0991	0.5346	0	11.8	11.8	9.2	2.9327	0.1426	0.7613	0.8793	
NS10	IC 95ST Chicag	Gibson City, IL	99	0	2	2	0.2578	0.0322	0.0803	0	5.2	5.2	3.2	0.3052	0.0389	0.0944	0.0474	
	Gibson City, IL	Bement, IL	41	0	5.4	5.4	0.3311	0.0347	0.1055	0	7	7	1.6	0.3512	0.0368	0.1119	0.0201	
	BEMENT, IL	Granite City, IL	106	0	9.8	9.8	4.0169	0.2794	1.0556	0	15.3	15.3	5.5	4.4710	0.3118	1.1729	0.4541	
	Granite City, IL	TRRA Madison	6	0	18.9	18.9	0.0000	0.0000	0.0000	0	23.9	23.9	5	0.0000	0.0000	0.0000		
NS11	Elmore, WV	Deepwater, WV	60	0	0.3	0.3	0	0	0	0	2.3	2.3	2	0	0	0		
	Deepwater, WV	Pinnacle Crk Jc	17	0	4.6	4.6	0	0	0	0	4.9	4.9	0.3	0	0	0		
TOTAL							92.26	7.71	25.98					100.92	8.42	28.39	8.66	

E) THE PROPOSED ACQUISITION - FRA's DETAILED REVIEW

1) Operating Practices Safety Findings

a) Accident and Incident Reporting Requirements

Neither the NS nor the CSX operating plans addresses measures each railroad will take to comply with the Railroad Accidents/Incidents regulations, 49 C.F.R. Part 225. Neither do they identify who will administer and oversee the mandatory monthly reporting requirements and the maintenance of an "Internal Control Plan." The operating plans do not set out the manner in which the railroads will inform former Conrail employees about procedures available to employees who perceive intimidation and harassment under Part 225. These elements are critical to ensure compliance with minimum safety standards.

b) Alcohol and Drug Use

Neither the NS nor the CSX operating plans addresses measures each railroad will take to comply with the Alcohol and Drug regulations, 49 C.F.R. Part 219. In particular, the operating plans are silent about carrying out their respective Post Accident Toxicological Testing programs and Random Drug and Alcohol Testing programs. Further, NS' operating plan does not address how it will extend FRA's Reasonable Cause Testing authority to include the acquired territories. Applicants must decide how to integrate the acquired territories with their current alcohol and drug programs, especially the CSAO territories.

c) Railroad Operating Rules

Neither the NS nor the CSX operating plans addresses measures each railroad will take to comply with the Railroad Operating Rules regulations, 49 C.F.R. Part 217. Currently, NS and CSX employ different operating rules, timetables, and timetable special instructions governing the movement of trains and engines over their respective territories. Moreover, neither Applicant identifies which set of operating rules will govern operations on CSAO or the Amtrak Northeast Corridor, which currently is governed by the NORAC rules. Each railroad must determine the type and quality of instruction and training that it intends to provide to former Conrail employees subject to Part 217 to ensure that these employees are conversant with the operating rules governing their assignments. This is especially critical on the Northeast Corridor where freight trains will occupy the same track segments as high speed passenger trains operating at speeds in excess of 125 mph.

d) Operational Tests and Inspections

Neither the NS nor the CSX operating plans addresses the manner in which the railroads will integrate former Conrail employees into their respective operational test and inspection programs, as required under 49 C.F.R. Part 29 217.9 and what operational test and inspection program will apply on the CSAO. This is especially important in view of the planned reduction in management employees responsible for implementing operational test and inspection programs. These officials perform a vital function in ensuring that employees are conversant with the operating rules governing the movement of trains or engines. Applicants must invest adequate resources in their respective operational testing programs by focusing on training and by instructing former CR employees on the meaning and application of operating rules.

e) Qualification and Certification of Locomotive Engineers

Neither the NS nor the CSX operating plans addresses measures each railroad will take to comply with Federal regulation governing the Qualification and Certification of Locomotive Engineers, 49 C.F.R. Part 240. Applicants must consider:

- (1) the assigned divisions and officials that will integrate the current engineer certification programs with the territories acquired
- (2) the timetable in which the railroads will file their engineer certification programs
- (3) the manner in which former Conrail locomotive engineers will be qualified and certified to operate on the acquired territories, including the CSAO.

Additionally, neither plan provides any information on how the railroads will carry out the Federal regulations governing train handling and air brake applications on acquired territories, including the CSAO and the Northeast Corridor. The railroads need to issue rules governing these operations and instruct employees who will be operating trains or engines in unfamiliar territory.

f) Hours of Service Laws

Neither the NS nor the CSX operating plans addresses measures each railroad will take to comply with the hours of service laws or the record keeping requirements set out in 49 C.F.R. Part 228. FRA believes there are three principal deficiencies that the Applicants must address before integration can be accomplished:

- (1) First, the railroads must demonstrate how they intend to comply with FRA's interpretations of the hours of service laws and record keeping regulations on the newly acquired territories. For example, the carriers must record the type and hours of work performed by covered service employees as defined under the statute and limit hours of service to periods prescribed by law.
- (2) Second, efforts to develop, implement and deploy an electronic hours of service record keeping system should be enunciated in the plan. CSX, for instance, has an authorized system in operation for its yard and train and engine employees.
- (3) Finally, the plans should describe any initiatives to centralize crew management functions performed on former Conrail territories. To illustrate, FRA has found that the crew management systems employed by Conrail and CSX are different and cannot be reconciled.

Applicants should articulate concrete ideas to rectify these shortcomings.

g) Yard Operations

Neither of the Applicants' operating plans describes how the railroads will train and instruct yard employees and train and service employees on the physical characteristics of former Conrail

yards and terminals. In light of the difficulties employees encountered in unfamiliar yard and terminals following the merger of the UP/SP, acquiring railroads should re-examine their respective plans and develop detailed programs ensuring that the employees responsible for yard or terminal operations are familiar with the rules governing these operations.

2) Motive Power And Equipment

a) General MP&E Concerns

FRA is concerned about the qualifications of the individuals that will be responsible for performing required inspections and tests of the equipment. Neither operating plan indicates how the railroads are planning to assimilate the employees they acquire into the railroad's corporate culture, nor is there any discussion regarding how new policies, procedures, and practices in the mechanical department will be implemented.

FRA is also concerned that the Applicants have enough individuals with adequate qualifications to perform train air brake tests, pre-departure inspections of freight cars, and daily locomotive inspections, as required by federal law.

The operating plans submitted by Applicants contain information about achieving efficient movement of freight traffic by "blocking" trains, and then changing blocks of cars, or "block swapping," at various locations. In this practice, freight cars that are destined for a common geographical destination are assembled together, or "blocked," and then added to or removed from trains (i.e., "block swapped") in the assembled "blocks" at various locations. This practice reduces the number of times cars have to be classified, enables trains to bypass traditional classification yards, and expedites the exchange of cars and/or entire train consists with connecting railroads. While FRA supports such efficiency enhancements to railroad freight operations, it is very concerned that such operations have the potential of compromising compliance with federally-mandated mechanical safety inspections of freight cars and train air brake tests which FRA cannot permit.

A pre-departure mechanical inspection pursuant to 49 C.F.R. 215.13 is required at each location where a freight car is placed in a train. Additionally, 49 C.F.R., 232.12(a)(1) requires a train to receive an initial terminal road train air brake test where the train consist is changed, other than by adding or removing a solid block of cars. In the operating plans, Applicants discuss locations where blocks of cars will be assembled, the routing of trains, and various locations where blocks of cars will be removed and/or added to trains. However, neither operating plan indicates a commitment, nor offers any provisions for performing the required pre-departure mechanical inspection of freight cars or initial terminal train air brake test on trains that have multiple blocks of cars added and/or removed.

b) MP&E Locomotive Inventory Concerns - CSX

The CSX operating plan states that, although the need for additional locomotives to handle traffic growth is anticipated, overall locomotive requirements can be reduced by 22 units, and that CSX anticipates a net locomotive reduction of 59 units. The operating plan proposes to accomplish this reduction with improved maintenance and equipment servicing practices, combined with

improved utilization of the locomotive fleet over more efficient routes. These statements must be clarified. There are a number of situations with severe safety consequences that can develop due to an inadequate number of locomotive units if traffic increases as anticipated. For example, CSX may elect to operate sub-standard or potentially defective equipment in order to meet the increased traffic demands. CSX may not be able to adhere to the statement they made on page 32 of their plan about retiring older and less reliable pieces of equipment to increase the overall efficiency of the combined fleet. Other potential consequences include: Hours of Service problems; the circumvention of required inspections; the operation of defective equipment; and the implied pressures from many sources that would be placed on mechanical and operating employees at all levels to cut corners and take chances to expedite delayed or potentially delayed train movements.

c) MP&E Locomotive Maintenance & Inspections Concerns - CSX

The CSX operating plan discloses an intention to install locomotive inspection pits at major fueling facilities on the acquired properties. These inspection pits would be used to perform lubrication and minor repairs while the locomotives are being fueled and serviced. Additionally, the plan indicates that these inspection pits would also be used to perform locomotive "periodic inspections."

Fueling facility inspection pits may have the potential for eliminating the need to send a locomotive to a major repair shop for minor repairs. However, FRA has a number of safety concerns related to this proposed activity, e.g., how far apart will the repairs and fueling take place; how will CSX guard against fuel residue being ignited by sparks; would this arrangement comply with OSHA regulations. FRA is also concerned over the proposal to perform "periodic inspections" at the proposed fueling facilities. First, FRA questions whether a proper thorough inspection and/or repair could take place at a major fueling facility. The primary purpose of modern main line fueling facilities is to expedite train movements. This would put severe time pressures on mechanical forces engaged in inspections and repairs, where thoroughness, not timeliness, is the primary purpose. Second, FRA is unclear whether "periodic inspections" could adequately be performed at the proposed locations of Buffalo and Albany, New York, and Indianapolis, Indiana. These locations are in "snow belt" regions where it is not unusual to have locomotives arrive at fueling locations with their trucks fully encapsulated in ice and snow. Such conditions make the performance of routine daily inspections difficult. They would make the performance of "periodic inspections" virtually impossible. We are also concerned as to whether CSX has given sufficient thought to providing for employee safety in the proposed fueling facility inspection pits. Severe weather conditions can contribute to unsafe working conditions in and around inspection pits that are unprotected from the elements. CSX must provide more details regarding the inspection pits and the environment where the proposed periodic inspections are to be performed.

d) MP&E Freight Car Inspections and Repairs Concerns - CSX

CSX has recently had problems related to proper securement of trailers and containers on flat cars (TOFC/COFC securement). Two CSX trains with improperly secured trailers have caused major collisions/derailments with Amtrak trains. One incident occurred on May 16, 1994, near Smithfield, North Carolina, resulting in one fatality, 29 injuries, and \$3.8 million in damages. A

similar incident took place just outside Washington, D.C. on July 8, 1997, where 3 people were injured. On July 13, 1997, CSX had a trailer fall off a train at Halethorpe, Maryland. CSX must state its intentions for resolving these TOFC/COFC securement problems, and provide the policies and procedures it plans to implement at loading facilities to be acquired from CR.

e) MP&E Other Concerns - CSX

FRA recently concluded a multi-disciplinary safety assessment of CSX. This assessment was not related to the proposed acquisition of CR. However, in the area of motive power and equipment, a number of system-wide major areas of safety concern were identified and documented. CSX is developing an action plan to specifically address these concerns, which is commendable. However, FRA believes that CSX should specifically address how it proposes to prevent such conditions from developing or occurring on the areas of CR it proposes to acquire.

f) MP&E Locomotive Inventory Concerns - NS

NS' operating plan projects the need of 268 fewer road locomotives and 22 fewer yard and local service locomotives, even though business is projected to increase. NS must provide more information regarding how it proposes to accomplish this reduction, if the projection for traffic increases is correct. A number of safety concerns arise should miscalculations in this area lead to shortages of motive power. Motive power shortages have the potential of causing: Hours of Service problems; operation of defective locomotives; and circumvention of required inspections.

g) MP&E Locomotive Maintenance & Inspections Concerns - NS

FRA is currently holding in excess of 1,000 potential violations of the federal power brake regulations that have been written against NS. Formal processing of these potential violations has been deferred, based on NS' agreement to submit a plan addressing these brake-related problems to FRA's satisfaction. In conjunction with these potential violations, NS has approached FRA about the possibility of moving freight cars with known air brake defects to repair locations of their choosing. This is not permitted under current law. To make a proper safety assessment, NS must show how it intends to keep these brake-related problems from developing and being magnified on the portions of CR it proposes to acquire.

3) Track And Structures

a) Structure Concerns - CSX

The Operating Plan submitted by CSX does not address the issue of bridge management, maintenance, and rehabilitation. The management of railroad bridges so as to ensure their integrity is vital to the safe and practical operation of the property to be acquired from CR, including a number of bridges that have finite economical and safe lives under current traffic levels. A majority were built between 1901 and 1930 (see Figure 1-3). With the increased traffic levels anticipated in the operating plan, their lifetimes may well be reduced. If traffic is increased, these bridges will require increased levels of repair, rehabilitation, or replacement as they continue to age and fatigue.

A primary defense against the risk of catastrophic bridge failure is a comprehensive and effective bridge inspection program. Such a program will detect and protect against the development of such a failure. Even when bridges are in optimal condition, a comprehensive inspection program is vital to safety, given the possibility of external damage or other unanticipated adverse conditions.

CR presently has 45 full-time Bridge Inspectors who are directly supervised by five Supervisors of Bridge Inspection. Supporting them is a system headquarters staff that includes a highly experienced Steel Bridge Rating Inspector, a Rating Engineer, and two Senior Structural Inspectors. These personnel are all under the direction of the Engineer of Structural Inspection and the Assistant Chief Engineer - Structures.

Conrail has a bridge inspection policy that requires every bridge to be inspected annually and every open-deck bridge and timber bridge to be inspected twice each year. Bridges with conditions requiring closer observation are programmed for even more frequent inspection. Those bridges, together with bridges programmed for capital program work, are placed on the list for the System Annual Inspection. This inspection is conducted by a Senior Structural Inspector together with the affected Division Engineer, division staff officers, and local structural supervisors.

All Conrail bridge inspections are recorded. The routine inspections are entered into a computer file. The System Annual Inspections are recorded in memo format. Conrail tracks the interval between inspections, flagging those that are reaching the limits of the policy. Until recently, CSX performed nearly all bridge inspections with local Bridge Supervisors, under the

Conrail Bridges by Year Constructed

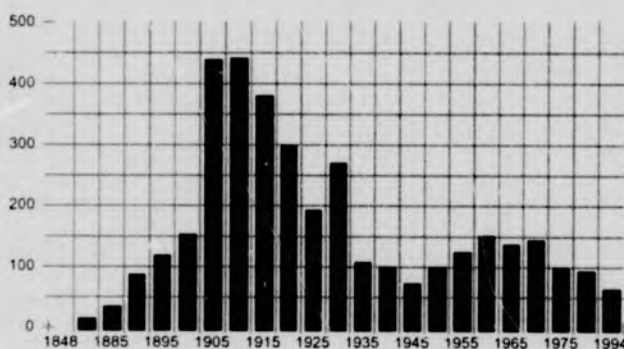


Figure 1-3

supervision of the District Bridge Engineers. Two System Bridge Inspectors were each equipped with hi-rail bridge inspection trucks equipped with multi-segment booms and buckets. These trucks were assigned to the inspection of major structures in conjunction with local forces.

Recently, CSX transferred some of the Bridge Supervisors to Bridge Inspector positions. The inspectors were given responsibility for all bridges in the territory formerly assigned to several Bridge Supervisors. The territories of the converted Supervisors were added to the responsibilities of adjoining Supervisors. The total number of Supervisors and Inspectors equals the previous number of Supervisors.

FRA has two concerns. First, CSX must address the need for accelerated bridge rehabilitation and renewal on the Conrail routes it proposes to acquire, taking into consideration the increased traffic levels projected for these routes may result; and, second, CSX must implement a bridge inspection program at least as effective as the current Conrail program to ensure that safety-critical conditions do not develop on the bridges to be acquired from Conrail.

b) Structure Concerns - NS

The operating plan submitted by NS does not discuss bridges under the heading of 12.7.1, "Program Maintenance, Track and Structures." However, in section 12.7.2, "Non-Program Maintenance, Track and Structures," NS proposes to place structural non-program maintenance under the respective Chief Engineers - Line Maintenance and their subordinate Division Engineers. Section 12.7.3, "Inspection, Track and Structures," of the operating plan, proposes to extend NS' system of bridge inspection by first line supervisors to the CR property it will acquire.

As is the case with CSX, the portion of CR to be acquired by NS has bridges that have finite economical and safe lives under current traffic levels. With the increased traffic levels anticipated in the NS plan, these lifetimes may well be reduced. If traffic is increased, these bridges will require increased levels of repair, rehabilitation, or replacement as they continue to age and fatigue.

The NS bridge inspection policy differs from CR's in that first-line supervisors and their employees perform nearly all NS bridge inspections. NS states in its Operating Plan that the advantage of this approach is that a supervisor is present to make immediate decisions concerning conditions revealed by the inspection.

Three bridges on routes sought by NS are projected to see increased levels of double-stack intermodal traffic. They are:

- The Southern Tier Line of the Albany Division was constructed by the former Erie Railroad in the 1840's. Several notable bridges are located on that line. Bridge 189.46 at Lanesboro, Pennsylvania carries two main tracks over Starrucca Creek on 17 stone arches with 50-foot spans and 100-foot elevations. The 1,040-foot-long bridge is one of the older structures on Conrail, having been built in 1848. It underwent a major rehabilitation by the Erie Lackawanna Railroad in the early 1960s, and is in generally good condition today. However, structures of this type require detailed attention from inspectors, including detecting, measuring and mapping deterioration of individual stones.

- Bridge 361.66 at Portage, New York carries 820 feet of single main track of the Southern Tier Line over the Genessee River on 10-deck girder spans and three pin-connected deck truss spans. The superstructure was built in 1903, but the towers supporting the viaduct were constructed in 1875. The entire bridge requires a high level of inspection and attention to enable it to safely carry its current levels of traffic. It is close to the limit of its useful life.
- The Pittsburgh Line of the Philadelphia Division crosses the Susquehanna River at Rockville, Pennsylvania on Bridge 110.36, a 17-span stone arch structure, 3,971 feet long, built in 1900. Regular inspection by Conrail detected a bulge in the south spandrel wall at pier 19, and Conrail began to arrange for a contractor to install a tieback system to restrain the wall movement. Several days before the contractor was to begin work, the wall failed and let four cars of coal fall into the Susquehanna River. This bridge, like Starrucca viaduct, receives detailed inspections to monitor the condition of individual stones that begin to show signs of distress. The failure of the bridge does not necessarily indicate a failure of the inspection program.

In light of the preceding, FRA has two safety concerns: first, NS must address the need for accelerated bridge rehabilitation and renewal on the CR routes it proposes to acquire to accommodate the increased traffic levels NS projects for these routes; and, second, NS must continue a bridge inspection program at least as effective as the current program on Conrail.

c) Structures - Other Safety Concerns

FRA has determined that CR has increased its original bridge capital program budget of \$16.236 million by \$1.3 million. Conrail had planned to place more emphasis on bridge rehabilitation rather than bridge replacement, although replacement work will continue at some level. The FRA is concerned that CSX and NS should make the necessary expenditures to keep up with the needed maintenance or replacement of Conrail's 16,000 bridges. Both CSX and NS must give careful consideration to this issue in their acquisition planning. Of further concern is how this issue will be addressed for the proposed CSAO.

d) Track Concerns - CSX

The CSX operating plan proposes to utilize Conrail roadway production gangs in southern areas in the winter months, and in northern areas in the summer months. However, projections show that 473 jobs in the maintenance of way area on CSX will be eliminated if the acquisition occurs. Most of these are roadway production forces. Further clarification is needed to determine whether a potential degradation of system-wide safety and in the CSAO areas could occur from these proposals.

Additionally, CSX's plan provides that fewer maintenance-of-way machines would be needed to maintain the railroad following the acquisition. FRA is concerned that sufficient maintenance equipment be available to maintain the expanded CSX system to the appropriate level of system-wide safety and in the CSAO areas.

The line segment from Northern Jersey Terminal to Albany, New York, has suffered recent rock slides. Conrail has made commitments to reinstall rock slide detection systems previously removed from certain locations. Conrail has also committed to install additional rock slide detection systems at sites identified by Conrail's contractors and State of New York geologists. This pledge includes installation of audible warning systems in the cabs of locomotives. CSX must honor these commitments.

e) Track Concerns - NS

The NS operating plan proposes to eliminate 473 jobs in the maintenance-of-way area, a number identical to the one in the CSX plan. Most of these are roadway production forces. Further clarification is needed to determine whether a potential degradation of system-wide safety and in the CSAOs could occur from this proposal.

f) Track - Other Safety Concerns

The operating plans of both the CSX and NS fail to mention any maintenance plans for secondary lines and smaller yard facilities which will be acquired. Additional information should be provided by CSX and NS which address the maintenance levels which are being proposed for these locations.

4) Signal And Train Control

a) Signal and Train Control (S&TC) Concerns - General

There are two signal and train control-related safety issues.

- (1) First is the absence of proposed Communications & Signal (C&S) budgets. Although budgets are simply financial planning guidelines, they reflect the mind-set and commitments of the organization preparing them. Without budget authorization, training, maintenance, capital improvements, and research and development projects and programs do not occur.
- (2) Second is the absence of any description of how the safety of operations will be maintained as existing signal systems are migrated to, or integrated with, acquired properties and line segment systems.

b) S&TC Concerns - Locomotive and Wayside Signal Equipment

My concern in this area focuses on incompatibilities in on-board locomotive Automatic Cab Signal/Automatic Train Control systems (ACS/ATC) between the motive power fleets of the three railroads involved in the proposed acquisition.

The combined locomotive fleets will consist of locomotives equipped with either a mixture of ACS/ATC systems or none at all:

- CSX is known to have about 70 locomotives equipped with ACS/ATC that are captive to its existing system.

- The NS locomotive fleet is presently non-equipped for ACS/ATC operations.
- CR has an extensive fleet of ACS/ATC-equipped locomotives.
- The CSX ACS/ATC system is incompatible with the CR ACS/ATC system.

Other aspects of this concern involve the proposed CSAOs, and Amtrak's Northeast Corridor (NEC). Locomotives operating in the CSAO and the NEC will need to be equipped with ACS/ATC compatible with the signal systems existing in these locales. Additionally, locomotives operating in the NEC will need to be equipped with Automatic Train Stop (ATS).

Given the fact that CSX and NS intend to distribute CR's fleet of locomotives between them, and that both also project post-acquisition net reductions in their respective locomotive fleets, the following safety concerns must be fully addressed.

- How do CSX and NS plan to allocate and distribute ACS/ATC-equipped locomotives over their respective portions of the acquired properties? To equip additional locomotives with ACS/ATC compatible with that in operation on the present CR lines would be expensive. If shortages of locomotives develop, CSX and NS may attempt to operate non-equipped locomotives in these former CR territories. What safeguards will be established to ensure that non-equipped locomotives will not be operated on former CR territories where ACS/ATC systems are in operation?
- What are the plans of CSX for integrating its ACS/ATC system with that of CR? Does it intend to convert CR's system to its own, or vice versa? Or does CSX intend to eliminate or reduce ACS/ATC territory on the acquired portions of CR and/or own its present system?
- NS presently does not operate ACS/ATC-equipped locomotives. Does it plan to equip its existing fleet, use only equipped locomotives obtained from CR, or take some other approach? Does NS intend to install ACS/ATC systems on all or portions of its current property? Does it intend to maintain the ACS/ATC systems presently in operation on the portions of CR it will acquire, or scale-back or eliminate these systems?
- How will CSX and NS ensure that only locomotives properly equipped with prescribed ACS/ATC/ATS systems will be allowed to operate in the NEC? What safeguards will be established to prevent non-equipped locomotives from being operated in the NEC should shortages of locomotives occur? Such shortages are a very real possibility in light of information provided in the Operating Plans submitted to the STB. The plans project **increases** in freight traffic, **increases** in the number of trains to be operated in the NEC, and **decreases** in the total number of locomotive units in the post-acquisition CSX and NS fleets.

c) S&TC Concerns - Locomotive and Wayside Signal Inconsistencies

The disparity between wayside signal aspects and indications on CSX, CR, and NS is a major safety concern to FRA. All railroads operating in the NEC are governed by the operating rules of the Northeast Operating Rules Advisory Committee (NORAC). These rules contain signal aspects and indications unique to the Corridor. There are inconsistencies between wayside signal aspects and indications already in existence in the NEC and on the three railroads involved in the proposed acquisitions. The situation may worsen following the proposed acquisition. Applicants must reveal how the railroads involved are planning to prevent, mitigate, and/or eliminate the disparities.

Some of the less complex examples of present disparities in the following Table 6 and the two "Notes" will serve to illustrate these concerns.

Table 6

Locomotive and Wayside Signal Inconsistencies

Railroad	Signal Aspect	Signal Indication	Information Conveyed
CSX	Yellow over Yellow	Advance Approach and Approach Slow	30 mph (former C&O) and 15 mph (former Family Lines)
	Yellow over Green	Approach Medium	30 mph
NS	Yellow over Yellow	Advance Approach	30 mph
	Yellow over Green	Approach Medium	40+ mph
CR/NORAC	Yellow over Yellow	Approach Slow	15 mph
	Yellow over Green	Approach Medium	30+ mph, except 45 mph, ATC-enforced
Proposed CSAO Areas	Same as CR	Same as CR	Same as CR

Note 1: CR signal aspects and operating rules provide for a "Limited Speed" of 45 mph, a "Medium Speed" of 30 mph, and a "Slow Speed" of 15 mph. Neither CSX nor NS aspects and rules provide for "Limited" or "Slow" speeds, and only CSX provides for "Medium" speed.

Note 2: CR cab signal (CS) and traffic control system (T'S) signals operate at 100 cycle frequencies. CSX's CS and T'S signal frequencies operate at 60 cycles. NS is not currently equipped for either method of train control.

Presently, there is a conflict between CR wayside and cab signal aspects and indications on the NEC under NORAC operating rules. The same "Approach Medium" cab signal aspect is displayed for each of six different wayside signal aspects that convey six different indications.

Moreover, the present CR ATC system automatically enforces locomotive brake applications only at a speed in excess of 45 mph. Adoption of the proposed nine-aspect Automatic Civil Speed Enforcement System (ACSES) signaling system for the NEC will eliminate these inconsistencies. However, CSX, NS, and the operator of the CSAOs in the NEC must continue to cooperate with the development and implementation of ACSES.

d) S&TC Concerns - Standardization of Engineering Practices

Signaling practices and engineering standards are unique to each of the three railroads that are parties to the proposed acquisition. There are numerous practices, policies, standards, and signaling philosophies that are dissimilar between the three railroads. I am concerned that these items be thoroughly addressed to eliminate any possible misunderstandings that could create unsafe conditions.

With the proposed diversification of signal territories that will result from the acquisition, something seemingly as simple as making changes or alterations to signal plans could become a safety issue. For example, consider the addition or removal of wires and components from signal plans. The color red on one railroad's set of plans can indicate that the circuit component is to be removed. On another railroad, the same color can indicate the component is to be installed. This issue needs clarification as to how changes or additions to C&S plans will be standardized across the expanded CSX and NS systems, and on the CSAOs.

Neither CSX nor NS has submitted a Communications & Signal (C&S) migration plan. Such a plan is necessary to properly assess the safety implications of the proposed acquisition. A migration plan should set forth how the transition will be made from operations within the existing separate signal systems to operations within the merged signal systems. These plans should also address in detail how, in the long-term, the locomotive-borne and wayside signal systems will be standardized.

e) S&TC Concerns - Other

FRA is aware that, independent of the proposed acquisition, CR, CSX, and NS had joined together to propose a Positive Train Control (PTC) project on trackage they share between Harrisburg, Pennsylvania; Hagerstown, Maryland; and Manassas, Virginia. For Phase 1 of this project, the three carriers proposed to develop and install on one test locomotive, on-board devices that can be applied by railroads using a variety of signaling technologies. The Phase 1 contract was expected to be let in 1997. Phase 2 would involve the installation of the PTC system on the Harrisburg to Manassas corridor. Contracts for Phase 2 were expected to be let in late 1998 for installation during 1999. FRA has encouraged and supported this vital safety project, as well as PTC projects currently underway or planned on the properties of three other railroads. FRA is concerned that CSX and NS continue to move forward with the PTC project should their operating plans for acquisition of CR be approved. Clarification of the status of the PTC project is needed from CSX and NS, as the project is not addressed by the Operating Plans they submitted to the STB. This developing technology may become a critical link to a compatible, common command and control system for the merged companies.

Independent of the proposed acquisition, FRA Regional field personnel have concerns expressed to them by C&S maintenance forces of the three railroads involved. The concerns are that their current workload appears to be greater than allocated manpower can properly handle. FRA is concerned that C&S staff reductions proposed in the Operating Plan submitted by NS could have adverse safety implications. Unknown is whether CSX is contemplating similar reductions. The NS Operating Plan proposes to consolidate existing CR C&S seniority districts beyond their current 50-mile limits. CR C&S forces are already thinly placed. A post-acquisition expansion of their territory without an increase in manpower would spread these forces still further. The FRA is concerned that expansion of the seniority districts may stretch C&S forces beyond the point where they can accomplish their assigned work. The adverse safety implications that could result include inability to perform required safety-related tests and inspections and routine maintenance. If C&S forces cannot perform these functions thoroughly, competently, and within prescribed time frames, there will be adverse impacts on the safety of train operations. Moreover, it jeopardizes the personal safety of the C&S employees themselves. This stems from the human tendency to take "shortcuts" and to be less observant of one's surroundings when under pressure to "get the work done." Therefore, to make a proper safety assessment, CSX and NS must clarify their plans concerning post-acquisition C&S staffing levels, seniority districts, and workloads. This clarification should also specifically address C&S plans for the proposed CSAO Areas. In these Areas, system support provided under the CR management system will have to be rearranged. How do CSX and NS propose to accomplish this in a manner that will ensure safety?

5) Hazardous Materials

a) Hazardous Materials Safety Concerns - General

FRA's primary concern is with the potential for degradation of the current level of safety should hazardous-material related issues not be properly addressed by the parties. FRA is guided to fulfill all hazardous materials requirements as specified by the Research and Special Programs Administration (RSPA). FRA has identified five categories in which insufficient information pertaining to hazardous materials has been provided to enable a proper safety assessment of the proposed acquisition. Further information concerning these categories must be provided by CSX and NS so that a determination can be made regarding whether they are being given proper consideration. This concern is justified, given the volume and diversity of hazardous materials being transported by these carriers, and the extremely congested urban environment in which much of their hazardous materials traffic originates or terminates.

The five categories are:

- I. Hazardous materials programs
- II. Computer systems
- IV. Field inspections
- V. Education and training
- VI. Conrail Shared Assets Operating (CSAO) Areas.