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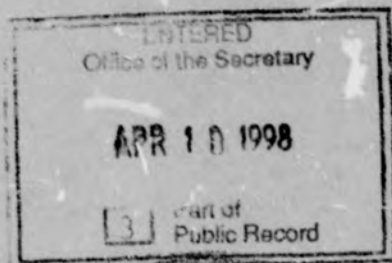
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BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C. 20423



STB Finance Docket No. 33388

CSX CORPORATION, et al.,  
-- CONTROL AND OPERATING LEASES/AGREEMENTS --  
CONRAIL, INC., et al.



COMMENTS  
OF  
CONSOL INC.

D

CONSOL Inc., of Pittsburgh, Pennsylvania ("CONSOL"), pursuant to 49 C.F.R. 1112.6 and leave granted by decision of the Board, offers these Comments and the supporting Verified Statements of Mr. B. R. Brown, Chairman of the Board of CONSOL Inc., Mr. R. J. FlorJancic, Executive Vice President - Marketing, and Mr. William G. Rieland, Vice President for Transportation and Marketing Services and Mr. Gary E. Lapplander, Manager of Fuel Supply for Detroit Edison Company of Detroit, Michigan.

I.

Introduction

CONSOL, a corporate affiliate of E. I. duPont de Nemours and Company and Rheinbraun, a German mining company, is the largest producer of bituminous coal in the United States. It is the largest coal producer at the mines served by the former Monongahela

Railway Company ("MGA") acquired by Consolidated Rail Corporation ("Conrail"), pursuant to the decision of the Interstate Commerce Commission in Finance Docket No. 31875, Consolidated Rail Corp.-- Merger--Monongahela Railway Co., served October 10, 1991. CONSOL'S Bailey, Enlow Fork, Blacksville #2 and Loveridge mines account for approximately 24 million of the 34 million tons of coal annually originated on the lines of the MGA.

## II.

Applicants had said CSXT was to be afforded equal access and commercial rights to the mines on the Monongahela Railway.

Although not shared assets, as are the New Jersey lines, the lines of the MGA, nevertheless, were identified in their Application as ones to be shared by the applicants, CSX Transportation, Inc. ("CSXT"), and Norfolk Southern Rail Company ("NS"). As NS' Operating Plan, p. 229 of vol. 3B of the Application, explained:

NS will be assigned control, and will operate and maintain the former Monongahela Railway, including the Waynesburg Southern, subject to a joint use agreement that will provide CSX equal, perpetual access to all current and future facilities located or accessed from the former Monongahela Railway [underscoring added for emphasis].

So, too the Operating Plan of CSXT, p. 255 of vol. 3A of the Application, made clear:

NS will be allocated control, and will operate and maintain the former Monongahela Railway, including the Waynesburg Southern, subject to a joint use agreement which will provide CSX equal, perpetual access to all current and future facilities located or accessed from the former Monongahela Railway [underscoring added for emphasis].

The applicants' intent as to the MGA lines was explained in the statement of Mr. David R. Goode, Chairman, President and C.E.O. of NS, at p. 331 of vol. 1 of the Application, "[A]lthough NS will be allocated operation of Conrail's Monongahela coal fields property, CSX will have the right to serve all current and future customers directly." Mr. James W. McClellan, Vice President - Strategic Planning of NS, who, more than any other person, designed the break up of Conrail, testified at p. 514 of vol. 1 of the Application, that CSXT was to have a position of equality with NS, notwithstanding that NS was to own and control the MGA lines, saying, "Because virtually all Monongahela traffic is coal moving in full trainloads, under NS operation with full CSX access via trackage rights, both will serve all customers directly, in a position of equality." Similarly, Dr. Barry C. Harris, Principal at Economists Incorporated, testifying on behalf of NS, stated, at p. 21 of vol. 2B of the Application, "After the restructuring, Norfolk Southern will operate, dispatch and maintain the former Monongahela Railway, while CSX will have full commercial and operating rights to serve all current and future facilities."

As explained by Messrs. FlorJancic and Rieland in their Verified Statements, CONSOL only recently has learned, however, that the applicants have been unable to negotiate the implementing operating agreement called for by their Monongahela Usage Agreement, p. 715 of vol. 8C of the Application, pursuant to which CSXT was to have equal access and commercial rights to the MGA served facilities, and that serious and seemingly insurmountable



differences between the parties render it unlikely that an early and efficient transition can be effected, were the Board to approve the proposed transaction.

### III.

Applicants have failed to negotiate  
a mutually satisfactory operating  
plan for the Monongahela Railway.

The MGA was a well operated property, and CONSOL has been pleased with the service rendered by Conrail, as Mr William G. Rieland notes in his Verified Statement. Much of the MGA consists of single-track lines, with limited passing tracks, necessitating careful scheduling and dispatching of the inbound and outbound 110-car unit trains so as to permit orderly and timely loading at the mines commensurate with their customers' requirements.

The need for the efficient operation of the MGA, Mr. Rieland observes, will be exacerbated over the next few years. It is anticipated that coal production at the mines served by the MGA lines will increase by four to seven million tons annually. That means that the total production of these mines will come to about 40-41 million tons of coal annually. Mr. Rieland says that translates into 15 loaded trains, at an average of 11,000 tons per train, five days per week, 50 weeks per year. Since the MGA's capacity is limited to the daily movement of 15 empty unit trains to the mines and 15 loaded unit trains from the mines, MGA will be operating at its maximum capacity within two or three years' time.

The mines served by the MGA lines, Mr. Rieland observes, have very limited ability to store coal. Therefore, any disruptions in

the operations of the railroad will have devastating consequences. Trains must be placed for loading when ordered lest the mines' production be interrupted and the customers' demands not be met. Missed shipments simply cannot be made up, and customer service, accordingly, is impaired.

For these reasons, Mr. Rieland acknowledges, he entertained a good deal of skepticism about the applicants' planned break up of Conrail. He carefully reviewed their Application and met with representative of both CSXT and NS. Their filings with this Board and their statements to him and others at CONSOL gave the company a measure of comfort that the avowed goals of the applicants of efficient service on the MGA lines and effective competition between CSXT and NS could be met.

Although, under their Monongahela Usage Agreement, NS was slated to acquire the MGA lines and control their operations, CSXT was to be accorded equal access to the mines and to be on a commercial footing no less favorable than that of NS. The applicants assured Messrs. FlorJancic and Rieland and others at CONSOL, as they had this Board, that the MGA would be operated with no loss of efficiency, and, yet, the mines along its lines and the customers for their coal shipments would gain the vigorous competition between CSXT and NS.

Unfortunately, it appears that this certainly is not going to happen any time soon. Conversations which Mr. Rieland has had within the past few days with representatives of CSXT and NS, whose identities he felt he could not reveal, have CONSOL very disturbed.

From an operating standpoint, the critical element of the applicants' Monongahela Usage Agreement is the formulation of an implementing operating plan. See, p. 726, vol. 8C of the Application. The operating plan has not been negotiated, and serious and perhaps insurmountable differences between the parties render it unlikely that they will be able to arrive at an acceptable operating plan, certainly not in time for the consummation of the proposed transaction, assuming this Board were to approve it at the voting conference scheduled for June 8, 1998.

A.

NS is intent on retaining  
the Conrail crews, leaving  
CSXT to hire and train personnel.

The Monongahela Usage Agreement contemplates that the operating plan would provide that "all CSXT employees who shall operate its trains, locomotives, cars and equipment over the Monongahela [shall] be qualified for operation there over." See, p. 727, vol. 8C of the Application. The employees who are best qualified to operate on MGA's lines, of course, are the Conrail crews. NS, however, has determined that it would hire all of the Conrail crews; it will allow CSXT to have none, Mr. Rieland has learned.

NS, Mr. Rieland was told, has advised CSXT that it can hire crews, if it needs to, or reassign crews from elsewhere on its system. That simply is unacceptable, as far as CONSOL is concerned. To train an engineer or conductor takes from nine to twelve months. With an anticipated closing date of September 1,



1998, there simply is insufficient time for CSXT to hire and train personnel to be qualified to operate its trains on the MGA lines. Even if CSXT were to reassign crews, with the disruption and shortages that itself would cause, the engineers and conductors would be unfamiliar with the intricate operations required for moving 110-car unit trains to and from the mines on the MGA lines, and it would take several weeks before they would be able to satisfy NS that they were qualified to operate on the property.

Consistent with the avowed objective of affording CSXT equal access and commercial rights to the mines on the MGA lines, CSXT should be allowed to hire half of Conrail's crews which have operated trains on the property.

B.

NS is insistent on not  
sharing with CSXT the  
computerized dispatching data.

The Monongahela Usage Agreement declares that the NS dispatcher at the computerized facility in Brownsville will coordinate operations; the crews "shall ascertain that the trackage is clear and shall await confirmation from the dispatcher that such permission has been issued to allow NSR and/or CSXT movements on or over the Monongahela." See, p. 724, vol. 8C of Application. The NS dispatcher will be able to contact the NS and CSXT locomotives and crews via the radios with which they will be equipped.

As far as NS is concerned, Mr. Rieland has been advised, that suffices. CSXT, however, would like to and needs to tie into the computer NS uses for dispatching at the Brownsville facility; it



would like to and needs to be able to look at the dispatching board, just as NS' dispatcher does. If CSXT were able to spot an opening for the movement of one of its trains, it would like to be able to call that to the dispatcher's attention; it doesn't simply want to sit and wait for the dispatcher's call. Opportunities may be missed, and the promised competition between CSXT and NS will not be served.

CONSOL fully agrees with CSXT that CSXT must have knowledge of the train operations on the MGA lines coextensive with that of NS' dispatcher; anything less is detrimental to the marketing of CSXT's services. Mr. Rieland cites to the old adage that knowledge is power, noting that it is no less true in train operations than in anything else. For CSXT to be able to compete on an equal footing with NS and to be able to sell its services as effectively as NS can, CSXT must be known to have no less information of the operations on the MGA lines than NS has. No customer of CONSOL will want to receive coal via CSXT, CONSOL is persuaded, if the customer is apprehensive that CSXT cannot serve it as effectively as NS can; tying into NS' dispatching board is critical in that regard.

C.

NS is determined not to  
include CSXT in the discussions  
of train loading schedules.

The operating plan called for by the applicants' Monongahela Usage Agreement is to provide that "[t]he loading schedule will be the governing vehicle for sequencing trains on the Monongahela by

the dispatcher." See, p. 725, vol. 8C of the Application. It further is to provide that "[c]hanges in the train loading schedule or train ordering will be coordinated jointly between NSR and CSXT to assure demand is met for all Mines." Id. NS' idea of coordination appears to be dictation. In his recent conversations with CSXT and NS representatives, Mr. Rieland has learned to his dismay that NS has taken the position that, since it is charged with the responsibility for dispatching trains on the MGA lines, it will schedule the trains' operations and will give CSXT needed directions concerning changes in the loading of trains.

CSXT wants to be an active participant in the scheduling of the trains operated on the MGA lines and in the decision making process when changes are made in the pre-established operational schedules, and CONSOL totally agrees. While there can be no questions that NS must have the ultimate responsibility for the trains' dispatching, CSXT needs to be involved when, for one reason or another, trains cannot be loaded as the mine operators previously had planned. Without CSXT's full participation in scheduling the trains and in determining how the mine operators' changes are to be effected, NS would be able to disadvantage CSXT, with injury to CSXT and, more importantly, the shippers, such as CONSOL, and their customers which it serves.

D.

NS refuses to join with CSXT  
in an arrangement for swapping  
cars of coal to meet customers' needs.

Finally, there occasionally is need for reassigning trains,

Mr. Rieland explains, when the quality of the coal that's been loaded into its cars fails to meet the consignee's demands. Conrail heretofore worked with CONSOL to effect such changes, and Mr. Rieland and others at CONSOL were assured that the applicants would as well. Again, Mr. Rieland has learned to his great disappointment that NS is unwilling to cooperate with CSXT to permit such car swap arrangements.

From time to time, due primarily to coal quality upsets at the mines, the mine may be unable to ship a trainload of coal to the intended customer. The quality of the coal available at loading time simply fails to meet the intended customer's specifications. When that happens, the mine operator will attempt to find another customer for the coal, one who can use coal of that specification and has the mechanism for unloading cars of that design, and direct the loaded train to be delivered by the railroad to that other customer. Conrail has accommodated the mine operators in that regard and readily affected such car swaps.

CONSOL deems it important that such arrangements continue, and, when the representatives of CSXT and NS first spoke with Mr. Rieland and others at CONSOL about the break up of Conrail, they were given every assurance that the applicants would do so. Now, however, CONSOL finds that, although CSXT is willing to participate in such car swap arrangements, NS is not. CONSOL believes it to be imperative to the successful operation of the MGA properties that trains be reassigned when quality upsets occur. This benefits the railroads no less than it does CONSOL, and CONSOL considers it



essential that NS agree to provisions providing therefor in the operating plan.

#### IV.

Because applicants have failed to arrive at an operating plan, the Board will need to do so as conditions to any approval of the transaction.

As Mr. B. R. Brown makes clear in his Verified Statement, CONSOL favors marketplace decisions arrived at without Government interference. CONSOL, accordingly, with great reluctance has sought leave to intervene in this proceeding and to propose the imposition of conditions upon any approval by the Board of the proposed transaction; nevertheless, the circumstances, as laid out in the Verified Statement of Mr. Rieland, oblige CONSOL to do so.

In the view of CONSOL, if CSXT and NS have not been able to arrive at a mutually acceptable operating plan, one that satisfies the needs of CONSOL, as the principal coal producer on the MGA lines, no later than May 15, 1998, the Board must impose such an operating plan as conditions, if it were to approve the proposed transaction. The operating plan and, hence, the conditions to be imposed by the Board would provide:

1. NS shall operate all trains on the MGA lines, the trains of CSXT to be handled by NS pursuant to a haulage agreement, except between Rivesville and the Loveridge mine. The haulage agreement will provide for NS to handle CSXT's trains from and to CSXT's Newell Yard, where CSXT shall have available sufficient power and cars to accommodate the traffic. NS shall charge CSXT the same crew costs it incurs in moving its trains to and from its West



Brownsville Yard. CSXT itself will operate its trains between Rivesville and the Loveridge mine.

2. NS shall permit CSXT to access the computer facilities at Brownsville so that it will have the same information with respect to operations on the MGA as is available to NS.

3. NS and CSXT shall cooperate in the scheduling of trains, and NS shall permit CSXT to participate in the decision making process when predetermined loading plans must be changed to accommodate the shippers' needs.

4. NS shall participate with CSXT in a car swapping arrangement that will permit the reassignment of loaded trains to customers on one another's lines.

These requirements impose no additional burdens and are no greater than the applicants' filings with the Board and their verbal commitments to Conrail's shippers contemplated; they are no greater than what the effective marketing of coal from CONSOL's mines served by the MGA lines demands.

WHEREFORE, CONSOL Inc., asks that, unless the parties were to arrive at an acceptable and satisfactory operating plan by May 15, 1998, that the Board impose the foregoing conditions, if it were otherwise to approve the transaction herein.

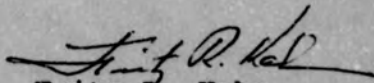
Respectfully submitted,

CONSOL INC.

By its attorneys,

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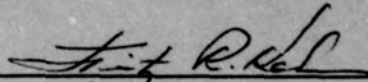
  
Fritz R. Kahn  
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Dated: April 9, 1998

CERTIFICATE OF SERVICE

Copies of the foregoing Comments this day were served by me by mailing copies thereof, with first-class postage prepaid, to counsel for each of the parties.

Dated at Washington, DC, this 9th day of April 1998.

  
Fritz R. Kahn



BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C. 20423

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STB Finance Docket No. 33388

CSX CORPORATION, et al.,  
-- CONTROL AND OPERATING LEASES/AGREEMENTS --  
CONRAIL, INC., et al.

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VERIFIED STATEMENT  
OF  
B. R. BROWN

My name is B. R. Brown, and I am Chairman of the Board of CONSOL Inc., with offices at 1800 Washington Road, Pittsburgh, Pennsylvania 15241.

CONSOL is the largest shipper of bituminous coal in the United States, and coal, of course, is the single most important commodity transported by the Nation's railroads.

I have come to know Mr. John W. Snow, Chairman of the Board, President and C.E.O. of CSX Corporation, and Mr. David R. Goode, Chairman, President and C.E.O. of Norfolk Southern Corporation. Indeed, I have spoken with both of them from time to time about their proposal, pending before this Board, to acquire and divide between their two railroads the lines of Consolidated Rail Corporation.

CONSOL has an important stake in that transaction because several of its most productive mines, principally its Bailey, Enlow




Fork, Blacksville #2 and Loveridge mines, are on the lines of what used to be the Monongahela Railway Company and now are part of Conrail. CONSOL has been well satisfied with the service Conrail has rendered, and, in my conversations with Messrs. Snow and Good, I was assured that, not only would the level of service not be impaired as a result of their proposal, but effective competition between the two railroads would be introduced. Although NS was to have title to the MGA lines, CSXT was to be accorded equal access and commercial opportunities to serve the mine operators, such as CONSOL.

I have been apprised by CONSOL's Vice President for Transportation and Marketing Services, Mr. William G. Rieland, that no operating plan for the MGA has been negotiated, and deep divisions separate the applicants.

CONSOL very much favors marketplace decisions arrived at without Government interference. Accordingly, it is with great reluctance that I have authorized that CONSOL petition this Board for leave to participate in this proceeding, file its Comments and seek the promulgation of an operating plan for the MGA lines as conditions to any approval by this Board of the proposed transaction. I urge the Board to accept these filings and to grant the relief CONSOL has requested.

I declare under penalty of perjury that the factual assertions of this statement are true and correct to the best of my knowledge and belief. I further declare that I am authorized on behalf of CONSOL Inc., to make this statement.

Dated at Pittsburgh, PA, this 7th day of April 1998.

  
B. R. Brown

BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C. 20423

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STB Finance Docket No. 33388

CSX CORPORATION, et al.,  
-- CONTROL AND OPERATING LEASES/AGREEMENTS --  
CONRAIL, INC., et al.

---

VERIFIED STATEMENT  
OF  
R. J. FLORJANCIC

My name is Ronald J. FlorJancic, and I am Executive Vice President - Marketing of CONSOL Inc., with offices at 1800 Washington Road, Pittsburgh, Pennsylvania 15241.

CONSOL is the single largest shipper of bituminous coal in the United States, and coal, of course, is the single most important commodity transported by the Nation's railroads.

As Executive Vice President - Marketing, I am responsible for all of the marketing and sales of CONSOL's coal production to all of its customers. I, accordingly, have followed closely the proposed acquisition of Consolidated Rail Corporation and the division of its lines between Norfolk Southern Railway Company and CSX Transportation. I have had monthly contacts with top level executives of both NS and CSXT.

The majority of CONSOL's northeastern sales tonnage is produced from mines on the lines of the former Monongahela Railway



Company, now part of Conrail. I, therefore, have a strong interest in the efficient and cost effective operation of the MGA and its effect on our production and sales. In numerous conversations that I had with NS and CSXT personnel, I was told that the "Operating Plan" for the MGA would ensure the efficient and effective operation of the property, such as has been our current experience with Conrail. Additionally, I was advised that NS and CSXT would be equal competitors for the existing and new business of the MGA lines. With over 24 million tons of coal out of a production base of 73 million tons, the management of the MGA is of extreme importance to both CONSOL's success and that of its customers.

My involvement was not limited to my conversations with the railroads' personnel, but also included conversations with CONSOL's customers and with its Vice President - Transportation and Marketing Services, Mr. William G. Rieland. He has kept me informed of the numerous meetings which have been held to lay out the groundwork and plans for the takeover of Conrail by NS and CSXT. It is only recently that I have learned from Mr. Rieland, as well as directly from representatives of NS and CSXT, that the railroads have not yet arrived at an "Operating Plan" for the MGA and that serious divisions separate the two parties from agreement.


The above is why, if the railroads fail promptly to agree on an effective "Operating Plan," CONSOL asks the Board to impose the conditions enumerated in its Comments.

I declare under penalty of perjury that the factual assertions of this statement are true and correct to the best of my knowledge



and belief. I further declare that I am authorized to make this statement on behalf of CONSOL Inc.

Dated at Pittsburgh, Pennsylvania, this 7th day of April 1998.

  
\_\_\_\_\_  
R. J. Florjancic

BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C. 20423

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STB Finance Docket No. 33388

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-- CONTROL AND OPERATING LEASES/AGREEMENTS --  
CONRAIL, INC., et al.

---

VERIFIED STATEMENT  
OF  
WILLIAM G. RIELAND

My name is William G. Rieland, and I am the Vice President for Transportation and Marketing Services of CONSOL Inc., with offices at 1800 Washington Road, Pittsburgh, Pennsylvania 15241.

CONSOL, a corporate affiliate of E. I. duPont de Nemours and Company and Rheinbraun, a German mining company, is the largest producer of bituminous coal in the United States.

Approximately a third of CONSOL's coal production comes from its Bailey, Enlow Fork, Blacksville #2 and Loveridge mines, on the lines of the former Mongongahela Railway Company, since 1991 owned and operated by Conrail. These four mines account for approximately 24 million tons of the 34 million tons of coal annually originated on the MGA lines.

The MGA was a well operated property, and CONSOL has been pleased with the service rendered by Conrail. Much of the MGA consists of single-track lines, with limited passing tracks,

necessitating careful scheduling and dispatching of the inbound and outbound 110-car unit trains so as to permit orderly and timely loading at the mines commensurate with their customers' requirements.

The need for the efficient operation of the MGA will be exacerbated over the next few years. It is anticipated that coal production at the mines served by the MGA lines will increase by from four to seven million tons annually. That means that the total production of these mines lines will increase to about 40-41 million tons of coal annually. That translates into 15 loaded trains, at an average of 11,000 tons per train, five days per week, 50 weeks per year. Since the MGA's capacity is limited to the daily movement of 15 empty unit trains to the mines and 15 loaded unit trains from the mines, MGA will be operating at its maximum capacity within two or three years' time.

The mines served by the MGA lines have very limited ability to store coal. Therefore, any disruptions in the operations of the railroad will have devastating consequences. Trains must be placed for loading when ordered lest the mines' production be interrupted and the customers' demands not be met. Missed shipments simply cannot be made up, and customer service, accordingly, is impaired.

For these reasons, I entertained a good deal of skepticism about the applicants' planned break up of Conrail. I carefully reviewed their Application and met with representative of both CSX Transportation and Norfolk Southern Railway Company. Their filings with this Board and their statements to me gave me a measure of



comfort.

Although, under their Monongahela Usage Agreement, NS was slated to acquire the MGA lines and control their operations, CSXT was to be accorded equal access to the mines and to be on a commercial footing no less favorable than that of NS in serving them. The applicants assured me, as they had this Board, that the MGA would be operated with no loss of efficiency, and, yet, the mines along its lines and the customers for their coal shipments would gain the benefits of vigorous competition between CSXT and NS.

This, unfortunately, is not going to happen. Conversations I have had within the past few days with representatives of CSXT and NS, whose identities I cannot reveal for perfectly obvious reasons, have me and CONSOL very disturbed.

From an operating standpoint, the critical element of the applicants' Monongahela Usage Agreement is the formulation of an implementing operating plan. The operating plan has not been negotiated, and serious and, I am afraid, insurmountable differences between the parties render it unlikely that they will be able to arrive at an acceptable operating plan, certainly not in time for the consummation of the proposed transaction, assuming this Board were to approve it at the time of its voting conference scheduled for June 8, 1998.

The Monongahela Usage Agreement contemplates that the operating plan would provide that "all CSXT employees who shall operate its trains, locomotives, cars and equipment over the



Monongahela [shall] be qualified for operation there over." The employees who are best qualified to operate on MGA's lines, of course, are the Conrail crews. NS, however, has determined that it would hire all of the Conrail crews; it will allow CSXT to have none.

NS, I am told, has advised CSXT that it can hire crews, if it needs to, or reassign crews from elsewhere on its system. That simply is unacceptable. To train an engineer or conductor takes from nine to twelve months. With an anticipated closing date of September 1, 1998, there simply is not enough time for CSXT to hire and train personnel to be qualified to operate its trains on the MGA lines. Even if CSXT were to reassign crews, with the disruption and shortages that itself would cause on that railroad's system, the engineers and conductors would be unfamiliar with the intricate operations required for moving 110-car unit trains to and from the mines on the MGA lines, and it would take several weeks before they would be able to satisfy NS that they were qualified to operate on the property.

If CSXT is to be afforded equal access and comparable commercial capabilities in serving the mines on the MGA lines, as I understood was the applicants' intent in arriving at their Monongahela Usage Agreement, CSX, if it so wishes, should be allowed to hire half of the employees of Conrail which heretofore have operated its trains on the MGA lines.

The Monongahela Usage Agreement declares that the NS dispatcher at the computerized facility in Brownsville will

coordinate operations; the crews "shall ascertain that the trackage is clear and shall await confirmation from the dispatcher that such permission has been issued to allow NSR and/or CSXT movements on or over the Monongahela." The NS dispatcher will be able to contact the NS and CSXT locomotives and crews via the radios with which they will be equipped.

As far as NS is concerned that suffices. CSXT, however, would like to and needs to tie into the computer NS uses for dispatching at the Brownsville facility; it would like to and needs to be able to look at the dispatching board, just as NS' dispatcher does. If CSXT were able to spot an opening for the movement of one of its trains, it would like to be able to call that to the dispatcher's attention; it doesn't simply want to sit and wait for the dispatcher's call. Unless CSXT were to have the timely information about operations on the MGA lines, opportunities may be missed, and the competition between CSXT and NS that was to occur will not be served.

CONSOL fully agrees with CSXT that CSXT must have knowledge of the train operations on the MGA lines coextensive with that of NS' dispatcher; anything less is detrimental to the marketing of CSXT's services. The old adage proclaims that knowledge is power, and it is no less true in train operations than in anything else. For CSXT to be able to compete on an equal footing with NS and to be able to sell its services as effectively as NS can, CSXT must be known to have no less information of the operations on the MGA lines than NS has. No customer of CONSOL that I am aware of will

want to receive coal via CSXT if it is apprehensive that CSXT cannot serve it as effectively as NS can; tying into NS' dispatching board is critical in that regard.

The implementing operating plan called for by the applicants' Monongahela Usage Agreement is to provide that "[t]he loading schedule will be the governing vehicle for sequencing trains on the Monongahela by the dispatcher." It further is to provide that "[c]hanges in the train loading schedule or train ordering will be coordinated joint between NSR and CSXT to assure demand is met for all Mines." NS' idea of coordination appears to be dictation. In my recent conversations with CSXT and NS representatives I have learned to my dismay that NS has taken the position that, since it is charged with the responsibility for dispatching trains on the MGA lines, it will schedule the trains' operations and will give CSXT needed directions concerning changes in the loading of trains.

CSXT wants to be an active participant in the scheduling of the trains operated on the MGA lines and in the decision making process when changes are made in the pre-established operational schedules, and CONSOL totally agrees. While there can be no question that NS must have the ultimate responsibility for the trains' dispatching, CSXT needs to be involved when, for one reason or another, trains cannot be loaded as the mine operators previously had planned. Without CSXT's full participation in scheduling the trains and in determining how the mine operators' changes are to be effected, NS would be able to disadvantage CSXT, with injury to CSXT and, more importantly, the shippers and their



customers which it serves.

Finally, there occasionally is need for reassigning trains when the quality of the coal that's been loaded into its cars fails to meet the consignee's demands. Conrail worked with CONSOL to effect such changes, and I was assured that the applicants would as well. Again, I have learned to my great disappointment that NS is unwilling to cooperate with CSXT to permit such car swap arrangements.

From time to time, due primarily to coal quality upsets at the mines, the mine may be unable to ship a trainload of coal to an intended customer, because the quality of the coal available at loading time fails to meet the customer's specifications. When that happens, the mine operator normally attempts to find another customer for the coal to be delivered by the railroad. Of course, the loaded coal would need to meet the other customer's own coal specifications, and the cars would need to match its unloading mechanisms. Conrail has cooperated fully in effecting such car swaps.

CONSOL deems it important that such arrangements continue, and, when they first spoke with me about the break up of Conrail, the representatives of CSXT and NS assured me that they would. Now, however, I find that, although CSXT is willing to participate in such car swap arrangements, NS is unwilling to do so. CONSOL believes it to be imperative to the successful operation of the MGA properties that trains be reassigned when quality upsets occur. This benefits the railroads no less than it does CONSOL, and we

consider it essential that NS agree to provisions providing therefor in the operating plan.

In my opinion, if CSXT and NS have not been able to arrive at a mutual acceptable operating plan, one that satisfies the needs of Consol as the principal coal producer on the MGA lines, no later than May 15, 1998, the Board must impose such an operating plan as conditions, if it were to approve the proposed transaction. The operating plan and, hence, the conditions to be imposed by the Board would provide:

1. NS shall operate all trains on the MGA lines, the trains of CSXT to be handled by NS pursuant to a haulage agreement, except between Rivesville and the Loveridge mine. The haulage agreement will provide for NS to handle CSXT's trains from and to CSXT's Newell Yard, where CSXT shall have available sufficient power and cars to accommodate the traffic. NS shall charge CSXT the same crew costs it incurs in moving its trains to and from its West Brownsville Yard. CSXT itself will operate its trains between Rivesville and the Loveridge mine.

2. NS shall permit CSXT to access the computer facilities at Brownsville so that it will have the same information with respect to operations on the MGA as is available to NS.

3. NS and CSXT shall cooperate in the scheduling of trains, and NS shall permit CSXT to participate in the decision making process when predetermined loading plans must be changed to accommodate the shipper's needs.

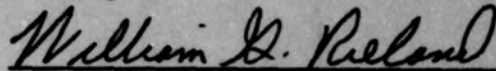
4. NS shall participate with CSXT in a car swapping

arrangement that will permit the reassignment of loaded trains to customers on one another's lines.

These requirements will impose no burdens and are not greater than the applicants' filings with the Board and their verbal commitments to Conrail's shippers contemplated; they are no greater than what the effective marketing of coal from CONSOL's mines served by the MGA lines demands.

I declare under penalty of perjury that the factual assertions of this statement are true and correct to the best of my knowledge and belief. I further declare that I am authorized on behalf of CONSOL Inc. to make this statement.

Dated at Pittsburgh, Pennsylvania, this 7th day of April 1998.

  
William G. Rieland



BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C. 20423



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STB Finance Docket No. 33388

CSX CORPORATION, et al.,  
--CONTROL AND OPERATING LEASE/AGREEMENTS--  
CONRAIL, INC., et al.

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VERIFIED STATEMENT  
OF  
GARY E. LAPPLANDER

My name is Gary E. Lapplander and I am the Manager of Fuel Supply for The Detroit Edison Company, with offices at 2000 Second Avenue, Detroit, Michigan 48226.

As Manager of Fuel Supply, I am responsible for fuel and transportation for Detroit Edison's fossil plants, including the Monroe, Trenton Channel and River Rouge plants, each of which is served by Consolidated Rail Corporation. Detroit Edison purchases over 23 million tons of coal per year consumed in the generation of electricity.

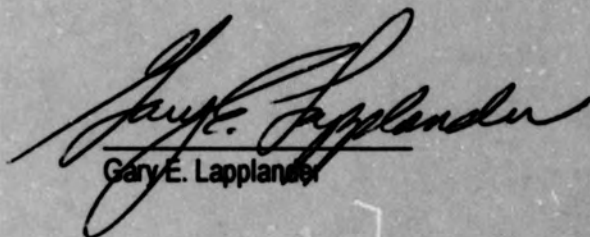
In 1997, Detroit Edison purchased over three million tons of coal from mines on the lines of the former Monongahela Railways Company, now part of Conrail. Accordingly, Detroit Edison is very interested in the successful conclusion of the acquisition of Conrail and the division of its lines between Norfolk Southern Railway Company and CSX Transportation. Our fuel purchases are dependent upon efficient and highly competitive origin coal sources.

Detroit Edison has supported the acquisition of Conrail (reference my letter to STB of 2/24/98) based on discussions with the Norfolk Southern Railway Company and CSX Transportation. However, since the submittal of my letter of support, I have become concerned

with the ability of the Norfolk Southern and CSX to operate an MGA in which each would have equal access and commercial rights. It is my understanding that no operating plan has been agreed to by the two railroads and I am apprehensive that, in the absence of an effective operating plan, there will be a loss of operating efficiency and economic injury to my company.

I declare under penalty of perjury that the foregoing factual assertions are true and correct to the best of my knowledge and belief. I further declare that I am authorized to make this statement on behalf of Detroit Edison Company.

Dated at Detroit, Michigan, this 8 day of April, 1998.

  
Gary E. Laplander

Notarized: Terrie A. Jones 4/8/98

TERRIE A. JONES  
Notary Public, Wayne County, MI  
My Commission Expires Nov. 15, 2000

STB

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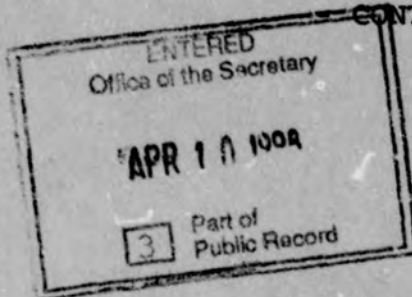
ORIGINAL

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157044  
BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C. 20423

STB Finance Docket No. 33388

CSX CORPORATION, et al.,  
CONTROL AND OPERATING LEASES/AGREEMENTS --  
CONRAIL, INC., et al.



STATEMENT AS TO ORAL ARGUMENT  
OF CONSOL INC.

In response to the Board's decision, Decision No. 70, served March 12, 1998, CONSOL Inc., respectfully asks that its counsel be permitted to present oral argument on its behalf.

Counsel will want to impress upon the Board that, if the applicants in the meantime have not negotiated an acceptable and satisfactory operating plan pursuant to their Monongahela Usage Agreement, there is urgent need for the Board to promulgate such an operating plan as conditions to any approval by the Board of the proposed transaction.

Consolidation and coordination of this presentation with that of any other party is impractical.

Counsel anticipates requiring no more than ten minutes' time to make CONSOL's case and asks for that much argument time.

Respectfully submitted,

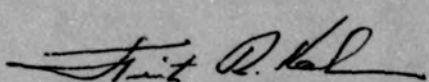
CONSOL INC.

By its attorneys,

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Dated: April 9, 1998