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CSX TRANSPORTATION

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The Honorable Vernon A. Williams
Secretary, Surface Transportation Board
Mercury Building, Room 700
1925 K Street, NW
Washington, DC 20423

RE: Finance Docket No. 33388: CSX and NS control and Acquisition of Conrail

Subject: Appendix Q, Environmental Conditions Status Report

Dear Secretary Williams:

Enclosed please find twenty-five (25) hard copies and one electronic copy of a status report as of May 24, 1999, on CSX's progress in satisfying the Environmental Conditions contained in Appendix Q of Decision No. 89, issued on July 23, 1998. As you will see, all of the Environmental Conditions required by the June 1, 1999 Closing Date applicable to CSX have been completed.

If you need additional information or have any questions concerning the report, please advise.

Yours very truly,

Robert V. Allen

cc: Elaine K. Kaiser (5 copies)

CSX's Status Report on Compliance with Environmental Conditions of Decision No. 89 in STB Finance Docket No. 33388

On July 23, 1998, the STB issued its written decision (STB Decision No. 89 in Finance Docket No. 33388) approving the acquisition and control of Conrail, Inc. and Consolidated Rail Corporation (Conrail) by CSX Corporation and CSX Transportation, Inc. (CSX) and Norfolk Southern Corporation and Norfolk Southern Railway company (NS), subject to certain conditions. Appendix Q of the Decision contains the Environmental Conditions. Some of the Environmental Conditions have been modified by Decision No. 96 served on October 19, 1998 and subsequent decisions.

Applicants have been requested to provide the STB with a status report on their respective progress in satisfying the Environmental Conditions imposed by the STB. The following provides the status (as of May 24, 1999) and other relevant information on those Environmental Conditions applicable to CSX categorized as follows:

1. Environmental Conditions to be completed by CSX prior to the June 1, 1999 Closing Date or Day One, the date on which Applicants will effect the division of the operation and use of the assets of Conrail;
2. Additional Environmental Conditions that have been completed by CSX in advance of the June 1, 1999 Closing Date;
3. Environmental Conditions requiring ongoing compliance by CSX (e.g., continuing compliance with regulations); and
4. Environmental Conditions for which compliance activities are not yet completed.

Overall, as of May 24, 1999, approximately 70% of the Environmental Conditions applicable to CSX have been completed; 100% of the Environmental Conditions required by the June 1, 1999 Closing Date applicable to CSX have been completed. The following pages detail CSX's compliance with the various Environmental Conditions as categorized by the above four groupings.

1) Conditions required to be satisfied by CSX before the June 1, 1999 Closing Date.

Several of the Environmental Conditions require actions to be completed by CSX before the June 1, 1999 Closing Date. As indicated in the following table, CSX has satisfied all of the Environmental Conditions, as modified, which it is required to complete by the June 1, 1999 Closing Date.

Environmental Conditions Required to be Completed by CSX by the June 1, 1999 Closing Date			
Environmental Condition No.	**Description of Environmental Conditions**	**Date Completed by CSX**	**Certification/Submittals by CSX to STB (where applicable)**
General, Safety: Highway/Rail At-grade Crossings			
1(B)	Post increased train traffic signs	5/1/99	Certification filed 5/17/99
Regional, Safety: Hazardous Materials Transport			
4(A)	Comply with AAR "key routes" guidelines and revisions	5/1/99	Certification filed 5/17/99; also requires ongoing compliance – see grouping 3 page 7.
4(B)	Distribute Hazmat Emergency Response Plans	2/22/99	Certification filed 3/25/99; also requires ongoing compliance – see grouping 3 page 7.
4(C)	Develop and provide local Hazmat Emergency Response Plans	2/22/99	Certification filed 3/25/99
5(A)	Provide toll-free numbers to emergency response organizations	2/22/99	Certification filed 3/25/99
Local, Transportation: Highway/Rail At-Grade Crossing Delay			
8(B)	Complete negotiations with Ohio regarding highway/rail at-grade crossing improvements	5/17/99	Certification to be filed by 6/01/99
Local, Cultural Resources			
9	Negotiate w/DeKalb County, city of Garrett & INDOT for implementation of grade separation at Randolph Street	10/01/98	Agreement filed 12/11/98
Local (specific locations are included in "Description of Requirement")			
27(A)	Modify local component of HazMat Emergency Response Plan for environmental justice populations - Cleveland Heights	2/18/99	Certification filed 2/19/99
27(B)	Provide Operation Respond software and training –Cleveland Heights	2/15/99	Certification filed by NS 2/22/99
29(A)	Install warning signs with flashing lights at U. S. Route 24 crossing - Defiance, OH	5/18/99	Agreement filed 5/18/99
29(B)	Modify local component of HazMat Emergency Response Plan for environmental justice populations – Defiance, OH	2/18/99	Certification filed 2/19/99

Environmental Conditions Required to be Completed by CSX by the June 1, 1999 Closing Date			
Environmental Condition No.	**Description of Environmental Conditions**	**Date Completed by CSX**	**Certification/Submittals by CSX to STB (where applicable)**
29(C)	Provide Operation Respond software and training – Defiance, OH	3/30/99	Certification filed 4/08/99
31(E)	Modify local component of HazMat Emergency Response Plan for environmental justice populations – Fostoria, OH	2/19/99	Certification filed 2/19/99
31(F)	Provide Operation Respond software and training –Fostoria, OH	3/31/99	Certification filed 4/08/99
32(A)	Modify local component of HazMat Emergency Response Plan for environmental justice populations – Holgate, OH	2/19/99	Certification filed 2/19/99
32(B)	Provide Operation Respond software and training – Holgate, OH	3/30/99	Certification filed 4/08/99
34(A)	Interconnect operation of its warning devices at crossing of SR 162 in New London, OH w/device of Wheeling & Lake Erie Railroad so that the devices on both crossings operate for either line – New London, OH	2/01/99	Certification filed 2/16/99
34(B)	Modify local component of HazMat Emergency Response Plan for environmental justice populations – New London, OH	2/19/99	Certification filed 2/19/99
34(C)	Provide Operation Respond software and training – New London, OH	3/31/99	Certification filed 4/08/99
38(A)	Modify local component of HazMat Emergency Response Plan for environmental justice populations – Tiffin, OH	2/19/99	Certification filed 2/19/99
38(B)	Provide Operation Respond software and training – Tiffin, OH	3/3199	Certification filed 4/08/99
40	Consult with Town of Wellington, OH and report to STB in writing of progress made in resolving local concerns.	09/15/98	Report filed 2/16/99
41(A)	Modify local component of HazMat Emergency Response Plan for environmental justice populations – Willard, OH	02/19/99	Certification filed 2/19/99

Environmental Conditions Required to be Completed by CSX by the June 1, 1999 Closing Date			
Environmental Condition No.	**Description of Environmental Conditions**	**Date Completed by CSX**	**Certification/Submittals by CSX to STB (where applicable)**
41(B)	Provide Operation Respond software and training – Willard, OH	3/31/99	Certification filed 4/08/99

2) Additional Environmental Conditions completed by CSX in Advance of the June 1, 1999 Closing Date.

Some of the Environmental Conditions that are applicable to CSX contain deadlines which will occur after the June 1, 1999 Closing Date and others have no specified deadlines. From the group of post-Closing Date or undated Environmental Conditions, the following table summarizes those Environmental Conditions that have been completed by CSX.

Additional Environmental Completed by CSX by the June 1, 1999 Closing Date			
Environmental Condition No.	**Description of Environmental Conditions**	**Date Completed by CSX**	**Comments**
Local, Transportation: Highway/Rail At-grade Crossing Delay			
1(D)	Make Operation Lifesaver programs available to communities, schools & other organizations along segments listed in Item 1a.	5/21/99	Complete
Local, Natural Resources			
12	CSX shall not undertake construction or modification of a new rail line connection in Exermont, IL until completion of Section 106 process of NHPA -	3/26/99	Complete
14	CSX shall, not alter historic integrity of 75th St. Interlocking Tower in Chicago, IL until completion of consultation process agreed with NHP officer	2/18/99	Complete
Local (specific locations are included in "Description of Environmental Condition")			
23	Develop, in coordination w/City of New Orleans a HazMat emergency response program – New Orleans, LA	4/14/99	Complete
26(B)	Assign trained supervisory personnel, available 24/7, to mobilize emergency response personnel & coordinate w/local authorities – Greater Cleveland Area, OH	4/01/99	Complete

Additional Environmental Completed by CSX by the June 1, 1999 Closing Date			
Environmental Condition No.	**Description of Environmental Conditions**	**Date Completed by CSX**	**Comments**
26(C).2	Collinwood, (C-060B): MP 179; HBD-DED/No upgrade. Greater Cleveland Area, OH	9/01/98	Complete
26(C).4	Marcy (C-069; MP 10; None/HBD-DED– Greater Cleveland Area, OH	2/01/99	Complete
26(D).a	Install continuous welded rail in new or replacement programs– Greater Cleveland Area, OH	2/01/99	Complete
26(D).d	Establish a community liaison to address local environmental concerns, develop cooperative solutions and offer outreach meetings to address community concerns – Greater Cleveland Area, OH	2/01/99	Complete
27(C)	Fund training at national training center –Cleveland Heights, OH	02/20/99	Complete. NS provided training

3) <u>Environmental Conditions requiring ongoing compliance by CSX during STB oversight period.</u>

Several of the Environmental Conditions applicable to CSX specify compliance with existing regulations or industry guidelines, or require continuous or periodic actions by CSX. In addition, some Environmental Conditions require the use of "best management practices" for certain activities. Because it is CSX's internal policy to comply with applicable regulations and pertinent industry guidelines, there are no specific additional actions required to be undertaken by CSX to satisfy many of these conditions. The following table summarizes these types of requirements. Because they require ongoing compliance, there is no "complete date" as such. As shown in the comments, CSX is in compliance with those Environmental Conditions that are currently applicable and will conduct the specified actions at such future dates as are required in the Environmental Conditions.

Environmental Conditions Requiring Ongoing Compliance by CSX During the STB Oversight Period		
Environmental Condition No.	**Description of Environmental Conditions**	**Comments**
General, Safety: Highway/Rail At-grade Crossing		
1(C)	Promptly conduct maintenance around crossings required to comply with applicable regulations.	Current CSX policy in place
2	Comply with AAR "key train" guidelines.	CSX currently meets AAR key train standards and will continue to meet such standards after the Closing Date.
Regional, Hazardous Materials Transport		
4(A)	Comply with AAR "key routes" guidelines and revisions	Certification filed 5/17/99; CSX will continue to meet guidelines, (see category 1, page 2)
4(B)	Distribute Hazmat Emergency Response Plans	Certification filed 3/25/99; CSX will distribute plans every three years as required, (see category 1, page 2).
5(B)	Notify USFWS and State DNR's if Hazmat release has potential to affect wetlands or habitats	CSX will include USFWS on required list of notifications in the event of a hazmat release with potential to affect wetlands or habitats.
Regional, Safety: Freight Rail Operations		
7	Comply with FRA rule for gross ton-mile inspections	Current CSX policy in place and in compliance.
Local:	***Cultural Resources***	
17	Comply w/mitigation provisions in permit applications approved by City of Chicago for proposed 59th St. Intermodal facility.	CSX will comply with permit conditions

Environmental Conditions Requiring Ongoing Compliance by CSX During the STB Oversight Period		
Environmental Condition No.	**Description of Environmental Conditions**	**Comments**
21	Comply with agreement with the Four Cities	In-progress
31(D)	Hold trains in areas to minimize trains blocking major highway/rail at-grade crossing in Fostoria, OH	Current CSX policy in place and in compliance.
Environmental Conditions for Constructions and Abandonments		
44	Employ specified Best Management Practices	Current CSX policy in place and in compliance.
45	Comply with applicable regulations	Current CSX policy in place and in compliance.
46	Transport Hazmat in compliance w/US DOT ergs; provide on request copies of Hazmat emergency response plans & participate in training of local emergency staff.	Current CSX policy in place and in compliance.
47	If wheel squeal occurs during operation of the connection, CSX shall use rail lubrication to minimize noise levels.	Current CSX policy in place and in compliance.
Safety Integration Conditions		
49A	Comply with Safety Integration plans	In-progress
49B	Participate in ongoing regulatory activities	In-progress
Negotiated Agreements		
51	Comply with terms of negotiated agreements	In-progress

4) Environmental Conditions for which compliance activities not yet completed.

As a final category, the following table summarizes the status and comments on Environmental Conditions for which compliance activity by CSX is currently underway, but not yet completed..

CSX Progress Towards Completion of Remaining Environmental Conditions		
Environmental Condition No.	**Description of Environmental Conditions**	**Comments**
General, Safety: Highway/Rail At-grade Crossing		
1(A)	Post toll-free phone numbers on specified crossings.	In-progress, CSX segments complete, Conrail segments to be complete after Day One
3	CSX shall consult w/FRA & passenger service agencies to develop strategies technologic improvements to ensure safety (consistent w/49CFR 223, 239). CSX to report to Board on consultations.	In-progress
Regional, Hazardous Materials Transport		
4(D)	Implement real-time or desktop simulation emergency response drills	In-Progress
6	Establish FMEA	In-Progress
Local (specific locations are included in "Description of Environmental Conditions")		
8(A)	Upgrade warning devices at specified crossings	Eight warning devices upgrades have been completed; all others in design or engineering phase. Due 8/22/00; requires quarterly certification.
10	Implement operational improvements for specified portions of three rail segments.	In-progress
11	Mitigate noise at noise-sensitive receptors along specified segments	Field reviews in-progress.
13	CSX shall, pending Ohio SHPO concurrence, complete cultural & historic resource documentation for Lake Shore & Michigan Southern Shops Dist., Collinwood Yard, Cleveland, OH.	Documentation complete, awaiting notification of acceptance from Ohio SHPO
26(C)	Install add'l train defect detection devices to scan all trains entering City – Greater Cleveland, OH	In-progress

CSX Progress Towards Completion of Remaining Environmental Conditions		
Environmental Condition No.	**Description of Environmental Conditions**	**Comments**
26(D).b	Implement specific actions for all rail lines with increased traffic, including using rail lubrication system – Greater Cleveland, OH.	Plans in-progress to install lubrication systems where needed.
26(D).c	Implement specific actions for all rail lines with increased traffic, including inspecting bridges and overpasses – Greater Cleveland, OH.	Plans in-progress to conduct inspections
29(D)	Fund participation in training session at National Training Ctr in CO for a representative of Emergency Response provider for City of Defiance.	In-progress – tentatively scheduled 9/99
31(A)	Provide a real-time monitoring system – Fostoria, OH	CSX and NS held meeting with city to present final plans; currently in design phase.
31(B)	Install constant warning time circuits at crossings – Fostoria, OH	In-progress
31(C)	Install direct voice hot-line or closed circuit television – Fostoria, OH	In-progress subject to agreement with town of Fostoria.
31(G)	Fund participation in training session at National Training Ctr in CO for a representative of Emergency Response provider for City of Fostoria.	In-progress – tentatively scheduled 9/99
32(C)	Fund participation in training session at National Training Ctr in CO for a representative of Emergency Response provider for City of Holgate.	In-progress – tentatively scheduled 9/99
34(D)	Fund participation in training session at National Training Ctr in CO for a representative of Emergency Response provider for City of New London	In-progress – tentatively scheduled 9/99
38(C)	Fund participation in training session at National Training Ctr in CO for a representative of Emergency Response provider for City of Tiffin.	In-progress – tentatively scheduled 9/99
41(C)	Fund participation in training session at National Training Ctr in CO for a representative of Emergency Response provider for City of Willard	In-progress – tentatively scheduled 9/99

CSX Progress Towards Completion of Remaining Environmental Conditions		
Environmental Condition No.	**Description of Environmental Conditions**	**Comments**
42(A)	Relocate NS traffic onto new tracks in CSX right-of-way – Erie, PA	New track construction in-progress; traffic to be located after construction is complete.

STB FD 33388 5-18-99 D 194543

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May 18, 1999

BY HAND DELIVERY – Original and 25 Copies

The Honorable Vernon A. Williams
Secretary, Surface Transportation Board
Mercury Building, Room 700
1925 K Street, N.W.
Washington, D.C. 20423

Re: Finance Docket No. 33388, *CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/Agreements -- Conrail Inc. and Consolidated Rail Corporation –*
Negotiated Agreement with Ohio Department of Transportation

Dear Secretary Williams:

CSX Corporation and CSX Transportation Inc. hereby submit a Negotiated Agreement with the Ohio Department of Transportation which is intended to supersede Environmental Condition 29(A) of Decision No. 89 (Appendix Q, p. 410). This Negotiated Agreement effectuates the Board's preference for privately negotiated solutions stated in Decision No. 89 (at 153).

Environmental Condition 29(A) requires CSX to "install warning signs with a flashing hazard light to notify motorists in advance that they are approaching the highway/rail at-grade crossing at U.S. Route 24." Condition 29(A) directs CSX to certify compliance with this condition within six months of the effective date of Decision No. 89 (by February 22, 1999). Pursuant to the request of CSX and the State of Ohio, the Board in Decision No. 117 extended the compliance date until May 22, 1999 to allow for further analysis and consultation. CSX and the Ohio Department of Transportation have now agreed to three steps to be undertaken at the crossing in lieu of the installation directed in Environmental Condition 29(A).

The Negotiated Agreement is evidenced by the proposal of the Ohio Department of Transportation, dated April 29, 1999, and the acceptance by CSX, dated May 12, 1999 (copies enclosed). The parties request that the enclosed Negotiated Agreement supersede Environmental Condition 29(A) and that Environmental Condition 51 be amended by adding this Negotiated Agreement to the list of Negotiated Agreements entered into by CSX.

231331

Thank you for your assistance in this matter. Please contact me at 202-942-5773 or Mr. O'Brien at 202-785-3700 if you have any questions about this submission.

Respectfully yours,

Mary Gabrielle Sprague

Mary Gabrielle Sprague
Counsel for CSX Corporation and CSX Transportation, Inc.

Concurred in by:

Keith O'Brien, Esq.
Rea, Cross &Auchincloss
Counsel for the State of Ohio

Enclosures

cc: Elaine K. Kaiser

513-336-8613

OHIO DEPARTMENT OF TRANSPORTATION

District One
1885 N. McCullough Street, Box 40
Lima, Ohio 45802-0040

Bob Taft
Governor

April 29, 1999

Charles E. Gullakson
CSX Transportation
500 Water Street, J350
Jacksonville, Florida 32202

Re: CSX Railroad Crossing, Defiance County, US-24

Dear Mr. Gullakson:

This is in reference to our February 10, 1999, letter and to confirm the out come of your on site meeting, April 14, 1999, with Larry Y. Roettger of this office.

After a thorough review, we are still in concurrence with the ideas expressed in that letter, namely, that the interconnected flashing warning signs are of little practical value, are not technically feasible at this time and may in fact, conflict with Ohio Law. Therefore, in lieu of the STB mandate, we propose the following three steps be undertaken by ODOT and by the Railroad as applicable.

1. Replace the existing 30 inch W-94 advance railroad crossing signs on both US-24 approaches with 48 inch dual signs. These signs are to be located a minimum of 750 feet from the crossing stop bars. Relocate the RXR pavement markings as necessary.

2. Install a single 48 inch W-94 advance railroad crossing sign with a W-145B-30 "One Mile Ahead" distance plaque, approximately one mile in advance on each approach of US-24.

3. Install standard, overhead, cantilevered red flashing light signals on both sides of the crossing near the existing gates and cross bucks. These should be in conformance with section 6F-3 and figure TS-15 of the Ohio Manual Of Uniform Traffic Control Devices, (OMUTCD). The overhead signals should be placed approximately over the center of each approach lane on US-24. The existing post mounted red flashing light signals should remain in place.

We believe that the above steps will better serve the highway users and enhance safety at this crossing than the addition of some type of flashing sign. Items 1 & 2 are the responsibility of ODOT and will be done as soon as our work schedule permits, regardless of any other developments. Item 3 shall be accomplished by Railroad forces through a project administered by the Ohio Rail Development Commission (ORDC) and will be processed within the normal Grade Crossing Warning Devices Program guidelines.

- continued -

Post-it® Fax Note 7671	Date 4/29/99	# of pages ▶ 9
To C. Gullakson	From K. Gunderson	
Co./Dept.	Co.	
Phone #	Phone #	
Fax # 513 336-8613	Fax # 419 224-7461	

April 29, 1999

page 2

We recommend the Railroad, with ODOT endorsement, propose all three items to the STB as an alternative to their original flashing sign concept. We will continue to monitor traffic conditions and safety at this location. Should problems develop, we will consider other alternatives commensurate with the situation.

For your information we are enclosing copies of Section 6F of the OMUTCD, "Railroad-Highway Grade Crossing Protection" , including figure TS-15. Also enclosed are copies of comments on this crossing by Larry Y. Roettger. Should you have questions or need further support, please do not hesitate to contact this office.

Respectfully,

Norman R. Redick, P.E., P.S.
District One Deputy Director

Kirk M. Slusher, P.E.
District Transportation Planning
and Programs Administrator

NRR:KMS:bmb
Attachments (7)
copy: Redick
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Dillhoff
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FAX - Attn. C. Gullakson @ (513) 336-8613
File

COMMENTS

DEFIANCE COUNTY
US-24 and CSX/ NS RAILROAD CROSSING
WEST OF DEFIANCE
@ SLM 5.48

GENERAL: As observed on site, April 14,1999, US-24 in this area is relatively level and on tangent. This is a double track crossing with sight distance probably in excess of one mile in both directions on US-24. There is no build-up, vegetation or other obstruction which interfered with the view to the crossing.

The 1998 ADT for US-24 is 7200 total vehicles, comprised of 3100 trucks and 4100 cars. The number of trains currently using this crossing is 35 - 40 per day and this is expected to rise to the 50 - 70 range in the future. The normal Amtrac train speed is 79 mph, while freight trains run 70 mph or less. The longest freight train using the crossing is about 9000 feet.

Based on train speeds and lengths and on vehicular volumes on US-24, the average time the crossing is blocked will be about 3 minutes. During peak traffic periods the back-ups on US-24 may be as much as 1700 feet.

There are standard cross bucks, red RR flashers and gates at the crossing. There are advance 30 " RR signs on both approaches of US-24 at the proper distances. (NOTE, the sign on the east is slightly less than 750', but within the distances as given in table 2M-3 of the OMUTCD.) There are also "Uneven Tracks" signs on both approaches, between the advance signs and the xing.

NOTE: ORC Section 4511.62, "Driving Across Railroad Grade Crossings" was changed, effective 10/21/97 by SB-60. Prior to that change, a driver approaching a flashing xing light was required to stop and "shall not proceed until he can do so safely". After SB-60, a driver shall stop and "not proceed as long as - -" "A clearly visible electric or mechanical device gives warning of the immediate approach of a train". The phrase, "immediate approach" gives some leeway here, but this section has a much stronger meaning than previously. Also, this section mentions a "clearly visible electric - - signal device", not red flashing railroad signals. That could have liability impact on using any kind of advance warning flashers in conjunction with the train detection.

RECOMMENDATIONS: First, I concur with not installing any kind of advance "Prepare to Stop When Flashing" signs or adding actuated flashers to the existing advance RR signs. Not only would this set a precedent, but such an installation would be expensive and difficult to maintain, the liability situation would be complicated by having two different agencies involved.

- ☐ The simplest, easiest and possibly most effective option would be to increase the size of the Advance RR signs to 48 inches. The signs should also be dualed and should all be placed at a minimum distance from the crossing stop bar of at least 750 feet. This would also

include relocating the pavement markings. This option would enhance warning time by making the signs readable at a greater distance, but without sacrificing the close up warning.

- To further enhance warning, due to the possibility of significant back-up on US-24, single 48 inch advance RR signs with "One Mile Ahead" distance plates should be installed on both approaches of US-24

- The second possibility would be for the Railroad to install overhead, cantilever red flashing lights as shown in TS-15, page 6-48 of the OMUTCD. This would probably be the most effective option, particularly in view of the truck traffic on U-24. The red flashers would then be visible on both sides of the highway, above any train and around the left side any truck traffic. It would also enhance the warning time without sacrificing the close up conditions.

- A third possibility, although not recommended at this time, would be to install a special sign well in advance of the advance Railroad signs. This sign could have a flashing beacon actuated by detector loops in the pavement at some point in advance of the crossing. The sign would only come on when traffic stopped for a train actually backed up to the detector locations and oncoming vehicles cannot readily see the regular signing. One possible legend would be "Watch For Stopped Traffic When Flashing". This scheme should only be considered if significant, and continuously recurring backups occur due to the increased train traffic. Since such signs would only refer to vehicular conditions and not railroad crossing operation, there should be no liability problems or conflict with ORC section 4511.62.

  District 7 has, for years, had a similar sign setup on US-68 north of Bellefontaine in Logan County. However, that signing was installed because of sight distance problems caused by a vertical curve in advance of the crossing. Sight distance to the crossing was adequate, but backed up vehicles could not be seen by oncoming traffic. In this particular case there was much confusion about the meaning of the sign. It would not, of course, start operating until there was a considerable backup of vehicles and many trouble calls were received because drivers assumed the signs were not working properly since they did not come on every time a train was present.

My recommendations at this time are to proceed with the first three mentioned options.

Larry Y. Roettger
04/20/99

DEF 24 RR.wpd

placement of the signal should conform to the requirements for other traffic control signals. The signal should ordinarily be from 40 to 120 feet beyond the Stop Line position.

(Rev. 13)

6E-28 Operation of One-Lane Bridge or Tunnel Signals

Signals at one-lane bridges or tunnels shall operate in a manner consistent with traffic requirements, except that an adequate clearance must be provided to allow the structure to clear before the opposing traffic is allowed to move.

Data from engineering studies shall be used to determine the proper timing for the signal.

Since traffic flows and patterns change, it is necessary that the engineering data be updated and re-evaluated regularly.

To assure that the approved timing is correct, regular checks, including the use of accurate timing devices, should be made.

When required for flashing operations, the signals shall be flashed red.

(Rev. 13)

6F RAILROAD-HIGHWAY GRADE CROSSING PROTECTION

6F-1 General Aspects

At railroad-highway grade crossings where studies indicate the need of protection beyond that provided by signs, signals should be installed which indicate the approach or presence of trains, locomotives or railroad cars. The signals may be supplemented by gates which extend across the lane or lanes of the approaching traffic while trains, locomotives or railroad cars are approaching and occupying the grade crossing. The meanings of the Flashing Light Signals and Gates are defined in Sections 4511.62 and 4511.63 of the Ohio Revised Code. Requirements for the erection and operation of the signal equipment, gates, bells and related traffic control devices at railroad grade crossings are contained in Sections 4513.40, 4907.47, 4907.48, 4907.52, 4955.33 and 5589.32 of the Ohio Revised Code.

As used herein, the terms "train" and "railroad" shall include transit vehicles operating upon stationary rails or tracks on private or separate right-of-way.

The applicable techniques of railroad grade crossing protection also should be considered for the grade crossings of other preemptive type traffic using exclusive rights-of-way (e.g., rapid transit vehicles, rail passenger cars).

(Rev. 13)

6F-2 Flashing Light Signal – Post Mounted

When indicating the approach or presence of a train, the Flashing Light Signal, illustrated in Figure TS-14, shall display toward approaching highway traffic the aspect of two red lights in a horizontal line flashing alternately. As shown in Figure TS-14, the typical Flashing Light Signal assembly on a side of the roadway location includes a Railroad Crossing (Crossbuck) sign and, where there is more than one track, an auxiliary Number of Tracks sign, all of which indicate to vehicle operators and pedestrians at all times the location of a grade crossing (see Section 2L-41). A bell may be included in the assembly and operated in conjunction with the flashing lights. Bells are a particularly suitable warning for pedestrians and bicyclists.

The Flashing Light Signals should normally be placed to the right of approaching highway traffic on all roadway approaches to a crossing. They should be located laterally with respect to the highway in conformance with Figure TS-17, except where such location would compromise signal display effectiveness. If it is practical, equipment housings (controller cabinets) should have a lateral clearance of 30 feet from the roadway and adequate clearance from the tracks. Where conditions warrant, escape areas, impact attenuators or guardrails should be provided.

Additional pairs of lights may be mounted on the same supporting post and directed toward vehicular traffic approaching the crossing from other than the principal highway route. Such may well be the case where there are approaching routes on roadways closely adjacent to and parallel to the railroad. At crossings of a highway with traffic in both directions, back-to-back pairs of lights shall be placed on each side of the tracks. On one-way streets and divided highways, signals shall be placed on the approach side of the crossing normally on both sides of the roadway and may be equipped with back lights. Typical location plans for signals are shown in Figure TS-18.

(Rev. 20)

6F-3 Flashing Light Signal – Cantilever Supported

Where required for better visibility to approaching traffic, particularly on multi-lane approaches, Cantilevered Flashing Light Signals are used in the manner shown in Figure TS-15. In addition to the flashing lights cantilevered over the roadways, flashing lights should be placed on the supporting post in the usual manner.

Although cantilever signals are more commonly used on multi-lane highways, they are also suitable for other locations where additional emphasis is

needed. These locations may include high-speed rural highways, high-volume two-lane highways or specific locations where there are distractions. If one pair of Cantilever Flashing Lights would be visible to drivers in all approaching lanes, except the right lane which has a view of the post-mounted signals, other flashing lights are not required on the cantilever arm. A pair of lights overhead for each approaching lane is not required, inasmuch as the warning aspect is at all times identical for all.

Breakaway or frangible bases shall not be used for cantilever signal supports. Where conditions warrant, escape areas, impact attenuators or guardrails should be provided.

(Rev. 13)

6F-4 Automatic Gate

An Automatic Gate is a traffic control device used as an adjunct to flashing lights. The device consists of a drive mechanism and a fully reflectorized red and white striped gate arm with lights. In the down position the gate arm extends across the approaching lanes of highway traffic about 4 feet above the top of the pavement. The Flashing Light Signal may be supported on the same post with the gate mechanism or separately mounted. A typical view of the gate arm in the down position is shown in Figure TS-16.

In its normal upright position when no train is approaching or occupying the crossing, the gate arm should be either vertical or nearly so (Figure TS-17). Typical minimum clearance is 2 feet from the face of the vertical curb to the closest part of the signal or gate arm in its upright position for a distance of 17 feet above the crown of the roadway. Where there is no curb, a minimum horizontal clearance of 2 feet from the edge of a paved or surfaced shoulder shall be provided with a minimum clearance of 6 feet from the edge of the roadway. Where gates are located in the median, additional width may be required to provide the minimum clearance for the counterweight supports. Where conditions warrant, escape areas, impact attenuators or guardrails should be provided.

In a normal sequence of operation the Flashing Light Signals and the lights on the gate arm in its normal upright position are activated immediately upon detection of the approach of a train. The gate arm shall start its downward motion not less than 3 seconds after the signal lights start to operate, shall reach its horizontal position before the arrival of any train, and shall remain in that position as long as the train occupies the crossing. When the train clears the crossing, and no other train is approaching, the gate arm shall ascend to its upright position normally in not more than 12 seconds followed by the cessation of the flashing lights and the lights on the gate arm. In the design of individual installations, consideration should be given to timing the operation of the gate arm to accommodate slow moving trucks. Timing the operation of the gate arm shall be coordinated with the preemption sequence of adjacent traffic control signals.

Typical location plans for automatic gates at crossings are shown in Figure TS-18. Component details are described in Section 6F-7.

(Rev. 13)

6F-5 Train Detection

To serve their purpose of advising motorists and pedestrians of the approach or presence of trains, locomotives or railroad cars on grade crossings, the devices employed in active control systems shall be actuated by some form of train detection. Generally the method is automatic, requiring no personnel to operate it, although a small number of such installations are still operated under manual control. The automatic method currently uses the railroad circuit, i.e., a control circuit which includes all train movement detection and logic components which are physically and/or electrically integrated with track structures or associated manual control.

Railroad circuits insofar as practical shall be designed on the fail safe principal which uses closed circuits.

On tracks where trains operate at speeds of 20 miles per hour or higher, circuits controlling automatic Flashing Light Signals shall provide for a minimum operation of 20 seconds before arrival of any train on such track. On other tracks used for switching and assembling trains a means shall be provided to warn approaching highway traffic. For automatic gate operation, circuits shall provide for the operating sequence described in Section 6F-4.

Where the speeds of different trains on a given track vary considerably under normal operation, special devices or circuits should be installed to provide reasonably uniform notice in advance of all train movements over the crossing. Special control features should be used to eliminate the effects of station stops and switching operations within approach control circuits.

(Rev. 13)

6F-6 Traffic Signals At or Near Grade Crossings

When highway intersection traffic control signals are within 200 feet of a grade crossing, control of the traffic flow should be designed to provide the vehicle operators using the crossing a measure of safety at least equal to that which existed prior to the installation of such signals. Accordingly, design

installation and operation should be based upon a total systems approach in order that all relevant features may be considered.

When the grade crossing is equipped with an active traffic control system, the normal sequence of highway intersection signal indications should be preempted upon approach of trains to avoid entrapment of vehicles on the crossing by conflicting aspects of the highway traffic signals and the grade crossing signals. This preemption feature requires an electrical circuit between the control relay of the grade crossing warning system and the traffic signal controller. The circuit shall be on the closed circuit principal, i.e., the traffic signal controller is normally energized and the circuit is wired through a closed contact of the energized control relay of the grade crossing warning system. This is to establish and maintain the preemption condition during the time that the grade crossing signals are in operation. Where multiple or successive preemptions may occur from differing modes, train actuation should receive first priority and emergency vehicles second priority.

Where a signalized highway intersection is adjacent to a grade crossing not provided with an active traffic control system, the possibility of vehicles being trapped on the crossing remains and preemption of the signal controller may still be required. However, at some locations, the characteristics of the crossing and intersection area along with favorable speeds of both vehicular and train traffic may permit alternate methods of warning traffic. Where preemption of the traffic signal control is determined to be desirable, consideration should be given to the installation of active traffic control devices at the grade crossing.

Except under unusual circumstances, preemption should be limited to the highway intersection traffic signals within 200 feet of the grade crossing.

The preemption sequence initiated when the train first enters the approach circuit, shall at once bring into effect a highway signal display which will permit traffic to clear the tracks before the train reaches the crossing. The preemption shall not cause any short vehicular clearances and all necessary vehicular clearances shall be provided. However, because of the relative hazards involved, pedestrian clearances may be abbreviated in order to provide the track clearance display as early as possible.

To avoid misinterpretation during the time the clear-out signals are green, consideration should be given to the use of 12-inch red lenses in the signals which govern highway traffic movement over the crossing with adequately screened or louvered green lenses in the clear-out signals beyond the crossing (see Section 6B-8).

After the track clearance phase, the highway intersection traffic control signals should be operated to permit vehicle movements that do not cross the tracks. This does not prohibit green indications for highway traffic movements on a roadway paralleling the tracks.

Where feasible, traffic control signals near grade crossings should be operated so that vehicles are not required to stop on the tracks even though in some cases this will increase the waiting time. The exact nature of the display and the location of the signals to accomplish this will depend on the physical relationship of the tracks to the intersection area.

Highway traffic control signals shall not be used on mainline railroad crossings in lieu of Flashing Light Signals. However, at industrial track crossings and other places where train movements are very slow (as in switching operations), highway traffic control signals may be used in lieu of conventional Flashing Light Signals to warn vehicle operators of the approach or presence of a train. The provisions of this part relating to traffic signal design, installation and operation are applicable as appropriate where highway traffic signals are so used.

A No Right (Left) Turn sign (see Section 2J-9) may be used to indicate turn prohibitions required upon the approach or presence of trains. The sign shall be visible only when the restriction is to be effective. A blank-out, internally illuminated or other similar type sign may be used to accomplish this objective.

(Rev. 20)

6F-7 Component Details

Gate arms shall be fully reflectorized having diagonal stripes alternately red and white at 16-inch intervals measured horizontally and shall have at least three red lights as indicated in Figure TS-16.

When activated, the gate arm light nearest the tip shall be illuminated continuously and the other two lights shall flash alternately in unison with the Flashing Light Signals.

Flashing light units shall flash alternately. The number of flashes per minute for each incandescent lamp shall be 35 minimum and 65 maximum. Each lamp shall be illuminated approximately the same length of time. Total time of illumination of each pair of incandescent lamps shall be practically the entire operating time.

Where local conditions will permit, a lateral escape route to the right of the highway in advance of the grade crossing traffic control device should be kept free of guardrail or other ground obstruction. Where guardrail is not deemed necessary nor ap-

propriate, rigid non-yielding type barriers are not to be used for protecting signal supports. In industrial or other areas involving only low-speed highway traffic and where signals are vulnerable to damage by turning truck traffic, ring type guardrail may be installed to provide protection for the signal assembly.

The same lateral clearances and roadside safety features should apply to Flashing Light Signal and Automatic Gate locations on both the right and left sides of the roadway.

Two sizes of lenses, 8-inch diameter and 12-inch diameter, are available for Flashing Light Signal units. The larger lens provides somewhat better visibility. In choosing between the two sizes of lenses, consideration should be given to the principles stated in Section 6B-8 for choosing between the 8-inch and 12-inch lenses for use in highway intersection traffic control signals.

A storage battery source of standard power for signal and gate operation during outages in the primary power source is required; this limits the operating voltage to 10 and the maximum lamp wattage is generally 25.

(Rev. 13)

6G ILLUMINATION

6G-1 Functions of Illumination

Illumination is an effective tool which can be used to improve traffic operations on rural and urban streets and highways. Studies indicate that the traffic accident rate is two or three times greater at night than in daytime. Despite lower traffic volumes, the night rate is principally so high because of reduced visibility. Visibility is defined as the distance at which the driver with normal vision will detect road details, objects and/or potential hazards. Visibility is considered adequate if this detection is at a sufficient distance to allow the motorist to react appropriately. This distance normally increases with the speed of travel. Similarly, the distance at which the driver can see an object varies with the amount and distribution of light on the object and on the roadway. During the daytime, adequate illumination is usually provided by sunlight; however, at night, the driver must rely essentially on the illumination provided by the vehicle's headlights and other light sources including roadway lighting systems (i.e. continuous highway lighting, safety lighting, sign lighting or combinations thereof).

At the low levels of illumination involved in highway lighting, objects are often seen by silhouette rather than by light reflected from the object itself. In this case, the primary concern is surrounding or background brightness, rather than illumination or brightness of the object. For maximum effectiveness, discernment by silhouette depends upon the degree of brightness difference, or contrast between the object and its background or the roadway surface itself. In all highway lighting, objects are made visible by a combination of two or more methods of discernment, not by a single method.

(Rev. 13)

6G-2 General

(a) DESIGN CRITERIA. For general highway lighting design criteria use the documents referenced in Section 1G. Obtain specific photometric and design information from current equipment manufacturers' data.

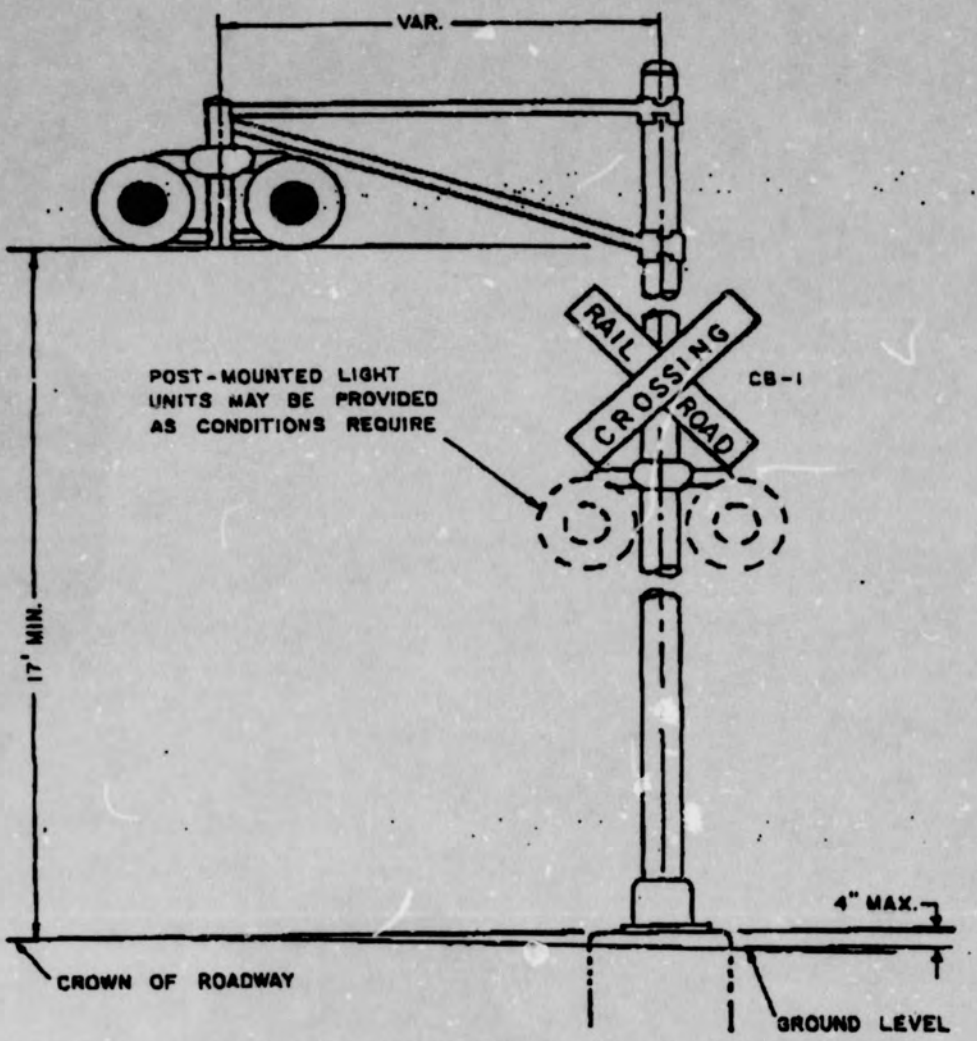
(b) LIGHT SOURCES. The most important element of the lighting system is the light source. It is the principal determinant of the visual quality, economy, efficiency and energy conservation aspects of the illumination system. Although there are many types of light sources available, major emphasis today is on the high intensity discharge sources which include mercury vapor, metal halide, low pressure sodium and high pressure sodium. The current trend is toward the use of higher lumen output, higher efficiency sources employed at higher mounting heights to generally provide the most effective lighting system with a minimum cost for installation and operation.

(c) LEVEL AND UNIFORMITY OF ILLUMINATION. The design level and uniformity of illumination should be in accordance with the recommendations contained in the AASHTO Informational Guide for Roadway Lighting.

(d) ADAPTATION LIGHTING. It is good practice to gradually decrease brightness in the driver's field of view when emerging from a continuously lighted roadway. This can best be accomplished by extending the lighting system in each exit direction using the same spacing and mounting height, but gradualing the size of the lamp used. Using the design speed of the roadway, provide a 15-second exposure at an illumination level of one-half of the design level.

(e) SAFETY CONSIDERATIONS. The design of the highway lighting system must include safety considerations to minimize hazard. The following principles for safety in light pole design and location should be applied to the maximum extent feasible.

TYPICAL FLASHING LIGHT SIGNAL CANTILEVER SUPPORTED



TOP OF FOUNDATION TO BE AT THE SAME ELEVATION AS THE SURFACE OF THE ROADWAY AND NO MORE THAN 4 INCHES ABOVE THE SURFACE OF THE GROUND (FOR CURBED SECTIONS SEE FIGURE TS-17).

REF. SEC.	REF. FIG.
6F-3	TS-17 TS-18

(Rev. 13)

CSX TRANSPORTATION

4901 Belfort Road
Suite 130
Jacksonville, FL 32256

Randall G. Frederick
Public Projects Engineer
Engineering Department

Telephone (904) 245-1045
FAX (904) 245-1030
E-mail: Randy_Frederick@CSX.com

May 12, 1999

Ohio Department of Transportation
Mr. Norman R. Redick - District 1
1885 N. McCullough Street, Box 40
Lima, OH 45802-0040

Dear Mr. Redick:

I am writing in response to your letter of April 29, 1999, addressed to Mr. Chuck Gullakson, regarding the US 24 Railroad Crossing in Defiance County. CSX Transportation, Inc. ("CSXT") concurs in and accepts your three-step proposal for grade crossing warning devices at the CSXT/US-24 crossing in Defiance County, as an alternative to the Surface Transportation Board's flashing hazard light concept in Environmental Condition 29(A). See Finance Docket No. 33388, Decision No. 89 at 410 (served July 23, 1998).

CSXT will submit your April 29, 1999 letter and this letter to the Surface Transportation Board, as a Negotiated Agreement. If accepted by the Board, the Negotiated Agreement will supersede Environmental Condition 29(A) and will be added to the list of Negotiated Agreements in Environmental Condition 51.

CSXT will work jointly with the Ohio Rail Development Commission, regarding the third step – the installation of cantilevered red flashing light signals at the crossing. We very much appreciate your assistance in this matter.

Sincerely,

Randy Frederick

Randy Frederick

Cc: C. A. Gerhardstein – J275
C. E. Gullakson
H. H. Hopkins
S. Kirkland - ORDC

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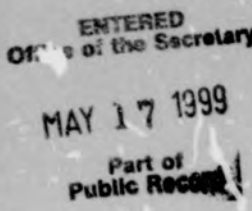
194534

May 17, 1999

The Honorable Vernon A. Williams
Secretary, Surface Transportation Board
Mercury Building, Room 700
1925 K Street, N.W.
Washington, D.C. 20423



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

Dear Secretary Williams:

Enclosed are an original and twenty-five (25) copies of CSX/NS-218, "Notice of 'Day One' Under Ordering Paragraph No. 3, Decision No. 89," for filing in the above-referenced docket.

Please note that a 3.5-inch diskette containing a WordPerfect 5.1 formatted copy of the filing is also enclosed.

Kindly date stamp the enclosed additional copies of this letter and the enclosure at the time of filing and return them to our messenger.

Thank you for your assistance in this matter. Please contact me if you have any questions.

Respectfully yours,

Dennis G. Lyons
Counsel for CSX Corporation and CSX Transportation, Inc.

Enclosures
via hand delivery

cc: All Parties on the Service List

194534

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

D

NOTICE OF "DAY ONE"
UNDER ORDERING PARAGRAPH NO. 3,
DECISION NO. 89

Pursuant to Ordering Paragraph No. 3 of Decision No. 89 (page 174), served July 23, 1998, in this matter, Applicants CSX Corporation, CSX Transportation, Inc., Norfolk Southern Corporation, Norfolk Southern Railway Company, Conrail Inc. and Consolidated Rail Corporation hereby give the Board notice that June 1, 1999, will be "Day One," sometimes known as the "Split Date," and referred to in the Transaction Agreement in this matter as the "Closing Date." On and as of that date, the actions to be taken, including the conveyance of the CSX Allocated Assets to NYC and the NS Allocated Assets to PRR, and the

making available of those respective Allocated Assets to CSXT and NSR, respectively, for operation by them as part of their respective systems, described in the Transaction Agreement and submitted to the Board, will be implemented.

Notice of Day One is also being given to the public, pursuant to Ordering Paragraph No. 3, by CSX and NS through press releases to general, financial, and transportation newspapers and periodicals, and through other more specific advisories to railroad customers and employees, the Conrail Transaction Council, other railroads, and other interested parties.

Respectfully submitted.

Dennis G. Lyons
ARNOLD & PORTER
555 Twelfth Street, N.W.
Washington, DC 20004-1202

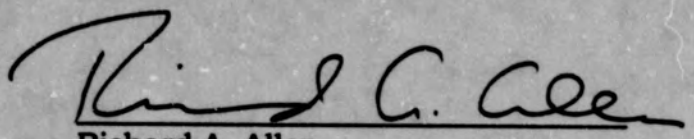
and

Mark G. Aron
Peter J. Shudtz
CSX CORPORATION
One James Center
901 East Cary Street
Richmond, VA 23129

and

P. Michael Giftos
Douglas R. Maxwell
Paul R. Hitchcock
CSX TRANSPORTATION, INC.
One James Center
500 Water Street
Speed Code J-120
Jacksonville, FL 32202

Counsel for CSX Corporation and CSX Transportation, Inc.



Richard A. Allen
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888 17th Street, N.W., Suite 600
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and

James C. Bishop, Jr.
William C. Wooldridge
J. Gary Lane
George A. Aspatrore
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Three Commercial Place
Norfolk, VA 23510-2191

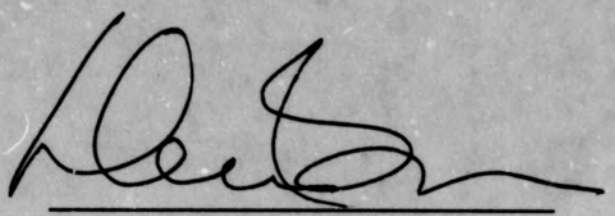
Counsel for Norfolk Southern Corporation and Norfolk Southern Railway Company

Cheryl A. Cook
CONRAIL INC.
2001 Market Street
Philadelphia, PA 19103
215-209-5042

Counsel for Conrail Inc. and
Consolidated Rail Corporation

CERTIFICATE OF SERVICE

I, Dennis G. Lyons, certify that on May 17, 1999, I have caused to be served a true and correct copy of the foregoing "Notice of 'Day One' Under Ordering Paragraph No. 3, Decision No. 89," to the parties on the Service List for Finance Docket No. 33388 by first-class mail, postage prepaid, or by more expeditious means.



DENNIS G. LYONS

STB FD 33388 5-6-99 D 194486

194486

SURFACE TRANSPORTATION BOARD

Memorandum

D

DATE: May 5, 1999

TO : Ellen Keys, Assistant Secretary
Section of Publications/Records
Office of the Secretary

ENTERED
Office of the Secretary
MAY -7 1999
Part of
Public Record

FROM : Mel Clemens, Director
Office of Compliance and Enforcement

SUBJECT : **STB FINANCE DOCKET NO. 33388 - OPERATIONAL MONITORING DATA**

Attached are the original and two copies of the public data files provided to this office by CSX and Norfolk Southern as required in the above proceeding, which are to be committed to the docket for public reference. As requested, I am providing the three paper copies to Ron Douglas, two for the docket and one for DC News. If there are any questions, please don't hesitate to contact me or Jim Greene.

Attachments

cc: Chairman Morgan
Vice Chairman Clyburn
Commissioner Burkes
Richard Armstrong
Ron Douglas
Charles Renninger

500 Water Street (J215)
Jacksonville, FL 32202
(904) 366-4092
FAX: (904) 359-2263

R.J. Haulter
Assistant Vice President-Integration Planning

May 5, 1999

Melvin F. Clemens, Jr.
Director Office of Compliance and Enforcement
Surface Transportation Board
Washington, DC 20423-0001

Dear Mr. Clemens:

Attached to this letter are the Operational Monitoring Reports required in STB Finance Docket No. 33388.

The reports are presented in the following order:

Note: Italicized information indicates a change or update from the last report.

Please contact Bob Haulter, Assistant Vice President-Integration Planning at CSX Transportation (E-mail: Bob_Haulter@csx.com) if there are any issues that need clarification or explanation. As information, coincident with filing this report with the STB, CSXT has made this report available on our web site **(www.csx.com)**.

Very truly yours,

Bob Haulter

cys: Peter J. Shudtz, Vice President
Law & General Counsel

Paul R. Hitchcock - J150
Senior Counsel

DAS\STB\OPERATIONAL MONITORING\APR.30

CSX TRANSPORTATION, INC.
STB OPERATIONAL MONITORING REPORT
As of April 30, 1999

Table of Contents

The reports are presented in the following order:

Note: Italicized information indicates a change or update from the last report.

STB OPERATIONAL MONITORING REPORT
As of April 30, 1999

LABOR

The status of the Labor Implementing Agreements is as follows:

Labor Organization	Status
International Brotherhood of Boilermakers, Iron-Ship Builders, Blacksmiths, Forgers and Helpers	Implementing agreement reached.
United Railway Supervisors Association - on behalf of the claim agents	Implementing agreement reached.
United Railway Supervisors Association - on behalf of the engineering supervisors	Implementing agreement reached.
National Conference of Firemen & Oilers	Implementing agreement reached.
American Railway and Airway Supervisors Association, Division of TCU, representing bridge inspectors	Implementing agreement reached.
Fraternal Order of Police	Implementing agreement reached.
American Train Dispatchers Department of the Brotherhood of Locomotive Engineers	Implementing agreement reached.
International Brotherhood of Electrical Worker	Implementing agreement reached.
Sheet Metal Workers International Association	Implementing agreement reached.
United Railway Supervisors Association on behalf of Mechanical Department Supervisors	Implementing agreement reached.
United Transportation Union	Implementing agreement reached.
United Transportation Union - Yardmasters Department	Implementing agreement reached.
Brotherhood of Locomotive Engineers	Implementing agreement was ratified on all carriers, except for one district on CSXT. Arbitration for that one district occurred on March 18, 1999. ***The arbitrator has now issued an award that imposes the negotiated implementing agreement on the one remaining CSXT district.***
Brotherhood of Maintenance of Way Employes	CSXT, NSR and Conrail have reached an agreement with BMWE, subject to ratification by membership, which settles the BMWE petition for review to the STB.
Brotherhood of Railway Signalmen	Implementing agreement has been reached.

STB OPERATIONAL MONITORING REPORT
As of April 30, 1999

LABOR

The status of the Labor Implementing Agreements continued:

Labor Organization	Status
International Association of Machinist	Implementing agreement has been reached.
Transportation Communication International Clerks Union	Implementing agreement has been reached.
Brotherhood Railway Carmen Division - TCU and Transport Workers Union of America	Implementing agreement has been reached with TCU (BRC). Arbitration with TWU was held on January 22, 1999. The arbitrator issued an award establishing the implementing agreement on February 27, 1999. TWU appealed the award to the STB. ***CSXT and NSR have each negotiated a settlement with the TWU to resolve the appeal. The NSR settlement is subject to a ratification vote.***

LABOR

Labor Management Task Force

CSXT continues to send an invitation to each union with which an implementing agreement has been reached and which will continue to represent employees on CSXT to participate in a labor task force similar to the one established with the United Transportation Union. ***Letters were recently sent to the United Transportation Union (Yardmaster Division) and the Brotherhood of Locomotive Engineers.*** To date, the National Conference of Firemen & Oilers, the International Brotherhood of Boilermakers, Ironship Builders, Blacksmiths, Forgers and Helpers, Transportation Communications International Union, International Brotherhood of Electrical Workers ***and the Brotherhood of Railway Signalmen*** have responded affirmatively to our invitation to participate in a labor task force similar to the one established with the United Transportation Union.

The International Association of Machinist and Aerospace Workers also was invited to establish a labor task force. The Organization respectfully declined the invitation citing its current participation in the CSXT labor/management safety program and the SACP Program currently being sponsored by the Federal Railroad Administration. The IAM did, however, state that it "will always be willing to meet with representatives of CSXT and other rail labor representatives to discuss specific issues concerning the application of our implementing agreement and safety related issues as deemed necessary and appropriate."

CSXT has begun the process of scheduling labor task force meetings with the unions who have expressed an interest in participating. Such a meeting with the Brotherhood of Railway Signalmen was held on April 20, 1999.

CONSTRUCTION AND OTHER CAPITAL PROJECTS

Location	Project	Status	Expected Completion Date
1) Greenwich, Ohio to Pine Junction, Indiana	Construct 2nd main track with TCS on B&O including connections.	Complete	4Q 98
2) Quaker to Greenwich, Ohio	Construction by Conrail of 2nd main track with TCS.	Complete	4Q 98
3) Willard, Ohio	Yard Expansion	Complete	1Q 99
4a) Crestline, Ohio	a) Construct or rehabilitate connection tracks with Indianapolis Line.	***a) Substantially Complete***	2Q 99
4b) Sidney, Ohio	b) Connection Track	b) Complete	4Q 98
4c) Marion, Ohio	c) Rehabilitate Connection Track	c) Complete	1Q 99
5) Carleton, Michigan	Connect track with Conrail	Complete	4Q 98
6a) Alice, Indiana	a) Siding Extension	a) Complete	a) 3Q 98
6b) Harwood, Indiana	b) Siding Extension	b) Complete	b) 4Q 98
7a) Chicago, Illinois	a) Intermodal Expansions	a) Complete	a) 3Q 98
7b) Cleveland, Ohio	b) Intermodal Expansions	***b) Complete***	b) 1Q 99
7c) Philadelphia, Pennsylvania	c) Intermodal Expansions	c) Underway	c) 2Q 99
7d) Little Ferry, New Jersey	d) Intermodal Expansions	d) Complete	d) 3Q 98
8) Philadelphia, Pennsylvania	Rebuild Eastwick connection track with Conrail.	Complete	4Q 98
9) Hobart, Indiana to Tolleston, Indiana	Restoration of connection and main track between Hobart & Tolleston.	Substantially Complete	2Q 99

10)	Chicago, Illinois	Chicago area-upgrade connection tracks and other improvements.	Substantially Complete	2Q 99
11)	Newell & New Castle, Pennsylvania	Upgrade capacity on the Mon. Subdivision	Complete	4Q 98
12)	Albany, New York to Bergen, New Jersey	Extend 3 sidings by Conrail on River Line	Complete	4Q 98
13)	Little Ferry, New Jersey	Connection track Conrail/NYSW	***Substantially Complete***	2Q 99
14)	Dolton, Illinois	Connection track @ Lincoln Avenue CSX/IHB	Substantially Complete	1Q 99

INFORMATION TECHNOLOGY

CONSTRUCTION AND OTHER CAPITAL PROJECTS

	Location	Project	Status	Expected Completion Date
10)	Chicago, Illinois	Chicago area-upgrade connection tracks and other improvements.	Substantially Complete	2Q 99
11)	Newell & New Castle, Pennsylvania	Upgrade capacity on the Mon. Subdivision	Complete	4Q 98
12)	Albany, New York to Bergen, New Jersey	Extend 3 sidings by Conrail on River Line	Complete	4Q 98
13)	Little Ferry, New Jersey	Connection track Conrail/NYSW	***Substantially Complete***	2Q 99
14)	Dolton, Illinois	Connection track @ Lincoln Avenue CSX/IHB	Substantially Complete	1Q 99

INFORMATION TECHNOLOGY

Information Technology

The implementation strategy, training plans, and status of the Information Technology (IT) initiatives affecting the following Operating Areas are summarized:

- Customer Service
  - Electronic Customer Connectivity
- Operations Personnel
  - Crew Management
- Transportation
  - Car Management & Movement
  - Locomotive Management
  - Train Dispatching

Operating Area	Implementation Strategy	Status	Training
Customer Service Electronic Customer Connectivity	All inbound (e.g. bill-of-lading) and outbound (e.g. car tracing) electronic communications with existing Conrail customers are to be migrated to CSX and NS. All customers will be informed of their system migration options and have the opportunity to test the replacement electronic connections prior to a transfer of the customer communications links on Day 1. CSX and NS will work with all affected customers and EDI vendors to develop migration plans	Systems testing in process and on schedule A joint letter was distributed to current Conrail customers Existing and new Conrail Electronic Commerce customers have been contacted by CSX in separate mailings Electronic Commerce Certification of Conrail customers acquired by CSX is in progress. ***Planned customer conversions to CSX Electronic Commerce tools are over 95% complete.***	All customers will be provided adequate systems documentation and a detailed description of any changes to their current Conrail-provided electronic services. ***All customers targeted for conversion to CSX electronic commerce tools have received information regarding the change. Where required, very detailed explanations have been provided to customers, such as those using Internet services.***

INFORMATION TECHNOLOGY

Operating Area	Implementation Strategy	Status	Training
Operations Personnel Crew Management	Separation of callings desks (CSX, NS, SAC) in Dearborn, MI has been pre-negotiated and is in place. There will be a phased roll-out of eight calling desks to TECS – the CSX Crew Calling System. The first desk will be rolled out 50 days after Day 1. T&E Crews will continue to submit paper time sheets to Dearborn, MI until the TECS desk roll-out is completed. Paperless payroll implementation will take place 2 weeks after each TECS desk implementation. The entire roll-out will take approximately seven months.	Systems development in process and on schedule	CSX Payroll officers will train T&E employees on the CSX Payroll system immediately following the implementation of TECS. Local Chairman will participate in the training. Training documents have been prepared and presented to Conrail personnel. ***Training sessions have been scheduled.***
Transportation Car Management and Movement	Field personnel will continue using Conrail application systems supporting yard inventory, train consisting and work orders after Day 1. Disposition and management of empty cars will occur in Jacksonville using CSX systems after Day 1 to ensure coordinated system wide transportation operations. Customers on the acquired territory will continue to order empty cars and obtain information on order status as they do today. CSX systems will be rolled out to the acquired Conrail territory in 5 phases after Day 1.	Systems development in process and on schedule.	Conrail Car Management team has been hired for the transition period. Training of Conrail Car Management staff ***has begun and is scheduled for completion by May.*** Training of affected field location personnel to begin 30 days prior to each field roll-out phase.

INFORMATION TECHNOLOGY

Operating Area	Implementation Strategy	Status	Training
Transportation Locomotive Management	CSX Locomotive Management System (LMS) will be used to manage locomotives in CSX acquired territory beginning on Day 1. This will occur from the Operations Center in Philadelphia, PA for approximately 180 days after Day 1. The management team in Philadelphia will consist of two locomotive managers and one senior locomotive manager. Dual entry of locomotive assignments will be made to the Conrail Locomotive Distribution System. Shutdown of Conrail LDS will accompany field roll-out and will be dependent upon other Conrail Systems (TRIMS & TMS) no longer relying on assignments being passed from Conrail LDS. Within 180 days after Day 1, locomotive management for the acquired Conrail territory will be relocated to the Kenneth Dufford Center in Jacksonville. Two CSX Locomotive Managers will manage the acquired territory at that time.	System Testing is in progress and on schedule; *Two* training classes of CR personnel on CSX LMS was completed.	***Locomotive managers for the acquired Conrail territory have been trained on the CSX Locomotive Management System (LMS). Locomotive Management has conducted training that included cross training of CSX and Conrail cultures.***

INFORMATION TECHNOLOGY

Operating Area	Implementation Strategy	Status	Training
Transportation Train Dispatching	Train dispatchers will continue to use current Conrail systems. Phase 1 geographic realignments will separate dispatchers into CSX, NS & SAC entities within current division offices. Phase 1 will complete 90-120 days after Day 1. Phase 2 division realignment will move dispatchers to acquiring road's division. CSX Cleveland East dispatcher in Dearborn, MI will move to CSX headquarters in Indianapolis, IN. CSX Chesapeake & Riverline dispatchers in Mt. Laurel, NJ will move to CSX headquarters in Albany, NY. Phase 2 will complete 90-120 days after an implementing agreement has been reached. Phase 2 moves are contingent upon Phase 1 realignment completion for territory being transferred. Also contingent upon an implementing agreement being in place with the ATDD.	Systems development has been completed and implementation is proceeding on schedule. Phase 1 realignments : Albany, Indianapolis & Philadelphia complete. Dearborn Division started. ***Dearborn will be complete Mid-August 1999.*** Phase 2 realignments: ***Five dispatcher desks moved from Mt. Laurel to Harrisburg 3/30/99*** ***Two dispatcher desks scheduled to move from Mt. Laurel to Albany 5/3/99*** Phase 2 projected to complete 30-60 days after Day 1. Implementing agreements are now in place.	Dispatchers will be trained on their new territory using the current processes in place at Conrail.

CSX Customer Service Progress Report

The following report outlines our progress toward the twin goals of 1) Achieving and maintaining customer confidence in the transaction, and 2) Insuring the integration of the acquired territories and personnel into the Customer Service Center in Jacksonville.

The Transition Process

Data testing is progressing on schedule, and our Technology group expects to have all essential systems ready for June 1. They report in excess of 100,000 records being processed daily in the test environment, with errors held to a very low percentage – in the 1%-3% range.

A cut-over of up to 18 hours is planned for May 31 – June 1, during which time the CSX and Conrail TRIMS systems will be linked and combined data downloaded as appropriate. This will include a testing period involving the individual terminals, and a re-ordering of the car location data as required.

During the system cut-over, a limited and predetermined number of trains will run to destination. Predominantly, these will be unit trains of coal and intermodal trains. Specified terminals will continue switching using information provided prior to cut-over. NS and CSX ownership cars will be moved toward their appropriate interchange points, as well. These steps will help keep those key terminals fluid, as well as provide for rapid transitional start-up once the linked systems are brought on line.

Personnel

Virtually all CSX non-contract Customer Service personnel are in position for the June 1 cut-over, and as many as 90% of the contract employees are expected to be on their jobs by mid-May. Classroom Training in CSX systems and procedures is progressing as scheduled in the Pittsburgh NCSC. To provide further support to newly trained Customer Service employees, agreement was reached with TCU to provide 16 contract Traveling Specialist positions. These positions will be awarded to experienced CSX Customer Service employees. These employees will be on site in Pittsburgh on June 1 to assist former Conrail employees as they begin using the CSX reporting procedures learned in the classroom.

CSX Customer Service Progress Report Continued

Non-contract managers continue to co-locate in both Pittsburgh and Jacksonville as these procedures are worked out. The objective is to promote a seamless integration of CR/CSXT operations and cultures.

Customer Familiarization

Shipping guides providing essential information on doing business with CSX have been mailed to customers in the acquired areas. Similar guides, customized for the purpose, have been sent to customers in the Shared Areas.

Customers who will be "flash cut" to CSX reporting, rating, and billing systems will be visited on a face-to-face basis by representatives from Customer Service, Operations, and Marketing working together. A complete list of these customers will be kept and updated as visits are completed. The standard brochure will be personalized for each of these customers, with special telephone numbers and other vital data attached. The personalized brochure will include such items as car ordering procedures, rate changes, bill of lading submission procedures, and different Customer Service representatives, crews, yardmasters, or trainmasters.

Customer communication will continue to include news releases, blast faxes, mailings, and regular interaction with our Electronic Commerce personnel.

CSXT will continue to emphasize the importance of providing correct bill of lading routing instructions. Beginning June 1, but not before, customers must not submit shipping instructions showing "Conrail" or "CR". Beginning June 1, Rail Industry computer systems will not recognize "Conrail" as a valid route and such misbills will go into error condition. CSXT will have a large number of additional staff on duty to manually correct misbills over the first several weeks, and will work actively with customers to accomplish correct billing as soon as possible.

STB Status Submission Report on Training

Clerical Employees

The Clerical training team is conducting our first field training sessions. Contract employees in the Philadelphia area will complete orientation and computer training May 7. The students in the field who have been identified are scheduled for training. All pre-identified clerical curriculum is complete, with the exception of the Clerical Timekeepers module. A representative of the Payroll Department met with T&D developer to identify new requirements of the training. We have finished approximately 80% of this project and will meet our May 3rd deadline.

Train & Engine Service Employees

Pre-Day One T&E Training is continuing according to plan. Conrail rules/risk management trainers are conducting Pre-Day One training on the lines CSXT will operate. Inter-territorial crews are being trained by CSX Training Officers and conductor trainers. Train the Trainer classes for HPO mentors who will assist in Day One crew room implementation were conducted.

Field Transportation Supervisors

For Terminal Operations, we began Field Rollout Training for Philadelphia Yardmasters at Greenwich Yard that will go "CSXT" on Split Date. We also started the first of four 5-day Expert Training for CR "Experts" who can aid in transition to CSXT. We have scheduled our first "Over the Shoulder" Yardmaster training for New Jersey, which should reach 15 Yardmasters who could not come to our training locations for training. Other more individualized training may follow.

We have essentially completed Trainmaster training, except for isolated individuals whom we will work in before June 1 on an as-available basis. We are on track to have all operations people trained prior to Split Date, barring unforeseen circumstances.

Customer Service

Successful Split Day training continues on schedule. All training for Split Day is scheduled including Interchange, Two-day Work Order, Four-week Work Order, Basic Systems for Waybillers, and Basic Systems for Shared Assets employees. Each of these training programs maximize trainee hands-on experience. A review of the interchange process will be offered for each employee the week prior to Split Day. The training staff will become a support staff on Split Day; a schedule is being developed to maximize the support on Day One with decreasing exposure as the transition is made.

STB Status Submission Report on Training Continued

Scheduling

April and May are peak training periods for Day One training. Over 1,700 Conrail employees were trained in April, bringing the total training effort to 51% complete. Training has been intentionally scheduled to be done as close to Split Date as possible to maximize its effectiveness. Over 530 classes have been held, and over 400 are planned for May. Major departmental goals were accomplished; Intermodal is now 96% complete with Terminal Orientations and Transportation Officers are 87% complete. Other significant accomplishments include Mechanical, Train Dispatch, Engineering, Train Control and T & E, all are over 50% complete, The scheduling office continues to track all training. Attendance reports are published weekly by service lane to confirm that all Conrail employees receive orientation and necessary training prior to Split Day.

Engineering

Transition training for CR Maintenance of Way, Train Control, and Communications employees is on schedule and quickly approaching completion. Teams of trainers have been moving about the acquired property, conducting multiple sessions at seven training locations. Training for non-contract employees was finished on April 9th; training for contract foremen and regular contract employees is already over 50% complete. Post-session surveys indicate that CR students appreciate the emphasis on hands-on practice and small class size and leave feeling well-prepared for Split Date tasks.

Crew Management

Crew dispatcher training is scheduled to begin May 10. Scheduled mail out for TECS reference manuals is April 30th. Additional copies will be mailed to each on duty location before training begins.

Norfolk Southern Corporation
STB Operational Monitoring Report

As of April 30, 1999

Note: Bold print indicates changes from previous report.
* To be disclosed under a different cover or in a later report.
** Data not required at this time.

LABOR

Labor Implementing Agreements

Labor Organization	Status
International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers	Implementing Agreement reached
United Railway Supervisor Association – on Behalf of claim agents	Implementing Agreement reached
United Railway Supervisors Association – on behalf of engineering supervisors	Implementing Agreement reached
United Railway Supervisors Association – on Behalf of the mechanical department supervisors for the Conrail properties operated by NS	Implementing Agreement reached
National Conference of Firemen & Oilers	Implementing Agreement reached
American Railway and Airway Supervisors Association, Division of TCU, representing Bridge inspectors	Implementing Agreement reached
Fraternal Order of Police	Implementing Agreement reached
International Brotherhood of Electrical Workers	Implementing Agreement reached
Sheet Metal Workers' International Association	Implementing Agreement reached
American Train Dispatchers Department, Brotherhood of Locomotive Engineers	Implementing Agreement reached
International Association of Machinists and Aerospace Workers	Implementing Agreement reached
Transportation•Communications International Union	Implementing Agreement reached.
United Transportation Union	Implementing Agreement reached

LABOR

Labor Organization	Status
Brotherhood of Railroad Signalmen	Implementing Agreement reached
United Transportation Union – Yardmasters Department	Implementing Agreement reached
Brotherhood of Locomotive Engineers	**Implementing Agreement, with a portion being an arbitrated Implementing Agreement, has been concluded.**
Brotherhood Railway Carmen – Div. TCU and Transport Workers Union of America	Agreement reached with BRC. Arbitration with TWU held on January 22, 1999. The arbitrator issued an award on February 27, 1999 imposing the negotiated agreement. TWU appealed the award to the STB on March 18, 1999. **CSXT and TWU have reached an agreement; TWU has withdrawn its appeal as it relates to CSXT. NSR and TWU have reached an agreement, subject to ratification, which will settle the TWU petition for review.**
Brotherhood of Maintenance and Way Employes	Arbitrated Implementing Agreement rendered January 14, 1999. The Referee's decision was appealed to the STB on February 12, 1999. NSR, CSXT and Conrail have reached agreements with BMWE, subject to ratification, which will settle the BMWE petition for review to the STB.

Note: Bold print indicates changes from previous report.

LABOR

Labor Organization	Status
Brotherhood of Railroad Signalmen	Implementing Agreement reached
United Transportation Union – Yardmasters Department	Implementing Agreement reached
Brotherhood of Locomotive Engineers	**Implementing Agreement, with a portion being an arbitrated Implementing Agreement, has been concluded.**
Brotherhood Railway Carmen – Div. TCU and Transport Workers Union of America	Agreement reached with BRC. Arbitration with TWU held on January 22, 1999. The arbitrator issued an award on February 27, 1999 imposing the negotiated agreement. TWU appealed the award to the STB on March 18, 1999. **CSXT and TWU have reached an agreement; TWU has withdrawn its appeal as it relates to CSXT. NSR and TWU have reached an agreement, subject to ratification, which will settle the TWU petition for review.**
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Note: Bold print indicates changes from previous report.

LABOR

Labor-Management Task Forces

Norfolk Southern and the United Transportation Union (UTU) have an ongoing Labor Management Task Force consisting of NS's Vice President – Labor Relations and the President of the UTU. The Task Force encourages frequent communications between upper-level management of the two organizations and has worked well to facilitate an implementing agreement and to assure prompt consideration of implementation and safety issues related to the Conrail transaction.

As of the end of the reporting period, NS has invited organizations with which an implementing agreement has been finalized (and which will continue to represent employees) to form Labor Management Task Forces. Similar to the UTU Task Force, each Task Force will enable upper-level management of NS and the particular labor organization to review issues and concerns about implementation of the Conrail transaction with preservation of the highest levels of safety. Invitations have been sent to: the Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers; National Conference of Firemen & Oilers; American Train Dispatchers Department of the Brotherhood of Locomotive Engineers; International Brotherhood of Electrical Workers; Sheet Metal Workers International Association; the Transportation•Communications International Union; the Association of Machinists and Aerospace Workers; and the Brotherhood of Railroad Signalmen. Each Task Force will be unique to each labor organization, and will involve operations, safety and labor relations staff as appropriate and the craft General Chairmen representing NS and Conrail employees.

A task force meeting with the American Train Dispatchers Department was held on November 17, 1998, at which ongoing training and qualifications procedures were reviewed. A task force meeting with the Brotherhood of Railroad Signalmen was held on February 18, 1999.

Note: Bold print indicates changes from previous report.

CONSTRUCTION AND OTHER CAPITAL PROJECTS

Location		Project	Dept	Phase	Status
Alexandria	IN	Construct track connection	Track	Design	Complete
		Estimated Completion Date: Complete		Grading	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete
Allentown -	PA	Traffic Control System	Signal	Design	In progress
Reading	PA	Estimated Completion Date: 4Q99		Const	
Angola	NY	Upgrade existing siding, construct new siding	Track	Design	Complete
		Estimated Completion Date: Complete		Grading	Complete
				Const	Complete
			Bridge	Design	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete
Attica	IN	Extend siding 4, 580 track feet	Track	Design	Complete
		Estimated Completion Date: Complete		Grading	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete
Boundbrook	NJ	Extend siding 15,000 track feet	Track	Design	Project being defined.
		Estimated Completion Date: 1Q00		Grading	
				Const	
			Signal	Design	
				Const	
Bristol	VA	Extend siding 14,255 track feet	Track	Design	Complete
		Estimated Completion Date: Complete		Grading	Complete
				Const	Complete
			Bridge	Design	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete
Bucyrus	OH	Construct track connection	Land		Complete
		Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete
Buffalo -	NY	Traffic control system and remove pole line.	Signal	Design	In progress
Cleveland	OH	Estimated Completion Date: 4Q99		Const	In progress
Butler	IN	Construct track connection	Track	Design	Project being defined.
		Estimated Completion Date: 4Q99		Grading	
				Const	
			Signal	Design	
				Const	
Chicago	IL	Expand and improve 47th St Yard	Track	Design	In progress
		Intermodal Terminal		Grade/Pave	
		Estimated Completion Date: 4Q99			
Cloggsville	OH	Track Rehabilitation	Track	Design	Complete
		Estimated Completion Date: Complete		Const	Complete

CONSTRUCTION AND OTHER CAPITAL PROJECTS

Location		Project	Dept	Phase	Status
Cloggsville	OH	Construct second main	Track	Design	In progress
		Estimated Completion Date: 2Q00		Grading	
				Const	
			Bridge	Design	In progress
				Const	
			Signal	Design	In progress
				Const	
Columbus	OH	Construct track connection	Track	Design	Complete
		Estimated Completion Date: Complete		Grading	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete
Crockett	VA	Construct 9,100 foot new siding	Land		Complete
		Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
				Const	Complete
			Bridge	Design	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete
Croxton	NJ	Expand and improve intermodal terminal	Track	Design	Complete
		Estimated Completion Date: 4Q99		Grade/Pave	In progress
E-Rail	NJ	Expand and improve intermodal terminal	Track	Design	In progress
		Estimated Completion Date: 3Q99		Grade/Pave	
Erie	PA	Erie Track Realign Project	Track	Design	In progress
		Estimated Completion Date: 2Q00		Grading	
				Const	
			Signal	Design	In progress
				Const	
Flemington	NJ	Construct 12,500 foot siding	Track	Design	Project being defined.
		Estimated Completion Date: 1Q00		Grading	
				Const	
			Signal	Design	
				Const	
Hadley Jct (Ft Wayne)	IN	Double tracking	Track	Design	Project being defined.
		Estimated Completion Date: 4Q99		Grading	
				Const	
			Signal	Design	
				Const	
Hagerstown Sec (Greencastle)	PA	Construct siding	Track	Design	Complete
		Estimated Completion Date: Complete		Grading	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete
Hagerstown Sec	PA	Traffic Control	Signal	Design	In progress
		Estimated Completion Date: 4Q99		Const	

Surface Transportation Board Operational Monitoring Report

As of April 30, 1999

CONSTRUCTION AND OTHER CAPITAL PROJECTS

Location		Project	Dept	Phase	Status
Harrisburg (Rutherford)	PA	Construct intermodal terminal	Track	Design	In progress
		Estimated Completion Date: 2Q00		Grade/Pave	
Harrisburg - Reading	PA	Traffic Control System and remove pole line	Signal	Design	In progress
	PA	Estimated Completion Date: 4Q99		Const	
KD Tower - Cumberland Falls	KY	Extending double track 40,120 feet	Track	Design	Complete
	KY	Estimated Completion Date: 2Q99		Grading	In progress
				Const	In progress
			Signal	Design	Complete
				Const	In progress
Knoxville - Chattanooga	TN	Double Stack Clearances	Track	Design	Complete
	TN	Estimated Completion Date: Complete		Const	Complete
			Bridge	Design	Complete
Marshfield	IN	Upgrade and extend siding 7,908 feet	Land		Complete
		Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
				Const	Complete
			Bridge	Design	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete
Oak Harbor	OH	Construct track connection	Land		Complete
		Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete
Pattenburg	NJ	Clearance-9 Bridges	Bridge	Design	Complete
		Estimated Completion Date: 2Q99		Const	In progress
Pattenburg	NJ	Siding Extensions	Track	Design	Complete
		Estimated Completion Date: Complete		Grading	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete
Pattenburg	NJ	Tunnel Clearance	Bridge	Design	Complete
		Estimated Completion Date: 3Q99		Const	In progress
Philadelphia	PA	Construct crossover - Zoo	Track	Design	Project being defined.
		Estimated Completion Date: 4Q99		Grading	
				Const	
			Signal	Design	
				Const	
Piney Flats	TN	Extend siding 6,610 feet	Land		Complete
		Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete

CONSTRUCTION AND OTHER CAPITAL PROJECTS

Location		Project	Dept	Phase	Status
Port Reading	NJ	Chemical Coast Clearance Projects	Track	Design	In progress
		Estimated Completion Date: 4Q99		Const	
			Bridge	Design	In progress
				Const	
Rader	TN	Extend siding 5,189 feet	Land		Complete
		Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
				Const	Complete
			Bridge	Design	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete
Reading -	PA	Traffic Control System and remove pole line	Signal	Design	In progress
Philadelphia	PA	Estimated Completion Date: 2Q00		Const	
Riverton Jct -	VA	Clearance projects	Bridge	Design	Complete
Roanoke	VA	Estimated Completion Date: Complete		Const	Complete
Sandusky	OH	Construct Triple Crown Terminal	Track	Design	Complete
(Bellevue)					
		Estimated Completion Date: Complete		Grade/Pave	Complete
			Building	Const	**Complete**
Sidney	IL	Construct track connection	Track	Design	Complete
		Estimated Completion Date: Complete		Grading	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete
Sido	MO	Double tracking 36,458 track feet	Track	Design	Complete
		Estimated Completion Date: Complete		Grading	Complete
				Const	Complete
			Bridge	Design	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete
Sloan	IL	Extend siding 5,027 track feet	Track	Design	Complete
		Estimated Completion Date: Complete		Grading	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete
Southern Tier	NY	Southern Tier Rehabilitation	Track	Const	Project being defined.
		Estimated Completion Date: 4Q99	Bridge	Design	In progress
				Const	
St Louis (Mitchell)	MO	Expand Mitchell Triple Crown Terminal	Track	Design	In progress
		Estimated Completion Date: 2Q99		Grade/Pave	
			Signal	Design	In progress
				Const	
Toledo	OH	Intermodal Terminal	Track	Design	Project being defined.
		Estimated Completion Date: 4Q99		Grade/Pave	

CONSTRUCTION AND OTHER CAPITAL PROJECTS

Location		Project	Dept	Phase	Status
Tolono	IL	Track Connection	Track	Design	Complete
		Estimated Completion Date: 2Q99		Grading	Complete
				Const	Complete
			Signal	Design	Complete
				Const	In progress
Vermillion	OH	Track Connection	Land		Complete
		Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete

Note: Bold print indicates changes from previous report. If status of project phase is blank, work on that part of the project has not yet begun.

INFORMATION TECHNOLOGY

Systems Integration

The NS technology integration strategy calls for NS systems to be used on the Conrail properties that NS will operate. Some of the NS systems will be operational for the new area effective Closing Date, while others, particularly the transportation systems, will be integrated geographically over a period of several months after Closing Date.

There are two components that are required to implement this strategy. First, NS's systems group must ensure that our systems have the capacity to accommodate the operation of the new territory. Second, the Conrail systems group must modify existing Conrail systems so that they will become compatible with the NS systems upon Closing Date.

In order to prepare for the implementation of the new systems, each project must go through a planning stage and a development stage. The planning stage of the systems integration process involves the analysis and preparation of functional and technical specifications for the systems and the subsequent development stage involves the construction (coding), and testing of the systems.

There are three phases of testing through which our transportation and operations systems must undergo: unit, systems and integration. All of the operations systems have completed or are nearly finished with integration testing. The integration testing of the transportation systems is underway and will be complete in the Second Quarter of 1999. Once the new systems are implemented across all of the NS geography, use of the Conrail systems will be discontinued.

Note: Bold print indicates changes from previous report.

INFORMATION TECHNOLOGY

Systems and Personnel Training

Operating Area	Project	Status
TRANSPORTATION		
Car Management and Movement	Systems – Multiple projects	Development, Systems and integration testing Estimated completion date: 2Q99
Includes Thoroughbred Yard Enterprise System (TYES) and Central Yard Operations (CYO) System	Personnel Training	
	Prepare training materials for TYES and CYO	Complete
	Trainer orientation	In progress
	TYES training at Conrail locations	**In progress**
Train Dispatching	Systems	Development complete; Currently in implementation Estimated Completion date: 2Q99
	Personnel Training	
	Prepare computer-based training materials for Norfolk Southern Train Information System (TIS) and Train System Accident Reporting System (TSAR).	Complete
	Train Conrail employees at Dearborn, Pittsburgh, and Mt. Laurel	**Estimated beginning date: 2Q99**
Locomotive Management	Systems	Development complete; Integration testing in progress Estimated completion date: 2Q99
	Personnel Training	
	Prepare training materials; conduct pilot sessions	Complete
	Trainer orientation	**Estimated completion date: 2Q99**
	Train employees at 8 Conrail locations	**Estimated completion date: 2Q99**

INFORMATION TECHNOLOGY

Operating Area	Project	Status
OPERATIONS PERSONNEL		
Crew Management	Systems	Final stages of integration testing Estimated completion date: 2Q99
	Personnel Training	
	Prepare training materials	Complete
	Train Conrail employees	**Estimated completion date: 2Q99**
Train and Engine (T&E) Payroll	Personnel Training	
	Prepare training materials; conduct pilot sessions	Complete
	Train T&E crews	Estimated beginning date: 2Q99
Non-Train and Engine Payroll	Personnel Training	
	Prepare training materials; conduct pilot sessions	Complete
	Trainer orientation	In progress
	Train Conrail employees	**Estimated completion date: 2Q99**
CUSTOMER SERVICE		
Electronic Customer Connectivity	Systems	Development and testing Estimated completion date: 2Q99
	Personnel Training	
	Testing new systems	**Estimated completion date: 2Q99**
	Customer Coordination	
	Information to be distributed to customers	In progress
National Customer Service Center	Personnel Training	
	Prepare training materials	Complete
	Train employees in Pittsburgh and Atlanta	In progress

Note: Bold print indicates changes from previous report.

CUSTOMER SERVICE

Transition Process

Transition team members for NS have been selected and confirmed to work in Philadelphia in Customer Service for an undetermined period of time after Split Date. Space has been defined and equipment will be set up in the near future for this group to operate from.

Personnel

A transition team for Customer Service has been organized, staff selected, and will be functional after Split Date, in quarters located in Philadelphia, for an undetermined period of time. Additional training stations have been set up at three locations – Conway Yard (Pittsburgh), Elkhart, Indiana, and Columbus, Ohio – for training personnel involved in implementing new data systems on NS portions of Conrail. We have consummated a contract with an outside firm to supply 50 additional trainers, beginning November 30th, to assist in systems rollout. Supervisory positions have now all been filled for Data Quality and the Agency Operations Center. We also still expect to make offers to approximately 215 Conrail agreement personnel when implementing agreements have been consummated with TCU. **For those positions in Customer Service which Conrail personnel elected not to fill, NS is in the process of interviewing and training additional personnel.**

Customer Awareness

NS continues to host customer meetings to evaluate and provide feedback on the Company's planning processes and strategies. **NS continues to make numerous meetings and presentations in order to keep our customers informed.**

The Customer Resource Guide has been completed and is in the process of being distributed. This guide will provide customers with all resources and information necessary for doing business with the new NS.

The Help Desk Directory, to be released at a later date, will also provide a way for customers and employees to easily obtain information about NS. This guide to services and benefits will list key phone numbers that will connect users to areas that may assist them in answering questions about NS. It will be available in three formats: a pocket guide for employees, a list for customers and an expanded version available for downloading from the internet.

Note: Bold print indicates changes from previous report.

STB FD 33388 5-6-99 D 194475

194475

CSX TRANSPORTATION

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May 4, 1999

VIA OVERNIGHT CARRIER

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
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 -- Transfer of Railroad Line by Norfolk Southern Railway Company to CSX Transportation, Inc.

Dear Secretary Williams:

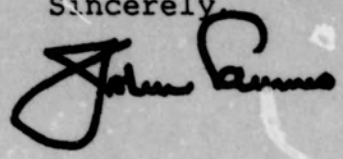
In Ordering Paragraph 43 of Decision 89 of the above-referenced docket, the Board ordered CSX Transportation, Inc. ("CSXT") and Norfolk Southern Railway Company ("NS") to provide "single line service" for existing shipments of aggregates that are currently moving in blocks of 40 or more cars via Conrail single line service in Ohio for the account of National Lime and Stone Company and Wyandot Dolomite.

This letter is to inform you that CSXT and NS have agreed in principal upon the provisions of trackage rights agreements that allow the "single line service" to continue. CSXT and NS have also agreed in principal upon the provisions of a separate trackage rights agreement that will continue single line service for aggregate shipments for the account of Martin Marietta Minerals. CSXT and NS anticipate that the agreements will be signed in May and will take effect on "Split Date", which we anticipate will be June 1, 1999.

Ordering Paragraph 43 also provided run-through operations and pre-blocking of shipments under conditions specified in that paragraph. CSXT and NS are unaware of any current shipments that meet those conditions, but have agreed to provide those services when the conditions are met.

Please contact me or Mr. Jim Paschall if you have any questions.

Sincerely,



JWH/sgh

cc:
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Law Department
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Telephone: (757)629-2759

s:\staff\so\johr"stter\Williams Single Line Service

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U.S. Department
of Transportation

Federal Railroad
Administration

FD33388

First Briefing Report
Covering Period of July 23, 1998 - April 15, 1999

Conrail Merger Surveillance: NS, CSX, and CSAO SIP/Safety Update

For: Surface Transportation Board
c/o The Honorable Linda J. Morgan
Chairman

(In compliance with MOU of May 19, 1998)

Submitted by: Federal Railroad Administration
Office of Safety Assurance and Compliance
Washington, D.C.

May 4, 1999

U.S. Department of Transportation
Federal Railroad Administration

Office of the Administrator

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

MAY - 4 1999

The Honorable Linda J. Morgan
Chairman
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Dear Chairman Morgan:

Pursuant to the *Memorandum of Understanding Between the Surface Transportation Board (STB) and the Federal Railroad Administration (FRA)* dated May 19, 1998, FRA is forwarding its first biannual status report to the STB covering the safety integration of the Conrail merger (enclosed).

This report is dated May 4, 1999, and covers the period of FRA's surveillance of safety integration from July 23, 1998, (merger approval) through April 15, 1999. During this period the two acquirers of Conrail properties, Norfolk Southern Corporation (NS) and CSX Transportation, Incorporated (CSX) have been carrying out planned preparatory safety actions, but as yet have not taken major merger actions. NS and CSX moved the split date forward to June 1, 1999, I believe, based in part upon their commitment to addressing the complex issues involved in their Safety Integration Plans (SIPs). In addition to addressing the requirements of their SIPs, the two acquiring railroads and the Conrail Shared Assets Operations (CSAO) have been concentrating upon organizational structure, employee training and resource allocation, completing labor agreements and ensuring that the computer systems of all three entities and the acquired properties are compatible and operating effectively for the split date.

As stated in the report, "at this time there are no performance/safety conditions identified or foreseen by FRA on the NS, CSX, or CSAO acquired territories which the Agency believes warrant STB oversight actions to correct deficiencies and/or address safety problems arising out of approval of the merger and its ongoing integration." FRA will, however, continue its close and focused scrutiny of potential safety issues arising from the merger.

FRA identified early the safety issues inherent in a merger of this magnitude in proposing that SIPs be completed. As expressed by FRA in its October 21, 1997 filing, with the STB, *Safety Assessment of CSX/NS Proposed Acquisition of Conrail*, the safety issues and concerns that must be addressed by the acquirers of Conrail during the course of merger integration are highly complex and, heretofore, were not well defined. The FRA is committed fully to assuring the appropriate resolution of the many safety related facets of the merger: corporate culture, dispatching practices, compatibility of computer systems, retention of institutional knowledge and highly competent employees, training and certification of employees, compliance with operating rules, sufficient allocation of personnel, and employee rest and quality of life issues.

In addition to the formal SIP/Safety Merger Surveillance Program being carried out by FRA as identified in the report, I am personally making visits to Conrail sites to ascertain from municipalities, railroad front-line management and the railroad employees, first hand, how the merger is proceeding and their local concerns. On April 6, 1999, I convened a meeting of the senior operating officers of Conrail, CSX, NS, the major Western carriers (Burlington Northern Santa Fe, Union Pacific, Illinois Central and Wisconsin Central), as well as the major switching lines of the Chicago and St. Louis shipping gateways at FRA's Washington headquarters to review split date plans and assure the continued smooth flow of traffic through these vital shipping lanes.

A major split date operations strategy planning session was set by NS and CSX with the Western carriers and the Chicago and St. Louis belt line and switching carriers at Chicago on April 21-23, 1999. This is to ensure that shippers are receiving appropriate advance split date shipment handling instructions, computer information systems are functioning effectively and that new or modified operations are well defined so that service disruptions do not occur.

Since March, and to be continued throughout the split date period, FRA has initiated special "safety blitzes" incorporating up to 30-40 Operating Practices inspectors at a time and other safety officers to ascertain safety conditions and formulate mitigating measures for any safety issues that arise. Additionally, we plan to have a significant number of SIP Team and other safety officers stationed strategically at operating headquarters, dispatch centers, and customer service centers throughout CSX, NS and the Conrail acquired territories well in advance of and during the split date period.

The FRA will continue its close surveillance of the safety integration of the Conrail merger and will apprise STB of the status with its next regular biannual report and/or at any time that suspect deficiencies of major consequence arise.

The cooperation of the STB's staff with that of FRA has been welcomed for both the joint Safety Integration Plan (SIP) rulemaking and this very critical monitoring of the ongoing merger integration. With the merger split date fast approaching (June 1), I am confident that the deeply-rooted and long planned SIP safety actions of NS, CSX and the CSAO, as well as FRA's close surveillance and that of our joint regulatory efforts, will contribute significantly to a safe integration.

Sincerely,

Jolene M. Molitoris

Jolene M. Molitoris
Administrator

Enclosure

Contents

Executive Summary

The acquisition of the Consolidated Rail Corporation and Conrail Inc., (Conrail or CR) by CSX Transportation, Inc., (CSX) and Norfolk Southern Railway (NS) was approved by the Surface Transportation Board (STB) on July 23, 1998. Each railroad will acquire specified portions of the Conrail system and Conrail assets. Furthermore, CSX and NS will jointly provide service to shippers in what is known as the "Conrail Shared Assets Operations" (CSAO). Recognizing the safety challenges posed by the acquisition, the Federal Railroad Administration (FRA) urged that the acquiring carriers be required to develop comprehensive safety plans as part of the merger process. Consequently, as a condition of the acquisition, STB imposed a requirement for the development and implementation of the "first ever" Safety Integration Plans (SIPs) to help ensure the safe integration of Conrail properties into the systems of the acquiring carriers. To fulfill the STB requirement, FRA assisted CSX, NS, and CSAO in developing comprehensive SIPs that addressed 13 critical safety elements related to railroad mergers. FRA and STB also executed a Memorandum of Understanding (MOU) which specifies that FRA monitor the applicants' implementation of their SIPs and advise STB of the applicants' progress and any deficiencies or problems. FRA may also request that STB exercise authority and take corrective actions to address deficiencies related to the merger. This constitutes the first required biannual report and covers the period from July 23, 1998, thru April 15, 1999.

On September 4, 1998, FRA initiated a long-term monitoring program for the Conrail merger by issuing its *Conrail Merger Safety Assessment and Surveillance Plan*, which set up a 33-member Merger Surveillance Team made up of FRA headquarters staff, deputy regional administrators, specialists, and inspectors. The Team performs regular reviews of the railroads' SIPs, sets up labor/management/public "listening posts," and conducts both planned and unannounced safety reviews of Conrail's operations. The SIPs are "living" documents that undergo continued refinement as conditions at CSX, NS, and CSAO continue to evolve. To date, there have been five formal reviews/revisions of the SIPs over a seven-month period.

FRA's Merger Surveillance Team also conducted a special safety review of the five train incidents that occurred on Conrail during the first quarter of 1999, which resulted in four fatalities, including two collisions, two switching incidents, and a derailment. Conrail management provided the Team with detailed investigative reviews and action plans to prevent a recurrence of the incidents. The Team could not identify a direct causal relationship between these incidents and the ongoing merger integration. FRA also undertook an extensive, two-week, system-wide review of operating practices on Conrail with a 35-member, multi-regional, operating-practices inspection team to assess the overall level of operating safety. Thus far, the current Conrail leadership team, which has been overseeing the railroad's operation during the interim period between the approval of the merger and "split date," appears to be carrying out its responsibilities and decisions in a responsible and prudent manner.

FRA has identified several specific areas where issues remain unresolved and has noted these issues in the appropriate sections of this report.

CSX, NS, and CSAO have carried out a significant number of SIP actions in preparation for the split date as outlined in the report; however, Conrail operations during the interim remain substantially the same as they were prior to approval of the merger. Thus far, the merger process has had little impact upon railroad operations or safety. CSX and NS have announced that the split date will occur on June 1, 1999. Although postponed from March, this date now appears firm.

FRA will continue its close surveillance of the merger safety integration. Currently, there are no performance/safety conditions identified or foreseen by FRA on the CSX, NS, and CSAO-acquired territories that are believed to warrant STB oversight action to correct deficiencies and/or address safety problems arising from ongoing integration actions.

Conrail Merger Surveillance: NS, CSX, and CSAO SIP/Safety Update

I. Background

Mega-Railroads and the Challenges of Safety and Service: While mergers have long been a part of the railroad industry, FRA became concerned that recent mergers involving Class I railroads have resulted in the creation of mega-railroads, which pose new and unique challenges to railroad safety and service. With tens of thousands of employees spanning as much as two-thirds of the United States, the distance between the decision-makers in the corporate board rooms and rank-and-file rail workers at the ballast line becomes immense. The vast size and complexity of the rail operations on these mega-carriers pose significant obstacles to effective communications and coordination elements that are critical to both railroad safety and service.

FRA also found that the careful integration of corporate cultures can be as important to the success of a railroad mega-merger as the integration of route structure, traffic flows, and operating practices. Differences in traditions, values, and expectations among managers, supervisors, and front-line employees must be acknowledged and collective efforts undertaken to unify these cultures, drawing upon the best practices of each, so that the various elements of the newly merged railroad may operate as a single, seamless entity.

On June 23, 1997, CSX Transportation Inc. (CSX) and Norfolk Southern Railway (NS) filed an application with STB to acquire control of Consolidated Rail Corporation and Conrail, Inc., (Conrail or CR) and to divide the assets, including 10,500 miles of track, equipment, and facilities, between them. Under the proposed acquisition plan, NS would acquire 58 percent of Conrail's assets, while CSX would acquire the remaining 42 percent. Certain Conrail assets would be contained in three areas of joint operations known as the Conrail Shared Assets Operations (CSAO) in Detroit, northern New Jersey, and southern New Jersey/Philadelphia. CSX and NS will provide service to shippers in the CSAOs via their own trains, crews, and equipment, with maintenance and dispatching being provided by a jointly owned successor to Conrail. FRA recognized that the complex nature of this merger/acquisition warranted a special effort to address these unique challenges of coordination, communications, and culture.

Safety Integration Plans: FRA responded to the challenge by conducting a formal safety assessment of recent mega-mergers involving the Union Pacific (UP) and Burlington Northern Santa Fe (BNSF) railroads to examine issues and concerns associated with railroad mergers of such a large magnitude. FRA then conducted a thorough safety assessment of the proposed Conrail acquisition, including a review of the applicant's Operating Plans and a risk assessment of 61 Conrail line segments. The Department of Transportation (DOT) filing with STB on October 21, 1997, provided STB with findings and recommendations from the safety assessment.

One of the most significant recommendations in the DOT filing was a request that STB require the acquiring railroads to develop, for the first time ever, **Safety Integration Plans (SIPs)** as a condition of the merger to help ensure the safe integration of Conrail properties into their systems. Subsequently, on November 3, 1997, STB issued an order requiring NS and CSX to prepare their respective SIPs within 30 days.

To aid in the development of the SIPS, FRA established first-ever ***SIP Guidelines*** (see Appendix Item I) that outlined 13 safety-critical areas that each applicant's SIP would be required to address. NS and CSX each worked collaboratively with FRA to develop their SIPs and met STB's filing deadline (December 3, 1997). FRA acknowledged in its final brief with STB that the applicants had developed sufficient SIPs addressing all of the significant safety issues, and that they provided rational approaches for merger integration.

On May 19, 1998, FRA and STB executed a Memorandum of Understanding (MOU) providing that, if the Conrail merger were approved, FRA would:

- monitor the impact that the integration of operations has on safety, keep STB informed of progress in implementing CSX/NS/CSAO SIPs and of any deficiencies or problems; thereby enabling STB an opportunity to exercise oversight authority and take corrective actions to identified deficiencies and address safety problems arising out of the transaction; and

- provide periodic reports to the Board on the SIP implementation process (at least biannually), including a final report when the proposed integration has been satisfactorily completed.

Formal approval of the merger was granted by STB on July 23, 1998, with 83 consequential conditions, some of which included:

- Applicants to submit SIPs;
- 5-year oversight;
- Environmental conditions (some 50 listed actions, many safety orientated);
- Comply with the National Industrial Transportation League (NITL) agreement to include measurable standards for quarterly performance reporting;
- Adhere to agreements with Amtrak, the City of Cleveland, railroad labor organizations, and others (many containing important safety elements); and
- Meet with labor to form task forces to dialogue on implementation/safety issues.

As a result of the merger, CSX will operate approximately 4,000 miles of Conrail routes, and increase its system to 22,300 miles serving 23 States east of the Mississippi, the District of Columbia, and small portions of Quebec and Ontario; NS will operate about 7,200 miles of Conrail routes, and will increase its system to 21,600 miles serving 22 States in the East, plus the District of Columbia and the province of Ontario.

II. FRA's Merger Surveillance Team

On September 4, 1998, FRA's Office of Safety initiated its long-term safety surveillance program for the merger; *FRA's Conrail Merger Safety Assessment and Surveillance Plan* (see Appendix Item II) was unveiled in an orientation session held at FRA headquarters for CSX, NS, and CSAO operations and planning officers. Fifteen senior-level officers attended representing all three organizations. Key attendees included:

- CSX - Mr. Frank Pursley - Vice President of Operations Support/Safety Integration;
- NS - Mr. Chuck Wehrmeister - Vice President of Safety and Environmental; and
- CSAO - Mr. Ronald Batory - Vice President of Operations.

The items contained in FRA's merger surveillance program include:

- The SIPs and accountability worksheets filed by CSX, NS, and CSAO with FRA, which detail the applicants', allocation of funds, personnel, training commitments, facilities, and other resources;
- Current operating safety conditions at CSX, NS, and CSAO and their acquired properties; safety audits and surveys; FRA's required statistical reporting; and inspections/violations identified by FRA inspectors;
- Review of past and ongoing FRA Safety Assurance and Compliance Program (SACP) efforts conducted at each railroad;
- Close review of progress made on safety conditions set by STB.

Staff members from FRA's Office of Safety have been designated to contact planning officers from NS, CSX, and CSAO at regular intervals to obtain updates of their SIPs, identify new safety commitments (SIPs are "living" documents), and assess the status of safety issues and concerns.

FRA designated 3 Regional Safety Assessment and Surveillance managers and 30 geographically placed merger inspectors/monitors to provide very close surveillance of CSX, NS, and CSAO field integration of the merger; regular, periodic Region reviews are to be conducted and formal biannual written reports identifying safety integration progress are to be provided by FRA to STB.

On August 20, 1998, FRA's Surveillance Management Team, consisting of an Office of Safety headquarters representative and the 3 regional managers from the Team, visited the former Conrail headquarters "Blue Room" operations center, observed the morning planning meeting, and reviewed SIP/safety actions ongoing at former Conrail; other announced and "unannounced" visits and SIP/safety reviews will be accomplished by the management team and individual surveillance monitors as the merger progresses.

III. SIP/Safety Progress Reports

General

Split Date: Although permitted by STB to proceed with merger implementation any time after September 1998, CSX and NS have both elected to proceed toward the split date in a planned, gradual approach to ensure the safe and seamless integration of Conrail's operations into their own railroad systems. STB's requirement that implementing agreements with labor organizations and computer systems integration be in place prior to the split date has postponed the split date to June 1, 1999.

Merger Integration Planning Teams: CSX merger-integration planning is headed by Executive Vice President of Coal and Merger Planning, Michael J. Ward, with three principal teams: Headquarters, Technology, and "Day One." Consultants are assisting in the planning efforts using CPM (Critical Path Method)-type computer tools with over 50,000 project management tasks identified. NS Vice President Nancy Fleischman heads a five-member integration team with full-time responsibilities for NS merger-integration planning. NS has also enlisted consultant services and has established transition implementation teams for specific functions such as train dispatching, crew management, training, operating rules, commuter and passenger train issues, etc.

Transition of Dispatching and Operations: The relocation of current Conrail train dispatching desks is underway and scheduled to be completed in June 1999. Desks at the current Conrail dispatching facilities are being reallocated as follows: Albany to Harrisburg (2 desks), Mt. Laurel to Harrisburg (5 desks); Mt. Laurel to Albany (2 desks), Dearborn to Indianapolis (2 desks), and Indianapolis to Dearborn (2 desks).

Conrail's current operations center in Philadelphia, commonly referred to as the "Blue Room," has already been divided between CSX and NS employees. After the "Split Date," NS will relocate its portion of the operations center to Atlanta, while CSX will retain the Philadelphia center.

Rolling Stock Allocation: CSX and NS have split the existing Conrail locomotive fleet of over 1,900 units by a ratio of 42 percent and 58 percent, respectively. CSX will have more than 800 units, and NS will have 1,128 Conrail units. These units will be conveyed or leased to entities identified as NYC and PRR, which will then lease or sublease the units to CSX and NS, respectively. Prior to the split date, units allocated to CSX will be marked "NYC," and units allocated to NS will retain their Conrail markings but will be renumbered with NS sequence numbers.

CSX and NS have also divided Conrail's current freight car fleet of over 45,000 cars according to the same 42 percent to 58 percent ratio. These cars will be conveyed or leased to NYC and

PRR, which will then lease or sublease the cars to CSX and NS, respectively. Cars allocated to CSX will be marked "NYC," and cars allocated to NS will retain their Conrail markings.

Information Technology and Y2K: Information technology (IT) systems work planned at CSX and NS is nearing completion, and testing of some key cut-over systems is ongoing. For example:

- The shipment inventory system known as "TRIMS" is being tested and is expected to be ready for cut-over on June 1, 1999.
- The Train Dispatching System is tested and ready for implementation.
- CSX and NS are both addressing Y2K compliance of Conrail's IT systems. Certain Conrail operations systems are being made Year 2000 compliant because field rollout of NS and CSX systems on Conrail-allocated territory will not be completed until after the Year 2000. Also, certain Conrail IT systems will continue to operate on CSAO after the merger integration is completed.

Concerns Over Operating Rules Training for Foreign Carriers: The FRA Surveillance Team recently became concerned about NS and CSX provisions for providing operating rules training for employees of Amtrak and other railroads, including shortlines and commuter carriers, that will operate on the NS and CSX acquired after "Split Date." FRA's Surveillance Team has raised this issue directly with NS, CSX, and CSAO and will continue to monitor efforts to ensure that timely rules training is provided to employees of all the railroads that will operate over Conrail territories acquired by CSX and NS

Track Protection at Buffalo, New York: FRA's Surveillance Team identified a safety concern involving a location in Buffalo, New York. Between Conrail's CP Draw and CP 437, there are four adjoining tracks. After "Split Date," two of the tracks will be controlled by NS and two by CSX. Procedures to coordinate track-maintenance fouling time and provisions for dispatchers' protection should be developed. FRA has addressed this concern directly with Conrail, CSX, and NS and will monitor the resolution.

Labor Concerns Over Staffing Needs in Buffalo: Rail labor has expressed concerns over CSX and NS-projected needs for Train and Engine Service personnel in the Buffalo, New York, area. Initially, labor believed that CSX projected a need for 195 engineer positions, while NS projected a need for 40 engineer positions. However, these projections were eventually reduced. CSX now projects jobs for 144 engineers, while NS would require 44 positions. Rail labor has expressed strong reservations over such a significant change in job requirements and questions whether the carriers will be sufficiently staffed to handle the traffic in a safe and efficient manner. FRA will continue to closely monitor rail operations in the Buffalo area.

Interim Conrail Operations

New Conrail Board of Directors: On August 22, 1998, CSX and NS terminated the voting trust that held shares of Conrail common stock and elected a new Conrail Board of Directors:

CSX	NS
John Snow, Chairman/CEO	David Goode, Chairman/CEO
Pete Carpenter, President, CSX	James Bishop Jr., EVP Law
Mark Arin, EVP, Law and PA	Stephen Tobias, Vice Chairman/COO
Paul Goodwin, EVP, Finance/CFO	Henry Wolf, Vice Chairman and CFO

Former Conrail officers and employees are continuing to manage the railroad until split date, thereby retaining institutional knowledge for a smooth transition. Messrs. Tim O'Toole, recently appointed President and CEO of Conrail, and Doug Greer, General Manager of Train Operations, and the entire team of Division operating officers and transportation employees beneath them are operating Conrail day-to-day much as it operated in the past. Messrs. Tony Ingram, NS senior management liaison, and Jim Fallon, CSX senior management liaison, are providing daily oversight and advice at the operations center at Conrail headquarters in Philadelphia.

Safety Reviews of Conrail's Operations Center: Representatives from FRA's Merger Surveillance Team have conducted three safety reviews at Conrail's headquarters in Philadelphia, these reviews took place on November 20, 1998, January 29, 1999 and March 25, 1999. At each of these sessions, the FRA Surveillance Team observed Conrail's early-morning planning meeting with its five divisions and then conducted intensive SIP review/update sessions with CSX, NS, and CSAO representatives. FRA observed that the railroad appeared to be running smoothly, and the overall operation was improving from automobile strikes, harsh winter weather conditions, and recent train accidents. It was noted that critical trains were generally running at or slightly ahead of schedule. Yard congestion appeared to be under control, and Conrail had an adequate supply of train crews to move the freight. No reports were heard of trains being held for power.

At the January 29 meeting, it was reported that Conway Yard had a computer failure; however, the computer problem occurred during a program upgrade that did not appear to be merger-related. The fact that the railroad was able to handle the bulk of the traffic out of Conway, despite the loss of the computer, was an indication that local management had a backup plan and was able to adapt the facility to the emergency without affecting the entire railroad.

Furthermore, FRA observed that the current CSX, NS, and Conrail management team in charge of Conrail operations appears to be sound. Units worked together cohesively and relied upon each other's strengths to address issues. The division personnel were encouraged to raise safety and performance issues during their morning briefings. Conrail field and headquarters managers addressed the daily issues with what can be described as a "can do" attitude.

Indications of the ability of the "interim" Conrail operations team to handle difficult and unforseen contingencies can be seen in that Conrail has maintained reliable service despite being faced with the following adverse conditions:

- On June 21, 1998, Conrail's train PIEL-1B derailed 21 cars on the Harvard connection in the city of Cleveland leading to substantial equipment damage and significant train delays.

- The General Motors strike that ended in July negatively affected carloadings at Conrail; 26 of the auto maker's 29 assembly plants in North America were shut down for several weeks.

- On August 14, 1998, the Brotherhood of Maintenance of Way Employes initiated a strike against Conrail over scope issues related to the construction of track in Marysville, Ohio.

- On January 2, 1999, the blizzard of '99 virtually buried the Midwest with the worst snow storm in over 30 years for the Chicago area. The snow storm drastically affected the operations of all freight carriers, commuter lines, and Amtrak. Several days of sub-zero weather, high winds, and drifting snow caused frozen switches, frozen locomotives, train air brake problems, stranded crews, and signal problems; Conrail had Level-3 weather alerts on the Albany, Dearborn, and Indianapolis divisions, and the lasting effects to operating performance were felt for several weeks.

Performance Measures: Conrail's performance statistics for the first 10 months of 1998 were favorable. Performance measures include Traffic Levels and Assets, Intermodal On-Time Performance, Automotive On-Time Performance, Core Merchandise, and Unit Coal Train Performance. (See Appendix Item III);

Overall Safety Performance: Overall, Conrail's safety performance in 1998 was positive. A noteworthy achievement is the fact that Conrail reported no employee on-duty fatalities in 1998, the first time the railroad has reached the goal of zero employee deaths. In 1998, Conrail achieved record levels of safety with the lowest employee injury rate, the lowest number of highway-rail grade crossing accidents, and the lowest overall accident/incident rate in the railroad's history. (See Appendix Items IV-A and IV-B)

FRA did note an increasing trend in low speed train accidents and derailments occurring in yards. After further analysis, FRA identified three major yards in Elkhart, Indiana; Conway, Pennsylvania; and Selkirk, New York, where most of the increases occurred. FRA is currently working directly with the carrier and its employees to develop action plans at each location to address this concern.

Fatal Rail Accidents and Incidents: While statistics are useful tools in assessing the level of safety of a railroad, FRA recognizes that safety means much more than the sum total of data and statistics. Safety in the railroad industry is a matter of life and death. The loss of even a single life in a railroad-related accident is an unacceptable tragedy. Preventing serious rail accidents must be a top priority, not only for FRA but for the highest levels of railroad leadership. When Conrail experienced three significant train accidents and two switching accidents that resulted in four fatalities during the first quarter of 1999, FRA dispatched a senior-level safety team to meet with top Conrail management to thoroughly analyze these tragic events and devise corrective action plans. The incidents that prompted this investigation included: 1) Port Newark, New Jersey - a switching accident that resulted in a conductor fatality; 2) Stryker, Ohio - a rear end collision in heavy fog that resulted in a conductor and engineer fatality; 3) Ft. Plain, New York - a train derailment that resulted in a major hazmat spill; 4) Alexander, New York - a switching accident that resulted in a conductor fatality when a car turned over while shoveling over a crossing with ice and snow in the flange way; and 5) Momence, Illinois - a Conrail freight train failed to stop at an at-grade rail crossing and collided with a Union Pacific freight train resulting in injuries to three crew members.

Under the direction of FRA's Acting Deputy Associate Administrator for Safety Assurance, FRA's Merger Surveillance Team conducted a special safety review of the four train incidents with senior Conrail management at the railroad's operations center. Together, the senior level Conrail and FRA team conducted a detailed review and analysis of investigative reports concerning each incident. Subsequently, Conrail was directed to develop action plans to prevent a recurrence of similar incidents. Conrail did develop action plans to address each incident and submitted copies of the plans to FRA's Office of Safety. Several of these plans deal with accidents that are still under investigation by the National Transportation Safety Board and formal findings of cause have yet to be issued. In these cases, Conrail action plans must be regarded as interim measures. The Merger Surveillance Team identified no direct causal relationship between these incidents and the ongoing merger integration.

FRA Operating Practices Assessment: FRA also undertook an extensive, two-week system wide review of operating practices on Conrail with a 35-member Federal and State inspection team consisting of operating practices inspectors from FRA Regions 1, 2, 3, 4, and 6. The purpose of this review was to assess the overall level of operating safety and to ensure that Conrail managers, front-line supervisors, and rank-and-file employees remained focused on safety during this interim period. During a merger, it is not unusual for railroad personnel to experience anxiety over workplace changes associated with the merger. FRA believes an extra effort is often necessary to maintain a strong focus on safety during such times.

From March 29 through April 9, the inspection team conducted focused inspection activities, including 382 train rides involving 7,817 miles in both local and over-the-road service. The team also conducted operating-practices efficiency testing and performed records inspections. At many locations throughout the Conrail system, inspections were conducted on an around-the-clock basis.

Inspectors also conducted listening sessions with several hundred Conrail managers and employees to learn their views about the state of safety on Conrail during this interim period. The inspection team saw no evidence of deterioration in Conrail's supervisory oversight. Furthermore, the team found the level of commitment and attention to safety was very high among Conrail workers, supervisors, and managers in the operating department.

Thus far, FRA believes the current Conrail leadership team, which has been overseeing the railroad's operation during the interim period between the approval of the merger and "split date," appears to be carrying out its responsibilities and decisions in a reasonable and prudent manner.

CSX SIP/Safety Actions

CSX updated its SIP with FRA on 1/23/98, 7/20/98, 8/31/98, 11/9/98, 1/29/99, and 3/25/99. The present SIP contains some 85 safety action items that identify resource commitments and time lines, including personnel, facilities, and training. All SIP action items as reviewed are on schedule. Furthermore, CSX is on schedule with all work/safety commitments to STB as specified in the conditions of Appendix Q of the merger approval.

CSX's integration efforts over the past several months have emphasized:

- ☐ hiring extra engineers and conductors to protect potential traffic;
- ☐ managing "churn" (minimizing turnover and displacement of personnel) for all groups; and
- ☐ leaving existing organizations in place.

Retention of Institutional Knowledge: CSX has made a significant effort over the past several months to retain "institutional knowledge" from Conrail by hiring senior officers and other management employees to join the CSX team; some of the senior management hired by CSX include:

Mr. Ronald Conway - Exec. VP of Operations (former CR Sr. VP Operations);
Mr. Lester Passa - President CSX Intermodal (former CR VP-Automotive Group);
Mr. Frank Nichols - Sr. VP- Employee Relations (former CR SR. VP- Org. Per.);
Mr. Gerry Gates - VP Consolidation & Day 1 Team Ldr. (former VP Cust. Sup.);
Mr. Gary Spiegel - VP Network Operations (former CR VP Service Delivery);
Mr. James Kasprzycki - GM Conrail Engr. (former CR Dir. Asset Optimization);
Mr. Wayne Richards - GM. Servc. Lane Integration (former CR Gen. Mgr.); and
Mr. Howard Elliott - Dir. Hazardous Materials (former CR Director Hazmat Sys.).

Three former Conrail board members were appointed to the CSX corporation board: H. Furlong Baldwin, former U.S. Secretary of Transportation Claude S. Brinegar, and E. Bradley Jones (30 years of Conrail Board experience).

Safety Culture: CSX established a Cultural Enrichment Team in early 1998 consisting of the CSX chief safety officer, a cross section of headquarters and field managers, and a cross section of labor representatives focusing on the following key issues: 1) safe work environment, 2) building trust and teamwork, 3) premiere service, and 4) work atmosphere.

- ■ CSX vice president's "safety blitz" consisting of listening posts were held on all CSX service lanes in late 1998. Vice president "Safety Champions" are being paired as safety advocates for all operating units in the field during 1999.

- On July 1, 1998, CSX announced a new "Individual Development and Personal Accountability Policy" for all United Transportation Union (UTU) and Brotherhood of Locomotive Engineers (BLE) employees, which replaces its former disciplinary policy; the Yardmaster's Union, American Train Dispatchers, Brotherhood of Maintenance of Way Employes (BMWE), and the Mechanical crafts have since joined in the policy. This policy is intended to be implemented on the acquired Conrail properties.

Labor Agreements: Labor-implementing agreements were reached by CSX in conjunction with NS on a voluntary basis with all the labor organizations except the BMWE and the BLE. Arbitration pursuant to the protective conditions imposed by STB was conducted with BMWE and a decision was rendered on January 14, 1999, imposing an implementing agreement with both parties. BMWE has now appealed that decision to STB. Also, the voluntary agreement reached with the Transport Workers Union (TWU), representing certain carmen on Conrail, failed ratification. As a consequence, arbitration was required and a decision was rendered on February 27, 1999, which imposes an implementing agreement on the parties. Finally, in the case of the BLE, an agreement settlement was reached through arbitration.

Training and Instructions: CSX initiated a number of training and instructional initiatives to ensure that employees on the acquired territories will have sufficient knowledge and understanding of CSX operations and procedures to ensure the safety and efficiency of rail operations immediately upon "Split Date." The following is a brief summary of the more significant training and instructional initiatives.

- Annual rules certification for CSX train and engine service employees will be provided via multimedia pods in 1999. Conrail employees will retain their two-day classroom certification program for 1999.

- A unified book of rules for Conrail acquired territories will be developed during the year 2000.

- Operating rules training is being conducted throughout 1999 on Conrail territory being allocated to CSX. Operating rules training on CSX has nearly been completed using an interactive multimedia computer-based format.

- In 1998, CSX established two facilities to offer five-week conductor classroom training courses for employees on the Conrail territories, one in Rome, New York, and the other in Philadelphia.

- The split date rulebook with both Northeast Operating Rules Advisory Committee (NORAC) and CSX rules is ready for distribution. Timetables have been developed and will be available for split date, but are not yet printed.

Staffing Levels: CSX has calculated the staffing requirements to handle traffic increases that result from the acquisition and to compensate for attrition. Consequently, the railroad has hired/promoted approximately 2,000 train crew (T&E) members in 1998; 1,298 conductors were promoted in 1998, and an additional 810 are in the pipeline for 1999. CSX has established schools in Atlanta, Cincinnati, Philadelphia and Jacksonville to train new employees. A "Train the Trainer" program has been developed with 25 trainers now on the affected service lanes and 35 new Road Foremen of Equipment (RFE's) have been deployed.

Wave I job offers to Conrail field employees was completed in June 1998 (94 percent acceptance rate); Wave II offers including Headquarters and Commercial personnel were completed at the end of 1998 (75 percent acceptance rate).

Fatigue Mitigation: CSX is developing specific Fatigue Countermeasures and Alertness Awareness programs applicable to all employees, including those in the Conrail acquired territory.

Y2K: Primary efforts to make CSX's information technology (IT) systems Y2K compliant have been completed and verification testing is currently underway. A plan for the retirement of Conrail's IT systems has been completed. Portions of the Conrail IT system that are intended to support CSAO operations will remain in place. Conrail movements began appearing on CSX data screens in late 1998. A 25-person group will be added to CSX's command center at Jacksonville to teleconference with Conrail's Nation Customer Service Center (Pittsburgh) prior to split date to monitor IT systems integration.

Infrastructure and Equipment: CSX has undertaken equipment and infrastructure upgrades and modifications to meet the demands of service resulting from the acquisition and to maintain the safety and reliability of rail operations on the merged carrier. The following is a brief description of the status of some of the more significant infrastructure and equipment issues.

- Current projections for locomotive acquisitions at CSX for 1999 are 36 CW44AC's, 112 CW60AC's and 39 SD70 MAC's (180 in total); CSX's current fleet is 2,829 locomotives. CSXT will receive 817 locomotives from the Conrail fleet at split date.

- CSX's newly double-tracked, 270-mile high capacity B&O line is now open to traffic after $220 million in rehabilitation in 1998.

- A new coal car inspection operation is being added to CSX's SIP commitments; empty coal hoppers will be routed back to MGA coal fields from Northeastern utilities through New Castle, Pennsylvania facility. The railroad has added carmen and inspection tracks.

- CSX is currently modifying former RF&P corridor 60 HZ locomotive cab signals to be compatible with Conrail system locomotives (100 HZ); 73 CSXT locomotives also affected and are being fitted with additional software/hardware; testing of modifications was ongoing during February 1999.

- CSX track connections are being constructed on schedule for B&O Double Track, Greenwich and Marion, Ohio, Cleveland Short Line, Philadelphia - Grays Ferry, Philadelphia - Belmont, and River Line Siding Extensions. Conrail has also completed rehabilitation of the Grays Ferry Branch in South Philadelphia, which links the CSX's former B&O East End Subdivision with Conrail's High Line (near the location of Amtrak's PHIL Interlocking). New signals have been installed to protect the branch at both PHIL Interlocking and CSX's 58th Street Interlocking. Train movements on the Grays Ferry Branch are currently handled by Conrail's Philadelphia Division Dispatcher. Train movements over the Grays Ferry Branch are restricted to 10 mph. CSX plans to divert freight traffic onto the Grays Ferry Branch and Conrail's Harrisburg Line in order to reach intermodal terminals in South Philadelphia.

- CSX has also indicated plans to operate freight traffic destined for North Jersey via the Grays Ferry Branch, the High Line, the Belmont Connection and onto the Trenton Line (former Reading Main Line to Bound Brook, New Jersey).

Communications With the OMID: FRA's Surveillance Team was recently informed by Ontario Midland Railroad (OMID) at Sodus, New York, that, as a result of recent changes in traffic routing by Conrail and computer incompatibility, the OMID is not being notified of cars delivered to it at Newark, New Jersey. Communications with the OMID is important because this shortline carrier does transport hazardous materials. FRA is addressing this concern directly with Conrail and CSX and will continue to monitor this matter to ensure that proper hazardous materials communications protocols between CSX and OMID are established.

NS SIP/Safety Actions

On July 10, 1998, NS announced the formation of a third operating region, the new Northern Region which will join the Eastern and Western regions; the new Northern Region will consist of three divisions (the Harrisburg, Pittsburgh and Dearborn divisions) which will incorporate Conrail acquired territories; formation of a Northern Region safety Committee is ongoing.

Transition implementation teams were established in late 1997 to address key issues such as train dispatching, train crew management, operating rules, commuter and passenger train operations, personnel and others. At NS 120 teams were established with up to 400 management employees involved. NS has updated their SIP with FRA on 1/26/98, 6/15/98, 10/6/98, 11/19/98, 1/29/99 and 3/25/99. Their present SIP contains some 65 safety action items that identify resource commitments and time lines, including personnel, facilities and training. NS has also added 50 safety related STB condition items for tracking, including grade crossings, hazmat emergency response and training. All SIP action items as reviewed are on schedule. Also, NS is on schedule with all work/safety commitments to the STB as specified in the conditions of Appendix Q of the merger approval.

NS integration over the past several months has emphasized:

- train and Engineer (T&E) hiring and training;
- employee communication; and
- cultural integration

Retention of Institutional Knowledge: NS over the past several months has also moved to retain "institutional knowledge" from Conrail by hiring senior officers and other senior management employees to join the NS team; some of the senior management retained include:

Mr. John Samuels - VP Oper. Planning & Budget (former CR VP Oper. Assets);
Mr. William Barringer - Director Safety (former CR Director safety);
Mr. Daniel Mazur - Assist. VP Strategic Planning (former CR AVP Asset Mgt.);
Mr. Joseph Arsenault - Director Systems Dev. (former CR Dir. Sys. Dev.);
Mr. Richard Davidson - Dir. Selection & Placement (former Dir. Select.& Place.);
Mr. James Newton - President Triple Crown Svcs. (Former Pres. ConrailDirect);
Mr. Thomas D. Newhart - Dir. Coal Trans. (former CR GM - Unit Train Svcs.);
Mr. Gregory Comstock - GM Western Reg. (former CR AVP Svc.Design/Net.);
Mr. Hugh J. Kiley, Jr. - AVP Trans. Svcs. (former CR VP Svc. Design & Plan.);
Mr. Robert Huffman - Sr. AVP Intermodal Opers. (former CR GM Interm. Ops.);
Mr. Ramond Rumsey - Chief Eng. Maint. Svcs. (former CR Ch. Eng. RW. Assets);
Mr. Francis Weckerle - Nat'l. Acct. Mgr. (Former CR Dir.- Nat'l. Accts/Chrysler);
Mr. Jeffery Burton - General Solicter (former CR Sr. Dir. Labor Relations);
Mr. Anthony Licate - Dir. Labor Relations (former CR Dir. Labor Relations);
Mr. Gerhard Thelen - AVP Mechanical (former CR AVP - Engineering).

Safety Culture: NS instituted the"Six Tenets of Safety" program on the Conrail divisions that will make up its Northern Region. The program is designed to teach employees about the principles, practices and values behind the NS safety culture. Employee training on the NS's Conrail territories is still in progress.

In October, 1997 NS hired safety consultants from DuPont to evaluate three Conrail divisions and the Juanita and Hollidaysburg Shops. The analysis has been completed and their report was recently offered to FRA, where it is currently under review.

Labor Agreements: Labor implementing agreements have been reached by Conrail, CSX and NS with all of the labor organizations except the BMWE. Arbitration pursuant to the protective conditions imposed by the STB was conducted with BMWE and a decision rendered on January 14, 1999, establishing an implementing agreement for the parties. BMWE has now appealed that decision to the STB. Also, the agreement reached with the TWU representing certain carmen on Conrail failed ratification. As a consequence, arbitration was required and a decision was rendered on February 27, 1999, which establishes an implementing agreement for the parties.

Training and Instructions: NS initiated a number of training and instructional initiatives to ensure that employees on the acquired territories will have sufficient knowledge and understanding of NS operations and procedures to ensure the safety and efficiency of rail operations immediately upon "Split Date." The following is a brief summary of the more significant training and instructional initiatives.

- NS is using the McDonough, Georgia, simulator for locomotive engineer training and estimates a continuing rate of 500 trainees per year for the combined system. Conrail engineers are still being trained at the Transportation Training Center at Conway Yard until the "Split Date."

- Dispatcher training is still being conducted at Conrail offices and will continue past the split date until NS's dispatching system is completely installed. NS, like Conrail, relies upon division dispatching (versus centralized). Dispatchers desks at Albany, Mt. Laurel and Harrisburg offices have been realigned and relocations are currently in progress and are expected to be completed in June 1999.

- NS annual operating rules training (eight-hour training class) is presently ongoing on the NS and soon will begin on NS's Conrail acquired lines. Draft bulletins for modified safety practices and rules will be submitted for management approval 30 days prior to the split date.

- Training for Accident/Incident reporting will occur during the Second Quarter 1999 involving approximately 550 supervisors.

- Training materials have been distributed to operating departments and specific training has started on the Northern Region. Twenty-two Training Teams have been established to address customer billing, payroll, crew management, procurement, police, National Customer Service Center, train dispatching, car and locomotive distribution and interline settlement.

- Conrail and NS both use P.S. Technology for computerized crew management. Training will be provided for 3,800 Conrail T&E employees within 180 days after the split date.

Staffing Levels: One hundred thirty trainees have been hired on Conrail to support staffing needs for the NS's new Northern Region. NS is providing new-hire training for train service personnel at the McDonough, Georgia, Training Center (five months of classroom and OJT learning assignments). NS anticipates training 1,100 new hire trainees per year across its system with approximately 300 on the Northern Region during 1999. Conrail is still using the Academy of Industrial Training outside Philadelphia until split date. NS is presently modifying the Accelerated Conductor's Training program to account for Conrail practices, procedures and facilities.

Training Time for Engineers: At a listening sessions held in Buffalo, Syracuse, and Selkirk, New York, in the first quarter of 1999, the primary safety concern expressed by Conrail Train and Engine service employees was "the lack of time that Conrail required for a new employee to be on the job prior to promotion to locomotive engineer" and the relative inexperience of some of the newly promoted locomotive engineers. NS has policies that should adequately address this concern because it requires new hires to complete at least one year of train service before being permitted to operate a locomotive in training. By contrast the current Conrail program has no such requirement and allows employees to be promoted to locomotive engineer once they have successfully completed training, without regard to prior train service experience.

Operating Rules and Practices: NS has taken significant steps to harmonize operating rules, practices and procedures on the acquired territory. The following is a brief synopsis of some of the more significant operating practices initiatives:

- NS has joined NORAC as an associate member and applied for full membership.

- NS Timetables and Bulletin Orders covering the acquired territories are ready for distribution.

- NS's random drug and alcohol tester (the TK Group) will be used for all of NS tests, including NS's Conrail acquired lines, after the split date.

- Contracts needed to cover emergency response contractors at NS's Conrail acquired properties are in place for the split date.

- NS's concept for spill containment yards has been introduced at Conrail (Conway and Elkhart Yards).

Y2K: NS's information technology systems largely have been made Y2K compliant and testing is underway. Completion and final testing will be accomplished in the third quarter of 1999. The retirement plan for Conrail systems was completed in April 1998.

Equipment and Infrastructure: NS has undertaken equipment and infrastructure upgrades and modifications to meet the demands of service resulting from the acquisition and to maintain the safety and reliability of rail operations on the merged carrier. The following is a brief description of the status of some of the more significant infrastructure and equipment issues.

- NS will avoid retiring locomotives in 1998 and 1999 to ensure it has sufficient motive power to meet the demands of service. NS also purchased 116 new locomotives in 1998 and will purchase150 in 1999. Conrail purchased 24 new cab signal equipped locomotives in 1998 for future assignment to NS. NS will have approximately 1,127 locomotives equipped for operation on Conrail lines and Amtrak's Northeast Corridor.

- NS is participating in the FRA/Conrail/CSX sponsored Positive Train Control project on the Manassas-Harrisburg test corridor; NS is the Phase II project manager.

- Conrail's grade crossing inventory has been fully integrated into the Norfolk Southern Grade Crossing Inventory system.

- NS track connections are being constructed on schedule for Sidney, Illinois, Alexandria, Indiana, Cloggsville Rehabilitation, Pattenburg Tunnel (Phase 1), Greencastle, Pennsylvania, Oak Harbor, Columbus, Bucyrus, and Vermillion, Ohio.

- NS has committed to many merger related facility/track changes, most notably:

  - Alexandria, Indiana - The new connection to the NS Frankfort District at Alexandria has been established as a remote interlocking, controlled by the NS dispatcher at Fort Wayne. The connection will enable southbound trains on the Conrail Marion Branch to continue east on NS. This would allow Norfolk Southern to move freight traffic between Elkhart, Indiana and Cincinnati, Ohio. Conrail is currently in the process of installing new ties and rail on the Marion Branch.

- Columbus, Ohio - NS is progressing with the construction of a new connection to link Conrail's Columbus Line with the NS's Bellevue to Portsmouth, Ohio mainline. A connection at CP Colson, linking the NS line with Conrail's Fort Wayne Line is being rebuilt.

- Charlotte, North Carolina - NS is investing 13.5 million dollars to expand its Charlotte Roadway Shop. The facility designs, manufactures and rebuilds the railroads fleet of maintenance of way equipment. The 57,000 square foot expansion will include a new machine shop and the enlargement of the existing heavy repair facility. The current Conrail Roadway Shop located in Canton, Ohio, will be closed after the split date.

- Bulk Transfer Terminals - NS has opened three new bulk transfer terminals located at Doraville, Georgia (just north of Atlanta), Charlotte, North Carolina, and Chattanooga, Tennessee.

- Intermodal Terminal - NS has agreed to a joint partnership with Bethlehem Steel to develop a new intermodal terminal on the site of the former Bethlehem Steel Mill in Bethlehem. This new terminal will be located on the Lehigh main line (former Lehigh Valley) and will provide easy access to western New Jersey, Philadelphia, and Scranton areas.

CSAO SIP/Safety Actions

The Conrail corporate identity will survive after split date and will be responsible for managing and operating the CSAO. The CSAO updated its SIP on January 26, 1998; September 4, 1998; November 20, 1998; January 29, 1999 and March 25, 1999. As a living document, the SIP outlines the status of the CSAO's efforts to address 22 safety action items including training requirements, hazardous materials handling issues and IT needs. The SIP also contains the status of 17 safety related matters that stem from conditions imposed by the STB, most of these conditions concern highway/rail grade crossings, hazardous material emergency response and training requirements, each of the 17 items are reported to be progressing on schedule.

After "Split Date," the CSAO will continue to maintain and follow the majority of policies and practices currently in place on Conrail. For example:

- Current Conrail safety programs will be observed in the CSAO. The Conrail leadership team for the CSAO is committed to continuing efforts to enhance and improve these programs.

- Designated service delivery for all yards and customer switching within the CSAO territory will be maintained in accordance with current Conrail schedules and commitments. Transitional steps underway ensure that the existing Shared Assets Areas yard and dock service asset are properly preserved and maintained to support this service after "Split Date."

Conrail Leadership Team: The CSAO principal officers and many associated staffers have already been appointed and brought on board; the leadership team includes:

Mr. Tim O'Toole - President and Chief Executive Officer;
Mr. Don Nelson - Senior Vice President of Operations;
Mr. Ron Batory - Vice President Operations;
Mr. Craig Curry - Chief Environmental and Safety Officer; and
Mr. Neil Ferrone - Director Safety.

The Governance Team includes the Board of Directors, President and Chief Executive Officer, and the Operations Committee (Engineering, Mechanical, NCSC, Blue Room Operations and five Division General Managers).

Operations and Operating Practices: Conrail will continue to observe the NORAC Rules for operations in the CSAO; thereby ensuring compatibility among the commuter, inter-city passenger and freight entities that operate over the CSAO territory. Dispatcher ranks will be filled with trained Conrail dispatchers familiar with the assigned CSAO territories. Conrail will dispatch North and South Jersey/Philadelphia from an existing Mt. Laurel, New Jersey location. Dispatching for the Detroit Shared Assets Area will initially be from Dearborn, Michigan.

Relocation of the Detroit desk to Mount Laurel is scheduled for August 15, 1999. The following are the significant operating issues that are being addressed.

- Conrail will handle within the CSAO territory all hazardous materials functions and will be supported by five (5) qualified emergency response contractors.

- Conrail is finalizing procedural changes, to be effective June 1, 1999, for post accident toxicological testing, certification and qualification of locomotive engineers, physical characteristics training of train and enginemen, train and accident reporting and operational testing.

Competition In The CSAO: Since the first announcements of the Conrail merger acquisition and review of the early SIP filings by NS, CSX and the CSAO, FRA has maintained a keen interest in the planned, joint operation of the CSAO. FRA believes there will be intense competition for business by NS and CSX in the Northern New Jersey/Southern New Jersey shared asset areas. How the CSAO equitably provides services to assemble, dispatch and maintain trains, crews and equipment operated within the shared asset areas will significantly impact the quality and safety of service provided to the northeastern seaboard shippers.

Intermodal facilities may represent a particular challenge for CSAO in managing rail operations in the face of this competition. The North Jersey Operating Shared Assets Area Plan assigns current Conrail intermodal facilities at Croxton, Portside and E-rail to NS. CSXT will operate the intermodal facilities at South Kearney and North Bergen. The facilities of APL, Ltd. and Mahr Terminals commonly referred to as "Express Rail" will be open to both railroads. CSAO officers have pledged neutrality of operations. General assignment guidelines have been formulated and are now being finalized for train routing within the CSAO territories (see Appendix Item V).

Unanticipated congestion or traffic disruptions at these facilities have the potential to migrate well beyond the CSAO area of operations and could impact rail service on CSX, NS or other carriers. FRA's Merger Surveillance Team will carefully monitor rail operations in the Shared Assets Areas and is prepared to act immediately to work with all parties to resolve potential service problems should they arise.

Equipment and Infrastructure: Upon "Split Date," CSX and NS will provide a total of 133 locomotives to Conrail for operations in the CSAO territories. FRA-mandated Quarterly Inspections of locomotives for North Jersey and South Jersey will be performed within the CSAO territory. The Detroit Shared Assets Area will receive such inspections outside the CSAO territory from both CSX and NS. The parent companies will perform heavy repairs for all CSAO designated motive power. Since the CSAO will be dependent upon CSX and NS for its motive power needs FRA will continue to monitor the CSAO locomotive fleet to ensure that it is sufficient to handle the traffic needs of this critical area of operations.

The Conrail track budget for the CSAO for 1999 is $13.5 million. Preliminary budget plans for the CSAO territories have been formulated. An additional $6.6 million is earmarked for the bridges and tunnels and other asset improvements. The Communications and Signals budget is $2.5 million.

Currently a number of construction projects are underway in the North Jersey area. These will provide a direct benefit to Conrail, CSX and NS after the split date. A few of these projects are delineated below:

- Croxton Yard - Conrail has initiated improvements at Croxton Yard located in Jersey City and Secaucus. This facility will go to the NS on split date. Improvements include construction of a 7 track industrial switching yard, each track will hold 30 cars. Plans call for this yard to be the base of operations for the industrial switching crews that will service the former Erie Lackawanna industrial trackage operated by NS and New Jersey Transit. NS also plans to relocate the bulk transfer terminal now located in the center of Croxton Yard and expand the current intermodal facility into this area.

- New York Susquehanna and Western - has established a connection linking Conrail's River Line with the NYS&W's Southern Division at Ridgefield Park, New Jersey. The connection will allow Conrail (later CSX) to have direct access to the CSLI Intermodal facility located at the NYS&W's Little Ferry terminal.

- Lehigh Line - On the Lehigh Line (former Lehigh Valley) ties are being replaced between CP Brook (Bound Brook) and CP Potter (Edson, New Jersey). The Pattenburg Tunnel is being single tracked in order to accommodate double stack container trains. In advance of this project, the existing passing siding is being reconfigured. The siding is being extended one mile to the west, from the current CP West Portal interlocking. A new interlocking will be constructed at the west portal of the tunnel. The siding will be eliminated through the tunnel, and only the single track main line will remain in the mile long bore. On the east side of the tunnel, a new interlocking is under construction. This will connect the current passing siding with the single track main line.

IV. Metropolitan SIP/STB Issues

The Conrail acquisition is especially significant for a number of metropolitan areas, primarily in Ohio and the Chicago area, that had been served by the CSX, NS and Conrail. Anticipated changes in freight traffic flows, route structure and operating practices raised uncertainty among many in these communities about the impact of the acquisition on important issues involving, potential congestion at highway/rail grade crossings, increased train traffic noise in residential areas, changes in employment levels and job assignments for railroad workers and other issues. A number of the STB conditions and items in the SIP's concern issues in these metropolitan areas.

Thus far NS has provided FRA with complete documents, updated as of February 23, 1999, regarding the status of items mandated by the STB as a condition of the merger. NS reports that the STB mandates; including those projects affecting Cleveland, Lakewood, Bay Village, Rocky Run, the Cloggsville Project, the Vermillion Project and others, are all on schedule.

Congressman Dennis Kucinich's office held a Conrail merger progress assessment meeting on March 8, 1999, in Lakewood, Ohio, to discuss acquisition issues that affect the West Shore communities in Ohio. Area Mayors and representatives from NS, CSX, the State of Ohio and the FRA met to discuss the implementation of recently completed agreements involving the parties. Representatives present from NS and CSX indicated that all agreements with their respective companies are on schedule and most will be completed before the June 1 deadline.

Increased Rail Traffic at Highway/Rail Grade Crossings: As a precaution to prepare communities and motorist for increases in rail traffic at highway grade crossings, notification letters will be sent to police agencies for each of the public crossings on rail lines identified as having an increase in rail traffic of eight trains or more, within three months of September 1, 1999. NS and CSX are installing temporary notification signs or message boards on railroad property at each crossing clearly advising motorists of the impending increase in traffic and speeds. These signs will be in place no less than 30 days before, and remain for 6 months after the increase in traffic occurs. Signs will be placed at 81 crossings and installation will be completed by September 1999. The crossings will also carry signs with a 24-hours per day, toll-free phone number to report crossing malfunctions. The railroads will provide sufficient funds to start construction of an underpass at Berea, Ohio, to expedite completion of a grade separation project.

Blocked Highway/Rail Crossings: The City of Olmstead Falls indicated a problem exists with Conrail train crews using their town as a crew change point which results in blocked highway/rail crossings for long periods of time. NS has committed to stopping this practice.

Rail Jobs in the Cleveland Area: There has been considerable uncertainty, particularly among the ranks of Conrail employees, about how the Conrail acquisition would affect rail labor in the greater Cleveland area. As plans for the acquisition began to crystalize it was learned that there

would be an overall increase of seven (7) positions among Agreement personnel; this includes clerks, engineers and trainmen. The impact of rail positions is as follows: a net of 59 job abolishments, 44 job creations, 16 transfers out and 38 transfers in. Even recently, many Conrail employees appear to remain uninformed about the impact the acquisition will have on their positions, especially on territories allocated to the NS. The NS responded by issuing a survey to Agreement employees so they could make their views known about their work preferences.

Coordination of Rail Operations in the Greater Chicago Area: Since the early days of railroading, Chicago has been the nation's pre-eminent railroad transportation hub. The greater Chicago area has nearly 100 rail junctions and at-grade rail crossings, which have long posed significant challenges for the coordination of rail traffic. With the anticipated increase in traffic that is likely to result from the acquisition, FRA has been concerned about the potential for rail traffic congestion in the Chicago area. A service interruption on one railroad can quickly impact rail service on a connecting carrier. Furthermore, the Chicago area has a large number of highway-rail grade crossings, many of which are located on busy city streets, major thoroughfares and in residential neighborhoods. Likewise, rail service disruptions can have a serious adverse impact on highway traffic.

During the first week in April 1999, FRA Administrator Jolene Molitoris met with representatives from CSX, NS and the other major rail carriers in the Chicago area, urging them to work together to better coordinate traffic flows in an attempt to minimize the potential for rail congestion and reduce disruption to highway traffic and residential neighborhoods. The railroads have begun meeting and are in the process of developing coordinated operating and maintenance plans to address these concerns. FRA will continue to monitor the progress of efforts to improve rail traffic flows in the greater Chicago area.

V. Future of the SIP Process

Continued FRA Monitoring: FRA will continue its close surveillance of the Conrail merger integration process in the manner as previously described and will provide biannual reports to the STB about the progress of CSX, NS and CSAO in implementing and updating their SIPs until integration of the Conrail territories into those three entities is successfully completed. In addition to the bi-annual reports, FRA may be called upon by STB to issue special reports relative to the SIP process.

FRA's Merger Surveillance Team will continue to conduct "listening sessions" in the field to obtain direct input from front line employees, rail labor representatives, field supervisors and other parties regarding safety, service and operating concerns as long as the merger integration process continues. Listening sessions in February 1999 between FRA SIP Team Leaders and several rail labor leaders did not reveal any specific safety concerns. However, the labor representatives did express concerns about how the current Conrail employees might be affected by discipline policies and seniority issues on the acquiring railroads.

Joint STB/FRA Rulemaking: Based upon collaboration between the FRA and STB, a joint Notice of Proposed Rulemaking (NPRM) was published in the *Federal Register* on December 31, 1998, establishing proposed criteria and conditions under which Safety Integration Plans would be required in as a condition of future railroad mergers and acquisitions. The proposed rule would require that SIPs be developed for significant mergers and acquisitions as defined in the NPRM. Furthermore, the NPRM outlines the respective roles of the STB and FRA in the development, implementation and oversight in the SIP process.

VI. FRA's Summary Comments on the Status of the Conrail Acquisition

A significant beneficial effect of the SIPs has already been demonstrated in the graduated approach to integration of the acquired Conrail territories used by the acquiring railroads. The retention of many well qualified Conrail managers by CSX, NS and CSAO will allow these carriers to draw upon a high level of institutional knowledge when operating the newly acquired Conrail territories. The staging of implementation actions over the past seven months has lessened the potential for a degradation in safety and performance.

Need for Continuing Effort: Safety requires constant attention and effort. Both CSX and NS are operating safety review trains to view the newly acquired territories and introduce high level managers to Conrail personnel. The carriers are also providing extensive safety training prior to the split date. FRA believes that this is a prudent safety measure. These efforts clearly demonstrate CSX and NS each desire to judiciously integrate the former Conrail properties into their new respective railroads.

Monitoring Competition in the CSAO: FRA believes that it is very important to monitor the operations and performance in the CSAO areas, specifically, intermodal operations of the Northern New Jersey Shared Assets Area. If not properly managed, competition between CSX and NS in these areas could potentially lead to safety concerns or service disruptions that could migrate to other areas of the rail network. FRA will continue to conduct close surveillance of these operations as the merger progresses. CSAO's detailed planning has continued to progress and has provided assurances for the safety of these operations

Interim Conrail Operations: Based upon FRA's recent observations at Conrail's Operations Center and the seven-month period of feedback from FRA's Surveillance Team Conrail is operating well at the present time. Reports indicate the carrier will have increased loadings and revenue for 1998-1999, and that the physical plant and facilities are poised for successful merger integration.

Conclusion: Between the time of this report and "Split Date," CSX, NS and CSAO must have IT systems work complete and tested; necessary labor agreements in place; training completed; team projects completed and operational readiness established. This work appears to be continuing on schedule. During the period covered by this review, no performance or safety conditions have been identified or foreseen on the NS, CSX, or CSAO acquired territories, arising out of approval of the acquisition or its ongoing integration, that FRA believes would necessitate further STB oversight actions at this time.

APPENDIX

Conrail Merger Surveillance: NS, CSX & CSAO
SIP/Safety Update

Appendix Items:

I. Federal Railroad Administration (FRA) Office of Safety
Safety Integration Plan Guidelines - Rev. 3 of 11/24/97

II. *FRA's Conrail Merger Safety Assessment and Surveillance Plan* - 9/3/98

III. *Conrail Operations* (Performance Measures) - Presentation November 20, 1998

IV. A. *FRA's Office of Safety Statistics for Conrail*

IV. B. *Safety Update Presentation to the FRA* - November 20, 1998

V. *Safety Integration Plan Review Shared Assets Operations* - January 29, 1999

Appendix I.

Rev. 3 of 11/24/97

Federal Railroad Administration (FRA)
Office of Safety

SAFETY INTEGRATION PLAN GUIDELINES

November 7, 1997
Washington, D.C

SAFETY INTEGRATION PLAN GUIDELINES

Introduction

The Federal Railroad Administration (FRA) has determined from the mergers of the Union Pacific Railroad Company and the Southern Pacific Transportation Company and the Burlington Northern Railroad Company and the Atchison, Topeka and Santa Fe Railway Company that integrating operations of two Class 1 railroads into one railroad presents significant challenges to rail safety. Investigations of recent collisions, derailments, and other serious incidents reveal a correlation between inadequately planned operational integration of independent railroad entities and compromises of rail safety. Railroads merging with or acquiring other railroads must prepare thorough and complete, formal, written safety integration plans to ensure safe operations.

For these reasons, FRA submits the following guidelines that CSX Transportation, Incorporated (CSXT), and Norfolk Southern Corporation (NS) should address in their respective safety integration plans (SIP). The SIPs should focus on the formulation, development, issuance, and implementation of measures that address specific operational elements, as detailed below, necessary to ensure compliance with the Federal railroad safety laws and otherwise provide safe railroad operations. As one example of how a SIP should extend beyond the reach of present Federal railroad safety regulations, an acquiring carrier should assure that personnel in safety-critical positions are not so burdened with tasks unrelated to safety that they cannot adequately perform their safety-critical functions. Principally, CSXT's and NS's SIPs must: show how their practices differ from Conrail's; identify as the end state to be achieved once their respective acquisitions are consummated practices that will minimize or eliminate incidents and injuries, and promote a culture emphasizing rail safety; and demonstrate step-by-step how they will effect the transition from current circumstances to their desired end states while maintaining safety. FRA underscores the need for the acquiring railroads to define the steps or procedures proposed to integrate Consolidated Rail Corporation's (Conrail) operational plans with their own during the transition process (i.e., until the acquisition is complete). FRA concludes that a SIP addressing the subject areas below will strengthen CSXT's and NS's integral operational interests and ensure safe rail transportation.

Safety Integration Plan

1. **Content of Plan**: Provide the following information for each subject matter listed in number 2:
   a. Itemized list or index of measures addressing (i) how Conrail differs from the acquiring railroad and best practices identified from either; (ii) description of how the railroad will operate once the acquisition is completed; (iii) step-by-step description of how elements of acquired property, including Conrail Shared Assets Operating Areas, will be integrated with operations of acquiring railroad; and (iv) efforts to comply with Federal regulations;

b. Allocation of resources (e.g., work effort expressed as person-days per year, capital, facilities, and technology) directed to that subject;
c. Schedule for implementing plans addressing that subject.

2. **Subject Matters To Be Addressed In Plan**
   a. Corporate Safety Culture
      i. Management attitudes, directives, priorities, practices, and philosophies, within each operating administration or division, that is directed to employee training, staffing, health, morale and safety practices
      ii. How organizational priorities will be balanced between (1) enhancing productivity (e.g., employment reduction and elimination of resource duplication) to achieve economic efficiency and (2) minimizing safety risks with no compromise of safety (e.g., narrowed communication forums between labor and management, excess hours, and loss of institutional knowledge)
   b. Training
      i. Train and engine service personnel
      ii. Roadway worker and bridge worker personnel
      iii. Motive Power and Equipment personnel
      iv. Dispatching and operating personnel
      v. Signal and Train Control personnel
      vi. Hazardous materials personnel
   c. Operating Practices
      i. Operating rules, practices, and instruction
         (1) Training and qualifying train crews
         (2) Rulebook(s) to govern
         (3) Standardizing operational testing programs
      ii. Accidents/Incidents
         (1) Reporting procedures for accidents/incidents
         (2) Procedures available to employees perceiving intimidation and harassment under Railroad Accidents/Incidents regulations
      iii. Alcohol and Drug
         (1) Integration of Conrail program with acquiring railroads' programs
         (2) Implementation of Post Accident Toxicological Testing and Random Drug and Alcohol Testing programs on acquired territories
      iv. Locomotive Engineer Qualification and Certification
         (1) Qualifying and certifying engineers on acquired territories
      v. Hours of Services laws
         (1) Implementing measures for electronic recordkeeping
         (2) Centralizing crew management functions
      vi. Yard/terminal operations
         (1) Training and instructing employees to ensure familiarity with rules

governing yard/terminal operations

d. Motive Power and Equipment
   i. Qualifying employees on inspections and tests of rolling equipment
   ii. Implementing mechanical department maintenance and equipment service plans
   iii. Implementing measures to ensure safe freight operations and compliance with the law when "blocking" and "block swapping" trains
   iv. Ensuring a sufficient fleet service and inventory to carry out field operations

e. Signal and Train Control
   i. Operating budgets addressing
      (1) Training
      (2) Maintenance
      (3) Capital improvements
      (4) Research and development projects and programs
   ii. Ensuring safety maintenance with integration of, or migration to, properties acquired, specifically, Automatic Cab Signal/Automatic Train Control systems and wayside and cab signal aspects and indications

f. Track and Structures
   i. Maintenance, management and rehabilitation of track and bridges
   ii. Inspection program for track and bridges
   iii. Sufficient employee (including supervisors) coverage for track and bridge safety

g. Hazardous Materials
   i. Programs addressing field operations and internal safety audits
   ii. Need for comprehensive inspection program addressing:
      (1) Field inspections
      (2) Hazardous materials communication standards (e.g., shipping paper, marking, labeling, and placarding requirements)
      (3) Employment staffing to implement program
      (4) Emergency response practices and procedures
   iii. Computer software systems to ensure immediate availability of hazardous materials shipping paper information
   iv. Customer service centers
      (1) Sufficient employment staff levels
      (2) Timely generation and transmission of hazmat information on trains and shipments to customers and Federal officials

h. Dispatching Operations
   i. Measures to eliminate or minimize excess service performed and reduce maximum dispatching workloads, including criteria used for determining maximum safe workloads
   ii. Integrating acquired dispatching system with acquiring railroads' systems

i. Highway-rail Grade Crossings
Safety prevention and emergency response program addressing:
(1) Increase traffic volume, speeds, and track at crossings
(2) Improved warning devices
(3) Rail safety education of public
(4) Improved crossings with emphasis on closing existing crossings

j. Allocation and deployment of personnel in following sectors:
i. Management of safety programs
ii. Roadway maintenance
iii. Motive Power and Equipment maintenance
iv. Dispatching operations
v. Train and Engine service
vi. Yard and terminal service
vii. Signal and Train Control maintenance
viii. Customer service centers

k. Employee "Quality of Life" issues
i. Rest
ii. Travel/time away from home
iii. Perceptions of harassment or intimidation
iv. Health and wellness programs
v. Morale
vi. Availability and distribution of personal safety equipment (e.g., safety shoes, eye protection, and ear plugs)

l. Relationship between freight and passenger service. Each plan to address the integration of freight and passenger operations on the following lines:

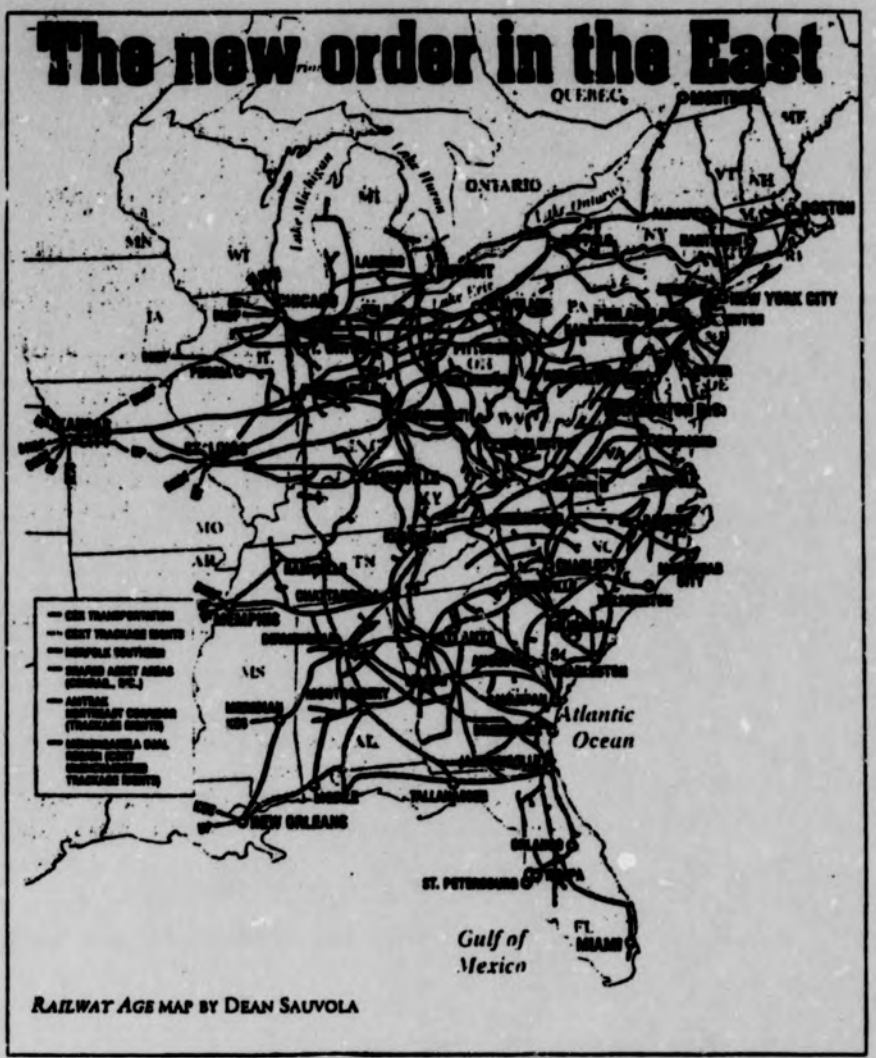
i. MARC
ii SEPTA
iii VRE
iv METRA
v NJTR
vi MNCW
vii MBTA
viii Amtrak

m. Information Systems Compatibility. Each plan to address information systems to be implemented that will provide for the uninhibited interchange of information between the acquiring railroads in the following areas:
i. Train consists
ii. Train performance
iii Waybill/car movements
iv Dispatching
v Hazmat

vi Crew management
vii Accident/incident reporting and record keeping
viii Equipment management (locomotives and freight cars)
ix Emergency shutdowns

U.S. Department of Transportation

Federal Railroad Administration



FRA's Conrail Merger Safety Assessment and Surveillance Plan

FRA's Conrail Merger Safety Assessment and Surveillance Plan

1.0 Background:

On June 23, 1997 the acquiring railroads (CSX and NS) filed their application with the Surface Transportation Board (STB) to acquire Conrail. The proposal was to divide Conrail's assets, and create two rail networks that will compete with one another throughout the eastern United States ($10.2 billion acquisition with 58%/42% division of ownership, respectively, by NS/CSX). Over a ten-month period FRA conducted a formal safety assessment of the proposed mega-merger and participated in a series of STB scheduled filings.

In August 1997 FRA initiated its safety assessment of the NS/CSX proposed acquisition by reviewing both applicant's proposed operating plans, and also performing an analytical safety risk assessment of some 61 affected line segments at CS/NS/CR. It was determined that detailed safety planning was not provided in either railroad's operating plans (not previously required in ICC/STB filings), and that there were at least four major route segments of the planned merger with projected safety risk increases of greater than 50%. During this same time period, FRA also performed parallel safety reviews of the service performance "meltdown" occurring at UP/SP and operations at BNSF, CSX, NS and Conrail. On October 21, 1997 DOT (FRA) filed its findings with STB and recommended that the Applicants be required to develop "first time ever" ***Safety Integration Plans (SIPs)***. Within two weeks the STB ordered CSX and NS to develop Safety Integration Plans (SIPs) within 30 days which extended the merger processing schedule by 45 days.

FRA immediately went to work to assist the railroads in effectively structuring their SIPs by developing ***Safety Integration Plan Guidelines*** (rev. 3 of 11/24/97). These guidelines covering 13 safety-critical areas (including corporate safety culture) were furnished to the applicant railroads in early November 1997. Thereby, the applicant railroads were able to quickly and diligently prepare their planned merger safety actions and filed their completed SIPs with STB on the December 3 deadline.

Although their SIPs were considered complete for STB's purposes, both railroads have continued to work closely with DOT (FRA) to identify additional timing (schedules) and resource allocations (workforce and $) for all of their SIP specified safety action items. Both railroads provided 30-40 page documents with itemized safety actions (60-70) to be accomplished over the proposed three- five year integration period. These more detailed safety actions have become referred to as ***Safety Integration Plan Accountability (SIPA)*** worksheets. FRA plans to use these documented commitments (planned safety actions with assigned resources) by both railroads as the primary baseline to monitor progress of their merger implementation (integration). In a written decision issued on July 23, 1998 the STB approved the Conrail merger with certain conditions.

2.0 Merger SIP/Safety Integration Surveillance:

2.1 Following approval of the merger by STB, CSX and NS have jointly agreed to proceed from "Control Date" to "Split Date" ("Day One" or "Closing Date") in a planned approach. "Day One" is the date on which applicants will effect the division between CSX and NS of the operation and use of the assets of Conrail. The conditions set forth by the STB in its merger approval for CSX and NS are inherently expected to delay any significant merger related safety action items by either party until the Fourth Quarter of 1998 or until January 1, 1999, or thereafter.

2.2 The items in which DOT(FRA) will concentrate for SIP/safety surveillance and the assessment of progress towards successful merger integration include:

- The SIPs and SIPAs filed by each railroad and the CSAO.
- Present operating safety conditions at each railroad (CSX, NS and Conrail acquired properties and CSAO); safety audits and surveys; statistical reporting of the affected railroads; and examination of inspectors reports/violations.
- Review of past and on-going Safety Assurance and Compliance Program (SACP) efforts at each railroad.
- Close surveillance of progress made by each railroad on the safety related merger conditions set by the STB.
- Liaison review with the STB on evaluation of Operational Monitoring reports tendered by each railroad (15 specific reporting requirements imposed by STB).

2.3 The STB in its approval of the merger imposed a <u>five (5) year oversight condition,</u> as well as the following safety related conditions:

(1) "Applicants should meet with labor representatives and attempt to form task forces for the purpose of promoting labor-management dialogue concerning implementation and safety issues."

(2) "Applicants must comply with the environmental mitigation conditions set forth in Appendix Q." For the purpose of SIP/safety surveillance, FRA will focus upon those conditions which are explicitly safety related: Conditions 1(A), 1(B), 1(C), 1(D), 2, 3, 4(A), 4(B), 4(C), 4(D), 5(A), 5(B), 6, 7, 8(A), 8(B), 9, 10, 19, 20(A), 20(B), 20(C), 21, 22(A), 22(B), 22(C), 23, 24, 25, 26(A), 26 (B), 26(C), 26(D), 27(A), 27(B), 27(C), 28, 29(A), 29(B), 29(C), 29(D), 30(A), 30(B), 30(C), 31 (A), 31(B), 31(C), 31(D), 31(E), 31(F), 31(G), 32(A), 32(B), 32(C), 33, 34(A), 34(B), 34(C), 34 (D), 35, 36(A), 36(B), 37, 38(A), 38(B), 38(C), 39, 40, 41(A), 41(B), 41(C), 42(A), 42(B), 43(A), 43(B), 46, 49(A), 49(B) and 50.

(3) "The Promotion of Safety. Our decision clearly promotes safety. More than half of the environmental conditions involve safety. For the first time ever in a merger, the applicants were required to submit safety integration plans. And, as part of the merger implementation oversight, the implementation of these plans will be carefully monitored through a *Memorandum of Understanding* (MOU) between the Board and the Department of Transportation, which clearly represents a cooperative governmental initiative in the public interest."

3.0 Merger SIP/Safety Surveillance Staff:

FRA's intent is to monitor the progress of the safety integration of each railroad with the least intrusive measures and procedures as feasible to do so. FRA, however, will use headquarters staff, regional officers and local field inspectors and all of its compliance tools, as required, to conduct close surveillance and monitoring of the progress of the merger. Responsibility for overall monitoring oversight will be vested with FRA's Office of Safety Assurance and Compliance (*see Conrail Merger Safety Surveillance organizational chart, page 5*). There will be an FRA assigned Senior Surveillance Officer and Director, Surveillance to assure that monitoring activities and proficient surveillance practices remain on track throughout the required period of merger integration. These officers will be the headquarters contacts for CSX, NS, the CSAO and the STB. Reporting through the Director, Surveillance will be three (3) Regional Surveillance Officers responsible for the oversight of specific safety related actions taken by CSX, NS and the Conrail Shared Assets Operations (Conrail). Each Regional Surveillance Officer will have several strategically located SIP/safety monitors (inspectors) that will report compliance with the SIP action items and other operating safety conditions. The Regional Surveillance Officers will use all of the methods identified in Section 2.1 thru 2.3 to appropriately assess the progress made on SIP safety action items and the progress of merger integration related to local safety conditions in their assigned areas.

4.0 Merger Safety Progress Reviews/Reports:

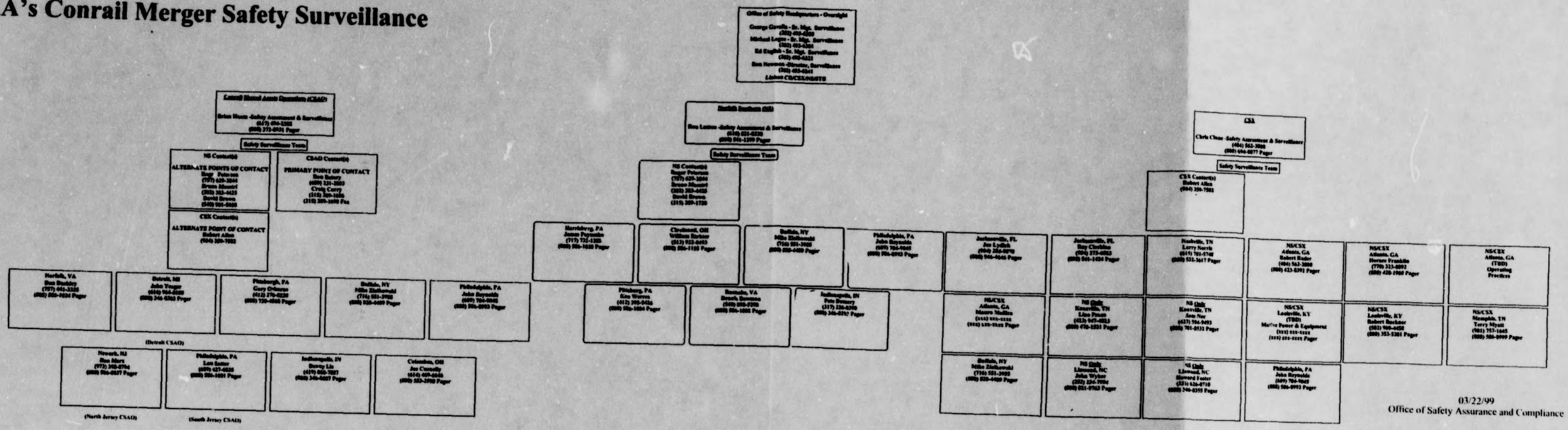
4.1 All items addressed in Section 2.0 are to be considered in the on-going SIP/safety progress reviews. Written monthly SIP/safety assessment progress reports will developed by the Regional Surveillance Officers and submitted to FRA headquarters (Office of Safety Assurance and Compliance through the Surveillance Director). Copies of these reports are to be furnished to the designated liaison officers from CSX, NS and the CSAO (Conrail) on a current basis.

4.2 The headquarters Director, Surveillance will provide independent summary progress reports on the merger integration to FRA's senior management as required. Comprehensive written reports on SIP/safety progress will be provided by FRA to the STB on a biannual basis (January and July 1) of each year starting in 1999 as specified in the MOU. FRA will provide copies of these reports to CSX, NS and the CSAO (Conrail) on a current basis. The style and format of these reports will be determined by FRA staff.

4.3 FRA's Director, Surveillance and/or the Regional Surveillance Officers will conduct frequent SIP/safety integration reviews separately with NS, CSX and CSAO designated liaison officers (at least quarterly). These reviews will be conducted on a formal basis with meeting minutes and written summary findings to be provided. The progress summaries and meeting minutes will be separately retained on FRA's files for CSX, NS, and the CSAO.

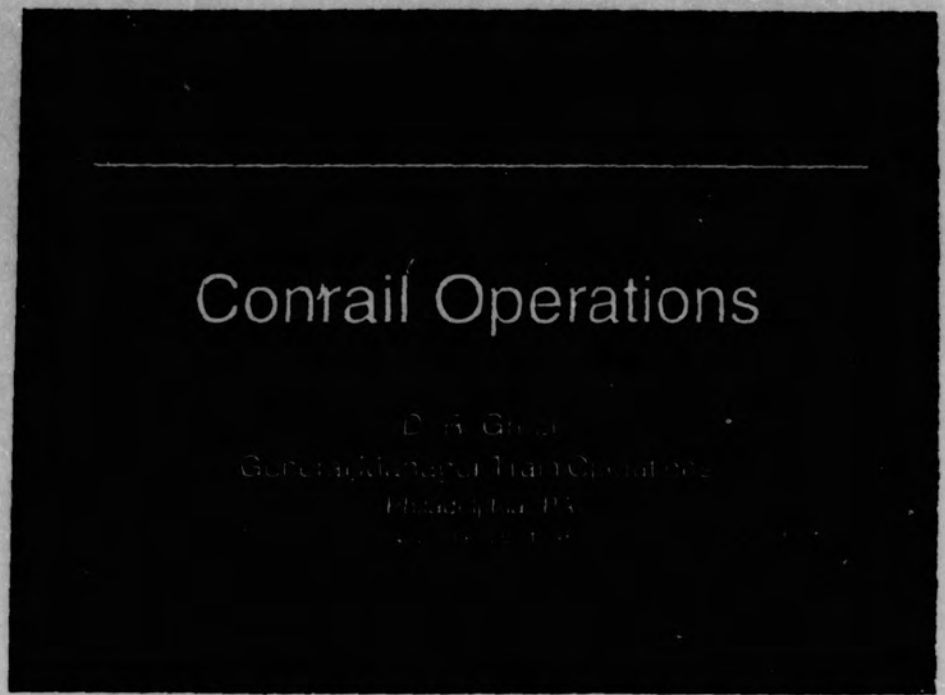
4.4 During the period of time between the "control date" of the STB approved acquisitions and the "split dates" for CSX and NS, FRA staff will establish the surveillance organization referenced on page 5 and will perform interim monthly report monitoring on the same basis as described in Sections 4.1 thru 4.3.

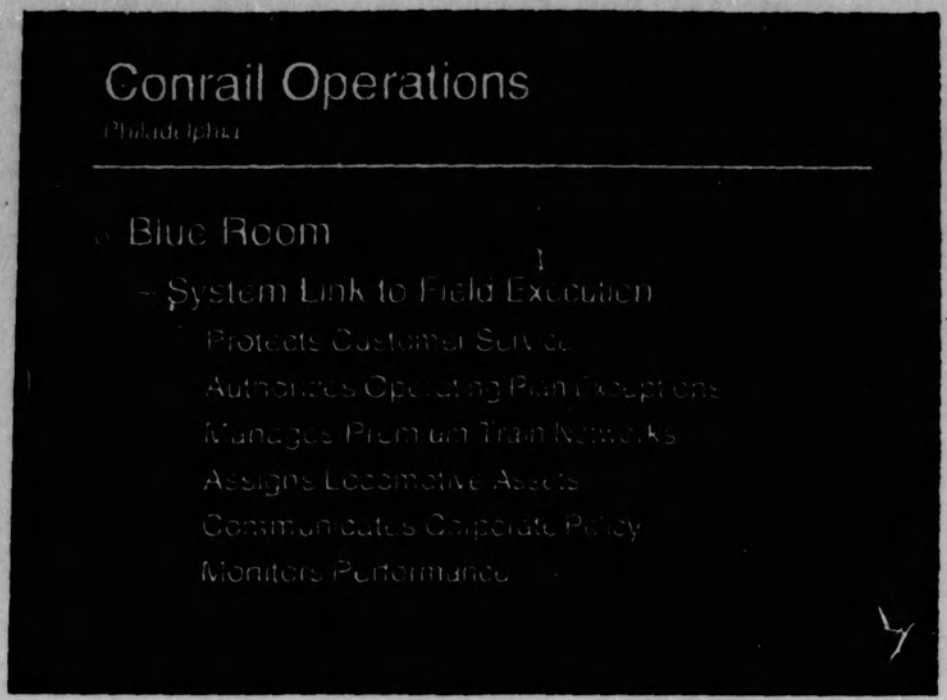
FRA's Conrail Merger Safety Surveillance



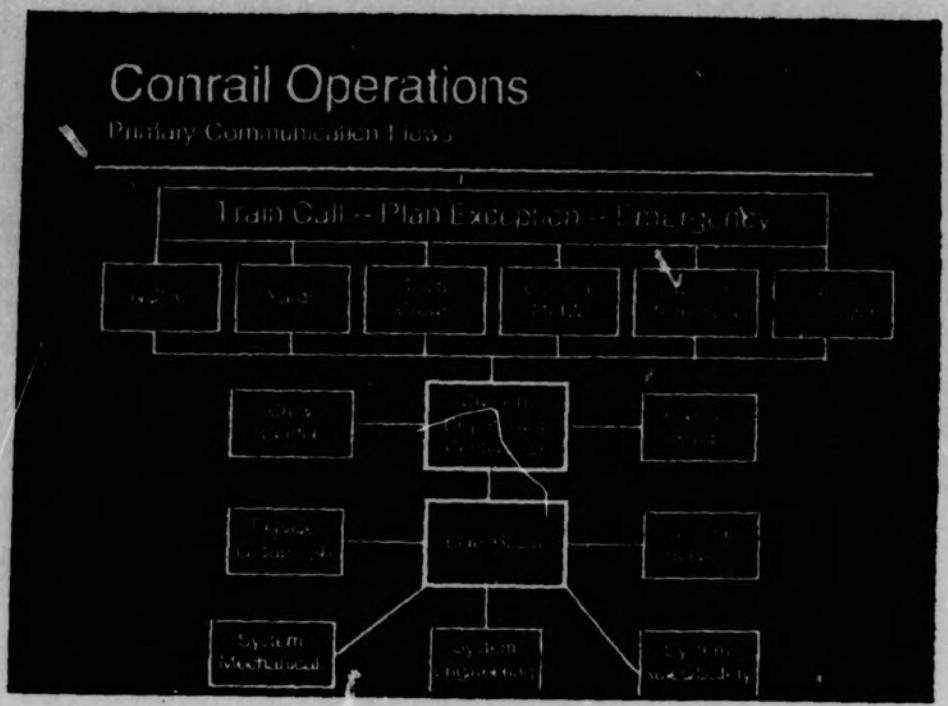
03/22/99
Office of Safety Assurance and Compliance

Appendix Item III.





A description of how Philadelphia impacts Conrail Operations.



A chart of how communication flows on Conrail.

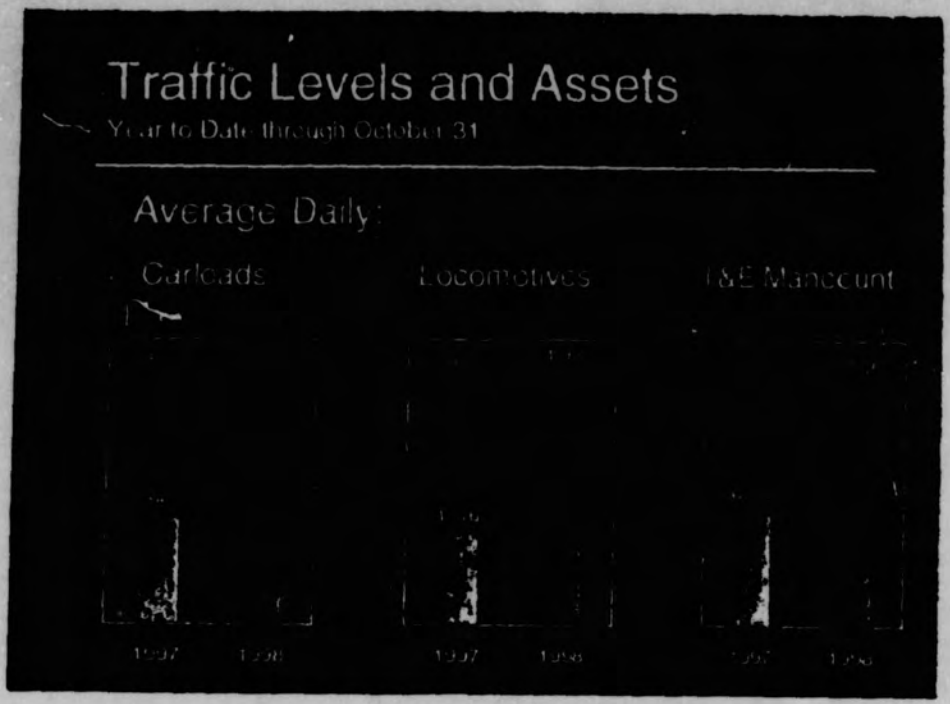
How Conrail works -- From basic "Train Call" -- to exceptions -- to emergencies.

The yards, the NCSC, Crews, ect. talk to each other and their Division offices.

Division Offices talk to the Dearborn Crew Center -- Other Railroads -- and the Blue Room.

The Blue Room authorizes Division Plan exceptions -- protects active shipments with Customer Service and plans future changes to the operating plan with the Service Groups.

Other SYSTEM efforts, such as maintenance of way planning, flow from the Blue Room.



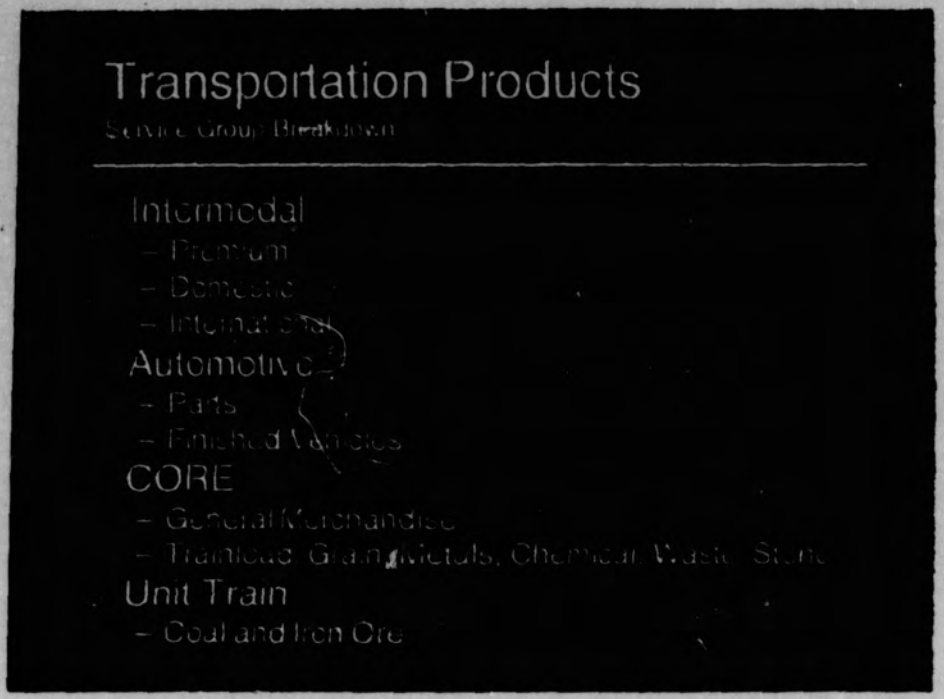
A description of traffic levels and asset availability.

Average Daily Carloads so far in 1998 (through October 31) were up 4.2% over last year.

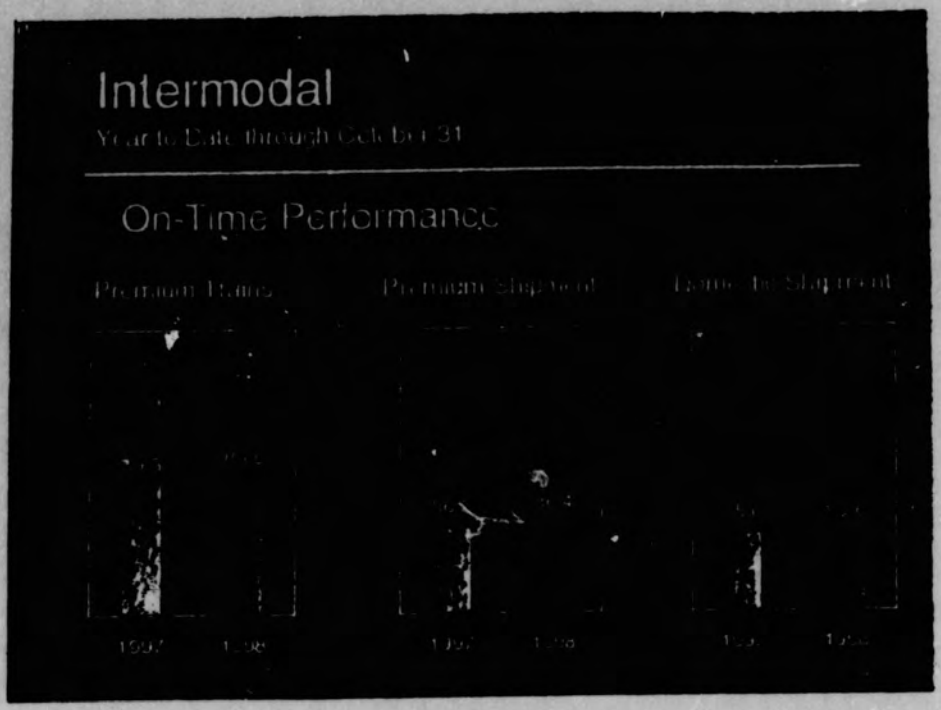
We've increased our locomotive fleet by 2.6% to handle the higher traffic levels.

> Note: We didn't need 4.2% more engines because our existing trains absorbed more than 1% some of the additional business.

Our year to date average T&E mancount rose only 0.8% versus last year -- but that count has risen dramatically during the past two months, during our peak volume period -- October's population was up 3.6% over January's.



A service group description and the products handled by each group.



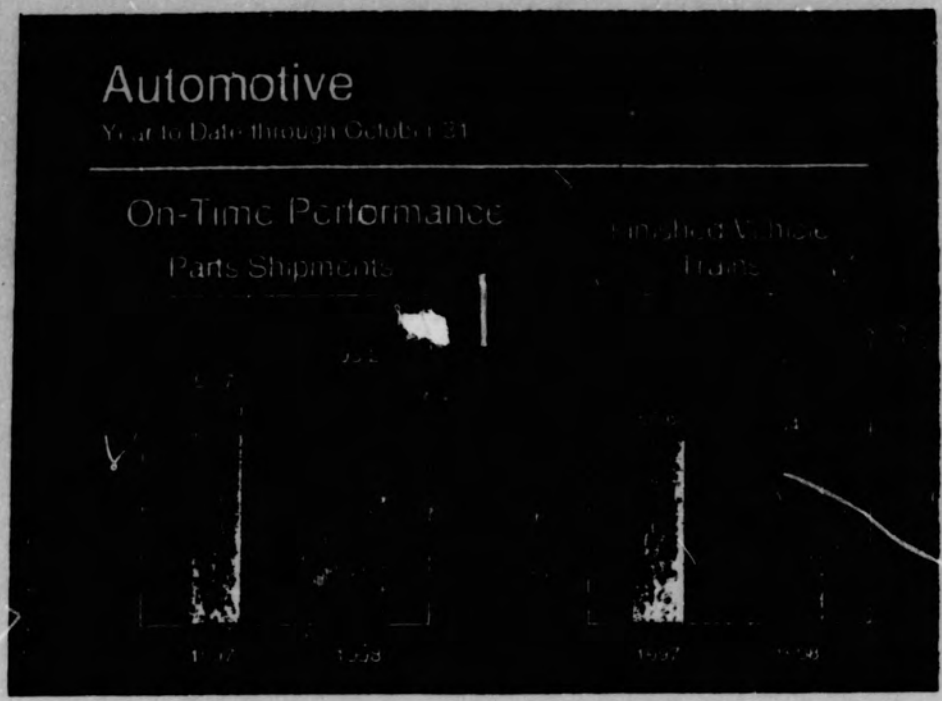
NOTE: 1997 was a great service year for Conrail -- we were cited by several publications and received a number of customer awards as the No. 1 service railroad in the country -- 1997 is our benchmark year.

Intermodal Performance measures so far in 1998:

Premium Trains -- Up 0.5%.

Premium Shipment Availability -- Up 0.2%.

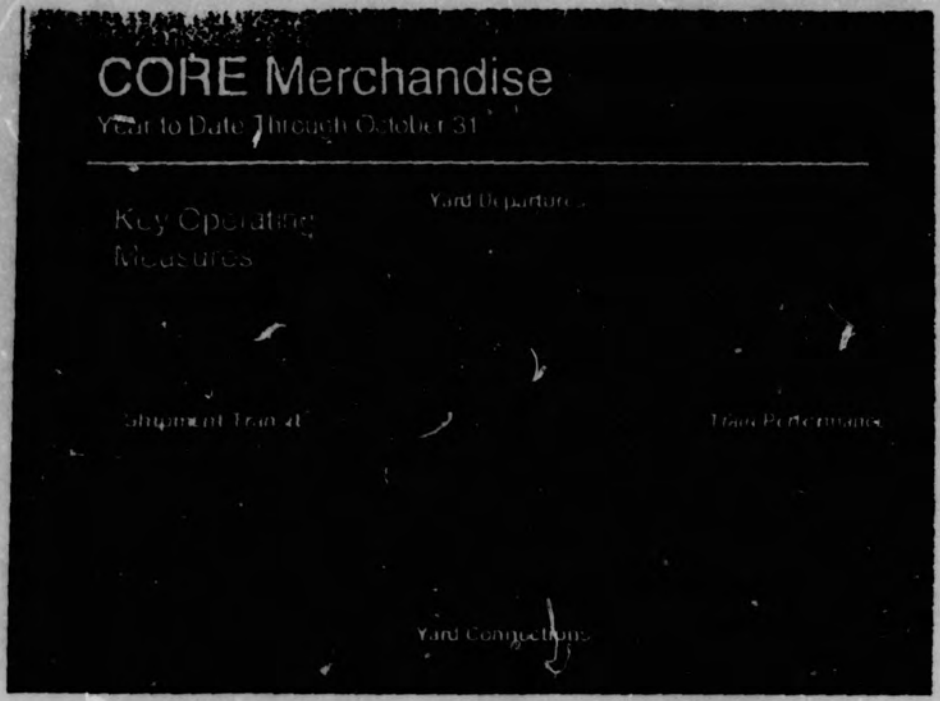
Domestic Shipment Availability -- Unchanged



Our auto parts shipments moved a little better this year -- up 1.5%.

Our mult-level trains were down 1.9%

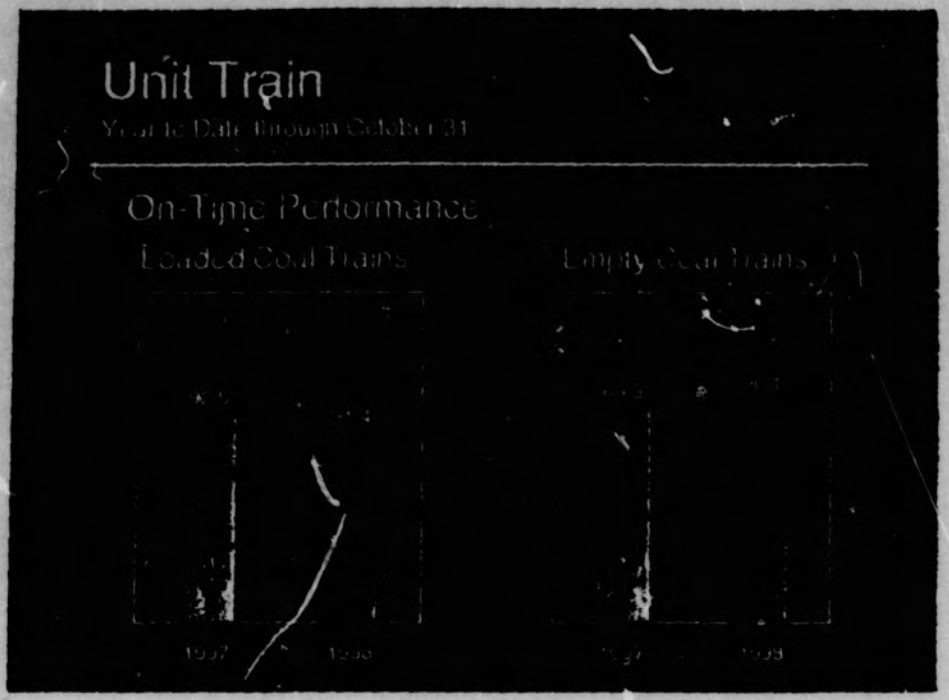
NOTE: Train congestion due to the Short Line work in Cleveland -- where our Eastbound Mult-Level Fleet is built -- was the single largest factor for the performance decline



The key measures that we use to evaluate our CORE performance are virtually unchanged:

	1997	1996	Difference	
Yard Departures (% On-Time)	66.2	65.7	-0.5	Unfavorable
Train Performance (% On-Time)	62.9	62.6	-0.3	Unfavorable
Yard Connections % Made Connection	75.7	77.9	2.2	Favorable
Shipment Transit (Hours)	70.6	71.9	1.3	Unfavorable

These numbers indicate another good CORE year.



Our coal trains are also in line with last year's performance.

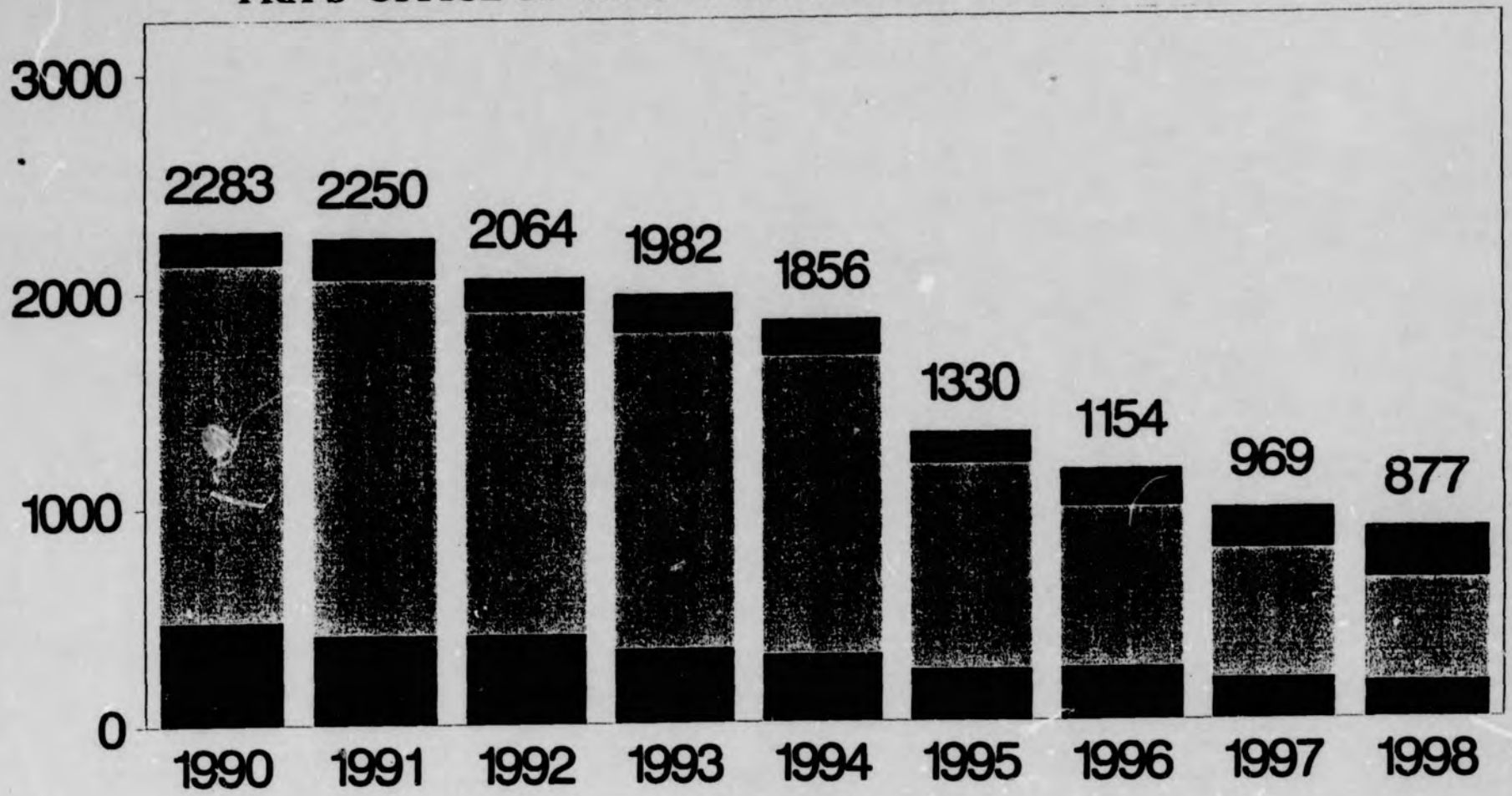
Loaded trains -- down 1.1% -- but above our 90.0% goal

Empty trains -- up 0.8% -- also over our 90.0% goal.

TOTAL ACCIDENT/INCIDENTS

JAN – DEC (1998 Preliminary)

FRA'S OFFICE OF SAFETY STATISTICS FOR CONRAIL



Highway–rail Other incs. Train acc

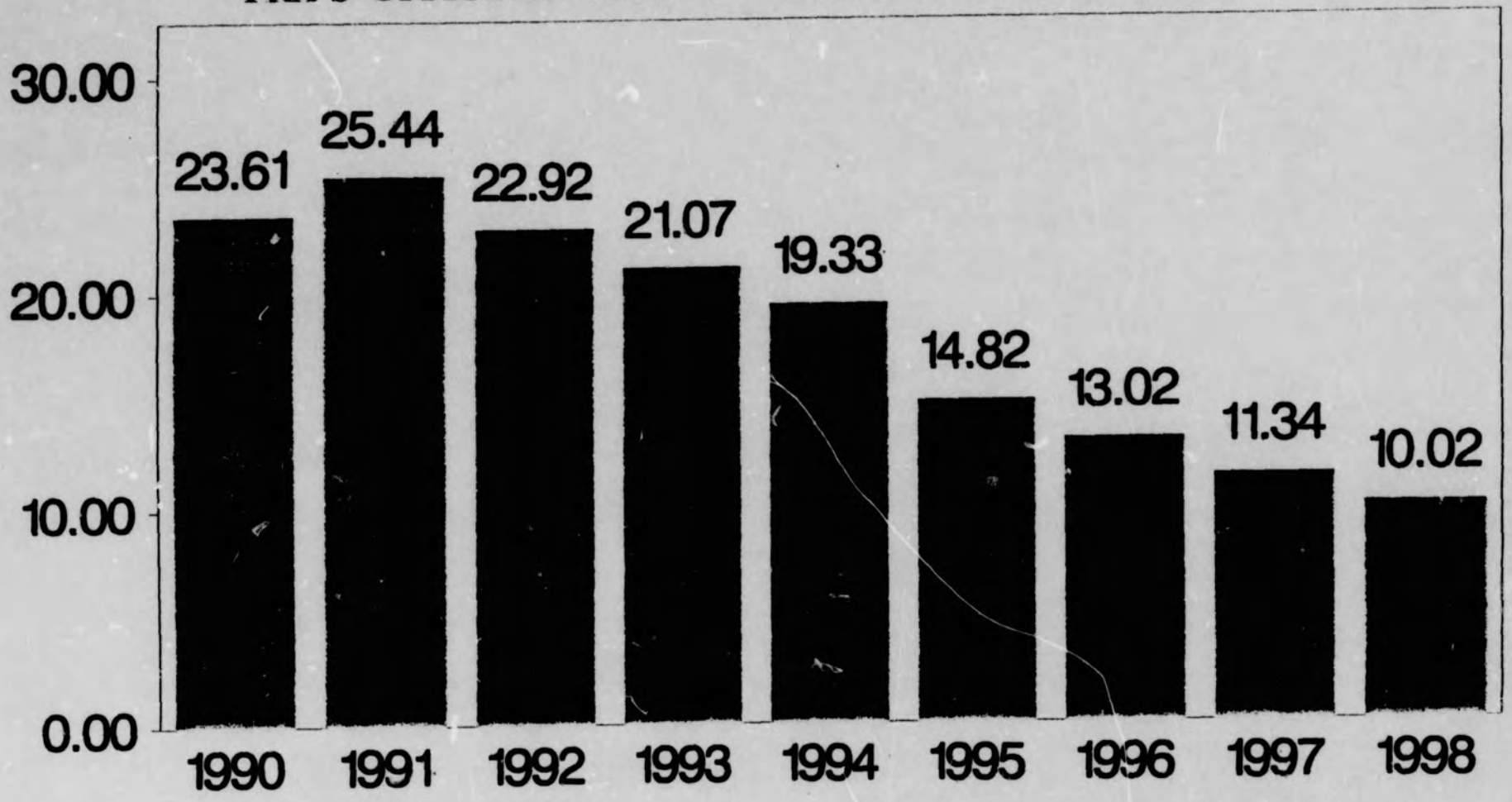
"Other Incidents" are primarily employees hurt in the work place.

Appendix Item IV A.

TOTAL ACCIDENT/INCIDENT RATE

JAN – DEC (1998 Preliminary)

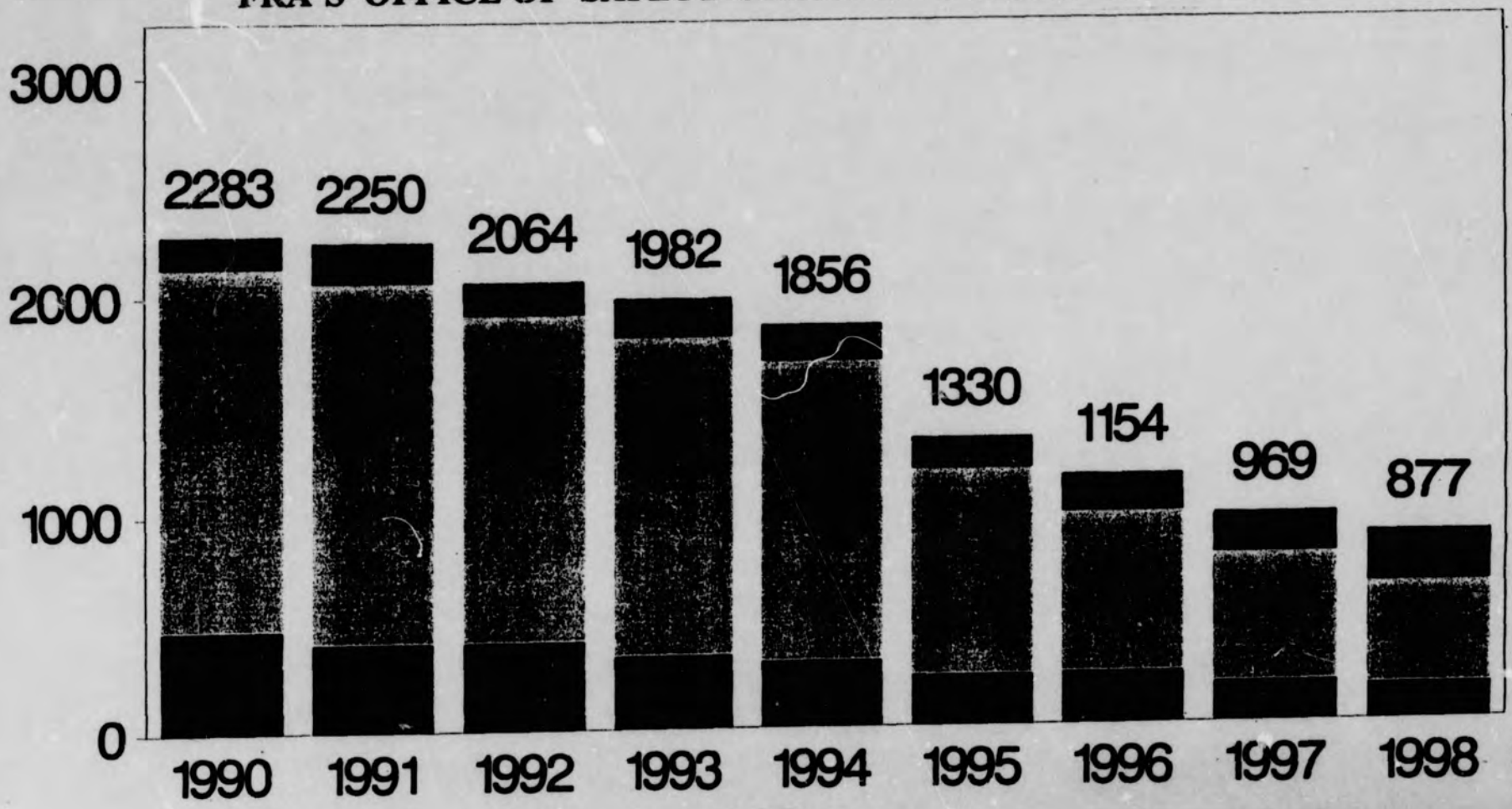
FRA'S OFFICE OF SAFETY STATISTICS FOR CONRAIL



Rate is the total number of reported events time 1,000,000 divided by the sum of train miles and employee hours

TOTAL ACCIDENT/INCIDENTS
JAN – DEC (1998 Preliminary)

FRA'S OFFICE OF SAFETY STATISTICS FOR CONRAIL



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TOTAL ACCIDENT/INCIDENT RATE

JAN – DEC (1998 Preliminary)

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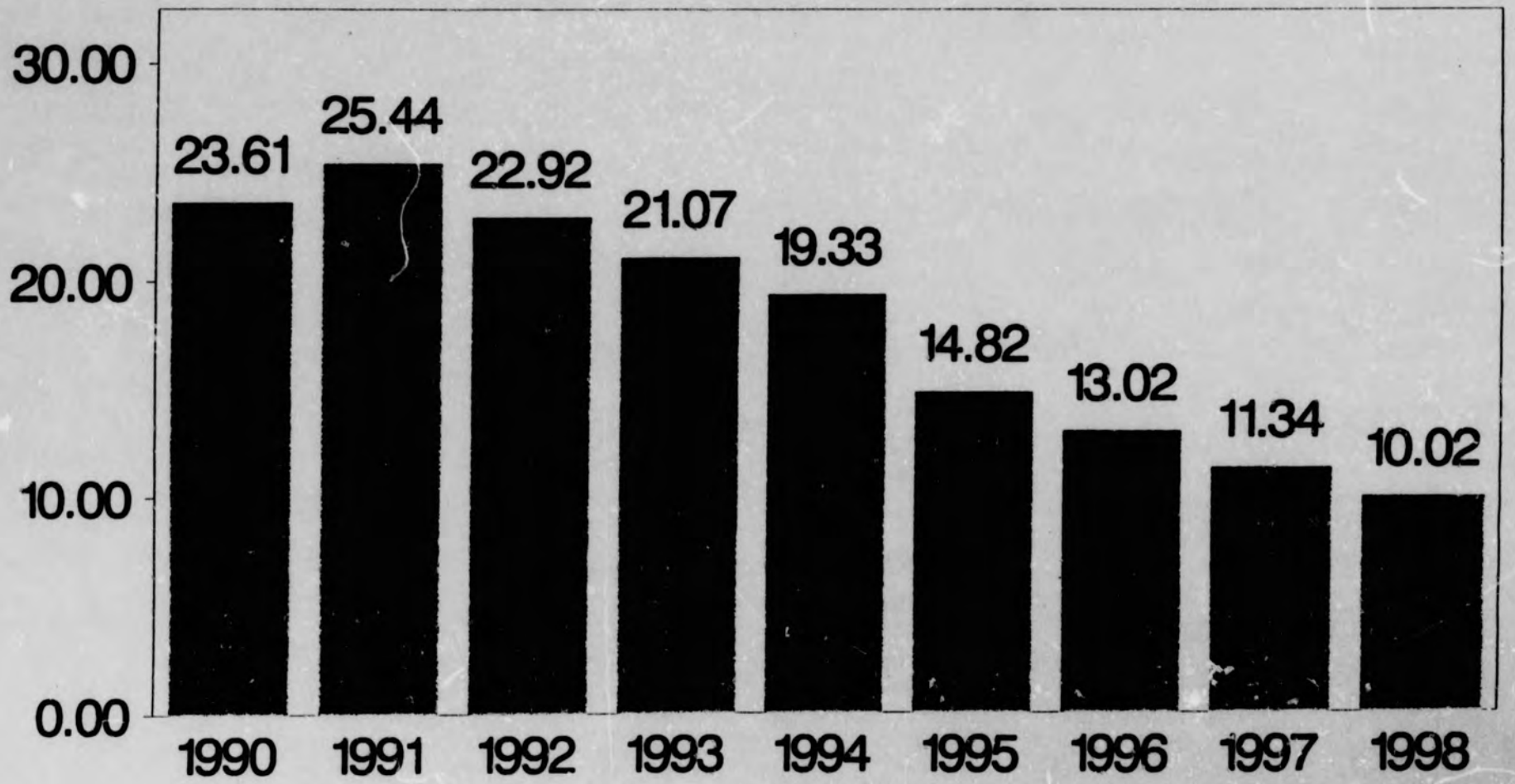
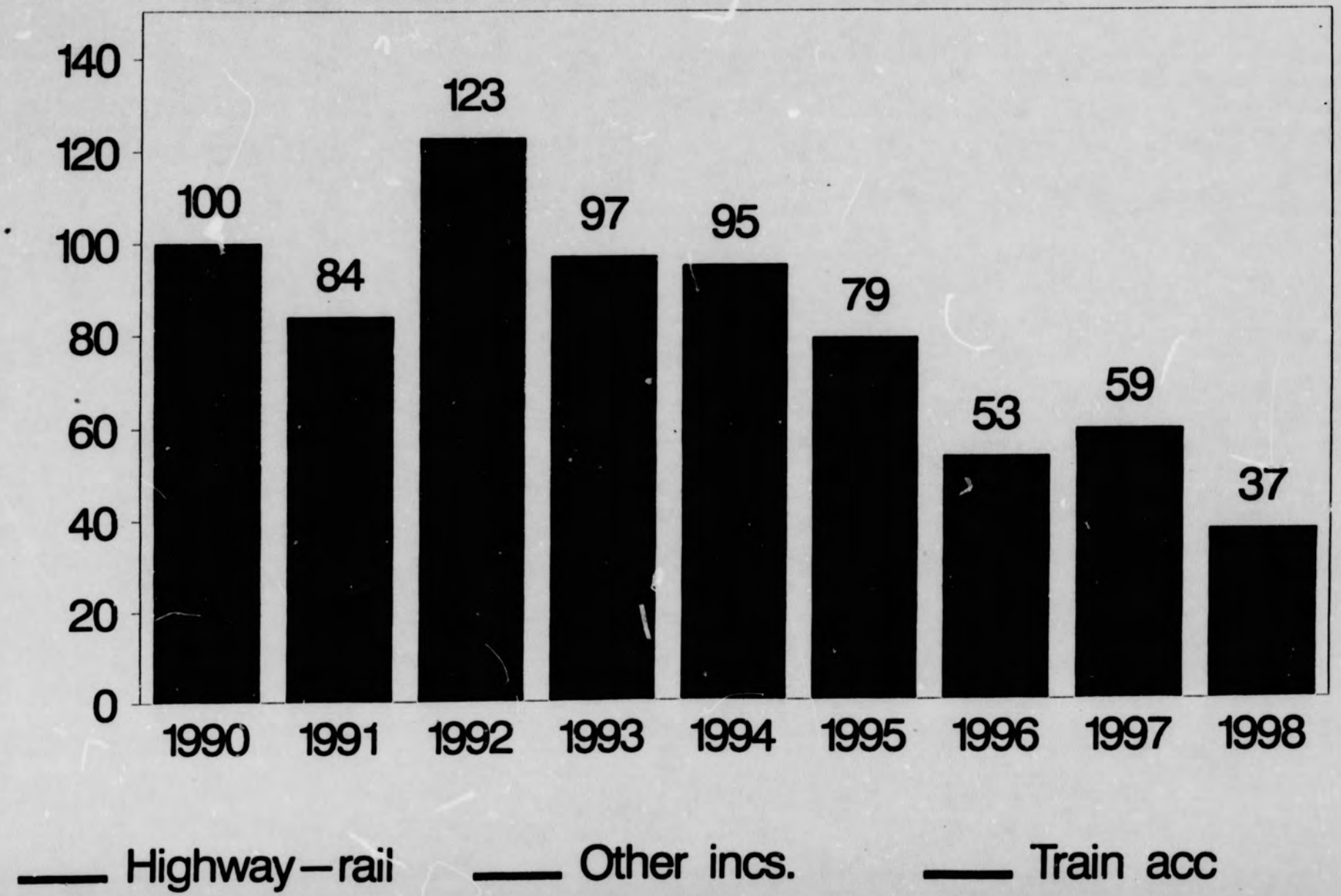


Rate is the total number of reported events time 1,000,000 divided by the sum of train miles and employee hours

TOTAL FATALITIES

JAN – DEC (1998 Preliminary)

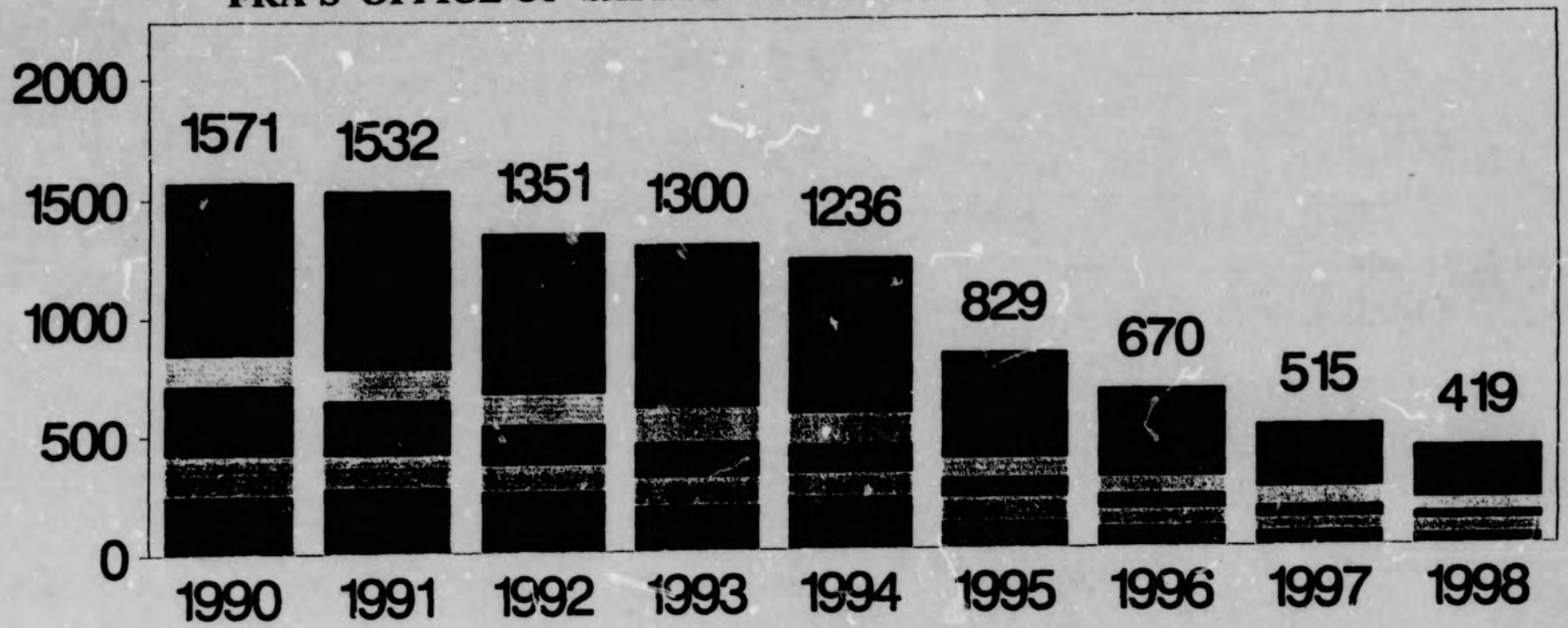
FRA'S OFFICE OF SAFETY STATISTICS FOR CONRAIL



EMPLOYEE NONFATAL CONDITIONS

JAN – DEC (1998 Preliminary)

FRA'S OFFICE OF SAFETY STATISTICS FOR CONRAIL

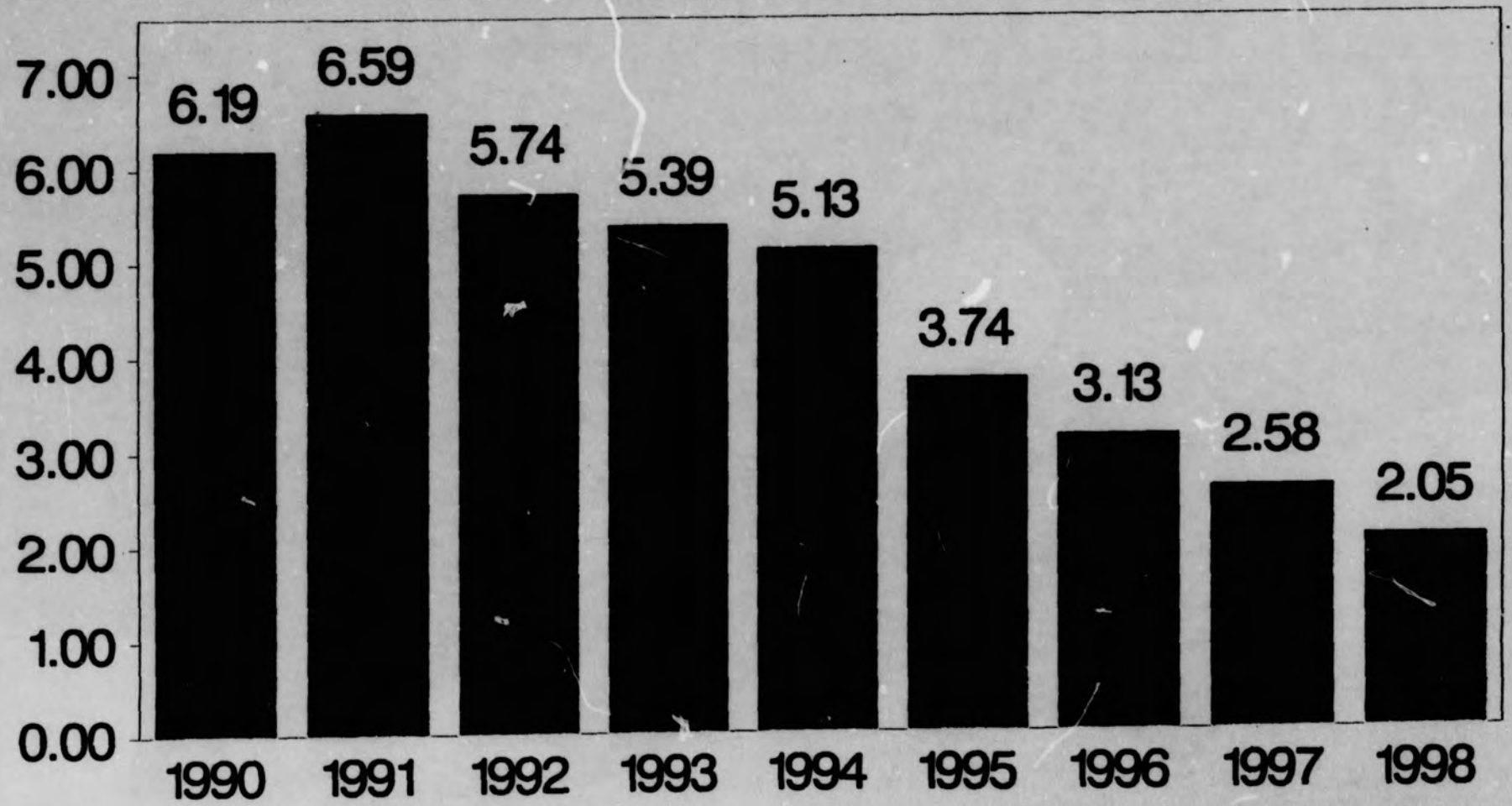


Serious – amputations, fractures, hernias, concussions, loss of eye, dislocations, internal injuries

EMPLOYEE CASUALTY RATE

JAN – DEC (1998 Preliminary)

FRA'S OFFICE OF SAFETY STATISTICS FOR CONRAIL

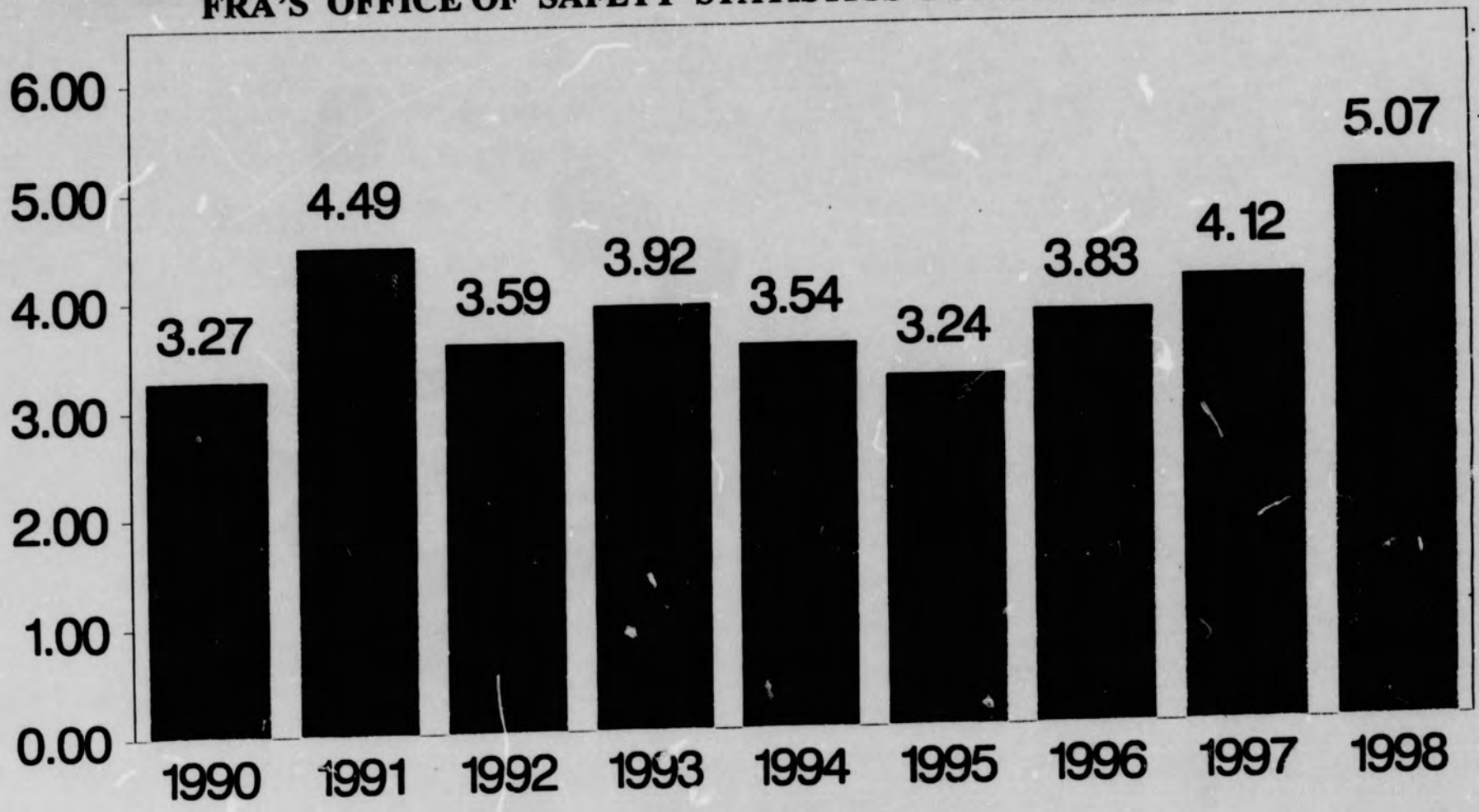


Number of FATALITIES and nonfatal conditions per 200,000 hours

TRAIN ACCIDENT RATE

JAN – DEC (1998 Preliminary)

FRA'S OFFICE OF SAFETY STATISTICS FOR CONRAIL



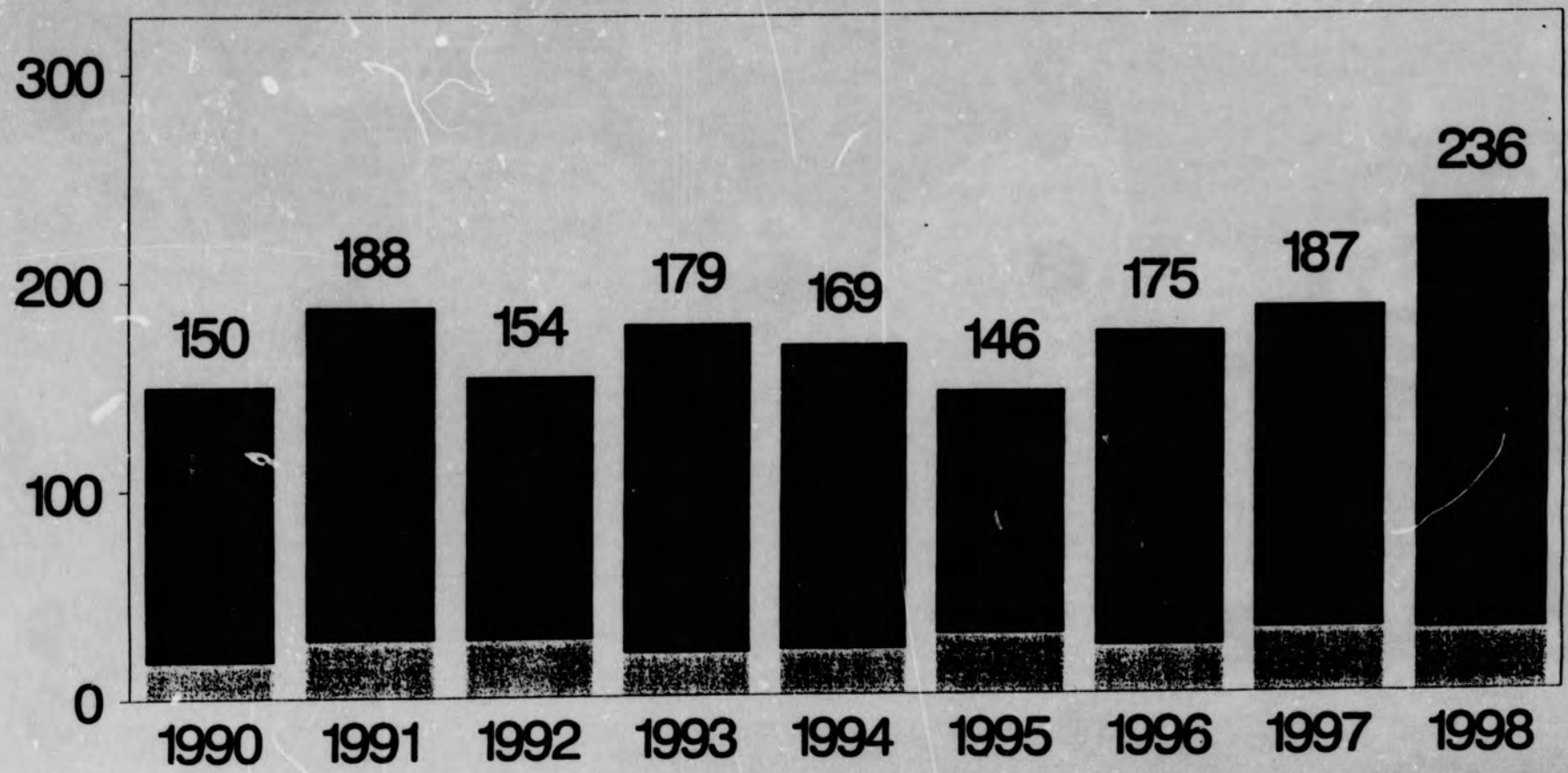
Excludes highway–rail

Number of accidents per 1,000,000 train miles

TRAIN ACCIDENTS BY PRIMARY CAUSE

JAN – DEC (1998 Preliminary)

FRA'S OFFICE OF SAFETY STATISTICS FOR CONRAIL

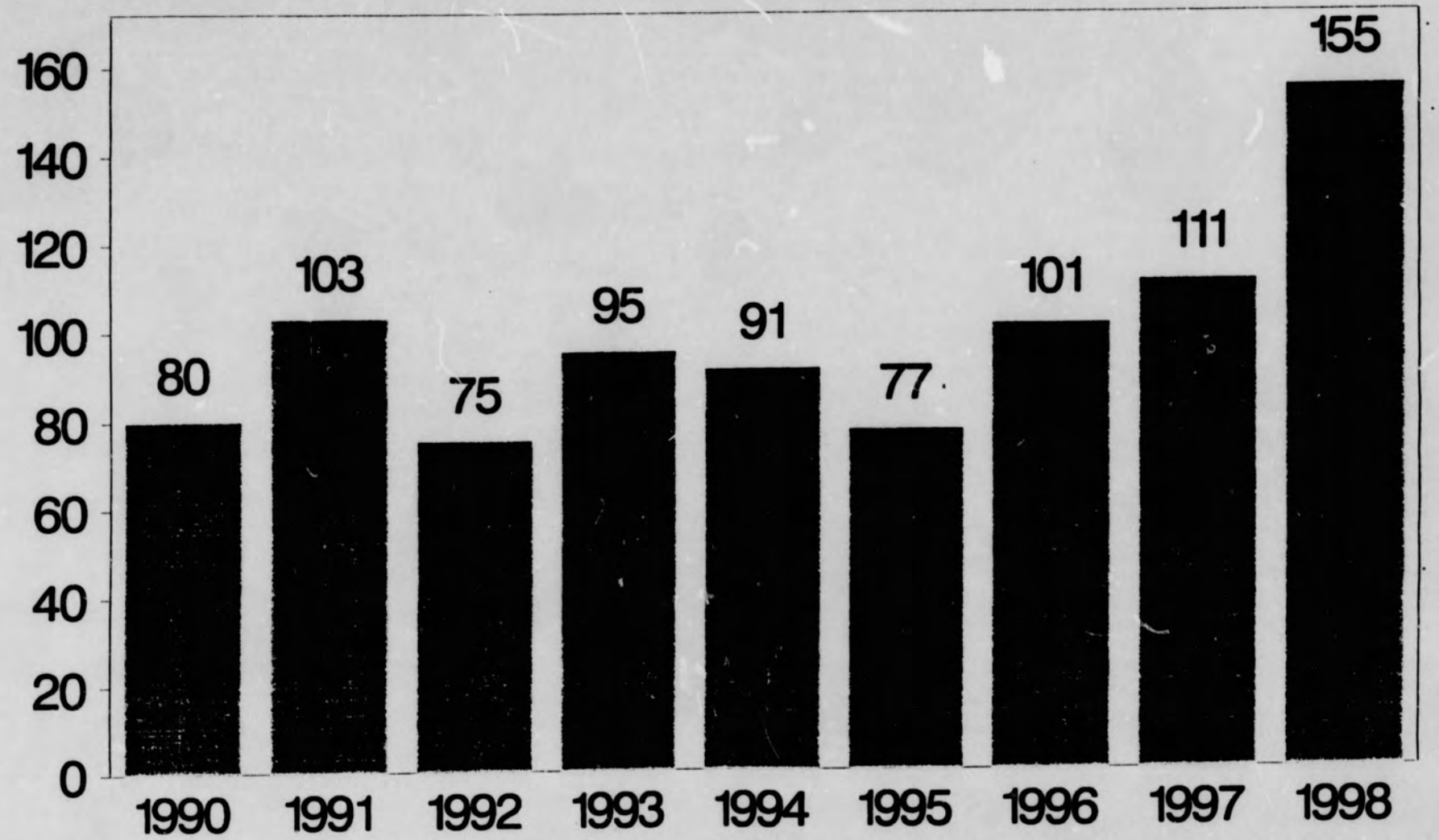


Excludes highway–rail

YARD ACCIDENTS

JAN – DEC (1998 Preliminary)

FRA'S OFFICE OF SAFETY STATISTICS FOR CONRAIL

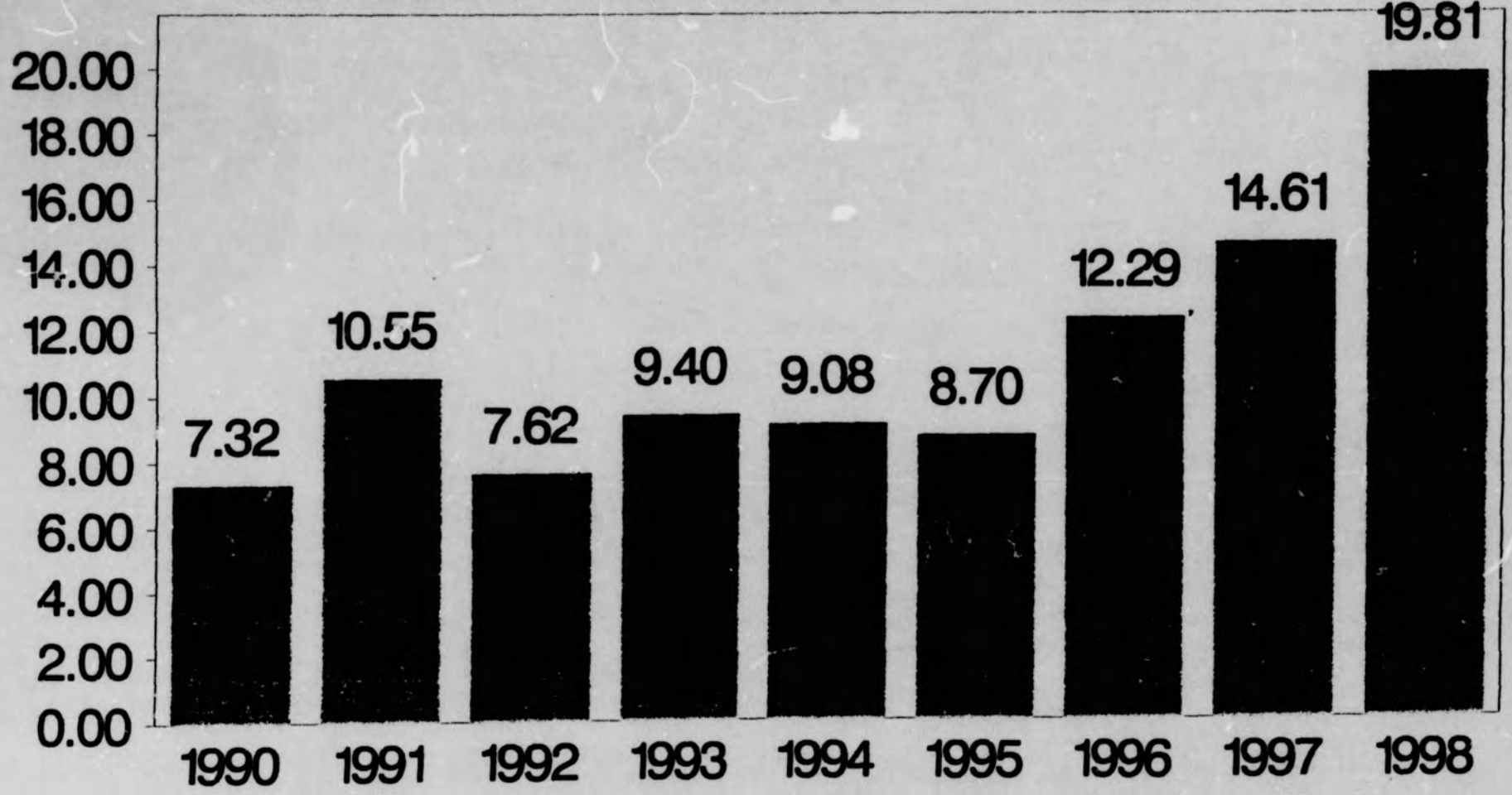


Excludes highway–rail.

YARD ACCIDENT RATE

JAN – DEC (1998 Preliminary)

FRA'S OFFICE OF SAFETY STATISTICS FOR CONRAIL

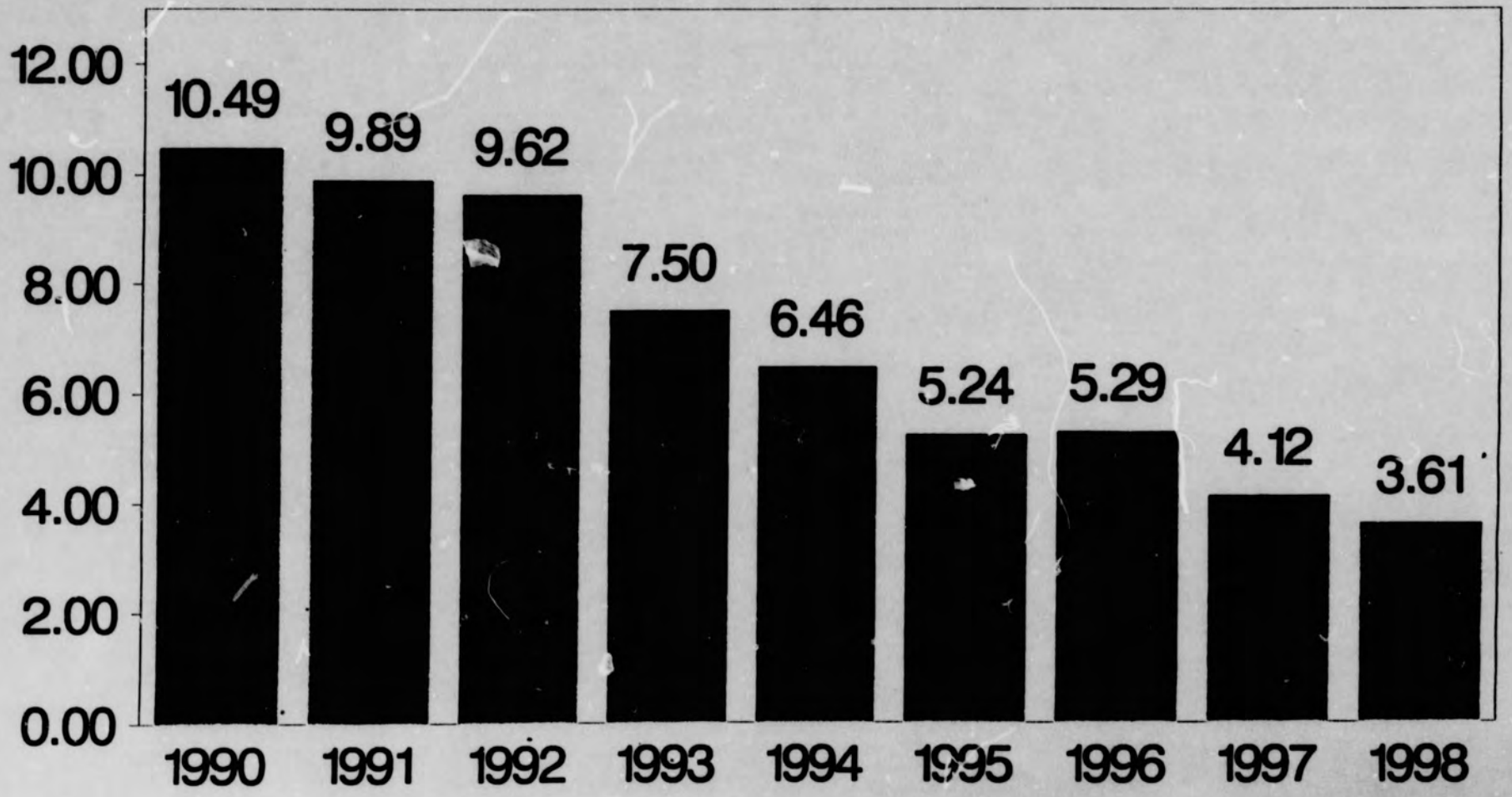


Excludes highway–rail. Number of yard accidents per 1,000,000 yard switching train miles

HIGHWAY–RAIL INCIDENT RATE

JAN – DEC (1998 Preliminary)

FRA'S OFFICE OF SAFETY STATISTICS FOR CONRAIL

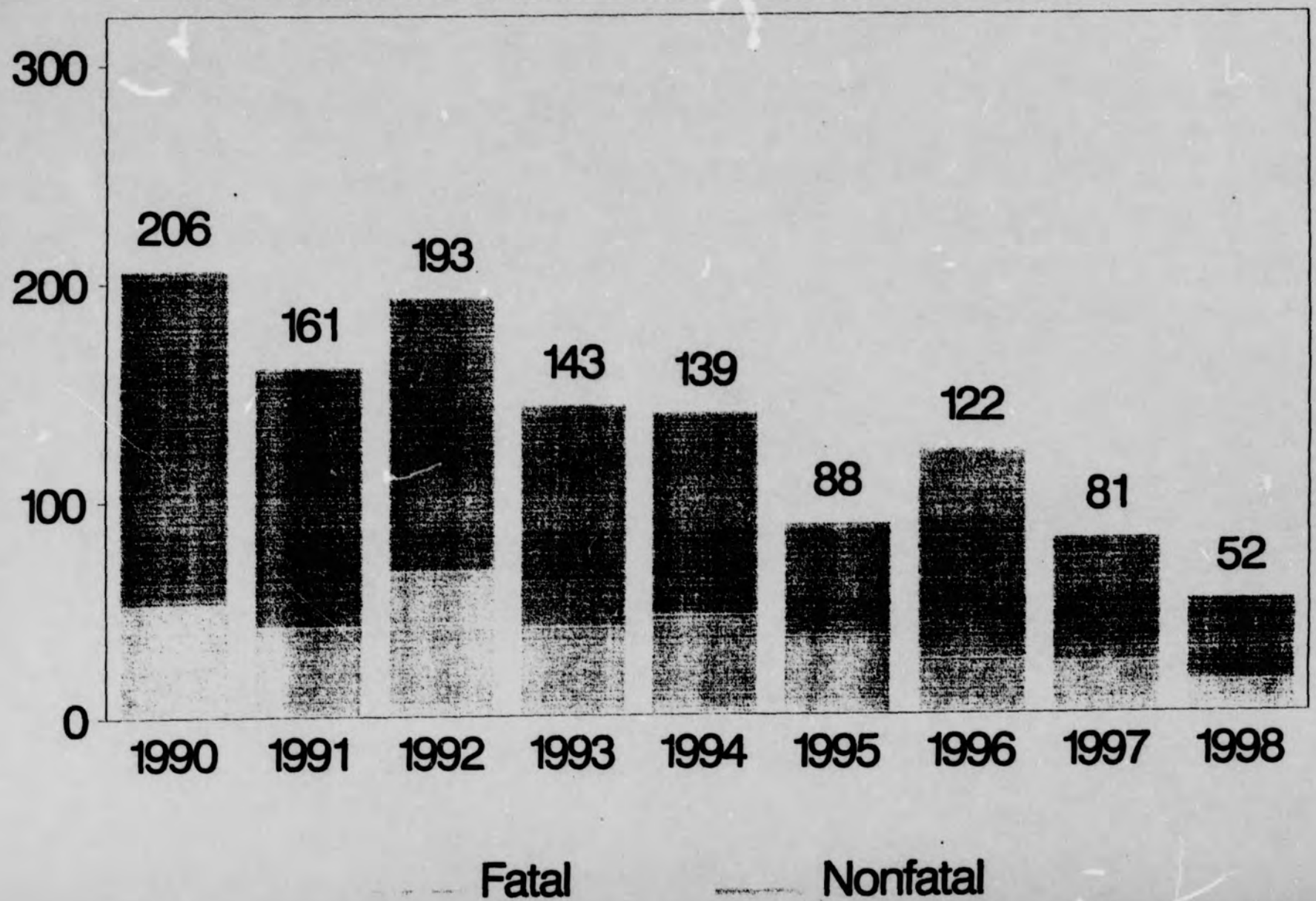


Number of accidents per 1,000,000 train miles

HIGHWAY–RAIL CASUALTIES

JAN – DEC (1998 Preliminary)

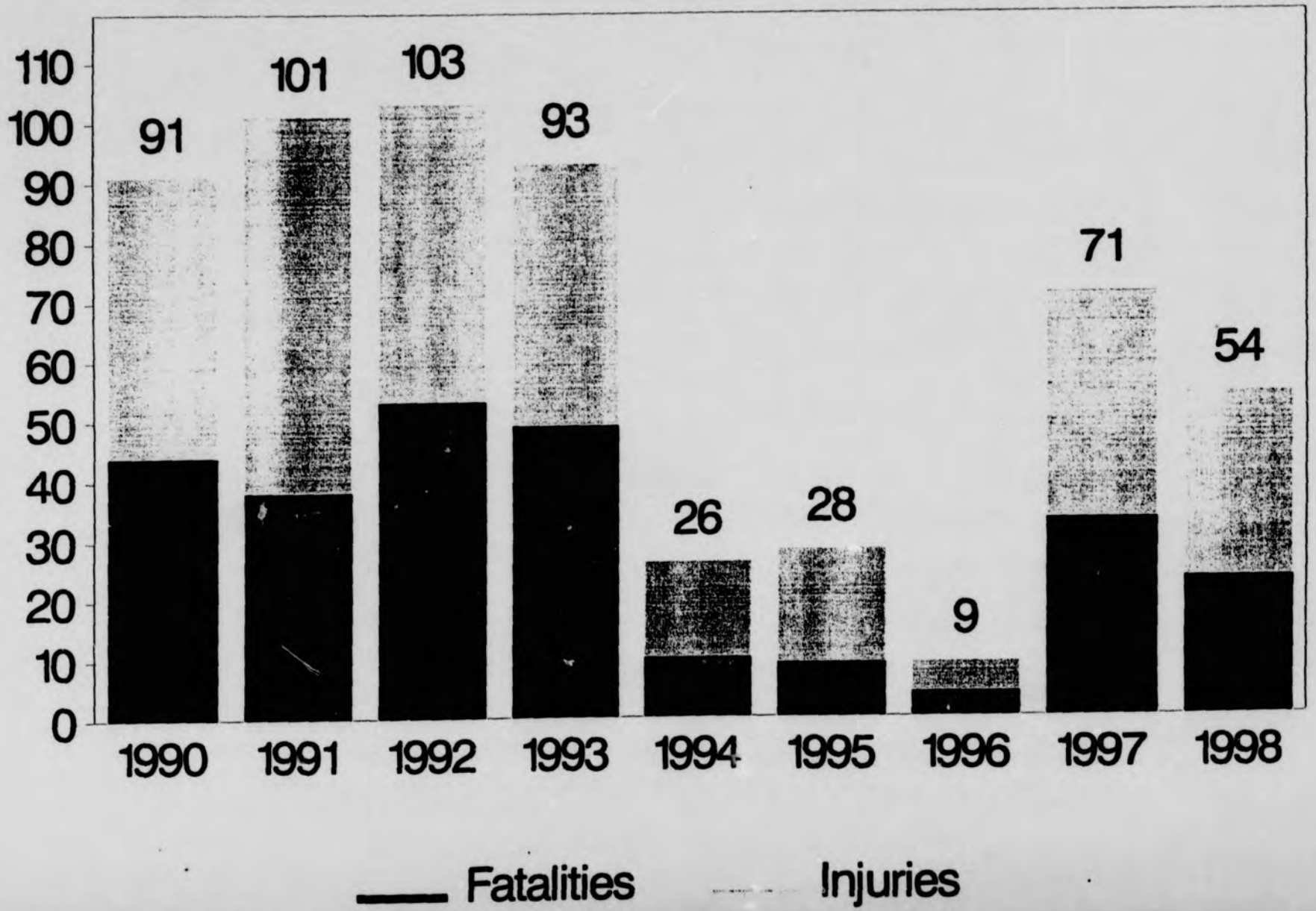
FRA'S OFFICE OF SAFETY STATISTICS FOR CONRAIL



TRESPASSING CASUALTIES

JAN – DEC (1998 Preliminary)

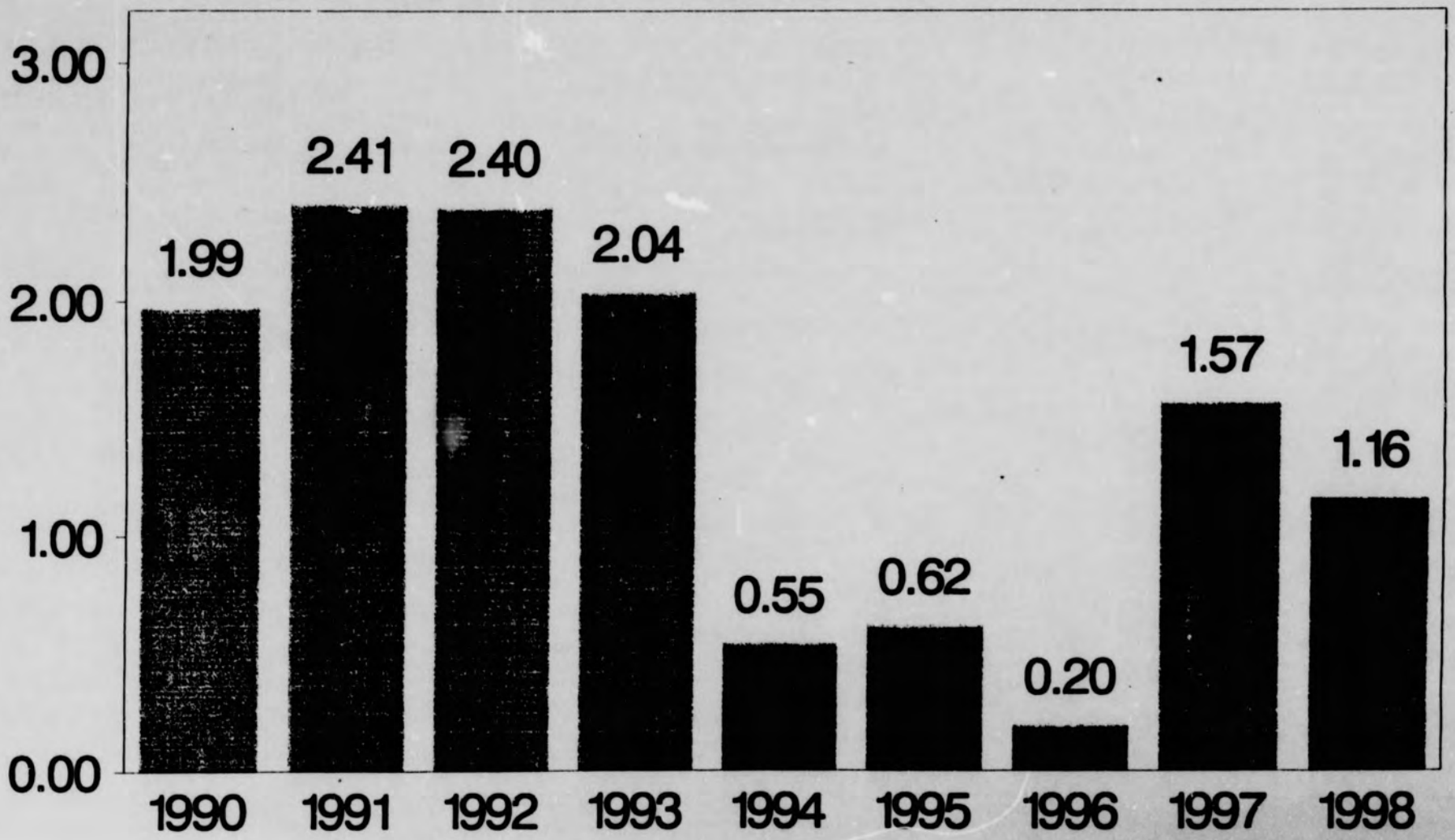
FRA'S OFFICE OF SAFETY STATISTICS FOR CONRAIL



TRESPASSER CASUALTY RATE

JAN – DEC (1998 Preliminary)

FRA'S OFFICE OF SAFETY STATISTICS FOR CONRAIL

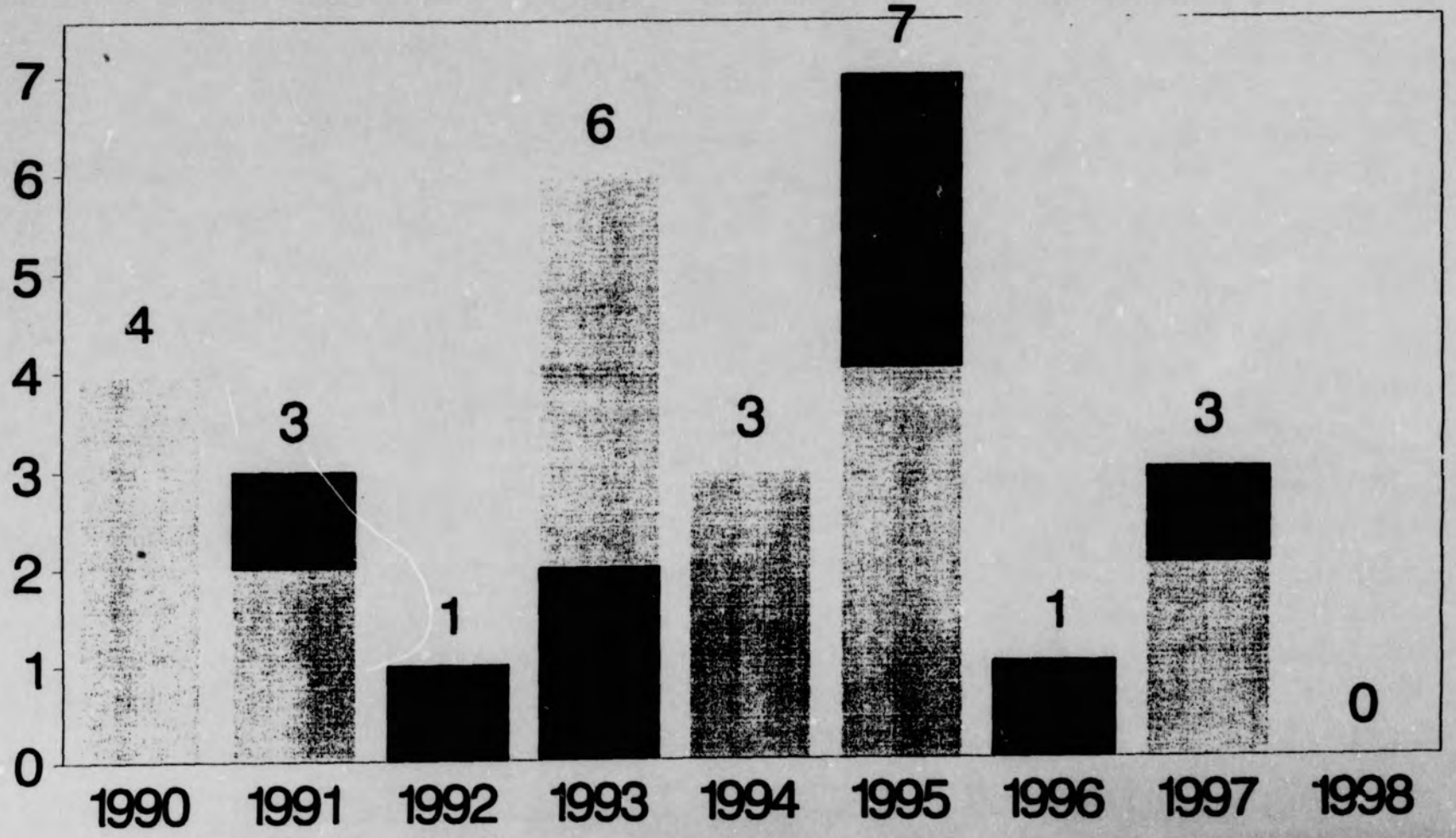


Total fatalities and injuries per 1,000,000 train miles

EMPLOYEE FATALITIES

JAN – DEC (1998 Preliminary)

FRA'S OFFICE OF SAFETY STATISTICS FOR CONRAIL



Safety Update

Presentation to the FRA

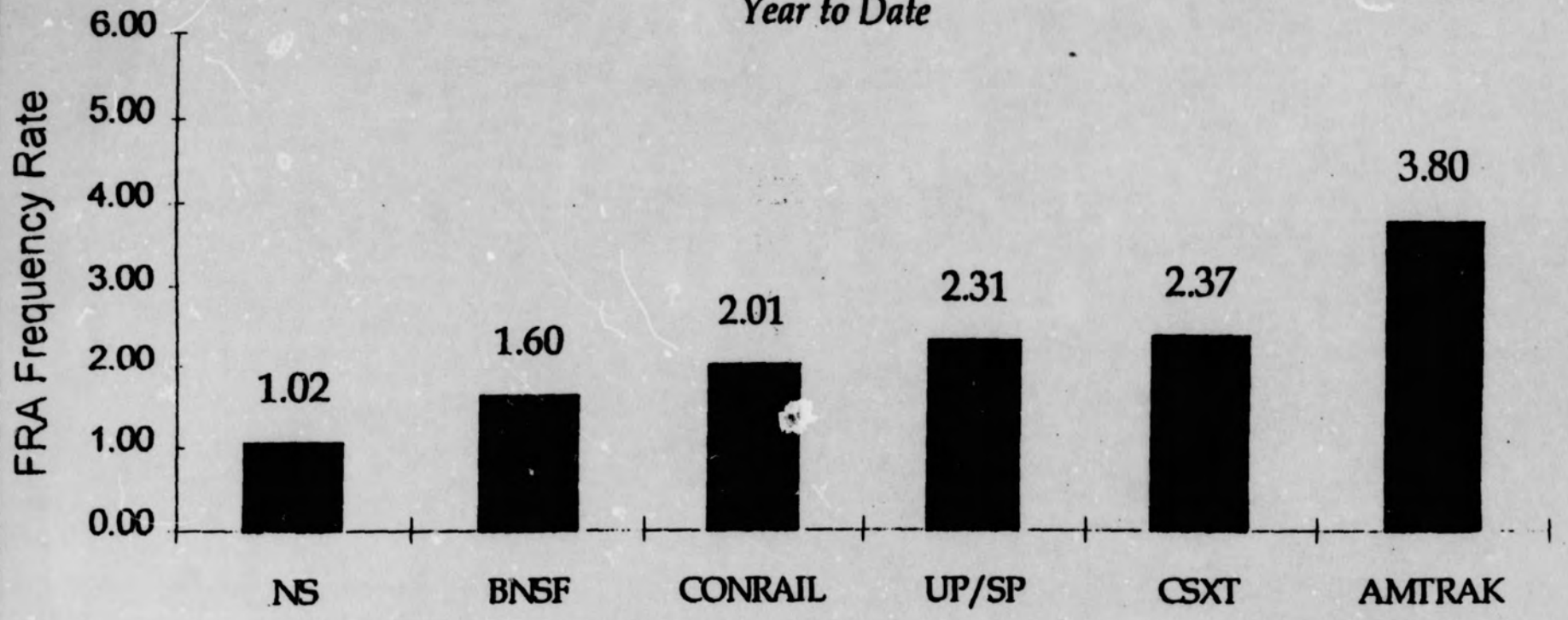
November 20, 1998

CONRAIL

Appendix Item IV B.

FRA Reportable Rate
AAR GROUP A Railroads
October 1998

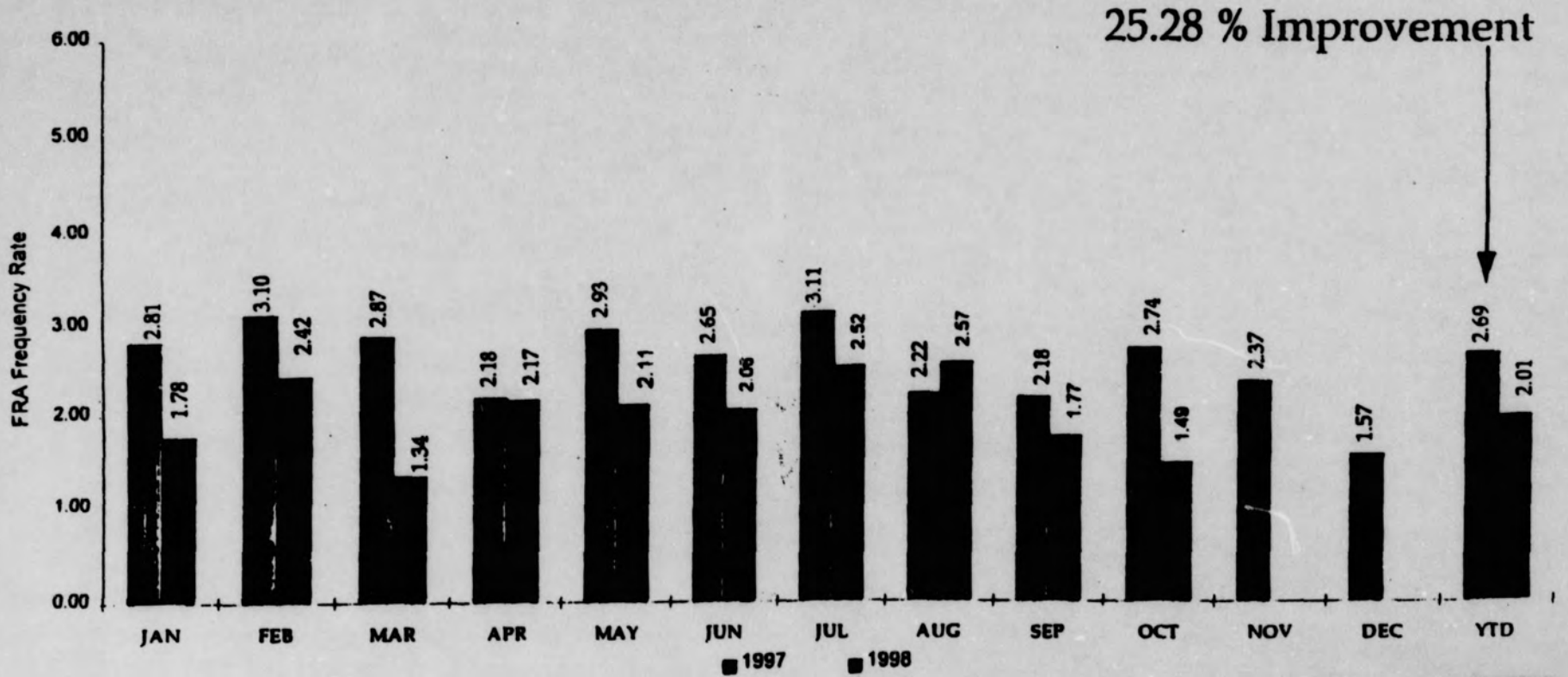
Year to Date



Source: AAR Monthly Frequency Report, 10/98 estimate

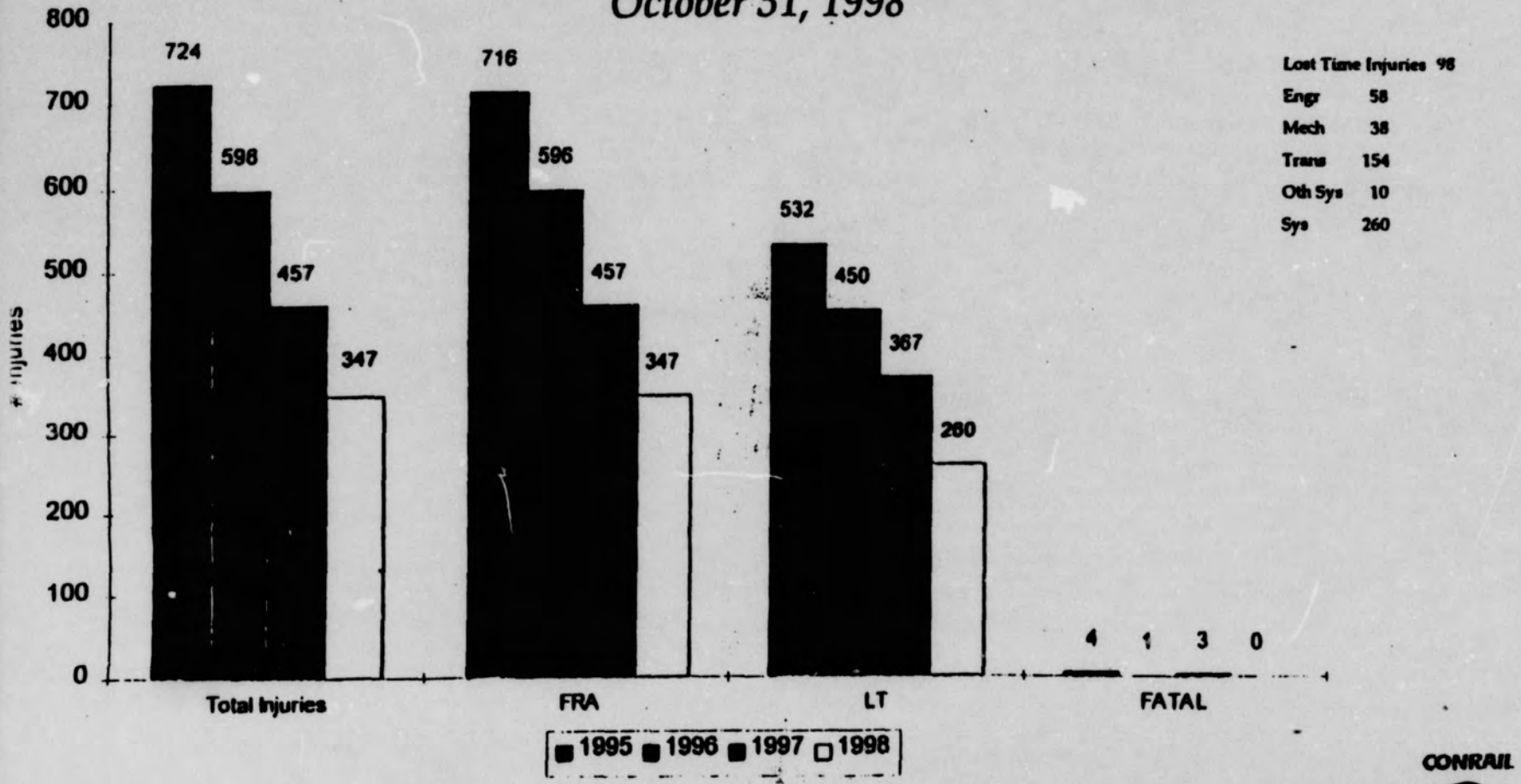
CONRAIL

Conrail System
FRA Reportable Rate
1997 Vs. 1998



CONRAIL

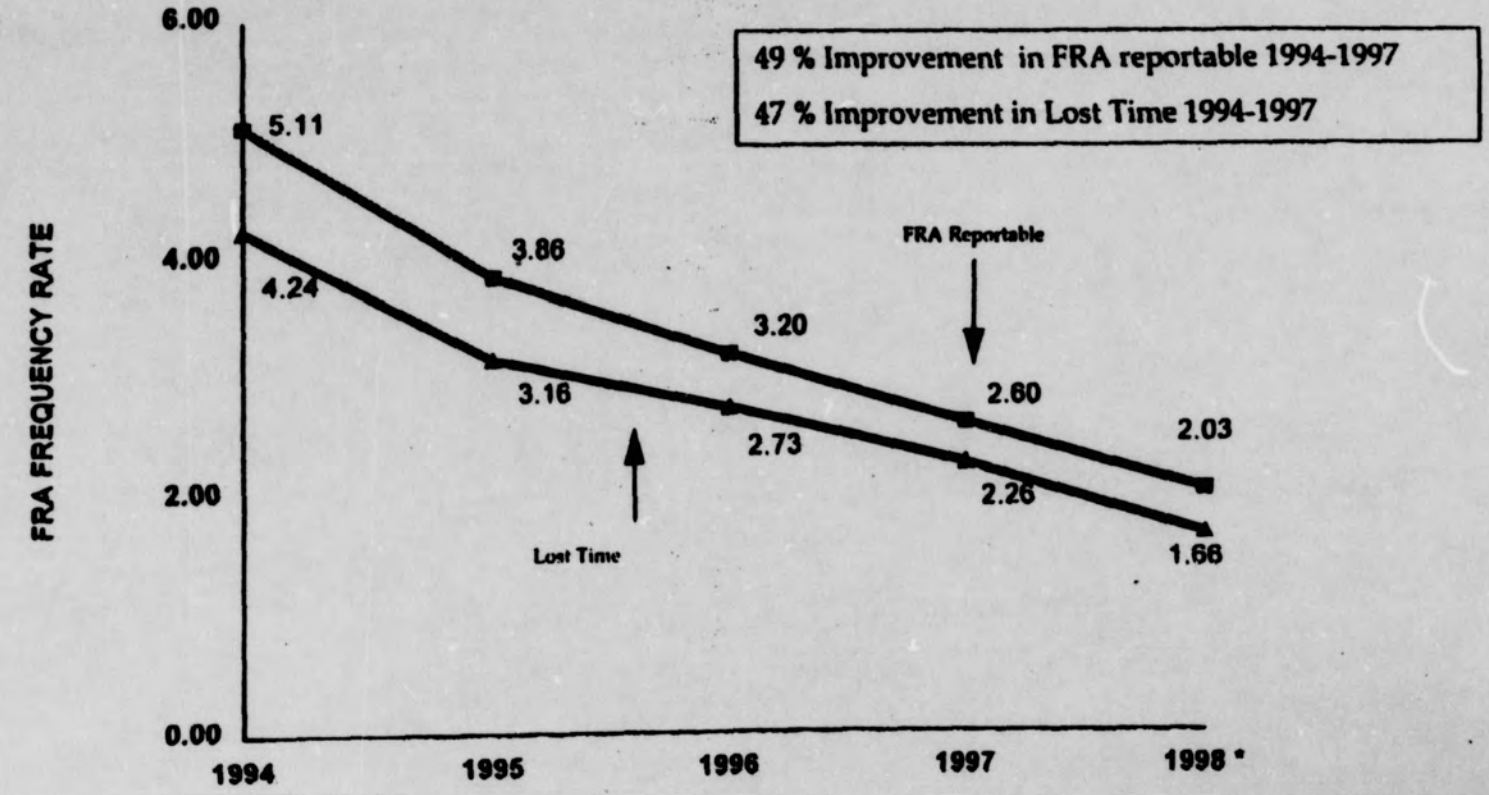
On-Duty Employee Injuries
Year to Date
October 31, 1998



Lost Time Injuries '98	
Engr	58
Mech	38
Trans	154
Oth Sys	10
Sys	260

CONRAIL

Conrail Safety Performance 1994 - 1998

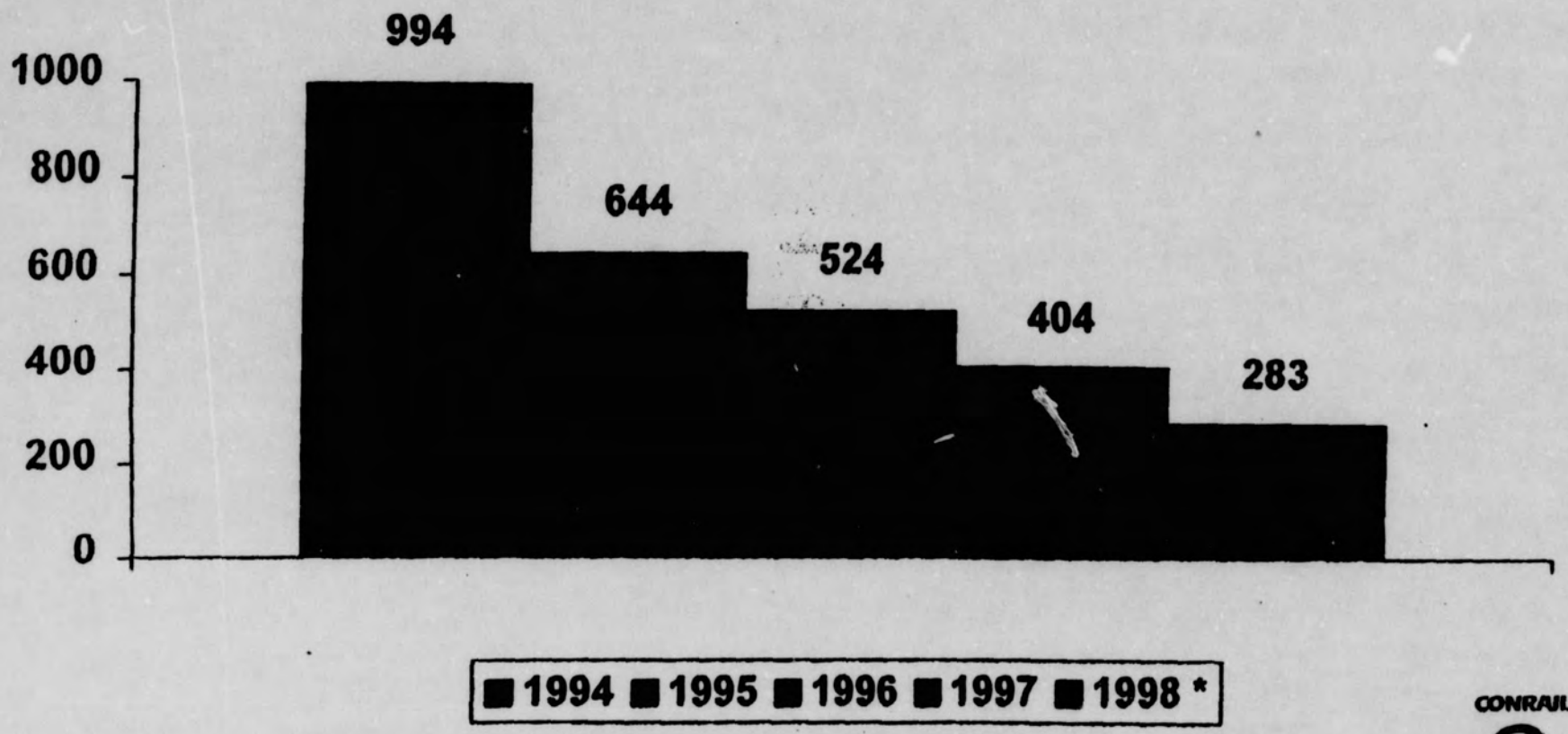


CONRAIL

* 1998 10 months

Conrail Lost Time Injuries
1994 - 1998

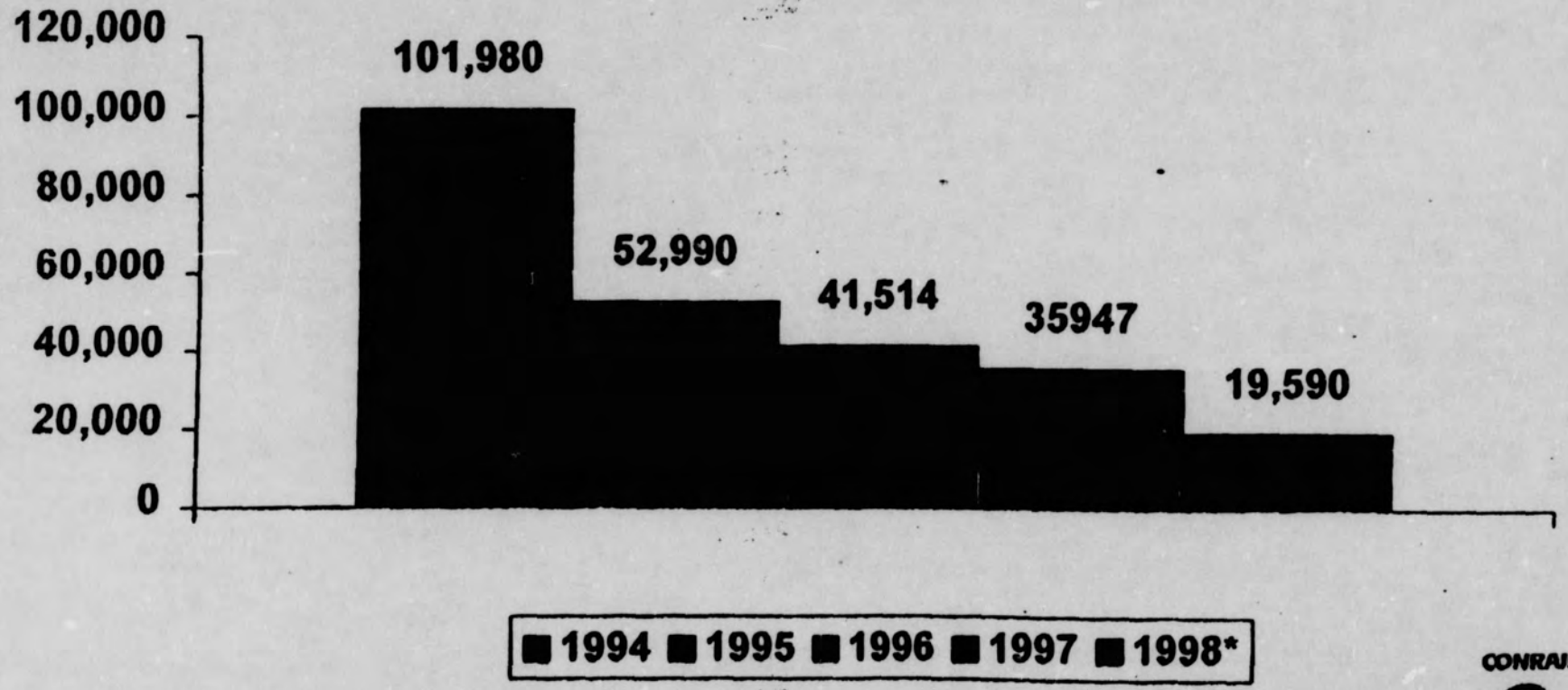
Total Number Lost Time Injuries



CONRAIL

Conrail Lost Work Days
1994 - 1998

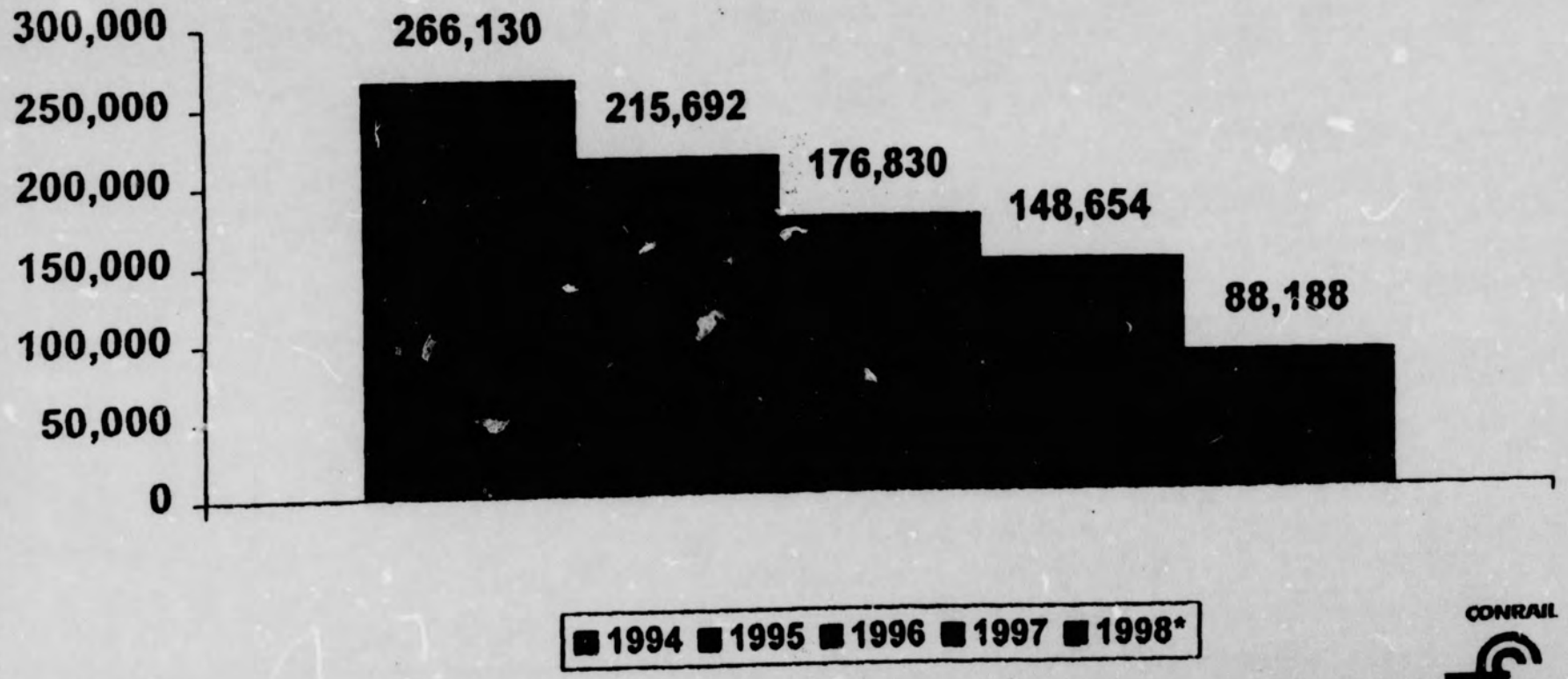
Lost Time Days for Current year Injuries



CONRAIL

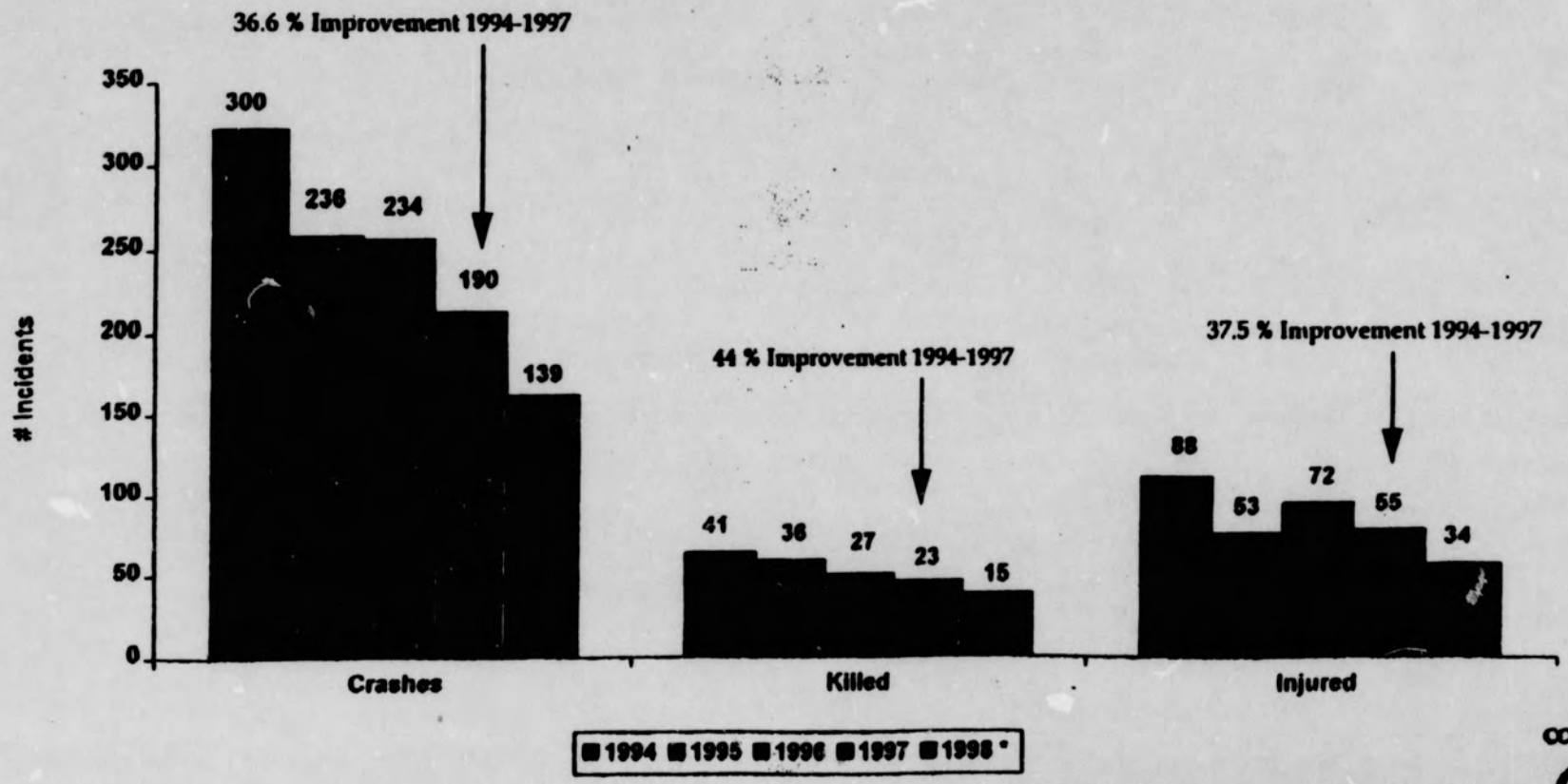
Conrail Lost Work Days
1994 - 1998

Lost Time Days for Current and Prior Year Injuries



CONRAIL

Conrail Grade Crossing Accidents 1994 - 1998



CONRAIL

* 1998 10 months

CONRAIL

SAFETY INTEGRATION PLAN REVIEW

SHARED ASSETS OPERATIONS

JANUARY 29, 1999

- Organization/Service Planning Overview
  - Detroit
  - South Jersey
  - North Jersey
- Motive Power Allocation Plan
- Process Integration Plan
  - Tactical
  - Strategic

Terminal Operations in Detroit Area

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

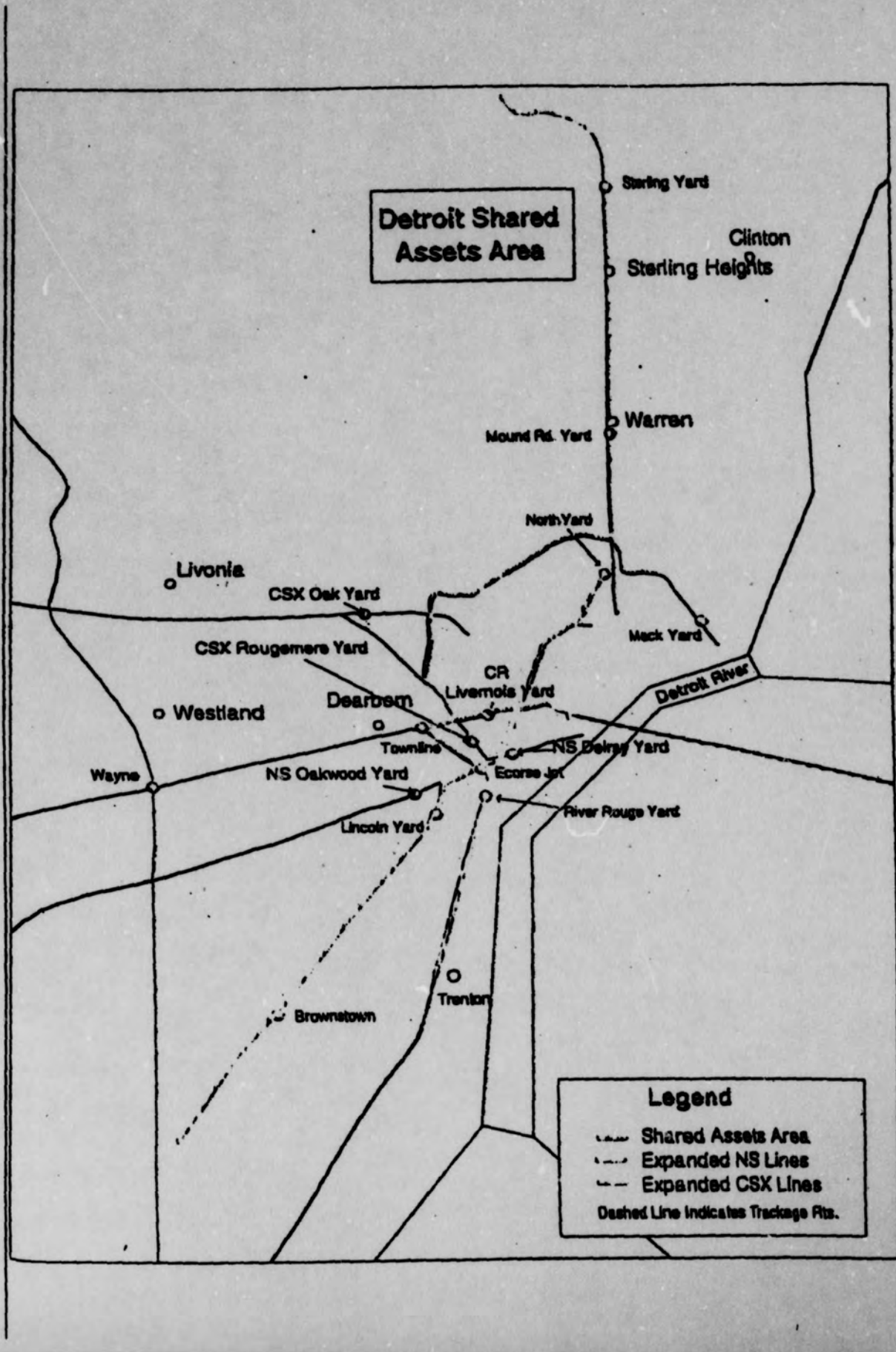
CONSOLIDATED RAIL CORPORATION

C/Y & E MINIMUM STAFFING REQUIREMENTS

DETROIT TERMINAL - SHARED ASSETS AREA

REPORT LOCATION	JOB SYMBOL	TIME	E	C&Y	TOTAL	SUN	MON	TUE	WED	THU	FRI	SAT
DE												
LIVERNOIS	YDLV04	1100	1	1	2	B	X	X	X	X	X	YDLVR
LIVERNOIS	YDLV06	705	1	1	2	YDLVR	YDLVR	X	X	X	X	X
LIVERNOIS	YDLV09	759	1	2	3	B	B	X	X	X	X	B
LIVERNOIS	YDLV15	1430	1	1	2	B	X	X	X	X	X	B
LIVERNOIS	YDLV33	1559	1	2	3	B	X	X	X	X	X	B
LIVERNOIS	YDLVR3	VAR	1	1	2	YDLV06	YDLV06	B	B	YDRR	YDRRS1	YDLV
LIVERNOIS	YULV01	705	0	1	1	B	B	X	X	X	X	X
SUB TOTAL			6	9	15							
MACK YD	YDMY02	630	1	2	3	B	X	X	X	X	X	B
MACK YD	YDMY06	730	1	1	2	B	X	X	X	X	X	B
MACK YD	YDMY31	1430	1	2	3	YDNYR	X	X	X	X	X	YDNYR
MACK YD	YDMY79	2300	1	2	3	B	X	X	X	X	X	B
SUB TOTAL			4	7	11							
MOUND ROAD	YDMR21	600	1	2	3	B	YDNYR	X	X	X	X	X
MOUND ROAD	YDMR22	800	1	2	3	X	X	X	X	X	X	B
MOUND ROAD	YDMR50	1559	1	1	2	B	X	X	X	X	X	B
MOUND ROAD	YDMR51	1445	1	2	3	YPNYR	YPNYR	X	X	X	X	X
MOUND ROAD	YDMR70	2300	1	1	3	B	X	X	X	X	X	B
SUB TOTAL			5	8	14							
NORTH YARD	YDNY01	705	1	2	3	YDNYR	X	X	X	X	X	YDNYRS
NORTH YARD	YDNY03	631	1	1	2	B	X	X	X	X	X	B
NORTH YARD	YDNY04	705	1	1	2	B	X	X	X	X	X	B
NORTH YARD	YDNY05	700	1	1	2	B	X	X	X	X	X	B
NORTH YARD	YDNY4	1559	1	2	3	X	X	X	X	YDNY	YDNYR	X
NORTH YARD	YDNY61	2300	1	1	3	X	X	YDNYR1	YDNYR	X	X	X
NORTH YARD	YDNYR1	VAR	1	2	3	YDMY3	YDLV3	YDNY61	YDNY6	B	B	YDMY3
NORTH YARD	YDNYRS	VAR	1	2	3	YDNY0	YDMR2	B	B	YDNY	YDNY4	YDNY0
NORTH YARD	YEXC1	1201	1	1	2	B	X	X	X	X	X	B
NORTH YARD	YUNY01	700	0	1	1	B	X	X	X	X	X	B
SUB TOTAL			9	14	24							
RIVER ROUGE	YDRR01	700	1	2	3	X	X	X	X	DRRR	YDRRR	X
RIVER ROUGE	YDRR02	630	1	1	2	X	X	X	YDRRR	B	X	X
RIVER ROUGE	YDRR20	759	1	1	2	B	X	X	X	X	X	B
RIVER ROUGE	YDRR23	630	1	1	2	YDRRR	X	X	X	X	X	YDRRR
RIVER ROUGE	YDRR30	2245	1	1	2	X	X	X	X	X	B	B
RIVER ROUGE	YDRR32	1430	1	2	3	B	X	X	X	X	X	B
RIVER ROUGE	YDRR40	1430	1	2	3	B	YDRRR	X	X	X	X	X
RIVER ROUGE	YDRR50	1559	1	2	3	YDRRR	X	X	X	X	X	YDRRR
RIVER ROUGE	YDRR61	2315	1	1	2	B	X	X	X	X	X	B

REPORT LOCATION	JOB SYMBOL	TIME	E	C&Y	TOTAL	SUN	MON	TUE	WED	THU	FRI	SAT
RIVER ROUGE	YDRRR7	VAR	1	2	3	YDRR5	YDRR4	YDRRS1	YDRR5	B	B	YDRR5
RIVER ROUGE	YDRRR9	VAR	1	1	2	YDRR2	B	B	YDRR0	YDRR0	YDRR2	YDRR2
RIVER ROUGE	YURR01	700	0	1	1	B	X	X	X	X	X	B
RIVER ROUGE	YURR03	2245	0	1	1	X	X	X	X	X	B	B
SUB TOTAL			11	18	29							
STERLING YARD	WDWS01	530	1	1	2	X	X	X	X	X	X	X
STERLING YARD	WDWS04	1101	1	1	2	B	X	X	X	X	X	X
STERLING YARD	WDWS05	1430	1	1	2	B	X	X	X	X	X	X
STERLING YARD	WUBS01	730	0	1	1	X	X	X	X	X	X	X
STERLING YARD	WUBS02	1330	0	1	1	B	X	X	X	X	X	X
SUB TOTAL			3	5	8							
TRENTON YARD	WDTR01	1230	1	1	2	B	X	X	X	X	X	X
SUB TOTAL			1	1	2							
XTRA	XTRA LOCAL		1	2	3							
XTRA	XTRA YARD		12	18	30							
SUB TOTAL			13	20	33							
GRAND TOTAL			52	82	136							


Detroit Shared Assets Area
Sterling Yard
Clinton
Sterling Heights
Warren
Mound Rd. Yard
North Yard
Livonia
CSX Oak Yard
Mack Yard
CSX Rougemere Yard
CR Livernois Yard
Detroit River
Dearborn
Westland
Townline
NS Delray Yard
Wayne
NS Oakwood Yard
Ecorse Jct
River Rouge Yard
Lincoln Yard
Trenton
Brownstown
Legend
Shared Assets Area
Expanded NS Lines
Expanded CSX Lines
Dashed Line Indicates Trackage Rts.

Terminal Operations in South Jersey/Philadelphia Area

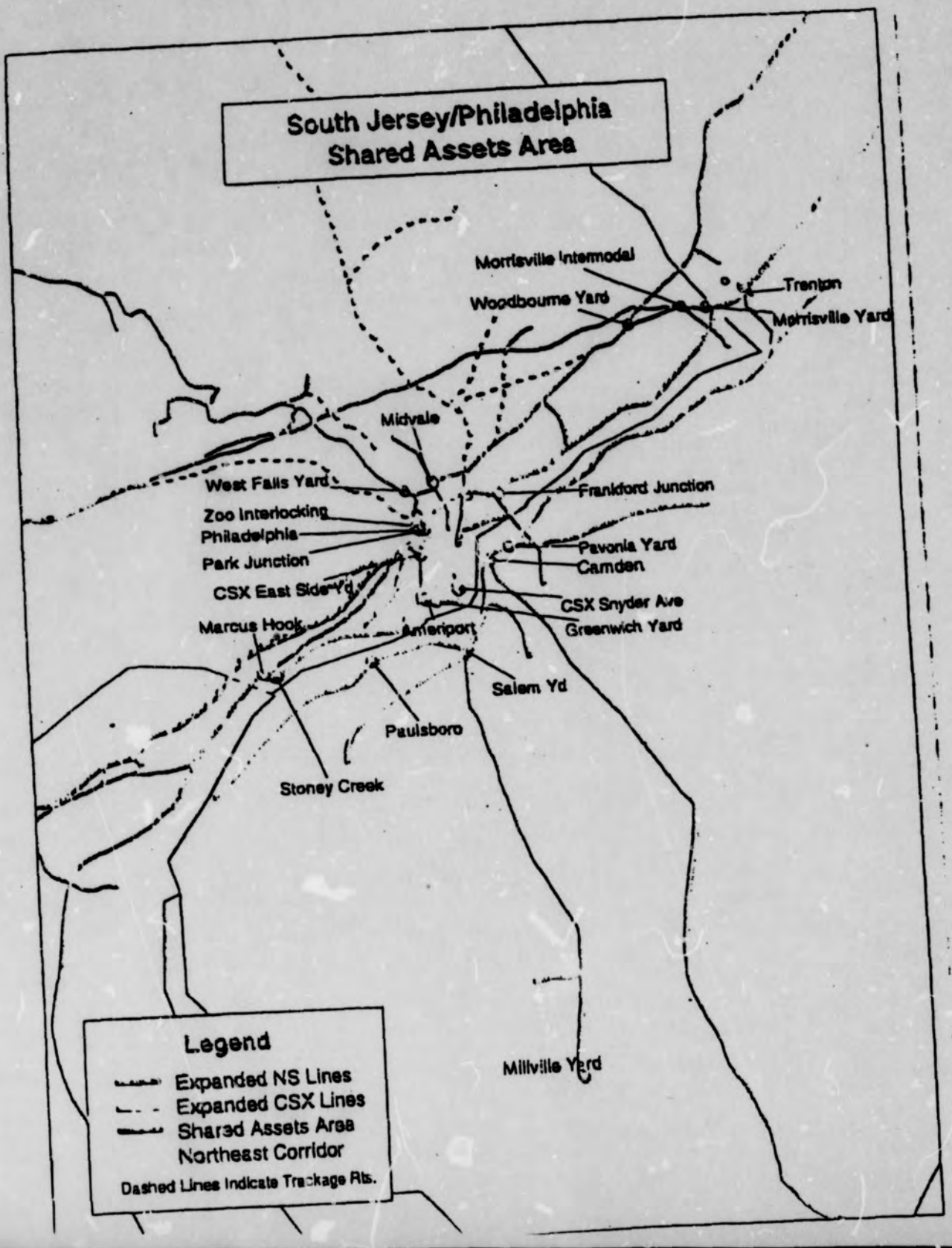
Current Operation			Proposed Operation	
Yard or Facility	Current Operator	Current Facility Use	Proposed Operator	Proposed Facility Use
Morrisville	Conrail	Industrial support and intermodal	CSAO and NS	CSAO for carload; NS for intermodal
Greenwich	Conrail	Coal, ore, intermodal and industrial support	CSX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

CONSOLIDATED RAIL CORPORTATION
CY & E MINIMUM STAFFING REQUIREMENTS
PHILADELPHIA TERMINAL - SHARED ASSETS AREA

Report Location	Job Symbol	Time	ENG	C&Y	Total	SUN	MON	TUE	WED	THU	FRI	SAT
PH												
BURLINGT	WPBU29	630	1	2	3	B	X	X	X	X	X	B
	SUB TOTAL		1	2	3							
FRK JCT	YPFJ02	715	1	1	2		X	X	X	X	X	
FRK JCT	YPFJ03	730	1	1	2	X	X	X	X	X		
FRK JCT	YPFJ04	630	1	1	2		X	X	X	X	X	
FRK JCT	YPFJ22	1559	1	1	2		X	X	X	X	X	
FRK JCT	YPFJ33	1500	1	2	3		X	X	X	X	X	
	SUB TOTAL		5	6	11							
MIDVALE	YPMV01	630	1	1	2	B	X	X	X	X	X	B
MIDVALE	YPMV02	730	1	1	2	B	X	X	X	X	X	B
MIDVALE	YPMV05	800	1	1	2	WILD	X	X	X	X	X	B
MIDVALE	YPMV30	1500	1	1	2	9	X	X	X	X	X	WILD
MIDVALE	YPMV31	1530	1	2	3	B	X	X	X	X	X	B
MIDVALE	YPMV62	2300	1	1	2	B	X	X	X	X	X	B
	SUB TOTAL		6	7	13							
MILLVILLE	WPMI21	800	1	1	2	B	X	X	X	X	X	B
MILLVILLE	WPMI61	2200	1	1	2	B	X	X	X	X	X	B
	SUB TOTAL		2	2	4							
MORRIS	WPBS02	730	1	2	3	B	X	X	X	X	X	X
MORRIS	WPFJ10	600	1	1	2	B	X	X	X	X	X	B
MORRIS	WPMO01	1000	1	1	2	X	X	X	X	X	X	B
MORRIS	WPMO20	700	1	1	2	B	X	X	X	X	X	B
MORRIS	YPMO01	630	1	1	2	YPMO	X	X	X	X	X	YPMO
MORRIS	YPMO02	800	1	1	2	X	X	X	X	X	B	B
MORRIS	YPMO03	700	1	1	2	B	X	X	X	X	X	B
MORRIS	YPMO33	1500	1	2	3	X	YPMO	YPMOR	X	X	X	X
MORRIS	YPMO60	2300	1	1	2	X	X	X	X	X	B	B
MORRIS	YPMO61	2359	1	1	2	B	X	X	X	X	X	B
MORRIS	YPMOR1	VAR	1	1	2	YPMO0	YPMO3	YPMO33	B	B	YPMO	YPMO0
MORRIS	YUB01	700	0	1	1	B	X	X	X	X	X	B
MORRIS	YUB03	2300	0	1	1	X	X	X	X	X	B	B
	SUB TOTAL		11	15	26							
PAULSBO	WPPA10	700	1	2	3	WPPA	WPPA	X	X	X	X	X
PAULSBO	WPPA21	1400	1	1	2		X	X	X	X	X	
PAULSBO	WPPA33	1800	1	2	3	X	X	X	X	X	WPPA	WPPA
PAULSBO	WPPA40	1600	1	1	2		X	X	X	X	X	
PAULSBO	WPPA70	2359	1	1	2	X	X	X	X	X		
[illegible]	[illegible]	VAR	1	1	2	WPPA1	WPPA1	WPPAR	B	B	WPPA3	WPPA3

Report Location	Job Symbol	Time	ENG	C&Y	Total	SUN	MON	TUE	WED	THU	FRI	SAT
PAULSBO	WPUBP1	900	0	1	1	B	X	X	X	X	X	B
	SUB TOTAL		6	9	15							
PAVONIA	CRO1P	800	0	1	1	B	B	X	X	X	X	X
PAVONIA	CRO1PR	VAR	0	1	1	CRO1P	CRO1P	YUB1P2	B	B	YUB1P	YUB1P
PAVONIA	MWPC01	700	0	1	1	B	X	X	X	X	X	B
PAVONIA	WPCA11	200	1	1	2		X	X	X	X	X	X
PAVONIA	WPCA20	1100	1	2	3		X	X	X	X	X	
PAVONIA	WPCA29	2200	1	1	2	X	X	X	X	X	WPPA	
PAVONIA	WPCA51	630	1	1	2	B	X	X	X	X	X	B
PAVONIA	YPCA03	700	1	2	3	X	B	B	X	X	X	X
PAVONIA	YPCA04	715	1	1	2	X	X	X	X	X	WILD	WILD
PAVONIA	YPCA20	1530	1	1	2	X	X	X	X	X	X	B
PAVONIA	YPCA24	1515	1	1	2	X	X	X	YPCAR	YPCA	X	X
PAVONIA	YPCA60	2259	1	1	2	X	X	X	X	X	B	B
PAVONIA	YPCA69	2345	1	2	3	X	X	X	X	X	B	B
PAVONIA	YPCAR1	VAR	1	1	2	B	YPCA0	YPCA03	YPCA2	YPCA	YPCA2	B
PAVONIA	YUB1P1	700	0	1	1	X	X	X	X	X	YUBPR	YUBPR
PAVONIA	YUB1P2	730	0	1	1	B	YUBP	CRO1P	X	X	X	X
PAVONIA	YUB2P1	1559	0	1	1	WILD	X	X	X	X	X	WILD
PAVONIA	YUB3P1	2230	0	1	1	X	X	X	X	X		
	SUB TOTAL		11	21	32							
S PHIL	YMWPC1	700	0	1	1	B	X	X	X	X	X	B
S PHIL	YPSP11	700	1	1	2	YPSPR	X	X	X	X	X	YPSPR
S PHIL	YPSP13	759	1	1	2	X	YPSPR	YPSPR1	X	X	X	X
S PHIL	YPSP21	1530	1	1	2	B	X	X	X	X	X	B
S PHIL	YPSP22	1559	1	1	2	B	X	X	X	X	X	B
S PHIL	YPSP33	2230	1	1	2	X	X	X	X	X	B	B
S PHIL	YPSPR1	VAR	1	1	2	YPSP1	YPSP1	YPSP13	YPSP3	B	B	YPSP1
S PHIL	YUBSP1	1530	0	1	1	B	X	X	X	X	X	B
	SUB TOTAL		6	8	14							
ST CREEK	WPSC09	1130	1	1	2	B	B	X	X	X	X	X
ST CREEK	YPSC01	659	1	1	2	B	X	X	X	X	X	B
ST CREEK	YPSC02	730	1	2	3	YPSCR	X	X	X	X	X	YPSCR
ST CREEK	YPSC31	1559	1	1	2	X	YPSCR	YPSCR1	X	X	X	X
ST CREEK	YPSC32	1430	1	2	3	B	X	X	X	X	X	B
ST CREEK	YPSC33	1500	1	2	3	B	X	X	X	X	X	B
ST CREEK	YPSC61	2230	1	1	2	B	X	X	X	X	X	B
ST CREEK	YPSCR1	VAR	1	1	2	YPSC0	YPSC3	YPSC31	B	B	YPSCR	YPSC0
	SUB TOTAL		8	11	19							
XTRA	XTRA MO		4	5	9							
XTRA	XTRA PHIL		13	18	31							
XTRA	XTRA ST C		3	4	7							
	SUB TOTAL		20	27	47							
	GRAND TOTAL		76	108	184							

Report Location	Job Symbol	Time	ENG	C&Y	Total	SUN	MON	TUE	WED	THU	FRI	SAT
	SAC TOTAL		76	108	184							


South Jersey/Philadelphia
Shared Assets Area
Morrisville Intermodal
Woodbourne Yard
Trenton
Morrisville Yard
Midvale
West Falls Yard
Frankford Junction
Zoo Interlocking
Philadelphia
Park Junction
CSX East Side Yd
Pavonia Yard
Camden
CSX Snyder Ave
Greenwich Yard
Marcus Hook
Ameriport
Salem Yd
Paulsboro
Stoney Creek
Millville Yard
Legend
Expanded NS Lines
Expanded CSX Lines
Shared Assets Area
Northeast Corridor
Dashed Lines Indicate Trackage Rts.

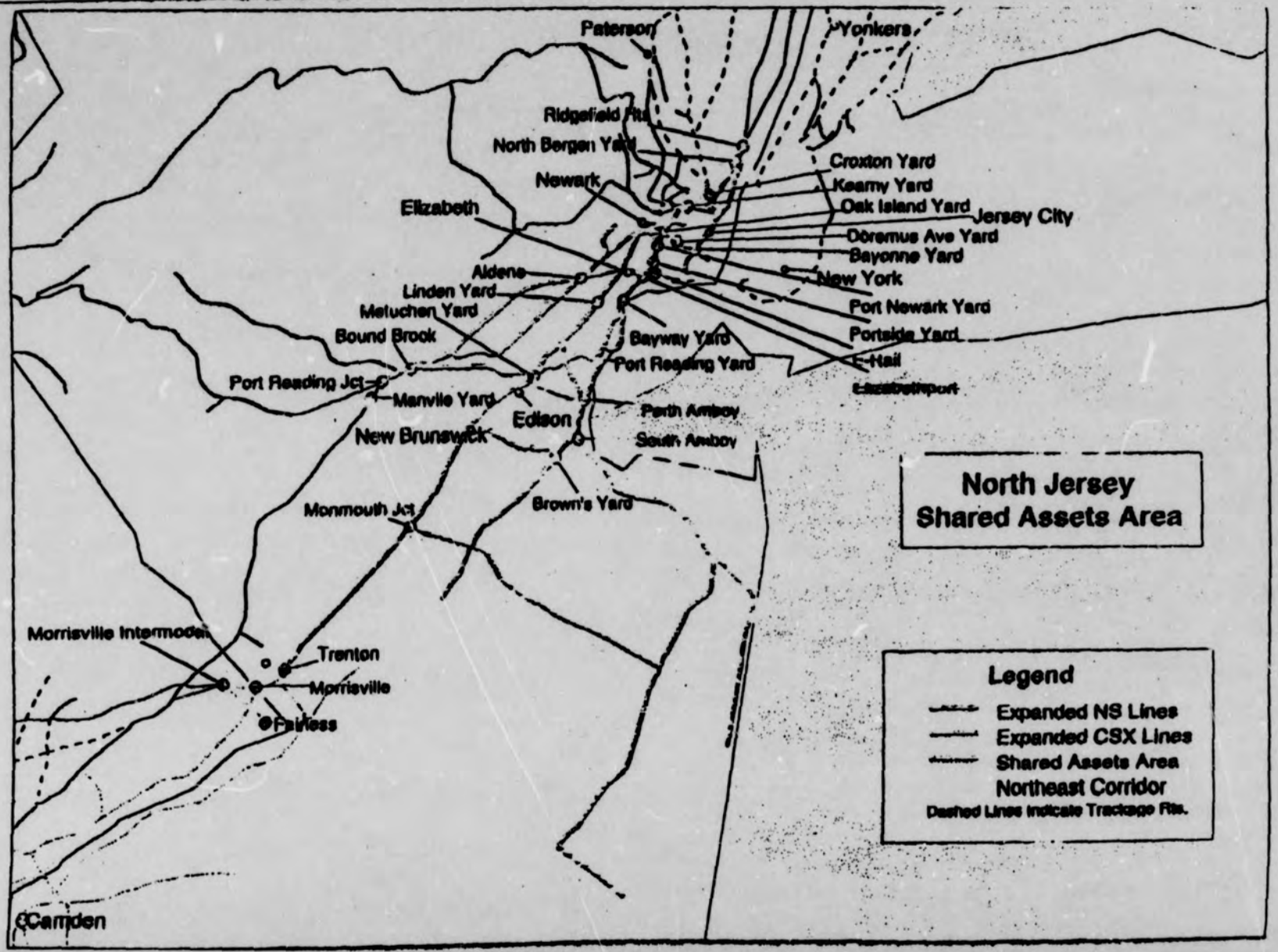
Terminal Operations in North Jersey

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

CONSOLIDATED RAIL CORPORATION
CY & E MINIMUM STAFFING REQUIREMENTS
NEW JERSEY TERMINAL - SHARED ASSETS AREA

Report Location	Job Symbol	Time	ENG	C&Y	Total	SUN	MON	TUE	WED	THU	FRI	SAT
NJ												
BAYONNE	YFLG2B	800	0	1	1	B	X	X	X	X	X	B
BAYONNE	YPBA01	630	1	2	3	B	X	X	X	X	X	B
BAYONNE	YPBA02	630	1	1	2	B	X	X	X	X	X	B
BAYONNE	YPBA03	730	1	1	2	B	X	X	X	X	X	B
	SUB TOTAL		3	5	8							
BAYWAY	YBBY01	700	1	1	2	B	X	X	X	X	X	B
	SUB TOTAL		1	1	2							
BROWNS	WPSA31	900	1	1	2	B	X	X	X	X	X	B
BROWNS	WPSA33	1700	1	1	2	B	X	X	X	X	X	B
BROWNS	WPSA35	2300	1	1	2	B	X	X	X	X	X	B
BROWNS	YPSA02	700	1	1	2	B	X	X	X	X	X	B
BROWNS	YPSA03	800	1	2	3	X	X	X	X	X	B	B
BROWNS	YPSA22	1600	1	1	2	B	X	X	X	X	X	B
	SUB TOTAL		6	7	13							
LINDEN	WPLI26	800	1	1	2	B	X	X	X	X	X	B
LINDEN	WPLI68	2000	1	1	2	B	B	X	X	X	X	X
LINDEN	YPLI10	730	1	2	3	B	X	X	X	X	X	B
LINDEN	YPLI20	1529	1	1	2	X	X	X	X	X	B	B
LINDEN	YPLI30	2329	1	2	3	X	X	X	X	X	B	B
	SUB TOTAL		5	7	12							
MANVILLE	WPMA20	2000	1	1	2	B	X	X	X	X	X	B
MANVILLE	WPMAD1	1	1	1	2							
	SUB TOTAL		2	2	4							
METUCH	WPME10	730	1	1	2	B	B	X	X	X	X	X
METUCH	WPME70	1900	1	1	2	X	X	X	X	X	B	B
METUCH	YPME02	800	1	2	3	B	X	X	X	X	X	B
METUCH	YPME04	759	1	1	2	B	X	X	X	X	X	B
METUCH	YPME05	630	1	2	3	B	X	X	X	X	X	B
METUCH	YPME34	1430	1	1	2	B	X	X	X	X	X	B
METUCH	YPME36	1430	1	2	3	B	X	X	X	X	X	B
METUCH	YPME37	1430	1	1	2	X	X	X	X	X	B	B
METUCH	YPME61	2230	1	1	2	B	X	X	X	X	X	B
METUCH	YPME62	2330	1	2	3	X	X	X	X	X	B	B
METUCH	YUBME2	1159	0	1	1	X	X	X	X	X	B	B
	SUB TOTAL		10	15	25							
N BERGEN	YPNB21	1430	1	1	2	X	X	X	X	X	B	B

Report Location	Job Symbol	Time	ENG	C&Y	Total	SUN	MON	TUE	WED	THU	FRI	SAT
NJ TERM	YPJRR1	VAR	1	1	2	YPOI11	YPOI11	YPJR01	B	B	YPPN0	YPSK3
NJ TERM	YPJRR4	VAR	1	1	2	YPOI14	YPOI51	B	B	YPPN	YPPN0	YPOI14
NJ TERM	YPJRR5	VAR	1	1	2	YPOI30	B	B	YPOI31	YPOI3	YPOI65	YPOI65
NJ TERM	YPJRR7	VAR	1	1	2	YPOI33	YPOI21	YPPN20	YPPN2	B	B	YPOI33
	SUB TOTAL		4	4	8							
OAK ISL	CRO101	700	0	1	1	CRO-R	X	X	X	X	X	WILD
OAK ISL	CRO2OI	1500	0	1	1	X	X	X	X	X	CRO-R	CRO-R
OAK ISL	CRO3OI	2300	0	1	1	X	X	X	CRO-R	CRO-	X	X
OAK ISL	CRO-R1	VAR	0	1	1	CRO1O	B	B	CRO3O	CRO3	CRO2O	CRO2O
OAK ISL	YFLG01	700	0	1	1	B	X	X	X	X	"	B
OAK ISL	YFLG50	700	0	1	1	B	X	X	X	X	X	B
OAK ISL	YMWPC4	700	0	1	1	B	X	X	X	X	X	B
OAK ISL	YPEX02	1500	1	1	2	B	X	X	X	X	X	B
OAK ISL	YPEX04	1430	1	1	2	X	YPEKR	YPEKR1	X	X	X	X
OAK ISL	YPOI09	759	1	1	2	B	X	X	X	X	X	B
OAK ISL	YPOI10	730	1	1	2	B	X	X	X	X	X	B
OAK ISL	YPOI11	730	1	1	2	YPJRR	YPJRR	X	X	X	X	X
OAK ISL	YPOI12	645	1	2	3	B	X	X	X	X	X	B
OAK ISL	YPOI14	700	1	1	2	YPJRR	X	X	X	X	X	YPJRR
OAK ISL	YPOI21	1545	1	1	2	B	YPJRR	X	X	X	X.	X
OAK ISL	YPOI31	1545	1	1	2	X	X	X	YPJRR	YPJR	X	X
OAK ISL	YPOI33	1430	1	1	2	YPJRR	X	X	X	X	X	YPJRR
OAK ISL	YPOI34	1559	1	1	2	B	B	X	X	X	X	X
OAK ISL	YPOI51	635	1	1	2	B	YPJRR	X	X	X	X	X
OAK ISL	YPOI60	2230	1	1	2	YPJRR	X	X	X	X	X	5
OAK ISL	YPOI65	2230	1	1	2	X	X	X	X	X	YPJRR	YPJRR
OAK ISL	YPOI66	2345	1	1	2	B	B	X	X	X	X	X
OAK ISL	YPOI68	2301	1	1	2	B	X	X	X	X	X	B
OAK ISL	YPOI69	2300	1	1	2	X	X	X	X	X	B	B
OAK ISL	YUBO21	1515	0	1	1	B	B	X	X	X	X	X
OAK ISL	YUBOI1	715	0	1	1	B	B	X	X	X	X	X
	SUB TOTAL		17	27	44							
PT NEW	YPPN01	730	1	1	2	X	X	X	X	X	YPJRR	B
PT NEW	YPPN02	631	1	1	2	B	X	X	X	X	X	B
PT NEW	YPPN03	700	1	1	2	X	X	X	X	YPJR	YPJRR	X
PT NEW	YPPN06	1500	1	1	2	X	X	X	X	B	B	X
PT NEW	YPPN20	1430	1	1	2	X	X	YPJRR7	YPJRR	X	X	X
PT NEW	YPPN30	1600	1	1	2	X	X	X	X	X	X	X
PT NEW	YPPN37	1600	1	1	2	X	X	X	X	X	X	X
PT NEW	YPPN38	1559	1	1	2	X	X	X	X	X	X	X
PT NEW	YPPN61	2300	1	2	3	B	X	X	X	X	X	B
PT NEW	YPPN62	2230	1	1	2	B	X	X	X	X	X	B
PT NEW	YUBN02	1559	0	1	1	B	X	X	X	X	X	B
	SUB TOTAL		10	12	22							


Paterson
Yonkers
Ridgefield Pits
North Bergen Yard
Newark
Elizabeth
Croxton Yard
Kearny Yard
Oak Island Yard
Jersey City
Doremus Ave Yard
Bayonne Yard
New York
Port Newark Yard
Portside Yard
Hall
Elizabethport
Aldene
Linden Yard
Metuchen Yard
Bound Brook
Bayway Yard
Port Reading Yard
Port Reading Jct
Manville Yard
Edison
Perth Amboy
South Amboy
New Brunswick
Monmouth Jct
Brown's Yard
Morrisville Intermodal
Trenton
Morrisville
Fairless
Camden
North Jersey
Shared Assets Area
Legend
Expanded NS Lines
Expanded CSX Lines
Shared Assets Area
Northeast Corridor
Dashed Lines Indicate Trackage Rts.

CSXT / FRA SACP
C&O BUSINESS UNIT
LISTENING POST SCHEDULE

Team of Jon Kowalsky and Kim DeFazio

Monday	**March 8 - Fostoria, OH**	**1:30 PM**	**{ Ohio State Inspector Bill} Mitchell attending**
Tuesday	**March 9 - Columbus, OH**	**8:00 AM**	**{State Inspector Bill Mitchell}**
	Chillicothe, OH	**2:00 PM**	**attending**
Wednesday	**March 10 - Maysville, KY**	**8:00 AM**	**{State Inspector Bill Mitchell}**
	Russell, KY	**1:30 PM**	**attending**
Thursday	**March 11 - Shelby, KY**	**8:00 AM**	
	Paintsville, KY	**1:30 PM**	
Friday	**March 12 - Huntington, WV**	**8:00 AM**	**{FRA Inspector Paul Smailes attending}**

Team of Joe Lydick and Allen Ludwig

Monday	**March 22 - Newport News, VA**	**1:30 PM**	
Tuesday	**March 23 - Richmond, VA**	**8:00 AM**	
	Charlotte, VA	**1:30 PM**	

Team of Joe Lydick and Quenton Ratliff

Wednesday	**March 24 - Clifton Forge, VA**	**8:00 AM**	

Team of Joe Lydick and Paul Smailes

Wednesday	**March 24 - Beckley, WV**	**1:30 PM**	
Thursday	**March 25 -Logan, WV**	**8:00 AM**	
	Danville, WV	**1:30 PM**	
Friday	**March 26 -Charleston, WV**	**8:00 AM**	

STB FD 33388 5-3-99 D 194283

FD 33388

NS NORFOLK SOUTHERN

Norfolk Southern Corporation
Law Department
Three Commercial Place
Norfolk, Virginia 23510-9242

Writer's Direct Dial Number

(757) 629-2657
(757) 533-4872 (fax)

Maquiling B. Parkerson
Attorney

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April 30, 1999

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

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 Mr. Williams:

Included in this submission are twenty-five (25) copies of NS's initial survey report for traffic over the George Washington Bridge and the transmittal letter that accompanied the original, which you have already received. I apologize for not having included the appropriate number of copies in the original submission, which NS sent on April 29, 1999. Although this does not excuse my failure to comply with this requirement, I am relatively new to the Conrail Proceeding and was unaware of this requirement.

Respectfully,

Maquiling B. Parkerson

CC: George A. Aspatore

Enclosures

194283

NORFOLK SOUTHERN

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Norfolk Southern Corporation
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Norfolk, Virginia 23510-9242

George A. Aspatore
General Solicitor

Writer's Direct Dial Number

(757) 629-2657
(757) 533-4872 (fax)

April 29, 1999

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

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 Mr. Williams:

Pursuant to Ordering Paragraph No. 22 at page 177 of Decision No. 89 in the above proceeding, applicants Norfolk Southern Corporation and Norfolk Southern Railway Company ("NS") hereby submit the attached report reflecting the origins, destinations, and routings for the truck traffic at the intermodal terminal at Croxton, New Jersey, which will be allocated to NS pursuant to the Conrail transaction.

This initial report contains survey results from January and February 1999. During each month, traffic was surveyed for three non-consecutive days, for a total of six survey days. Due to some miscommunications at the start of our data gathering effort, the figures contained in this report are slightly understated because they represent loaded units entering and exiting the terminal only. Our next report to be submitted in June, which will cover the three-month period from March to May, 1999, will include figures for all equipment entering and exiting the terminal.

Please do not hesitate to call me if you have any questions regarding the attached report.

Respectfully,

George Aspatore

George A. Aspatore

CC: Melvin F. Clemens, Jr.
Attachment

Norfolk Southern Corporation
Intermodal Terminal Report No. 1
Croxton Intermodal Terminal (NJIT). Surveying for January and February 1999

ST	CITY	INBOUND	OUTBOUND	TOTAL
	Unknown	1	1	2
CT	BRIDGEPORT		1	1
CT	DANBURY		1	1
CT	KENSINGTON	1		1
CT	MANCHESTER	2		2
CT	NEW HAVEN	1		1
CT	NEW MILFORD		1	1
CT	ORANGE		1	1
CT	STAMFORD	1	1	2
CT	TRUMBULL	1		1
CT	Unknown	4	2	6
CT	WINDSOR LOCKS	2	1	3
MA	Unknown		1	1
MA	BOSTON		2	2
MA	WESTFIELD		1	1
MA	WORCESTER	1		1
ME	Unknown		1	1
ME	ROCKLAND		3	3
NY	Unknown		2	2
NY	BRONX	5	3	8
NY	BROOKLYN	2	8	10
NY	GLENDALE	1		1
NY	LONG ISLAND	22	28	50
NY	MANHATTAN	1	3	4
NY	NEW ROCHELLE	1	1	2
NY	QUEENS	1	3	4
NY	STATEN ISLAND	2	6	8
NY	SUFFERN	1		1

George Washington	50	71	121

George Washington	50	71	121
Tappan Zee	17	11	28
Staten Island Crossings	12	10	22
Manhattan Tunnels	18	20	38
Other	5	4	9
East of Hudson	102	116	218
West of Hudson	602	983	1,585
GRAND TOTAL	704	1,099	1,803

These results reported for Croxton are for loaded units entering and exiting the terminal.

STB FD 33388 4-29-99 D 194262

194262

STEPTOE & JOHNSON LLP

1330 Connecticut Avenue, NW
Washington, DC 20036-1795

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http://www.steptoe.com

DAVID H. COBURN
(202) 429-8063
dcoburn@steptoe.com

April 28, 1999

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Room 711
1925 K Street, N.W.
Washington, D.C. 20423

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:

Further to the requirement in Ordering Paragraph No. 22 at page 177 of Decision No. 89 in the above proceeding, applicants CSX Corporation and CSX Transportation, Inc. ("CSX") hereby submit the attached report reflecting the origins, destinations and cross-Hudson River routings for truck traffic at the intermodal terminals in northern New Jersey and Massachusetts that are either currently operated by CSX (Little Ferry, NJ) or that will be allocated to CSX pursuant to the Conrail transaction (North Bergen, NJ; Kearny, NJ; Boston, MA; Springfield, MA; and Worcester, MA). This first report covers the two month period January and February 1999. Traffic was surveyed for six non-consecutive days during those two months, with three of the survey dates falling during each of the two months. A further report on the results of surveying conducted over a period of six days during the three month period March through May, 1999 (at the rate of two survey days/month) will be submitted in June, 1999. Sampling will of course continue following the Split Date (scheduled for June 1, 1999) and reports will be submitted on a quarterly basis consistent with the Board's Decision.

Please note that with respect to the attached New Jersey report, the data reflects the ultimate origin or destination of the surveyed traffic utilizing the George Washington Bridge. The report also shows the volume of surveyed traffic using other Hudson River crossings and the

volume of traffic handled at the New Jersey intermodal terminals that does not cross the Hudson River (see "west of Hudson" figure). Please further note that the Massachusetts survey reflects the volume of surveyed traffic which crosses the George Washington Bridge and that which does not utilize the George Washington Bridge.

Due to data collection start-up problems at Kearny, the largest volume terminal in the CSX survey, the data reflected on the New Jersey report is not as complete as CSX intended and the volume of traffic is thus significantly understated. CSX believes that the problems experienced with collecting data at Kearny have been remedied and anticipates that its next report will incorporate a more representative volume of data gathered from the Kearny terminal and thus serve as a more appropriate pre-split date baseline for traffic surveyed at the New Jersey terminals.

Respectfully,

David H. Coburn
Attorney for CSX Corporation and CSX Transportation, Inc.

DHC:dyj
Attachments

CSX Corporation
Intermodal Survey Report No. 1
New Jersey Terminals.[1] Survey Results for January and February, 1999.

ST	CITY	INBOUND	OUTBOUND	TOTAL
	Unknown.	4	3	7
CT	Unknown.	10	3	13
CT	BEDFORD	1	0	1
CT	BROOKFIEL	0	1	1
CT	DANBURY	2	0	2
CT	EAST HAVE	0	1	1
CT	ENFIELD	0	1	1
CT	HARTFORD	1	1	2
CT	MANCHESTE	0	1	1
CT	MERIDEN	1	0	1
CT	NEW MILFO	0	1	1
CT	NEWMILFOR	0	1	1
CT	OXFORD	0	2	2
CT	STAMFORD	23	42	65
MA	Unknown.	3	7	10
MA	BOSTON	0	1	1
MA	MALDEN	0	1	1
MA	MASS	0	1	1
MA	WORCESTER	7	21	28
NY	Unknown.	2	0	2
NY	ARDSLEY	0	1	1
NY	BRONX	33	39	72
NY	BROOKLYN	44	44	88
NY	LONISLAND	50	65	115
NY	MANHATTAN	15	3	18
NY	PORT CHES	1	0	1
NY	QUEENS	17	31	48
NY	TARRYTOWN	1	1	2
NY	WESTCHEST	0	1	1
NY	YONKERS	0	1	1
RI	Unknown.	2	0	2
RI	CRANDON	0	1	1
RI	CUMBERLAI	0	1	1
RI	CUMBERLAN	0	1	1
RI	PROVIDENC	1	0	1
George Washington		218	277	495

George Washington	218	277	495
Tappan Zee	3	8	11
Staten Is. Crossings	20	17	37
Manhattan Tunnels	1	7	8
All Other	2	8	10
East of Hudson	244	317	561
West of Hudson	690	1187	1877
GRAND TOTAL	934	1504	2438

[1] The surveyed terminals were: Little Ferry, Kearny and North Bergen. The results reported for Kearny are incomplete due to start-up data collection problems.

Massachusetts Terminals.[1] Survey Results for January and February, 1999.

	INBOUND	OUTBOUND	TOTAL
G. W. Bridge	22	21	43
Other Than G. W. Bridge	1512	1462	2974
GRAND TOTAL	1534	1483	3017

[1] The surveyed terminals were Boston, Springfield and Worcester.

ARNOLD & PORTER
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DENVER
LOS ANGELES
LONDON

DENNIS G. LYONS
(202) 942-5858

194261

April 29, 1999

The Honorable Vernon A. Williams
Secretary, Surface Transportation Board
Mercury Building, Room 700
1925 K Street, N.W.
Washington, D.C. 20423

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

Dear Secretary Williams:

Enclosed are an original and twenty-five (25) copies of CSX-183, "Reply of CSX Corporation and CSX Transportation, Inc. to 'General Mills, Inc. Request for Declaratory Order to Surface Transportation Board Decision No. 89,'" for filing in the above-referenced docket.

Please note that a 3.5-inch diskette containing a WordPerfect 5.1 formatted copy of the filing is also enclosed.

Kindly date stamp the enclosed additional copies of this letter and the enclosure at the time of filing and return them to our messenger.

Thank you for your assistance in this matter. Please contact me if you have any questions.

Respectfully yours,

Dennis G. Lyons
Counsel for CSX Corporation and CSX Transportation, Inc.

Enclosures
via hand delivery

cc: All Parties on the Service List

CSX-183

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

REPLY OF CSX CORPORATION AND CSX TRANSPORTATION, INC. TO "GENERAL MILLS, INC. REQUEST FOR DECLARATORY ORDER TO SURFACE TRANSPORTATION BOARD DECISION NO. 89"

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P. Michael Giftos
Paul R. Hitchcock
CSX TRANSPORTATION, INC.
One James Center
500 Water Street
Speed Code J-120
Jacksonville, FL 32202
(904) 359-3100

Counsel for CSX Corporation and CSX Transportation, Inc.

April 29, 1999

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 3338

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

REPLY OF CSX CORPORATION AND CSX TRANSPORTATION, INC. TO "GENERAL MILLS, INC. REQUEST FOR DECLARATORY ORDER TO SURFACE TRANSPORTATION BOARD DECISION NO. 89"

CSX Corporation and CSX Transportation, Inc. (collectively, "CSX") hereby file their reply to the "General Mills, Inc. Request for Declaratory Order to Surface Transportation Board Decision No. 89" (the "Request"). By Decision No. 122, served April 15, 1999, the Board, at CSX's request, extended the time within which responses to the Request might be filed to and including April 29, 1999.

INTRODUCTION

The main relief sought by General Mills, Inc.'s ("GMI") Request is that the Board substantially modify a February 1, 1980 Trackage Rights Agreement between Conrail and The Baltimore &Ohio Railway Company ("B&O"), a predecessor of CSX, to convert "bridge rights only" trackage rights to local trackage rights. By means of such an

improper modification, an earlier assignment (the "Assignment") in 1988 of those rights to the Buffalo & Pittsburgh Railroad, Inc. ("B&P")[1] would effectively convert B&P's overhead rights to direct local service rights. However, that Assignment does not purport to grant, and could not have granted, any additional rights to B&P over and above those which the B&O had acquired from Conrail. Also involved in the Request is a set of trackage rights granted by Conrail to the Chesapeake & Ohio Railway Company ("C&O"), also on February 1, 1980, and also over the line of the former Buffalo Creek Railroad (the "C&O Trackage Rights"), which are verbally identical in all material respects to the B&O Trackage Rights.[2] Those C&O Trackage Rights are to be assigned to Norfolk Southern Railway Company ("NS") on the "Split Date," pursuant to Decision No. 89. See Ordering Paragraph No. 34, at 178.

The Request asserts that the B&C Trackage Rights held by the B&P and the C&O Trackage Rights to be transferred to NS, although "bridge rights only" and without the right to "perform any local freight service whatever," or to perform "switching," now give both the B&P and, upon the Split Date, NS, the right to perform local service — at least at the GMI plant. As to the pre-1999 existence of these alleged rights to perform

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[1] The Trackage Rights Agreement in question (the "B&O Trackage Rights") is in the public part of the record of the Application in this case, CSX/NS-178, Vol. 3A at 339-355. The Assignment by CSX, B&O's successor, to the B&P is in the confidential record at CSX/NS-178, Vol. 3C at 111-112.

[2] The C&O Trackage Rights are contained in the public record of this matter as part of the Rebuttal in favor of the Application, at CSX/NS-178, Vol. 3A at 356-373.

local service, GMI says: "GMI, quite frankly was unaware of these trackage rights." Request at 2. The B&P did not believe there were any such local service rights either; it held one of the two sets of these identical trackage rights for 10 years, from 1988 through 1998, and apparently in the light of the express terms forbidding "local freight service" never offered to provide direct local service to GMI.

GMI bases its contentions that the B&O Trackage Rights and the C&O Trackage Rights permit local service to its facility on three main arguments:

1. That these "bridge rights," which did not confer any rights to "perform any local freight service whatever" (CX/NS-178, Vol. 3A at 341, 359), were somehow morphed into local service rights as a result of the proceedings in this case. Request at 5.

2. That GMI is running a railroad, its existence previously unknown to the Board and its predecessor, at its plant on the Buffalo waterfront which it says is at the terminus of the trackage rights, and that accordingly the delivery and taking of cars to and from the GMI plant from or to a place beyond the old Buffalo Creek line would constitute the exercise of "bridge rights" between the supposed "GMI railroad" and the remainder of the B&P and NS

systems. GMI says that this is not the case with the other shippers, such as its competitor Pillsbury's facility nearby. Request at 4-5.

3. That perhaps the literal terms of the trackage rights should not be taken seriously, since GMI has found in its archives a photograph of a B&O locomotive at a point near GMI's plant at the Buffalo waterfront. This must mean, says GMI, that B&O and now B&P had/have local access rights to the GMI plant. Request at 2.

All three arguments are without merit, as we shall demonstrate below.

FACTUAL BACKGROUND

The Buffalo Creek Railroad. — The Buffalo Creek Railroad ("Buffalo Creek"), which operated in the waterfront area of Buffalo, NY, with approximately 5.73 miles of line between Williams Street and Peck's Slip, was incorporated in 1869 and completed construction in 1870.[3] It operated as a terminal switching railroad with dock facilities for Great Lakes vessels handling bulk commodities in lake/rail transfer. The line was leased by the company on a long-term lease at the end of 1889 to the Lehigh Valley Railroad and the Erie Railroad, each a first or second generation predecessor of Conrail. The

[3] These and the following background details in this paragraph as to the Buffalo Creek Railroad are taken from the Verified Statement of Lawrence L. Ratcliffe, and its Exhibit A, filed herewith.

property was conveyed to Conrail under the Final System Plan upon Conrail's activation on April 1, 1976, and the line was incorporated into the Conrail system.

The line has been open, in Conrail's hands, to reciprocal switching by numerous railroads which connected to it. The currently applicable Conrail tariff[4] provides for reciprocal switching for the Buffalo & Pittsburgh ("B&P), Canadian National, CSXT and Norfolk Southern, and, with respect to movements over the D&H lines, CP. The current Conrail switching charge is $451 per car.[5] The open reciprocal switching replicates the original status of the Buffalo Creek as a terminal railroad, where switching services were provided by the Buffalo Creek for the line-haul carriers, but reflecting the acquisition of the property by a line-haul carrier, Conrail. The 1980 bridge trackage rights continued the function of the Buffalo Creek as providing connectivity among the other railroads reaching it.

While one end of the Buffalo Creek line goes to the waterfront and dead ends, the Eastern portion of the line is used by Conrail as part of its North/South main line in the Buffalo/Niagara Falls area and will be so used by CSX after the "Split Date."[6]

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[4] See Attachment A hereto.

[5] A reduced charge is applicable to certain movements of scrap paper, not pertinent to GMI's Request.

[6] See Verified Statement of Gerard F. Edwards at 2.

GMI's Participation in This Case. — GMI was a participant in this docket. Through a verified statement of its Transportation Manager, Leo J. Wasescha, GMI filed comments and request for conditions in an undesignated filing dated October 16, 1997, a copy of which is Attachment B hereto. That filing did not complain of any "2-to-1" situation or demand that physical access by additional railroads be given to the GMI plant on the Buffalo waterfront. Instead, it complained at length of the level of Conrail reciprocal switching charges, asking that they be reduced to "a uniform reasonable $130 per car," noting that: "This request is consistent with the request [then] advanced by the National Industrial Transportation League." Attachment B, penultimate page.[7]

Two months after the GMI verified statement/request for conditions was filed, the Applicants' settlement with the NITL was reached, with its provision for the reduction of Conrail switching charges at points where Conrail provided reciprocal switching to CSX or NS to $250 per car. The Applicants' Rebuttal filing made on December 15, 1997, set forth the NITL Settlement. CSX/NS-176, Vol. 1 at 768 *et seq*. A verified statement in the Rebuttal presented by D. Michael Mohan, the author of NS' Operating Plan, made plain that "NS will have access via a reciprocal switch to the General Mills facility at the

[7] The pages of the October 1997 GMI filing were unnumbered. The verified statement/request for conditions also requested relief in respect of what it called "acquisition costs in rate making calculations," a five-year rate freeze for GMI single-line movements on Conrail that would become joint-line movements after the Split Date, increased service out of Ohio Street Yard, and an expansion of the Buffalo switching district to include a new industrial park in West Seneca, NY. It was not stated whether GMI was planning to relocate its facility or open a new facility at the industrial park.

Ohio Street Yard in Buffalo, NY." CSX/NS-177, Vol. 2A at 437. After the NITL Settlement, GMI made no further filings in the docket until its recent Request.

In its decision served July 23, 1998, the Board expanded the NITL Settlement with respect to reciprocal switching to include, among other things, situations where there had been reciprocal switching by Conrail in favor of short-line railroads. See Decision No. 89 at 57; 176, at ¶ 20 and n.264. Thus, the NITL Settlement gave GMI access to NS through reciprocal switching at $250 per car and the Board's decision of July 23, 1998, gave GMI access to the B&P via reciprocal switching, also at $250 per car. Accordingly, as a result of these developments, GMI, as were many other shippers in the Buffalo/Niagara area, was put in a position where, after the Transaction, it would be better off than it was before.

The "2-to-1" Issue As to the Buffalo Creek Railroad. — While GMI, a shipper on the Buffalo Creek line, made no complaint about any alleged "2-to-1" effects of the Transaction, another interest, the Erie-Niagara Rail Steering Committee ("ENRS"), whose basic goal in the case was for the creation of a two and one-half county Shared Assets Area in the Buffalo/Niagara region, did so. In passing, it suggested that the Buffalo Creek shippers presented a 2-to-1 situation. Under the caption "Other 2-to-1 Situations," ENRS claimed to the Board that "CSX has trackage rights under an agreement with Conrail over the former Buffalo Creek Railroad lines in order to reach customers on the waterfront area of Buffalo." ENRS-6 at 30. ENRS did not explain how

you could "reach customers" via trackage rights which were "bridge traffic only" and prohibited "local freight service whatever."

To that, the Applicants' Rebuttal made the following reply:

> ENRS relies on a February 1, 1980 agreement, pursuant to which Conrail granted CSX's predecessor, the Chesapeake & Ohio Railway Company ("C&O"), trackage rights over the former Buffalo Creek Railroad line which serves the waterfront between Howard Street and Michigan Avenue. CSX's predecessor, the Baltimore and Ohio Railway Company ("B&O"), also had trackage rights, pursuant to a separate agreement, over this same line.
>
> In 1988, as part of a deal in which CSX's predecessor sold all of its rail property in the Buffalo area to the Buffalo & Pittsburgh Railroad ("B&P"), CSX's predecessor assigned the B&O trackage rights over the former Buffalo Creek line to B&P, and CSX's predecessor ceased serving the Buffalo waterfront. Though CSX retained the right to operate over the Buffalo Creek line pursuant to the C&O/Conrail agreement, CSX has not had access to, and has not served shippers on the Buffalo waterfront since it sold its property to the B&P in 1988. However, whether CSX presently has access to the Buffalo waterfront is irrelevant, because after the consummation of the transaction, shippers in the waterfront area will continue [to] have access to two carriers — CSX, as Conrail's replacement, and the Buffalo & Pittsburgh Railroad. Thus, the shippers in the Buffalo waterfront area do not require a 2-to-1 remedy.
>
> (CSX/NS-176, Vol. 1 at 67-68 (footnotes, consisting of references to the Trackage Rights Agreements and Assignment in Vol. 3 of the Rebuttal, are omitted).[8])

The Rebuttal was prepared under the pressure of responding to over a hundred complaining parties in a 55-day period, and we must say that the above passage involved

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[8] For those references, see notes 1 and 2, above.

an ambiguity and an incompleteness. As to the ambiguity, it did not make clear whether the access of the shippers to the carriers other than Conrail it was talking about was direct or via reciprocal switching; it was the latter, as an examination of the Trackage Rights Agreements, cited in the footnotes to the passage and submitted in full text as part of the Rebuttal evidence, made plain. As to the incompleteness, the passage failed to refer to the fact that NS, B&P and others had reciprocal switching rights to access the shippers on the Buffalo Creek — a point which, if included, would only have strengthened the passage. However, the Rebuttal filing elsewhere made that plain, as developed above. See CSX/NS-177, Vol. 2A at 457.

In fact, there was no 2-to-1 situation: The shippers on the Buffalo Creek before the Transaction had reciprocal switching access available to them from, among others, B&P and NS, as well as the reciprocal switching rights held by CSX. While B&P and CSX held overhead trackage rights on the Buffalo Creek, those trackage rights were without any right to "perform any local freight service whatever," being "bridge rights only." There was only one carrier with any right to direct access to the local shippers, Conrail. That apparently was a situation which had lasted for at least a century, since the situation smacks of one typical where a line-haul carrier acquires control of a terminal switching carrier which switches for all its connections but does not permit them direct

access to the industries in the terminal area.[9] A common method of dealing with the consolidating of a terminal carrier into its line haul parent, as was the case here, is a regime of complete reciprocal switching plus overhead trackage rights for the connecting carriers, to replace the separate existence of the switching carrier which afforded switching to the local industries and overhead rights to the connecting carriers.

In developing conditions for the Buffalo area, the Board said: "To ensure that shippers on the Buffalo Creek line would not inadvertently lose one of their two Class I rail connections as a result of the transaction, we will require that the CSX trackage rights over Conrail on the Buffalo Creek line be transferred to NS." Decision No. 89 at 87-88. To clarify the scope of its action, the Board wrote a footnote to the sentence just quoted citing directly to page 359 of CSX/NS-178, Vol. 3A, a page in the C&O Trackage Rights containing the description of the trackage rights in question (the C&O rights) as "bridge rights only" and as not giving the right to "perform any local freight service whatever," or to perform "switching." See Decision No. 89 at 88 n.139. Hence, while the Board's opinion did not discuss whether the rights were overhead/bridge or local, the Board was aware of the clear description of the rights in their documentation.

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[9] This was the case at the old Buffalo Creek. See Exhibits to the Verified Statement of Mark Bennett, filed herewith. Exhibit I is the 1954 B&O Official List, showing a B&O connection with Buffalo Creek but no access to General Mills (sheet 167). Exhibit II is the introductory pages of a Chessie System (B&O/C&O) circular of November 1973, showing GMI as directly served only by Buffalo Creek (page 3). As the Bennett V.S. and Exhibit I thereto indicate, it appears that notwithstanding its lack of access to industrial shippers, the B&O had access to coal docks on the waterfront along the line of the Buffalo Creek.

Thus, in terms of the various types of access, GMI and the other Buffalo Creek shippers were in the same position after the Transaction as before. CSX had succeeded to Conrail's ownership of the line and had direct physical access. The other connecting carriers in the area had the same switching privileges as they always had; this included NS, the B&P, CN and the D&H lines. At least two carriers apart from the carrier having direct access had trackage rights over the line — NS and B&P — though those trackage rights continued to be limited to "bridge" movements and did not permit "switching" or any "local freight service whatever." However, in economic reality, GMI was to be much better off after the Transaction than it was before; instead of a $451 reciprocal switching fee, access to GMI could be had by NS or B&P for $250 a car.

DISCUSSION

1. *The Board's Decision Did Not Change the B&O Trackage Rights or the C&O Trackage Rights from "Bridge Only" to "Local."* — Nothing in the record suggests that the Board took any action in Decision No. 89 to substantially modify the C&O Trackage Rights (assigned by the Board's condition to NS), let alone to rewrite B&P's trackage rights (the old B&O trackage rights) which the B&P had held for a decade and has never attempted to claim were local rights. GMI points to no language of the Board purporting to do that. The ordering language of the Board simply orders the transfer of the old C&O Trackage Rights to NS; the ordering sentence contains a footnote which references a page in the C&O Trackage Rights Agreement where the only provision of any substance is the

limitation to "bridge rights only" and the prohibition of "switching" or "any local freight service whatever."

The Board's language suggested that it was acting out of an abundance of caution — to prevent any "inadvertent" loss of access that a shipper had. This could cover a situation where the trackage rights were claimed to be applicable to affording access to a new bulk commodity transloading facility on the Buffalo waterfront docks, which might be said to be akin to the bridge rights formerly possessed by B&O to its proprietary facilities.[10] No such issue is presented by this case. The Board's action also had the effect of preserving the existence of overhead trackage rights on the line for the benefit of a second Class I rail carrier, NS. Perhaps the Board wished to ensure that whatever operational flexibility might be associated with the trackage rights was transferred to NS, the better to build its service plan in the Buffalo area.

Not only did the Board not act to enlarge the trackage rights to make them local, there was no reason for the Board to have done so. As demonstrated above, the quantum of access to carriers, both direct and through reciprocal switching, enjoyed by the shippers on the line is unchanged. CSX, on the Split Date, is to take Conrail's place, as Conrail took Buffalo Creek's place, as the sole carrier providing direct access. A number of other connecting carriers had access via reciprocal switching; they included, and still

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[10] See the discussion in Point 3, below.

will include, NS, B&P and others. Most significantly, the economic situation has radically changed in GMI's favor — the high $451 reciprocal switch fee will be replaced by a fee of $250 a car for movements involving NS. In addition, through the Board's broadening of the NITL's reciprocal switching provisions to include Conrail/short-line switching, the B&P, which serves a number of markets in New York State and Pennsylvania, has access at a $250 trackage rights fee.[11]

2. *Service To and From GMI Is Not a "Bridge" Movement*. — GMI makes some efforts to interpret the two Trackage Rights Agreements to claim that they permit the B&P and, as successor to the C&O Trackage Rights, NS, to have direct access to GMI. GMI claims that it is a "railroad" since it has on the plant premises some tracks which it owns itself. Thus, it is a "railroad," it says, and so it claims that movements from it over the Buffalo Creek line to reach the lines of a connecting carrier are "bridge" movements rather than local traffic movements.

GMI's claimed status as a railroad appears to be recent. We are not aware of any evidence that GMI has classified itself as a railroad before its Request was filed. It does not state that its employees when injured at work may take advantage of the jury trial provided for by the Federal Employers Liability Act ("FELA"), rather than being subject

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[11] Transmuting the access via reciprocal switching to direct access on the Buffalo Creek line would create operational difficulties on the North-South main line of CSX through Buffalo to Niagara Falls. The Eastern part of the Buffalo Creek line (not the part GMI is on) is a portion of that main line for Conrail and will be so for CSX. See Edwards V.S. at 2.

to the workers compensation laws. The amount of any Railroad Retirement Act contributions paid by GMI or its employees at the plant is not stated. We suspect there is none. We are not aware of any authorization by the Board or its predecessor for GMI to provide rail service at Buffalo.

No precedents for classifying an industrial company with a few tracks on its premises as a "railroad" are cited. The usual understanding of what a "railroad" is for most purposes is whether it conducts operations by or in connection with rail movements as a common carrier. To be sure. there are cases holding relatively large-scale, in-plant rail operations by industrial companies — including ownership of locomotives and cars, and the handling, within a plant complex, of movements to and from independently-owned industries (suppliers, service companies and the like) of their raw materials and products — to constitute an industrial company a "common carrier." The leading case is *Lone Star Steel Co. v. McGee*, 380 F.2d 640 (5th Cir.), *cert. denied*, 389 U.S.C 977 (1967). Those activities, in *Lone Star*, subjected the rail operation of the Lone Star company to the FELA.[12] The mere ownership of tracks for an industrial company's own use in receiving or shipping freight does not make it a common carrier. See *Lone Star*, 380 F.2d at 644. To say that the mere ownership of railroad tracks is enough to turn an industrial plant into a "railroad" and to transform local service to it into a bridge carrier operation would be to violate the intent of every trackage rights agreement making a

[12] Whether the Board's predecessor asserted jurisdiction over Lone Star is not shown.

bridge/local distinction,[13] as well as creating a regulatory nightmare as industrial companies are turned into railroads on a wholesale basis.

3. *There Is No Showing of a Historical Gloss That Could Change the Clear Language of the Trackage Rights*. — Finally, in an effort to suggest that there has been a historical interpretation of the two sets of trackage rights initially granted to the B&O and the C&O as permitting local access, despite their language, GMI states that it has found a photograph of a B&O switching engine performing switching duties near GMI's Buffalo plant. This is on a track at one time "immediately adjacent to its [GMI's] property named, appropriately, the 'B&O Lead Track.'" Request at 2. GMI does not furnish the Board with a copy of the photograph, so exactly where the B&O engine stood and what vintage the engine is (which might indicate the date of the photograph) is unknown, at least to the Board and to us. The attached Verified Statement of Gerard F. Edwards indicates that in a period ending in about 1966 a coal dock and freight house were in business near the GMI plant and that the B&O had access to transloading with vessels at that dock and via the freight house. That may explain GMI's old photograph. The transloading may well have been considered different from local industrial service; the cargo transferred between rail cars and vessels would, after all, have been handled between two carriers, or possibly facilities proprietary to the B&O may have been

[13] Indeed, although no situation of the sort is presented here, it would be doubtful whether the level of activities found in the *Lone Star* case would be sufficient to make local service by a carrier to such a plant into a "bridge movement."

involved. In any case, B&O publications in the 1950s and 1970s asserted no rights of direct access to the GMI plant. See note 9, above. Random anecdotal assertions like the non-produced photograph, unsupported by clear evidence, are hardly a basis to ignore the clear language of the Trackage Rights Agreement, and the long past practices and interpretations confirming the clear limitation of the trackage rights to bridge rights.

4. *GMI's Instant Request Is Merely an Attempt to Obtain Reconsideration of Decision No. 89 Where the Issues Raised by GMI Have Been Fully Considered*. — At its core, GMI's Request is yet another attempt to modify the Board's Decision No. 89. GMI and ENRS were both parties to this proceeding, and both sought conditions from the Board. As indicated above, the Applicants, through their settlement with NITL, provided substantial improvements to the competitive options that GMI and other Buffalo shippers possessed prior to this Transaction, and the Board added conditions that afforded yet greater improvements. In essence, GMI is not satisfied with the substantial concessions that it received through this Transaction and, adhering to the negotiating principle that "More is Never Enough," seeks yet further concessions by means of yet additional regulatory action.

In formulating its Decision No. 89, the Board did not intend to provide an endless process for enlarging the conditions against the Applicants subsequent to the exercise of control of Conrail by them. Yet, this is precisely the kind of activity that GMI's Request asks the Board to promote. Clearly, GMI and like-situated patrons knew that the long-

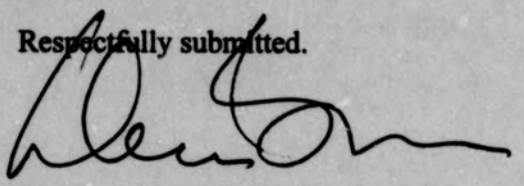
standing trackage rights over Conrail's Buffalo Creek line did not provide CSX, B&P, B&O and C&O direct access to their facilities. GMI and the other patrons had long-standing reciprocal switch access to CSX and other Conrail competitors. In this proceeding, they repeatedly tried to improve that situation— first, by means of the expanded direct service access sought by ENRS in various forms, and, second, by enhanced commercial access sought by GMI and others by means of the reduction of Conrail's long-standing reciprocal switch rates. Having achieved a substantial reduction in the switch rates, GMI now turns to seeking direct rail service from B&P and NS.

During this several years long proceeding, the Board fully considered all of these issues and decided on the bundle of conditions pertaining to Buffalo imposed in Decision No. 89. That bundle did not include direct service access by B&P or NS for GMI and other similarly-situated patrons on Conrail's Buffalo Creek line. GMI's Request is an attempt at reconsideration of the Board's bundle of conditions, and no basis has been presented by GMI to grant such reconsideration, let alone for its untimely filing.

CONCLUSION

For the reasons stated, the Request made by GMI should be denied.

Respectfully submitted.



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April 29, 1999

US OFFICE PRODUCTS

CONSOLIDATED RAIL CORPORATION TARIFF CR 8001-D

SECTION 6
RECIPROCAL SWITCHING (Except as Noted)

BUFFALO, NY

ITEM	BETWEEN INDUSTRIES AND FACILITIES LOCATED IN THE BUFFALO, NY SWITCHING LIMITS AS DESCRIBED IN ITEM 7035	CR SWITCHING ZONE	AND JUNCTION WITH OPER,CN,CSXT,NS (NOTE 1) PER CAR
	ADM Milling Co.		
	1 St Clair St (Standard Elev.)	1	
	250 Ganson Street	1	
	Altman, Lester	1	♦ $451.00
	American Axle Manufacturing		
	East Delevan St.	1	$275.00 (NOTE 2)
17185	Tonawanda Forge, Kenmore Rd.	2	
	Armor Box Inc.	1	
	Ashland Chemical Co.	2	

NOTE 1 - Carload freight traffic arriving at or departing from Buffalo, NY over CPRS via routes that do not pass through Niagara Falls, NY may be handled by CONRAIL in switch service to or from industries listed in this item, subject to the provisions of an agreement between CPRS and CONRAIL.
NOTE 2 - Applies only on Scrap Paper (STCC 40 261), interchanged with CN.

(CONT'D ON NEXT PAGE)

For explanation of other abbreviations and reference marks, see concluding page(s) of this tariff.

ISSUED JANUARY 26, 1999 EFFECTIVE FEBRUARY 16, 1999

ISSUED BY
CONSOLIDATED RAIL CORPORATION, 2001 MARKET STREET - 23C, P.O. BOX 41423, PHILADELPHIA, PA 19101-1423

SECTION 6
RECIPROCAL SWITCHING (Except as Noted)

BUFFALO, NY

ITEM	BETWEEN INDUSTRIES AND FACILITIES LOCATED IN THE BUFFALO, NY SWITCHING-LIMITS AS DESCRIBED IN ITEM 7035	CR SWITCHING ZONE	AND JUNCTION WITH CPRR, CN, CSXT, NS (NOTE 1) PER CAR
17185 (Cont'd)	Bettenfeld American Inc.	1	
	Berlin Warehouse	1	
	Bestway Distribution Service	1	
	Bison Laboratories	1	
	BOC Gases	1	$451.00
	Buffalo China, Inc.	1	$275.00 (NOTE 2)
	Buffalo Color Corp.	1	
	Buffalo Evening News	1	
	Buffalo Merchandise Distributors	2	
	Buff Tech	1	
	Canadian American Packaging	1	
	Chapin & Fagin	1	
	Chem. Central	2	
	Chudy Paper Co.	1	
	Co Steel Recycling	1	
	Conagra	1	
	Crown Lumber	◊Cancel	

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(CONT'D ON NEXT PAGE)

For explanation of other abbreviations and reference marks, see concluding page(s) of this tariff.

ISSUED MARCH 23, 1999 EFFECTIVE APRIL 13, 1999

ISSUED BY
CONSOLIDATED RAIL CORPORATION, 2001 MARKET STREET - 23C, P.O. BOX 41423, PHILADELPHIA, PA 19101-1423

SECTION 6
RECIPROCAL SWITCHING (Except as Noted)

BUFFALO, NY

ITEM	BETWEEN: INDUSTRIES AND FACILITIES LOCATED IN THE BUFFALO, NY SWITCHING-LIMITS AS DESCRIBED IN ITEM 7035	CR SWITCHING ZONE	AND JUNCTION WITH: BPRR,CN,CSXT,NS (NOTE 1) PER CAR
17185 (Cont'd)	DeCarlo & Sons	1	
	Deltacraft Paper Co., Inc.	1	
	Dunlop Tire Corp.	2	
	Dupont, E. I.	2	♦ $451.00
	Eastern Railway Supply	1	
	Ebenezer Railcar Service	1	$275.00 (NOTE 2)
	Eighty-Four Lumber, Tonawanda	2	
	Euro United Corporation	2	
	FMC Corp.	2	
	Federal Bakers Supply	1	
	Frontier Warehousing	2	
	General Electric	2	
	General Mills, Inc.	1	
	GM PT Tonawanda Engine	2	
	Great Lakes Paper Fibres	1	

NOTE 1 - Carload freight traffic arriving at or departing from Buffalo, NY over CPRS via routes that do not pass through Niagara Falls, NY may be handled by CONRAIL in switch service to or from industries listed in this item, subject to the provisions of an agreement between CPRS and CONRAIL.
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For explanation of other abbreviations and reference marks, see concluding page(s) of this tariff.

SECTION 6
RECIPROCAL SWITCHING (Except as Noted)

BUFFALO, NY

ITEM	BETWEEN INDUSTRIES AND FACILITIES LOCATED IN THE BUFFALO, NY SWITCHING-LIMITS AS DESCRIBED IN ITEM 7035	CR SWITCHING ZONE	AND JUNCTION WITH EPRR,CN,CSXT,NS (NOTE 1) PER CAR
17185 (Cont'd)	Interstate Brands Corp.	1	$ 2451.00
	Laub Warehouse	1	$275.00 (NOTE 2)
	Linde (See Union Carbide)	---	

NOTE 1 - Carload freight traffic arriving at or departing from Buffalo, NY over CPRS via routes that do not pass through Niagara Falls, NY may be handled by CONRAIL in switch service to or from industries listed in this item, subject to the provisions of an agreement between CPRS and CONRAIL.

NOTE 2 - Applies only on Scrap Paper (STCC 40 241), interchanged with CN.

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For explanation of other abbreviations and reference marks, see concluding page(s) of this tariff.

SECTION 6
RECIPROCAL SWITCHING (Except as Noted)

BUFFALO, NY

ITEM	BETWEEN INDUSTRIES AND FACILITIES LOCATED IN THE BUFFALO, NY SWITCHING-LIMITS AS DESCRIBED IN ITEM 7035	CR SWITCHING ZONE	AND JUNCTION WITH BPAR,CN,CSXT,NS (NOTE 1) PER CAR
	Martin Fireproofing Co	2	◊ $451.00
	Monroe Palburn	1	$275.00 (NOTE 2)
17185 (Cont'd)	Nabisco Brands	1	
	Niagara Mohawk Power		
	Tonawanda (Harriet) (NOTE 4)	2	
	West Seneca	1	
	NoCo Energy	2	
	Norampac	1	
	North Shore Recycling Fibres, 60 Clyde Avenue	1	
	Ocello	2	
	Outokumpu American Brass	2	

NOTE 1 - Carload freight traffic arriving at or departing from Buffalo, NY over CPRS via routes that do not pass through Niagara Falls, NY may be handled by CONRAIL in switch service to or from industries listed in this item, subject to the provisions of an agreement between CPRS and CONRAIL.

NOTE 2 - Applies only on Scrap Paper (STCC 40 241), interchanged with CN.

NOTE 4 - On shipments of Coal or Coke, the Direct Product of Coal, Reciprocal Switching charges to industries located at Harriet, NY on the Wonalancet Branch, North of North Buffalo Junction, will apply only when shipments are interchanged with CN at Black Rock, NY.

(CONT'D ON NEXT PAGE)

For explanation of other abbreviations and reference marks, see concluding page(s) of this tariff.

SECTION 6
RECIPROCAL SWITCHING (Except as Noted)

BUFFALO, NY

ITEM	BETWEEN INDUSTRIES AND FACILITIES LOCATED IN THE BUFFALO, NY SWITCHING-LIMITS AS DESCRIBED IN ITEM 7035	CR SWITCHING ZONE	AND JUNCTION WITH BPRR,CN,CEXT,NS (NOTE 1) PER CAR
17185 (Cont'd)	Plywood Plastics	2	
	Pratt & Lambert		
	Cheektowaga	1	◊ $451.00
	Black Rock	2	
	Praxair, Inc.	2	
	Protective Closure	2	$275.00 (NOTE 2)
	PVS Chemicals	1	
	Quebecor Printing	1	
	RR Salvage	1	
	Rich Tank Farm	1	
	Safety Klean Oil Services	1	
	Scheible Son, R. D.	1	
	Sorvil Distribution Center	1	
	St. Lawrence Cement	1	

NOTE 1 - Carload freight traffic arriving at or departing from Buffalo, NY over CPRS via routes that do not pass through Niagara Falls, NY may be handled by CONRAIL in switch service to or from industries listed in this Item, subject to the provisions of an agreement between CPRS and CONRAIL.

NOTE 2 - Applies only on Scrap Paper (STCC 40 241), interchanged with CN.

(CONT'D ON NEXT PAGE)

For explanation of other abbreviations and reference marks, see concluding page(s) of this tariff.

SECTION 6
RECIPROCAL SWITCHING (Except as Noted)

BUFFALO, NY

ITEM	BETWEEN: INDUSTRIES AND FACILITIES LOCATED IN THE BUFFALO, NY SWITCHING LIMITS AS DESCRIBED IN ITEM 7155	CR SWITCHING ZONE	AND JUNCTION WITH: CPRR, CN, CSXT, NS (NOTE 1) PER CAR
17185 (Cont'd)	Terrafino Foods	2	
	Terrasco Packaging, Inc.	2	$451.00
	Terminal of Commerce Warehouse	2	
	Tonawanda Coke Corp. (NOTE 4)	1	$275.00 (NOTE 2)
	United Refining Co.	◆Cancel	
	U. S. Recycling Industries	1	
	US Sugar	1	
	Zhagrus Environmental, Inc.	2	

NOTE 1 - Carload freight traffic arriving at or departing from Buffalo, NY over CPRR via routes that do not pass through Niagara Falls, NY may be handled by CONRAIL in switch service to or from industries listed in this item, subject to the provisions of an agreement between CPRR and CONRAIL.

NOTE 2 - Applies only on Scrap Paper (STCC 40 241), interchanged with CN.

NOTE 4 - Applicable only on:
A. Outbound shipments of Coal Tar; and
B. Outbound shipments of Coke, the Direct Product of Coal, when delivered in interchange to CN at Buffalo (Black Rock), NY.

For explanation of other abbreviations and reference marks, see concluding page(s) of this tariff.

US OFFICE PRODUCTS

Attachment B

General Mills
General Offices

Post Office Box 1113
Minneapolis, Minnesota 55440

Via Overnight Express Delivery

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

Re: Finance Docket No. 33388

Dear Secretary Williams:

On behalf of General Mills, Inc. I enclose for filing an original and twenty six copies of Verified Statement of the impact of this proceeding on General Mills and its operations in Western New York. Also enclosed is a 3.5 inch diskette containing the texts of the comments in Word 5.1 format.

Please stamp the extra copy of the foregoing and return it to General Mills at the above address via first class U.S. Mail.

Respectively Submitted,

Leo J. Wasescha
Transportation Manager
General Mills Operations Inc.

10/16/97

cc: registered parties of record

file:stbfile

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

Verified Statement of Leo J. Wasescha Concerning Impact of Application on its operations in Western New York

General Mills
Number One General Mills Blvd.
Minneapolis, MN 55426

Dated: October 16, 1997

Verified Statement
In the matter of:
STB Finance Docket No. 33388
CSX and NS Corporations Acquisition of Conrail

Introduction and cause of interest.

My name is Leo J. Wasescha, I am Division Transportation Manager for General Mills Operations, Inc. My responsibilities include management of transportation for milling and warehousing of food products located throughout the country including the Northeastern United States. One major operation is located in Buffalo New York which includes a flour mill, grain elevator, cereal plant and several warehousing operations all presently located on Conrail.

General Mills' flour mill in Buffalo New York is one of three remaining. One major competitor has recently closed their facility. The other mills including General Mills are not currently running at capacity due to competitive factors. General Mills is running at capacity at its other 6 wheat milling facilities across the country and currently ships from Midwestern mills to the Northeast over 200 million pounds of flour per year despite the fact that its Buffalo mill is underutilized. This is done because of lowered delivered cost. Freight expense is the second largest cost in flour milling, second only to the cost of wheat.

Prior to the establishment of current reciprocal switching charges, General Mills' Buffalo mill was run at capacity and as demand exceeded supply, during peak periods of demand, General Mills bought up to four carloads of flour per day from competitors in the Buffalo area to keep up with demand.

Additionally, Buffalo was a distribution center for other packaged products for customers throughout the Northeast At it's peak, the facility received over 6000 cars inbound and shipped over 12000 cars outbound per year. This distribution center was consolidated in the Harrisburg PA area as rail rates rose to a level above truck rates and equipment quality and service provided by Conrail deteriorated. General Mills at Buffalo currently handles approximately 3600 cars per year.

Surface Transportation Board Conditions of Approval

The ICC Termination Act of 1995, 49 U.S.C. 11324(b) provides that the Board shall consider five factors when reviewing merger or control of at least two Class I railroads. General Mills would like the Board to consider the following comments for each factor prior to it's decision.

(1) the effect of the proposed transaction on the adequacy of transportation to the public.

The institution of the current switch charge in Buffalo (approximately $450) resulted in Conrail economically shutting down the Buffalo/Niagara Frontier Rail Gateway and forced shippers to tender all traffic to it at Chicago or East St. Louis. By doing this, Conrail was able to economically force shippers to use these gateways and increase revenue for itself at the expense of other carriers serving the area. Prior to this charge, over 90% of General Mills' inbound traffic into Buffalo was shipped via other carriers because of better service. After the switch charge was elevated, virtually 99% of inbound traffic to General Mills' facilities in the Buffalo area must economically come in via Conrail. Conrail has successfully pushed up it's rate level to point just below the threshold of General Mills' ability to economically use alternate carriers. General Mills estimates that it is paying in excess of $1 million dollars annually for rail into and out of the Buffalo area compared to comparable rates at other facilities.

In the merger application, applicants devote one paragraph in Volume One, to the Buffalo terminal. In that paragraph, applicants provide for joint operations in Seneca Yard for the purpose of "improving access to the South Buffalo Railroad." The South Buffalo Railroad serves a major production facility of the Ford Motor Company. General Mills and others requested prior to the filing the same access for the Ohio Street Yard which serves our industries and were denied. The combined shipments handled by the Ohio Street Yard is in excess of 14 000 cars per year. This brings into question of how well the filing addresses the adequacy for the shipping public when it provides for an improvement of service for one industry with high leverage and fails to address improvement of service for other industries in the same immediate vicinity adjacent to Seneca Yard.

Additionally, General Mills has repeatedly asked applicant CSXT for its plans as to service for the Ohio Street Yard, without a tangible reply. General Mills has also asked CSXT whether it will lower its switch charge to the level applicant currently maintains with the NS Railroad. Applicant CSXT has responded that it must operate the terminal for a period of 2 to 3 years to gain experience prior to reviewing the level of the current Conrail switch charge. This is an unacceptable length of time. General Mills questions how the CSXT can offer a plan to run thousands of miles of newly acquired railroad profitably while paying off acquisition debt yet it can not estimate the cost of running a yard operation in Buffalo.

(2) The effect on the public interest of including, or failing to include, other rail carriers in the area involved in the proposed transaction.

Prior to the establishment of the current switch charge in the Buffalo area, General Mills routed cars into and out of the area by DH, BP, CN and NS. Approximately 90% of inbound was handled by the predecessor of the NS Railroad, the N&W Railroad because of superior service. Outbound service to customers located on other railroads mentioned above has converted to truck as the unabsorbed switch charge plus linehaul rate exceeds that of truck and those shipments have converted to that mode. Without the CSXT addressing the high level of the anticipated switch charge, General Mills will not be able to avail itself to other carriers serving the Buffalo area despite physical track connections because of rates that are too high which preclude movement.

(3) The total fixed charges that result from the proposed transaction.

It is General Mills' belief that switching rates in the Buffalo/Niagara Frontier are unreasonably high. Yet, General Mills is precluded from challenging the level of the rates due to the Board's determination that current serving railroad, Conrail is revenue inadequate. Because of the $10 Billion dollars of debt that applicants are taking on, both applicant carriers will become revenue inadequate and shippers will be unable to challenge rates including switching rates as unreasonably high. General Mills believes that the ability to raise funds in the open market is a better measure as to revenue adequacy than current regulatory measurements.

General Mills feels that applicants' debt for acquisition expense should be precluded from any revenue adequacy standards and be precluded from calculation for rate making purposes for a period of 5 years after the acquisition.

General Mills experience with Western mergers has shown that promised efficiencies are not immediately attainable and post merger activity requires increases in expense for locomotive capacity and management activity. The large increase in debt load will make it extremely difficult for applicants to cover increased short term merger related expenses and service the acquisition debt at the same time.

(4) The interest of rail carrier employees affected by the proposed transaction.

General Mills has no position on this consideration.

(5) Whether the proposed transaction would have an adverse effect on competition among rail carriers in the affected region or in the national system.

The current high switch charge which the CSXT has informed shippers will remain in effect for the Buffalo/Niagara Frontier will preclude General Mills from using other railroads either into or out of Buffalo. To date we have not received an official response back from either NS or CSX as to the amount of the CSX switch in Buffalo that the NS will absorb. Additionally, we have not gotten a response as to whether or not rates which are currently local on Conrail and will be joint line CSX-NS will be protected.

Summary of position and request for conditions

Under 49U.S.C. 11324(c) the Board may impose conditions governing the merger application provided those conditions are consistent with the public interest.

Accordingly, General Mills respectfully requests the Board consider the following conditions:

1. reduce the reciprocal switch charge in the Buffalo/Niagara Frontier to a uniform reasonable $130 per car. This request is consistent with the request advanced by the National Industrial Transportation League as well as a statement on our behalf presented by the National Grain and Feed Association. A switch charge at this level can be economically absorbed by all carriers doing business in this area which will allow for competitive alternatives to shippers in Western New York.

2. prevent the acquiring carriers from factoring acquisition costs in rate making calculations for a period of five years.

3. require that the applicants protect current Conrail single factor local rates that post merger will become two factor joint rates for five years subject to RCAF-U (unadjusted). Included in this condition is the full switch absorption at either destination or origin if applicable.

4. finally, require that applicants amend the current Buffalo switching district to include a new industrial park located in West Seneca New York. This new industrial area is literally a hundred yards from the current limit of the switch district. Inclusion of this area in the switch limits will allow competitive rail service for new industries and warehouses located in this park. This will improve opportunities for business growth in the greater Buffalo New York area and increase job opportunities.

File:stbfiling

VERIFICATION

State of Minnesota)
) ss:
County of Hennepin)

LEO J. WASESCHA, being duly sworn, deposes and says that he is qualified and authorized to file this Verified Statement, and that he has read the foregoing statement, knows the contents thereof, and that the same are true as stated to the best of his knowledge, information and belief.

Leo J. Wasescha
Transportation Manager
General Mills Operations, Inc.

Subscribed and sworn to
me before this 16th
day of October, 1997.

Notary Public

JOANN M. HASSLEN
Notary Public-Minnesota
Hennepin County
My Comm Expires Jan 31, 2000

Ratcliffe V.S.

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 33388

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

VERIFIED STATEMENT OF
LAWRENCE L. RATCLIFFE

My name is Lawrence L. Ratcliffe. I am employed by CSX Transportation, Inc. ("CSXT") as General Manager – Intercarrier Agreements. My business address is 2001 Market Street, Philadelphia, Pennsylvania 19101. From 1982 until December 31, 1998, I was employed by Consolidated Rail Corporation ("Conrail"). My positions at Conrail included Senior Operations Improvement Analyst; Regional Superintendent – Industrial Engineering; Director, Transportation/Customer Service; General Superintendent – Contracts; and Assistant General Manager – Network Operations.

I have been asked to compile, from public sources and railroad files maintained in Philadelphia, PA, and Jacksonville, FL, a brief history of the Buffalo Creek Railroad, from its origins in the 19th century through its acquisition by Conrail under the Final System Plan on April 1, 1976. The "Brief History" is attached as Exhibit A. It faithfully presents the major information found in the archival sources. The "Brief History" also

sets forth how the line presented itself to the public prior to its acquisition by Conrail at the latter's formation.

The sources for the "Brief History" include:

Official Guide of the Railways, Sept. 1955 (a number of other Official Guides reviewed contained identical language);

Poor's Manual of Railroads of various dates between 1901 and 1928 (identical language was contained in a number of the manuals for various years);

B&O (now CSXT) joint facility files;

Valuation maps of the Buffalo Creek Railroad; and

Pennsylvania Railroad Terminal map of Buffalo, NY, dated 1921.

VERIFICATION

I, Lawrence L. Ratcliffe, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed on April 23, 1999.

LAWRENCE L. RATCLIFFE

EXHIBIT A

BUFFALO CREEK RAILROAD

Brief History

Buffalo Creek Railroad was incorporated January 25, 1869
The line was completed June 1870, 5.7 miles between Williams Street (now CP 437) and Peck's Slip in Buffalo, NY. Line leased on December 31, 1889 to Lehigh Valley Railroad and the Erie Railroad for duration of charter less one day. (From Poor's Manual of Railroads - assorted dates 1901 - 1928).

Property conveyed to Conrail April 1976. (USRA) The Buffalo Creek remained a separate entity for several years until it was absorbed into Conrail.

The Buffalo Creek Railroad advertised in the September 1955 Official Guide of the Railways:

Direct connections to:

B&O	(now B&P)
DL&W RR (Lackawanna)	(now Conrail)
Erie	(now Conrail)
LV	(now Conrail)
NYC	(now Conrail)
NYC&StL (Nickel Plate)	(now NS)
PRR	(now Conrail)
S Buffalo	SB RR

It also advertised connections via DL&W, Erie, LV or NYC to:

C&O Northern Region	(now CSXT)
MC RR	(now Conrail)
Wabash	(now NS)
CN	(CN)

The advertisement says that the Buffalo Creek line is a terminal switching line with 5.73 miles of road operated connecting to all other Buffalo railroads and serving waterfront and other industries for car load freight only. Provides private open dock facilities for Lake Vessels handling bulk commodities in Lake-Rail transfer.

The advertisement said that as switching Agent for the Line Haul carriers, the Buffalo Creek provides neutral service for all industries, receives from and delivers to all direct connections enabling prompt departures for all loaded cars available prior to cut-off times.

According to the old maps which were reviewed, a number of line haul railroads had yard, terminal and pier facilities under their names located on the Buffalo Creek Railroad. These line haul carriers accessed their facilities from their various connections over the Buffalo Creek Railroad.

Specifically identified line haul carrier facilities on the maps were:

Erie Railroad ore pier
Pennsylvania Railroad pier
Pennsylvania Railroad Burrow's Lot Yard
BR&P (B&O) freight house.

Edwards V.S.

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 33388

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

VERIFIED STATEMENT OF
GERARD F. EDWARDS

My name is Gerard F. ("Gerry") Edwards. I am Manager, Industrial Development, for CSX Transportation, Inc. ("CSXT") at Buffalo, New York. My business address is 205 Reiman Street, Buffalo, New York 14212. I have been employed by CSXT since September 1998. Prior to that, Conrail employed me in Buffalo beginning in August 1993. My family has lived in Buffalo since the turn of the century and I am the third generation to engage in railroading here. I have always had an interest in railroading in Buffalo, have contacts with "old timers" in the Buffalo railroading sector, and am knowledgeable about its history and physical layout.

The present milling plant of General Mills, Inc. ("GMI") located at Gansen Street on the Buffalo waterfront, has been there at least since 1917. The GMI facility is served by rail by Conrail on a line, which was operated until April 1, 1976 by the Buffalo Creek

Railroad, a predecessor of Conrail. To my best knowledge, no railroad other than Conrail and Buffalo Creek has ever had direct physical access to the GMI facility.

In the years up to and including the mid- 1960s, there was a freight house and marine slip/coal dock on the waterfront adjacent to the Buffalo Creek line, operated by The Baltimore and Ohio Railroad Company ("B&O"), near the GMI facility. There is a track still in existence in that area known as the "Lower B&O Track." The B&O Railroad had the right to physically serve the slip/coal dock and freight house for the receipt and transshipment of lake vessel movements. Coal and other freight movements to and from the dock ceased in about 1966.

While one end of the Buffalo Creek line goes to the waterfront and dead ends, the Eastern portion of the line is used by Conrail as part of its East/West "Chicago" main line in the Buffalo/Niagara Falls area and will be so used by CSXT after the "Split Date" of Conrail.

VERIFICATION

I, Gerard F. Edwards, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed on April 19, 1999.

Gerard F. Edwards

GERARD F. EDWARDS

Bennett V.S.

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 33388

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

VERIFIED STATEMENT OF
MARK BENNETT

My name is Mark Bennett. I am employed by CSX Transportation, Inc. ("CSX") as Director – Interline Marketing Development. My business address is 500 Water Street, Jacksonville, Florida 32202. I have been employed in that position by CSX since 1985.

I have made a search of the departmental files here at the headquarters of CSX for documents that would reflect the access, or lack of access, which The Baltimore and Ohio Railroad Company ("B&O"), a predecessor of CSX, had to the General Mills facility on the waterfront in Buffalo, NY, in the years prior to the transaction in the late 1980s when the Buffalo & Pittsburgh Railroad acquired the B&O's assets in the Buffalo area. In that search, I found the documents true copies of which attached hereto as Exhibits I and II.

Exhibit I is the cover page and the sheets involving Buffalo, NY, of a "Form 6" issued by the B&O on January 1, 1954, which indicates the shippers served by the B&O

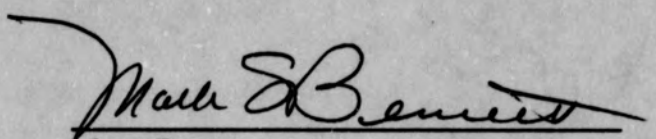
and the mile posts at which service was provided. Sheet 167 shows that there is a connection with the Buffalo Creek Railroad, but while access to certain coal docks on the Buffalo Creek Railroad is identified, no access to General Mills is reported.

Exhibit II is the cover page and the first three pages of a "Major Metropolitan Guide" of the Chessie System, providing B&O/C&O employees and others with information concerning the City of Buffalo and facts of significance to rail service there. Its markings reflect that it was published in November 1973. Page 3 of the Guide indicates that General Mills is served only by the Buffalo Creek Railroad, as is the Pillsbury Company.

VERIFICATION

I, Mark Bennett, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed on April 19, 1999.



MARK BENNETT

EXHIBIT I

JANUARY 1, 1954

FORM 6

OFFICIAL LIST No. 30

(Cancels Official List No. 29, dated January 1st, 1948.)

The Baltimore and Ohio Railroad Company

The Baltimore and Ohio Chicago Terminal Railroad Company

FORM 6

OFFICERS, AGENTS, STATIONS, SIDINGS AND MILEAGE OF THESE COMPANIES

ISSUED JANUARY 1, 1954

Compiled and issued by the SUPERINTENDENT CAR SERVICE (to whom all corrections or additions should be sent), from information furnished by various Departments shown herein.

6.000

CENTRAL REGION
BUFFALO DIVISION

Index References	Siding Capacity (Cars 45 feet long) Passing	Company	Joint	Private	Valuation Section	Telegraph Call	Station Number: For Engineering Dept. Use	Station Number: For Reporting Car Movements	Stations and Sidings with character references, population and additional index references	County	Miles from	Agents, Etc.	Foreign Lines and Track Connections
									Main Line—Con.		Butler Junct.		
7045	....	....	....	....		SV	R12	46095	**Scottsville**, P. 1,025 ..... N. Y.		273.1	R. J. Quigley ..... F.	
7046	....	40	....	....		.....	R12B	46095B	Team Track		273.1	.....	
7047	....	....	....	....		.....	R8	46099	**Brookdale**		277.4	.....	
7048	85	88	....	....		.....	R7	46100	**West Shore Junction**		277.9	.....	
7049	....	....	....	....		.....	R7A	46100A	Freight Yard		277.9	.....	
7050	....	....	....	....		.....	R8A	46101A	N. Y. C. Connection		278.7	.....	N.Y.C.—a.
7051	....	....	....	....		.....	R5	46102	**Maplewood**, P. 20		279.7	G. A. Lotito ..... F.	
7052	....	....	....	....		.....	R5A	46102A	Rochester Clay Brick & Tile Co. ..... / P. E. Yeoman Coal Co.		279.7	.....	
7053	....	497	....	....		.....	R4A	46103A	**Brooks Avenue**—West Yard—West End		280.7	.....	
7054	....	....	....	....		.....	R3C	46104	**Brooks Avenue**—SYW		281.6	A. R. Johnson ..... G. Y. M.	
7056	....	340	....	....		.....	R3E	46104E	**Brooks Avenue**—East Yard—East End		282.3	.....	
7057	....	....	....	12		.....	R3F	46104F	Peoples Sand & Concrete Block Co.		282.3	.....	
7058	....	....	....	24		.....	R3G	46104G	Charlotte Docks Co.		282.4	.....	
7059	....	....	....	11		.....	R3H	46104H	Richfield Oil Co.		282.4	.....	
7060	....	....	....	2		.....	R3[illegible]	46104J	Geo. J. Wals Gasoline Co.		282.4	.....	
7061	....	....	....	2		.....	R3K	46104K	Philadelphia & Reading Coal Co.		282.4	.....	
7062	....	....	....	....		.....	R3L	46104L	P. R. R. Connection		282.4	.....	P.R.R.—a.
7063	....	....	....	....		.....	R3M	46104M	P. R. R. Crossing		282.4	.....	P.R.R.—b.
A7065	....	....	....	6		.....	R2B	46106B	Beardsley Glass & Glazing Co.		282.5	.....	
A7065	....	....	....	6		.....	R2A	46106A	Taft Lumber Co.		282.5	.....	
7066	....	....	....	....		.....	R2C	46106C	Rochester Belt Line Junction (7740)		282.5	.....	
7067	....	....	....	7		.....	R2D	46106D	Sears-Roebuck Co.		283.1	.....	
7068	....	5	....	....		.....	R2E	46106E	Team Track		283.1	.....	
7069	....	493	....	....		NK	R2	46106	**Lincoln Park**—Shops—DKTW		283.2	.....	
7070	....	....	....	....		.....	R2F	46106F	N. Y. C. Connection		283.2	.....	N.Y.C.—a.
7071	....	....	....	75		.....	R1A	46107A	General Railway Signal Co.		283.5	.....	
7072	....	....	....	76		.....	R1B	46107B	The Symington Company		283.5	.....	
7073	....	....	....	10	B R&P—V—1	.....	R1C	46107C	Miller-Gray Co. ..... / Head-Miller Co. ..... / A. R. Miller, Inc.	Monroe	283.5	.....	
7074	....	....	....	7		.....	R1D	46107D	Ritter Dental Mfg Co.		283.5	.....	
7075	....	....	....	7		.....	R1E	46107E	Genesee Bridge Co.		283.5	.....	
7076	....	....	....	6		.....	R1F	46107F	General Railway Signal Co.		283.5	.....	
7077	....	2	....	....		.....	R1G	46107G	General Railway Signal Co.		283.6	.....	
7078	....	....	....	8		.....	R1H	46107H	Taylor Instrument Co.		283.6	.....	
7079	....	....	....	4		.....	R1J	46107J	Jewel Tea Company ..... / Loose-Wiles Biscuit Co. ..... / United States Radiator Co. ..... / Schuler Potato Chip Co.		283.6	.....	
7080	....	....	....	50		.....	R1K	46107K	Plaedler Company		283.8	.....	
7081	....	....	....	36		.....	R1L	46107L	Consolidated Feldspar Corp. ..... / K. Barthelmes Co.		283.8	.....	
7082	....	....	....	9		.....	R1M	46107M	Flower City Charcoal Co.		283.8	.....	
7083	....	....	....	3		.....	R1N	46107N	Williamson Heater Co.		283.9	.....	
7084	....	....	....	11		.....	R1P	46107P	F. J. Rohr, Est.		283.9	.....	
7085	....	....	....	4		.....	R1Q	46107Q	Erdle Perforating Co.		284.0	.....	
7086	....	....	....	2		.....	R1S	46107S	Black Diamond Coal Co.		284.1	.....	
7087	....	....	....	....		.....	R1T	46107T	National Charcoal Co.		284.1	.....	
7088	....	20	....	....		.....	R1U	46107U	Charles Johnson Lumber Co. ..... / Florsek-Schnoor & Englert, Inc.		284.2	.....	
7089	....	2	....	....		.....	R0A	46108A	Team Track		284.6	.....	
7090	....	....	....	16		.....	R0B	46108B	Lehigh Valley Coal Co. ..... / Yates Coal Co.		284.6	.....	
7091	....	....	....	....		.....	R0C	46108C	Subway Railway Connection		284.8	.....	Subway—a.
7092	....	....	....	16		.....	R0D	46108D	B. R. & P. Warehouse, Inc.		284.9	.....	
7093	....	38	....	....		.....	R0E	46108E	Team Tracks		284.9	.....	
7094	....	....	....	1		.....	R0F	46108F	Maxwell Gas & Oil Co.		284.9	.....	
7095	....	....	....	2		.....	R0G	46108G	Brewster, Gordon & Co.		284.9	.....	
A7095	....	....	....	2		.....	R0L	46108L	A. Gioia & Son		284.9	.....	
7096	....	....	....	13		.....	R0H	46108H	Wm. B. Morse Lumber Co.		285.0	.....	
7098	....	31	....	....		.....	R0K	46108K	**Oak Street**—Freight Station		285.0	H. S. Conrad ..... F.	
7100	....	131	....	....		.....	R0	46108	**Rochester**, P. 232,488		285.0	W. L. James ..... T.	
									Buffalo Line				
7101	....	....	....	....	B R&P—V—5	AD	R94A	46013A	**Ashford Junction** (6930) ..... N. Y.		191.4	.....	
7102	....	....	....	....		.....	R94	46013	**Ashford**, P. 25 (6931)		191.4	.....	
7103	151	....	....	....		.....	RB40A	47018A	Beavers Passing Siding—Y (6931)		196.3	.....	
7104	....	5	....	....		.....	RB40B	47018B	Station Siding—WY		196.4	.....	
7105	....	....	....	....		WV	RB39	47020	**West Valley**, P. 400	Cattaraugus	197.8	.....	
7106	....	11	....	....		.....	RB39A	47020A	Team Track		197.8	.....	
7107	....	....	....	6		.....	RB39B	47020B	The Borden Co.		198.0	.....	
7111	104	....	....	....		.....	RB35	47024	**Hoyts**		202.0	.....	
7112	....	....	....	....		.....	RB32	47027	**Edies**		204.3	.....	
7114	....	....	....	....		.....	.....	.....	*County Line*		206.5	.....	

For explanation of Character References and Initials, see page 4.

CENTRAL REGION
BUFFALO DIVISION

Index Reference	SIDING CAPACITY Cars 45 feet long: Passing	Company	Joint	Private	Valuation Section	Telegraph Call	STATION NUMBER: For Engineering Dept. Use	For Reporting Car Movements	STATIONS AND SIDINGS with character references, population and additional index references	County	Miles from	AGENTS, Etc.	Foreign Lines and Track Connections
									Main Line—Con.		Butler Junct.		
7115	....	....	....			.....	RB32	47027B	Cascade Park.....N. Y.		204.9	.....	
									Mumm & Beals.....				
7118	....	....	....	11		.....	RB29C	47029C	E. L. Gavart.....		206.8	.....	
									Springville Roller Mills.....				
									H. Salaler.....		206.9		
7121	....	....	....	5		.....	RB29F	47029F	J. H. Gray Milling Co.....		207.1	J. G. Flick.....F. & T.	
7122	113	44	....	....		S	RB29	47029	Springville, P. 3,922—LV.....		207.1	.....	
7123	....	5	....	....		.....	RB29G	47029G	Freight Station.....		207.2	.....	
7124	....	....	....	13		.....	RB29H	47029H	Ware & Wyatt.....		207.5	.....	
7127	....	....	....	....		.....	RB28A	47030A	Mahl Bros.....		208.8	.....	
7128	....	....	....	....		.....	RB27	47031	Squires.....		210.5	.....	
7129	124	18	....	....		NC	RB26	47032	East Concord, P. 200.....		210.8	.....	
7130	....	18	....	....		.....	RB26A	47032A	Team Track.....		210.8	.....	
7131	....	....	....	2		.....	RB26B	47032B	J. O. Doty Milling Corp.....		210.8	.....	
7132	....	....	....	21		.....	RB26C	47032C	Highway Department of Erie County....		212.6	.....	
7133	....	....	....	....		.....	RB24	47034	Footes.....		215.1	.....	
7134	....	....	....	....		.....	RB21A	47038	A. & W. Wohlheater Co.....		215.1	.....	
7135	....	9	....	....		.....	RB21B	47038B	Team Track.....		215.2	.....	
7136	....	....	....	....		.....	RB?	47037	Glenwood, P. 175.....		217.4	.....	
7137	....	4	....	....		.....	RB19A	47039A	Team Track.....		217.4	O. R. Reynolds..F. & T.	
7138	64	....	....	....		CD	RB19	47039	Colden, P. 500—W.....		217.4	.....	
7139	....	....	....	2		.....	RB19B	47039E	C. & W. Faulring & Co.....		222.4	.....	
7141	....	....	....	....		.....	RB14	47044	West Falls, P. 400.....		223.4	Mrs. J. E. Fleckenstein	
7142	....	....	....	....		JV	RB13	47045	Jewettville, P. 100.....			.....F. & T.	
7143	....	16	....	....		.....	RB13A	47045A	Team Track.....		223.4	.....	
7144	....	....	....	18		.....	RB12A	47046A	John H. Black Company.....		224.1	.....	
7145	....	....	....	10		.....	RB12B	47046B	John H. Black Company.....		224.1	.....	
7146	....	....	....	....		.....	RB12	47046	Loveland.....		224.5	.....	
7147	....	....	....	7		.....	RB11A	47047A	Buffalo Shale Products Co.....		224.5	.....	
7149	104	....	....	....		.....	RB10A	47048A	Yates Passing Siding.....		226.5	.....	
7151	....	58	....	....		RK	RB9	47049	Orchard Park, P. 2,054.....		227.6	E. G. Reynolds..F. & T.	
7152	....	5	....	....		.....	RB9A	47049A	Freight House.....		227.7	.....	
7153	....	30	....	....		.....	RB9B	47049B	Team Track.....		227.7	.....	
7154	....	....	....	6		.....	RB9C	47049C	Holmes & Murphy.....		227.7	.....	
									Orchard Park Planing Mill Co.....				
7155	....	....	....	7	BR&P—V—5	.....	RB9D	47049D	Joseph F. Bauer.....	Erie	227.7	.....	
									Yates Farms.....				
									Erie County Growers' & Shippers' Association.....		227.8	.....	
7156	....	....	....	12		.....	RB9E	47049E	American Agricultural Chemical Co.....		227.9	.....	
7157	....	....	....	16		.....	RB9F	47049F	Acme Veneer Package Co.....		228.0	.....	
7158	....	....	....	2		.....	RB9G	47049G	Quaker Lumber Co.....		228.0	.....	
7159	....	....	....	1		.....	RB9H	47049H	Park Metalware Co.....		229.1	.....	
7160	53	46	....	....		.....	RB7	47050	East Hamburg.....		230.4	.....	
7161	....	....	....	4		.....	RB6A	47051A	E. I. Du Pont de Nemours Co., Inc.....		231.5	.....	
7162	60	....	....	....		.....	RB4A	47053A	Kellogg Passing Siding.....		231.9	.....	
7163	....	....	....	21		.....	RB4B	47053B	Electro Refractories & Abrasives Corp..		232.0	.....	
7164	....	....	....	....		.....	RB4	47053	Kellogg.....		233.9	.....	
7165	....	....	....	8		.....	RB3A	47055A	Lackawanna Builders Supply Co.....		233.9	.....	
7166	....	....	....	6		.....	RB3B	47055B	W. F. Hirschman Co.....		233.9	.....	
7167	....	....	....	17		.....	RB3F	47055F	Hedstrom-Spaulding, Inc.....		233.9	.....	
7168	....	....	....	10		.....	RB3C	47055C	Standard Oil Co., of New York.....		233.9	R. L. Connors...F. & T.	
7170	....	....	....	....		RO	RB3	47055	Lackawanna, P. 27,858.....		233.9	.....	
7171	....	....	....	30		.....	RB3E	47055E	Hurwitz Bros., Iron & Metal Co.....		236.1	.....	S.B.—s.
7172	....	....	....	....		.....	RB0A	47058A	South Buffalo Connection.....		236.1	.....	D.L.&W.—s.
7173	....	....	....	....		.....	RB0B	47058B	D. L. & W. Connection.....		236.2	.....	
7174	....	....	....	....		.....	RB0C	47058C	Donner-Union Coke Corp.....		236.2	.....	
7175	....	....	....	....		.....	RB0D	47058D	Republic Steel Corp.....		236.2	.....	
7176	....	30	....	....		.....	RB0E	47058E	Buffalo Creek Dock.....		236.4	.....	P.R.R.—s.
7177	....	....	....	....		.....	RB0F	47058F	P. R. R. Connection.....		236.4	.....	B.C.—s.
7178	....	....	....	....		.....	RB0G	47058G	Buffalo Creek Connection.....		236.5	.....	
7179	....	1341	....	....		BC	RB0	47058	Buffalo Creek—KSTW.....		236.5	.....	
7180	....	....	....	....		.....	RB0H	47058H	Beginning of Buffalo Creek Trackage.....		238.3	.....	
7181	....	....	....	4		.....	RY2A	47102A	R. & P. Coal Co.....		238.3	.....	
7182	....	....	....	10		.....	RY2B	47102B	Chemical Charcoal Co.....		238.3	.....	
7183	....	....	....	7		.....	RY2C	47102C	Harbison-Walker Refractories Co.....		238.3	.....	
7184	....	7	....	....		.....	RY2D	47102D	Fillmore Ave.—Freight Station.....				
7185	....	....	....	14		.....	RY3A	47103A	R. & P. Coal Co.....		238.6	.....	
7186	....	....	....	33		.....	RY3B	47103B	Coal Dock.....		238.6	.....	
7187	....	4	....	....		.....	RY3C	47103C	Team Track.....		238.6	.....	
7188	....	94	....	....		.....	RY3D	47103D	Ganson St.—Freight Station.....		238.6	G. E. Hershberger....F.	
7189	....	....	....	....		.....	RY3E	47103E	End of Buffalo Creek Trackage.....		238.6	.....	
7190	....	....	....	....		.....	RY3F	47103F	Main St.—D. L. & W. Station.....		238.8	W. C. Ripley.....T.	
7191	....	....	....	....		.....	RY3	47103	Buffalo, P. 580,132.....		239.9	T. Terranova..Bag. Agt.	
												W. L. McCreary..C.T.A.	

For explanation of Character References and Initials, see page 4.

EXHIBIT II

MAJOR METROPOLITAN GUIDE,
CHESSIE SYSTEM

INDEX/BUFFALO/NIAGARA FRONTIER, N.Y.

major metropolitan areas

1/THE AREA

buffalo/niagara frontier, n.y.

Location

The "Niagara Frontier" is something of a misnomer -- it is no longer a frontier in anything but a technical sense. But it is one of the most important transportation gateways in the United States, a gateway between two countries, three modes of transportation and at least four major flows of traffic.

The Buffalo/Niagara Frontier area stands at the western end of New York state, in the strip of land where the United States and Canada meet and where Lake Erie flows into the Niagara River, which in turn flows into Lake Ontario. It is also directly on the natural low-grade land route between New York City and the Midwest -- a route first used by the Erie Canal, and then by the railway lines now making up the Penn Central and finally the New York Thruway.

Not surprising, the city developed primarily as a transportation transfer point. In addition, important local geological and geographic features such as the immense energy potential of Niagara Falls and relatively easy access to major raw materials and both eastern and midwestern consuming markets have stimulated the growth of many heavy manufacturing industries. For example, iron ore from the Great Lakes and coal from western Pennsylvania and West Virginia have made Buffalo a significant steel center.

Some typical rail mileages between Buffalo and other major eastern and midwestern markets are:

Baltimore (via B&O)	-	590 miles
Chicago (via C&O)	-	606 "
Chicago (via B&O)	-	687 "
Cincinnati (via B&O)	-	595 "
Cleveland (via PC)	-	185 "
Detroit (via C&O)	-	270 "
New York (via EL)	-	400 "
Pittsburgh (via B&O)	-	275 "
St. Louis (via B&O)	-	931 "

The Area - Size

What is somewhat loosely called the "Niagara Frontier" can be more precisely defined as two adjacent counties in western New York state: (1) Erie County, which includes Buffalo, Tonawanda, Lackawanna, Cheektowaga, Depew, Black Rock, Harriet, Kellogg and West Seneca, and (2) Niagara County just to the north, which includes Niagara Falls, Suspension Bridge, North Tonawanda, Lockport and many smaller communities south of Lake Ontario.

The Area - Size (Cont'd.)

Also, while technically "foreign," the adjoining Canadian communities of Niagara Falls, Thorold, St. Catharines, Fort Erie and Welland have strong commercial ties to the Buffalo metropolitan area, particularly from a transportation viewpoint.

The two New York counties making up the Buffalo/Niagara Frontier metropolitan complex had a total population of 1.3 million in 1970. The relative size of Buffalo proper is declining, but the total Buffalo metropolitan area is demonstrating consistent growth.

From a rail carload viewpoint, Buffalo and Niagara Falls (Suspension Bridge) are separate entities with separate switching districts.

Industry/Companies

Local Buffalo/Niagara Frontier industry generally falls into three major categories: Metal working (the entire range from primary steel to manufactured metal products), grain milling and chemicals. Major firms with traffic control headquarters in the Buffalo agency are National Gypsum and Spencer Kellogg & Sons at Buffalo, and Carborundum Co., Hooker Chemical and Airco Alloys at Niagara Falls.

An industrial complex of a different sort has developed at Niagara Falls, primarily centered around the availability of hydroelectric power. This area is especially heavy in production of ferro-alloys, chemicals, abrasives and carbon electrodes. These firms are described in more detail on Page 3.

The leading industry group in the Buffalo metropolitan area is primary metals. Bethlehem Steel dominates the scene and by all measurements is Chessie's largest customer in the area. The balance of the accounts in this group are not "Million Dollar Customers" at Buffalo but their importance to the overall employment base of the Buffalo area is important to illustrate. Significant in this list are Republic Steel Corp. (served by the B&O, EL and South Buffalo Ry.), Roblin Steel Corp. and Shenango, Inc.

The transportation equipment group, with 17% of the manufacturing workers, is second in size. The auto industry predominates and General Motors is the largest employer. The Chevrolet Motor Division has one plant at Buffalo and three at Tonawanda; there is also a General Motors parts distribution center and zone office in Cheektowaga. The Tonawanda plant is the sole producer of the Vega 4-cylinder engine and has grown into the "Million Dollar Customer" category. Other "Key Customers" in this commodity group include the Harrison Radiator Division of General Motors and Ford Motor Co.

Food processing is the third ranking industry in the Buffalo metropolitan area in terms of employment. Buffalo prides itself on being the largest flour milling and production center in the world. While the corporate headquarters for many of these customers are outside Buffalo, their impact on Chessie's traffic is substantial. For example, Agway, Inc., American Malt, General Mills, International Multifoods, Pillsbury Co., Allied Mills, Standard Milling and Nabisco, Inc. are prominent accounts.

Industry/Companies (Cont'd.)

Chemicals is a major Niagara Frontier industry, centered primarily at Niagara Falls. Their presence, coupled with expansion of chemical manufacturing activity in Niagara Falls, is resulting in the emergence of more "Key Accounts" within the chemicals commodity area. Some of the Buffalo accounts include Mobil Oil and Allied Chemical. Besides Hooker Chemical, the Niagara Falls area is a manufacturing base for Goodyear Tire, E. I. DuPont, Stauffer Chemical and Olin Corp. Other firms covered by the Buffalo agency include Ashland Oil, FMC Corp. and Dunlop Tire at Tonawanda, N. Y.; Durez Plastic Div. of Hooker Chemical at N. Tonawanda, N. Y.; and International Salt and Morton Salt at Retsoff and Silver Spring, N. Y., respectively.

Lumber and paper, while not a predominant employer, is responsible for two key customers: International Paper at N. Tonawanda, N. Y. and Upson Co. at Lockport, N. Y. In the minerals market, Corning Glass, Corning, N. Y. and Thatcher Glass, Elmira, N. Y. are prominent.

Buffalo's dominance in flour milling deserves some elaboration. Flour production in Buffalo averages about 25 million cwt. sacks and bulk annually. Distribution is made generally to points in Trunk Line and New England territories. Buffalo still claims the distinction of being the largest transit point in the East (mostly in connection with grain and grain products). These are the major rail-served flour mills:

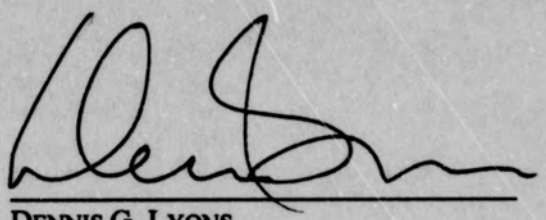
	Served by	Daily Capacity
Pillsbury Co.	Buffalo Creek	17,500 cwt.
International Multifoods Co.	Penn Central	21,500 "
General Mills, Inc.	Buffalo Creek	12,000 "
Peavey Co.	Penn Central	16,000 "
Standard Milling Co.	Penn Central	13,200 "

Buffalo has 25 grain elevators served by water and rail, with a total storage capacity of 48.4 million bushels. Six of the 25 elevators are closed but could possibly be reactivated, business permitting. The more prominent lake front elevators (over 1 million bushel capacity) with rail connections are:

Elevator	Operator	Capacity (bushels)	Railroad Serving
Concrete	Continental Grain	4,500,000	PC (former NYC)
Electric	Cargill, Inc.	7,550,000	PC (former NYC)
Lake & Rail	International Multifoods	4,660,000	PC (former PRR)
American	Peavey Co.	3,250,000	PC (former PRR)
Frontier	General Mills	3,800,000	Buffalo Creek
Pillsbury	Pillsbury Co.	2,500,000	Buffalo Creek
Standard	Standard Elevator Co.	5,000,000	EL (former Erie RR)
Agway	Agway, Inc.	1,900,000	Buffalo Creek
Schaefer Waterfront	FM Schaefer Brewing Co.	1,500,000	Buffalo Creek

CERTIFICATE OF SERVICE

I, Dennis G. Lyons, certify that on April 29, 1999, I have caused to be served a true and correct copy of the foregoing CSX-183, "Reply of CSX Corporation and CSX Transportation, Inc. to 'General Mills, Inc. Request for Declaratory Order to Surface Transportation Board Decision No. 89,'" to all parties listed on the Service List in these proceedings.



DENNIS G. LYONS