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PUBLIC



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in Docket*  
*JD-33388*

February 12, 1998

Mr. Kevin F. Campbell  
3627 Wild Pheasant Lane  
Sylvania, OH 43560

Dear Mr. Campbell:

Thank you for your letter regarding the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads, and the effect it may have on competition in Ohio.

This proceeding has been docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388. As you may know, the Board adopted a procedural schedule for deciding the merits of the control application filed in this proceeding, which it extended by 45 days to accommodate the filing of safety integration plans by the applicant railroads. As provided by the procedural schedule, the Board has received comments and evidentiary submissions from all interested parties addressing the merits of the merger proposal, which were filed with the Board on or before October 21, 1997, and the Board has received replies to these filings, including rebuttal by the applicant railroads, which were filed on or before December 15, 1997. The Board is currently analyzing those filings. A final written decision in this matter will be issued on July 23, 1998.

In deciding whether a control transaction such as the one being proposed here is in the public interest and should be approved, the Board must consider various factors required by law, including the interest of all rail carrier employees affected by the proposed transaction, the effect of the proposed transaction on the adequacy of transportation to the public, and whether the proposed transaction would have an adverse effect on competition among rail carriers in the affected region or in the national rail system. In this regard, let me assure you that the Board will give full consideration to the issues that you have raised. Because this proceeding is pending before the Board, however, it would be inappropriate for me to comment further on the case or the proposals you offer in your letter.

I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

JD-33388

January 13, 1998

Kevin F. Campbell  
3627 Wild Pheasant Lane  
Sylvania, Ohio 43560

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

Re: Finance Docket 33388

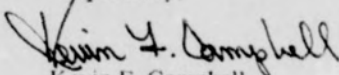
Dear Madam Chairman:

I have previously written objection to the proposed takeover of Conrail as proposed in the plan submitted by Norfolk Southern and CSX. The objections submitted were based on the dividing of the Conrail route at Cleveland and the effects on the employees in Toledo and the disruptions to communities and families involved. This transaction is presented as a restructuring of railroads in the east, whereas it merely dissects Conrail at Cleveland and disrupts the Water Level Route and will cause service problems and congestion where the line is severed.

I therefore propose that the S.T.B. consider a true restructuring of the involved carriers. A plan that would leave the main Conrail route intact and provide the competition that is sought in the Northeast. This would alleviate the problem at Cleveland and minimize disruptions to employees in Toledo and Ohio. I propose that the Board consider the following restructuring.

1. Transfer Conrail in its entirety to CSX.
2. Transfer the CSX ( former B&O ) line through Garret, In - Willard, Ohio and through the state of Pennsylvania to connect with the New Jersey shared assets area to the Norfolk Southern.
3. The Detroit Shared assets area to be operated as a consolidated terminal comprised of all assets within the terminal, not separation Conrail, CSX, and NS properties.
4. North - South routed from Detroit to Toledo be partitioned with the CSX route transferred to Norfolk Southern.
5. Balance of System partitioned as proposed in Docket 33388.

Respectfully;

  
Kevin F. Campbell

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
JAN 20 4 56 PM '98  
OFFICE OF  
CHAIRMAN MORGAN

STB

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33388

2-11-98

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BUSINESS

INDY RAILWAY SERVICE CORPORATION

Mailing Address: P.O. Box 42331

Office/Shop: 6111 W. Hanna Ave.

INDIANAPOLIS, INDIANA 46242-0331

Telephone: 317-856-3708



February 3, 1998

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

Subject: 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

STB FINANCE DOCKET NO. 33388 (SUB-NO. 76)

INDIANA SOUTHERN RAILROAD, INC.  
- TRACKAGE RIGHTS-  
CSX TRANSPORTATION, INC. AND INDIANA RAILROAD COMPANY

Dear Mr. Williams:

My name is Calvin T. Morris, President and owner of Indy Railway Service Corporation located at 6111 West Hanna Avenue, Indianapolis, Indiana, 46241. The mail address is P.O. Box 42331, Indianapolis, Indiana, 46242-0331.

Indy Railway Service Corporation is a heavy railcar repair facility, specializing in open top coal hopper cars and covered hopper cars. We have been in business since 1974 and at the present location since 1977. We are served by The Indiana Southern Railroad at mile post eight (8) on the southwest side of Indianapolis.

The customer base of Indy Railway Service Corporation is nationwide with cars moving to and from Conrail at Indianapolis on the north end and from Norfolk Southern Railway at Oakland City, Indiana, and CSX at Evansville, Indiana, on the south end. We also receive considerable traffic from The Indiana Southern Railroad, originating at Petersburg, Indiana, and coal mines in the immediate area. In fact, The Indiana Southern Railroad is

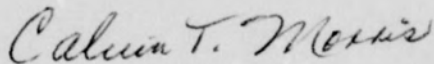
our umbilical cord to the market we serve. Without them we are dead at the present location.

Other local industries now served by Conrail will also be in peril if they are captive to single line rail service. I am well aware of the competitive nature and operating excellence of the Norfolk Southern Railway, where I have twelve years service and CSX, where I have fifteen years service. Neither of these companies will suffer from competition of a short line railroad such as The Indiana Southern Railroad.

As a result of the dire need for competition to control rates and insure survival of captive local industries, I request the Surface Transportation Board to grant the trackage rights requested by The Indiana Southern Railroad as outlined in the STB Finance Docket No. 33388 ( Sub-No. 76).

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Calvin T. Morris".

Calvin T. Morris  
President

CTM/srr

STB

FD

33388

2-10-98

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PUBLIC



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in Docket*  
*FD-33388*

February 10, 1998

Mr. Richard C. Carroll  
4417 Unruh Avenue  
Philadelphia, PA 19135

Dear Mr. Carroll:

I have received your letter expressing concerns about the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads, and the effect it may have on Conrail employees.

This proceeding has been docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388. As you may know, the Board adopted a procedural schedule for deciding the merits of the control application filed in this proceeding, which it extended by 45 days to accommodate the filing of safety integration plans by the applicant railroads. As provided by the procedural schedule, the Board has received comments and evidentiary submissions from all interested parties addressing the merits of the merger proposal, which were filed with the Board on or before October 21, 1997, and the Board has received replies to these filings, including rebuttal by the applicant railroads, which were filed on or before December 15, 1997. The Board is currently analyzing those filings. A final written decision in this matter will be issued on July 23, 1998.

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I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

JANUARY 17, 1988

SURFACE TRANSPORTATION BOARD  
12TH & CONSTITUTION AVENUE NW  
WASHINGTON D.C. 20423

HONORABLE LINDA MORGAN CHAIRPERSON,

I AM APPEALING TO YOU TO HELP BRING ABOUT JUSTICE AND FAIR PLAY FOR THE MANY UNION EMPLOYEES OF CONRAIL.

WHEN THE MERGER/ACQUISITION WAS FIRST ANNOUNCED WE HEARD ALL KINDS OF RHETORIC ABOUT THE GRAVE CONCERN FOR THE "SOON TO BE UNEMPLOYED MEMBERS OF CONRAIL". WE WERE ASSURED THAT STUDIES WERE BEING CONDUCTED ON THE SERIOUS IMPACT THIS ACTION WOULD HAVE ON THE ECONOMY IN OUR AREA, AND WHAT COURSE OF ACTION WOULD BE TAKEN TO AVERT AND/OR LESSEN THE DETRIMENTAL AND POSSIBLY CATASTROPHIC CONSEQUENCES THAT MIGHT OCCUR.

A LOT OF TIME HAS PASSED AND QUITE A BIT HAS HAPPENED, ESPECIALLY FOR THE MANAGEMENT SIDE OF CONRAIL. TO DATE, THE ONLY PEOPLE LEFT OUT OF THIS ACTION ARE THE UNION MEMBERS, AND, NEEDLESS TO SAY WE ARE VERY UPSET AND FEEL BETRAYED BY THE CONRAIL EXECUTIVES AND OUR POLITICAL REPRESENTATIVES AT THE LOCAL, STATE, AND FEDERAL LEVELS. THERE HAVE BEEN AT LEAST FOUR OR MORE MEETINGS BETWEEN THE CARRIER AND OUR UNION REPRESENTATIVES IN AN ATTEMPT TO NEGOTIATE A FAIR "EMPLOYEE PROTECTION PACKAGE" WHICH ALL CLASS 1 RAILROADS POSSES, EXCEPT FOR CONRAIL.

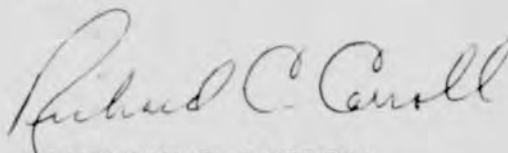
WHEN CONRAIL WAS FORMED BACK IN 1976, IT WAS APPARENTLY AGREED TO BY THE CARRIER, THE UNIONS, AND THE FEDERAL GOVERNMENT THAT THERE WOULD BE NO "JOB PROTECTION" FOR CONRAIL EMPLOYEES UNTIL THE CARRIER GOT ON IT'S FEET AND ABLE TO FUNCTION IN THE FREE MARKET. WHEN THE CARRIER WENT PUBLIC IN THE 1980'S, THE JOB PROTECTION PLAN WAS NEVER IMPLEMENTED, AND ALL THREE PARTIES ARE TO BLAME FOR THIS OVERSIGHT. HOWEVER, THE THREE PARTIES WILL NOT BE AFFECTED AT ALL, BUT THE HAPLESS UNION EMPLOYEES WILL BE FINANCIALLY, MORALLY, PHYSICALLY, AND MENTALLY DEVASTATED.

WE, THE EMPLOYEES, WANT TO KNOW WHY THE "SPECIAL GOVERNMENT MEDIATION BOARD" REFUSES TO RELEASE OUR UNION REPRESENTATIVES FROM THESE NEGOTIATIONS? THEY HAVE REFUSED OUR UNIONS REQUESTS TIME AND TIME AGAIN, AND, NATURALLY, THE CARRIER REFUSES TO NEGOTIATE IN GOOD FAITH. IT GIVES THE APPEARANCE THAT THE GOVERNMENT IS SIDING WITH THE CARRIER, AND WE WOULD VERY MUCH APPRECIATE IT IF YOU, OUR REPRESENTATIVE IN GOVERNMENT, COULD TAKE SOME ACTION TO BRING ABOUT FAIR PLAY REGARDING THIS SITUATION.

IT IS VERY, VERY DEPRESSING TO HEAR AND READ DAY IN AND DAY OUT ABOUT ALL OF THE OUTRAGEOUS SUMS OF MONEY THAT THE MANAGEMENT

EMPLOYEES WILL BE RECEIVING UPON TERMINATION OF CONRAIL. THE AVERAGE SUM FOR A SHORT-TERM MANAGEMENT EMPLOYEE IS ABOUT \$200,000.00 TO \$300,000.00, MOST OF IT IN TAX DEFERRED PROGRAMS; AND FOR SENIOR MANAGEMENT EMPLOYEES THE SUMS ARE MIND BOGGLING, RANGING FROM \$400,000.00 TO THE MILLIONS OF DOLLARS. THEY REMIND ME OF THE CARPETBAGGERS OF THE CIVIL WAR, THEY ARE STEALING EVERYTHING NOT NAILED DOWN. TO ADD INSULT TO INJURY, THE LATEST GIFT THEY ARE GIVING TO THEMSELVES IS IN THE FORM OF "LUMP SUM PAYMENTS" AMOUNTING FROM 22% TO 70% BASED ON LAST YEARS WAGES, WHILE WE UNION EMPLOYEES ARE TOLD WE HAVE THE "NEW YORK DOCK AGREEMENT". LET ME ASSURE YOU SIR, THAT AGREEMENT IS NOT WORTH THE PAPER IT IS WRITTEN ON, IT IS A SCAM AND A SUBTERFUGE AT BEST. IT HAS MORE LOOPHOLES THAN THE IRS TAX LAWS.

SO PLEASE, HELP US TO OBTAIN A FAIR AND REASONABLE PACKAGE FROM THIS CARRIER, AS WE HAD AS MUCH TO DO WITH ITS SUCCESS AS DID MANAGEMENT. WE NEED THIS ASSURANCE BEFORE IT IS CARVED UP BY THE CHESSIE AND THE NORFOLK SOUTHERN. WE DON'T DESERVE THIS UNFAIR AND UNJUST TREATMENT BY OUR GOVERNMENT REPRESENTATIVES AND THE EXECUTIVES OF CONRAIL. WE NEED POSITIVE RESULTS AS TIME IS RUNNING OUT FOR WE UNION EMPLOYEES. I APPRECIATE ANY CONSIDERATION YOU AFFORD US AND I AWAIT YOUR REPLY. THANKING YOU, I AM



RICHARD C. CARROLL  
4417 UNRUH AVENUE  
PHILA, PA 19135

P.S.

JUST TO SHOW YOU AN EXAMPLE OF THE MEAN SPIRITEDNESS OF CONRAIL'S MANAGEMENT FORCES, IN OUR FINAL YEAR THEY HAVE TAKEN AWAY OUR "COMMUTER TRAVEL PASS", WHICH I HAVE PERSONALLY ENJOYED FOR OVER 43 YEARS AND WHICH WAS CONSIDERED A PART OF OUR NET PAY WHEN IT WAS GRANTED TO US YEARS AGO. ENCLOSED IS A COPY OF MY REPLY TO THIS VERY DESPICABLE ACT. ALSO IS A COPY OF OUR UNION REPS. REQUEST FOR RECONSIDERATION OF THEIR ACTIONS TO WHICH THEY HAVE REFUSED TO REPLY.

THIS ACTION RESULTS IN A PAY CUT, EACH MONTH, IN THE AMOUNT OF \$92.00 TO \$145.00 FOR EACH ELIGIBLE EMPLOYEE AT A TIME WHEN THIS COMPANY IS MAKING SO MUCH MONEY THEY CANNOT FIND ENOUGH AVENUES OF APPROACH TO GIVE THEMSELVES UNBELIEVABLY LUDICROUS SUMS OF MONEY, WHICH WILL MAKE THEM ALL POTENTIAL MILLIONAIRES. NOW, I ASK YOU, IS THIS JUST AND FAIR TO US? AGAIN, I

**IMPLORE YOU TO RENDER US SOME ASSISTANCE TO ENABLE US TO SHARE, IN SOME SMALL WAY, IN THIS EXORBITANT WINDFALL OF MONEY.**

**ANOTHER LINE OF THOUGHT ON THIS MATTER: SINCE THEY HAVE ALL THIS MONEY, WHY SHOULDN'T THEY HAVE TO REPAY AT LEAST SOME OF THE MONEY THAT WAS TAKEN FROM THE TAXPAYERS TO FUND THE STARTUP OF CONRAIL? THE TAXPAYERS GET IT IN THE NECK ONCE AGAIN.**

ORIGINALS SENT TO:

SENATOR ARLEN SPECTER  
SENATOR RICHARD SANTORUM  
CONGRESSMAN ROBERT A. BORSKI  
GOVERNOR TOM RIDGE

EXHIBIT A

Date: Thursday, 9 October 1997 2:14pm ET  
To: Frank.Nichols  
From: Richard.Carroll  
Subject: commuter travel privelege

in reply to your reasons for the discontinuance of our rail commuter travel privelege, i'm afraid not one of your given statements holds water.

1. economical: this would be the least expensive cost year of any year ever paid - 383 employees - there were far more people eligible in prior years, and, i believe this is a tax deductible expense?

2. fairness: "because it does not apply to "all " employees

a. does "apar" apply to "all" employees?

b. does "esop" apply to "all" employees?

c. does 401K matched savings apply to "all" employees?

I think not, and please, spare me the rhetoric about these things must be negotiated by your union reps.

3. it is quite amusing when the catch phrase "fairness to all employees" fits your logic for one specific program but not for others. I stated to mr Mattson at an earlier meeting the reason is; simple mean spiritedness,

a shallow and despicable act aimed mainly at agreement personnel, who, in my opinion have been treated like "lepers" by our upper management personnel.

thank you for my forthcoming "paycut" for 1998. I will consider it as conrail's last christmas present to me and as a token of conrail's appreciation for my 43 plus years of dedicated service. please reply.

----- ( end of letter ) -----

Exhibit B

TCU System  
Board of  
Adjustment No. 86



TRANSPORTATION • COMMUNICATIONS INTERNATIONAL UNION  
AFL-CIO-CLC

Anthony P. Santoro, Jr. General Chairman

**Second Request**  
**November 21, 1997**

File: 57

Subject: Pass Privileges

October 15, 1997

Mr. Dennis A. Arouca  
Vice President-Labor Relations  
Consolidated Rail Corporation  
Two Commerce Square-15A  
2001 Market Street  
Philadelphia, PA 19101-1415

Dear Sir:

I'm writing to you in reference to Senior Vice President-Organizational Performance, Frank H. Nichols' letter of January 6, 1997 addressed to Septa commuters wherein he stated that effective December 31, 1997, Conrail intended to discontinue commuter passes on Septa and New Jersey Transit which have been provided for less than two percent of its employees for the past 20 years.

We have discussed this issue with your Department on several occasions, to no avail.

In the aforementioned letter the Carrier alleges that pass privileges have cost it approximately 12 million dollars over the last 20 years. The allegation is difficult to believe and is most likely inflated, but even assuming for the sake of argument the figure is correct the Carrier does not have an unfettered right to unilaterally change employee's privileges, rights and/or working conditions which have been vested to them by over 20 years of practice. The practice in this instance has risen to the level of a collective bargaining agreement rule and any change will be considered not only a violation of the agreement but a major violation of the Regional Rail Reorganization Act and the National Passenger Service Act. Please be advised that TCU is adamantly opposed to any change in the Pass Policy that would deprive the protected employees of any pass privileges which they enjoy.

With major changes affecting employees on the near horizon the timing of the intended discontinuance of commuter passes for a small group of employees is ill-advised and only helps make a difficult situation worse. TCU would suggest that the small savings which the Carrier might accrue is not worth the ill will

1522 Locust Street, Philadelphia, PA 19102 (215) 732-7410

Representing members on • Bangor & Aroostook Railroad Company • Consolidated Rail Corporation • Delaware & Hudson Railway Company, Inc. • Guilford Rail Division • Indiana Harbor Belt Railroad • Marne Atlantic • Metro-North Commuter Railroad • National Railroad Passenger Corporation (Amtrak) • New Jersey Transit Rail Operation • Providence and Worcester Railroad Company • Ro-Mar Transportation Systems, Inc. • Southeastern Pennsylvania Transportation Authority

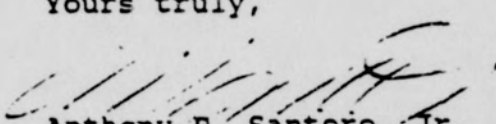
Mr. Dennis A. Arouca  
October 15, 1997  
Page 2

and hard feelings of a work force which already faces difficult life changing decisions. We would respectfully request the Carrier to rescind its decision and allow its employees to continue to enjoy their passes.

I urge you to reconsider this matter.

Please advise promptly.

Yours truly,



Anthony P. Santoro, Jr.  
General Chairman

cc: R. A. Scardelletti, IP  
D. R. Goode, P/CEO-NS  
J. W. Snow, P/CEO-CSX  
Conrail District Chairpersons  
District 587, 590, 776 & 1218 P/FST's

STB

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33388

2-10-98

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PUBLIC



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in Docket*  
*SL-33388*

February 10, 1998

Mr. Richard J. Stamets  
7766 Greenbrier Rd.  
Pennsauken, NJ 08109-3275

Dear Mr. Stamets:

I have received your letter expressing concerns about the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads, and the effect it may have on Conrail employees.

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I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



Mr. Richard J. Stamets  
7766 Greenbrier Rd  
Pennsauken, NJ 08109-3275

33388  
JANUARY 17, 1988

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*Yours truly,  
Richard J. Stamets*

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BUSINESS



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in Docket*  
*FD-33388*

February 10, 1998

Ms. Zee Frank  
Landmark Studios, Inc.  
2 Willis Avenue, Port Morris  
The Bronx, NY 10454-4417

Re: Finance Docket No. 33388: CSX and Norfolk Southern -- Control and  
Acquisition -- Conrail

Dear Ms. Frank:

Thank you for your letter of January 10, 1998, again expressing your concerns about the effect of the proposal by Norfolk Southern and CSX to acquire Conrail on the New York City area.

In my prior correspondence to you, I explained the status of the pending matter, the issues that the Board will address in considering the pending matter, the specific environmental issues to be addressed and the timetable for addressing them, and the fact that it would be inappropriate for me to comment further on the case because it is pending before the Board.

I hope that the information previously provided to you has been helpful, and I am glad that Mr. Dan King's presence at a recent meeting in the New York City area was of assistance. I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*

Linda J. Morgan

FD-  
33388

1998 - New York City 100 Celebration - "America begins in New York".  
 Home of Port Morris Patriots and Democracy in the United States  
 1997 - "All - America City" awarded to The Bronx  
 1997 - "Fordham University" placed in the "Nation's Best Values".  
 1997 - Bronx "Little League" win Baseball Crown for New York State  
 1996 - The Bronx "New York Yankees" World Champions  
 World Famous - Bronx Zoo and Wild Life Habitat  
 World Famous - Bronx Botanical Gardens  
 "Six Most Remarkable Contiguous Bridges in the World"  
 Span the Federal Harlem River, to join the Island of Manhattan to the Bronx mainland.  
 World Famous, New York City Marathon, cross these bridges,  
 at the Major Highways of "NYC Tourist Corridor" and "Antique Center"  
 1994 - Federal Empowerment Zone awarded Port Morris  
 1888 - Railroad Builds gracious "Landmark" Office Building, atop Scenic Riverscape; Historic 1776 Revolutionary Site,  
 and Home of Patriots, "Lewis (\*) and Gouverneur (\*\*) Morris".  
 1815 (\*\*) An Early Voice on Conservation to Protect Habitat of Birds, Fish, Wildlife  
 1790 (\*) Debate in Congress to have the "Capitol of the United States" rise on hill, atop historic and scenic river.  
 1788 (\*) - Ratified the "Constitution for United States" for New York State.  
 1787 (\*\*) - PENNED, PHRASED AND DRAFTED THE FINAL "CONSTITUTION OF THE UNITED STATES".  
 1776 (\*) - SIGNED THE "DECLARATION OF INDEPENDENCE".  
 1670 - Jonas Brounck's Brounckslan becomes "Morrisania Village" of the Patriots, (then in Westchester)  
 1642 - "Indian Peace Treaty" is signed in Jonas Brounck's Farm House.  
 1639 - "Brounckslan settled by Jonas Brounck, (then in Westchester).  
 1492 - 1639 Home of Reckgawawanc Tribe's Chieftains Ramachqua and Taekamuck in "Nuacin Village".  
 (1996 - New York City Bronx Park Department, named "Ramachqua")

Landmark Studios, Inc.  
 2 Willis Avenue, Port Morris  
 The Bronx, New York 10454-4417

zee frank@aol.com

Zee Frank  
 V. 718-292-9697  
 F. 718-292-9698

January 10, 1998

Ms. Linda J. Morgan, Chair of  
 Surface Transportation Board  
 Washington, D.C. 20423-0001

Dear Ms. Morgan:

Your letter of May 19, 1997 responded to my broad statement regarding the exploitation of Rail Freight in New York City. Subsequently, the above statement was followed with my December, 1998 letter, adding further concerns regarding CSX and NS plans with reference to New York City. (The response to the latter is awaited.)

In the meantime, your Mr. Daniel King was welcomed at New York City's NYMTC / MPO, on January 7, 1998.

Mr. King was able to note first hand, the disparity between Rail Intermodal Facilities in New York City's 8 million population vs. the average population in the nation's cities, (dramatically lower), but each city, none the less enjoys having direct rail freight to their citizens, for economic competitiveness.

In fact, a speaker for NS appears to want to keep that disparity, for New York City. Perhaps NS will be required to clarify and also CSX. In 1985 NS offered \$20,000,000 to enhance rail freight in the Harlem River Intermodal Terminal, (and other valuable goodies for the New York City region), "the richest rail freight market in the United States". Two-thirds of the region's population is on this East side of the Hudson River. And, Conrail has right of way on the Oak Point Rail Link which now brings freight directly to the East of the Hudson River. The Oak Point Rail Link and the Harlem River Intermodal Terminal project costs, together with the costs of major "widening/increasing heights under bridges etc.", approximates \$500,000,000 with Federal, State and City public funding. This project was in accordance with "STRACNET", (Strategic Rail Corridor Network).

Page 2.

The economic destiny of New York City, depends upon competitiveness in the global economy and cannot be exploited by a few. The 8 million citizens of New York City require a diversity of employment potential, to serve all the population which otherwise would continue a drain on the national economy through welfare, health costs etc.

If you have documentation from CSX and NS which does not include service to New York City in this \$10.3 Billion merger, it would lock out New York City from the Nation's global economy. We would appreciate your submitting such negative plans as soon as convenient to you.

In the meantime, Mr. Daniel King, also heard from Mr. John McHugh regarding the hazardous uses planned for the Harlem River Intermodal Terminal. We are enclosing the similar statements which he had sent to Mr. Rodney Slater of USDOT. Mr. King also heard a Clergy Man state, that in this area he has bonded the community in marriages, but is now burying their dead children due to pollution. I recollect he said 5 years old and older. What a waste for humanity.

(Bronx is, #1 Asthma in U.S.)

The environmental issues are huge. Environmental Justice is blatantly ignored.

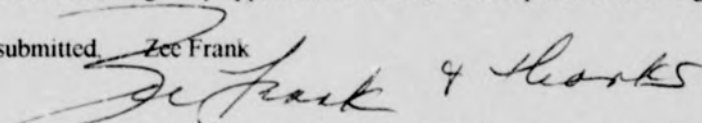
The recent receipt of the Draft EIS for the CSX/NS merger **does not include environmental protection for the Harlem River Intermodal Terminal. The Federal ISTEA document, signed May, 1997 included the Harlem River Intermodal Terminal 85 acres as the key intermodal to serve New York City.** This Harlem River Intermodal Terminal has direct access from the Oak Point Rail Link which brings freight directly to the East of the Hudson River. (This would serve the 8 million citizens of New York City and also serve Long Island (Nassau/Suffolk) and provide service for Westchester and Southern Connecticut) Planning for this magnitude appears inadequate and troubling.

We sincerely thank you for having Mr. Daniel King visit, who may be able to add to NYC concerns.

**The Economic and Environmental issues are intense for New York City.**

Your consideration will be greatly appreciated and of utmost importance to a large population.

Respectfully submitted, Zee Frank



Enc. 3 pages to Hon. Roney Slater, Secretary USDOT by The Urban Environmental Alliance

Via Priority Mail 1/10/98.

# The Urban Environmental Alliance

Board of Directors  
John F. McHugh, Chairman  
Deborah Shuman  
William T. Oke, Jr.  
Linda C. Coleman

Hon. Rodney Slater, Secretary  
United States Department of Transportation  
400 7th St. S.W.  
Washington, D.C. 20590

Re: State of New York Transportation Improvement Plan,  
New York City Metropolitan Area

Honorable Sir:

The Urban Environmental Alliance is a not for profit corporation dedicated to environmentally sound economic recovery within the New York Metropolitan area. On May 2, 1977 the State of New York, the City of New York and the New York City Transportation Coordinating Committee published the Transportation Improvement Program for 1998-2002 (TIP) which includes regional mobility plans which are part of the State's mandated State Air Quality Implementation Plan. Creation of a major rail intermodal terminal in the South Bronx was put forth in the TIP as a major program to reduce truck use and thus mitigate unacceptable levels of emissions. However, the State, long before it signed the TIP, had leased this land for non-transportation development, rendering implementation of this program impossible without cancellation of this improvident lease. This letter is to request that you take all steps necessary to enforce the State's obligations under the law by terminating all highway funding for this state until the State of New York reverses its present position and commits the entire Harlem River Yard to use as an intermodal terminal.

The South Bronx has the highest rates of respiratory disease in the nation. Unlike many urban areas with high rates of such disease, the Bronx has no coal burning generating plants within its borders nor upwind from it. Rather, it is the hub of all major trucking routes which cross the Hudson River within the metropolitan area. Clearance restrictions on all other river crossings cause all full sized trucks onto the George Washington Bridge, which is accessed from the east via major roads through the Bronx. The result is a heavy concentration of truck traffic on these, particularly the Major Deegan, which borders the South Bronx on the West, upwind from most residential areas, and the Cross Bronx, which cuts through the middle of the borough, east-west.

20 Exchange Place, 51st Floor, New York, NY 10005



Of the 142,000,000 tons of freight transported into and out of Manhattan, the Bronx, Brooklyn, Queens and Long Island annually only 2.8 million tons, less than 3%, move on our railway system. Of all freight moving through this region, 98 million tons per year is rail compatible. You are well aware that in the rest of the nation 40% of all intercity freight is handled by rail. You are also aware that diesel powered trains use 40% less fuel than a truck to move an equal amount of cargo. The abnormality in our region's transportation mode use compounds the congestion in the Bronx and the resulting health problems.

At this time New York City has one rail line, the Hudson Division of Conrail, and one freight yard, the Oak Point Yard in the South Bronx, to accommodate nearly all freight entering or leaving this entire region by Rail. The yard has six tracks. There are no rail intermodal terminals east of the Hudson River. Two thirds of the population of the New York Metropolitan area resides east of that river.

The May 1997 TIP addresses the need for an intermodal terminal within the City of New York as follows in relevant part:

The Harlem River Yard has been selected as the key yard necessary to establish a regional intermodal Trailer-on-Flatcar (TOFC) terminal. It will be redeveloped as the New York City regional intermodal terminal. The site contains 85 acres with excellent rail and highway access. It has a direct rail connection to the existing Oak Point Yard. It is also strategically located within the regional TOFC market area. A current study is underway to develop a marketing plan/strategy, to develop the maximum potential of the regional rail/intermodal facilities.

The State of New York can not comply with the TIP and had no intention of complying with it on the day it was signed. It has stated that it has no intention of canceling the industrial park's lease, although no industrial development has occurred since the lease was signed. Indeed, while, initially the developer was to reserve 28 acres for a small intermodal facility, with each revision of the developer's plan that portion of the yard reserved for any type of rail activity is reduced. Indeed the State Department of Environmental Protection, mere months after the State signed the TIP, approved a license for a waste transfer facility on the western end of the yard which alone will displace all potential rail intermodal use of the yard. That approval was given despite this Organization's protest that the approval was in direct conflict with the State's representations in the TIP and was, thus, a forbidden land use change without a required Environmental Impact Study.

There is no other site in the City of New York which is available, or which can be economically made available, for any significant intermodal activity. Without the Harlem River Yard this City is permanently incapable of any mitigation of its total dependence on heavy trucks to handle all of the 142 million tons of freight it must receive or produce each year. Not only does this refusal to deal with this situation directly effect

the health of the citizens of the Bronx, it places an undue burden on the entire national highway system as it blocks effective rail access to the largest transportation market in the nation. Such a situation is intolerable.

If returned to rail intermodal use the facility at Harlem River Yard would handle a minimum of 180,000 lifts per year. As Manhattan, Brooklyn and Queens account for 45,000,000 tons of rail compatible traffic per year while the Bronx accounts for only 7.5 million most of the 180,000 truck trips to and from the facility would arrive over the Triboro Bridge, terminating their trip at the southern tip of the Bronx. As the present market already vastly exceeds the capacity of a full sized facility at Harlem River Yard, nearly all of this traffic is presently passing that site today, continuing northward past residential neighborhoods to reach the George Washington Bridge. The Harlem River Yard Intermodal Terminal would reduce truck traffic along the western border of the South Bronx by 331,200 truck trips per year and would not generate any additional truck miles even in the vicinity of the terminal (which would be located directly under the highway presently used). This facility could produce an absolute reduction of 4,001,987 heavy truck vehicle miles per year within just the South Bronx. This sum pales when compared with the reduction of total truck mileage as both long haul trips to distant cities and regional hauls to New Jersey rail terminals are eliminated entirely.

Despite its recognition of the need for a major intermodal facility if there is to be any hope to mitigate unacceptable levels of emissions in the Bronx by normalizing this region's traffic mode mix toward national standards, the State of New York persists in facilitating the destruction of this facility. It refuses to terminate the lease for industrial park development. It continues to approve diversion of an increasing amount of the land to non-transportation uses. New York State's promise in the TIP to recommit this land to transportation uses is fraudulent. The State is in violation of the requirements of law as the goals of neither the Transportation Improvement Plan or the State Environmental Quality Improvement Plan can be achieved without the expeditious development of the largest possible rail intermodal yard to the east of the Hudson River.

We must demand that your office take immediate steps to enforce the State's obligations under Federal Law, including cutting off all funding for highway projects within New York State until the State conforms to the requirements of law and takes the long promised action, re-promised in the TIP, to lift this siege of the Bronx.

Thank you for your attention to this matter.

Very truly yours  
Urban Environmental Alliance

By

John F. McHugh, Chairman

LEE FRANK  
LANDMARK STUDIOS INC  
2 WILLIS AVE PORT MORRIS  
BRONX NY 10454-4417

MS LINDA J. MORGAN

SURFACE TRANSPORTATION BOARD

WASHINGTON,

204 23- 0001



SOME RESTRICTIONS

STB

FD

33388

2-10-98

J

BUSINESS



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File Docket*  
*JD-33388*

February 10, 1998

Mr. William Fertenbaugh  
Plant Controller  
Lipton  
523 South Seventeenth Street  
Harrisburg, PA 17104

Dear Mr. Fertenbaugh:

I have received your letter concerning the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads, and the effect it may have on your company.

This proceeding has been docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388. As you may know, the Board adopted a procedural schedule for deciding the merits of the control application filed in this proceeding, which it extended by 45 days to accommodate the filing of safety integration plans by the applicant railroads. As provided by the procedural schedule, the Board has received comments and evidentiary submissions from all interested parties addressing the merits of the merger proposal, which were filed with the Board on or before October 21, 1997. The Board is currently analyzing those filings. A final written decision in this matter will be issued on July 23, 1998.

Information regarding the pending proceeding can be obtained from the Board's website at [www.stb.dot.gov](http://www.stb.dot.gov), or by calling the Board's Office of Public Services at (202) 565-1592. The Board's website offers a link to a specific site that includes a copy of the application filed by CSX and NS in this matter. I am enclosing a copy of a recent press release that summarizes Board actions in the case.

I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

Enclosure



JD-33388

January 16, 1998

Ms Linda J. Morgan  
Surface Transportation Board  
1925 K Street, Northwest  
Washington, District of Columbia 20423-0001

CHAIRMAN MORGAN

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RECEIVED  
SURFACE TRANSPORTATION

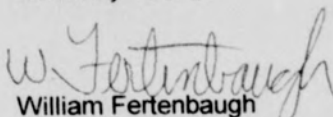
Dear Ms Morgan:

I am writing to ask that I be kept up dated on developments with the CSX-NS-Conrail merger. I would also like to request information on how the participants of this merger will address local service issues.

I work for Lipton and am responsible for ordering flour used to manufacture noodles and pasta for packaging in Lipton's Noodles and Sauce, Rice and Sauce, and Soup. The flour use in the manufacturing process is ship via rail, due to cost. It is very important to the manufacturing process to keep price lower. Rail provides a cost saving over receiving flour by truck. This saving amounts to about 5 cents per pound, which on an annual basis amounts to about \$2,500,000 cost savings. As you can see this is a very important issue to this Plant.

I appreciate your help in keep me update and informed about this merger and local service issues.

Sincerely Yours,

  
William Fertenbaugh  
Financial Manager

STB

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33388

2-9-98

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BUSINESS

# NEW JERSEY SHORTLINE RAILROAD ASSOCIATION



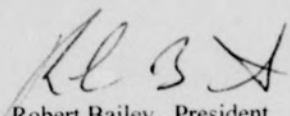
Office of the Secretary  
Surface Transportation Board  
1925 K Street N.W.  
Washington, D.C. 20423

RE: FINANCE DOCKET NO 33388  
CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and  
Norfolk Southern Railway Co. Control and Operating Leases/agreements - Conrail Inc.  
Consolidated Rail Corporation.

Dear Secretary :

In the Matter of the above described proceeding, attached are 25 copies of this letter.

The membership of the New Jersey Short line Railroad Association fully support the primary application before you.

  
Robert Bailey, President  
N.J.S.L.R.A.

Membership Includes  
Port Jersey Railroad Company  
Black River & Western Railroad  
Belvidere & Delaware River Railway  
Southern Railroad of New Jersey  
Winchester & Western Railroad  
Cape May Seashore Line  
Penn - Jersey Rail Line

New York Cross Harbor Railroad  
Morristown & Erie Railway  
Durham Transport  
East Jersey Railroad  
New York Susquehanna & Western Railway  
S.M.S Railway

ROBERT BAILEY, Pres.  
1764 Union Avenue  
Hazlet, N.J. 07730  
908-264-7264

STB

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33388

2-6-98

J

PUBLIC

Chico Fernandez  
Department of Transportation  
Surface Transportation Board  
1925 K Street NW  
Washington DC 20423

January 30, 1998



FD33388

Dear Mr. Fernandez:

Alexandria, Indiana is a small quiet town. They are in the process of allowing two railroads to merge and make a turn around in our town. According to the local newspaper, the *Alexandria Times-Tribune*, the trains traveling through our town would increase by 11 per day. We already have eight, so that brings it to 19 per day. According to the Mayor's office, two of these increased trains will go straight through, and the rest will have to slow down to 10 miles per hour to make the turn. The railroad has stated that the average train length is one mile long. If this is the case each train will tie up an intersection for approximately six minutes.

All of the critical services such a fire department, police, and ambulance are on the "wrong side of the tracks" from a large part of the population (including two schools and several baseball diamonds). If you block and intersections that go to the school and parks nine times a day for six or more minutes, it seems to me that is asking for disaster. How can we be assured that the school buses are going to get our children to school in time, not to speak of the danger of having several more trains going through town each day.

Alexandria has a creek running through it, and a lot of dead end streets, so almost everyone has to cross a railroad track several times during the day. The way the turn around is going to be set up (trains coming from the North will make the turn and go East, etc.) some of us will have the potential of being stopped twice for the same train. I am just worried that anytime I leave my house I will be forced to wait on a "slow" train. I am also worried that a disaster could happen at a school or a baseball park and an ambulance will be delayed arriving or leaving town to get to a hospital.

According to the Mayor's office, Alexandria is not going to benefit financially from this venture except for 2 or 3 new crossing gates and the "possibility" of new business. However, the railroads are not only going to save "315,000 gallons of fuel annually", but they will save a lot of time (saving the 16 miles to make the turn-around at Anderson). It appears that their financial savings will be significant. Why can we not insist that they be required to build and overpass or underpass at least at one intersection in town to keep from blocking off critical services from a major part of the town.

Diane Curtis  
220 W. VanBuren  
Alexandria IN 46012

STB

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33388

2-5-98

J

PUBLIC



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in Docket*  
*JD-33388*

February 5, 1998

Mr. Saul J. Stone  
140 Violet Drive  
Pickerington, OH 43147-1244

Dear Mr. Stone:

I have received your letter expressing concerns about the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads, and the effect it may have on Conrail employees in Columbus, Ohio.

This proceeding has been docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388. As you may know, the Board adopted a procedural schedule for deciding the merits of the control application filed in this proceeding, which it recently extended by 45 days to accommodate the filing of safety integration plans by the applicant railroads. As provided by the procedural schedule, the Board has received comments and evidentiary submissions from all interested parties addressing the merits of the merger proposal, which were filed with the Board on or before October 21, 1997, and the Board has received replies to these filings, including rebuttal by the applicant railroads, which were filed on or before December 15, 1997. The Board is currently analyzing those filings. A final written decision in this matter will be issued on July 23, 1998.

In deciding whether a control transaction such as the one being proposed here is in the public interest and should be approved, the Board must consider various factors required by law, including the interest of all rail carrier employees affected by the proposed transaction, and whether the proposed transaction would have an adverse effect on competition among rail carriers in the affected region or in the national rail system. In this regard, let me assure you that the Board will give full consideration to the issues that you have raised. Because this proceeding is pending before the Board, however, it would be inappropriate for me to comment further on the case.

I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

RECEIVED  
SURFACE TRANSPORTATION

JAN 3 3 46 PM '98  
CHAIRMAN MORGAN

140 Violet Drive  
Pickerington, OH 43147-1244  
January 7, 1998



Chairperson, Surface Transportation Board  
Case Control Unit, STB Finance Docket No. 33388  
1925 K Street, NW  
Washington, DC 20423-0001

Dear STB Chairperson:

I am among some 55 Conrail signal department employees who will be trying to fit in somewhere if the buyout of Conrail is approved on July 23, 1998. I cannot in my own mind understand why the CSX Corporation (CSX) and Norfolk Southern Corporation (NS) would choose to close our excellent System Signal Shop/School/Service Desk complex in Columbus, Ohio. I know personally that Conrail's Signal Engineering Department feels strongly that our shop in Columbus can provide a great benefit to the new rail systems as we have been for over 20 years to our own system.

From bidding for signal work outside of Conrail in recent years, we know that we are competitive with other shops throughout the country. Why then would NS/CSX choose to close one of Conrail's most valuable assets? From the viewpoint of NS/CSX, it is simply a financial decision. It's cheaper! NS traditionally contracts out its signal wiring work (except for a small shop in Roanoke, VA), and CSX has a shop in Savannah, GA.

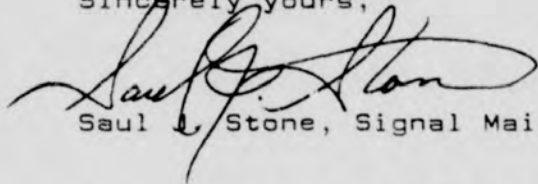
My argument is that both the Chessie System and Norfolk Southern are making a bad decision. We were told that this was a "bean counter" decision. How foolish and tragic that a company would think short-term in an area that requires long term planning for a railroad to operate smoothly year in and year out.

Conrail's success story was partly the result of our system shop and school's cooperative effort to work with both engineering and field forces to create a signal control system capable of handling high speed high volume freight traffic. In 1976 the biggest problem was rebuilding into one railroad what had been six bankrupt railroads. The American taxpayer pumped billions into the Consolidated Rail Corporation. Much of the rail and signal system was in disrepair, freight was delivered late, and business was poor. Our government envisioned a future rail system for the northeast that could again provide economically for our countries transportation needs. Our system shop and training center was vital in that transition.

The Conrail signal system today includes tens of thousands of electrified highway/rail crossing systems, interlockings (signal and switching control systems), and many other control systems that have been engineered, built, and wired at our shop. Today these control systems allow us to compete successfully with other carriers and with the trucking industry. The dream that Congress envisioned in 1976 has been more than fulfilled--it has been surpassed!

With Conrail's state-of-the-art train/truck intermodal systems, we help eliminate some of the highway nightmares that seem to worsen every year and thus threaten our economic wellbeing. If these systems fail to provide reliable service for future generations, can we then look back to a time when two railroads decided to make the most money with the least investment? It is my dream that the two railroads purchasing Conrail will not try to fix something that already works very well. Help keep our system shop/school/service desk complex in Columbus, Ohio open for business. Protect one of Conrail's most valuable assets from being written off as a liability. RSVP.

Sincerely yours,



Saul J. Stone, Signal Maintainer

P.S. We have recently celebrated at our shop over 900 days injury free!

Encl: Copy of our shop brochure.

cc:

The Honorable George V. Voinovich, Governor, State of Ohio  
The Honorable John H. Glenn, U.S. Senator, State of Ohio  
The Honorable Michael DeWine, U.S. Senator, State of Ohio  
The Honorable Deborah Pryce, Congresswoman, State of Ohio  
The Honorable David Hobson, Congressman, State of Ohio  
The Honorable Gregory S. Lashutka, Mayor, City of Columbus, Ohio  
Mr. John Snow, CEO, CSX Corporation  
Mr. David Goode, CEO, Norfolk Southern Corporation  
Mr. W.D. Pickett, President, Brotherhood of Railroad Signalmen  
Mr. F.E. Mason, Vice President, Brotherhood of Railroad Signalmen  
Mr. Roland E. McKenzie, General Chairman, BofAS  
Mr. Eldon Luttrell, Vice General Chairman, BofAS

STB

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33388

2-3-98

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CITY

# THE CITY OF VERMILION

January 27, 1998

JIMMY L. DAVIS, MAYOR



Surface and Transportation Board  
Washington, D.C. 20423

Re: Proposed Railroad merger of Conrail and Norfolk & Southern

Dear Sirs:

Upon review of the Surface and Transportation Board impact study of the merger of Conrail and Norfolk & Southern, I am submitting the following comments. Please note that as Mayor of the City of Vermilion, Ohio, I am responding on behalf of all citizens of our community.

The plans that are being proposed indicate that Vermilion will be the only city that will experience the full impact of a merger. Increased train traffic will be routed through Vermilion and a connector rail is expected to be constructed just west of our city limit. This connector will allow rail traffic to switch from one line to the other. This addition, along with greatly increased train traffic raises concern for many reasons, I will address only a few of the more important.

The City of Vermilion is divided into four unequal areas by the two rail lines that cross at a location in the north-central area of the most densely populated section of the city. There are twelve (12) road crossing locations; six (6) on each track. The city currently has five (5) grade separations. While on paper this may seem like an adequate percentage of grade separations, it is not. The city is also divided east from west by the Vermilion River. This river has only one bridge crossing north of the two sets of tracks. That bridge is on Liberty Avenue. The next closest is the bridge on the State Route 2 interstate highway. There are no grade separations on the south west section of the rail system. Likewise, the entire south east portion of the City of Vermilion and all of Brownhelm Township will be adversely effected due to the limited grade separation conditions and by increased rail traffic. This situation allows for the entities south west section of the City of Vermilion, and both Vermilion Townships to become isolated from the area of the community that houses all of the safety forces.

The City of Vermilion provides safety services that include fire protection, police protection, and ambulance services, to approximately 28,100 citizens in the City of Vermilion, Brownhelm Township, and Vermilion Township. As with all emergency service delivery programs, response time is most critical to the survival rates of our citizens. The ambulance response time is currently averaging 5.5 minutes per run. This response time will be increased by as much as 7 to 10 minutes if the railroad crossings are congested with additional train traffic as proposed. This would result in an average response time that would greatly put our residents at a much greater safety risk. It is indeed unfair, and most unacceptable to have the residents of the greater Vermilion area be adversely affected by outside actions that will provide absolutely no benefit or return for our sacrifice.

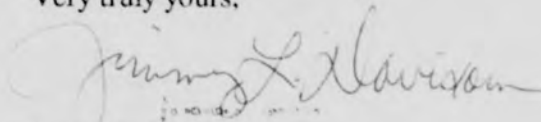
Surface and Transportation Board  
January 27, 1998  
Page 2

The City of Vermilion is experiencing some of its most difficult economic times in the history of the community. The Lorain Ford Motor company recently ceased production on the passenger care line, and as a result many of our residents are now being forced to either find other work, or relocate. The status of the remaining commercial van production activity is rumored to be subject to change in the near future. This economic uncertainty has been amplified by the defeat of seven Vermilion School levies. As a result of the serious nature of the shrinking tax base in our area, it is critical that a more diverse and stable tax base be established through the controlled growth of light industry and office development. It must be recognized that increased rail traffic that would limit or restrict the efficient and effective delivery of services will adversely affect the city's ability to be successful in its efforts to rebound and rebuild from the current financial hardships.

In addition to the safety concerns and the financial stability concerns, the entire area is struggling to correct and manage storm water runoff in an effective manner. A recent storm water management study conducted by a consulting engineering firm has noted that several of the areas most critical drainage obstructions are the railroad culverts on Edson Creek on the west side of the city. No work should be considered in this area without an extensive review, and an upgrade of the existing drainage systems.

I ask that no action be taken on the merger of these railroads until all of these issues can be addressed in a manner that will not depreciate the quality of life nor adversely affect the future growth and economic opportunities of the City of Vermilion and the neighboring townships. The integrity of our community must not be compromised in any manner.

Very truly yours,



Jimmy L. Davis  
Mayor

JLD/am

pc: Paul E. Gillmor, Congressman  
Thomas M. O'Leary, Ohio Rail Commission  
Elaine Kaiser, Surface and Transportation Board  
William Taylor, State Representative  
Maria F. Ward, Conrail  
Alan J. Zaleski, Senator

STB

FD

33388

1-14-98

J

BUSINESS

Commonwealth  
Consulting  
Associates

January 14, 1998

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

Re: CSX Corporation, et al. – Control and Operating Leases/Agreements –  
Conrail Inc. and Consolidated Rail Corporation, Finance Docket No. 33388

Dear Secretary Williams:

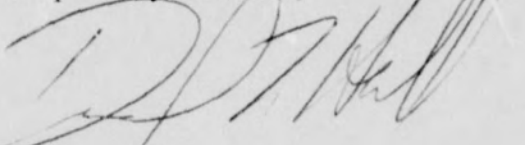
Please amend the service list in this proceeding to reflect the following new address for  
Commonwealth Consulting Associates, effective immediately:

NEW ADDRESS: 13303 FM 1960 West, Suite 204  
Houston, TX 77065-4069

OLD ADDRESS: 720 North Post Oak Road, Suite 330  
Houston, TX 77024

If you have any questions, please call Cindy Calvillo at (281) 970-6700. Thank you for  
your attention to this matter.

Respectfully submitted,



David L. Hall

cc: All Parties of Record

STB

FD

33388

1-14-98

J

MOCSS

# United States Senate

WASHINGTON, DC 20510

January 9, 1998

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

CHAIRMAN MORGAN

JAN 14 5 35 PM '98

RECEIVED  
SURFACE TRANSPORTATION BOARD  
JAN 14 1998

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

Dear Chairman Morgan:

When Congress responded to the 1970s bankruptcies of the northeastern rail carriers, one of its goals was the enhancement of rail competition throughout New York and the neighboring region. Unfortunately, New York ultimately was left with a Conrail freight monopoly, and the consequences for service quality and freight costs were predictable.

Now before the Board is an application by CSX and Norfolk Southern to acquire and divide Conrail. Through their plan, these carriers claim the restoration of railroad competition in New York which will lead to more efficient service, lower transportation rates, and diversions of freight from overburdened roads. Their plan is ambitious and in many respects, promising. In at least two critical areas affecting New York, however, their proposal needs to be enhanced to meet the needs of New York shippers.

First, shippers east of the Hudson River in New York City, Long Island, and the eastern Hudson River Valley would be served by a single railroad -- CSX. We are concerned this will not spark economic development nor service quality nor cost benefits claimed elsewhere, but would leave rail users in key New York industries at a competitive disadvantage versus their New Jersey counterparts, who will enjoy new, rail-to-rail competition. New York shippers from produce distributors to solid waste transporters to wood products manufacturers will suffer as a result. In addition, inadequate rail competition provides no relief of the commercial traffic congestion that is currently experienced throughout Long Island -- particularly along the Long Island Expressway -- and the New York metropolitan area.

The Honorable Linda Morgan  
January 9, 1998  
page 2

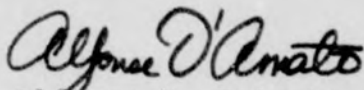
Realization of New York City and western Long Island's potential as a modern transshipment facility for international container cargo likewise will be stifled without modifications of the proposed transaction. We understand that a recent agreement between CSX of CP Rail may open up some options for certain commodities moving to and from Canada. This settlement, however, is too limited in too many respects to be considered an adequate substitute for true competition.

Second, the proposal for the division of Conrail lines in the Buffalo area would leave most points solely served by either CSX or Norfolk Southern. Particularly in light of their plan to bring rail competition to Detroit -- Buffalo's competitor for U.S. - Canada trade -- this action unfairly prejudices a region critical to the health of the New York economy.

The State of New York, together with the New York City Economic Development Corporation (NYCEDC), has proposed an effective solution to the east of the Hudson problem. Their plan, which is supported by local New York shippers and commuter rail authorities, would create balanced competition by allowing a second rail freight carrier to operate over the Hudson line from the Albany area to Long Island. Likewise, the Erie-Niagara Rail Steering Committee, supported by New York State, has proposed alternative plans for promoting competition in the Buffalo area, that will place that region back on par with Detroit in terms of transportation access.

We strongly support the petitions of the State of New York and the NYCEDC, and the conditions requested by the Erie-Niagara Rail Steering Committee, and urge that both be granted by the Surface Transportation Board. The relief they seek is consistent with the intent of Congress when it started the process that led to the creation of Conrail, and gives full effect to CSX and Norfolk Southern's stated purposes in their plan for Conrail's division.

Sincerely,



Alfonse M. D'Amato  
United States Senator



Daniel Patrick Moynihan  
United States Senator

cc: Honorable Gus Owens  
Secretary, Surface Transportation Board

STB

FD

33388

1-30-98

J

MOCs



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in  
Docket  
JD-33388*

January 30, 1998

The Honorable Alfonse M. D'Amato  
United States Senate  
Washington, D.C. 20510

Dear Senator D'Amato:

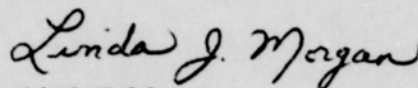
Thank you for your letter concerning the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. In your letter, you stress the need for effective rail competition in the State of New York. In addition to the responsive application filed in this proceeding by the State of New York and the New York City Economic Development Corporation, you express support for the conditions sought in comments filed by Congressman Jerrold Nadler, et al, and the conditions requested by the Erie-Niagara Rail Steering Committee.

As you know, the proposed acquisition of control of Conrail remains a pending proceeding before the Surface Transportation Board (Board), docketed as STE Finance Docket No. 33388. The Board is currently analyzing the pleadings filed by the parties to that proceeding under the procedural schedule adopted by the Board for deciding the control application. The Board extended the procedural schedule by 45 days to accommodate the filing of safety integration plans by the applicant railroads. Under the revised schedule, the Board will issue a final written decision on the merits of the application on July 23, 1998.

In deciding whether a control transaction such as the one being proposed here is in the public interest and should be approved, the Board must consider various factors required by law, including the effect of the proposed transaction on the adequacy of transportation to the public, and whether the proposed transaction would have an adverse effect on competition among rail carriers in the affected region or in the national rail system. In this regard, let me assure you that the Board will give full consideration to issues raised concerning the impact of the proposed transaction on competition. Because this proceeding is pending before the Board, however, it would be inappropriate for me to comment further on the case.

I am having your letter made a part of the public docket in this proceeding. Your name already has been added to the service list for this proceeding, which will ensure that you receive all Board decisions in this case. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Linda J. Morgan". The signature is written in dark ink and is positioned above the printed name.

Linda J. Morgan



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

January 30, 1998

The Honorable Daniel Patrick Moynihan  
United States Senate  
Washington, D.C. 20510

Dear Senator Moynihan:

Thank you for your letter concerning the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. In your letter, you stress the need for effective rail competition in the State of New York. In addition to the responsive application filed in this proceeding by the State of New York and the New York City Economic Development Corporation, you express support for the conditions sought in comments filed by Congressman Jerrold Nadler, et al., and the conditions requested by the Erie-Niagara Rail Steering Committee.

As you know, the proposed acquisition of control of Conrail remains a pending proceeding before the Surface Transportation Board (Board), docketed as STB Finance Docket No. 33388. The Board is currently analyzing the pleadings filed by the parties to that proceeding under the procedural schedule adopted by the Board for deciding the control application. The Board extended the procedural schedule by 45 days to accommodate the filing of safety integration plans by the applicant railroads. Under the revised schedule, the Board will issue a final written decision on the merits of the application on July 23, 1998.

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Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

STB

FD

33388

12-18-97

J

GOV



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in  
Docket  
JD-33388*

December 18, 1997

Mr. James G. Natoli  
Director of State Operations  
State of New York  
Executive Chamber  
Albany, NY 12224

Dear Mr. Natoli:

Thank you for your letter concerning the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. In your letter, you stress the need for effective rail competition east of the Hudson River. In addition to the responsive application filed in this proceeding by the State of New York and the New York City Economic Development Corporation, you express support for the conditions sought in comments filed by Congressman Jerrold Nadler, et al.

As you know, the proposed acquisition of control of Conrail remains a pending proceeding before the Surface Transportation Board (Board), docketed as STB Finance Docket No. 33388. The Board is currently analyzing the pleadings filed by the parties to that proceeding under the procedural schedule adopted by the Board for deciding the control application. The Board recently has extended the procedural schedule by 45 days to accommodate the filing of safety integration plans by the applicant railroads. Under the revised schedule, the Board will issue a final written decision on the merits of the application on July 23, 1998.

In deciding whether a control transaction such as the one being proposed here is in the public interest and should be approved, the Board must consider various factors required by law, including the effect of the proposed transaction on the adequacy of transportation to the public, and whether the proposed transaction would have an adverse effect on competition among rail carriers in the affected region or in the national rail system. In this regard, let me assure you that the Board will give full consideration to issues raised concerning the impact of the proposed transaction on competition. Because this proceeding is pending before the Board, however, it would be inappropriate for me to comment further on the case.

I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



STATE OF NEW YORK  
EXECUTIVE CHAMBER  
ALBANY 12224

GEORGE E. PATAKI  
GOVERNOR

JAMES G. NATOLI  
DIRECTOR OF STATE OPERATIONS

December 15, 1997

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

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

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
DEC 17 6 02 PM '97  
CHAIRMAN MORGAN

Dear Chairman Morgan:

On behalf of Governor George E. Pataki, please accept this letter in support of the intervention petition of United States Representatives, The Honorable Jerrold Nadler, Et.AL., submitted in the referenced docket on October 8, 1997.

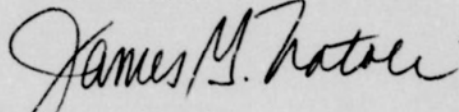
Stressing the need for the establishment of effective rail competition east of the Hudson River, Congressman Nadler and his colleagues asked the Board to condition any approval of CSX and Norfolk Southern's plan for the division of Conrail on their agreement to establish dual rail service in New York City, Long Island and Southern New England, including the restoration and enhancement of a cross harbor rail car float service across New York Harbor.

The establishment of effective rail competition east of the Hudson is a key priority of the State of New York, and as Governor Pataki has emphasized on numerous occasions, an essential component of any plan for Conrail that truly would serve the public interest. As a party of record, the State of New York, together with the New York City Economic Development Corporation, has filed a Responsive Application to promote competition through the introduction of efficient, alternative rail carrier service via trackage rights over the Hudson Line. While not an effective substitute for this relief, Congressman Nadler's cross harbor service proposal is



complementary to it. For these reasons, I respectfully urge that in addition to granting the State's Responsive Application, the Surface Transportation Board give careful and favorable consideration to Congressman Nadler's proposal.

Respectfully yours,

A handwritten signature in cursive script, reading "James G. Natoli". The signature is written in dark ink and is positioned above the printed name and title.

James G. Natoli  
Director of State Operations

cc: Hon. Vernon L. Williams

PLEASE PRINT OR TYPE  
1A-75  
SHIPMENTS WITHIN U.S. ONLY

FROM Charles Surface Transportation Board 12224 DEC 17 1997 K-RAVED		Preprint Format No. 4330159	Origin ALB	Airbill Number 2356931124
TO Surface Transportation Board 1925 K Street, N.W. Washington D.C. The Honorable Linda Morgan 202-565-1500		Method of Payment <input checked="" type="checkbox"/> Bill Sender <input checked="" type="checkbox"/> Bill Receiver <input type="checkbox"/> Bill 3rd Party <input type="checkbox"/> Paid in Advance <b>AIRBORNE EXPRESS.</b>		
MAIL MANAGEMENT STB		Billing Reference will appear on invoice		
No. of Pkgs 1		Weight LBS 1	Check if <input type="checkbox"/> LETTER <input type="checkbox"/> EXPRESS <input type="checkbox"/> EXP. PACK	
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Letter - 5 lbs  
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12-18-97

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BUSINESS



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in Docket*  
*STB-33388*

December 18, 1997

Mr. Richard P. Dickson  
Chairman, President & CEO  
Alternative Distribution Systems, Inc.  
935 West 175<sup>th</sup> Street  
Homewood, IL 60430-2028

Dear Mr. Dickson:

I have received your letter regarding the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. You express support for the transaction with one concern about the effect it may have on rail service to one of your facilities.

This proceeding has been docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388. As you may know, the Board adopted a procedural schedule for deciding the merits of the control application filed in this proceeding, which it recently extended by 45 days to accommodate the filing of safety integration plans by the applicant railroads. As provided by the procedural schedule, the Board has received comments and evidentiary submissions, including yours, from all interested parties addressing the merits of the merger proposal, which were filed with the Board on or before October 21, 1997. The Board is currently analyzing those filings. A final written decision in this matter will be issued on July 23, 1998.

In deciding whether a control transaction such as the one being proposed here is in the public interest and should be approved, the Board must consider various factors required by law, including the interest of all rail carrier employees affected by the proposed transaction, the effect of the proposed transaction on the adequacy of transportation to the public, and whether the proposed transaction would have an adverse effect on competition among rail carriers in the affected region or in the national rail system. In this regard, let me assure you that the Board will give full consideration to the issues that you have raised. Because this proceeding is pending before the Board, however, it would be inappropriate for me to comment further on the case.

I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



ALTERNATIVE DISTRIBUTION SYSTEMS, INC.

935 West 175th Street  
Homewood, Illinois 60430-2028  
Tel 708-799-4900  
Fax 708-799-5935  
E-mail: adsinc@adsinet.com

October 21, 1997

**VIA FACSIMILE (202) 565-9003**

The Honorable Linda J. Morgan  
Chairman  
Surface Transportation Board  
1925 K Street, N.W.  
Suite 760  
Washington, DC 20423-0001

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
OCT 21 1 58 PM '97  
CHAIRMAN MORGAN

RE: **FINANCE DOCKET NO. 33388, CSX CORPORATION, et. al.  
CONTROL AND OPERATING LEASES/AGREEMENTS,  
CONRAIL CORPORATION, et. al.**

Dear Chairman Morgan:

I am Chairman, President and Chief Executive Officer of Alternative Distribution Systems, Inc. (ADS). ADS operates fifteen (15) metal distribution facilities across the country under the operating companies of Roll & Hold Warehousing & Distribution Corp., and Western Intermodal Services, Ltd. In 1986, we opened our first rail served facility, and in 1996 we handled over 12,000 rail cars through our facilities, offering rapid car unloading to the railroad, facilitating rail economies to the shipper, and truck delivery on just-in-time basis to the user. We do not own the material in our warehouse, consequently shippers carry the responsibility for freight costs to and from our facilities. The use of our facilities in large measure is dictated by the economics of freight charges and timeliness of service to and from our warehouses, with rail being the preference of many.

NS and CSX have presented a plan to divide Conrail (CR); we have reviewed the plan and generally support it. Almost all of our facilities will find single line service between major producer and our warehouses with the proposed divisions of trackage, where CR today provides that single line service. There is one exception, and it causes us concern over our investment in that facility. Our warehouse in Indianapolis, Indiana currently receives by rail the steel coils that are ultimately used by General Motors Metal Fabricating Plant in Indianapolis. We note with great interest that NS and CSX have agreed to joint access to the General Motors plant. In practice, the plant no longer receives steel coils by rail. The majority move to our warehouse and the plant is fed just-in-time by truck. A major move today to our facility is a single line CR move from Bethlehem Steel, Burns Harbor, Indiana in approximately 25 car blocks that moves two to three times per week. It is very service sensitive. Condensation and thus damage to the steel coils will occur if the current stringent standards are not maintained.

Subsidiary Companies  
Area Transportation Company  
Freight Connections International, Ltd.  
Roll & Hold Warehousing & Distribution Corp.  
Western Intermodal Services, Ltd.



THE HONORABLE LINDA J. MORGAN

October 21, 1997

Page 2

We unload the cars and return empties to CR in eight hours for return to the source for the next loaded move. We worked long and hard with CR to establish the tight service parameters, and CR with the shipper for the rate economies. Our concern is that with the proposal as filed, NS will serve the shipper at Burns Harbor, IN, and CSX our facility in Indianapolis. The single line service with its attendant rate and service advantages will disappear. The NS and CSX have chosen to address the matter with a very large customer, General Motors in Indianapolis, by agreeing to joint access. Industries on the same line as we, both north and south, also have joint access through switching agreements long ago established. Our efforts to obtain joint access have not met with any success. We seek the STB to order CSX and NS to treat our warehouse the same as the G.M. Metal Fabricating Plant, and other industries on the line reaching our plant, giving both carriers access to our facility. In that manner, our investment in the facility is protected, and shippers will have the same rate and single line service opportunity as today exists.

Thank you for the opportunity to comment and request this condition in this proceeding.

Sincerely,

A handwritten signature in black ink, appearing to be "Richard P. Dickson", written over a horizontal line.

Richard P. Dickson  
Chairman, President & CEO

RPD/cae

H:\COMMON\SEC\morgan.rpd



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in Docket*  
*JD-33388*

December 18, 1997

Ms. Jeanne Waldock  
President and Spokesperson  
Eight State Rail Preservation Group  
107 Grant Court  
Olean, NY 14760

Dear Ms. Waldock:

I have received your letter expressing concerns about the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads, and the effect it may have on competition in the northeastern United States.

This proceeding has been docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388. As you may know, the Board adopted a procedural schedule for deciding the merits of the control application filed in this proceeding, which it recently extended by 45 days to accommodate the filing of safety integration plans by the applicant railroads. As provided by the procedural schedule, the Board has received comments and evidentiary submissions, including yours, from all interested parties addressing the merits of the merger proposal, which were filed with the Board on or before October 21, 1997. The Board is currently analyzing those filings. A final written decision in this matter will be issued on July 23, 1998.

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I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

# Eight State Rail Preservation Group

J. WALDOCK

107 GRANT COURT, OLEAN, NY 14760 (716) 372-0854

FAX TO: Surface Transportation Board 202-565-1592 or 202-565-9003  
DATE: October 21, 1997  
FROM: Jeanne Waldock, President and Spokesperson Eight States RPG  
PAGES: 3

Ms. Linda J. Morgan, Chairman, Dennis Watson or Nancy Beiter, Cong. Affairs  
Surface Transportation Board  
1925 K Street, NW  
Washington, D.C. 20423-0001

*Jeanne Waldock* - COMMENTS  
Re: Finance Docket No. 33388

The largest increases in train traffic on the east-west, northeastern corridors will be occurring in the States of Ohio, NY, and PA, with bottlenecks in Cleveland, Buffalo and Pittsburgh. Therefore, may we suggest that Conrail's former Erie-Lackawanna be kept open at least from Akron, OH, Meadville, PA, Jamestown, N.Y., to the Port of New York/New Jersey to lessen congestion, and help provide better service and less complaints to you from industry and businesses.

Besides saving industries that rails serve, save jobs, and headaches for you, if another middle, east-west railroad is preserved for competition, you will preserve railroads rather than have doubles and triples ruin our roads. American Assn. of State Highway Officials gave evidence that the primary cause of pavement damage increased exponentially (as a 4th power) as axle weight was increased. The heaviest trucks with most weight on their axles cost us most road damage.

1. Railroads steel wheels on steels rails move with at least 4-times less friction than truck/car tires on cement or mcadam. Perhaps, as much as 10-times less. Less friction for locomotion needs less fuel( oil), therefore, railroads use less fuel Oak Ridge says highways consume 72% of U.S.energy, railroads less than 20%.

2. U.S. was responsible for more than 1/4 of world's petroleum consumption in 1990. Much U.S. energy-dependency comes from war-prone Persian Gulf. (OR)

3. Greater greenhouse gas emissions from cars/trucks have been claimed to change our climate by 2500 climate scientists (President Clinton NYT 6-29-97)

4. The ECONOMIST, 5-10-97, in its 'Coming Car Crash'states, "Over-capacity (cars/trucks) will have risen from 18m vehicles to 22m units---equivalent to 80 of the world's 630 car assembly factories standing idle by year 2000."

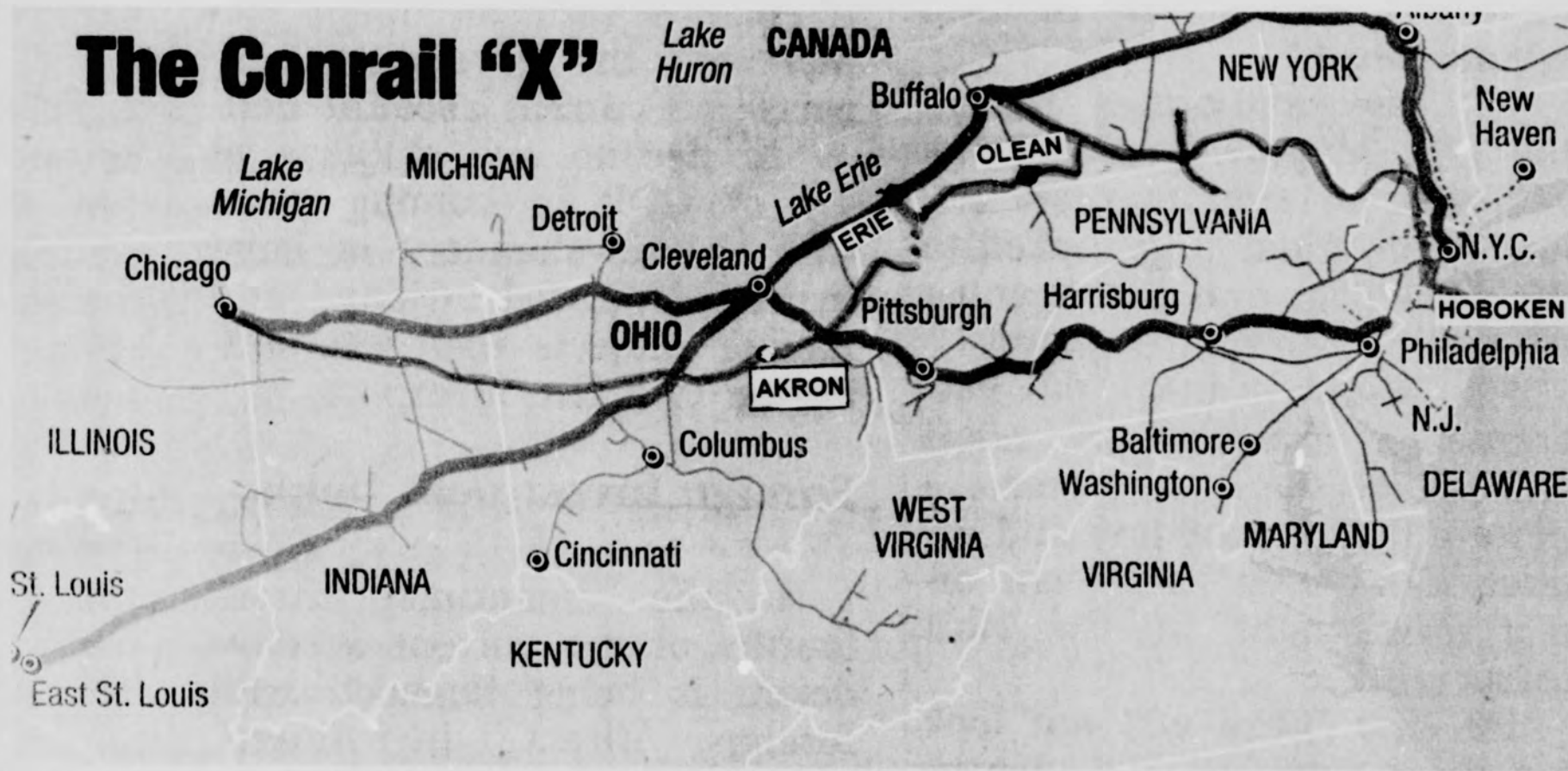
Ms. Morgan, for these and many more reasons, it would seem that not just two, but three northeast, east-west through-railroads will be needed in the future for competition, for our country's less dependence on Persian Gulf oil, and for our great need for better competitive modes of transportation. We do appreciate your consideration for preserving Conrail's former Erie-Lackawanna competition.

(25 copies plus original have been sent overnight to arrive the 22nd)

# Eight State Rail Preservation Group

J. WALDOCK 107 GRANT COURT, OLEAN, NY 14760 (716) 372-0854

## The Conrail "X"



JOC 9-26-97

P.T.O.



## Busy cities

These cities are on rail routes that would experience some of the largest increases in train traffic if Conrail breakup plan devised by Norfolk Southern Corp. and CSX Corp. passes regulatory muster.

Towns	Increase per day
<b>Deshler</b>	<b>+40 trains</b>
<b>Fostoria</b>	<b>+31 trains</b>
<b>Bucyrus</b>	<b>+16 trains</b>
<b>Vermilion</b>	<b>+21 trains</b>
<b>Berea</b>	<b>+40 trains</b>

TOM LYNN/ The Journal of Commerce

# CONRAIL

L. STANLEY CRANE  
CHAIRMAN AND  
CHIEF EXECUTIVE  
OFFICER

attached to the  
NYS-DOT - Conrail 1982  
Southern Tier Agreement

18.

October 12, 1982

Mr. W.C. Hennessey  
Commissioner  
NYS Department of Transportation  
1220 Washington Avenue  
Albany, NY 12232

Dear Mr. Hennessey:

In response to your question about the status of the main line west of the New York State border, in the territory known as the Southern Tier Extension in our agreement, I would like to offer the following. First of all, it is our goal to leave a potentially operative mainline railroad between the western border of New York State and Akron for a potential acquirer under this agreement. The following is a description of this territory and what we envision for it.

1. Between the New York State line and Meadville, Pennsylvania, there now is a double track signalled railroad, only one track of which is being used. We are planning to leave in place, but not maintain, the second track and signals.
2. Between Meadville and Shenango the current single track TCS system would remain unchanged.
3. Between Shenango and Pymatuning the current two track automatic block signal territory may be converted to a single track system, either TCS or APB.
4. West of Pymatuning, toward Akron, the signals are in disrepair on this two-track system. We now have a single track system, under MBS rules, and will retain segments of the second track at Pymatuning, Johnsons (near Latimer), and Leavittsburg for future use as passing sidings. Such a system should be fully capable of handling six through freight trains in each direction daily. Generally, in selecting the track to be removed in double track territory, Conrail will retain the track over which Conrail currently operates, which is usually the track with the higher speed capability or FRA track standard.

Sincerely,

- J. L. Crane -

# **Eight State Rail Preservation Group**

J. WALDOCK

107 GRANT COURT, OLEAN, NY 14760 (716) 372-0854

## **CERTIFICATE OF SERVICE**

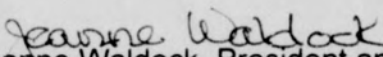
I hereby certify that I have this 3rd day of November, 1997, served  
copies of the foregoing Comments of Eight State Rail Preservation Group upon  
the following:

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

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

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

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

  
Jeanne Waldock, President and Spokesperson  
Eight State Rail Preservation Group

103

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GROUND	AIR

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NY 1X4-104

**QWIK PACK & SHIP**

Customer No.

315 Main St.  
Olean, NY 14760  
(716) 373-4800

Nº 2326

PLEASE PRINT

Phone No.		Date 11 / 5 / 97	
SEND TO	NAME Ms. Linda Morgan Chinn		
STREET	Dennis Watson & Nancy Beiter Surface Transport Board		
CITY & STATE	19 25 K Street	ZIP CODE	20423-0001
REC'D FROM	NAME Eight State Rail Pres. Jeanne Waldo		
STREET	107 Grant Court		
CITY & STATE	Olean, NY	ZIP CODE	14760
TELEPHONE NO. 716-372-0854			
CONTENTS		DECLARED VALUE	
papers			
		IF C.O.D.	
		\$ AMOUNT	
SIGNATURE: Jeanne Waldo			
OFFICE USE ONLY			
TYPE	FREIGHT		CHARGES 16.25
C.O.D.			
A.O.D.			
DECLARED VALUE			
MATERIALS			
SERVICE	PACKING & TAX		
	HANDLING & TAX		
TOTAL			\$ 16.25

I understand that Qwik Pack & Ship's only responsibility in the event of damage to or loss of my parcel is to represent me in setting claims with the carrier. Qwik Pack & Ship cannot assume liability if claim is denied or paid only in part by the carrier. Damaged packages must be inspected at receiving end. Report any damage or loss to the carrier, at once, holding the package and contents in "received condition" until inspected by carrier. Unless a greater value is declared in writing on this receipt I acknowledge that the package does not exceed \$100.00. Claims not made within 90 days of date shipped are hereby waived.

Signature \_\_\_\_\_ Date \_\_\_\_\_

STB

FD

33388

12-18-97

J

STATELEG



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in Docket*  
*FD - 33388*

December 18, 1997

The Honorable Michael J. Bragman  
The Assembly  
State of New York  
305 South Main Street  
North Syracuse, NY 13212

Dear Assemblyman Bragman:

I have received your letter expressing concerns about the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads, and the effect it may have on the State of New York.

This proceeding has been docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388. As you may know, the Board adopted a procedural schedule for deciding the merits of the control application filed in this proceeding, which it recently extended by 45 days to accommodate the filing of safety integration plans by the applicant railroads. As provided by the procedural schedule, the Board has received comments and evidentiary submissions from all interested parties addressing the merits of the merger proposal, which were filed with the Board on or before October 21, 1997. The Board is currently analyzing those filings. A final written decision in this matter will be issued on July 23, 1998.

In deciding whether a control transaction such as the one being proposed here is in the public interest and should be approved, the Board must consider various factors required by law, including the interest of all rail carrier employees affected by the proposed transaction, the effect of the proposed transaction on the adequacy of transportation to the public, and whether the proposed transaction would have an adverse effect on competition among rail carriers in the affected region or in the national rail system. In this regard, let me assure you that the Board will give full consideration to the issues that you have raised. Because this proceeding is pending before the Board, however, it would be inappropriate for me to comment further on the case.

I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*

Linda J. Morgan



MICHAEL J. BRAGMAN  
MAJORITY LEADER

RECEIVED  
SURFACE TRANSPORTATION BOARD

THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

OCT 21 1997

CHAIRMAN ROAN

October 22, 1997

District Office  
305 South Main Street  
North Syracuse, New York 13212  
(315) 452-1044

Room 926  
Legislative Office Building  
Albany, New York 12248  
(518) 455-4567

Room 436  
Capitol Building  
Albany, New York 12224  
(518) 455-4225

Honorable Linda Morgan, Chair  
Surface Transportation Board  
Suite 700  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

Re: Finance Docket No. 33388

Dear Chairwoman Morgan:

The purchase and division of Conrail's assets between CSX Corporation and Norfolk Southern Corporation will have a major impact on the economy of New York State.

I have several concerns regarding this matter that I would like you to consider, but before I outline these items, I would like to provide you with some background information. Before I assumed the duties of Majority Leader of the New York State Assembly, I served as Chair of the State Assembly Transportation Committee and the Co-Chair of the New York State Task Force on Critical Transportation Choices.

As one who has been involved with rail issues for many years, I am aware of the significant structural changes which have taken place in the industry and other broad factors that are the driving force behind this merger. The acquisition of Conrail comes after a decade of dramatic and fundamental changes in rail service in the United States. As you know, deregulation did not authorize government to abdicate its antitrust responsibility or to fail to take actions to preserve competition. To the extent that mergers can enable railroads to improve service and reduce costs without concomitant anti-competitive effects, those mergers should be encouraged.

On its surface, the breakup of Conrail between both CSX and Norfolk Southern and the proposed routes into New York suggest competition. New York State will now have two Class I railroads instead of the one. Conrail had dominated rail transportation in New York State with more than 90 percent of the Class I mileage in the state. The merger brings promise of improved shipping rates and service options.

My natural tendency would be to support this merger. However, the State of New York must ensure certain goals are achieved including: protecting jobs and granting competitive access to the regional and shortline operators (including reciprocal switching). In this regard, the Board should consider the following:

First, one of the highest priorities must be to protect the working men and women of Conrail. This merger must not cost New York working families their livelihoods. In this regard, I would note

(Continued)

Page two

that the New York Dock Agreement provides the Interstate Commerce Commission the authority to impose labor-protective conditions on a transaction to safeguard the interests of adversely affected railroad employees.

I have been contacted by railroad employees who are concerned that this merger will result in job loss. The application submitted by the carriers clearly indicates that "in order for the expanded CSX system to realize the benefits and efficiencies afforded by the Operating Plan, a significant rearrangement of the districts for the train and engine, maintenance of way, signal, clerical, mechanical and other employees will be necessary. The Operating Plan also requires a repositioning of the combined workforce." The application further states that "these changes are necessary in order that the deployment of labor corresponds with the new and more efficient operations of the expanded CSX system." I am concerned with the possible displacement of families that could occur.

Second, it is my understanding that CSX and Norfolk Southern have agreed to reciprocal switching in the Metropolitan New York City area. With reasonable rates, this agreement should provide competitive service by guaranteeing competition. Unfortunately, a fee structure has not been discussed for Upstate New York. To protect the economic well being of the companies that are currently rail customers in this region and the shortlines which service many of the upstate communities. It is imperative that reciprocal switching be provided in each of the large upstate cities.

Third, we ought not lose sight of the economic potential of trade with Canada. In this regard, the Board should encourage the formation of rail corridors between New York and Canada, both north/south and east/west, that will allow access to the two major Canadian carriers and promote expanded trade within and through New York State.

Finally, with two viable railroads operating in New York, now is the opportunity to seek commitments on high speed passenger rail. Many of the nation's freight railroads have held the position that high speed passenger rail and freight traffic do not mix. The State of New York leads the nation in mass transit and high speed rail development is a logical next step that the State has been pursuing.

I am also interested in the impact of expanded freight traffic on New York's mass transit system and inter-city rail passenger service, its passengers, and safety including the dispatching of trains. In planning the division of Conrail's assets, transit and passenger opportunities must not be ignored but sought. Very little would be accomplished if passengers were forced back onto the highways.

(Continued)

Page three

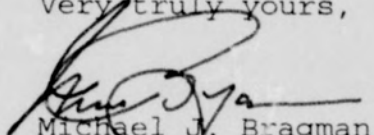
The State of New York has made progress in strengthening its economy and positioning itself for real prosperity in the 21st Century. Competition between rail carriers is absolutely critical to protecting shippers, especially small shippers, from price increases.

There is no doubt that this merger of railroads can provide economic advantages to New York, its citizens and its businesses. However, the state must insist that certain actions are taken to ensure that all parties will benefit. I request that the Surface Transportation Board review each of these issues in making its ruling.

Thank you for considering my opinion on this matter.

Best wishes.

Very truly yours,



Michael J. Bragman  
Majority Leader

MJB:ro

cc: Rodney Slater  
Honorable David Gantt  
Honorable Sam Hoyt  
Interested Individuals

STB

FD

33388

12-17-97

J

BUSINESS



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in Docket*  
*JD-33388*

December 17, 1997

Mr. John G. Milliken  
Chairman  
The Greater Washington Board of Trade  
1129 20<sup>th</sup> Street, N.W.  
Washington, D.C. 20036

Dear Mr. Milliken:

Thank you for your follow-up letter concerning the possible effect on commuter rail service in the Greater Washington area from the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. In your letter, you provide additional information on physical and operational changes that you believe are needed to improve commuter rail service in Greater Washington.

As you know, the proposed acquisition of control of Conrail remains a pending proceeding before the Surface Transportation Board (Board), docketed as STB Finance Docket No. 33388. The Board is currently analyzing the pleadings filed by the parties to that proceeding under the procedural schedule adopted by the Board for deciding the control application. The Board recently has extended the procedural schedule by 45 days to accommodate the filing of safety integration plans by the applicant railroads. Under the revised schedule, the Board will issue a final written decision on the merits of the application on July 23, 1998.

In deciding whether a control transaction such as the one being proposed here is in the public interest and should be approved, the Board must consider various factors required by law, including the effect of the proposed transaction on the adequacy of transportation to the public, and whether the proposed transaction would have an adverse effect on competition among rail carriers in the affected region or in the national rail system. In this regard, let me assure you that the Board will give full consideration to issues raised concerning the impact of the proposed transaction on commuter rail service. Because this proceeding is pending before the Board, however, it would be inappropriate for me to comment further on the case.

I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

The Greater  
Washington



**Board  
of Trade**

A Regional Chamber of Commerce  
for the District of Columbia, Northern Virginia and Suburban Maryland

Board of Trade Building  
1120 20th Street, N.W.  
Washington, D.C. 20036  
202-857-5900  
FAX: 202-223-2648

October 20, 1997

Ms. Linda Morgan  
Chairman  
U.S. Surface Transportation Board  
1925 K Street, NW  
Washington, DC 20423-0001

RE: Conrail Control Application by NS and CSX, Finance Docket # 33388

Dear Chairman Morgan:

As follow-up to our letter of August 12<sup>th</sup>, I am writing to express in more detail certain of our concerns and to provide you with additional information on some of the physical/operational changes needed to improve commuter rail service in Greater Washington.

As we noted in our earlier letter, the Greater Washington Board of Trade is studying commuter rail service permitting MARC passenger through service to points on the Virginia Railway Express, such as L'Enfant, Crystal City and Alexandria. Similarly, VRE passengers would have through service to MARC stations. Initial run-through service is anticipated at 4-5 trains per day with up to 15 trains per day possible by 2015 depending on patronage.

As you know, in June of 1997, CSX, Norfolk Southern and Conrail filed an application with the U.S. Surface Transportation Board to acquire control of Conrail, including the division of certain Conrail operating assets between CSX and NS. If the transaction is approved, CSX will assume control of a critical 2.2 mile segment of Conrail track used by Amtrak and VRE passenger trains, between, CP-Virginia in Southwest Washington, D.C. and RO Interlocking, across the Potomac River in Virginia.

After the transaction is complete, CSX's contractual approval will be necessary for increased operations on this and other segments in both Maryland and Virginia. All segments of CSX on which either MARC or VRE operate, especially that portion between Virginia Avenue and Alexandria, are projected to have among the most dramatic increases in freight volume in the U.S. Unfortunately, unlike other commuter railroad operations in the United States, neither MARC nor VRE own or control any route mileage.

Since the Operating Plans of both CSX Transportation and Norfolk Southern in the Conrail control transaction call for significantly expanded freight train density in the northeast-southeast corridor, as well as clearance improvements to the Virginia

OFFICE OF  
CHAIRMAN MORGAN

OCT 22 3 41 PM '97

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

Avenue Tunnel in Washington, D.C., **the Greater Washington Board of Trade urges the Surface Transportation Board to require the applicants to place the highest priority on both capacity and operating speed improvements on the CSX freight route between CP-Virginia Avenue in Southwest D.C. and Hyattsville, MD.**

An immediate result of these improvements would significantly benefit Amtrak and Virginia Railway Express service on the south end, as well as MARC service on the Camden Line on the north end, by reducing the ripple effect that standing freight trains have on inter-city and commuter rail reliability. More expeditious movement of freight trains, in effect, will create additional capacity on constrained trackage in the Washington, D.C. area.

For this service to be implemented, the above improvements to the flow of freight trains through Washington, D.C. are essential. Such run-through commuter train service would draw commuters from highways and would help improve air quality and reduce congestion. The above-noted improvements would also allow greater service reliability thereby allowing CSX and NS to attract truck traffic now moving on I-95, I-81 and I-85.

In addition, the Federal Railroad Administration and Amtrak are currently developing a transportation plan for the Washington-Richmond corridor which is experiencing significant growth in passenger volume. Continued near term growth in ridership on this route will be jeopardized by delays in and out of Washington, D.C., that are attributable to freight train interference.

**Finally, I again restate our previous request that the STB act as arbitrator in resolving any future issues concerning assess between CSX, NS, Amtrak and the Maryland and Virginia commuter rail systems concerning proper allocations of capital and operating expenses for additional service.** For your information, the major known physical improvements required to upgrade our region's commuter rail service are included in the remainder of this letter.

#### **Improvements Needed**

##### **Washington Union Station Lower Level -**

**Significant increases in MARC and VRE train operations at Union Station in the last ten years have resulted in the need to increase Terminal capacity to originate, terminate and provide mid-day storage.**

The Washington Terminal is essentially a 2.5 mile series of complex interlockings between New York Avenue on the north and Virginia Avenue on the south. The

Terminal's platforms and tracks have finite capacity, which means that there is a limit to the number of MARC trains that could use the Lower Level, rather than the Upper Level as all MARC trains do at the present time.

Since trains to and from points south of Washington must arrive and depart on the Lower Level of Union Station, the six tracks on the Lower Level presently used for passenger entraining and detraining would have to be utilized more efficiently to prevent train delays, particularly when a train arrives late, out of the normal plan for track occupancy. Presently, eight Amtrak trains must use the longest platforms (Tracks 25 and 26) because of train length, further reducing the Lower Level's flexibility.

**Restoration of some platform capacity is achievable by providing passenger access to two out-of-service platforms and the possible restoration of Track 21. Track 21 would provide adequate length for a VRE train, particularly one consisting of bi-level equipment, which both MARC and VRE plan to acquire.**

**The estimated cost to restore Track 21 and escalator access to the platform between Tracks 21 and 22, including electrification and related signaling is approximately \$5.3 million, excluding engineering and construction management expenses.**

#### **Platform Capacity at L'Enfant and Crystal City -**

**Until such time as there is a second platform at L'Enfant, MARC run-through service would be unable to maximize the potential ridership growth associated with single-seat service.**

In 1999 VRE is expected to place in service a second platform at its Crystal City Station in Arlington, VA. With the pending availability of a second platform at Crystal City, MARC is faced with scenario that, while run-through service to Crystal City is operationally feasible, such service would necessarily by-pass L'Enfant.

**The cost of construction of a second outside platform, with stairs and a ramp would be \$2.0 million plus architectural and engineering design and construction management services. A new center platform at L'Enfant would entail a third track for freight train operations, as well as a direct entrance to the L'Enfant Plaza Metrorail Station. Construction of a center platform would cost about \$20.0 million, including the new track's interlocking and demolition of the existing side platform.**

### **Cab Signal Requirements -**

All MARC engines and cab control cars are equipped with Amtrak Northeast Corridor 100-cycle, 4-aspect cab control signal systems. This system is not compatible with CSX's former RF&P 60-cycle, 4-aspect cab signal system in service south of RO Interlocking. All VRE engines and cab-control cars are equipped with the former RF&P cab signal system, an installation considerably older than the Amtrak 100-cycle system. Amtrak locomotives are equipped with a dual 60- and 100-cycle system. No cab signal system is in effect on Conrail between RO and Virginia Avenue interlockings, nor between Virginia Avenue and Union Station. No cab signal system is in effect on CSX on either the MARC Brunswick or Camden Line.

The pending Conrail acquisition assigns some of Conrail's trackage rights on the Northeast Corridor to NS and others to CSX. Both railroad companies will be operating on the Northeast Corridor for the first time. Thus, both will require that their locomotives be equipped with a compatible cab signal system, as some Conrail locomotives are presently.

Presumably, both railroad companies will acquire some Conrail locomotives that are NEC-compatible. CSX will then be in the position of requiring two cab signal systems for trains operating on both the Northeast Corridor and the CSX's RF&P Subdivision.

Since it is unlikely that the Federal Railroad Administration would permit discontinuance of a cab signal system on the RF&P Subdivision with its heavy passenger train volume, CSX may choose to install the NEC-compatible system. If CSX were to do so, MARC run-through service to Northern Virginia would be compatible. **If CSX chooses not to install the NEC-compatible system then the cost to MARC would be about \$.9 million to equip each diesel engine and cab-control car for system-wide utility, based on the present fleet size. For VRE, the required installation of the NEC-compatible cab signal system would cost about \$.8 million. Each unit and installation is estimated to cost \$30,000.**

### **MARC Electric Line Extension -**

Since MARC's electrified Penn Line constitutes fifty percent of MARC system ridership, the extension of electrification beyond Washington Union Station would provide through service to a major segment of MARC customers. Ideally, the extension would be to the Crystal City/Alexandria area. However, the volume of passenger and freight trains already anticipated in the year 2015 severely taxes the capacity of the double-track RO Interlocking - Virginia Avenue segment. The addition of the volume of electric trains of the Penn Line to this segment would not be feasible without additional Potomac River Bridge capacity.

If, however, the L'Enfant Station were to have additional platform capacity either in the form of a second outside platform or a center-island platform, then the electric catenary extension could be more feasible. Preliminary clearance examinations indicate that extension of the catenary through the First Street Tunnel can be accomplished without modification to the present clearances. Thus, the existing catenary within the tunnel, presently used for engine exchanges, could be extended the entire length of the Tunnel.

A key requirement for the electrification extension to serve L'Enfant Station is that a southbound electric train must be capable of traversing a turn-out from Track 2, after the L'Enfant Station stop, to a mid-day holding facility. This facility would be constructed on the site of the former Fourteenth Street, S.W. Team Tracks of the Pennsylvania Railroad.

**The estimated construction cost of the layover yard, including a new turnout, crossover, related signalling and catenary is \$7.4 million, excluding design and construction management. The construction cost of the extension of the catenary from Union Station is estimated at \$7.0 million, excluding design and construction management. The total construction cost associated with electrification is \$14.4 million.**

#### **MARC Layover Yard Near Alexandria-**

**Empty seat-miles for MARC would be significantly reduced if a mid-day layover yard was constructed near Alexandria.**

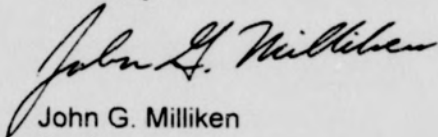
One possible site could be the existing Norfolk Southern property in the immediate vicinity of AF Interlocking, south of Alexandria Station. The NS property would require minimal site grading before installing two 1500-foot tracks on the east side of the NS/CSX alignment, parallel to the Metrorail facility. Another site, approximately parallel on the west side of the alignment, is the former Fruit Growers Express property, but it is likely to be considerably more expensive to acquire. This site, unlike the NS property, has alternative development possibilities in an area experiencing growth.

As a result of the pending Conrail acquisition transaction before the Surface Transportation Board, NS may have a reduced need for its existing trackage at AF Interlocking, depending in part on whether it acquires any rights to use a portion of Conrail's Benning Yard in the District of Columbia, closer to the connection to the Northeast Corridor at Landover. NS will continue, however, to have a storage requirement for trains serving the Virginia Electric Power plant, north of Old Town Alexandria.

**The estimated cost of new construction of a mid-day facility consisting only of storage tracks with related signalling is \$2.9 million, plus engineering design and construction management fees.**

I hope these comments provide you with a better understanding of the needs of the Greater Washington region's commuter rail system. Thank you for your assistance in this important matter. Please call Robert Grow at the Board of Trade if you have any questions (202) 857-5935. Best regards.

Sincerely,



John G. Milliken  
Chairman  
Transportation and Environment Committee

cc: Milton H. Miller, Sr.  
Andrew P. Miller  
Stephen Roberts  
Harvey Flechner  
Ira Silverman

STB

FD

33388

12-15-97

J

PUBLIC



December 6, 1997  
6013 Havendale Dr.  
Brook Park, Ohio  
44142

Surface Transportation Board  
Washington D.C. 20590

Gentlemen;

Note the attached articles. I am sure the Union Pacific is a mess, but just wait until the Conrail split happens it will be too big to handle while safety goes down the drain and causes lethal accidents on the highways which are now over crowded. The only ones that profit are the Officials that get big buyouts. This split should not be allowed to happen. I know I am only one person but there are many many others that agree and the layoffs that result will affect the retirement system, livelihood of many. Think this over not for the benefit of a few but the benefit of many. Conrail is profitable and good for competition. So what, is the reason.

Sincerely Yours

*Ray J. Conklin*  
Ray J. Conklin

# Worried about changes on down the line

Grafton residents are concerned about  
CSX proposal to block two streets

By MICHELE M. MELENDEZ

PLAIN DEALER REPORTER

GRAFTON — Grafton has a cross through its heart.

Two lines of steel intersect at the Lorain County village's center. The community, which plans to create a rail museum, embraces its railroad-laden past.

The people of this town are used to trains, but some say they want to lower the gate on a CSX Corp. proposal to block off two streets in the village with rails and a separate plan to increase train traffic. They say they fear more noise, lower property values and road-blocks to emergency vehicles and other traffic.

"We're in the business of helping our residents and creating a safe environment, and we don't feel it is in the best interest of the community," said Councilman John F. Lescher, chairman of council's Safety Forces Committee.

CSX has promised to be fair to neighbors and to keep the village informed of its intentions.

"I think we need to calm down the fears of the community," CSX spokesman Robert Gould said.

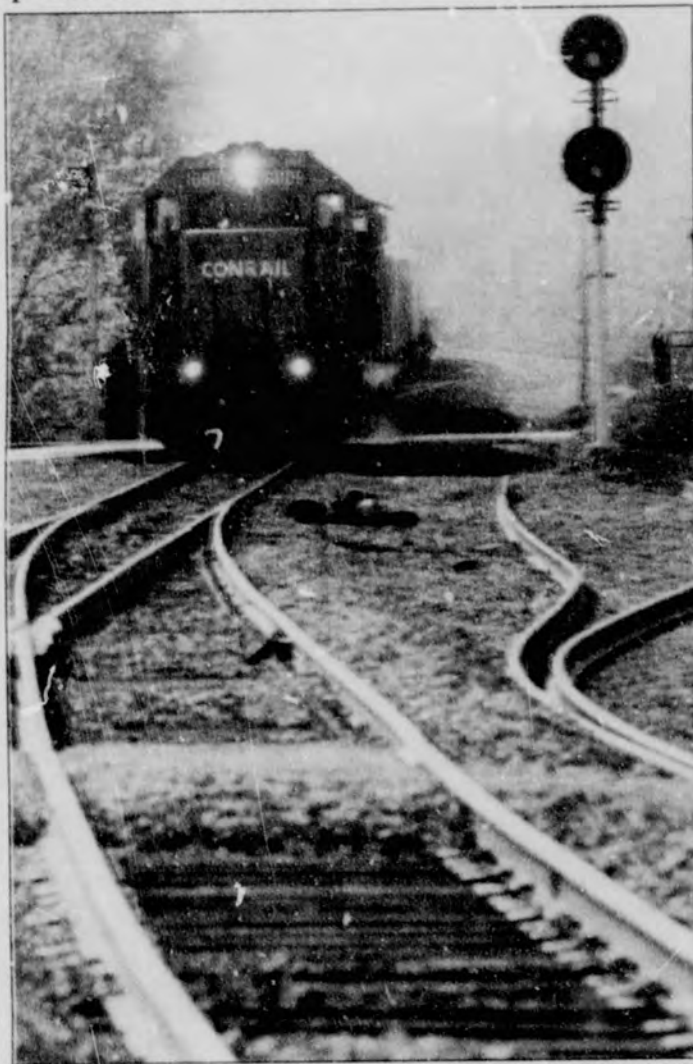
Gould said possible changes were at least a year away and that plans could be different then.

CSX is poised to acquire the Conrail Inc. tracks in the village. The transfer depends on whether the federal Surface Transportation Board allows CSX and Norfolk Southern Corp. to split up Conrail's tracks. The board is due to decide next summer.

The village is concerned about two proposals.

One would block off Center and Mechanic streets by putting in a track that connects CSX and Conrail's tracks.

SEE VILLAGE/2-B



RAMON MENA OWENS / PLAIN DEALER PHOTOGRAPHER

A Conrail train passes through Grafton near an area where CSX Corp., which is poised to acquire the Conrail lines in the village, hopes to block off two streets in the village with a connecting track. Some residents along those streets are concerned about being able to get out of the village easily.

# Shareholders sue Union Pacific railroad

ASSOCIATED PRESS

DALLAS — Shareholders are suing Union Pacific over its stock's recent slide, charging that the nation's largest railroad knew long ago that its merger with Southern Pacific was off track.

A class-action lawsuit representing Union Pacific shareholders who bought stock from March 4 to Oct. 1 accuses the Omaha, Neb., railroad of misrepresenting its safety record and failing to disclose problems involving last year's merger.

The lawsuit, filed here Tuesday, contends that even as the railroad touted the benefits of the \$5.4 billion merger, top executives knew combining the two lines would be costly. It also

charges that the optimistic announcements inflated stock prices.

"It's a fair statement to say there is no doubt that the directors and officers knew very well that those statements about the merger were false," Steven Schulman, a lawyer for the stockholders, said yesterday. Union Pacific spokesman John Bromley yesterday would not comment on the suit.

Railroad executives said last month that fourth-quarter profits would range from \$74 million to \$149 million. On Monday, they said the results could range from break even to substantial losses.

Schulman said the type of "stock-drop" case he has filed is

hard to win. "It's not because it's not a strong case, but because the companies fight hard."

Although Union Pacific stock rose above \$72 in mid-July after starting the year at \$62, it has since dropped to \$58.50.

Because of shipper complaints and rail gridlock, the Surface Transportation Board ordered UP to allow competitors to use some of its track. On Dec. 3, the STB will review whether to continue that arrangement. Economists say the problems have taken an economic toll of an estimated \$1 billion so far.

Today, the Texas Railroad Commission will vote on whether it would support forcing Union Pacific to sell part of its track to competitors.

# CSX proposal worrisome to Grafton

VILLAGE FROM I-B

The new piece of track would allow trains to switch tracks easily and help serve a Mechanic St. grain elevator off CSX's tracks.

That proposal, which Gould said was in its infancy, has some residents along those streets concerned about being able to get out of the village easily.

"There's no reason to close the streets," said Center St. resident Kathryn Drachenberg. "We won't be able to get out of town. You really have to plan your time around the trains as it is."

The other CSX plan involves increasing train traffic along Conrail's line, where Conrail is now putting in a second track.

Some complain that more trains will produce more noise and more accidents.

Residents and officials in Cleveland and its western suburbs have raised similar concerns about the possibility of Norfolk Southern tripling train traffic through those communities, pending the Conrail split.



PLAIN DEALER

Conrail spokesman Robert Sullivan said 18 trains travel daily on the single track through Grafton.

Gould said that, with the second track, CSX would add 40 trains gradually until the year 2001. He said hauling more freight on

trains would make highways safer because it would reduce truck traffic. "And trains have fewer accidents than trucks."

Sullivan said representatives from Conrail, the Ohio Department of Transportation and the Public Utilities Commission of Ohio this week were starting to evaluate the grade crossings along the additional line, which runs from Greenwich in Huron County to Berea in Cuyahoga County.

"All of this is being done with safety foremost in our minds," he said.

Gould said that CSX would sponsor a public safety campaign called Operation Lifesaver.

Even so, Grafton officials remain cautious about what may be down the line.

"We pretty much made it clear about how we feel," said Village Council President Thomas M. Smith of discussions with CSX and Conrail. "I think they're willing to sit down and talk it out with us."

# Rail snarls trip trucking industry

## Freight going by road is overwhelming transportation firms

ASSOCIATED PRESS

DALLAS — Transportation snarls on Union Pacific's railroad lines have rippled through the trucking industry, pushing the limits of businesses that were already struggling with a shortage of trucks and drivers.

Business has been overwhelming for over-the-road trucking firms in most parts of the country and the result is fees 10 percent to 20 percent higher for new shipping contracts.

"A huge amount of the daily rail traffic is now going over the road," said Todd Aaron, senior vice president of Stevens Transport Inc., which has a fleet of 910 trucks and 1,200 trailers. "Trucking prices have gone up because we're at capacity. It's a supply-

and-demand industry. We're all running at 100 percent capacity."

Weeks before Christmas, when stockrooms are supposed to be filled and truckers can usually take a vacation, loads of goods are still being hauled to malls and shopping centers. The strong economy had already increased demand for room in the backs of trucks and with the rail problems, the transportation bottlenecks reached crisis proportions for many parts of the economy this fall.

"Sometimes after the Christmas merchandise hits the stores, things slow down a little bit. This year, there's not enough of a lull to even pick up the rail business," said Rick Todd, president of the South Carolina Trucking Association.

The government stepped in to try to clean up the mess in October. On Thursday, the Surface Transportation Board extended an emergency order that allows competitors of Union Pacific to use the railroad's tracks through March 15.

The gridlock on Union Pacific's lines has sent more business onto the roadways, but trucking companies have been in no position to take full advantage of the new business.

"They've got equipment shortages and driver shortages. I've seen estimates of shortfalls of 40,000 to 400,000 drivers," said Bernard Weinstein, University of North Texas economist, who follows Union Pacific for the Texas Railroad Commission.

Truckers say they'd like to take all of the railroad's extra business, but they just can't.

"In this part of the country, the extra capacity is not there to absorb all of the business," said Todd of the South Carolina trucking group. "I think that's probably exacerbated the problem with Union Pacific, because the truckers are not there for the shippers to fall back on."

The extra business is expected to mean big profits for trucking companies this year, but not all truckers will experience the windfall. On the West Coast, stagnate rail yards and bottlenecks at ports in Long Beach, the nation's largest for containerized cargo, and neighboring Los Angeles have meant truckers couldn't even get to their cargo.

STB

FD

33388

12-15-97

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BUSINESS



**REPUBLIC**

Engineered Steels

HAROLD V. KELLY  
EXECUTIVE VICE PRESIDENT

December 5, 1997



James A. Calderwood  
Zuckert, Scoutt & Rasenberger  
888 Seventeenth Street, N.W.  
Washington, DC 20006

Re: 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

Dear Mr. Calderwood:

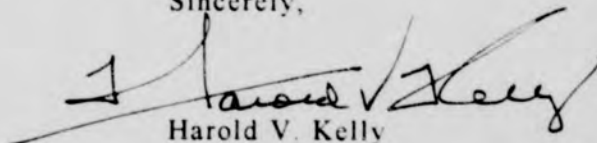
By way of introduction, I am the Co-Chairman of the Ohio Steel Industry Advisory Council ("OSIAC"). Your letter of December 4, 1997 to Mr. Charles S. Hesse was only brought to my attention this morning by representatives of the Ohio Department of Development, in Mr. Hesse's absence on vacation in Hawaii. I have no information on his whereabouts to permit me to reach him.

Accordingly, I am responding on behalf of the Council in Mr. Hesse's absence. In reviewing my files, I find the attached letter from Mr. Hesse to Mr. Vernon A. Williams dated November 19, 1997 which provides the OSIAC's response to Norfolk & Southern's Interrogatories and Request for Production of Documents. It appears that Mr. Hesse has responded to the best of his ability to do so.

I should note that OSIAC's filing in this matter was made principally to preserve its right and opportunity to provide the National Surface Transportation Board with information concerning potential adverse impacts on member steel companies and their employees which might result from particular rulings or decisions in the proceeding. As Mr. Hesse's November 19, 1997 letter points out, we wish to be considered under the category "comments, protests or requests for conditions."

Hopefully this will address the concerns expressed in your letter and those of Administrative Law Judge Jacob Leventhal.

Sincerely,



Harold V. Kelly

cc: Administrative Law Judge Jacob Leventhal - VIA FACSIMILE  
(Original to follow by U.S. mail)  
Vernon A. Williams - VIA U.S. mail



OHIO STEEL INDUSTRY ADVISORY COMMISSION / OHIO DEPARTMENT OF DEVELOPMENT  
P.O. Box 1001 COLUMBUS, OH 43266-1001 (614) 466-4551 FAX (614) 644-1789

November 19, 1997

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

Re: *STB Finance Docket No. 33388*

Dear Secretary Williams:

The Ohio Steel Industry Advisory Council received a request from Norfolk Southern, et al directing the Council to provide, on behalf of certain members, interrogatories and documents. Twenty-five copies of the Council's responses are enclosed along with a 3.5 inch diskette containing the Council's pleadings in Microsoft Word format.

At the same time, the Steel Council hereby advises affected parties that it will henceforth treat responses to Norfolk Southern, et al as "comments, protests or requests for conditions."

Please date-stamp the enclosed extra copy of this cover letter and return it in the enclosed self-addressed envelope.

Sincerely,

Charles S. Hesse  
(for the Ohio Steel Industry Advisory Council)

Charles Hesse Associates  
7777 Bainbridge Road (new address)  
Chagrin Falls, OH 44023-2124

Enclosures

BEFORE THE  
SURFACE TRANSPORTATION BOARD

---

Finance Docket No. 33388

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

---

RESPONSE BY THE OHIO STEEL INDUSTRY ADVISORY COUNCIL TO  
REQUEST OF NORFOLK SOUTHERN FOR INTERROGATORIES AND REQUEST  
FOR PRODUCTION OF DOCUMENTS.

November 19, 1997

The Ohio Steel Industry Advisory Council, on behalf of its member companies WCI Steel, Inc., Republic Engineered Steels, Inc., and The Timken Company, responds to Norfolk Southern's request (NS-52) for Interrogatories and Documents accordingly:

INTERROGATORIES:

1. Indicate what other rail carrier(s) besides Conrail currently offers service between Ashtabula, Ohio and Warren, Ohio.

**Response:** No duplicate service is presently being provided between Ashtabula and Warren, Ohio.

2. Indicate in detail the reason(s) why trackage rights to CSXT from Norfolk Southern for services between Ashtabula, Ohio and Warren, Ohio without the turn at Latimer, Ohio will deny "competitive access" to WCI Steel, Inc. in Warren, Ohio from Ashtabula, Ohio.

**Response:** WCI Steel's reasons have been provided in detail through the Ohio Rail Development Commission and the Ohio Steel Industry Advisory Council

WCI Steel reserves the right to supplement its response to this interrogatory if and when additional information becomes available.

3. Identify all documents such as studies, reports and analysis related to your response to Interrogatory 2.

**Response:** Information has been provided through the Ohio Rail Development Commission and the Ohio Steel Industry Advisory Council.

WCI reserves the right to supplement its response to this interrogatory if and when additional information becomes available.

4. For Timken Company at Canton, Ohio and Republic Engineered Steels, Inc. at Massillon, Ohio for the years 1992-1996 by year, state the amount of traffic (both in number of rail cars and by cost of rail transportation) handled by (a) Conrail; and (b) Wheeling & Lake Erie Railway.

**Response:** Both The Timken Company and Republic Engineered Steels, Inc. contend this information is privileged to the business relationship of each company and its respective carriers, Conrail and the Wheeling & Lake Erie Railway.

Both The Timken Company and Republic Engineered Steels, Inc., reserve the right to supplement their response to the interrogatory if and when additional information becomes available.

5. State whether Timken and/or Republic Engineered Steels currently have transportation contracts with (a) Conrail; (b) Wheeling & Lake Erie. State whether such contracts make Conrail or Wheeling & Lake Erie the exclusive rail carrier for Timken Company and/or Republic Engineered Steels and when such contracts expire.

**Response:** Both The Timken Company and Republic Engineered Steels, Inc. contend this information is privileged to the business relationship of each company and its respective carriers, Conrail and the Wheeling & Lake Erie Railway.

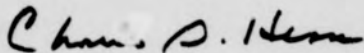
Both The Timken Company and Republic Engineered Steels, Inc., reserve the right to supplement their response to the interrogatory if and when additional information becomes available.

#### DOCUMENT REQUESTS

1. Provide a copy of each document identified in response to Interrogatory Number 3.

**Response:** Additional comment to INTERROGATORY QUESTIONS 1-5 was submitted to the U.S. Surface Transportation Board by the Ohio Steel Industry Advisory Council and the Ohio Rail Development Commission, copies attached.

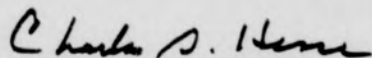
Respectfully Submitted,



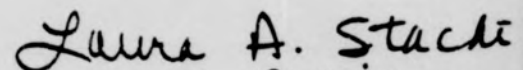
Charles S. Hesse (for the Ohio Steel Industry Advisory Council)  
President  
Charles Hesse Associates  
7777 Bainbridge Road  
Chagrin Falls, OH 44023

I also, hereby, certify that on November 19, 1997, I caused to be served this response to:

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



By Charles S. Hesse

  
NOTARY PUBLIC

STB

FD

33388

12-15-97

J

BUSINESS



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in  
Docket  
JD - 33388*

December 15, 1997

Neill McKinstry  
Manager of Transportation and  
Market Development  
The Andersons, Inc.  
P.O. Box 119  
Maumee, OH 43537

Dear Neill McKinstry:

Thank you for your letter expressing the concerns of your organization about the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads, and expressing your support for conditions proposed by the Illinois Central Railroad. This proceeding has been docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388.

As you may know, the Board adopted a procedural schedule for deciding the merits of the control application filed in this proceeding, which it recently extended by 45 days to accommodate the filing of safety integration plans by the applicant railroads. As provided by the procedural schedule, the Board has received comments and evidentiary submissions from all interested parties, including the Illinois Central Railroad, addressing the merits of the merger proposal, which were filed with the Board on or before October 21, 1997. The Board is currently analyzing those filings. A final written decision in this matter will be issued on July 23, 1998. Because this case is still pending, it would be inappropriate for me to comment on your specific concerns.

I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



**The Andersons, Inc.**

P.O. Box 119 • Maumee, Ohio 43537 • 419/893/5050

November 6, 1997

The Honorable Linda J. Morgan  
Chairperson  
Surface Transportation Board  
1925 K Street, NW  
Washington, DC 20423-0001

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
NOV 24 5 39 PM '97  
CHAIRMAN MORGAN

Re: Finance Docket No. 33388, CSX Corporation, et al. - Control and Operating  
Leases/Agreements - Conrail Corporation et al

Dear Chairperson Morgan:

I am the Manager of Transportation and Market Development for Grain Division of The Andersons, Inc. The Andersons, Inc. is an agribusiness, manufacturing and general merchandise firm, which employs over 3,000 people. Our Agriculture Group operates over 35 fertilizer and grain handling facilities located in the states of Ohio, Illinois, Michigan and Indiana. Our Manufacturing and Processing Group operates a railcar marketing and repair business with a considerable fleet of railcars. In addition, we process corn cobs for industrial use, and manufacture lawn fertilizer for retail distribution. Of our 16 rail-served facilities, eight are located on Norfolk Southern, four are located on Conrail, one is located on CSX, and three facilities are located on short line railroads. During 1996, we shipped over 30,000 carloads of grain, and handled over one million tons of fertilizer. The 1996 revenues of the Agriculture Group were nearly \$900 million.

Conrail today serves markets which are very important to the transportation of our traffic. The proposed control of Conrail by CSX and NS will directly and substantially affect us.

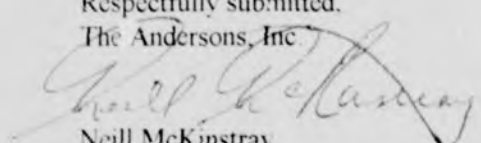
Since the announcement of CSX's and NS' proposed control of Conrail, The Andersons, Inc. has reviewed the materials provided by NS and CSX, and listened with interest to what these carriers and others have said with respect to the benefits and effects of this control application. We are hopeful that the proposed merger will be of benefit to our company, as well as participants in other markets. In this regard, we are keenly interested in the preservation of competitive alternative routings to the customers we serve.

The Illinois Central Railroad is a vital link in the transportation structure to and from eastern markets where we participate. We are concerned about the potential for this merger to result in an adverse impact on IC's routes due to economic closure of gateways, or the creation of other operating impediments. We want those gateways to remain open and available without artificial economic constraints.

We believe that Illinois Central has a willingness to invest capital in its lines; has the necessary resources, commitment, and incentive to provide an effective competitive alternative to and from eastern markets. We believe this alternative should be preserved if Conrail is to be controlled by NS and CSX.

Respectfully submitted,

The Andersons, Inc.

  
Neill McKinstry

Manager of Transportation and Market Development  
Grain Division



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in  
Docket  
JD-33388*

December 15, 1997

Ms. Beverly Van Lund  
Rail Transportation Manager  
TexPar Energy, Inc.  
18802 Grandview Drive  
Sun City West, AZ 85375

Dear Ms. Van Lund:

Thank you for your letter expressing the concerns of your organization about the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads, and expressing your support for conditions proposed by the Illinois Central Railroad. This proceeding has been docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388.

As you may know, the Board adopted a procedural schedule for deciding the merits of the control application filed in this proceeding, which it recently extended by 45 days to accommodate the filing of safety integration plans by the applicant railroads. As provided by the procedural schedule, the Board has received comments and evidentiary submissions from all interested parties, including the Illinois Central Railroad, addressing the merits of the merger proposal, which were filed with the Board on or before October 21, 1997. The Board is currently analyzing those filings. A final written decision in this matter will be issued on July 23, 1998. Because this case is still pending, it would be inappropriate for me to comment on your specific concerns.

I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



ENERGY MARKETERS

Beverly Van Lund

Rail Transportation Manager

**GENERAL OFFICE**

2020 Springfield Road  
P. O. Box 587  
Waukesha, WI 53187  
Phone: 414-548-1488  
Fax: 414-548-1483  
800-323-7350

**ARIZONA OFFICE**

18802 Grandview Drive  
Sun City West, Arizona 85375  
Phone: 602-546-4473  
Fax: 602-546-4477

NOVEMBER 20, 1997

THE HONORABLE LINDA J. MORGAN  
CHAIRMAN  
SURFACE TRANSPORTATION BOARD  
1925 K STREET, NW  
WASHINGTON, DC 20423-0001

RE: FINANCE DOCKET NO. 33388 CSX CORPORATION, ET AL -  
CONTROL AND OPERATING LEASES/AGREEMENTS-CONRAIL CORPORATION,  
ET AL

DEAR CHAIRMAN MORGAN:

I AM RAIL TRANSPORTATION MANAGER FOR TEXPAR ENERGY, INC. AN ENERGY MARKETER OF #6 FUEL OIL WITH ANNUAL SALES OF OVER \$100,000,000. WE ARE A MAJOR SHIPPER OF #6 FUEL OIL WITH FACILITIES THROUGHOUT THE UNITED STATES. CONRAIL TODAY SERVES MARKETS WHICH ARE VITAL TO THE TRANSPORTATION OF OUR TRAFFIC. THE PROPOSED CONTROL OF CONRAIL BY CSX AND NS WILL DIRECTLY AND SUBSTANTIALLY AFFECT US.

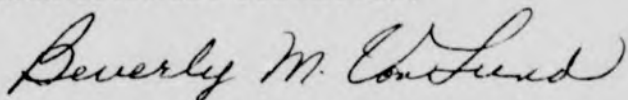
SINCE THE ANNOUNCEMENT OF CSX'S AND NS' PROPOSED CONTROL OF CONRAIL, TEXPAR HAS REVIEWED THE MATERIALS PROVIDED BY NS AND CSX AND LISTENED WITH INTEREST TO WHAT THESE CARRIERS AND OTHERS HAVE SAID WITH RESPECT TO THE BENEFITS AND EFFECTS OF THIS CONTROL APPLICATION. ALTHOUGH IT APPEARS THAT THE PROPOSED APPLICATION MAY PROVIDE PUBLIC BENEFITS IN CERTAIN MARKETS, THERE REMAIN, HOWEVER, MARKETS VITAL TO TEXPAR WHICH WE BELIEVE WOULD BE ADVERSELY AFFECTED BY THE MERGER. ABSENT THE AVAILABILITY OF EFFECTIVE COMPETITIVE ALTERNATIVE ROUTINGS TO THESE MARKETS, WE DO NOT

BELIEVE THAT THE PROPOSED MERGER CAN OR SHOULD BE APPROVED.

THE ILLINOIS CENTRAL RAILROAD IS A VITAL LINK IN THE TRANSPORTATION ROUTE STRUCTURE TO AND FROM EASTERN MARKETS. THE ABILITY OF CSX TO ADVERSELY IMPACT IC'S ROUTE THROUGH ECONOMIC CLOSURE OF GATEWAYS OR CREATION OF OPERATING IMPEDIMENTS AT MEMPHIS IS NEITHER APPROPRIATE NOR ACCEPTABLE, WHERE, AS HERE, CSX'S PROPOSED APPLICATION WILL ENABLE IT TO CONTROL MUCH OF THE RAIL TRAFFIC IN THE EASTERN UNITED STATES. ILLINOIS CENTRAL'S ROUTINGS AND GATEWAYS TO EASTERN MARKETS ARE IN HEAVY USE NOW AND ARE EXTREMELY EFFICIENT AS WELL AS CONSISTENT. WE, AT TEXPAR ENERGY, WANT THOSE GATEWAYS TO REMAIN OPEN AND AVAILABLE WITHOUT ARTIFICIAL ECONOMIC CONSTRAINTS. CSX SHOULD NOT BE ALLOWED TO CLOSE THOSE GATEWAYS THROUGH A RATE STRUCTURE WHICH FORCES TRAFFIC TO CSX'S LONG-HAUL ROUTES. FURTHER, ILLINOIS CENTRAL'S RAIL LINE IS FAST AND EFFICIENT. THE ABILITY OF CSX TO OPERATIONALLY IMPEDE THAT RAIL LINE AT MEMPHIS SHOULD NOT BE CONDONED AND MUST BE REMEDIATED.

WE BELIEVE THAT ILLINOIS CENTRAL, AS A MAJOR RAILROAD WITH THE LOWEST OPERATING RATIO OF ANY CLASS 1, A ROUTE STRUCTURE THAT WOULD PROVIDE NEUTRAL ACCESS TO ALL EASTERN GATEWAYS, AND A WILLINGNESS TO INVEST ITS CAPITAL IN ITS LINES, HAS THE NECESSARY RESOURCES, COMMITMENT AND INCENTIVE TO PROVIDE AN EFFECTIVE COMPETITIVE ALTERNATIVE TO AND FROM EASTERN MARKETS THAT WE BELIEVE IS NECESSARY IF CONRAIL IS TO BE CONTROLLED BY NS AND CSX. WE, THEREFORE, STRONGLY SUPPORT ILLINOIS CENTRAL'S PROPOSED CONDITIONS TO THE CSX APPLICATION.

RESPECTFULLY SUBMITTED,



BEVERLY M. VAN LUND  
RAIL TRANSPORTATION MANAGER  
TEXPAR ENERGY, INC.

STB

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33388

12-15-97

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BUSINESS



December 8, 1997

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

Patrick J. Gorbett  
Gateway Cold Storage  
3725 Croton Ave.  
Cleveland, Ohio 44115

Re: CSX/NS Conrail Transaction: STB Finance Docket No. 33388  
Cleveland Comments

Dear Mr. Williams,

As President of Gateway Cold Storage I currently operate 2 facilities in the Cleveland area. Both are located in the downtown Cleveland area and are rail served. My company had previously submitted a letter of support for the joint application of CSX and NS to acquire Conrail and had urged the STB to approve the transaction giving my company greater market penetration through single-line service and competitive pricing to, from and within the eastern United States.

The purpose of this letter is to strongly reiterate that support. I have recently read in the newspapers and seen on television that Congressman Dennis Kucinich is stating that the increased traffic is going to have a negative impact on the Greater Cleveland area. While I do believe the impact will be felt on the areas that have many train crossings, I can't help but think that it would not be any more traffic than there was during the rail heydays of 40 or 50 years ago.

My company employs approximately 25 greater Clevelanders. For this facility to remain competitive in the global economy we will need to have a strong rail presence that is run in an efficient manner.

Norfolk Southern has an excellent safety record. In talking to their employees it seems that their safety program could act as a model for other rail carriers. They have also stated that NS has pledged to work with local government officials to improve safe rail operations.

Mr. Williams, if you have any questions or concerns please don't hesitate to call me.

Sincerely,

*Patrick J. Gorbett*  
Patrick J. Gorbett  
President

**Gateway Cold Storage**

3725 Croton Avenue ♦ Cleveland, OH 44115

(216) 361-6200 ♦ FAX (216) 361-1993 ♦ TOLL FREE (888) 361-9333

STB

FD

33388

12-4-97

J

PUBLIC



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*Filed in Docket*  
*FD-33388*

December 4, 1997

Mr. James R. Nelson  
P.O. Box 620  
Vinton, VA 24179

Dear Mr. Nelson and Others:

I have received your letter, signed by yourself and 34 other residents of the Roanoke area, expressing concerns about the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads, and the effect it may have on the Roanoke community.

This proceeding has been docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388. As you may know, the Board adopted a procedural schedule for deciding the merits of the control application filed in this proceeding, which it recently extended by 45 days to accommodate the filing of safety integration plans by the applicant railroads. As provided by the procedural schedule, the Board has received comments and evidentiary submissions from all interested parties addressing the merits of the merger proposal, which were filed with the Board on or before October 21, 1997. The Board is currently analyzing those filings. A final written decision in this matter will be issued on July 23, 1998.

In deciding whether a control transaction such as the one being proposed here is in the public interest and should be approved, the Board must consider various factors required by law, including the interest of all rail carrier employees affected by the proposed transaction, the effect of the proposed transaction on the adequacy of transportation to the public, and whether the proposed transaction would have an adverse effect on competition among rail carriers in the affected region or in the national rail system. In this regard, let me assure you that the Board will give full consideration to the issues that you have raised. Because this proceeding is pending before the Board, however, it would be inappropriate for me to comment further on these matters.

I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

PLEASE SEND ANY RESPONSE TO:

C/O JAMES R. NELSON  
P. O. BOX 620  
VINTON, VA 24179

*File in Docket*

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

OCT 20 5 11 PM '97

OFFICE OF  
CHAIRMAN MORGAN

October 13, 1997

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

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

Dear Madam Chair:

As a citizen of Roanoke, VA, I am deeply concerned about the proposed break-up of Conrail by the CSX and Norfolk Southern railroads. The Roanoke area could be seriously harmed by the purchase of Conrail by NS and CSX. The financial stability of a large sector of our population is directly linked to dependable, low cost rail transportation.

As you know NS and CSX are acquiring a huge debt in order to finance the purchase of its section of Conrail. That debt will have to be reduced in order to be assured of long term success. The carrier will be very tempted to increase freight rates in order to reduce that debt. Any increase in rates will have a serious negative impact on our community. The companies will be forced to absorb those rate increases, thus reducing profits for their shareholders, or pass the increases on to their customers, reducing their competitiveness. Neither of those options are good for the companies, their customers or their employees.

The operating plans submitted by NS and CSX are not a guarantee of the future operation of the railroad. Once the STB gives its approval, nothing prevents the carrier from changing the operating plan to meet its own needs. The fact is that shippers, communities and workers will have little recourse to challenge the actions of the carrier.

Traffic could increase through our community, disrupting our protective services to the people. More and longer trains could prevent fire, rescue and police personnel from responding fast enough to save a life. The break-up of Conrail will put our citizens at risk.

Worst of all, our community will see significant job losses, with corresponding losses of consumer spending and tax revenues. According to the operating plans submitted by NS and CSX, we will lose good paying jobs in our community.

It is not in the best interest of the Roanoke area for this transaction to be approved. The future of the companies that operate in our area has a tremendous impact on the lives of our citizens. Therefore it is not in the public's interest for this transaction to be approved and I urge the STB to reject the proposed break-up of Conrail by NS and CSX.

Sincerely,

Cathy Schwaetter  
James R. Nelson  
G. L. Cressett  
Loree Walsh  
Darlene Conch  
Donna Foubert  
Pauline M. Huffman  
Dein Crouse  
C. M. Toney  
D. N. Johnson  
Kevin Forbes  
Robert H. Howard  
James Robertson  
Bruce F. Fox  
Donald W. Murray  
Leda A. Harsch  
James V. Shaver  
James M. Piddleberger

David J. Layman  
Mike S. Amos  
Wayne Friend  
Eddie Robtson  
Mamuel H. Dotson, Jr.  
Ethel L. Edwards  
Sherry Coley  
John F. Hinton  
Baul M. English  
Bill GREEN  
Troy V. Blankenship Jr.  
Martial L. May  
Mairie Brotherton  
Jim R.  
Maureen Eger-Harmon  
James A. Nelson  
Jack Fitch  
Steven L. Bryant

STB

FD

33388

11-26-97

J

UNION



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in Docket*  
*FD-33388*

November 26, 1997

Mr. Alan G. Hierholzer  
NYS Legislative Representative  
Brotherhood of Locomotive Engineers  
107 Chester Drive  
Syracuse, NY 13208

Dear Mr. Hierholzer:

I have received your letter expressing concerns about the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads, and the effect it may have on railroad employees and the Syracuse community.

This proceeding has been docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388. As you may know, the Board adopted a procedural schedule for deciding the merits of the control application filed in this proceeding, which it recently extended by 45 days to accommodate the filing of safety integration plans by the applicant railroads. As provided by the procedural schedule, the Board has received comments and evidentiary submissions from all interested parties addressing the merits of the merger proposal, which were filed with the Board on or before October 21, 1997. The Board is currently analyzing those filings. A final written decision in this matter will be issued on July 23, 1998.

In deciding whether a control transaction such as the one being proposed here is in the public interest, the Board must consider the interest of all rail carrier employees affected by the proposed transaction, as well as the other factors required by law. Let me assure you that the Board will give full consideration to the issues that you have raised. Because this proceeding is pending before the Board, however, it would be inappropriate for me to comment further on the case.

I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

# New York State Legislative Board

## Brotherhood of Locomotive Engineers

October 8, 1997

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

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
OCT 20 5 12 PM '97  
OFFICE OF  
CHAIRMAN L. MORGAN

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

Dear Madam Chair:

As NYS Legislative Representative for Brotherhood of Locomotive Engineers, Division #169, Syracuse, New York, I am deeply concerned about the proposed break-up of Conrail by the CSX and Norfolk Southern railroads. Syracuse, New York could be seriously harmed by the purchase of Conrail by CSX/Norfolk Southern. The financial stability of a large sector of our population is directly linked to dependable, low cost transportation.

As you know CSX/Norfolk Southern Railroad is acquiring a huge debt in order to finance the purchase of its section of Conrail. That debt will have to be reduced in order to be assured of long term success. The carrier will be very tempted to increase freight rates in order to reduce that debt. Any increase in rates will have a serious negative impact on our community. The companies will be forced to absorb those rate increases, thus reducing profits for their shareholders, or pass the increase on to their customers, reducing their competitiveness. Neither of those options are good for the companies, their customers or their employees.

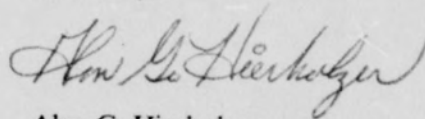
The operating plan submitted by CSX/Norfolk Southern is not a guarantee of the future operation of the railroad. Once the STB gives its approval, nothing prevents the carrier from changing the operating plan to meet its own needs. The fact is that shippers, communities and workers will have little resource to challenge the actions of the carrier.

Our community will see significant job losses, with corresponding losses of consumer spending and tax revenues. According to the operating plan submitted by CSX/Norfolk Southern we could lose good paying jobs in our community.

Worst of all traffic could increase through our community, disrupting our protective services to the people. More and longer trains could prevent fire, rescue and police personnel from responding fast enough to save a life. The break-up of Conrail will put our citizens at risk.

It is not in the best interest of Syracuse, New York for this transaction to be approved. The future of the companies that operate in Syracuse, New York has a tremendous impact on the lives of our citizens. Therefore it is not in the public's interest for this transaction to be approved and I urge the STB to reject the proposed break-up of Conrail by NS and CSX.

Sincerely,

A handwritten signature in cursive script, reading "Alan G. Hierholzer".

Alan G. Hierholzer  
NYS Legislative Rep. Div. #169  
107 Chester Drive  
Syracuse, New York 13208

STB

FD

33388

11-25-97

J

STATELEG



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in  
Docket  
JD-33388*

November 25, 1997

The Honorable William R. Keating  
Massachusetts State Senate  
State House, Room 213  
Boston, MA 02133-1053

Dear Senator Keating:

I have received the letter you sent to Senator Edward M. Kennedy, who has forwarded it to me for a response. Your correspondence expresses your concerns regarding the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads, and the effect it may have on Conrail employees.

This proceeding has been docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388. As you may know, the Board adopted a procedural schedule for deciding the merits of the control application filed in this proceeding, which it recently extended by 45 days to accommodate the filing of safety integration plans by the applicant railroads. As provided by the procedural schedule, the Board has received comments and evidentiary submissions from all interested parties addressing the merits of the merger proposal, which were filed with the Board on or before October 21, 1997. The Board is currently analyzing those filings. A final written decision in this matter will be issued on July 23, 1998.

You express concern over the impact of the proposed transaction on railroad jobs in your state. In deciding whether a control transaction such as the one being proposed here is in the public interest, the Board by law must consider the interest of rail carrier employees affected by the proposed transaction. Let me assure you that the Board will give full consideration to the interest of affected rail employees, as well as the other factors required by law, in deciding whether to approve the proposed transaction. Because this proceeding is pending before the Board, however, it would be inappropriate for me to comment further on the case.

I am having your letter made a part of the public docket in this proceeding, and providing Senator Kennedy with a copy of my response to you. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

cc: Senator Kennedy

United States Senate

WASHINGTON, DC 20510-2101

*File in  
Docket*

*JS-33388*

October 15, 1997

Mr. Richard Fitzsimmons, Director  
U.S. Surface Transportation Board  
Room 842  
1925 K Street, N.W.  
Washington, DC 20423

OFFICE OF  
CHAIRMAN MORGAN

OCT 21 3 13 PM '97

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

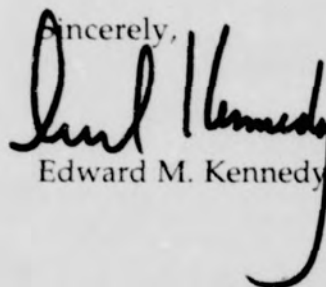
Dear Director Fitzsimmons:

I am forwarding to you a letter I received from Massachusetts State Senator William Keating. I would appreciate it if you responded to him directly, as well as providing a copy to myself.

Senator Keating is concerned with a pending decision regarding the Conrail acquisition by CSX Corporation and Norfolk Southern. Senator Keating is concerned that Conrail has provided information about the benefits of the acquisition such as reduced highway congestion, reduced system-wide air pollutant emissions, reduced energy usage, and a more efficient rail transportation system. However, it has not discussed the potential loss of jobs that greatly affect many people.

I urge you to give Senator Keating's concerns every consideration. If you have any questions, please feel free to contact Suzanne Morse in my Boston office at (617) 565-3170. Thank you for your attention to this matter.

With best wishes,

Sincerely,  
  
Edward M. Kennedy

2400 JFK Federal Building  
Boston, MA 02203



COMMONWEALTH OF MASSACHUSETTS  
**MASSACHUSETTS SENATE**  
STATE HOUSE, BOSTON 02133-1053

**SENATOR WILLIAM R. KEATING**

NORFOLK, BRISTOL AND  
PLYMOUTH DISTRICT  
ROOM 213, STATE HOUSE  
TEL. (617) 722-1222

**COMMITTEES:**

JUDICIARY (CHAIR)  
COUNTIES (VICE-CHAIR)  
CRIMINAL JUSTICE  
SCIENCE AND TECHNOLOGY  
INSURANCE

August 28, 1997

The Honorable Edward M. Kennedy  
United States Senator  
2400 Kennedy Federal Office Building  
Boston, MA 02203

Dear Senator Kennedy:

I am writing this letter to you to inform you of a situation that is a cause of concern for many of my constituents.

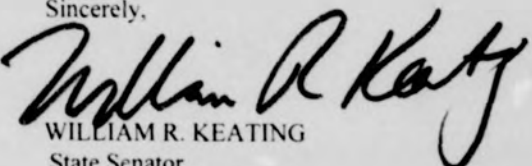
On June 23, 1997, CSX Corporation, Norfolk Southern Corporation, and Conrail Inc. submitted a cooperative application with the Surface Transportation Board requesting authority for CSX and NS to acquire control of Conrail. The Conrail Acquisition by CSX and Norfolk Southern and the subsequent division of Conrail's assets by CSX and NS is resulting in a serious downsizing. Information from Conrail indicates that, the transaction would provide for benefits that include reduced highway congestion, reduced system-wide air pollutant emissions, reduced energy usage, enhanced safety, expanded competition, and a more efficient rail transportation system.

Although the information on the acquisition emphasizes all of the positive underlying factors leading up to this move, it does not indicate what will happen to some people, who are affiliated with the companies. The primary dilemma that faces our constituents is the loss of employment from Conrail throughout the State. For example, constituents from the Boston Conrail Police department reports a loss of ten officers from the force will ensue.

The first draft will be issued in November 1997. I am sure that you share my concerns that our constituents may be negatively affected by this move. Thank you for your attention to this letter.

With best personal regards, I remain,

Sincerely,

  
WILLIAM R. KEATING  
State Senator

STB

FD

33388

11-24-97

J

COUNTY



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in  
Docket  
ST-33388*

November 24, 1997

Mr. Bob L. Johnson, Chairman  
County of Roanoke Board of Supervisors  
P.O. Box 29800  
5204 Bernard Drive  
Roanoke, VA 24018-0798

Dear Chairman Johnson:

I have received your letter expressing concerns about the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads, and the effect it may have on railroad employees and the Roanoke community.

This proceeding has been docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388. As you may know, the Board adopted a procedural schedule for deciding the merits of the control application filed in this proceeding, which it recently extended by 45 days to accommodate the filing of safety integration plans by the applicant railroads. As provided by the procedural schedule, the Board has received comments and evidentiary submissions from all interested parties addressing the merits of the merger proposal, which were filed with the Board on or before October 21, 1997. The Board is currently analyzing those filings. A final written decision in this matter will be issued on July 23, 1998.

Regarding concerns over the impact of the proposed transaction on railroad jobs, in deciding whether a control transaction such as the one being proposed here is in the public interest, the Board by law must consider the interest of all rail carrier employees affected by the proposed transaction. Let me assure you that the Board will give full consideration to the interest of affected rail employees, as well as the other factors required by law, in deciding whether to approve the proposed transaction. Because this proceeding is pending before the Board, however, it would be inappropriate for me to comment further on the case.

I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



# County of Roanoke

P.O. BOX 29800  
5204 BERNARD DRIVE  
ROANOKE, VIRGINIA 24018-0798  
FAX (540) 772-2193

COUNTY ADMINISTRATOR  
ELMER C. HODGE  
(540) 772-2004

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(540) 772-2005

October 2, 1997

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

Dear Chairman Morgan:

Subject: Conrail Merger with CSX and Norfolk Southern

Some of the Norfolk Southern employees who work in the Roanoke Valley have expressed concern that the proposed merger of Conrail and Norfolk Southern will result in the elimination of jobs here. They appealed to the Roanoke County Board of Supervisors and asked that we advise you of our opposition to the elimination of jobs in Roanoke.

Norfolk Southern is a major employer in the Roanoke area, and the elimination of jobs would adversely affect our economy. We have already expressed our support for the merger because we believe this will make Roanoke a major center of an even greater railroad. However, we did so with the expectation that Roanoke would at least retain the jobs that are here. We are a region prepared to accommodate additional jobs and will appeal to Norfolk Southern to expand its operations here. We are asking you to do the same.

We appreciate your consideration in this matter. Please let us know if you need additional information.

Sincerely,

Bob L. Johnson, Chairman  
Board of Supervisors

BLJ/ECH/meh

cc - Board of Supervisors of Roanoke County

Mr. David R. Goode, CEO, President, and Chairman of the Board (Norfolk Southern)  
Mr. Phillip C. North, Manager, Environmental Services (Norfolk Southern)  
Mr. Ronald A. Ramsey, 6635 Poage Valley Road Extn., Roanoke, Virginia 24018

STB

FD

33388

11-24-97

J

BUSINESS



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in  
Docket  
ST-33388*

November 24, 1997

Mr. Bruce McMillan  
Director of Member Services  
American Association of Exporters and Importers  
11 West 42<sup>nd</sup> Street  
New York, NY 10036

Dear Mr. McMillan:

Thank you for your letter enclosing a list of your members and expressing concerns about the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. This proceeding has been docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388.

As you may know, the Board adopted a procedural schedule for deciding the merits of the control application filed in this proceeding, which it recently extended by 45 days to accommodate the filing of safety integration plans by the applicant railroads. As provided by the procedural schedule, the Board has received comments and evidentiary submissions from all interested parties addressing the merits of the merger proposal, which were filed with the Board on or before October 21, 1997. The Board is currently analyzing those filings. A final written decision in this matter will be issued on July 23, 1998.

Because this case is still pending, it would be inappropriate for me to comment on your specific concerns. However, I will have all of the material you sent included in the public docket, and will keep in mind your members' concerns as the case proceeds.

I appreciate your interest in this matter. If I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



American Association of  
**Exporters and  
Importers**

11 West 42nd Street, New York, NY 10036 (212) 944-2230  
(FAX) 212-382-2606

*File in Docket*  
*JA-33388*

October 7, 1997

Linda J. Morgan  
Chairman  
Surface Transportation Board  
12th Street & Constitution Avenue, N.W.  
Washington, DC 20423

Dear Chairman Morgan:

The American Association of Exporters and Importers (AAEI) is a national organization comprised of approximately 1,000 member companies engaged in the export, import and distribution of goods between the United States and throughout the world. The multitude of products sold by AAEI member companies covers a broad range from textile and apparel, chemicals, machinery, electronics, food and many other items. In addition, many organizations serving the trade community including freight forwarders, customs brokers, banks, insurance companies and law firms are active members of AAEI.

We are writing the STB on behalf of our members who have expressed concern over the proposed CSX and Norfolk Southern takeover of conrail. Our position is to neither endorse nor oppose the merger however, we want to emphasize that the interests of the importing and exporting community should be addressed during the STB's review of the merger application.

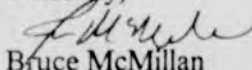
AAEI's major concern is that adequate rail service with competitive pricing be sustained in the areas to be affected by the merger. Increasingly, more international shipments are being handled on an intermodal basis with rail service now an integral part of the import/export logistics cycle.

The proposed merger has been a subject of much discussion within our transportation group since the takeover was first proposed a year ago. However, our concerns have been greatly exacerbated by the deplorable service conditions currently being experienced on the Union Pacific.

The situation on the Union Pacific, particularly in Southern California and Texas has created potentially devastating economic consequences for many of our members. These include the back up of time sensitive merchandise imports from the Far East that have been subject to extensive delays at the U/P ramps in the Los Angeles area. The situation in Texas has resulted in the sourcing of export shipments out of the region and in some cases overseas. This is a situation that cannot be repeated in the Northeast and Midwest if the CSX/NS takeover of conrail succeeds.

We hope the STB takes into account the concerns of importers and exporters. AAEI would be glad to provide the Board with further insight into the proposed merger and its potential affect on the international trade community.

Sincerely,

  
Bruce McMillan

Director of Member Services

CHAIRMAN MORGAN  
OCT 15 1 09 PM '97  
SURFACE TRANSPORTATION BOARD



American Association of

**Exporters and  
Importers**

11 West 42nd Street, New York, NY 10036 (212) 944-2230

**A PROFILE OF AAIE MAJOR MEMBERS  
IMPORTERS/EXPORTERS & SERVICE COMPANIES  
JANUARY 1997**

ACE HARDWARE  
AEI RADIX  
AEI CARR  
AIR EXPRESS INT'L  
AKZO CHEMICAL  
ALCAN ALUMINUM  
ALCOA FUJIKURA  
AMERICAN CYANAMID  
AMERICAN HONDA  
AMERICAN RETAIL  
A.N. DERINGER  
APPLAUSE  
A T & T  
AUSTIN CHEMICAL  
BABY FAIR  
BABY TOGS  
BAYER  
BIBB CO.  
BDP INT'L  
BRINNS CHINA  
CANON USA  
CIBA GEIGY  
CITIBANK  
CHRYSLER  
COOPERS & LYBRAND  
CONVERSE  
CRABTREE & EVELYN  
DANZAS  
DEGUSSA  
DISNEY  
DELOITTE & TOUCHE  
DOW CHEMICAL  
EDISON BROS.  
EFFANBEE DOLL  
ENESCO  
ERNST & YOUNG  
EXPEDITORS  
F.W. MYERS  
FEDERAL EXPRESS  
FILENES BASEMENT

FINGERHUT  
FORD  
FRITZ COMPANIES  
FUN WORLD  
GENERAL ELECTRIC  
GENERAL MOTORS  
GLAXO  
GOYA FOODS  
GUCCI  
HALLMARK  
HARTZ  
HEWLETT-PACKARD  
HICKORY FARMS  
HITACHI  
HOESCT & CELANESE  
HOFFMAN-LA ROCHE  
HONEYWELL  
HUNTSMAN/TEXACO  
IBM  
ICI AMERICAS  
INTERMARITIME  
ITT AUTOMOTIVE  
JVC  
K-MART  
LANIER  
LEE BRANDS  
LEVI-STRAUSS  
LUCENT TECHNOLOGIES  
MAST INDUSTRIES  
MATSUSHITA  
MATTEL TOYS  
MCCORY STORES  
MELDISCO CORP.  
MERCEDES BENZ  
MICROSOFT  
MINE SAFETY APPL.  
MINOLTA  
MITSUBISHI  
MITSUI  
MONSANTO

MOTOROLA  
NAT WEST BANK  
NIKE  
NISSAN MOTOR  
NISSHO IWAI  
OLYMPUS CORP.  
ONEIDA LTD.  
OXFORD IND.  
PANALPINA  
PBB USA  
PFIZER  
PHILIPS ELECTRONICS  
PILLSBURY  
PPG INDUSTRIES  
PROCTER & GAMBLE  
Q.V.C. CO.  
RICOH  
ROBERT BOSCH  
SANDOZ  
SANYO  
SARA LEE  
SCHENKER INT'L  
SEARS  
SGS INT'L  
SHOPKO STORES  
SIEMENS  
SONY  
STARTER  
STEELCASE  
TOSHIBA  
TOTES  
TOWER  
TOYOTA  
UPS  
VOLKSWAGEN  
WANG  
WESTERN OVERSEAS  
WILSON USA  
WOOLWORTH  
XEROX

STB

FD

33388

11-21-97

J

LAW

SEGEL, GOLDMAN & MAZZOTTA, P.C.

ATTORNEYS AND COUNSELORS AT LAW

KENNETH B. SEGEL  
PAUL J. GOLDMAN  
THOMAS G. MAZZOTTA  
JEFFREY A. SIEGEL

5 WASHINGTON SQUARE  
WASHINGTON AVENUE EXTENSION  
ALBANY, NEW YORK 12205

(518) 452-0941 - (518) 869-3522  
FACSIMILE (518) 452-0417

PETER BISHKO  
OF COUNSEL

RICHARD J. SHERWOOD\*  
OF COUNSEL

ROBERT J. KOSHGARIAN  
PAULETTE M. KERSHKO  
STEVEN G. THOMAS†

\*ALSO ADMITTED IN MASS. & D.C.  
†ALSO ADMITTED IN MASS.

November 18, 1997

Vernon A. Williams, Secretary  
Surface Transportation Board  
12th and Constitution Avenue, NW  
Washington, D.C. 20423



Re: CSX and Norfolk Southern Control-Conrail  
STB Finance Docket No. 33388

Dear Secretary Williams:

I wish to express my strong support for the planned control of Conrail by CSX Corporation and Norfolk Southern Corporation as proposed in the above referenced docket.

New York State's manufacturing, business and agricultural interests need the best possible rail transportation, and I believe this transaction will provide our key industries with vital new transportation options and increased market reach with faster service and potentially lower costs.

In addition to improving rail access to key midwestern and western markets, New York State would now also benefit from greatly improved service to markets in the south, southeast and along the Gulf Coast via a single-line for the first time in history. The resultant elimination of delays means lowered shipping costs and faster transit times, which will create important new opportunities for New York business and industry.

In addition, the prospect of single-line rail service to nearly all the major East Coast and Gulf Coast ports is vitally important to the many New York businesses engaged in importing or exporting, and will greatly enhance the global competitiveness of this large sector of our economy.

Faster, less costly and more reliable rail service is a much needed advantage for economic development and job growth in our region and the entire State of New York.

SEGEL, GOLDMAN & MAZZOTTA, P.C.  
ATTORNEYS AND COUNSELORS AT LAW

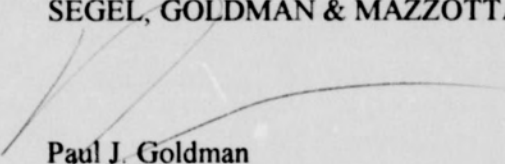
Vernon A. Williams, Secretary  
November 18, 1997  
Page 2

I urge the Surface Transportation Board to approve the control application as proposed

If you have any questions or comments, please do not hesitate to contact me. I am,

Very truly yours,

SEGEL, GOLDMAN & MAZZOTTA, P.C.



Paul J. Goldman

PJG/mml

STB

FD

33388

11-14-97

J

STATELEG



Office of the Chairman

**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in  
Docket  
JD-33388*

November 24, 1997

The Honorable Thomas A. Tangretti  
Pennsylvania House of Representatives  
327 South Main Street  
Greensburg, PA 15601-3111

Dear Representative Tangretti:

I have received your letter expressing concerns about the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads, and the effect it may have on railroad employees and the State of Pennsylvania.

This proceeding has been docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388. As you may know, the Board adopted a procedural schedule for deciding the merits of the control application filed in this proceeding, which it recently extended by 45 days to accommodate the filing of safety integration plans by the applicant railroads. As provided by the procedural schedule, the Board has received comments and evidentiary submissions from all interested parties addressing the merits of the merger proposal, which were filed with the Board on or before October 21, 1997. The Board is currently analyzing those filings. A final written decision in this matter will be issued on July 23, 1998.

Regarding concerns over the impact of the proposed transaction on railroad jobs, in deciding whether a control transaction such as the one being proposed here is in the public interest, the Board by law must consider the interest of all rail carrier employees affected by the proposed transaction. Let me assure you that the Board will give full consideration to the interest of affected rail employees, as well as the other factors required by law, in deciding whether to approve the proposed transaction. Because this proceeding is pending before the Board, however, it would be inappropriate for me to comment further on the case.

I am having your letter made a part of the public docket in this proceeding. I appreciate your interest in this matter, and if I may be of further assistance, please do not hesitate to contact me.

Sincerely,

*Linda J. Morgan*

Linda J. Morgan

THOMAS A. TANGRETTI, MEMBER  
327 SOUTH MAIN STREET  
GREENSBURG, PENNSYLVANIA 15601-3111  
PHONE: (412) 834-6400  
FAX: (412) 833-6799

328 SOUTH OFFICE  
HOUSE BOX 202020  
HARRISBURG, PENNSYLVANIA 17120-2020  
PHONE: (717) 783-5963  
FAX: (717) 772-9986



House of Representatives  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG

File in Docket  
33388  
COMMITTEES

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INSURANCE  
LOCAL GOVERNMENT  
CHAIRMAN - SUBCOMMITTEE  
ON COUNTIES  
CHAIRMAN - SOUTH-WEST  
CAUCUS  
POLICY

August 25, 1997

Hon. Linda J. Morgan  
Chairperson  
Surface Transportation Board  
Washington, D.C. 20423

Dear Madam Chairperson:

I wish to state for the record my concerns about the pending takeover of Conrail, Inc., by CSX Corp. and Norfolk Southern Corp. as it would affect Conrail's Pittsburgh area operations, including the North Fayette Customer Service Center, where residents of my legislative district are employed.

The information that has come to my attention indicates Pennsylvania will lose about 2,500 jobs under the takeover plan, and the bulk of the losses will occur in the Philadelphia and Pittsburgh areas. While the Philadelphia region is well known for its broad-based and highly diversified labor market, the Pittsburgh metropolitan area that includes my home county of Westmoreland is not so well positioned to absorb the projected job losses in the rail industry. Indeed, we are still struggling to recover from the ruinous job losses incurred by our principle metalworking, glass and related industries that have devastated the Southwest Pennsylvania region in recent times. For at least a generation, our most valuable export has been the region's young people who are educated here and then forced to leave the area to pursue their careers with the result that the population of the Pittsburgh metropolitan area is among the most aged in the nation.

Throughout most of the last two decades, the Commonwealth of Pennsylvania has been actively involved in attempting to shore up its economy with special efforts aimed at the ailing Western Pennsylvania region. One of those efforts in the early 1990s involved considerable state expenditures for training and other financial incentives to support the Conrail Customer Service Center in North Fayette which has employed as many as 750 persons since its opening in 1991. That all of the center's jobs will now be lost, either eliminated or transferred to Atlanta or Jacksonville, constitutes a slap in the face to Pennsylvania's job creation efforts and a waste of valuable state tax dollars spent to develop long-term employment opportunities for Pennsylvania residents.

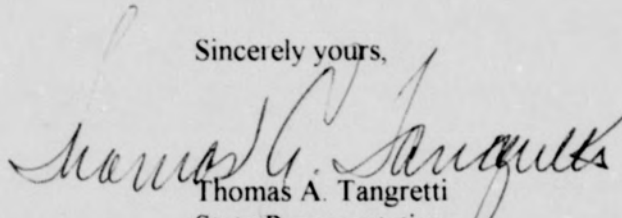
CHAIRMAN MORGAN  
SEP 2 2 56 PM '97  
RECEIVED  
SURFACE TRANSPORTATION

As the Surface Transportation Board considers the application for the proposed Conrail takeover in the months ahead, I urge that it pay particular attention to the effects its actions will have on the vulnerable economy of the Pittsburgh metropolitan area and the counties that constitute the Southwest Pennsylvania region.

Along with other members of the Pennsylvania legislature who represent the region, I will be monitoring the process that leads to the Board's determination in the Conrail transaction and trust that our views will receive due consideration.

Please contact me if you require further elaboration of the concerns expressed in this communication.

Sincerely yours,



Thomas A. Tangretti  
State Representative  
57th Legislative District

TAT/jb

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33388

11-7-97

J

CITY



## CLEVELAND RESTORATION SOCIETY

Working to Save Our Heritage Since 1972

7A-33388

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Artha Woods

Kathleen H. Crowther  
Executive Director

November 4, 1997

The Honorable Linda J. Morgan  
Surface Transportation Board  
1925 K Street, NW  
Washington, DC 20423-0001

Dear Ms. Morgan:

As the Executive Director of the Cleveland Restoration Society in the City of Cleveland, I am writing to express deep concern over the proposed acquisition of Conrail by the CSX and Norfolk Southern Corporations currently pending before the Surface Transportation Board.

A study recently conducted by the City of Cleveland reveals that this acquisition could have a devastating effect on the neighborhoods of Cleveland. Neighborhoods in the vicinity of rail lines can expect a 114% to 1188% increase in rail traffic if the acquisition is approved. These astounding increases raise serious issues that have yet to be addressed, such as safety and emergency, quality of life, property values, and pollution, noise, and congestion.

In addition, the negative impact on historic resources would be significant given the close proximity of the rail lines to buildings and neighborhoods that are listed on, or are eligible for, the National Register of Historic Places. Thousands of buildings and tens of thousands of people would be affected at a time when we are trying to save and revitalize our city neighborhoods through new private investment and historic rehabilitation.

The Cleveland Restoration Society is in receipt of a letter from the Surface Transportation Board's Section of Environmental Analysis (SEA) dated October 30, 1997. SEA's enclosures with the letter summarize "known historic properties in the project area" and "the potential effects of the proposed acquisition on known historic properties in the project area," as required under Section 106 of the National Historic Preservation Act. However, it appears that the only project area SEA's consultants reviewed was the Collinwood Intermodal Facility, which represents a fraction of the historic resources that this entire acquisition will negatively impact. SEA's assessment to date only serves to benefit the rail companies going before the Surface Transportation Board. This acquisition requires a full assessment of the project's total impact on Cleveland's neighborhoods.

sctrsadvoc@cmorgan.doc

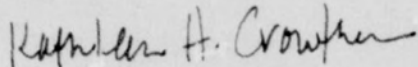
The Honorable Linda J. Morgan

November 4, 1997

Page 2

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Sincerely,



Kathleen H. Crowther  
Executive Director

c:   The Honorable Rodney Slater  
      The Honorable Dennis J. Kucinich  
      The Honorable Louis Stokes  
      The Honorable Michael R. White, Mayor, City of Cleveland  
      Martha Raymond, Ohio Historic Preservation Office  
      Robert Keiser, Cleveland Landmarks Commission



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U.S. Department of Transportation  
400 7th Street, SW  
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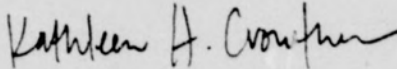
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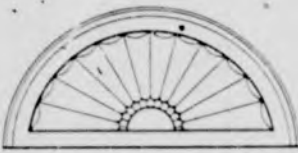
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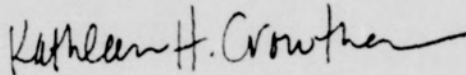
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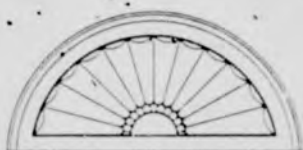
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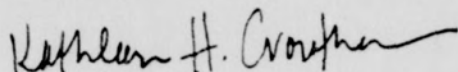
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The Honorable Louis Stokes  
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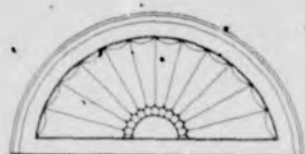
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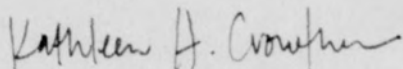
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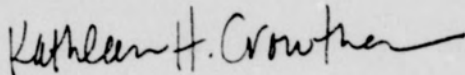
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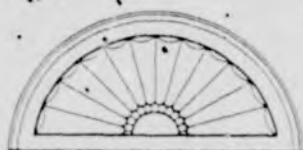
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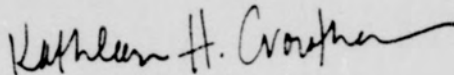
In addition, the negative impact on historic resources would be significant given the close proximity of the rail lines to buildings and neighborhoods that are listed on, or are eligible for, the National Register of Historic Places. Thousands of buildings and tens of thousands of people would be affected at a time when we are trying to save and revitalize our city neighborhoods through new private investment and historic rehabilitation.

The Cleveland Restoration Society is in receipt of a letter from the Surface Transportation Board's Section of Environmental Analysis (SEA) dated October 30, 1997. SEA's enclosures with the letter summarize "known historic properties in the project area" and "the potential effects of the proposed acquisition on known historic properties in the project area," as required under Section 106 of the National Historic Preservation Act. However, it appears that the only project area SEA's consultants reviewed was the Collinwood Intermodal Facility, which represents a fraction of the historic resources that this entire acquisition will negatively impact. SEA's assessment to date only serves to benefit the rail companies going before the Surface Transportation Board. This acquisition requires a full assessment of the project's total impact on our city's neighborhoods.

The Honorable Louis Stokes  
November 4, 1997  
Page 2

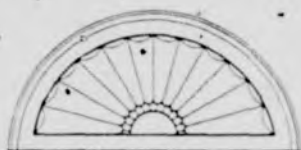
The voices of Cleveland's citizens and property owners must be heard.. The Cleveland Restoration Society urges you to exhaust all resources available to help preserve our neighborhoods and the quality of life in Cleveland. Thank you for your full consideration regarding the serious issues associated with this acquisition.

Sincerely,



Kathleen H. Crowther  
Executive Director

c: The Honorable Rodney Slater, Secretary, U.S. Dept. of Transportation  
The Honorable Linda J. Morgan, Chair, Surface Transportation Board  
The Honorable Michael R. White, Mayor, City of Cleveland  
Martha Raymond, Ohio Historic Preservation Office  
Robert Keiser, Cleveland Landmarks Commission



## CLEVELAND RESTORATION SOCIETY

*Working to Save Our Heritage Since 1972*

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Kathleen H. Crowther  
*Executive Director*

November 4, 1997

The Honorable Linda J. Morgan  
Surface Transportation Board  
1925 K Street, NW  
Washington, DC 20423-0001

Dear Ms. Morgan:

As the Executive Director of the Cleveland Restoration Society in the City of Cleveland, I am writing to express deep concern over the proposed acquisition of Conrail by the CSX and Norfolk Southern Corporations currently pending before the Surface Transportation Board.

A study recently conducted by the City of Cleveland reveals that this acquisition could have a devastating effect on the neighborhoods of Cleveland. Neighborhoods in the vicinity of rail lines can expect a 114% to 1188% increase in rail traffic if the acquisition is approved. These astounding increases raise serious issues that have yet to be addressed, such as safety and emergency, quality of life, property values, and pollution, noise, and congestion.

In addition, the negative impact on historic resources would be significant given the close proximity of the rail lines to buildings and neighborhoods that are listed on, or are eligible for, the National Register of Historic Places. Thousands of buildings and tens of thousands of people would be affected at a time when we are trying to save and revitalize our city neighborhoods through new private investment and historic rehabilitation.

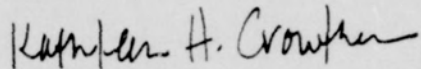
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10/26/97 and 11/04/97

The Honorable Linda J. Morgan  
November 4, 1997  
Page 2

Thank you for your full consideration regarding the serious issues associated with this acquisition.

Sincerely,



Kathleen H. Crowther  
Executive Director

c: The Honorable Rodney Slater  
The Honorable Dennis J. Kucinich  
The Honorable Louis Stokes  
The Honorable Michael R. White, Mayor, City of Cleveland  
Martha Raymond, Ohio Historic Preservation Office  
Robert Keiser, Cleveland Landmarks Commission



**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation

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

DEC 10 1997

The Honorable Linda Morgan  
Chairman  
Surface Transportation Board  
1925 K Street, NW  
Suite 820  
Washington, DC 20423

Dear Madam Chairman:

The Department of Transportation received the enclosed letter from Kathleen H. Crowther, Executive Director of the Cleveland Restoration Society, regarding the proposed acquisition of Conrail by the CSX and Norfolk Southern Corporations.

We believe this issue falls within your jurisdiction and we have taken the liberty of forwarding the letter to your office for appropriate action.

Thank you for your assistance.

Sincerely,

Peggy J. Burford  
Information Management Specialist

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
DEC 17 4 39 PM '97  
OFFICE OF  
CHAIRMAN MORGAN

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CITY



## CITY OF ESCANABA

P.O. Box 948 • Escanaba, MI 49829-0948  
906-786-0240 • fax 906-786-4755

October 20, 1997



Office of Secretary  
Case Control Unit  
Surface Transportation Board  
1925 K Street, NW  
Washington DC 20243

RE: Finance Docket No. 33388

Dear Mr. Secretary:

Rail service to our community is a vital link to the outside world. Wisconsin Central Railroad is located in the Chicago Switching District and served by the Indiana Harbor Belt Railroad Company (IHB). IHB provides both terminal and intermediate switching service throughout the District.

We are very much concerned about the potential ramifications to our City and other UP communities should CSX Transportation, Inc. (CSXT) and Norfolk Southern Railway Company (NS) be permitted to acquire Conrail's 51% interest in the IHB, as proposed in the pending application in the Conrail acquisition case. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application makes clear, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of traffic — not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's control of IHB will seriously diminish IHB's capability and availability to serve this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service and for terminal service to access our facilities. In addition, CSXT's prior performance and its record for fair and equitable dispatching of trains and switching of customers has been less than commendable.

The proposed Conrail transaction also would diminish any possible alternatives we might have to a CSXT-dominated IHB. As the Board is aware, there are three major terminal and transfer carriers serving Chicagoland and the Northeast Indiana industrial area — IHB, the

Office of Secretary  
October 20, 1997  
Page 2

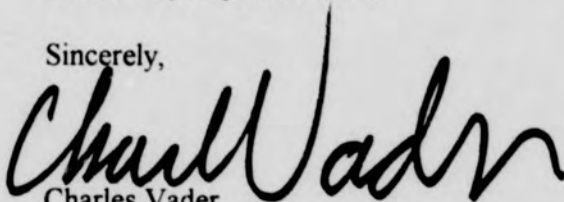
Belt Railway Company of Chicago (BRC) and the Baltimore & Ohio Chicago Terminal Railroad Company (BOCT). CSXT already owns BOCT outright. It is also a sizable (in fact, the largest) owner of the BRC. If its application in the proceeding is approved as submitted, CSXT would not only own and operate BOCT, but would increase its dominate holdings in the BRC (and together with NS would control half of BRC's stock) and manage the day-to-day operations of IHB. The ownership and control of IHB will give CSXT a stranglehold on the vital Chicago switching district.

We feel that, in the best interests of the shipping public, the Surface Transportation Board should order than an independent owner or owners acquire Conrail's share of the IHB, and continue the neutral control and operation of the IHB in conjunction with IHB's existing minority interest owner, Soo Line Railroad Company (Canadian Pacific).

A consortium consisting of the Elgin, Joliet and Eastern Railway Company and its parent, Transtar, Inc., Wisconsin Central LTD and I & M Link, LLC has indicated its desire to acquire Conrail's interest in the IHB and continue to operate the carrier as an independent and neutral provider of switching services. We feel this is a desirable and viable alternative to the CSXT proposal.

We strongly urge you to take these facts and comments into consideration in your deliberation of this very important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles Vader", written in a cursive style.

Charles Vader  
City Councilmember

STB

FD

33388

6-20-97

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CITY



**Surface Transportation Board**  
Washington, D.C. 20423-0001

Office of Compliance and Enforcement

June 20, 1997

The Honorable Margaret A. Wuerstle  
Mayor  
City of Dunkirk  
City Hall  
Dunkirk, NY 14048

Re: Norfolk Southern Grade Crossings

Dear Mayor Wuerstle:

This responds to your letter of June 6, 1997, to Linda Morgan, Chairman of the Surface Transportation Board (Board), on behalf of the City of Dunkirk. Your letter indicates concern for the safety effects of a proposal by Norfolk Southern Corporation (NS) to close certain highway crossings over its lines in the City of Dunkirk.

Recently, you have brought two issues to the Board's attention which you suggest may be related to the proposed CSX/NS acquisition of Conrail. First, you have indicated an inability to reach an agreement with Conrail for the upgrading of an existing railway station in Dunkirk, even though Amtrak appears to have agreed to stop its Lake Shore Limited in Dunkirk when the needed facility is available, and have requested our assistance. Second, you have indicated concern for a proposal by NS to close certain at-grade highway crossings over its line in Dunkirk. In connection with the grade crossing issue, you have provided a petition signed by city residents and related resolutions, which you ask the Board to accept as part of the documents filed in the public docket in the acquisition proceeding.

Let me first address the Amtrak station stop issue. In a letter to Senator Alphonse D'Amato responding to an inquiry on your behalf (copy enclosed), the Chairman indicated that this office had been in contact with Amtrak on this issue. Amtrak has indicated that it does have a general agreement with Conrail to stop its Lake Shore trains in Dunkirk when the station is upgraded to accommodate Amtrak's passenger use. However, as noted in the letter to the Senator, Amtrak is responsible for negotiating operating and other agreements with underlying freight railroads for the routes and services it requires for its national system. Under the statute, changes to the system are to be made by Amtrak using established Route and Service Criteria, and no authority is provided for this or other Federal agencies to enter into these negotiations or comment on proposed changes in Amtrak's routes or services. Inasmuch as the Board has no jurisdiction over Amtrak's routes and services,

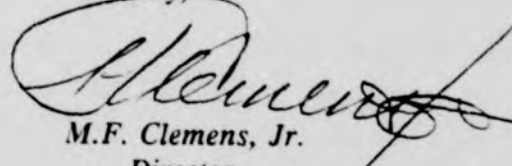
*The Honorable Margaret A. Wuerstle, Page 2.*

*there is no opportunity for the Board to intervene in this situation or to enforce Amtrak's agreement with Conrail. Regarding the proposal by NS to eliminate at-grade highway crossings, this too is an area over which we do not have jurisdiction.*

*While we recognize that the issues you have raised are of considerable importance to you, we do not believe that either the station-stop issue or the grade crossing issue are matters related to the proposed Conrail acquisition. That notwithstanding, the acquisition of Conrail by CSX and NS is jurisdictional to the Board and the Chairman has indicated previously that you have the right to participate in the acquisition proceeding, docketed as Finance Docket No. 33388, if you believe that there are potential effects of the proposed transaction that may adversely affect the City. However, the acquisition proceeding is a formal process in which your counsel would be required, as a party, to serve on all other parties all filings made on behalf of the City in the proceeding. With that in mind, I am returning your original petition and other filings so that, if you choose to participate, those documents can be made available to other participants at the appropriate time. To assist you further, I have included as an example, a copy of a notice filed in the public docket by the Ohio Attorney General's Office, which indicates their intention to participate in the proceeding. All filings made with the Board in the proceeding should include an original and twenty-five (25) copies, and the docket number and case title. The filings should be addressed to the Office of the Secretary, Case Control Branch, ATTN: STB Finance Docket No. 33388, Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001.*

*I hope this responds to your concerns and that the information provided will be helpful to you. Please do not hesitate to contact me if I can be of further assistance, or our Office of Public Services at (202) 565-1592 if you need guidance on participating in the proceeding.*

*Sincerely,*



*M.F. Clemens, Jr.*  
Director

*Enclosures*

*cc: Chairman Morgan*



# NCDC Northampton County Development Corporation

*A Partner With the Industrial Development Authority and Commission*

October 21, 1997



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

Dear Mr. Williams:

The Northampton County Development, the primary economic development agency serving Northampton County, wishes to go on record with the Surface Transportation Board on the matter of the proposed division of Conrail between CSXT Transportation and Norfolk Southern Railway.

The Lehigh Valley is served by Conrail by a system of main lines and branch lines. CP Rail is the only other class 1 carrier serving our region. However, their service is limited to the Bethlehem Steel Corporation in Bethlehem and its associated Philadelphia, Bethlehem and New England Railroad. Under the terms of the 1976 creation of Conrail, CP Rail and its predecessor Delaware & Hudson Railway are precluded from providing service to other shippers within the region although its trains operate along both the Lehigh main line and Reading main line.

We believe that the presence of competitive rail access in the Lehigh Valley would enhance our economic viability. The competitiveness would benefit our agency's efforts to attract new business to the area as well as our efforts to retain existing businesses. We feel that the need for good, competitive rail service is particularly crucial to the Lehigh Valley in view of the recent phenomenal growth of the industrial and distribution facilities, as numerous companies have chosen to locate and expand. Competitive rail access is an important location advantage.

The draft operations information which has been made available to us indicate that all of the proposed Conrail service in the Lehigh Valley would accrue to Norfolk Southern. As such, the plans, as presently proposed, do not improve competitive rail access in the Lehigh Valley. Therefore, we respectfully request that the Surface Transportation Board impose conditions on the application which would increase the competitive rail access within the Lehigh Valley. One means of providing this improved service may include granting CP Rail rights to serve additional shippers.

Sincerely,

Thomas J. Shaughnessy  
Executive Director

Cc: J. Michael Dowd  
NCDC Executive Committee

*Promoting opportunities for business and industry in Northampton County, Pennsylvania*

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get together.*

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