

STB

FD-33388

1-18-00

J

BUSINESS



Office of the Chairman

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

FILE IN DOCKET

JA-33388

January 18, 2000

Mr. Donald W. Seale
Senior Vice President
Merchandise Marketing
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510-2191

Dear Mr. Seale:

Thank you for sending me a copies of your letters to Mr. Robert J. Park, General Manager, Packaging Corporation of America; and to Representative Frank LaGrotta of the Pennsylvania State House of Representatives, regarding INDSPEC. I very much appreciate your keeping me informed on these and other matters. I know that NS is as committed as the Board is to resolving any service issues related to the implementation of the Conrail acquisition, and the Board will continue to focus our efforts with you constructively to that end.

I look forward to continuing to work with you and your company on these and other important matters.

Sincerely,

Linda J. Morgan
Linda J. Morgan



Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191
Telephone: 757 629-2730
FAX: 757 533-4824

FILE IN DOCKET

Donald W. Seale
Senior Vice President
Merchandise Marketing

December 16, 1999

Mr. Frank LaGrotta
Member, House of Representatives
Commonwealth of Pennsylvania
House Box 202020
Harrisburg, PA 17120-2020

Dear Representative LaGrotta:

Thank you for your letter of December 9 on behalf of INDSPEC Chemical Corporation.

As background information, INDSPEC Chemical is served by the BPRR with all of their inbound chemicals (caustic soda/benzene) handled by CSXT. Norfolk Southern's participation involves this customer's benzene supplier (Sunoco) in Toledo, Ohio. At this location, loaded cars are switched daily from the plant by NS and interchanged to CSXT at our Homestead Yard in Toledo. CSXT pulls these cars from our yard and classifies them for movement to INDSPEC, Petrolia, PA.

To improve the interchange at Toledo, I have asked Brent Francisco, Traffic Manager, INDSPEC, to fax Margaret Hawkins, Account Manager, Norfolk Southern, a list of released benzene cars on a regular basis. Ms. Hawkins will follow up with our Terminal Superintendent to coordinate the interchange with CSX. INDSPEC agrees this will improve the process.

We believe our action plan will help address the delays experienced by INDSPEC Chemical for Toledo interchange however, they must continue to meet with CSXT to resolve the linehaul delays.

Sincerely,

cc: David R. Goode
Chairwoman Linda Morgan, Surface Transportation Board
Congressman Phil English
Senator Rick Santorum
Senator Arlen Specter
Brent Francisco

FRANK LaGROTTA, MEMBER

□ HOUSE BOX 202020
HARRISBURG, PENNSYLVANIA 17120-2020
PHONE: (717) 783-8424
WEBSITE: www.pahouse.net/lagrotta
E-MAIL: flagrott@pahouse.net

□ 718 LAWRENCE AVENUE
ELLWOOD CITY, PENNSYLVANIA 16117
PHONE: (724) 752-1133

□ 419 SUNSET DRIVE
BUTLER, PENNSYLVANIA 16001
PHONE: (724) 284-8899



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

COMMITTEES

APPROPRIATIONS
CHAIRMAN, SUBCOMMITTEE ON
CAPITAL BUDGET
COMMERCE AND ECONOMIC DEVELOPMENT
MEMBER, SUBCOMMITTEE ON ECONOMIC
DEVELOPMENT
CONSUMER AFFAIRS
MEMBER, SUBCOMMITTEE ON
TELECOMMUNICATIONS
POLICY COMMITTEE

PA LEGISLATIVE CHILDREN'S CAUCUS
PA LEGISLATIVE PRO-LIFE CAUCUS
PENN STATE CAUCUS
STEEL CAUCUS
LEGISLATIVE FIREFIGHTERS AND
EMERGENCY SERVICES CAUCUS

December 9, 1999

David R. Goode
Chairman, President and Chief Executive Officer
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510-2191

Dear Mr. Goode,

I am writing on behalf of INDSPEC Chemical Corporation which is located in Butler County, Pennsylvania. The company employs over 400 people in our state and is the world's largest producer of resorcinol, an industrial adhesive.

Over the past several years the worldwide demand for this product has grown to the point that INDSPEC's facility must operate at full capacity. Rail service is particularly critical because their storage space is limited and the transport of raw materials by other means is not practical.

INDSPEC has experienced a significant rail transportation problem since the transfer of rail lines from the former Conrail Railroad to CSX and Norfolk Southern Rails. These problems have had a serious effect on INDSPEC's operations. I have enclosed a letter from the plant manager that outlines their problems.

I would appreciate if you would look into this matter and resolve these transportation delays that are having a negative impact on INDSPEC. If these delays cannot be resolved in a timely manner I will be contacting Congressman English, Senator Santorum and Specter to investigate why this merger was approved and if it has negatively impacted other businesses in Pennsylvania. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank LaGrotta".

FRANK LaGROTTA, Member
House of Representatives

cc: John W. Snow, CSX Corporation
Congressman Phil English
Senator Rick Santorum
Senator Arlen Specter

INDSPEC

Chemical Corporation

P.O. Box 307, Petrolia, PA 16050-0307 • Telephone 724-756-2370



December 6, 1999

COPY

Representative Frank LaGrotta
718 Lawrence Avenue
P.O. Box 842
Ellwood City, PA 16117

RE: Rail Service to Petrolia, Pennsylvania

Representative LaGrotta:

On behalf of INDSPEC Chemical Corporation I would like to make you aware of the significant rail transportation problems INDSPEC has experienced as a result of the recent transfer of the rail lines of the former Conrail Railroad to the CSX and Norfolk Southern Railroads. I also would appreciate any assistance you can provide INDSPEC in this matter.

INDSPEC employs approximately 400 people in the state of Pennsylvania. Approximately 350 employees work at our manufacturing plant in Petrolia, Butler County, another 25 are at our downtown Pittsburgh office and 25 are at our research facility in Harmarville.

INDSPEC is the world's largest and the only United States producer of resorcinol. Resorcinol is an industrial adhesive used primarily in the tire and rubber, plastic flame retardant and wood adhesives markets. The resorcinol produced at INDSPEC's Petrolia facility is sold and used throughout the world. It is believed that resorcinol is necessary to the manufacture of most every rubber tire in use today. Resorcinol is also used in the manufacture of other well known products such as wooden I-beams and the plastic casings of computers and other electronic devices.

Over the past several years the world wide demand for resorcinol has grown to the point that INDSPEC's Petrolia facility must operate at full capacity to meet the demands of the world resorcinol market. At Petrolia, the raw materials necessary to produce resorcinol are received by rail and we absolutely must have reliable and consistent rail service to maintain production at full capacity. Rail service is particularly critical to Petrolia because our raw material storage capacity is very limited and transport of our raw materials by means other than rail is not practical.

Since the Conrail rail lines have been transferred to CSX and Norfolk Southern, we have not received the consistent and reliable rail service which we were receiving prior to the transfer. Our primary areas of concern are rail service for caustic soda from PPG's Natrium, West Virginia facility and rail service for benzene from Sunoco's Toledo Ohio facility. Since the Conrail transfer our average transit time from Natrium to Petrolia and from Toledo to Petrolia has more than doubled and in some cases our transit time is more than three times the historical average prior to the transfer. The problem is compounded by the fact that the emptied railcars are also taking two to three times as long to get back to Natrium and Toledo for reloading. In addition, the transit delays create operational problems for PPG and Sunoco and the problems continue to snowball.

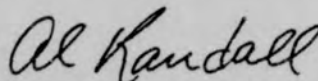
Because of these rail service problems we have been forced to make several significant production slowdowns. These production slowdowns have caused INDSPEC significant damages, expenses and lost profits. Although the damages we have incurred are significant they are, for the time being, temporary. However, if these problems are allowed to continue the damages which INDSPEC and the world resorcinol market will suffer are likely to be permanent.

As an employer of approximately 400 Pennsylvania residents and the leading manufacturer of a component necessary to the production of rubber tires and other common products used throughout the world, INDSPEC's ongoing operations are essential to a large number of your constituents. Unfortunately, the severe decrease in the level of rail service available to INDSPEC from CSX and Norfolk Southern is placing INDSPEC's ongoing operations in serious jeopardy. In an effort to alleviate these problems and to ensure that our production is not interrupted we would appreciate your assistance in restoring our rail service to the reliable consistent levels we received prior to the transfer of the Conrail lines to CSX and Norfolk Southern.

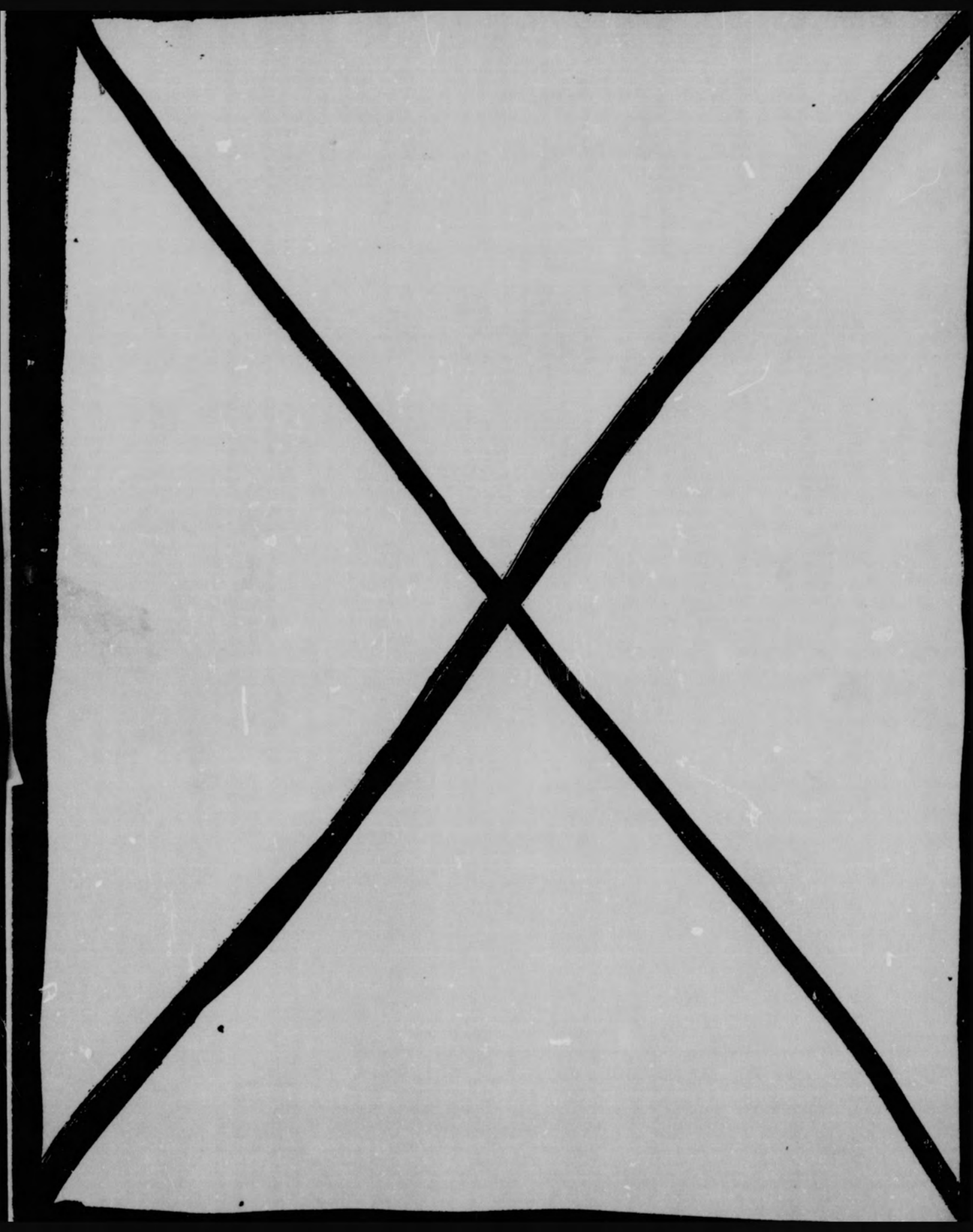
At your earliest convenience please respond to me concerning this matter and any assistance your office can provide to INDSPEC. Thank you in advance for your cooperation and assistance.

Very truly yours,

INDSPEC Chemical Corporation



Al Randall
Plant Manager



STB

FD-33388

1-13-00

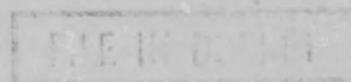
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UNION



Office of the Chairman

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



January 13, 2000

Mr. Michael D. Flowers
Assistant General Chairman
Brotherhood of Maintenance of
Way Employees
402 East 1000 North
Alexandria, IN 46001

Dear Mr. Flowers:

You have previously written me regarding the acquisition of Conrail by CSX and Norfolk Southern (NS), and the granting of hardship transfers for re-allocation between CSX and NS of certain members of the Brotherhood of Maintenance of Way Employees (BMWE). As I said I would in my prior letter to you, I am getting back to you on the matters that you raised.

In a joint letter sent directly to you with a copy to me, CSX and NS have agreed to consider the granting of transfers to those individuals, subject to certain limitations. To make sure that you received the letter from CSX and NS, I am enclosing a copy with this response. I trust that your members and CSX and NS will be able to reach an acceptable resolution.

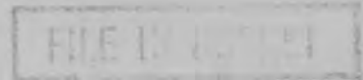
As I have in the past, I will have the railroads' letter and my response made a part of the public docket for this proceeding. I appreciate your interest in this matter.

Sincerely,

Linda J. Morgan

Enclosure

December 17, 1999



Mr. Michael D. Flowers
Assistant General Chairman, BMW
402 East 1000 North
Alexandria, IN 46001

Dear Mr. Flowers:

You recently wrote to the Surface Transportation Board (STB) about the allocation of 18 BMW-represented employees among NS and CSXT. STB Chairman Morgan communicated your concerns to NS Chairman Goode and CSX Chairman Snow, and we have been asked to respond directly to you.

As you know, the allocation of MofW employees was complicated because of the numerous different seniority arrangements on the former Conrail and because employees could be assigned to either fixed headquarters or traveling positions. The allocation was governed by the methodology set forth in the arbitrated implementing agreement as subsequently modified by the voluntary agreements between the railroads and BMW. This methodology was generally based on allocating an employee with a fixed headquarters to the railroad that would assume operation of the headquarters location and allocating an employee in traveling service to the railroad that would assume operation of the majority of the seniority district where that employee originally entered service with Conrail. However, the agreement also called for a bidding process where the territory comprising a former Conrail seniority district was being divided among the railroads and for purposes of allocating employees to SAA. Finally, the agreement permitted, in the case of a bona fide hardship, an employee to request a change in his or her allocation within a designated time period. The agreement contemplated that the railroads would try to accommodate legitimate hardship requests consistent with operational necessity and preservation of the ratio of employees to be allocated to the respective Carriers.

After completing the allocation process, Conrail wrote to the involved employees to advise them of their respective allocations. As contemplated by the applicable labor agreement, this letter also indicated that requests for a change in allocation due to hardship had to be submitted in writing by May 14, 1999. Although 128 requests were timely filed, some of those requests did not provide any information about any particular hardship, and others were based on speculation that a superior position might be available on another railroad. The railroads considered the various requests and endeavored to accommodate those requests that were based on bona fide hardships, where consistent with operational necessity and preservation of the ratio of employees to be allocated to the respective Carriers. The railroads initially approved 36 hardship requests. However, BMW subsequently asked the railroads to revisit some of the requests and the railroads were able to accommodate an additional 43 such requests. Each employee was notified of the disposition of his or her request.

Mr. Michael D. Flowers
December 17, 1999
Page 2

Although the time for handling such hardship requests has passed, we are nevertheless willing to make an exception and consider the limited number of requests set forth in your October 18, 1999 letter but only if there are bona fide hardship reasons and only if it can be done in a manner that is consistent with operational necessity and the preservation of the ratio of employees among the railroads. Due consideration must also be given to the other legal and collective bargaining agreement implications such an accommodation might raise. Additionally, any such accommodation must not increase the Carrier's protective or relocation benefit obligations. Please also note that your October 18, 1999 letter lists one employee (Richard Lanning) who did not file a hardship request at all. Moreover, one of the employees on your list (J. L. Shaffer) was listed as disabled/sick on the initial allocation and has since been determined to have been incorrectly allocated, and with the concurrence of the General Chairman, has had his seniority placed on the CSXT rosters. Another of the 18, Oakie Lovins, after filing his initial hardship request subsequently wrote NSR to withdraw that request. Accordingly, any decision must be based on the pertinent facts surrounding each of the listed individuals rather than simply making a group determination.

By copy of this letter, we are advising BMW General Chairmen Dodd, Geller and Hurlburt that we are willing to address the situation. We suggest the General Chairmen contact each of the Carriers if BMW wants to pursue the matter.

Very truly yours,

K. R. Peifer

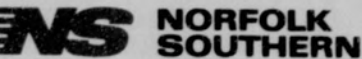
Kenneth R. Peifer
Vice President
Labor Relations
CSX Transportation, Inc.

James A. Hixon

James A. Hixon
Senior Vice President
Employee Relations
Norfolk Southern Corporation

cc: L. J. Morgan
D. R. Goode
J. W. Snow
J. Dodd
P. K. Geller, Jr.
S. A. Hurlburt, Jr.

RECEIVED
EMPLOYEE RELATIONS
CHAIRMAN OF MORGAN
DEC 21 2 02 PM '99



✓ FILE IN DOCKET

Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191
Telephone (757) 629-2610
Facsimile (757) 629-2306

David R. Goode
Chairman, President and
Chief Executive Officer

December 9, 1999

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

RECEIVED
SURFACE TRANSPORTATION
BOARD
DEC 13 3 03 PM '99
OFFICE OF
CHAIRMAN MORGAN

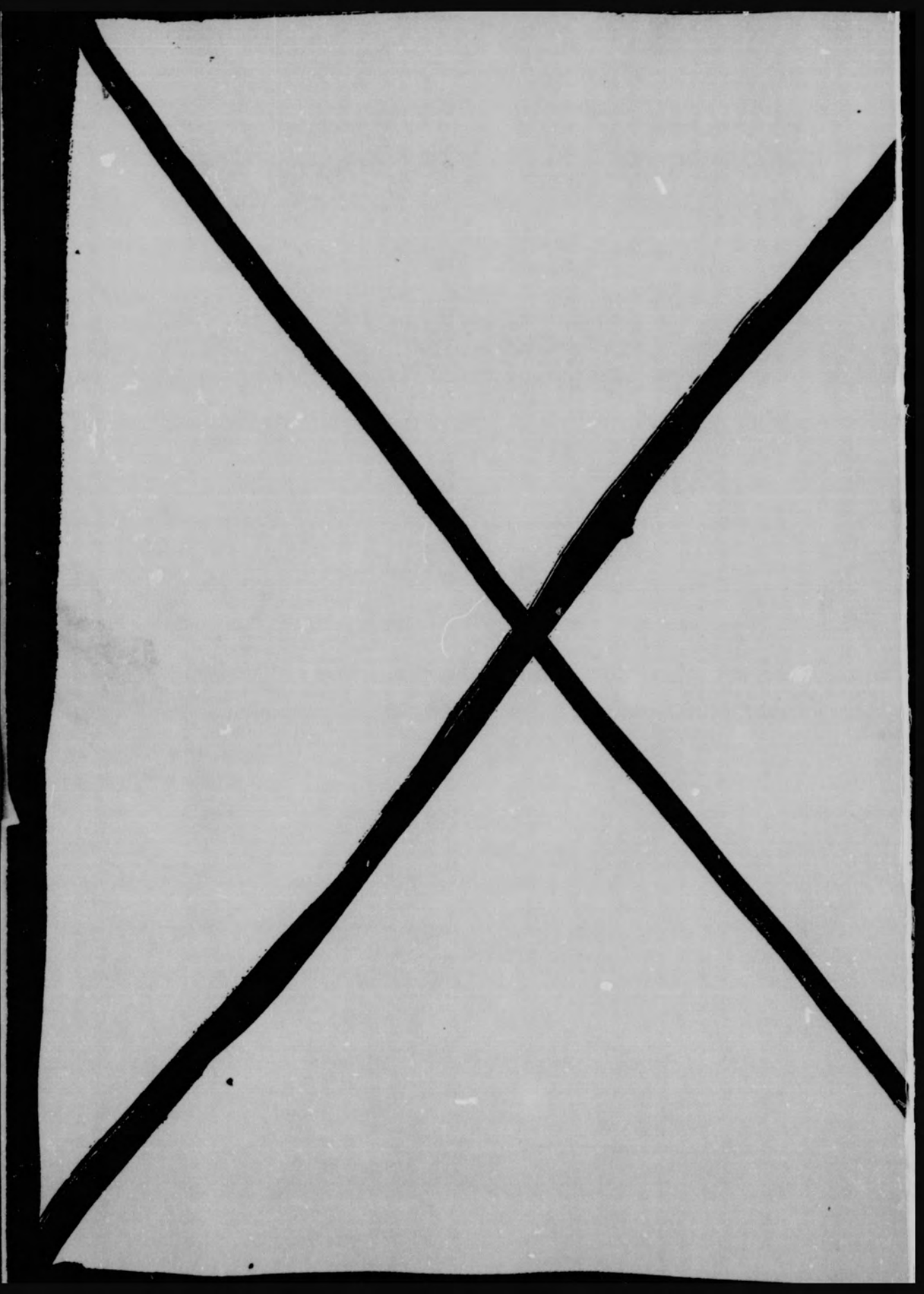
Dear Chairman Morgan:

I am in receipt of your letter of December 3, with attached correspondence from Michael Flowers, Assistant General Chairman of the Brotherhood of Maintenance of Way Employees. I have asked Jim Hixon, our Senior Vice President Employee Relations, to look into this matter and respond to Assistant General Chairman Flowers, with a copy to you and me.

Thank you for calling this to our attention, and we will attend to it promptly. Best wishes.

Sincerely,

cy: J. A. Hixon



STB

FD-33388

1-11-00

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MOC



Office of the Chairman

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

FILE IN DOCKET

JD-33388

January 11, 2000

The Honorable Richard J. Durbin
United States Senate
Washington, D.C. 20510-1304

Dear Senator Durbin:

You have previously written to me about the concerns of your constituent, Mr. Bruce Ecker of Caseyville, Illinois. As I said I would in my prior response to you, I am getting back in touch with you regarding those concerns.

I am enclosing a copy of a response I received from Mr. John Snow, Chairman, President and Chief Executive Officer of CSX. Mr. Snow reports on the results of the inquiry made by his staff into this matter. I trust that the information that Mr. Snow has provided will assist your constituent in pursuing employment opportunities with CSX.

As I did with your initial correspondence, I will have Mr. Snow's letter, and this response, made a part of the public docket for this proceeding. I appreciate your interest in this matter.

Sincerely,

Linda J. Morgan
Linda J. Morgan

Enclosure



One James Center
Richmond, Virginia 23219
(804) 782-1434

John W. Snow
Chairman, President
Chief Executive Officer

December 22, 1999

FILE IN DOCKET

Chairman Linda J. Morgan
Surface Transportation Board
1925 K Street, N. W.
Suite 820
Washington, D. C. 20423

Dear Chairman Morgan:

I appreciate your alerting me to Senator Durbin's concern about how Mr. Bruce Ecker (a former Conrail employee) has been treated following the acquisition of Conrail by CSX and Norfolk Southern. Upon receipt of your letter, I asked our labor relations staff to look into this matter.

Their research revealed that Mr. Ecker was classified as an "unavailable" employee as defined in Appendix A, Article II of the Arbitrated Implementing Agreement between BMW, Conrail, Norfolk Southern and CSX Transportation (the "Freedemberger Award"). The agreement with the BMW was that "unavailable" employees would be offered positions as new employees.

Information was sent to Mr. Ecker by certified mail on August 20, 1999 describing his employment opportunities as an "unavailable" employee. To my knowledge, CSXT has not received a response from Mr. Ecker. CSXT's Engineering Department is currently assessing its first quarter hiring needs. Once developed, those needs will be forwarded to the Human Resources Department so that they can begin the recruiting process.

I hope that I have addressed Senator Durbin's concerns. Please contact me if you have any questions or comments.

Sincerely,

RECEIVED
SURFACE TRANSPORTATION
BOARD
Dec 28 6 10 PM 1999
CHAIRMAN MORGAN

STB

FD

33388

12-29-99

J BUS/NESS

George A. Aspatore
General Solicitor

(757) 629-2657
(757) 533-4872
E-mail gaaspato@nscorp.com

December 29, 1999

Mr. Melvin F. Clemens, Jr.
Director, Office of Compliance and Enforcement
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423-0001

Dear Mr. Clemens:

Pursuant to Decision No. 89 issued in STB Finance Docket No. 33388, for the week ending December 24, 1999, enclosed are schedules reporting Train Origination Performance, Yard Performance, and Trains Held in the Shared Assets Areas. Also enclosed is a schedule showing a daily snapshot of NS Cars Offered in Interchange but not Accepted, NS Blocked Sidings and Multiple Main Lines, and our Locomotive Fleet Statistics. This schedule also includes NS Northern Region Train Starts and Delays that are not limited to a snapshot period.

Another schedule incorporated into this transmittal shows NS Crew Starts and Delays, NS Northern Region Daily Crew Availability Percentage, and NS Northern Region Crew Starts and Recrews. Also included is the bi-weekly Buffalo update.

Additionally, this transmittal includes confidential reports containing performance statistics for NS's Chicago Gateway Interchange Operations, Corridor Train Performance and Yard Performance. In an effort to provide you with more detailed information regarding delays, I have included two schedules supporting NS's Chicago Gateway and Corridor Train Performance reports, which identify the number and total time for delays due to crew, power, or other issues. I also have supplied the Public Reporting Measures that we provide to the Conrail Transaction Council and the AAR.

Mr. Melvin F. Clemens, Jr.

December 29, 1999

Page 2

As always, I am including a letter written by Jon L. Manetta, Senior Vice President of Operations, which discusses delays in our rail operations. If you have any questions or need additional information, please call me.

Sincerely,

George A. Aspatore
General Solicitor

Enclosures

December 29, 1999

Mr. Melvin F. Clemens, Jr.
Director, Office of Compliance and Enforcement
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423-0001

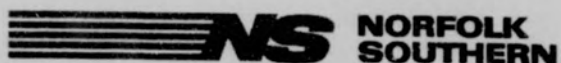
Dear Mr. Clemens:

As has been the case over the past few weeks, this week's report does not show any dramatic changes in Norfolk Southern operations but instead indicates an ongoing degree of stability in performance. Average train speed showed some improvement, while overall average terminal dwell time remained essentially the same as the previous week, dropping by a small increment. Cars on line did increase slightly, although the total remains within a generally suitable range. On the monitored corridors and Chicago gateway operations, 98 trains were held for terminal congestion, 28 trains were held for crews, and 17 trains were held for power.

With respect to our customer service hotline in Buffalo, three new calls were received. One matter was resolved, and the other two are pending.

In the Shared Assets Areas, lack of power resulted in 15 trains being delayed for 283 hours, while 21 trains were held for 184 hours awaiting crews. Additionally, four originating trains were delayed for 48 hours due to late arrivals from CSXT and/or NS. Together, these causes account for about 93% of the train delay hours in the SAAs.

Sincerely,



NS Cars Offered in Interchange but not Accepted

| offered | Monday | Tuesday | Wednesday | Thursday | Friday | total |
|--------------|----------|----------|-----------|----------|----------|----------|
| CSX | 0 | 0 | 0 | 0 | 0 | 0 |
| other | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 |

Snapshot taken between 2:00 and 3:00 each day
NS acquired territory only

NS Northern Region Train Starts and Delays

| | Saturday 18-Dec | Sunday 19-Dec | Monday 20-Dec | Tuesday 21-Dec | Wednesday 22-Dec | Thursday 23-Dec | Friday 24-Dec | Grand Total |
|--------------------|--------------------|------------------|------------------|-------------------|---------------------|--------------------|------------------|-------------|
| # of Train Starts | 182 | 149 | 155 | 177 | 184 | 152 | 89 | 1088 |
| Delay Cause | | | | | | | | |
| Crew Delays (hrs) | 5.0 | 11.2 | 24.7 | 25.6 | 0.0 | 0.0 | 5.5 | 71.9 |
| Power Delays (hrs) | 322.9 | 128.1 | 36.8 | 106.3 | 140.5 | 143.0 | 58.0 | 935.6 |

The delay numbers are expressed in hours

NS Blocked Sidings and Multiple Main Lines

| track | Monday 20-Dec | Tuesday 21-Dec | Wednesday 22-Dec | Thursday 23-Dec | Friday 24-Dec | total |
|--------------------|------------------|-------------------|---------------------|--------------------|------------------|-----------|
| Multiple Main | 0 | 0 | 5 | 1 | 0 | 6 |
| Siding | 4 | 1 | 0 | 0 | 0 | 5 |
| Grand Total | 4 | 1 | 5 | 1 | 0 | 11 |

Snapshot taken between 2:00 and 3:00 each day
NS acquired territory only

Locomotive Fleet Statistics

| | Saturday 18-Dec | Sunday 19-Dec | Monday 20-Dec | Tuesday 21-Dec | Wednesday 22-Dec | Thursday 23-Dec | Friday 24-Dec | average |
|-------------------------|--------------------|------------------|------------------|-------------------|---------------------|--------------------|------------------|---------|
| Fleet Size | 3707 | 3726 | 3729 | 3712 | 3715 | 3733 | 3721 | 3720 |
| available | 3500 | 3505 | 3494 | 3498 | 3503 | 3527 | 3485 | 3502 |
| out of service % | 5.6% | 5.9% | 6.3% | 5.8% | 5.7% | 5.5% | 6.3% | 5.9% |

Snapshot taken at midnight
Fleet size is all locomotives on line. Includes owned, leased and foreign.

NS Crew Starts and Delays

| | | Saturday 18-Dec | Sunday 19-Dec | Monday 20-Dec | Tuesday 21-Dec | Wednesday 22-Dec | Thursday 23-Dec | Friday 24-Dec | Grand Total |
|------------|---------------|--------------------|------------------|------------------|-------------------|---------------------|--------------------|------------------|-------------|
| Allentown | crew starts | 11 | 18 | 17 | 18 | 19 | 21 | 7 | 111 |
| | crews delayed | 6 | 3 | 8 | 3 | 5 | 6 | 2 | 33 |
| Bellevue | crew starts | 46 | 44 | 54 | 48 | 47 | 46 | 8 | 293 |
| | crews delayed | 15 | 18 | 18 | 17 | 14 | 20 | 6 | 108 |
| Buffalo | crew starts | 17 | 23 | 20 | 26 | 26 | 26 | 4 | 142 |
| | crews delayed | 3 | 5 | 3 | 6 | 3 | 10 | 0 | 30 |
| Chicago | crew starts | 33 | 33 | 36 | 29 | 41 | 35 | 14 | 221 |
| | crews delayed | 9 | 11 | 10 | 12 | 15 | 14 | 8 | 79 |
| Cincinnati | crew starts | 34 | 32 | 29 | 38 | 32 | 31 | 5 | 201 |
| | crews delayed | 11 | 15 | 12 | 13 | 11 | 9 | 1 | 72 |
| Cleveland | crew starts | 18 | 15 | 18 | 20 | 28 | 20 | 5 | 124 |
| | crews delayed | 8 | 7 | 6 | 7 | 9 | 9 | 4 | 50 |
| Conway | crew starts | 54 | 46 | 47 | 48 | 47 | 46 | 16 | 304 |
| | crews delayed | 15 | 20 | 13 | 11 | 17 | 12 | 6 | 94 |
| Detroit | crew starts | 16 | 20 | 24 | 20 | 25 | 23 | 5 | 133 |
| | crews delayed | 7 | 10 | 8 | 9 | 9 | 14 | 1 | 58 |
| Elkhart | crew starts | 38 | 39 | 34 | 38 | 39 | 41 | 17 | 246 |
| | crews delayed | 18 | 11 | 13 | 16 | 11 | 17 | 9 | 95 |
| Harrisburg | crew starts | 50 | 56 | 43 | 54 | 57 | 50 | 14 | 324 |
| | crews delayed | 8 | 12 | 13 | 18 | 24 | 18 | 2 | 95 |
| Toledo | crew starts | 55 | 50 | 51 | 54 | 48 | 56 | 24 | 338 |
| | crews delayed | 16 | 14 | 7 | 15 | 10 | 11 | 4 | 77 |

Notes:

Data source is T&E employees' "End of Trip" reporting

A summary of all "E-O-T's" where departure time is reported as two or more hours after time crew ordered.

Includes all trains for location, whether originating or run-through.

A delayed crew is one delayed two hours or more after coming on duty

NS Northern Region Daily Crew Availability Percentage

| | Saturday 18-Dec | Sunday 19-Dec | Monday 20-Dec | Tuesday 21-Dec | Wednesday 22-Dec | Thursday 23-Dec | Friday 24-Dec | average |
|---------------|--------------------|------------------|------------------|-------------------|---------------------|--------------------|------------------|---------|
| availability% | 76% | 74% | 76% | 76% | 76% | 75% | 69% | 75% |

Notes:

A "snapshot" of percent of Train and Engineman available at approximately 5:00 AM

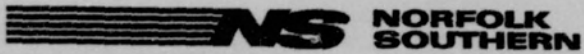
NS Northern Region Crew Starts and Recrews

| | Saturday 18-Dec | Sunday 19-Dec | Monday 20-Dec | Tuesday 21-Dec | Wednesday 22-Dec | Thursday 23-Dec | Friday 24-Dec | Grand Total |
|-------------|--------------------|------------------|------------------|-------------------|---------------------|--------------------|------------------|-------------|
| crew starts | 372 | 376 | 373 | 393 | 409 | 395 | 119 | 2437 |
| recrews | 36 | 30 | 39 | 51 | 42 | 41 | 15 | 254 |

Notes:

A summary of trains ordered by field transportation using relief crew (recrew) train symbol

Does not include recrews/trains pulled into terminals by yard crews or road crews called and used in regular service

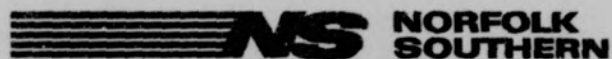


For the week ending 12/24/99

Shared Asset Area Trains Held

| area | Sat 18-Dec | Sun 19-Dec | Mon 20-Dec | Tue 21-Dec | Wed 22-Dec | Thu 23-Dec | Fri 24-Dec | Grand Total |
|--------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| North Jersey | 2 | 1 | 3 | 5 | 2 | 1 | 2 | 16 |
| South Jersey | 1 | 1 | 1 | 2 | 1 | 2 | 1 | 9 |
| Detroit | 1 | 4 | 5 | 3 | 1 | | 1 | 15 |

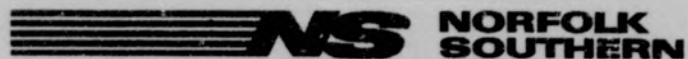
Daily number of outbound trains ready for departure that are held for line haul carriers in each of the shared asset areas for more than one hour after notification.



For the week ending 12/24/99

Shared Asset Train Origination Performance

| location | date | Trains | On time | 0-2 hours late | 2-4 hours late | 4-6 hours late | 6+ hours late |
|--------------------|--------|--------|---------|----------------|----------------|----------------|---------------|
| Detroit Total | 20-Dec | 6 | 50% | 17% | 17% | 17% | 0% |
| | 21-Dec | 6 | 67% | 0% | 0% | 17% | 17% |
| | 22-Dec | 4 | 50% | 25% | 0% | 0% | 25% |
| | 23-Dec | 1 | 100% | 0% | 0% | 0% | 0% |
| | 24-Dec | 0 | 0% | 0% | 0% | 0% | 0% |
| Detroit Total | | 17 | 59% | 12% | 6% | 12% | 12% |
| North Jersey Total | 20-Dec | 5 | 20% | 60% | 0% | 0% | 20% |
| | 21-Dec | 15 | 27% | 47% | 20% | 7% | 0% |
| | 22-Dec | 10 | 40% | 40% | 20% | 0% | 0% |
| | 23-Dec | 5 | 60% | 20% | 20% | 0% | 0% |
| | 24-Dec | 0 | 0% | 0% | 0% | 0% | 0% |
| North Jersey Total | | 35 | 34% | 43% | 17% | 3% | 3% |
| South Jersey Total | 20-Dec | 8 | 50% | 13% | 25% | 0% | 13% |
| | 21-Dec | 7 | 43% | 14% | 14% | 0% | 29% |
| | 22-Dec | 5 | 40% | 40% | 20% | 0% | 0% |
| | 23-Dec | 4 | 50% | 0% | 0% | 50% | 0% |
| | 24-Dec | 0 | 0% | 0% | 0% | 0% | 0% |
| South Jersey Total | | 24 | 46% | 17% | 17% | 8% | 13% |
| Grand Total | | 76 | 43% | 28% | 14% | 7% | 8% |



For the week ending 12/24/99

Shared Asset Area - Yard Performance

| Yard | date | Fluid Capacity | On hand -Empty | On hand - Loaded | On hand - Total | Cars handled | Average dwell |
|-----------------------|----------|----------------|----------------|------------------|-----------------|--------------|---------------|
| North Yard MI | 12/20/99 | 850 | 67 | 131 | 198 | 116 | 24.8 |
| | 12/21/99 | 850 | 53 | 128 | 181 | 245 | 19.9 |
| | 12/22/99 | 850 | 94 | 205 | 299 | 266 | 25.5 |
| | 12/23/99 | 850 | 28 | 112 | 140 | 236 | 27.2 |
| | 12/24/99 | 850 | 153 | 243 | 396 | 112 | 23.1 |
| North Yard MI Average | | 850 | 79 | 164 | 243 | 195 | 24.2 |
| Oak Island NJ | 12/20/99 | 1200 | 411 | 613 | 1024 | 407 | 74.6 |
| | 12/21/99 | 1200 | 357 | 417 | 774 | 359 | 59.9 |
| | 12/22/99 | 1200 | 496 | 551 | 1047 | 447 | 60.9 |
| | 12/23/99 | 1200 | 458 | 337 | 795 | 523 | 39.5 |
| | 12/24/99 | 1200 | 384 | 380 | 764 | 172 | 48.9 |
| Oak Island NJ Average | | 1200 | 421 | 460 | 881 | 382 | 56.7 |
| Pavonia NJ | 12/20/99 | 900 | 236 | 287 | 523 | 210 | 77.1 |
| | 12/21/99 | 900 | 179 | 79 | 258 | 426 | 24.8 |
| | 12/22/99 | 900 | 397 | 263 | 660 | 519 | 25.2 |
| | 12/23/99 | 900 | 188 | 61 | 249 | 317 | 35.9 |
| | 12/24/99 | 900 | 306 | 150 | 456 | 135 | 25.6 |
| Pavonia Average | | 900 | 261 | 168 | 429 | 321 | 34.0 |

STB

FD-33388

12-15-99

J

BUSINESS



**NORFOLK
SOUTHERN**

Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-9206
Telephone: 757 629-2730
FAX: 757 533-4824

FILE IN DOCKET

Donald W. Seale
Senior Vice President
Merchandise Marketing

December 13, 1999

Fax 413/586-9652

Mr. Robert J. Park
General Manager
Packaging Corporation of America
525 Mt. Tom Road
Northampton, MA 01060

Dear Mr. Park:

I recently received a copy of your letter to Chairwoman Morgan of the Surface Transportation Board outlining the service disruptions you have encountered over the past five months.

Regrettably, we have experienced several transitional problems in the operation of our portion of Conrail. One of our most troublesome issues has been in your area because we did not receive the direct connection trackage Conrail had prior to June 1 with the Springfield Terminal Railroad. To connect with the Springfield Terminal from our newly created system, we had to implement a new service over Canadian Pacific trackage in order to reach the ST. In the meantime, we encountered computer problems coupled with several other changes in Conrail's traffic patterns. These events led to congestion and loss of velocity over the new network.

Our recovery plans, however, have reduced the congestion that contributed to the majority of the delays you and your customers have experienced over the past few months. While the consolidation has been difficult, the improvements we have made are encouraging. Our cars on-line inventory—a key metric of fluidity—has been reduced by 14,000 cars since October. We completed the installation of a new car management computer system on the newly acquired lines last week, and we have just completed a \$13 million expansion of a Buffalo, NY yard. These capital projects, combined with diminishing seasonal traffic volume, have helped and will continue to help us make significant improvements in the service levels you expect.

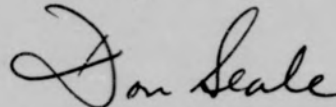
Bill Williams, NS National Account Manager, works very closely with Bernie Thomas in Lake Forest. Bill advised Bernie changed the routing from your Counce, TN mill effective October 25. Since this change, we are averaging a consistent 17.7 days in transit. Once we complete several projects, we expect to provide transit to your plant in the 10–12 day range via a more direct route than at present.

Mr. Robert J. Park
Page Two
December 13, 1999

In regard to the specific cars referenced in your letter, we actually handled only two: ATW 102496 on June 28 and KCS 160041 on July 15. Based on the age of these cars, we are unable to obtain complete car records, but based on our experience during this period, you undoubtedly suffered from our performance. We truly regret these events occurred.

Norfolk Southern is committed to providing the reliable service to which you have grown accustomed in recent years. PCA is a valued customer, and we appreciate not only your business but also your patience throughout the past several months. We are confident you will see a measurable difference in our service in the very near future.

Sincerely,



Donald W. Seale
Senior Vice President
Merchandise Marketing

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

Mr. Mel Clemens, Director
Office of Compliance and Enforcement
U.S. DOT/Surface Transportation Board
1925 K Street, NW - Suite 780
Washington DC 20423-0001

The Honorable Edward M. Kennedy
Room 315 - Russell Senate Office Building
Washington DC 20510

The Honorable John F. Kerry
Room 304 - Russell Senate Office Building
Washington DC 20510

The Honorable John W. Olver
Room 1024 - Longworth House Office Building
Washington DC 20515-2101

November 17, 1999



Ms Linda Morgan, Chairman
Surface Transportation Board
Washington, DC

Dear Ms. Morgan:

My name is Robert Park, and I am the General Manager of Packaging Corporation of America's Plant in Northampton, MA. My plant is served by the Guilford line which connects with both the CSX and Norfolk Southern railroads.

I am writing this letter to let you know that the recent acquisition of Conrail by the (Norfolk Southern Railroad and CSXT Transportation) has caused, and is continuing to cause, a major disruption to our ability to service our customers. Before the Conrail acquisition, our average rail transit time from Tennessee to Northampton, MA was 12 to 14 days. Since the acquisition the average transit time has increased to 23 to 25 days, or roughly twice as long!

This is an example of how in-transit times have been getting longer over the past six months. All examples below are from Counce, TN to Northampton, MA. Arrival Date is the date that it gets to the Northampton Plant.

| <u>RAILCAR</u> | <u>DEPARTURE DATE</u> | <u>ARRIVAL DATE</u> | <u>TIME INTERVAL</u> |
|----------------|-----------------------|---------------------|----------------------|
| MDR 8181 | 9/07/99 | 10/01/99 | 24 DAYS |
| KCS 749260 | 9/19/99 | 10/11/99 | 23 DAYS |
| NOKL 8775 | 9/16/99 | 10/11/99 | 26 DAYS |
| KCS 107395 | 9/15/99 | 10/11/99 | 27 DAYS |
| CSLT 141998 | 9/19/99 | 10/11/99 | 23 DAYS |
| ATW 102496 | 6/28/99 | 7/19/99 | 32 DAYS |
| KCS 160041 | 7/15/99 | 8/09/99 | 25 DAYS |
| WLG 5651 | 6/07/99 | 7/08/99 | 31 DAYS |
| WLG 5471 | 6/10/99 | 7/19/99 | 39 DAYS |

Because of the very long transit time, our corporate office has been forced to seek out truck transportation, at considerable additional expense, to keep our facility operating. In addition, we have inconvenienced our customers, on occasion, because we delivered late due to the railroads inability to deliver on a timely basis.

It appears to us that the current poor service levels will not improve until sometime in the year 2000. Therefore, we are asking the Surface Transportation Board to take whatever action necessary to correct this unfortunate situation as quickly as possible.

Regards:

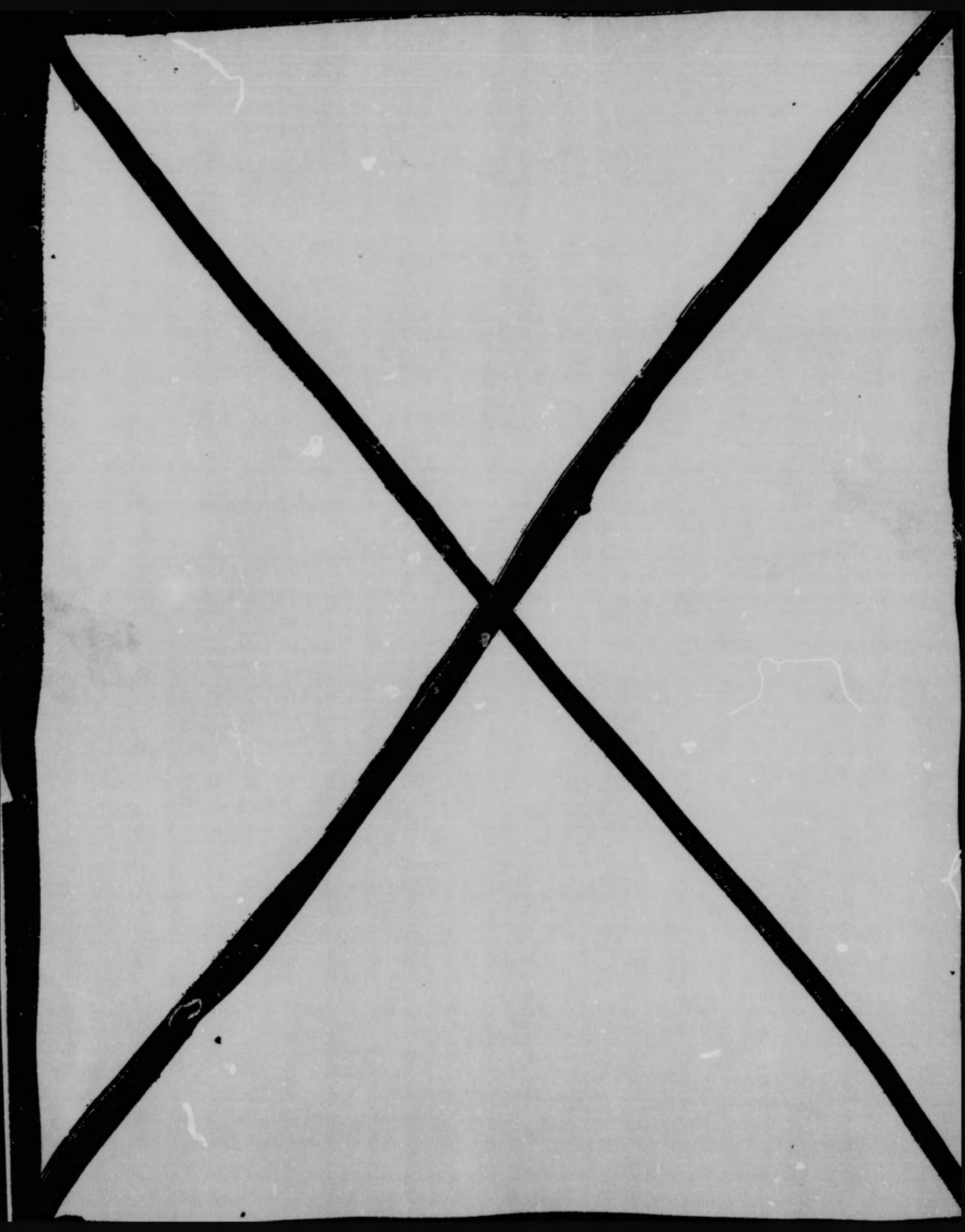
Robert J. Park
Robert J. Park
General Manager

cc: U.S. Senator Edward Kennedy
U.S. Senator John Kerry
U.S. Representative John Olver
B.J. Thomas - Lake Forest, IL
Dwight G. Ebeling - Northampton, MA

OFFICE OF COMPLIANCE
AND ENFORCEMENT
DIRECTOR'S OFFICE

Dec 6 7 42 AM '99

RECEIVED
SURFACE TRANSPORTATION
BOARD



STB FD

33388

12-14-99

J

BUSINESS



Ronald J. Conway
President

500 Water Street, J120
Jacksonville, FL 32202
(904) 359-7695
Fax: (904) 366-5023

December 9, 1999

FILE IN DOCKET

70-33388

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

Dear Chairman Morgan:

This letter is written in response to your request to Messrs. Goode and Snow for information concerning the efforts of Norfolk Southern and CSXT to cooperate operationally since the June 1 Split Date.

Recognizing that neither CSXT nor NS can completely solve our respective operating problems by ourselves, each of us has sought and been accorded accommodations by the other on numerous occasions. These instances of working together in a spirit of cooperation include the following:

1. Technology Systems - Both companies have worked together to resolve computer file issues that determine car flow instructions and to minimize the impact of operating problems arising from technology issues in both the Shared Asset Areas and throughout the former Conrail system.
2. Communications - Both companies have opened new lines of communication and established routines to escalate "hot" issues quickly to key decision makers. Recognizing that quick decisions can improve operational problems, NS and CSXT network operations have installed new hot lines between the Atlanta and Jacksonville centers. Improvements in network operations across interlockings (e.g., Ashtabula) and at key junction points (Porter and 63rd Street in Chicago) have improved with this communication. Additionally, NS and CSXT remain committed to closely monitoring Chicago area operations between us and to all Chicago area railroads (twice daily AAR calls with Superintendents and the recent establishment of the Centralized Transportation Coordination Office).

The Honorable Linda J. Morgan
Page Two
December 9, 1999

3. Temporary Operational Accommodations - Both companies have, on a tactical basis, agreed to take trains to switch when network yards have become congested. NS has helped CSXT at Buckeye, Elkhart and Pittsburgh. CSXT has helped NS at Buffalo and Toledo. In addition, there are numerous instances in which each railroad has helped the other on a temporary basis through detour and other arrangements to overcome transitory operating problems.

Earlier this fall, CSXT and NS exchanged correspondence outlining the issues/problems each railroad was having with the other. We are pleased to report that the great majority of those items have now been satisfactorily resolved and that we are continuing to work through the remaining issues.

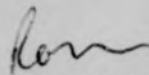
4. CP Draw at Buffalo - As will be reported in more detail in later correspondence, NS and CSXT have begun the planning work that may lead to an additional bridge across the Buffalo River at CP Draw, which would help with any congestion in that area.

5. Service Design Accommodations - Both companies have determined the benefits of making blocks, building trains and developing communications for relaying trains and through power at key interchanges on our respective networks.

6. Permanent Agreements Progressed - Both companies have progressed a number of new permanent agreements to cover trackage rights, coordination of facilities, and interchange of traffic. Examples include CSXT-NS-CN agreements for Buffalo area and Detroit area traffic; facility and yard agreements in the Ashtabula area and Chicago's 59th Street; and yard interchange agreements in Philadelphia and Cleveland.

CSXT and Norfolk Southern fully expect to extend the spirit of cooperation into the Year 2000 as operating conditions may require. In addition, we are also looking at the possibility of arriving at some mutually beneficial and balanced permanent accommodations that each of us can make with respect to the other in order to improve our respective networks.

Very truly yours,



Ronald J. Conway
President

cc: Mr. John W. Snow
Mr. David R. Goode

STB

FD-33388

12-13-99

J

STATELEG



Ohio Senate
Senate Building
Columbus, Ohio 43215
614/466-0626
614/466-4250 fax

Committees:
Highways and Transportation
Chairman
Education
Human Services and Aging
Judiciary

FILE IN DOCKET

Scott Oelslager
State Senator
29th District

December 9, 1999

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

Dear Ms. Morgan:

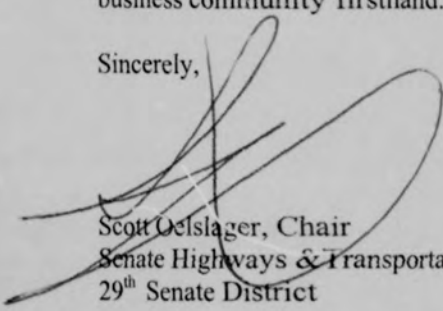
As the chairs of the Senate and House Transportation Committees, we would like to encourage your attendance to a joint committee meeting on December 16, 1999 from 1:30 PM to 7:00 PM in Huron, Ohio to address the problems stemming from the CSX/Norfolk Southern acquisition of Conrail.

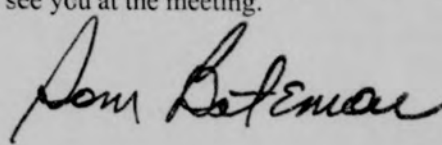
Unfortunately, the increase in rail traffic has led to blocked intersections. Paramedics, police officers, firefighters and other safety personnel have been unable to respond to emergencies in a speedy and efficient manner. Our agricultural industry has also experienced many problems in shipping grain and other products.

Enclosed you will find a copy of the meeting's agenda and the directions to the Firelands Campus of Bowling Green State University, where the meeting will be held.

We believe that it would be very beneficial for you to hear the concerns of Ohio's residents and business community firsthand. We hope to see you at the meeting.

Sincerely,


Scott Oelslager, Chair
Senate Highways & Transportation Committee
29th Senate District


Sam C. Leman, Chair
House Transportation & Public Safety Committee
71st House District

Enclosures



Ohio Senate
Senate Building
Columbus, Ohio 43215
614/466-0626
614/466-4250 fax

Committees:
Highways and Transportation
Chairman
Education
Human Services and Aging
Judiciary

Scott Oelslager
State Senator
29th District

*****REVISED*****
COMMITTEE NOTICE

TO: Members, Senate Highways and Transportation Committee

FROM: Senator Scott Oelslager

DATE: November 9, 1999

RE: Committee meeting, December 16, 1999
BGSU, Firelands Campus
North Building
1:30 PM to 7:00 PM

**** Joint Committee meeting of Senate Highways and Transportation Committee
and House Transportation and Public Safety Committee ****

Discussion of the CSX/Norfolk Southern merger and its effect in Ohio

Directions attached



Ohio Senate
Senate Building
Columbus, Ohio 43215
614/466-0626
614/466-4250 fax

Committees:
Highways and Transportation
Chairman
Education
Human Services and Aging
Judiciary

Scott Oelslager
State Senator
29th District

MEMORANDUM

TO: Senate Highways and Transportation Committee

FROM: Senator Oelslager, Chair

DATE: December 2, 1999

RE: Joint Committee meeting -- December 16, 1999
1:30 PM to 7:00 PM
To discuss the impact of the NS/CSX acquisition of Conrail

AGENDA

Below please find the list of available times for interested parties to testify

| | |
|-------------|--|
| 1:30 - 2:45 | Elected officials |
| 2:45 - 3:30 | Community members |
| 3:30 - 4:15 | Rail Customers |
| 4:15 - 4:30 | Break |
| 4:30 - 5:15 | Short Lines |
| 5:15 - 6:00 | Rail Labor |
| 6:00 - 7:00 | General comment; others wishing to testify |

*****PLEASE LIMIT TESTIMONY TO 5 MINUTES*****
PLEASE PROVIDE 40 COPIES OF WRITTEN TESTIMONY

DIRECTIONS TO BGSU-FIRELANDS COLLEGE
ONE UNIVERSITY DRIVE
(901 RYE BEACH ROAD if you are using an Internet mapping service)
HURON, OHIO 44839
419-433-5560
www.firelands.bgsu.edu

FROM THE WEST:

OPTION ONE:

- 1) Turnpike East to Route 4 Exit
- 2) Route 4 North to Route 2 East
- 3) Route 2 East to Rye Beach Road Exit
- 4) Right off exit onto Rye Beach Road
- 5) Cross RR tracks; BGSU-Firelands is a few hundred feet on the right

OPTION TWO:

- 1) Route 6 East to Route 2 East
- 2) Route 2 East to Rye Beach Road Exit
- 3) Right off exit onto Rye Beach Road
- 4) Cross RR tracks; BGSU-Firelands is a few hundred feet on the right

OPTION THREE:

- 1) Route 30 East to Route 4 Exit
- 2) Route 4 North to Route 2 East
- 3) Route 2 East to Rye Beach Road Exit
- 4) Right off exit onto Rye Beach Road
- 5) Cross RR tracks; BGSU-Firelands is a few hundred feet on the right

FROM THE EAST:

OPTION ONE:

- 1) 90 West to Route 2 West
- 2) Route 2 West to Rye Beach Road Exit
- 3) Left off exit onto Rye Beach Road
- 4) Cross RR tracks; BGSU-Firelands is a few hundred feet on the right

OPTION TWO:

- 1) Turnpike West to Route 250 Exit
- 2) 250 North to Route 2 EAST
- 3) Route 2 EAST to Rye Beach Road Exit
- 4) Right off exit onto Rye Beach Road
- 5) Cross RR tracks; BGSU-Firelands is a few hundred feet on the right

OPTION THREE:

- 1) 76 (or 30) West to 250 North
- 2) 250 North to Route 2 EAST
- 3) Route 2 EAST to Rye Beach Road Exit
- 4) Right off exit onto Rye Beach Road
- 5) Cross RR tracks; BGSU-Firelands is a few hundred feet on the right

DIRECTIONS TO BGSU-FIRELANDS COLLEGE
ONE UNIVERSITY DRIVE
(901 RYE BEACH ROAD if you are using an Internet mapping service)
HURON, OHIO 44839
419-433-5560
www.firelands.bgsu.edu

FROM THE SOUTH:

OPTION ONE (from Columbus):

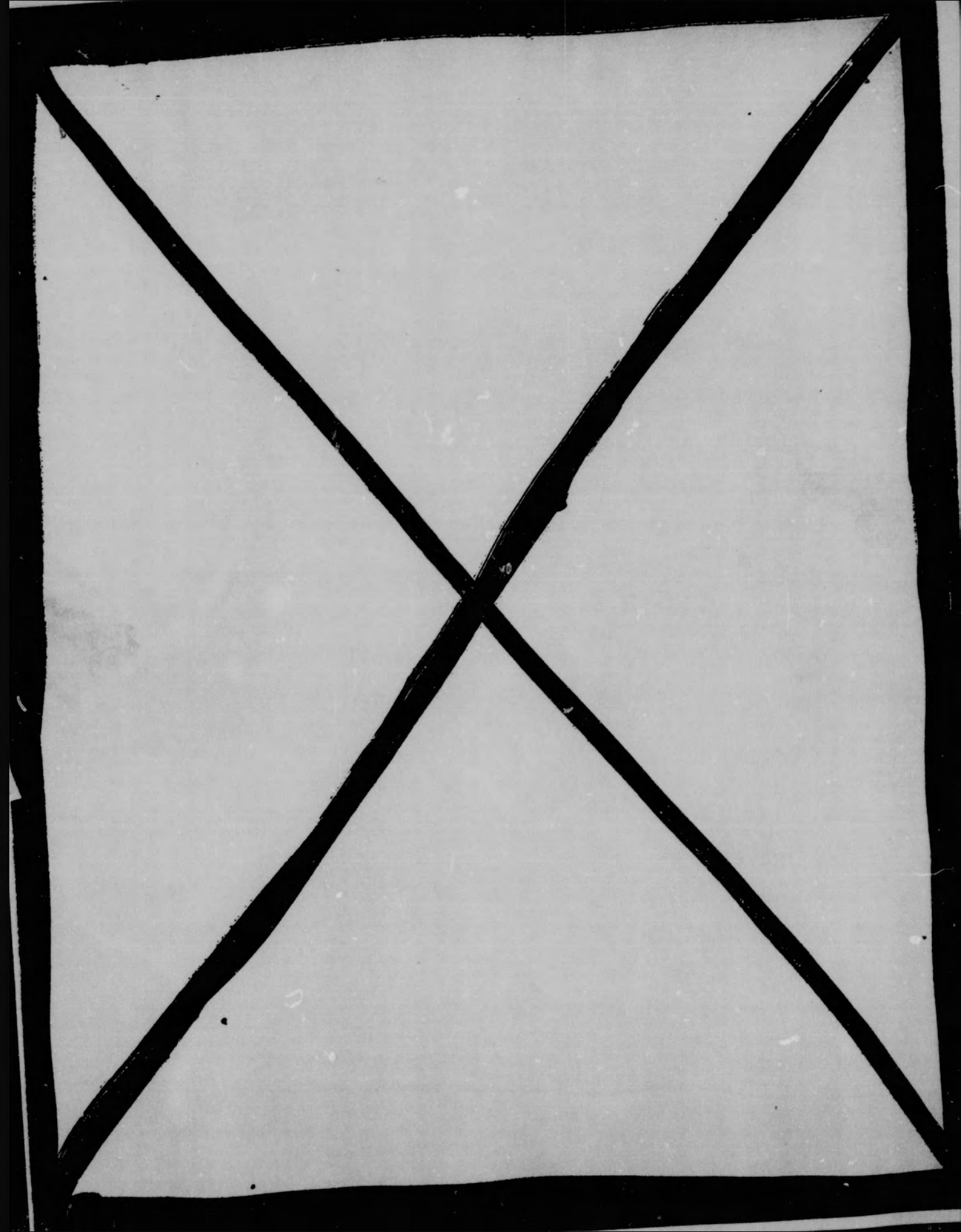
- 1) 23 North to Route 4 North
- 2) Route 4 North Route 2 East
- 3) Route 2 East to Rye Beach Road Exit
- 4) Right off Rye Beach Road Exit
- 5) Cross RR Tracks; BGSU-Firelands is a few hundred feet on the right

OPTION TWO (from Cincinnati):

- 1) 71 North to 270 West
- 2) 270 West to 23 North
- 3) 23 North to Route 4 North
- 4) Route 4 North to Route 2 East
- 5) Route 2 East to Rye Beach Road Exit
- 6) Right off Rye Beach Road Exit
- 7) Cross RR Tracks; BGSU-Firelands is a few hundred feet on the right

OPTION THREE (from other points South):

- 1) 23 (or 33) North to 270 West
- 2) 270 West to 23 North
- 3) 23 North to Route 4 North
- 4) Route 4 North to Route 2 East
- 5) Route 2 East to Rye Beach Road Exit
- 6) Right off Rye Beach Road Exit
- 7) Cross RR Tracks; BGSU-Firelands is a few hundred feet on the right



STB

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33388

12-13-99

J

BUSINESS



One James Center
Richmond, Virginia 23219
(804) 782-1434

John W. Snow
Chairman, President
Chief Executive Officer

December 13, 1999

By Fax and U.S. Mail

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

Re: Service in Buffalo Area

Dear Chairman Morgan:

On November 5, 1999, you wrote to me on the general topic of service concerns in the Buffalo, New York area. Your letter was occasioned by the October 18 meeting that you and various members of the New York Congressional delegation had attended in Buffalo with representatives of CSXT and Norfolk Southern.

In your November 5 letter you asked for responses to a number of issues of concern to rail patrons in the Buffalo area. For our part, we responded as requested to a number of those queries by including relevant information in our periodic Operational Monitoring Reports. The first such response was made with the report filed on November 24, 1999 and our other responses followed in due course in later reports. Attached is a listing (keyed to the paragraphs of your November 5 letter) which describes the manner in which we responded to the issues raised in your letter.

One matter of primary significance to you, the Board, rail patrons in the Buffalo area, CSXT and Norfolk Southern is the situation at CP Draw. I am pleased to report that the parties are cooperating quite well on that subject. Under separate cover, senior operating officers of Norfolk Southern and CSXT are submitting a joint letter, which includes an NS report that details a preliminary assessment of what needs to be done in this regard, together with a statement of the contingencies that surround success of the project.

I believe it is fair to say that the cooperation between CSXT and Norfolk Southern has flourished over the past several months of our respective operational difficulties and is beginning to bear significant fruit. We look forward to the Year 2000 with great anticipation as the period during which the synergies of our Conrail transaction will become manifest.

FILE IN DOCKET

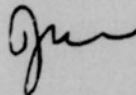
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FACILITY TRANSPORTATION
BOARD
DEC 13 7 11 PM '99

The Honorable Linda J. Morgan
December 13, 1999
Page Two

I wish you all the best for a very happy holiday season.

Sincerely,

A handwritten signature in dark ink, appearing to be "Jm" or similar, written in a cursive style.

/dke

cc: Ronald J. Conway
David R. Goode

**CSXT Responses to Chairman Morgan's
Letter of November 5, 1999
Concerning Service in the Buffalo Area**

The following traces the form in which responses were made to the various paragraphs of Chairman Morgan's November 5 letter:

- (Paragraph 2) Report on Buffalo infrastructure improvements to be included in the regular December 1, 1999 CSXT Operational Monitoring Report: This was done December 1. We reported that by the end of 1999 we will have made capital expenditures in the Buffalo area of approximately \$2.3 million and we related the projects which comprised those capital expenditures. Updates of Buffalo capital expenditures will be made in future monthly operational monitoring reports as requested by Chairman Morgan.
- (Paragraph 3) Information was requested on cooperative efforts being taken between and among carriers to assist with service improvement in the Buffalo area: A brief, general paragraph on this subject was included in a regular report from CSXT to Mr. Clemens of the STB dated and filed on December 1, 1999. As developments of significance occur, they will be included in future reports.
- (Paragraph 3) There was a request that formal contacts be established by CSXT and NS who would communicate regularly to promote cooperation and coordination in Buffalo: This was done by a letter dated December 1 from CSXT to NS, with Mr. Clemens of the STB having been copied on the letter.
- (Paragraph 3) A biweekly report (beginning December 1, 1999) was requested on progress in improving traffic flows and clearing congestion in the Buffalo area: This was done in the December 1 Operational Monitoring Report and will be continued in future reports.
- (Paragraph 3) A request was made for information on winter operations in Buffalo: This was supplied in a December 1 letter from CSXT to Mr. Clemens of the STB.
- (Paragraph 4) A report was requested about CSXT's toll free customer "hot line": Such a report was made by CSXT to Mr. Clemens of the STB by letter dated November 24, 1999, and updates have been and will continue to be made as to the use of the "hot line" in periodic STB Operational Monitoring Reports.
- (Paragraph 5) A request was made to include information on technology problems encountered in the Buffalo area beginning with the Operational Monitoring Report for December 1, 1999: Such a report was made in the December 1, 1999 Operational Monitoring Report. The response was to the effect that IT problems are not specific to Buffalo or any other particular area, and that CSXT has worked through most of the problems it was having early on in the integration process.

- (Paragraph 6) Information was requested about the CSXT claims process: This information was supplied to Mr. Clemens of the STB by CSXT by letter dated December 1, 1999.
- (Paragraph 8) A report was requested by December 1, 1999 on cross border and economic development activities undertaken by CSXT in the Buffalo area: Such a report was made in a letter from CSXT to Mr. Clemens of the STB dated December 1, 1999.

s:\staff\Maxwell\CR Post Split\CSXT Response to Morgan (Buffalo) 99Dec10

CSX
CORPORATION

One James Center
Richmond, VA 23219
(804) 782-1400

FACSIMILE TRANSMISSION

DATE: December 13, 1999

TO: Linda Morgan

COMPANY NAME **FAX NUMBER**
202-565-9015

FROM: Debbie Ellison for John Snow

MESSAGE:

TOTAL NUMBER OF PAGES: COVER + 4

TIME TRANSMITTED: _____ **RECEIPT VERIFIED:** _____

IF RETRANSMISSION IS REQUIRED, CALL:
(804) 782-1529

CSX FAX: (804) 782-6734

CONFIDENTIALITY NOTICE: The documents accompanying this telecopy transmission contain confidential information belonging to the sender which is legally privileged. The information is intended only for the use of the individual or entity named above. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or the taking of any action in reliance on the contents of this telecopied information is strictly prohibited. If you have received this telecopy in error, please immediately notify us by telephone to arrange for return of the original documents to us.

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12-13-99

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UNION



Office of the Chairman

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

FILE IN DOCKET

JD-33388

December 13, 1999

Mr. John Kidd
P.O. Box 1991
St. Albans, WV 25177

Dear Mr. Kidd:

Thank you for sending me a copy of your letter to the officers of the Transportation Communications Union (TCU). As I understand it, there is a question as to whether certain clerical positions at CSX Transportation (CSXT) will remain in Pennsylvania or be transferred to Florida, and how this issue is to be resolved relative to the prior understanding that you had about those positions.

As you know, the Surface Transportation Board (Board) encourages the resolution of such issues through negotiation, and I hope that this matter can be resolved privately. Because this matter could go to arbitration and could come before the Board on appeal, it would be inappropriate for me to comment on the merits of the case.

I appreciate your interest in this matter. I trust that TCU, CSXT and the employees will arrive at an appropriate resolution.

Sincerely,

Linda J. Morgan

cc: Mr. John Snow
Chairman, President, and
Chief Executive Officer
CSX Corporation

December 7, 1999

FILE IN DOCKET

Mr. Robert A. Scardelletti
International President
Transportation Communication Union
TCU International Headquarters
3 Research Place
Rockville, MD 20850

Mr. Anthony Santoro
General Chairman
Transportation Communication Union
System Board 86

Mr. Jim Ponigar
Vice Chairman
Transportation Communication Union
System Board 86

Mr. Donald Wisebarth
District Chairman
Transportation Communication Union
System Board 86

ATTN: MARY
SECRETARY FOR
CHAIRMAN
LINDA MORGAN
S.T.B.

CHAIRMAN MORGAN

DEC 8 2 05 PM '99

RECEIVED
SURFACE TRANSPORTATION
BOARD

Dear Sirs:

We, the undersigned members of the TCU, are writing this letter in regard to the "CSXT Issue" - referring to the intentions of the CSXT Railroad Corporation leaving TCU membership (former Conrail employees) housed at the NCSC in Pittsburgh, PA. We are aware that the NCSC Implementing Agreement calls for the CSXT Railroad to transfer these employees and their jobs to the NCSC in Jacksonville, FL.

It has been indicated to us by various CSXT employees of these intentions, including Corporate Manager David Rohal who met with Mr. Santoro and Mr. Ponigar to discuss the possibility of leaving the clerical position in Pennsylvania.

We, the undersigned, believe that if these positions are left in Pittsburgh, PA, that all members of TCU who had the opportunity on Roll-Down Day to select positions with either the CSXT, Norfolk Southern, or Shared Assets Group, be given the right to select one of these positions in seniority order. It is our opinion that if we are not given the right to these positions, it would be considered not only an illegal infraction of the Implementing Agreement, but a gross and immoral violation of ethics. We, the undersigned, have and do petition the Transportation Communications Union and its duly sworn officers to take the proper actions required in our constitution and bylaws to protect all dues-paying members of the TCU.

Further correspondence will be forthcoming.

Sincerely,

Bruce J. Aker
Yvonne Betts
John Bobock
James C. Bolek
Lois Brannom
Chris Catafa
Kevin Chandler
L. C. Doucisen
Candy Eccard
Lew Faugara
Nancy P. Gale
Rose Marie Ghesti^{857L}
Linda Heron
John B. Kidd
R. J. Kownard
Kathryn Lee
Daniel McDonald
Daniel R. McMillion
Chuck Meganille
Norcen Muha
Steve Palko, Jr.
Louie Russo
Sighard Sahling
Sanford Schell
Timothy C. Solomon
David Stephens
Gary Stoddard
Jim Tellirico
Shirley Tillman
Deborah J. Webb

(Additional names will be in added from employees at Conway, PA, Waynesburg, PA and, possibly, Atlanta, GA.)

Copy: Mr. John Snow, CEO
CSXT Corporation
Richmond, VA

Mr. David Rohal, AVP
CSXT Corp.
Jacksonville, FL

Mr. Lamar Jacks
Assistant General Manager
CSXT Corp.
Jacksonville, FL

Mr. Ron Conway
Corporate Director
CSXT Corp.
Jacksonville, FL

Mr. Jack Piatak
Corporate Director
CSXT Corp.
Jacksonville, FL

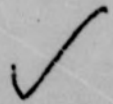
Mr. Fran _____
Labor Relations Director
CSXT Corp.
Jacksonville, FL

Ms. Paula Steffan
Labor Relations Director
CSXT Corp.
Jacksonville, FL

Mr. Gerry Gates
Corporate Director
CSXT Corp.
Jacksonville, FL

Mr. Carl Yount
General Manager
NCSC
Pittsburgh, PA

Ms. Linda Morgan, Director
Surface Transportation Board
Washington, DC



STB FD

33388

12-09-99

J

BUSINESS



Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191
Telephone (757) 629-2610
Facsimile (757) 629-2306

FILE IN DOCKET

70-33388

David R. Goode
Chairman, President and
Chief Executive Officer

December 7, 1999

VIA FACSIMILE

Chairman Linda J. Morgan
Office of the Chairman
Surface Transportation Board
Washington, D.C. 20423-0001

Dear Chairman Morgan:

Several weeks ago, you asked John Snow and me to keep you informed of progress in arriving at areas of cooperation and mutual accommodation to address service issues. In response to that request, I am attaching a brief summary of some of the more significant ways in which Norfolk Southern has worked with CSX to alleviate congestion and address service issues on CSX's system. I believe John will be sending you a similar list describing ways in which CSX has cooperated with NS. I think each carrier has demonstrated an ability to accommodate the other's needs during these difficult months and we at Norfolk Southern certainly appreciate the assistance provided to date by CSX.

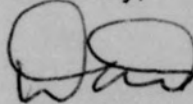
The attachment is not an exhaustive list of every cooperative action taken. Most of the arrangements described in the attachment are temporary operating accommodations intended to help CSX handle new traffic flows and relieve congestion, allowing CSX time to make adjustments in its system that may be required to handle the new traffic patterns. These arrangements often are handled at the field level by our respective operating officers who are familiar with the territories involved. While our approach has been to work with CSX and provide temporary assistance wherever and whenever we can do so without adversely affecting service to our existing customers, such assistance must come to an end in the not too distant future. We have our own system to run, including plans to grow our business. We require the resources currently devoted to assisting CSX to meet our own needs.

This does not mean an end to all cooperation between NS and CSX. As you know, railroads have always cooperated with one another to provide emergency and other operating assistance on an as-needed basis. This kind of help, which occurs daily at the field level, has continued between NS and CSX since June 1 and will of course continue.

Again I want to emphasize that this has not been a one-way street. We gratefully acknowledge the assistance CSX has given us since June 1, particularly during the early months as we experienced difficult growing pains. We continue to appreciate CSX's willingness to permit our use of secondary routes between Columbus and Crestline/Toledo. As you know, this enables us to reduce congestion while we make substantial infrastructure improvements to our own line which will improve overall capacity in central Ohio. In the same spirit, Norfolk Southern's operating officers continue to make special efforts to help relieve the congestion which has recently developed on CSX.

I will continue to keep you apprised of our progress.

Sincerely,

A handwritten signature in black ink, appearing to read "David R. Goode". The signature is stylized with a large, rounded "D" and a prominent "G".

David R. Goode

cc: John Snow

Norfolk Southern Operating Assistance Provided to CSXT

A. Car Classification for CSXT

In November, NS classified approximately 2,000 cars at the request of CSXT in order to relieve congestion on the CSXT system and in the SAA.

Allentown Yard (Allentown, PA) – NS receives the cars from CSXT at Oak Island. The cars are classified at Allentown, and forwarded on NS trains to destinations or re-interchanged to CSXT at Hagerstown, MD or other points.

Buckeye Yard (Columbus, OH) – NS receives the cars at Buckeye from CSXT, and classifies them at Buckeye for various CSXT destinations. Cars are forwarded from Buckeye in NS trains or interchanged to CSXT.

Conway Yard (Pittsburgh, PA) – NS receives the cars at New Castle, PA from CSXT, and hauls them to Conway Yard. Cars are classified at Conway, and forwarded in NS trains for delivery to CSXT, SAA, and NS points.

Elkhart Yard (Elkhart IN) – NS receives the cars from CSXT at Cleveland, Toledo, or Fort Wayne, and hauls them to Elkhart. Cars are classified at Elkhart and included in NS trains for delivery to western connections.

B. Switch Trains

NS is accepting switch trains to accommodate CSXT's use of NS classification yards. These trains are operated as CSXT detour trains with NS crews.

Below are the routes that these trains are taking:

Cleveland – Toledo – Elkhart (240 miles)

Fort Wayne – Elkhart (75 miles)

Cincinnati – Columbus (125 miles)

Oak Island – Allentown (85 miles)

Allentown – Hagerstown (165 miles)

New Castle, PA – Conway (30 miles)

In addition, NS hauls detour cars in NS trains out of four yards: Elkhart, Allentown, Buckeye and Conway. The cars are moved out of the yards to a variety of destinations.

C. Overhead Detours

NS is accepting trains from CSXT to go across NS, reducing line-of-road congestion. These trains are operated as CSXT detour trains with NS crews. Below are the routes that these trains are taking:

Cincinnati – Columbus (125 miles)

Oak Island – Hagerstown (250 miles)

Cleveland – Chicago (350 miles)

D. Emergency Waivers

NS has temporarily waived various contractual rights in order to assist CSXT. Included in these are the following:

CN Movement of CSXT Traffic via NS

NS is allowing Canadian National to use its trackage rights over NS between Trenton, MI and Toledo, OH to move expedited General Motors auto parts traffic to and from CSXT. These special, restricted rights arguably do not permit this move, but in order to accommodate GM, Norfolk Southern has not raised this issue.

Oak Island Interchange

NS agreed to temporarily accept traffic at Oak Island from CSXT that would otherwise be delivered to NS at Hagerstown by waybill routing. This reduces the distance CSXT must haul the cars by 320 miles.

Chicago – Berea Haulage Extension

Norfolk Southern hauls trains for CSXT between Chicago and Berea, OH. To help reduce demand on CSXT crew resources, Norfolk Southern is temporarily hauling these trains an additional distance, between Berea and Cleveland. In the past, Norfolk Southern has also delivered and accepted haulage trains at CSXT's Collinwood yard, an additional distance east of Berea, which has likewise helped conserve CSXT crew resources. Although in the initial months we were not always able to operate the trains contemplated by the interim haulage agreement due to congestion or lack of power or crews, we are now hauling high priority UPS trains under this arrangement, thus enabling CSXT to meet service commitments while not creating additional congestion on its own railroad.

Fairlane, OH Pickups

NS has allowed CSXT haulage train NPSE to pick up multilevels at Fairlane, OH (Ford plant) en-route to Cleveland. While this pickup is not permitted under the haulage agreement, NS is allowing so that CSXT may save a crew that would otherwise have to be dedicated to a local train from Cleveland to Fairlane.

NYSW Detours

NS has temporarily allowed New York, Susquehanna and Western to use its trackage rights over NS between Binghamton, NY and Warwick, NY (175 miles) to haul CSXT trains between Syracuse and Northern New Jersey. More than 150 CSXT trains have used this route to date.

E. SAA Cooperation

The two carriers are assisting each other with traffic within and from the Shared Asset Areas to keep traffic flowing.

For example, when CSXT cars are misrouted to Norfolk Southern, NS hauls the cars to an appropriate CSXT interchange instead of returning them to the SAA. CSXT does the same when mistakenly given NS cars.

In the Philadelphia/South Jersey SAA, NS has pulled CSXT empties at the Palermo, NJ power plant in order to keep this plant supplied with coal. NS crews have also hauled CSXT hoppers out of Carney's Point in the SAA for coke reloading within the Philadelphia/South Jersey SAA. NS has also pulled CSXT hoppers at PECO's Eddystone power plant (near Philadelphia) in order to keep the plant supplied with (NS delivered) coal.

NS has also expedited auto-parts shipments that were misrouted by CN for CSXT to assembly plants within the SAA in order to keep those plants in operation.

F. Other Cooperation

Norfolk Southern has worked with CSXT in a number of instances which could be characterized as more routine, i.e. circumstances in which cooperation between railroads occurs in the absence of problems created by an underlying consolidation. Examples include the following:

Buffalo

NS is helping ease CSXT congestion in Buffalo by metering interchange to Frontier yard, and holding trains out of Buffalo until CSXT can take them.

During June and early July, NS and CSXT cooperated to interchange substantial volumes of misrouted SAA traffic at Buffalo.

Norfolk Southern and CSXT are cooperating to examine possible alternatives to the current sharing of CP Draw in Buffalo. Project plans and goals have been discussed, and a joint field inspection is being held in Buffalo in early December.

Chicago

Norfolk Southern and CSXT are cooperating to expedite track reconstruction in Chicago. This reconstruction will enable NS to vacate a track in Chicago, allowing CSXT to convert this track into an extended lead for its 59th Street Intermodal Terminal.

Norfolk Southern and CSXT are cooperating to reconfigure CSXT's connection to the Norfolk Southern Chicago Line at CP 501. CSXT desires this connection in order to avoid having waiting trains fouling the B&OCT (CSXT) mainline at Clarke Junction.

NS is allowing CSXT to operate bare-table intermodal trains with its own crews from other intermodal terminals in Chicago via NS tracks to CSXT's 63rd Street intermodal terminal, which is leased from NS. These trains traverse the busiest part of our Chicago terminal, using tracks that are NS's main connections with western carriers. CSXT does not have trackage rights over the portion of NS trackage west of 63rd Street, and so these trains are being operated as a temporary, short-term accommodation to CSXT.

Columbus

Norfolk Southern and CSXT are working together to reconfigure their tracks in downtown Columbus in order to accommodate a state highway project. This project, which previously involved only Conrail, will speed trains through downtown Columbus while accommodating civic desires.

Cleveland

To expedite traffic to CSXT at Cleveland, NS has dedicated tracks in its Whiskey Island yard for direct CSXT interchange of new reciprocal switch traffic. This allows CSXT traffic from Cargill at Whiskey Island to bypass Rockport Yard.

Hurricane Floyd Detours

NS accepted detoured freight trains off of CSXT after Hurricane Floyd, enabling CSXT to resume north-south service before its mainline was restored. Norfolk Southern also handled Amtrak trains that are scheduled to use the CSXT route.

Coal

NS and CSXT are working together to maximize productivity in the Monongahela Coal Fields. NS expeditors work with their CSXT counterparts to delay or advance loadings to maximize mine and loading productivity.

After four months of successful cooperative operation, Norfolk Southern and CSXT recently finalized an operating agreement for the Ashtabula Coal Docks. While Norfolk Southern owns the dock, CSXT has rights to use up to 42% of the capacity of the dock. The agreement is structured to maximize the total capacity of the dock, to benefit both carriers and the customers using the dock.

CSXT interchanges northbound loaded coal trains to Norfolk Southern at Harrisburg, using trackage rights over NS from Lurgan, PA. When CSXT trains outlaw en-route to Harrisburg, NS has crewed these trains for the rest of the trip. NS has also moved coal trains from CSXT at Lurgan that are supposed to be interchanged at Harrisburg.

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12-08-99

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BUSINESS



Office of the Chairman

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

FILE IN DOCKET

JD-33388

December 8, 1999

Mr. Donald W. Seale
Senior Vice President
Merchandise Marketing
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510-2191

Dear Mr. Seale:

Over the past few weeks, I have received copies of letters that you have sent to Norfolk Southern (NS) customers and others, including Senator Santorum, PPG Industries, and the Fort James Corporation. All of these letters represent NS's response to various concerns raised by these parties regarding rail service issues. I very much appreciate your keeping me informed on these matters. I know that NS is as committed as the Board is to a successful implementation of the Conrail transaction, and I assure you that the Board will continue to work with you constructively to that end.

Thank you for your attentiveness. I look forward to continuing to work with you and your company on these and other important matters.

Sincerely,

Linda J. Morgan
Linda J. Morgan

cc: Mr. David Goode
Chairman, President and CEO



Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191
Telephone: 757 629-2730
FAX: 757 533-4824

Donald W. Seale
Senior Vice President
Merchandise Marketing

December 2, 1999

VIA FAX 412/434-4170

Ms. Margaret McGrath
Vice President Purchasing & Distribution

Mr. Rae R. Burton
Vice President Chlor Alkali & Derivatives

Mr. Richard B. Leggett
Vice President Flat Glass
PPG Industries, Inc.
One PPG Place
Pittsburgh, PA 15272

Dear Madam and Gentlemen:

David Goode has circulated your letter of November 11 to our senior management team, and I have been asked to respond with particular attention to action steps we are taking to meet your transportation expectations.

As discussed with Ms. McGrath today, Joe Giuliano, Group Sales Manager, Bob Bartle, Pittsburgh Division Superintendent and John Reilly, National Account Manager, met with Kevin Crabbe, Ron Henefeld, Steve Kaufman and Walt Lober on November 11 and November 16, 1999 to review specific service issues at Natrium, WV, Meadville, PA and Carlisle, PA (Star Fire project). A third meeting is planned for December 15, 1999 to review both PPG's claims as well as further service improvements. Our representatives will include Messrs. Giuliano, Reilly, Bartle and Tom Lindsey, our Assistant Vice President - Sales.

Norfolk Southern recently announced a \$250 million capital improvement project to improve our infrastructure, which is one of the keys to long term service improvements, consistency and dependability. We have leased 400+ locomotives and have added an equal amount of train and engine service employees. Changes are being made daily to the train schedules and our overall Transportation Plan. Our TYES (yard inventory) system has been implemented in the Northern Region (old Conrail territory). We are seeing positive results from these actions, primarily in the reduction

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CHANDLER HORGAN

Dec 6 3 40 PM '99

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BOARD

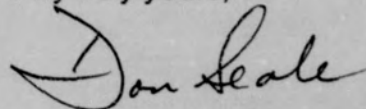
Page Two
December 2, 1999

of our cars-on-line inventory which is a key metric of fluidity in the network. Cars on line have been reduced by some 14,000 cars since mid-October and corresponding train speed and dwell time metrics have also improved. We believe that the worst is behind us; however, like you, we will not be satisfied with our service until these positive trends are seen in your specific movements on NS.

I will review the results of the December 15 meeting with you in a subsequent telephone call to ensure that we both agree progress is being made.

You can be certain that none of us at Norfolk Southern will be satisfied until our service improves to the point where we are able to grow our mutual business.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Don Seale", written in a cursive style.

Donald W. Seale
Senior Vice President

cc: ✓ The Honorable Linda J. Morgan
D. R. Goode
S. C. Tobias
L. I. Prillaman
J. F. Giuliano



Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191
Telephone: 757 629-2730
FAX: 757 533-4824

Donald W. Seale
Senior Vice President
Merchandise Marketing

FILE IN DOCKET
70-33388
December 1, 1999

Senator Rick Santorum
United States Senate
Washington, DC 20510-3804

Dear Senator Santorum:

This will refer to your letter of November 16 to Chairman Morgan of the Surface Transportation Board concerning rail service problems experienced by R.R. Donnelly & Sons Company.

We sincerely appreciate and share your concern and desire for Norfolk Southern to provide R.R. Donnelly with reliable rail service that will foster business growth and economic development. Let me assure you that in every way possible we are working to smooth out the difficulties Donnelly has been experiencing. I am pleased to report that we are seeing continuous, overall improvement in our service. However, we will not rest until we fully meet Donnelly's transportation expectations.

Weekly telephone conference calls are now being held with R.R. Donnelly personnel to address current issues. In addition, steps are being taken to proactively manage and measure results involving transit performance on key service lanes as selected by Donnelly. This will give us the opportunity to jointly review progress and to actively address problems as they develop.

Again, your interest is sincerely appreciated as R.R. Donnelly is a valued customer of Norfolk Southern, and we are working with a high degree of urgency toward providing a service that will promote mutual business growth.

Sincerely,

cc: ✓ The Honorable Linda J. Morgan
Mr. Melvin F. Clemens
Mr. Michael J. Winn
Senior Vice President
R. R. Donnelley & Sons Company
1375 Harrisburg Pike
Lancaster PA 17601-2699
Mr. David R. Goode
Norfolk Southern Corporation

RICK SANTORUM
PENNSYLVANIA

United States Senate

WASHINGTON, DC 20510-3804

202-224-6324

COMMITTEES:
AGRICULTURE
ARMED SERVICES
MAN, SUBCOMMITTEE ON
AIRLAND FORCES
RULES
AGING
BANKING
VICE CHAIRMAN,
COMMITTEE ON HOUSING
AND TRANSPORTATION

November 16, 1999

The Honorable Linda J. Morgan
Chairman
Surface Transportation Board
1925 K Street, N.W.
Suite 820
Washington, DC 20423-0001

FILE IN DOCKET

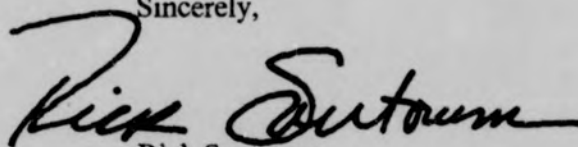
Dear Chairman Morgan:

I am writing to express my concern with the severe problems that R.R. Donnelley & Sons Company, a major Pennsylvania manufacturer, has had with post-Conrail Norfolk Southern Railway service at Donnelley's two Lancaster, PA plants.

The problems Donnelley has faced, including inaccurate shipment information and unreliable transit and delivery performance, make it difficult to effectively schedule time-critical print jobs for its customers. I understand that Donnelley and its suppliers have been forced to use almost two and one-half times as many trucks at Donnelley's Lancaster plants this Fall as were used during the comparable period last year, increasing transportation costs and environmental and community safety impacts. Norfolk Southern's problems have resulted in increased shipping, inventory, and product handling costs for Donnelley, harming their competitiveness at this critical time of year.

It is my understanding that Donnelley has worked with your agency and with Norfolk Southern to resolve these matters on an informal basis. Your continued attention to this matter would be greatly appreciated. Please keep me apprised of the progress you are making in resolving this serious problem.

Sincerely,

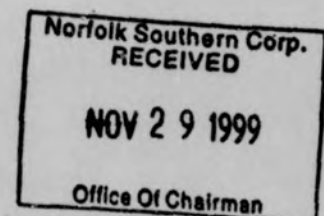


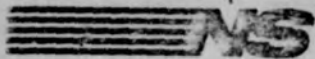
Rick Santorum
United States Senate

RJS/zm

cc: Mr. D. R. Goode ✓

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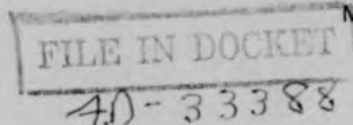




**NORFOLK
SOUTHERN**

Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191
Telephone: 757 629-2730
FAX: 757 533-4824

Donald W. Seale
Senior Vice President
Merchandise Marketing



December 1, 1999

Via Facsimile 847/236-3758

Mr. George Wurtz
Senior Vice President
Fort James Corporation
1650 Lake Cook Road
Deerfield, IL 60015

Dear Mr. Wurtz:

We are in receipt of your letter dated November 18 to Chairwoman Morgan of the Surface Transportation Board.

Unfortunately, we have experienced transitional problems in the operation of our portion of Conrail. Early on, we encountered computer problems coupled with changing traffic patterns. These events led to congestion and loss of velocity over the new network. Further, the hurricanes contributed to our service problems in that rail lines and rail yards were flooded, and throughout this period shipment volumes were escalating at heavy seasonal levels.

Our recovery plans, however, have started to reduce the congestion that contributed to the majority of the delays you and your customers have experienced over the past three to four months. The consolidation has been difficult, but we are encouraged daily by improvements. As these improvements have been made, our cars on-line inventory--a key metric of fluidity--has been reduced by 14,000 cars since October. Within the next week we will complete installation of a new car movement management computer system on the new Northern Division, and we will complete a \$13 million expansion of a Buffalo, NY yard. These capital projects, combined with diminishing seasonal traffic volume, have and will continue to help us make significant improvements in our service levels.

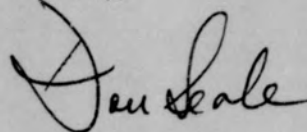
Bill Williams, NS National Account Manager, will continue to work closely with Tommie Turner to communicate specific actions taken and general expectations in each of your traffic lanes. Should a situation arise similar to those expressed in your letter, please bring this to Bill's attention for his immediate handling with the appropriate personnel.

Mr. George Wurtz
Page Two
December 1, 1999

In reference to your three examples of poor service, we believe the Allentown yard is now capable of providing timely interchanges to the BDRV. Likewise, the Easton, PA plant should also be receiving normal service from our Western gateways. Lastly, we have recently made operational changes and issued instructions to the NYGL to help with local switching and car supply issues at our Croxton yard. These changes will expedite the interchange process. However, since NS did not receive 100% of Conrail's tracks, we will still move cars to Conway prior to interchange with the CSXT. Transit on NS should total five days to interchange at Lynchburg, VA.

Norfolk Southern is committed to providing the reliable service you have grown accustomed to over the years. Fort James is a valued customer, and we thank you for your business and patience throughout the past few months. We are confident you will see a measurable difference in our service in the very near future.


Sincerely,

A handwritten signature in dark ink, appearing to read "Don Seale", written in a cursive style.

Donald W. Seale
Senior Vice President
Merchandise Marketing

cc: ✓ The Honorable Linda J. Morgan

George Wurtz
Senior Vice President,
Worldwide Strategic Sourcing & Distribution


FORT JAMES

EXECUTIVE HEADQUARTERS
1550 Lake Cook Road
Deerfield, IL 60015

Telephone: 847/236-0200
Fax: 847/36-3758

November 16, 1999

The Honorable Linda J. Morgan
Chairman, Surface Transportation Board
1201 Constitution Ave., N.W.
Washington, D.C. 20423

Dear Madam Chairman,

Fort James Corporation is a leading international consumer products company with annual sales of \$7.9 billion, approximately 28,000 employees and more than 60 manufacturing facilities in the U.S., Canada and 10 European countries.

Fort James has valued customers and strategic production facilities in the former Conrail territory. Since the takeover by NS and CSXT of former Conrail operations, we have seen rail service to these locations deteriorate to the danger point. Our customers and facilities are literally living day-to-day not knowing if or when rail cars will be delivered in time to keep production going. Quite often, emptied cars will be replaced as loads delaying even further the delivery of loaded cars.

Our problems and frustrations are tied directly to the slowdown on Norfolk Southern's portion of Conrail. NS has lost the ability to control the movement of shipments to our customers and our production plants. We are writing this to ask your help in resolving some of these problems. The following are some examples of problem areas and possible solutions:

Example #1: Fort James ships woodpulp in boxcars from Marathon, Ontario to a customer's paper mill in Milford, NJ routed CPRS-Allentown-NS. Actual customer delivery is via an NS interchange to the BDRV at Phillipsburg, NJ. Getting cars through the Allentown interchange requires nothing short of a miracle. On more than one occasion, our customer's woodpulp inventory has dwindled to a handful of bales by the time replenishments arrive. The erosion of dependable rail service in this lane has forced Fort James to truck product into this customer at greatly increased cost to avoid shutdowns. Transit times, on average, in this customer have tripled; however, the real nightmare is the absolute inconsistent transit times which impairs our customer's ability to plan their production.

Solution: Allow BDRV trackage access to a direct interchange with CPRS at Allentown.

Example #2: The Fort James plant at Easton, PA receives inbound raw materials in hopper and tank cars from chemical suppliers located from West Virginia to Texas. Our plant at Easton (rail station Uhlers, PA) is closed to the NS which means all inbound rail must transit the NS System and battle its way through the Allentown maze. Again, the total lack of consistent transit times has forced this plant to deplete its raw material safety stock and use alternative materials in order to barely maintain production cycles. In addition, our suppliers are being forced to truck raw materials at a 50% cost premium in order to meet minimum volume/production requirements. As far as we can determine, rail transit times have almost tripled to this plant. More important is the impact of inconsistency on the plant's ability to maintain profitable production schedules.

Solution: NS needs to contract out their industrial siding service in this area and concentrate their resources on clearing the Allentown congestion.

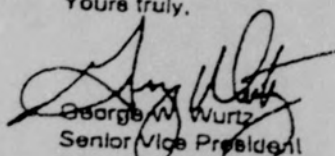
Example #3: We have a raw material supplier in Garfield, NJ shipping to our mill in Georgia. This supplier is served by a small short line; the NYGL which interchanges with NS at Dundee Jct, N.J. There are two

faces to this problem. First: car supply. Cars have been available for loading at this supplier, however, NS has been unable to get empties to the NYGL for placement at the supplier in a timely manner. Second: loaded transit times. Prior to split date, transit times were a reliable 8 days via Conrail-Potomac Yard-CSXT. Currently, when cars are released for transit, it takes up to four weeks for cars to reach our mill in Rincon, Georgia; most of this time cars are "ping-ponging" around the NS trying to make it to the CSXT interchange which now stands at Philadelphia. As a result, we have been forced to truck around these delays which has negatively impacted the cost of raw materials and has put more trucks out on Interstate 95.

Solution: Allow the NYGL truckage access to CSXT Croxton Yard.

We respectfully request a review of these problem areas and a response at the earliest convenience.

Yours truly,



George W. Wurtz
Senior Vice President
Worldwide Strategic Sourcing & Distribution

STB

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12-01-99

J

COUNTY



County of Erie

DENNIS T. GORSKI
COUNTY EXECUTIVE

DEPARTMENT OF ENVIRONMENT AND PLANNING



RICHARD M. TOBE
COMMISSIONER

STANLEY J. KEYSA
DEPUTY COMMISSIONER OF
PLANNING & ECONOMIC
DEVELOPMENT

Facsimile Cover Sheet

Fax copies to: Secretary, Surface Transportation Board fax: 202-565-9004

From: Stanley J. Keysa, Esq.
Deputy Commissioner for Planning & Economic Development
County of Erie
95 Franklin Street
Buffalo, NY 14203

voice: 716-858-8557 fax: 716-858-7248

Date: December 1, 1999

Pages to follow: three (3)

Regarding: **"Regional & Local Authorities Committee to Promote
Growth of Rail Traffic to and from the Greater Buffalo area."**
(Per decision in STB Fin Doc 33388, Conrail sale to CSXT and NS)

Attached minutes of the meeting held October 18, 1999 (prepared by John Casellini of CSXT)
are forwarded for your information.

Minutes of the meeting held earlier today in Lockport, NY will be forwarded when typed.

**GREATER BUFFALO AREA MEETING
(ERIE, NIAGARA, CHAUTAUQUA COUNTIES)
MONDAY, OCTOBER 18, 1999
MEETING NOTES**



**Greater Buffalo Area Regional & Local Authorities Committee Meeting
October 18, 1999 - 8:30 a.m.*
Radisson Hotel, Buffalo, New York**

I. Overview

Mark Aron opened the meeting with an overview of CSX's service in the Greater Buffalo area. He focused on partnership indicating that CSX can have a superior railroad, that we are capable of service second to none and that we are going to grow the rail traffic in the area. Suggested we owe a big debt to labor for their efforts during the merger.

II. Operations

Gerry Gates and Jim Decker gave an overview of the operations. Gates indicated that the Greater Buffalo area is key to the CSX operations plan. Said that flows have changed and will continue to change based on customer choice and performance of carriers.

III. Greater Buffalo Area Presence

Jim Howarth focused on CSX's presence in the Greater Buffalo Area and introduced the local team. Indicated that CSX is dedicated to growth and improving service. Also suggested that CSX is not here to compete with NS, but we are here to plow new ground (i.e. take trucks off the highways.)

IV. Suggestions to address winter issues

Ron Coan had four suggestions to address winter issues:

1. IT area - computers working properly.
2. Develop hotline for customers.
3. Public Relations - publicize what is in place, need to get message out better.
4. Cooperation with NS - said that it is clear that "NS is in trouble in Buffalo." We need to figure out where the railroads can work together.

Coan also stressed the need for regularly scheduled meetings.

****John Casellini committed to meeting every two months, alternating between Niagara Falls and Buffalo.**

V. Niagara County

Sam Ferraro of Niagara County stated that we shouldn't forget Niagara County. Pointed out that the CSX maps only showed Erie County and that we seemed to be focusing our efforts there. He asked if we could alternate the committee meetings between Erie and Niagara County and commit to touring CSX's Niagara facilities.

MEETING NOTES

VI. Switching Rates

Natalie Harder of the Buffalo Niagara Partnership raised issue of switching rates. Asked how we can address switching rate problem. Jim Howarth answered by re-stating CSX's commitment to growing the business. Indicated that Switching rates were just a small part of the cost of doing business in the Greater Buffalo area. Harder indicated that the NIT League settlement was not helping Buffalo.

VII. New York Taxes

Mark Aron raised the issue of tax disincentives in the State and said that was part of the common problem for the railroad and shippers. Ron Coan conceded that shipper rates and taxes were linked and that he would be willing to work with CSX to address the issue.

VIII. Conclusion

Meeting concluded with a commitment by CSX to work with the Committee to solve some of the service problems in the Greater Buffalo area. Agreed to meet again in two months in Niagara County.

***Attendance List:**

Khayo Mpuhgose - Erie County Regional Council
Samuel Ferraro - Niagara County Planning, Development of Tourism Dept.
C.J. Riedmiller - GVT Rail system
Holly Sinnott - Empire State Development Corporation
Bob Badger - Clough Harbor
Natali Harder - Buffalo Niagara Partnership
Mike Ziolkowski - FRA
Stan Keysa - Erie County
Kurt Felgemaegher - NYS DOT
Timothy Trabold - GBNRTC
Fred Williams - Buffalo News
Ron Coan - ECIDA
Dan Slippen - Senator Chuck Schumer
Polly Trottenberg - Senator Chuck Schumer
Chet Lunner - Congressman Amo Houghton
Chuck Steiner - Niagara Falls Area Chamber of Commerce
Ron Hayes - Congressman Jack Quinn
Ken Swanekamp - Erie County
Pamela Gron - Congressman Tom Reynolds
Jack Murphy - BLE

MEETING NOTES

CSX --

Mark Aron -- VP, Law and Public Affairs

John Casellini -- Resident VP, New York

Jim Decker -- Transportation Superintendent

Bob Downing -- General Manager

Gerry Edwards -- Regional Manager, Industrial Development

Gerry Gates -- VP, Field Operations

Wendy Green -- Account Manager, Buffalo

Arnie Havens -- VP, Federal Affairs

Jim Howarth -- VP, Commercial Operations

Barb Jenkins -- Senior Account Manager, Buffalo

Pete Shudtz -- VP, Law & General Counsel

Mike Smythers -- Director, Federal Affairs

Bob Sullivan -- Director, Media Relations

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Office of the Chairman

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

FILE IN DOCKET

JD-33388

November 30, 1999

The Honorable Joseph H. Boardman
Commissioner
Department of Transportation
State of New York
Albany, NY 12232

Re: Service in Buffalo Area

Dear Commissioner Boardman:

Thank you for your letter regarding rail service in the Buffalo area following the Conrail Acquisition transaction. As you know, last month I had the opportunity to visit Buffalo and to discuss rail service issues with area shippers and the railroads that serve them. I understand and share the concern that I know you have for improving the quality of rail service being provided and the effect of present service levels on Buffalo-area shippers.

At the end of my visit to Buffalo, I stated that I would develop a plan for addressing the current service difficulties so as to minimize their impact on shippers in the region. Through letters to the Chief Executive Officers of Norfolk Southern Corporation and CSX Corporation (copies enclosed), I have set such a plan in motion. Our plan, which covers many issues of concern to Buffalo-area shippers, and which requires that certain efforts be undertaken now, will:

1. Build on a request made by Senator Schumer that the railroads address the problems caused by the current configuration of the railroad bridge at CP Draw, by directing the filing of more specific information on all options available;
2. Focus on other ways to improve the rail infrastructure in the area, which all would agree is critical to the issue of congestion and service improvement;
3. Require the railroads to report on ways in which they are assisting one another and are using other available railroads to relieve congestion in the Buffalo area, particularly with a view toward the winter months ahead;
4. Expand upon the "Hotline" initiative currently under way by focusing on additional mechanisms to improve communication between the railroads and Buffalo-area shippers, and on the resolution of service concerns such as transit times;

5. Promote communication by the railroads with shippers on how claims issues will be promptly addressed;
6. Initiate as a formal proceeding the 3-year rate study discussed in the Board's decision approving the Conrail transaction, which will include a review of the application of Board-ordered reduced switching charges and of fees paid by the Canadian National (CN) and Canadian Pacific (CP) railroads; and
7. Hold CSX to its representations made to the Board that it would work with CN and CP to effect increased access to these carriers for cross-border, truck-competitive traffic, and that it would promote economic development in the region.

What I am most concerned about and what will do the most for the economic health of the Buffalo area is the expeditious restoration of responsive and reliable rail service. I believe that the plan outlined herein will provide the accountability needed to achieve that goal. It also adds substantially to what the Board is already doing to monitor the Conrail transaction implementation, and to the Board's ongoing efforts through the Office of Compliance and Enforcement to resolve shipper service complaints informally. And, at the conclusion of my visit last month, I agreed to visit the Buffalo area again in 6 months to assess the situation.

I appreciate your interest in this important matter. I am having your letter and my response made a part of the public docket in the Conrail transaction proceeding. If you need anything further, please do not hesitate to contact me.

Sincerely,



Linda J. Morgan

Enclosures



STATE OF NEW YORK
DEPARTMENT OF TRANSPORTATION
ALBANY, N.Y. 12232

JOSEPH H. BOARDMAN
COMMISSIONER

GEORGE E. PATAKI
GOVERNOR

October 14, 1999

Honorable Linda J. Morgan
Chairwoman
Surface Transportation Board
US Department of Transportation
1925 K Street, N.W. - Room 824
Washington, DC 20423-0001

Dear Chairwoman Morgan:

It has come to our attention that you will shortly be visiting Western New York State to see first-hand the problems that the area is facing as a result of the recent acquisition of Conrail.

As you know, the Surface Transportation Board's approval of Conrail's acquisition by the CSX Corporation and the Norfolk Southern Corporation (NS) affected 2,000 miles of track in New York State.

The importance of rail service in Buffalo/Niagara caused the New York State Department of Transportation (NYSDOT), in conjunction with New York City Economic Development Corporation and the New York State Attorney General, to actively participate in the Conrail Acquisition Proceedings (STB # FD-33388). Ultimately, New York did not support the acquisition because several issues of importance to the state remained unresolved, including rate and access issues impacting Buffalo area shippers.

It is important to recognize the importance of rail service in the Buffalo area, not only in terms of its impact on the local economy, but also on its impacts statewide. Buffalo is the state's largest rail hub and stands at the crossroads of its two rail mainlines. Therefore, problems occurring in the Buffalo area affect rail service across the state. Also, local Buffalo/Niagara Falls businesses are more dependent on rail service than in any other area of the state. This dependence, in terms of transportation costs and reliability, are critical factors in individual businesses' decisions to locate or expand in the region or to relocate outside of the area, and perhaps the state.

Since June 1 of this year, local officials, the area's rail users and all of the railroads in the region have been working together to work through the congestion and service problems that have occurred, but yet these problems persist.

NYSDOT has been actively monitoring rail service across the state. Rail service levels continue to be substantially below the levels previously offered by Conrail. Congestion in the Buffalo area is causing serious rail service problems in other areas, especially in the state's Southern Tier. On August 25, 26 and 27, NYSDOT met with shippers throughout the Western New York region to learn directly from them about their rail service problems. Their major concerns are:

- lost carloads and unpredictable transit times;*
- the need to divert significant amounts of freight to truck at higher transportation costs;*
- a number of temporary plant closings due to material shortages; and*
- dangerously low coal stockpiles at a number of coal-burning electrical generating plants.*

Western New York is home to unpredictable and often harsh winters. The Department is concerned that rail service levels may worsen considerably in the coming months.

New York State recognizes that the Board has sole jurisdiction to address rail service problems related to rail transactions through its authority to implement emergency service arrangements. In this regard, NYSDOT offers assistance to help in any way possible to resolve existing problems.

Governor Pataki established several new funding initiatives and expanded existing rail programs in the State Budget that are specifically intended to address physical problems encountered during the transition from Conrail to NS and CSX. It should be noted, however, that implementation of these initiatives must be accompanied by commitments from the railroads to work with the state in providing improved rail service that will contribute to economic development throughout the state. To that end, NYSDOT has initiated discussions with the railroads to assist them in addressing strategic physical barriers. The state has also established a Freight Rail Council as a forum to discuss issues of mutual concern, such as service and economic development.

The Department requests that the Board revisit its previous ruling, and conduct a thorough examination of rail service in the Buffalo/Niagara Falls area. In addition, the Board should review the need for and, as appropriate, implement emergency actions as was done to resolve the problems related to the Union Pacific/Southern Pacific merger.

Honorable Linda J. Morgan

Page 3

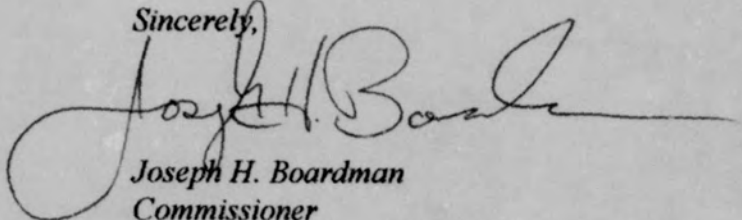
October 14, 1999

The local economy cannot afford the luxury of allowing these problems to work themselves out. The railroads have had the advantages of good weather and lower traffic levels due to scheduled auto manufacturing and coal mine closings with no perceptible improvement in service. Such advantages will not continue.

The Department also urges the Board to immediately initiate the rate study established as a condition of the transaction's approval and that it participate in the committee, established as an additional condition, for the development of rail traffic to and from the Buffalo area.

Thank you for your attention to these matters.

Sincerely,

A handwritten signature in dark ink, appearing to read "Joseph H. Boardman". The signature is fluid and cursive, with a large loop at the beginning and a long horizontal stroke extending to the right.

Joseph H. Boardman
Commissioner

cc: Congressman Quinn
Congressman Houghton
Congressman LaFalce
Senator Schumer
Senator Moynihan
J. Casellini, NS
A. Jordan, CSX
J. Natoli, Dir., State Operations

STB

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COUNTY



Office of the Chairman

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

FILE IN DOCKET

FD-33388

November 30, 1999

Carl A. Curchoe, Chairman
Russell C. Reitz, Vice Chairman
Joseph H. Neyhart, Secretary
Lycoming County Commission
48 West Third Street
Williamsport, Pennsylvania 17701

Dear Commissioners:

This responds to your letter to the Board, with an accompanying Resolution, regarding rail service levels being experienced by industries in Lycoming County since the acquisition of Conrail by Norfolk Southern Corporation (NS) and CSX Corporation (CSX).

As you may know, the Board continues to receive extensive weekly operational reporting on the implementation of the Conrail transaction. In addition, Board representatives have participated in meetings with Congressman Don Sherwood on issues affecting northern Pennsylvania shippers, and with NS and Pennsylvania and New York shortline railroads on data and coordination issues affecting their services. The Lycoming Valley Railroad was one of the shortlines involved in a recent NS meeting, and it is our understanding that NS has planned changes in its information technology systems that will greatly enhance its communication with that railroad and other connecting shortlines.

With respect to customers having rail service difficulties, we have established an active interface to address these matters. Our Office of Compliance and Enforcement (OCE) has an open line of communication with both NS and CSX to ensure that shipper complaints about rail service can be brought immediately to the attention of senior management of the involved carrier. In your efforts to assist shippers or shortline railroads in your area that have service problems, please feel free to suggest that they contact Melvin F. Clemens, Jr., Director, OCE, regarding any rail service issue. Director Clemens' telephone number is 202-565-1573, and his facsimile number is 202-565-9011.

I appreciate your bringing these concerns to my attention, and you may be assured that, as part of our oversight responsibilities in connection with the Conrail transaction, we continue to actively monitor the performance and service levels of both NS and CSX.

Sincerely,

Linda J. Morgan
Linda J. Morgan

Commissioners

CARLA A. CURCHOE
Chairman

RUSSELL C. REITZ, C.L.U., Ch.F.C.
Vice-Chairman

JOSEPH H. NEYHART
Secretary



ANDREW C. FOLLMER
Chief Clerk
Director of Administration

E. EUGENE YAW
Solicitor

48 WEST THIRD STREET
WILLIAMSPORT, PA 17701

TELEPHONE (570) 320-2124
FAX (570) 320-2127
county.commissioners@lyco.org

FILE IN DOCKET

October 11, 1999

Ms. Linda J. Morgan, Chair
Mr. William Clyburn, Jr., Vice Chair
Mr. Wayne O. Burkes, Commissioner
U.S. Surface Transportation Board
1925 K Street NW
Washington, DC 20423-0001

Dear Board Members:

The purpose of this letter and the accompanying Resolution, adopted by the Lycoming County Board of Commissioners, is to call to your attention to severe hardships, which have been experienced by industries in our area. These hardships resulted because of the rail service deterioration since the June 1 takeover of the Conrail System by NS and CSX.

We respectfully request that the Surface Transportation board investigate this situation quickly and take prompt action to order corrective solutions.

We stand ready to work with all parties to help solve these complex problems. We do recognize that there is definite potential for the Norfolk Southern System to enhance and upgrade rail services for Pennsylvania and for our northcentral region. Our SEDA-COG Joint Rail Authority and the Lycoming Valley Railroad have worked closely with NS and CP to maintain rail services amidst the chaos that has persisted for over 4 months.

Please contact Jerry Walls, Director of Economic Development and Planning Services, at 570-320-2130, 48 West Third Street, Williamsport, PA 17701 for any clarification you may need or to arrange follow-up investigation. Would you please keep us informed of your investigation status and findings as well as corrective actions. Thank you very much.

Sincerely,
Lycoming County Commissioners

Carl A. Curchoe
Carl A. Curchoe, Chairman

Russell C. Reitz
Russell C. Reitz, Vice-Chairman

Joseph H. Neyhart
Joseph H. Neyhart, Secretary

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RECEIVED
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Enclosure Resolution 99-18

CC: Congressman Sherwood
Senator Specter
Senator Santorum
Senator Madigan
Representative Feese
Representative Dempsey
Secretary Mallory
County Commissioners Association of Pennsylvania
SEDA-COG Joint Rail Authority
Norfolk Southern
Jerry Walls, Lycoming County Economic Development and Planning Services

COUNTY OF LYCOMING

RESOLUTION NO. 99-18

WHEREAS, rail freight service is used by 21 industries which are served by the Lycoming Valley Railroad, a SEDA-COG shortline railroad which feeds into the Norfolk Southern system; and

WHEREAS, rail freight service is essential for these industries to maintain a competitive business position; and

WHEREAS, rail service has deteriorated severely since the June 1, 1999 takeover of the Conrail System by Norfolk Southern and CSX; and

WHEREAS, more than 5,000 local jobs will be potentially affected by continued rail service problems; and

WHEREAS, a survey conducted by the SEDA-COG Joint Rail Authority in July and August has documented complex and widespread problems for our industries, among which are:

- Extreme delays in shipments
- Lost cars and lost cargo
- Lack of detailed current information for tracking car status
- Extreme mainline and siding congestion
- Lack of empty cars
- Lack of effective communication which industries can rely upon
- Higher costs due to shift to trucking
- Higher operating costs due to overtime and work force scheduling problems caused by erratic rail service
- Lost business
- Plant shutdowns or cutbacks due to lack of material inventory or stockpiled product inventory
- Severe cash flow problems
- Local street at-grade rail crossings blockages due to stalled trains which pose a serious public safety hazard; and

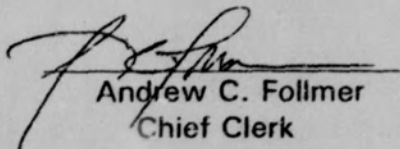
WHEREAS, concerns expressed by local shippers reveal that the situation has grown worse since the SEDA-COG survey.

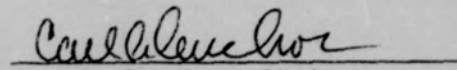
NOW, THEREFORE, BE IT RESOLVED that the conduct of Norfolk Southern and CSX is detrimental to the health, safety, and welfare of citizens and businesses in Lycoming County and North Central Pennsylvania.

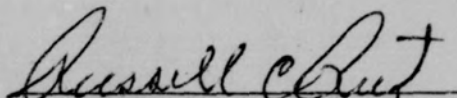
BE IT FURTHER RESOLVED that a formal complaint be filed with the Surface Transportation Board requesting an immediate investigation of the rail service provided to Lycoming County by Norfolk Southern and CSX and that corrective action orders be issued promptly.

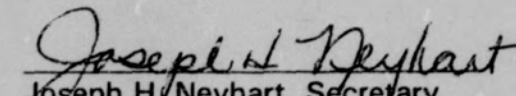
COUNTY OF LYCOMING

ATTEST:


Andrew C. Follmer
Chief Clerk


Carl A. Curchoe, Chairman


Russell C. Reitz, Vice-Chairman


Joseph H. Neyhart, Secretary

STB

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11-30-99

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BUSINESS



Office of the Chairman

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

FILE IN DOCKET

40-33388

(Sub-01)

November 30, 1999

Mr. Edward R. Hamberger, President and CEO
Association of American Railroads
50 F Street, N.W.
Washington, DC 20001

Dear Mr. Hamberger:

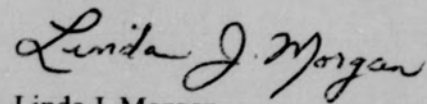
During the past year, you and I have communicated regularly regarding the operations in and around the Chicago terminal. Given the importance of this terminal to the quality of rail service being provided throughout the country, and particularly the service being provided in connection with the implementation of the Conrail transaction, the Surface Transportation Board (Board) continues to actively monitor the terminal's operations. Accordingly, I am writing to request an update on the industry's ongoing efforts to improve service in and around the Chicago terminal area.

I am aware that the Chicago Planning Group, formed under the auspices of the Association of American Railroads, continues to review issues related to the adequacy of the terminal's infrastructure and the operational functioning of the terminal. In an effort to be kept informed on such issues, I recently have had John Orrison of CSXT brief me on the group's activities. However, because of his particular role with the Chicago Planning Group, these briefings have necessarily focused more on longer term proposals for the Chicago terminal than on existing operational conditions and related issues such as general contingency efforts, specific winter plans, and initiatives to address the implementation of the Conrail transaction.

Thus, I would appreciate an update specifically focused on proposals for the Chicago terminal to deal with current operational challenges and winter weather contingencies. The operational data received by the Board's Director of Compliance and Enforcement in recent weeks raise concern about terminal area operations, particularly with respect to the timeliness of movements through the Chicago area to western connections. This concern comes at a time when the operations of NS and CSXT have already been strained by the peak season and a winter weather event could bring more strain. The Board wants to ensure that all private-sector efforts are being pursued with a view toward the best possible performance in the Chicago terminal area particularly in the near term.

I would appreciate a response from you in writing, as well as a briefing to discuss Chicago area operating issues and the contingency planning elements in place for this winter. I look forward to hearing from you on this very important issue.

Sincerely,

A handwritten signature in cursive script that reads "Linda J. Morgan". The signature is fluid and elegant, with the first letters of each word being capitalized and prominent.

Linda J. Morgan

STB

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33388

11-14-99

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BUSINESS



Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191
Telephone (757) 629-2610
Facsimile (757) 629-2306

David R. Goode
Chairman, President and
Chief Executive Officer

November 15, 1999

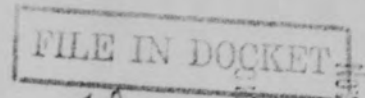
The Honorable Linda J. Morgan
Chairman
Surface Transportation Board
Washington, D.C. 20423-0001

Dear Chairman Morgan:

I have reviewed your letter of November 5 and, of course, NS will comply with the various requests for additional information concerning issues affecting the Buffalo area. We are working with CSX concerning a possible solution to CP Draw and will have a report to you on that issue no later than December 15. The other information requested in your letter will be included in the weekly or monthly reports we are currently submitting to the Board through Melvin Clemens and will be supplied on the time frame you request.

The last several weeks have been the best for us since June 1. As our system improves and we gradually put our transition problems behind us, shippers in Buffalo and throughout our network will see better service.

Sincerely,



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Office of the Chairman

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

November 5, 1999

Mr. John W. Snow
Chairman, President and
Chief Executive Officer
CSX Corporation
One James Center
P.O. Box 85629
Richmond, VA 23285-5629

Re: Service in Buffalo Area

Dear Mr. Snow:

I appreciate all of the hard work expended by you and your company to deal with the service quality issues that have arisen since implementation of the Conrail transaction. I know that service quality has improved in some respects, and I hope that the improvement will continue.

With respect to the Buffalo area, however, there are still service concerns among the shipping public and Members of the New York Congressional delegation, as discussed at the October 18 meeting that I attended in Buffalo. This letter addresses those concerns, in what I believe to be a constructive way, by setting out a plan of action that will show the progress being made in dealing with the service issues most prominently raised at the Buffalo meeting.

1. CP Draw. Concern was expressed about the configuration of the railroad bridge at CP Draw. I know that at the October 18 meeting Senator Schumer asked both railroads to look into the matter and to make recommendations within 30 days. Building upon what Senator Schumer has requested, please provide to the Board, by December 15, 1999, your views, together with those of NS, on the following: (a) all issues associated with rehabilitation and reconfiguration of the bridge, including engineering and financing/funding issues; (b) how a change in the U.S. Coast Guard's "navigability" designation of the Buffalo River upstream from the CP Draw might affect the financial considerations associated with rehabilitation and reconfiguration of the bridge; and (c) any viable alternatives to rehabilitating the bridge that would still provide for improved service levels.

2. Infrastructure in General. Apart from the CP Draw issue, much concern was raised at the October 18 meeting about the general state of the rail infrastructure in the Buffalo area. During the rail service crisis in the West a few years ago, the involved carriers were asked to provide us with detailed reports on their intentions with respect to infrastructure upgrades in the

Houston area. Those reports proved extremely helpful to us and to interested parties. I realize that you are already reporting generally on your infrastructure activities on a monthly basis, but I would appreciate your expanding the construction and capital projects report for November 1999 (due December 1, 1999) and each such monthly report thereafter to include your activities and plans regarding all infrastructure projects anticipated or currently underway in the Buffalo area.

3. Carrier Cooperation. One of the lessons that we learned from the service crisis in the West is that congestion can best be cleared up when all of the carriers serving a region work together. Yet, a principal concern that we heard in Buffalo was that your company and NS do not always communicate productively on issues of concern to shippers. In this regard, both you and Mr. Goode have indicated in the past that your companies have worked together, and will continue to work together and with other carriers, including smaller railroads, to help improve traffic flows and relieve congestion.

Therefore, it would be useful if you could provide information on other carriers with which you are now working or will work to assist you with service improvement in the Buffalo area. In particular, to promote continued cooperation and coordination between CSX and NS, I would like you to name formal contacts who will communicate regularly and provide, on a bi-weekly basis beginning with the reporting to be filed with the Board on December 1, 1999, an update as to what is being done and the progress that is being made in improving traffic flows and clearing congestion in the Buffalo area. Also, I would appreciate being informed about your contingency planning for your winter operations in the Buffalo area as part of your December 1st report.

4. Customer Service. One of the major sources of shipper frustration throughout the Buffalo area involves customer service, and particularly the inability of shippers to get accurate information on deliveries. In that regard, two concerns remain: first, that there has been no designated Buffalo-area representative who is knowledgeable about the Buffalo area and who can serve as a central contact point for the shippers for all Buffalo-area service issues; and second, that customer service inquiries are not responded to fully such that shippers know the status of either their inquiries or their shipments.

You have agreed to establish a toll-free "hotline" for Buffalo-area shippers. I would like you to report to the Board about your hotline effort. In particular, I would like to know the designated representative responsible for interfacing with customers in this effort, and to have a report submitted each week, beginning with the reporting to be filed on November 24, 1999, that contains a summary of the calls received on your hotline, including referrals from the Board, and indicating the number of service issues that have been resolved and the number that remain pending. As you work with individual shippers on their delivery issues, I would expect that you will also be addressing their concerns about their transit times.

5. Information Technology. Many of the service problems appear to be related to inaccurate data provided by carriers through their information technology systems. I would like

you to expand your existing monthly reporting on information technology, beginning with the December 1, 1999 report, to focus specifically on efforts impacting the Southern Tier and the Buffalo area.

6. Claims. Shippers have expressed concerns about claims issues not yet being addressed and about not understanding fully the procedures for the processing of claims. In this regard, you should communicate fully with shippers as to what information should be assembled and what your procedures for the expeditious resolution of claims will be when a claim is processed. I would appreciate your sharing with the Board, by December 1, 1999, general information regarding your communication with shippers about the claims handling process.

7. Rates. Several shippers have expressed concerns about rate levels. I wanted you to know that the Board will be initiating shortly, subject to a vote by all the Board members, the 3-year rate study for the Buffalo-area discussed in the Board's decision (ordering paragraph 38) approving the Conrail transaction. As part of that study, we will review the application of the Board-ordered reduced switching charges, including the Board's extension of the switching component of the National Industrial Transportation League agreement to certain international rail movements into and out of Niagara Falls and to situations where shortlines paid switching charges to Conrail and where Conrail received switching services from CSX or NS. The study will also examine the Board's imposition, as a condition, of CSX's representation regarding voluntary agreements providing for lower switching fees in certain instances for Buffalo-area movements involving the Canadian Pacific (CP) and Canadian National (CN) railroads. This study will be conducted by way of a formal proceeding, in which you will be asked to participate.

8. Representations. Finally, I would like a report from you by December 1, 1999, on how you are putting into effect the representations that your company made to the Board -- which the Board imposed as conditions to its approval of the Conrail transaction -- that it will work with CN and CP to effect increased access to these carriers for cross-border, truck-competitive traffic, and that it will work with relevant entities in the Buffalo area to promote economic development in the region, particularly through the formation of a committee to explore the issue.

9. Summary. To conclude, I am asking that you submit to Melvin Clemens, the Director of our Office of Compliance and Enforcement, the following information:

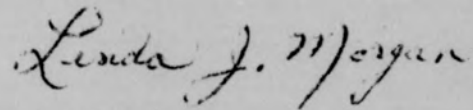
- Building on Senator Schumer's request, jointly, by December 15, 1999, your views concerning the CP Draw issue.
- Monthly, beginning with the December 1, 1999 capital projects report, information regarding infrastructure improvements in the Buffalo area.
- Designation of Buffalo-area contacts responsible for cooperative efforts with other railroads to improve service in the area; and a joint or separate biweekly report beginning with the reporting to be filed with the Board on December 1, 1999, to address cooperative

- efforts to improve service in the area, including winter contingency plans.
- Regarding your hotline, the designation of a representative in this effort; and a weekly report to be filed with the Board beginning on November 24, 1999, concerning the calls received and the status of customer complaint resolution, including concerns about transit times.
 - Monthly, beginning with the December 1, 1999 information technology report, an update on specific computer efforts that should affect Buffalo-area shippers in a positive way.
 - Information on your claims handling process by December 1, 1999.
 - A report by December 1, 1999, on efforts in connection with representations made to the Board about cross-border truck traffic and economic development in the Buffalo area.

As previously referenced, the rate study will be conducted separately as a formal proceeding.

I know that you are focused on improving service in the Buffalo area and throughout the East. The steps I am taking in this letter are focused on addressing service concerns raised during my visit in Buffalo, and tracking the progress in restoring service levels important to the continued economic development in the Buffalo area. I appreciate your continued cooperation in this endeavor.

Sincerely,



Linda J. Morgan



Office of the Chairman

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

November 5, 1999

Mr. David Goode
Chairman, President and
Chief Executive Officer
Norfolk Southern Corporation
3 Commercial Place
Norfolk, VA, VA 23510-2191

Re: Service in Buffalo Area

Dear Mr. Goode:

I appreciate all of the hard work expended by you and your company to deal with the service quality issues that have arisen since implementation of the Conrail transaction. I know that service quality has improved in some respects, and I hope that the improvement will continue.

With respect to the Buffalo area, however, there are still service concerns among the shipping public and Members of the New York Congressional delegation, as discussed at the October 18 meeting that I attended in Buffalo. This letter addresses those concerns, in what I believe to be a constructive way, by setting out a plan of action that will show the progress being made in dealing with the service issues most prominently raised at the Buffalo meeting.

1. CP Draw. Concern was expressed about the configuration of the railroad bridge at CP Draw. I know that at the October 18 meeting Senator Schumer asked both railroads to look into the matter and to make recommendations within 30 days. Building upon what Senator Schumer has requested, please provide to the Board, by December 15, 1999, your views, together with those of CSX, on the following: (a) all issues associated with rehabilitation and reconfiguration of the bridge, including engineering and financing/funding issues; (b) how a change in the U.S. Coast Guard's "navigability" designation of the Buffalo River upstream from the CP Draw might affect the financial considerations associated with rehabilitation and reconfiguration of the bridge; and (c) any viable alternatives to rehabilitating the bridge that would still provide for improved service levels.

2. Infrastructure in General. Apart from the CP Draw issue, much concern was raised at the October 18 meeting about the general state of the rail infrastructure in the Buffalo area. During the rail service crisis in the West a few years ago, the involved carriers were asked to provide us with detailed reports on their intentions with respect to infrastructure upgrades in the Houston area. Those reports proved extremely helpful to us and to interested parties. I realize

that you are already reporting generally on your infrastructure activities on a monthly basis, but I would appreciate your expanding the construction and capital projects report for November 1999 (due December 1, 1999) and each such monthly report thereafter to include your activities and plans regarding all infrastructure projects anticipated or currently underway in the Buffalo area.

3. Carrier Cooperation. One of the lessons that we learned from the service crisis in the West is that congestion can best be cleared up when all of the carriers serving a region work together. Yet, a principal concern that we heard in Buffalo was that your company and CSX do not always communicate productively on issues of concern to shippers. In this regard, both you and Mr. Snow have indicated in the past that your companies have worked together, and will continue to work together and with other carriers, including smaller railroads, to help improve traffic flows and relieve congestion.

Therefore, it would be useful if you could provide information on other carriers with which you are now working or will work to assist you with service improvement in the Buffalo area. In particular, to promote continued cooperation and coordination between NS and CSX, I would like you to name formal contacts who will communicate regularly and provide, on a bi-weekly basis beginning with the reporting to be filed with the Board on December 1, 1999, an update as to what is being done and the progress that is being made in improving traffic flows and clearing congestion in the Buffalo area. Also, I would appreciate being informed about your contingency planning for your winter operations in the Buffalo area as part of your December 1st report.

4. Customer Service. One of the major sources of shipper frustration throughout the Buffalo area involves customer service, and particularly the inability of shippers to get accurate information on deliveries. In that regard, two concerns remain: first, that there has been no designated Buffalo-area representative who is knowledgeable about the Buffalo area and who can serve as a central contact point for the shippers for all Buffalo-area service issues; and second, that customer service inquiries are not responded to fully such that shippers know the status of either their inquiries or their shipments.

You have agreed to establish a toll-free "hotline" for Buffalo-area shippers. I would like you to report to the Board about your hotline effort. In particular, I would like to know the designated representative responsible for interfacing with customers in this effort, and to have a report submitted each week, beginning with the reporting to be filed on November 24, 1999, that contains a summary of the calls received on your hotline, including referrals from the Board, and indicating the number of service issues that have been resolved and the number that remain pending. As you work with individual shippers on their delivery issues, I would expect that you will also be addressing their concerns about their transit times.

5. Information Technology. Many of the service problems appear to be related to inaccurate data provided by carriers through their information technology systems. I would like you to expand your existing monthly reporting on information technology, beginning with the

December 1, 1999 report, to focus specifically on efforts impacting the Southern Tier and the Buffalo area.

6. Claims. Shippers have expressed concerns about claims issues not yet being addressed and about not understanding fully the procedures for the processing of claims. In this regard, you should communicate fully with shippers as to what information should be assembled and what your procedures for the expeditious resolution of claims will be when a claim is processed. I would appreciate your sharing with the Board, by December 1, 1999, general information regarding your communication with shippers about the claims handling process.

7. Rates. Several shippers have expressed concerns about rate levels. I wanted you to know that the Board will be initiating shortly, subject to a vote by all the Board members, the 3-year rate study for the Buffalo-area discussed in the Board's decision (ordering paragraph 38) approving the Conrail transaction. As part of that study, we will review the application of the Board-ordered reduced switching charges, including the Board's extension of the switching component of the National Industrial Transportation League agreement to certain international rail movements into and out of Niagara Falls and to situations where shortlines paid switching charges to Conrail and where Conrail received switching services from CSX or NS. The study will also examine the Board's imposition, as a condition, of CSX's representation regarding voluntary agreements providing for lower switching fees in certain instances for Buffalo-area movements involving the Canadian Pacific (CP) and Canadian National (CN) railroads. This study will be conducted by way of a formal proceeding, in which you will be asked to participate.

8. Summary. To conclude, I am asking that you submit to Melvin Clemens, the Director of our Office of Compliance and Enforcement, the following information:

- Building on Senator Schumer's request, jointly, by December 15, 1999, your views concerning the CP Draw issue.
- Monthly, beginning with the December 1, 1999 capital projects report, information regarding infrastructure improvements in the Buffalo area.
- Designation of Buffalo-area contacts responsible for cooperative efforts with other railroads to improve service in the area; and a joint or separate biweekly report beginning with the reporting to be filed with the Board on December 1, 1999, to address cooperative efforts to improve service in the area, including winter contingency plans.
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- Monthly, beginning with the December 1, 1999 information technology report, an update on specific computer efforts that should affect Buffalo-area shippers in a positive way.
- Information on your claims handling process by December 1, 1999.

As previously referenced, the rate study will be conducted separately as a formal proceeding.

I know that you are focused on improving service in the Buffalo area and throughout the East. The steps I am taking in this letter are focused on addressing service concerns raised during my visit in Buffalo, and tracking the progress in restoring service levels important to the continued economic development in the Buffalo area. I appreciate your continued cooperation in this endeavor.

Sincerely,

Linda J. Morgan
Linda J. Morgan

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11-05-99

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MOC



Office of the Chairman

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

November 5, 1999

The Honorable Daniel Patrick Moynihan
United States Senate
Washington, DC 20510

Re: Service in Buffalo Area

Dear Senator Moynihan:

As you may know, last month I had the opportunity to visit Buffalo and to discuss rail service issues with area shippers and the railroads that serve them. I understand and share the concern that I know you have for improving the quality of rail service being provided and the effect of present service levels on Buffalo-area shippers.

At the end of my visit to Buffalo, I stated that I would develop a plan for addressing the current service difficulties so as to minimize their impact on shippers in the region. Today, through letters to the Chief Executive Officers of Norfolk Southern Corporation and CSX Corporation (copies enclosed), I have set such a plan in motion. Our plan, which covers many issues of concern to Buffalo-area shippers, and which requires that certain efforts be undertaken over the course of the next month, will:

1. Build on a request made by Senator Schumer that the railroads address the problems caused by the current configuration of the railroad bridge at CP Draw, by directing the filing of more specific information on all options available;
2. Focus on other ways to improve the rail infrastructure in the area, which all would agree is critical to the issue of congestion and service improvement;
3. Require the railroads to report on ways in which they are assisting one another and are using other available railroads to relieve congestion in the Buffalo area, particularly with a view toward the winter months ahead;
4. Expand upon the "Hotline" initiative currently under way by focusing on additional mechanisms to improve communication between the railroads and Buffalo-area shippers, and on the resolution of service concerns such as transit times;
5. Promote communication by the railroads with shippers on how claims issues will be promptly addressed;

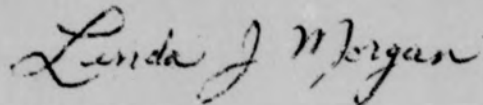
6. Initiate as a formal proceeding the 3-year rate study discussed in the Board's decision approving the Conrail transaction, which will include a review of the application of Board-ordered reduced switching charges and of fees paid by the Canadian National (CN) and Canadian Pacific (CP) railroads; and
7. Hold CSX to its representations made to the Board that it would work with CN and CP to effect increased access to these carriers for cross-border, truck-competitive traffic, and that it would promote economic development in the region.

What I am most concerned about and what will do the most for the economic health of the Buffalo area is the expeditious restoration of responsive and reliable rail service. I believe that the plan outlined herein will provide the accountability needed to achieve that goal. It also adds substantially to what the Board is already doing to monitor the Conrail implementation, and to the Board's ongoing efforts through the Office of Compliance and Enforcement to resolve shipper service complaints informally.

At the conclusion of my visit last month, I agreed to visit the Buffalo area again in 6 months to assess the situation. I would be glad to meet with you at any time to review the implementation of our plan.

If I may be of further assistance in this or any other matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Linda J. Morgan".

Linda J. Morgan

Enclosures



Office of the Chairman

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

November 5, 1999

The Honorable Amo Houghton
United States House of Representatives
Washington, DC 20515

Re: Service in Buffalo Area

Dear Congressman Houghton:

As you may know, last month I had the opportunity to visit Buffalo and to discuss rail service issues with area shippers and the railroads that serve them. I understand and share the concern that I know you have for improving the quality of rail service being provided and the effect of present service levels on Buffalo-area shippers.

At the end of my visit to Buffalo, I stated that I would develop a plan for addressing the current service difficulties so as to minimize their impact on shippers in the region. Today, through letters to the Chief Executive Officers of Norfolk Southern Corporation and CSX Corporation (copies enclosed), I have set such a plan in motion. Our plan, which covers many issues of concern to Buffalo-area shippers, and which requires that certain efforts be undertaken over the course of the next month, will:

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5. Promote communication by the railroads with shippers on how claims issues will be promptly addressed;


6. Initiate as a formal proceeding the 3-year rate study discussed in the Board's decision approving the Conrail transaction, which will include a review of the application of Board-ordered reduced switching charges and of fees paid by the Canadian National (CN) and Canadian Pacific (CP) railroads; and
7. Hold CSX to its representations made to the Board that it would work with CN and CP to effect increased access to these carriers for cross-border, truck-competitive traffic, and that it would promote economic development in the region.

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If I may be of further assistance in this or any other matter, please do not hesitate to contact me.

Sincerely,


Linda J. Morgan

Enclosures



Office of the Chairman

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

November 5, 1999

The Honorable Jack Quinn
United States House of Representatives
Washington, DC 20515

Re: Service in Buffalo Area

Dear Congressman Quinn:

I appreciated the opportunity to join you in Buffalo on October 18 and to discuss rail service issues with area shippers and the railroads that serve them. I understand and share your concern for improving the quality of rail service being provided and the effect of present service levels on Buffalo-area shippers.

At the end of the meeting, I stated that I would develop a plan for addressing the current service difficulties so as to minimize their impact on shippers in the region. Today, through letters to the Chief Executive Officers of Norfolk Southern Corporation and CSX Corporation (copies enclosed), I have set such a plan in motion. Our plan, which covers many issues of concern to Buffalo-area shippers, and which requires that certain efforts be undertaken over the course of the next month, will:

1. Build on Senator Schumer's request that the railroads address the problems caused by the current configuration of the railroad bridge at CP Draw, by directing the filing of more specific information on all options available;
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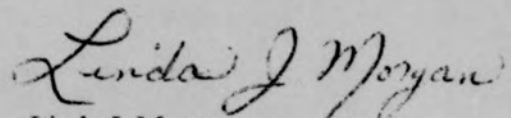
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7. Hold CSX to its representations made to the Board that it would work with CN and CP to effect increased access to these carriers for cross-border, truck-competitive traffic, and that it would promote economic development in the region.

What I am most concerned about and what will do the most for the economic health of the Buffalo area is the expeditious restoration of responsive and reliable rail service. I believe that the plan outlined herein will provide the accountability needed to achieve that goal. It also adds substantially to what the Board is already doing to monitor the Conrail implementation, and to the Board's ongoing efforts through the Office of Compliance and Enforcement to resolve shipper service complaints informally.

At the conclusion of the meeting, I agreed to visit the Buffalo area again in 6 months to assess the situation. I would be glad to meet with you at any time to review the implementation of our plan.

If I may be of further assistance in this or any other matter, please do not hesitate to contact me.

Sincerely,


Linda J. Morgan

Enclosures



Office of the Chairman

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

November 5, 1999

The Honorable Thomas M. Reynolds
United States House of Representatives
Washington, DC 20515

Re: Service in Buffalo Area

Dear Congressman Reynolds:

I appreciated the opportunity to join you in Buffalo on October 18 and to discuss rail service issues with area shippers and the railroads that serve them. I understand and share your concern for improving the quality of rail service being provided and the effect of present service levels on Buffalo-area shippers.

At the end of the meeting, I stated that I would develop a plan for addressing the current service difficulties so as to minimize their impact on shippers in the region. Today, through letters to the Chief Executive Officers of Norfolk Southern Corporation and CSX Corporation (copies enclosed), I have set such a plan in motion. Our plan, which covers many issues of concern to Buffalo-area shippers, and which requires that certain efforts be undertaken over the course of the next month, will:

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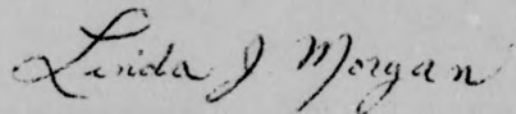
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7. Hold CSX to its representations made to the Board that it would work with CN and CP to effect increased access to these carriers for cross-border, truck-competitive traffic, and that it would promote economic development in the region.

What I am most concerned about and what will do the most for the economic health of the Buffalo area is the expeditious restoration of responsive and reliable rail service. I believe that the plan outlined herein will provide the accountability needed to achieve that goal. It also adds substantially to what the Board is already doing to monitor the Conrail implementation, and to the Board's ongoing efforts through the Office of Compliance and Enforcement to resolve shipper service complaints informally.

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Sincerely,



Linda J. Morgan

Enclosures



Office of the Chairman

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

November 5, 1999

The Honorable John J. LaFalce
United States House of Representatives
Washington, DC 20515

Re: Service in Buffalo Area

Dear Congressman LaFalce:

As you may know, last month I had the opportunity to visit Buffalo and to discuss rail service issues with area shippers and the railroads that serve them. I understand and share the concern that I know you have for improving the quality of rail service being provided and the effect of present service levels on Buffalo-area shippers.

At the end of my visit to Buffalo, I stated that I would develop a plan for addressing the current service difficulties so as to minimize their impact on shippers in the region. Today, through letters to the Chief Executive Officers of Norfolk Southern Corporation and CSX Corporation (copies enclosed), I have set such a plan in motion. Our plan, which covers many issues of concern to Buffalo-area shippers, and which requires that certain efforts be undertaken over the course of the next month, will:

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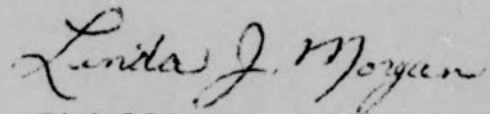
6. Initiate as a formal proceeding the 3-year rate study discussed in the Board's decision approving the Conrail transaction, which will include a review of the application of Board-ordered reduced switching charges and of fees paid by the Canadian National (CN) and Canadian Pacific (CP) railroads; and
7. Hold CSX to its representations made to the Board that it would work with CN and CP to effect increased access to these carriers for cross-border, truck-competitive traffic, and that it would promote economic development in the region.

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At the conclusion of my visit last month, I agreed to visit the Buffalo area again in 6 months to assess the situation. I would be glad to meet with you at any time to review the implementation of our plan.

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Sincerely,


Linda J. Morgan

Enclosures



Office of the Chairman

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

November 5, 1999

The Honorable Charles E. Schumer
United States Senate
313 Hart Senate Office Building
Washington, DC 20510

Re: Service in Buffalo Area

Dear Senator Schumer:

I appreciated the opportunity to join you in Buffalo on October 18 and to discuss rail service issues with area shippers and the railroads that serve them. I understand and share your concern for improving the quality of rail service being provided and the effect of present service levels on Buffalo-area shippers.

At the end of the meeting, I stated that I would develop a plan for addressing the current service difficulties so as to minimize their impact on shippers in the region. Today, through letters to the Chief Executive Officers of Norfolk Southern Corporation and CSX Corporation (copies enclosed), I have set such a plan in motion. Our plan, which covers many issues of concern to Buffalo-area shippers, and which requires that certain efforts be undertaken over the course of the next month, will:

1. Build on your own efforts to address the problems caused by the current configuration of the railroad bridge at CP Draw, by directing the filing of more specific information on all options available;
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3. Require the railroads to report on ways in which they are assisting one another and are using other available railroads to relieve congestion in the Buffalo area, particularly with a view toward the winter months ahead;
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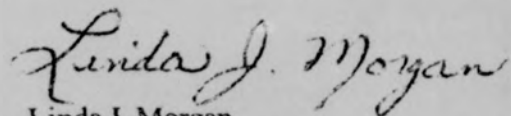
5. Promote communication by the railroads with shippers on how claims issues will be promptly addressed;
6. Initiate as a formal proceeding the 3-year rate study discussed in the Board's decision approving the Conrail transaction, which will include a review of the application of Board-ordered reduced switching charges and of fees paid by the Canadian National (CN) and Canadian Pacific (CP) railroads; and
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At the conclusion of the meeting, I agreed to visit the Buffalo area again in 6 months to assess the situation. I would be glad to meet with you at any time to review the implementation of our plan.

If I may be of further assistance in this or any other matter, please do not hesitate to contact me.

Sincerely,


Linda J. Morgan

Enclosures

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MOC

BILL PASCRELL, JR.
8TH DISTRICT, NEW JERSEY

WASHINGTON, OFFICE:

1722 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5751
(202) 225-5782 FAX

PATERSON OFFICE:

ROBERT A. ROE FEDERAL BUILDING
200 FEDERAL PLAZA, SUITE 500
PATERSON, NJ 07505
(973) 523-5152
(973) 523-0637 FAX



Congress of the United States
House of Representatives

November 1, 1999

COMMITTEES:

COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE

SUBCOMMITTEE ON GROUND TRANSPORTATION
SUBCOMMITTEE ON WATER RESOURCES
AND ENVIRONMENT

COMMITTEE ON SMALL BUSINESS

RANKING MEMBER:
SUBCOMMITTEE ON REGULATORY REFORM
AND PAPERWORK REDUCTION

FILE IN DOCKET

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

Dear Chairman Morgan:

When Norfolk Southern and CSX took over Conrail operations on June 1, 1999, we were all given assurances that this transition would be smooth. Similarly, as a Member of the House Transportation and Infrastructure Committee, I received comparable assurances during the discussions surrounding the break-up of Conrail. Unfortunately, the scope of the problems that have befallen both Norfolk Southern and CSX since the takeover has been unfortunate. With the understanding that both companies must report to the Surface Transportation Board on a regular basis, I respectfully request that I be kept informed of the progress of the increasingly frustrating transition.

Although I had some serious reservations about the Conrail breakup, I did not try to stop Norfolk Southern and CSX from assuming Conrail assets. In fact, despite the promises of a smooth transition, I had expected a few glitches and believe that they are inherent to a conversion of this scale. However, the resulting problems represent more than minor glitches and is threatening the promise of rail transportation in New Jersey. The gridlock on the rails has forced more shippers to use trucking at a time when we are counting on the railroads to offer a competitive alternative to the trucking industry. It is my hope that these problems can be resolved prior to the holiday season, when the demands on freight stock will be even heavier.

Thank you for your consideration of my request. I appreciate any efforts you can make to help me inform my constituents of the transition process.

Sincerely,

Bill Pascrell, Jr.
Member of Congress

BP:mh

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CHAIRMAN MORGAN

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OPPENHEIMER WOLFF & DONNELLY
(ILLINOIS)

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

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

FEDERAL EXPRESS

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20006

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

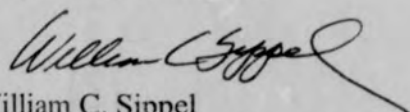
Dear Secretary Williams:

Ordering Paragraph No. 36 of Decision No. 89 in the above-captioned proceeding provides that "CSX must attempt to negotiate, with IC, a resolution of the CSX/IC dispute regarding dispatching of the Leewood-Aulon line in Memphis." The Board further ordered CSX and IC to advise them of the status of these negotiations.

By letter dated April 19, 1999, counsel for CSX advised the Board that CSX and IC had devised a protocol for dispatching the Leewood-Aulon line and that the parties had agreed to test it and, at the end of the test period, advise the Board of the results. By letter dated July 30, 1999, I advised the Board that in order to take into account operating and traffic flow changes resulting from merger implementations on both CSX and IC, and to test the effectiveness of the protocol over a broader range of operating and traffic conditions, the parties had agreed to continue the test period to November 1, 1999.

This letter is to advise the Board that the parties have determined that additional time is needed to test the protocol in the post-merger environment and to discuss certain issues. Accordingly, they have agreed to extend the test period an additional three months to February 1, 2000. As before, at the end of that period, the parties will report back to the Board.

Respectfully submitted,


William C. Sippel
Attorney for Illinois Central Railroad Company

WCS/pj
cc: Charles M. Rosenberger, Esq.
Myles L. Tobin, Esq.

October 28, 1999

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Office of the Secretary

OCT 29 1999

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STB

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10-26-99

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STATELEG



Office of the Chairman

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

FILE IN DOCKET

10-33388

October 26, 1999

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

Dear Assemblyman Bragman:

Thank you for sending me a copy of your October 1, 1999 letter to Mr. John Snow, Chairman, President and Chief Executive Officer of CSX Corporation. In particular, you express concern over demands by CSX that Strates Shows, Inc., secure substantially more liability insurance before a new contract with CSX can be negotiated. You also state that you will be holding hearings in the near future regarding the implementation of the Conrail acquisition transaction and that you expect CSX to participate in those hearings.

I appreciate your keeping me informed about these important matters. As you know, the Surface Transportation Board (Board) has ongoing oversight and monitoring of the Conrail acquisition transaction, which it is vigorously pursuing. The Board remains committed to a successful completion of the implementation of that transaction by the parties.

Again, I appreciate your interest in these matters, and I am having your letter made a part of the public docket for the Conrail proceeding.

Sincerely,

Linda J. Morgan
Linda J. Morgan



MICHAEL J. BRAGMAN
MAJORITY LEADER

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

District Office
11 305 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

October 1, 1999

FILE IN DOCKET

John W. Snow
Chairman, President & CEO
CSX Corporation
901 East Cary Street
Richmond, VA 23219

Dear John:

I have been contacted by E. James Strates, President of the Strates Shows, Inc., relative to his rail transportation needs in New York State and a recent letter he received from John M. Gibson, Jr. of your corporation. I am writing this letter to express my serious concerns in regard to this matter.

The correspondence received by Mr. Strates indicates that after expiration of his current contract with CSX, he will have to secure liability insurance of at least two hundred million dollars before a new contract with CSX can be negotiated. Currently, the Strates Shows maintains liability coverage of \$10 million and employees are bused when their passenger rail cars are traveling on CSX track. Mr. Strates has requested my assistance as this requirement is both unrealistic and unobtainable for the Strates Shows. Given the unique nature of the Strates Shows and their dependence on rail service, the higher liability requirement will be detrimental to the continuation of its business. Further, I am disappointed in the comment that, "this position by CSXT may raise fundamental questions on your part concerning the use of rail as your primary mode of transportation." It appears from this statement that CSX does not want the Strates Shows as a customer.

As you know, the Strates Shows is the only railroad carnival remaining in the United States having originated in Elmira, New York in 1927. For the last 75 years, it has been an important part of the Erie County Fair and for over 50 years the New York State Fair. Requiring a significant increase in liability insurance for a business that is billed as "America's Railroad Carnival" presents a serious situation with no options for alternative transportation. For this reason, I am requesting your immediate intervention in this matter to ensure the continued operation of the Strates Shows which provides jobs and stimulates tourism throughout New York State.

Rail service is vital to New York's economic future. While I fully understand the complex nature of the breakup of Conrail, and the disposition of assets between Norfolk Southern and CSX, many businesses have recently contacted me to inform me of the difficulties they are experiencing in adjusting to their new partners as they ship their products or receive goods.

Continued

October 6, 1999
John W. Snow
Page 2

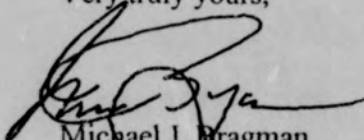
As one who supported the Surface Transportation Board's action in regard to the breakup of Conrail, I contacted Chairwoman Morgan to note my paramount concern that businesses must benefit from whatever decision was imposed by the STB when CSX and Norfolk Southern filed their applications with the STB. At that time, I noted that certain actions had to be taken to ensure that all parties would benefit, including the businesses that operate across New York State.

The STB's approval of the CSX/Norfolk Southern takeover of Conrail took many of these considerations into account including a substantial operational monitoring and reporting process to ensure that the merger is successfully implemented. As part of that process, I committed my office to be a partner in the monitoring process. In this regard, I will be holding a hearing in the near future that will bring together all parties including rail operators, shippers, businesses, community leaders, etc. to receive testimony with respect to the initial impact and effect of the Conrail breakup. I would expect CSX to be a participant in what will be the first of several hearings.

I look forward to your prompt response to this letter regarding the situation with the Strates Shows and your participation in the hearing that will be scheduled in the near future.

Best wishes.

Very truly yours,



Michael J. Bragman
Majority Leader

MJB:ro

Enclosure

cc: E. James Strates
Matthew Morgan
Linda Morgan
Michael Ruehling
John Casellini
Walter Rich

STRATES SHOWS, — INC. —

September 30, 1999

Honorable Michael Bragman
Assembly Majority Leader
P. O. Box 2566
Syracuse, NY 13220

Dear Mr. Bragman:

Enclosed is a copy of a letter that was faxed to us by John M. Gibson, Jr. of CSX Transportation. Mr. Gibson is demanding a minimum of \$200,000,000 liability insurance for carnival train movements on CSXT in the year 2000. He indicates that procuring and maintaining this level of coverage is a non-negotiable item for CSXT; it is also unrealistic and unobtainable for Strates Shows, Inc.

Once again, I would appreciate any assistance you could give us on this matter. If you would like to contact me, I can be reached at the following numbers:

Strates Shows office at the Dixie Classic Fair
Winston-Salem, North Carolina (through October 10) 336-723-6834

My cellular phone 407-341-3110

Orlando office (Kathi Mauser, my secretary, will
take a message and locate me) 407-855-3939

I will not respond to CSXT until I hear from your office.

Best regards.

Respectfully,

E. James Strates/km
E. James Strates

EJS/km
Enclosure

cc: Mr. Ron Ochrym

Post Office Box 174 • Orlando, Florida 32802 • Phone: 407-855-4330

* A Delaware Corporation *

CSX
TRANSPORTATION
John M. Gibson, Jr.
AVP Operations Planning

500 Water Street J303
Jacksonville, Florida 32202
Office 904.359.3698
FAX 904.359.3501
E-mail: John_Gibson@csx.com

September 28, 1999

Mr. W. E. Alford
Transportation Coordinator
Strates Shows, Inc.
7120 Ellenor Drive
Orlando, Florida 32809

Dear Mr. Alford:

You have recently requested quotes for certain Carnival Train moves in year 2000. As you know, the existing contract dated May 6, 1999 expires after the final movement specified in the General Plan (November 30, 1999: Pompano FL - Taft, FL).

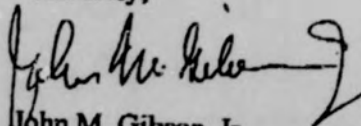
Before we can discuss any moves to be covered under a new contract, we must revisit liability issues. Liability insurance coverage was a major issue during our negotiations for the 1999 contract. We forewarned you at that time to start preparations for much higher liability insurance coverage for the next contract year.

We have researched both our policy and our practice with other shippers and CSXT requires liability insurance of at least two hundred million dollars (\$200,000,000) for your carnival train movements on CSXT. Procuring and maintaining such liability insurance coverage is a non-negotiable item for us.

I know that this position by CSXT may raise fundamental questions on your part concerning the use of rail as your primary mode of transportation. We are raising this issue early in the process so that you will have sufficient time to analyze and react to the liability requirement.

Please call either me or Dean Smoak if you have questions.

Sincerely,


John M. Gibson, Jr.

STB

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33388

10-19-99

J

MOC

ROBERT E. ANDREWS
FIRST DISTRICT, NEW JERSEY

COMMITTEES:

EDUCATION AND THE WORKFORCE

SENIOR RANKING DEMOCRAT, SUBCOMMITTEE ON
EMPLOYER-EMPLOYEE RELATIONS

MEMBER, SUBCOMMITTEE ON POSTSECONDARY
EDUCATION, TRAINING AND LIFELONG LEARNING

ARMED SERVICES

MEMBER, SUBCOMMITTEE ON MILITARY RESEARCH
AND DEVELOPMENT

MEMBER, SPECIAL OVERSIGHT PANEL ON
MORALE, WELFARE AND RECREATION

Congress of the United States
House of Representatives
Washington, DC 20515-3001

PLEASE REPLY TO:

- ☐ 2439 RAYBURN BUILDING
WASHINGTON, DC 20515
(202) 225-6501
- ☐ 506-A WHITE HORSE PIKE
HADDON HEIGHTS, NJ 08035
(609) 546-5100
- ☐ 63 NORTH BROAD STREET
WOODBURY, NJ 08096
(609) 848-3900

E-MAIL:

rob.andrews@mail.house.gov

October 18, 1999

FILE IN DOCKET

Ms. Linda J Morgan
Surface Transportation Board
1201 Constitution Avenue
Washington, DC 20423

Dear Ms. Morgan:

I am writing to you to request your intervention in a growing problem in the rail industry. Since the sale of Conrail on June 1, the division of Conrail's assets by CSX and Norfolk Southern (NS) has been beset with problems.

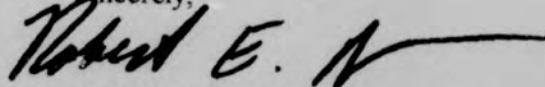
Beginning with a shortage of employees and faulty computer data, problems have now escalated to include clogged terminals, delays to shippers and overworked crews. These difficulties in the rail industry are now spilling over and affecting other industries as well as private citizens. For example, United Parcel Service has begun diverting 45% of their former rail shipments to trucking. This has had a multitude of negative effects.

First, this is costing businesses like UPS more money than they need to spend in order to transport their goods. Additionally, it is causing other businesses to avoid rail freight for their shipping needs, a prospect that could lead to mass layoffs in the near future of the rail industry. Most importantly, it will add traffic and delay to the commutes of American motorists. As other companies follow UPS' lead, more and more large trucks will be crowding our roads. This goes beyond the nuisance of gridlock, threatening the safety of commuters on roads like the Washington Beltway and Interstate Route 295 in New Jersey.

It is because of these concerns that I request the intervention of the Surface Transportation Board (STB). The last four months have shown an obvious need for intervention. I encourage you to contact both CSX and NS to assist in smoothing out their systems.

Thank you for your attention in this matter. If I can be of any further assistance on this issue, please feel free to contact me in the future. I eagerly await your reply.

Sincerely,



Robert Andrews
Member of Congress

REA:cj

STB

FD

33388

10-18-99

J

MOC

ROBERT MENENDEZ
13TH DISTRICT, NEW JERSEY
VICE CHAIR OF THE DEMOCRATIC CAUCUS

COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE

SUBCOMMITTEES:
AVIATION
WATER RESOURCES AND ENVIRONMENT

COMMITTEE ON INTERNATIONAL
RELATIONS

SUBCOMMITTEES:
INTERNATIONAL ECONOMIC POLICY AND TRADE
WESTERN HEMISPHERE



Congress of the United States
House of Representatives
Washington, DC 20515-3013

October 14, 1999

REPLY TO:

- ☐ 405 CANNON H.O.B.
WASHINGTON, DC 20515-3013
(202) 225-7919
- ☐ DISTRICT OFFICES:
911 BERGEN AVENUE
JERSEY CITY, NJ 07306
(201) 222-2828
- ☐ 654 AVENUE C
BAYONNE, NJ 07002
(201) 823-2900
- ☐ 263 HOBART STREET
PERTH AMBOY, NJ 08861
(732) 324-6212

FILE IN DOCKET

Ms. Linda Morgan
Chairman
Surface Transportation Board
1925 K Street, NW #700
Washington, D.C. 20423

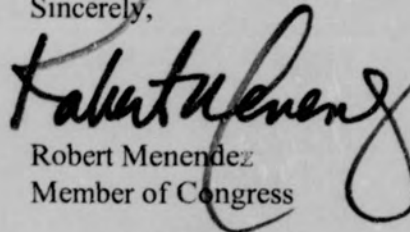
Dear Ms. Morgan:

As you are aware, the merger of Conrail with Norfolk Southern and CSX has been an ongoing concern of mine. Since the June 1st split date, my Congressional District has started to experience additional problems along its Conrail rail lines. With the upcoming high traffic season for rail freight movement, I wanted to be apprised in a timely manner of any problems arising out of the split of Conrail.

Both Norfolk Southern and CSX own the Conrail rail lines, called the Shared Assets Area, in my Congressional District. While the upcoming high traffic season concerns me, I am particularly concerned that a shortage of employees and yard classification capacity will lead to increased truck traffic as shippers look for alternatives to gridlocked rail service.

Thank you for your attention to this matter. I look forward to continuing to working with you to make the split of Conrail successful.

Sincerely,


Robert Menendez
Member of Congress

RM:ab

STB FD

33388

09-22-99

J

BUSINESS



Office of the Chairman

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

FILE IN DOCKET

FD-33388

September 22, 1999

Mr. John W. Snow
Chairman, President, and Chief Executive Officer
CSX Corporation
One James Center
P.O. Box 85629
Richmond, VA 23285-5629

Dear Mr. Snow:

Thank you for your prompt reply to my letter of August 23, regarding preparations for the "Fall Peak" traffic surge and its potential impact on your operations. I appreciate the challenge of your task and the careful planning that you have undertaken to handle the projected traffic increases.

Follow-up Issues. In your letter, you indicate that fall traffic levels for CSX usually increase 7-10 percent over annual averages, and that this year's projection is for a 9 percent increase over post-Conrail integration traffic levels. You conclude that those increases should be accommodated with existing trains that have unused capacity, but to the extent they cannot be so accommodated, you outline plans for handling the increased traffic.

Your discussion of these plans raises two issues of particular concern to the Board as CSX and Norfolk Southern (NS) address future service demands: 1) the need for cooperation and mutual accommodation between CSX and NS to ensure the optimal use of the rail infrastructure and other resources in the Eastern United States; and 2) the need to improve overall service performance into and out of the Conrail Shared Assets Areas (SAAs). It is with these two issues in mind that I am writing this follow-up letter.

Optimal Use of Infrastructure and Other Resources. In discussing your plans for how those traffic demands that cannot be accommodated with existing services will be handled, you suggest the use of alternative corridors and of detours over other railroads, presumably including NS. In this regard, in my June 21 letter, I urged cooperation between CSX and NS to help ensure effective implementation of the Conrail acquisition, and I certainly appreciate the cooperation to date in addressing service issues. While I understand that, as competitors, CSX and NS each has obvious reasons to try to improve its own competitive position relative to the other, there likely will continue to be occasions when each of you can work with the other to allow for better handling of traffic levels during this Conrail implementation period.

You have noted that significant cooperation between your company and NS will be critical to the success of meeting demands as efficiently as possible. As appropriate, we

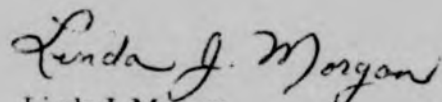
encourage you to continue to pursue such cooperative relationships so that traffic is routed and handled in ways that will make the best use of available capacity. Both CSX and NS have made considerable investments in infrastructure and other resources in connection with the Conrail acquisition, which have improved the overall capacity of the rail system in the East. In this regard, we urge that you give every consideration to ensuring the movement of traffic over the most efficient routes. If the available capacity can be more efficiently used, particularly during this transitional period, we believe the current and future traffic flows can be better accommodated and back logs diminished. We expect that there are mutual accommodations of this nature that each of you can make to the other, as well as other mutually advantageous arrangements that will also benefit the shipping public. Please keep me informed of your progress in arriving at further areas of cooperation and mutual accommodation with a view toward improving the efficiency of the new CSX and NS systems.

Shared Assets Areas. Our monitoring suggests that terminal dwell times and congestion continue to be problems in the shared assets areas. The average dwell time in the North Jersey area, the highest dwell time of the three areas, increased from 39.6 hours on August 13 to 53.6 hours for the last reporting period. The congestion that these data indicate likely stems from a number of causes, including the fact that cars are being sent to the New Jersey SAA erroneously, or that they are not being properly handled once in the SAA, or that the data regarding the shipments to the SAA are not accurate. Another factor could be the effect of crew or locomotive deficits for line haul movements out of the SAAs.

The shared assets areas present unique operating challenges which require special attention and close coordination among CSX, NS and the shared assets operator. We recognize that you continue to devote considerable attention to the issues involved with SAAs. In this regard, for example, it might be productive to revisit, as you probably have already done in the past, existing operating plans and protocols for both your operations and those of the shared assets operator, as well as any coordinated operating plans with NS, to determine whether improvements might be achieved based on recent operating experience. Clearly, the SAAs represent the most direct opportunity for both CSX and NS to act together for the benefit of service improvement. I would appreciate a report on your continuing efforts to work with NS and the shared assets operator to address the service issues that remain.

Conclusion. In closing, let me commend you and your staff for your continuing efforts in cooperation with the Board to provide for improved rail service in the East. I particularly appreciate your efforts to resolve customer service complaints that are brought to the Board's attention. We at the Board remain committed to working with you in a productive way to resolve service issues in the East. Thank you in advance for your response to the concerns expressed in this letter, and, as always, any information received will be kept appropriately confidential.

Sincerely,


Linda J. Morgan



Office of the Chairman

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

FILE IN DOCKET

JD-33388

September 22, 1999

Mr. David R. Goode
Chairman, President, and
Chief Executive Officer
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-9225

Dear Mr. Goode:

Thank you for your prompt reply to my letter of August 23, regarding preparations for the "Fall Peak" traffic surge and its potential impact on your operations. I was particularly impressed with the thoroughness of your report and the commitment to improved rail service that it shows. I appreciate the challenge of your task and the careful planning that you have undertaken to handle the projected traffic increases.

Follow-up Issues. In your letter, you indicate that fall traffic levels for Norfolk Southern (NS) are expected to peak in October, and that this year's projection is for a 7.5 percent increase over post-Conrail integration traffic levels. You note that key commodity groups such as agricultural, coal, automotive and intermodal will contribute to the primary growth estimates, with Y2K concerns possibly resulting in increased stockpiling for commodities like coal, and you outline plans for handling the increased traffic.

Your discussion of these plans raises two issues of particular concern to the Board as NS and CSX address future service demands: 1) the need for cooperation and mutual accommodation between NS and CSX to ensure the optimal use of the rail infrastructure and other resources in the Eastern United States; and 2) the need to improve overall service performance into and out of the Conrail Shared Assets Areas (SAAs). It is with these two issues in mind that I am writing this follow-up letter.

Optimal Use of Infrastructure and Other Resources. In discussing your plans for how those traffic demands that cannot be accommodated with existing services will be handled, you suggest increasing the number of trains operated, particularly through the use of unit trains, which are expected to have a minimal impact on classification yards. You also discuss in Exhibit 3 how you have utilized the resources of other railroads, including those of CSX. In this regard, in my June 21 letter, I urged cooperation between NS and CSX to help ensure effective implementation of the Conrail acquisition, and I certainly appreciate the cooperation to date in addressing service issues. While I understand that, as competitors, NS and CSX each has obvious reasons to try to improve its own competitive position relative to the other, there likely

will continue to be occasions when each of you can work with the other to allow for better handling of traffic levels during this Conrail implementation period.

It would appear that significant cooperation between your company and CSX will be critical to the success of meeting demands as efficiently as possible. As appropriate, we encourage you to continue to pursue such cooperative relationships so that traffic is routed and handled in ways that will make the best use of available capacity. Both NS and CSX have made considerable investments in infrastructure and other resources in connection with the Conrail acquisition, which have improved the overall capacity of the rail system in the East. In this regard, we urge that you give every consideration to ensuring the movement of traffic over the most efficient routes. If the available capacity can be more efficiently used, particularly during this transitional period, we believe the current and future traffic flows can be better accommodated and back logs diminished. We expect that there are mutual accommodations of this nature that each of you can make to the other, as well as other mutually advantageous arrangements that will also benefit the shipping public. Please keep me informed of your progress in arriving at further areas of cooperation and mutual accommodation with a view toward improving the efficiency of the new NS and CSX systems.

Shared Assets Areas. Our monitoring suggests that terminal dwell times and congestion continue to be problems in the shared assets areas. The average dwell time in the North Jersey area, the highest dwell time of the three areas, increased from 39.6 hours on August 13 to 53.6 hours for the last reporting period. The congestion that these data indicate likely stems from a number of causes, including the fact that cars are being sent to the New Jersey SAA erroneously, or that they are not being properly handled once in the SAA, or that the data regarding the shipments to the SAA are not accurate. Another factor could be the effect of crew or locomotive deficits for line haul movements out of the SAAs.

The shared assets areas present unique operating challenges which require special attention and close coordination among NS, CSX and the shared assets operator. We recognize that you continue to devote considerable attention to the issues involved with SAAs. In this regard, for example, it might be productive to revisit, as you probably have already done in the past, existing operating plans and protocols for both your operations and those of the shared assets operator, as well as any coordinated operating plans with CSX, to determine whether improvements might be achieved based on recent operating experience. Clearly, the SAAs represent the most direct opportunity for both NS and CSX to act together for the benefit of service improvement. I would appreciate a report on your continuing efforts with CSX and the shared assets operator to address the service issues that remain.

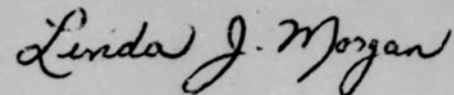
General Resource Issues. I am pleased to see from your letter that additional critical resources, particularly train and engine crews and locomotives, continue to be acquired. You also note that NS's existing service plan includes the continued use of other carriers' resources to accomplish service objectives, and we encourage you to continue that effort.

With respect to information technology resources, you have indicated that the rollout of the TYES system is continuing with good results and that the SIMS installation is complete at all intermodal terminals. It is hoped that the full implementation of the TYES and SIMS systems will eliminate the data interface problems on NS associated with the Conrail TRIMS system. However, inasmuch as the shared assets areas continue to have problems, as previously discussed, and will continue to use TRIMS, interface with this system must be the focus of your efforts with CSX, and the shared assets operator, to resolve remaining SAA issues.

And finally, I am most pleased that your meetings with union leadership are continuing and seem productive. The partnership with labor to which your efforts are directed can only provide for a stronger working relationship over the long term, and I encourage you to continue your commitment in this regard.

Conclusion. In closing, let me commend you and your staff for your continuing efforts in cooperation with the Board to provide for improved rail service in the East. I particularly appreciate your efforts to resolve customer service complaints that are brought to the Board's attention. We at the Board remain committed to working with you in a productive way to resolve service issues in the East. Thank you in advance for your response to the concerns expressed in this letter, and, as always, any information received will be kept appropriately confidential.

Sincerely,

A handwritten signature in cursive script that reads "Linda J. Morgan".

Linda J. Morgan

STB FD

33388

09-17-99

J

BUSINESS



Office of the Chairman

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

FILE IN DOCKET

JD-33388

September 17, 1999

Mr. Jack Prugh
Chairman, Conrail Transaction Council
MIC Manager Distribution
Millennium Inorganic Chemicals
5026 Campbell Boulevard, Suite H
Baltimore, MD 21236

Re: Attendance at Conrail Transaction Council Meeting

Dear Mr. Prugh:

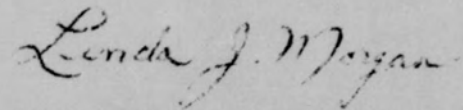
Thank you for inviting me to attend the meeting of the Conrail Transaction Council scheduled for November 23, 1999. I am sure that the meeting will be enlightening and productive, but I do not believe that it would be appropriate for me to attend.

As you know, I am deeply interested in the issues that concern the shippers involved with the Conrail Transaction Council, and I always gain important information and insight when I meet with members of the Council, as I did on October 26th. The purpose of the formal Council meetings, however, as I understand it, is to provide a forum for the free exchange of ideas and for an open discussion of issues of concern among the shipper and railroad participants. Because the Board votes on the sorts of issues that can be topics of discussion, attendance by Board Members, or by their staff members who may work directly on issues arising before the Council, would not in my view be conducive to open discussion or the free flow of ideas. It is for that reason that the Board staff who have observed previous Conrail Transaction Council meetings — who do report back to the Board — have been personnel who do not work directly on decisional issues associated with the implementation of the Conrail Transaction.

I will of course continue meeting with involved shippers and carriers and doing everything I can to address issues of concern. However, I do not believe that, as a Board Member, my presence at the Council meeting would be appropriate or promote the objectives of the Council.

Please share a copy of this letter with the other members of the Conrail Transaction Council. Again, I thank you for your invitation. If I can be of any 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



White Marsh Office
5026 Campbell Boulevard, Suite H
Baltimore, Maryland 21236
Tel. 410-931-4570
Fax 410-931-5215

November 11, 1999

Chairman Linda J. Morgan
Surface Transportation Board
Washington, DC 20423

RECEIVED
SURFACE TRANSPORTATION
BOARD
NOV 15 5 44 PM '99
CHIEF OF COUNCIL

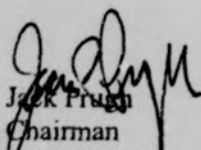
Dear Chairman Morgan:

On behalf of the shipper representatives of the Conrail Transaction Council, I am inviting you to attend the next meeting of the Council. It is scheduled for November 23, at 9:30 AM, at the law offices of Donelan, Cleary, Wood & Maser, 1100 New York Ave., NW, Suite 750. The meeting is scheduled to last until mid-afternoon, and a working lunch will be served.

The agenda will include a status report on the railroads' computer system problems, their effects on daily operations and customer service, the extent to which they are being addressed jointly among the three railroads, and the timetable for fixing them. It will also include progress reports from NS and CSX on solving their operational service problems; and shipper representatives' reports about service issues among their members. In addition, the carriers will discuss their winter plans and operating plans for the holidays.

We realize as a general practice, you send staff representatives to Council meetings. You were gracious enough to meet with our members on October 26, but we thought that it would be useful to you to see the give-and take of a Council meeting first-hand, with an agenda of important issues beyond shipper complaints. If you could attend only part of the meeting, we could arrange the agenda so as to schedule discussions of particular interest to you during your stay.

Sincerely,


Jack Prugh
Chairman
Conrail Transaction Council/
MIC Manager Distribution

STB

FD

33388

8-17-99

J

SFC

SURFACE TRANSPORTATION BOARD

MEMORANDUM

TO: Ellen Keys
Office of the Secretary

FROM: Andrea Richards *AK*
Office of Proceedings

SUBJECT: Correspondence to be Filed in the Docket

DATE: 8-17-99

Please make arrangements to have the attached correspondence filed in the docket for the appropriate proceeding, and add the name(s) to the service list, if specified:

NAME

DOCKET NO.

*Sen. C. Schumer
Sen. D. Moynihan
Cong. J. LaFalce
Cong. J. Quinn
Cong. S. Reynolds
Cong. A. Houghton
(Joint Letter)*

— JD-33388

*Mr. J. Snow
— Mr. D. Goode
(No incoming letters)*

— JD-33388

(File in Docket)

STB FD-33388 8-16-99 J ID-SEC

SURFACE TRANSPORTATION BOARD

MEMORANDUM

TO: Ellen Keys
Office of the Secretary

DATE: 8-16-99

FROM: Andrea Richards *AR*
Office of Proceedings

SUBJECT: Correspondence to be Filed in the Docket

Please make arrangements to have the attached correspondence **filed** in the docket for the appropriate **proceeding**, and add the name(s) to the service list, **if specified**:

NAME

DOCKET NO.

| | |
|-------------------------|---------------------|
| <i>David A. Harris</i> | } — <i>FD-33388</i> |
| <i>K. Robert Malone</i> | |
| <i>J. Glenn Trap</i> | |

Joe Massa — *FD-33407*

(File in Docket)

STB

FD

33388

8-12-99

J

UNION



Office of the Chairman

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

FILE IN DOCKET

FN-33388

August 12, 1999

Mr. David H. Brickey
Director
Michigan Legislative Board
AFL-CIO Building, Suite 102
419 S. Washington Avenue
Lansing, Michigan 48933-2186

Dear Mr. Brickey:

Thank you for your letter of August 5, 1999, regarding Norfolk Southern Corporation (NS), and your concern about NS employees in the State of Michigan.

Specifically, you state that, according to your understanding, decisions have been made by the General Motors Plant in Grand Rapids, Michigan and the Menasha Paper Mill at Otsego, Michigan, to stop shipping by NS or by rail due to service problems. You state also that NS has indicated that it could eliminate certain business in favor of other more desirable business.

As you know, we have been interfacing regularly with officials of NS, CSX, shippers and rail labor since the Conrail transaction was approved and almost daily since the June 1st transition of operations from Conrail to NS and CSX. In varying degrees, there have been service issues involving both carriers, and shippers have faced service levels that have failed to meet their expectations. This has been particularly the case with the "just-in-time" industries like automotive manufacturing. However, I have seen no indication that either NS or CSX has decided to pursue a broad policy of selecting certain more desirable customers for service while intentionally diminishing service levels to others.

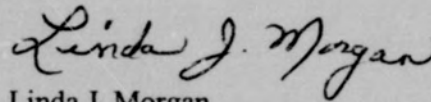
What is evident is a willingness to encourage short-term traffic diversions to other rail carriers or to other modes when more reliable service levels can be achieved during this implementation period. However, I am confident that both CSX and NS remain firmly committed to improving their respective market shares by competing actively with each other and for highway traffic that can be shifted over time to rail. Clearly, the continued support of the train service employees will help NS and CSX to achieve their goals in this regard.

With respect to customers having service difficulties that warrant our attention, we have established an active interface to address these issues. Our Office of Compliance and Enforcement (OCE) has an open line of communication with both carriers to ensure that shipper complaints and indications of service dissatisfaction can be brought immediately to the attention

of senior management of the involved carrier. In your efforts to assist shippers in your area that have service problems, please feel free to suggest that they contact Melvin F. Clemens, Jr., Director, OCE, regarding any rail service issue. Director Clemens' direct telephone number is 202-565-1575, and his facsimile number is 202-565-9011.

I appreciate your bringing these concerns to my attention, as you did during the conference call with employee representatives in which I participated several weeks ago. I will have your letter and my response made a part of the public docket for the Conrail proceeding. Please be assured that as part of our oversight responsibilities we continue to actively monitor the performance, service levels, and traffic levels of both carriers.

Sincerely,

A handwritten signature in cursive script that reads "Linda J. Morgan". The signature is fluid and elegant, with the first letters of each word being capitalized and prominent.

Linda J. Morgan

united transportation union



DAVID H. BRICKEY, DIRECTOR
DONNIE H. CARTER, ASSISTANT DIRECTOR
GREGORY A. MATHEY, SECRETARY
PHONE: (517) 482-7618
FAX: (517) 482-6240

MICHIGAN LEGISLATIVE BOARD
AFL-CIO BUILDING, SUITE 102
419 S. WASHINGTON AVENUE
LANSING, MICHIGAN 48933-2186

FILE IN DOCKET

SENT VIA FACSIMILE AND U.S. MAIL

August 5, 1999

Linda Morgan, Chair
Surface Transportation Board
1925 K Street, NW
Suite 820
Washington, D.C. 20423-0001

RECEIVED
SURFACE TRANSPORTATION
BOARD
AUG 9 3 11 PM '99
OFFICE OF
CHAIRMAN MORGAN

Dear Ms. Morgan:

I would like to bring to your attention a matter of concern to the employees of the Norfolk Southern Railway Company (NS) working in the state of Michigan.

It is my understanding that the General Motors (CPC) plant in Grand Rapids, Michigan quit shipping truck parts, then auto parts, via the NS due to the fact that the parts were either getting lost or not to the Oshawa plant on time. The Menasha Paper Mill at Otsego has almost stopped shipping by rail since June 1, 1999. At a meeting held in Atlanta, Georgia, a statement was made by the NS that they could eliminate certain business and replace it with more profitable business. I hope that this is not what is occurring, because although the larger corporations and shippers may survive the smaller industries will surely perish.

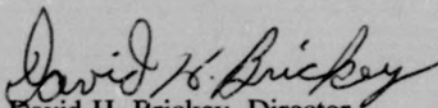
The inability or unwillingness of the NS to make the necessary changes in their operation so that adequate service may be provided to shippers could have a domino effect on all rail carriers and the entire American transportation system. Norfolk Southern's loss of business to another carrier will in effect only transfer the work from one railroad employee to the employee of another carrier, but the loss of business to the trucking industry will not only cost rail jobs but could create very serious safety concerns for the general public using America's highways. A boxcar load of material could mean several additional trucks and trailers consuming more energy and creating higher costs for the consumer. Anyone traveling today's highways has to be aware of the extremely high number of trucks on the road and with all of this additional rail freight being transferred to the interstates, it makes one wonder

2.

if the drivers are qualified. There are reports of other shippers having difficulty being serviced that I believe warrants the attention of the Surface Transportation Board.

If within the jurisdiction of the Surface Transportation Board, I am requesting that your office investigate the level of traffic that was shipped on the former Conrail and Norfolk Southern lines prior to June 1, 1999 and the level of shipments to date, and also determine where and why that business has been transferred.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "David H. Brickey". The signature is fluid and cursive, with the first name "David" being the most prominent.

David H. Brickey, Director
Michigan Legislative Board

cc: C. Little, International President, UTU
J. Brunkenhoefer, Nat'l Legislative Dir., UTU

STB

FD

33388

8-12-99

J

BUSINESS



Office of the Chairman

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

FILE IN DOCKET

FN-33388

August 12, 1999

Mr. John W. Snow
Chairman, President, and CEO
CSX Corporation
One James Center
P.O. Box 85629
Richmond, VA 23285-5629

Dear Mr. Snow:

This is in reference to the letter sent to you by Members of the New York Congressional delegation. They wrote regarding implementation of the Conrail acquisition transaction, and in particular regarding issues about the implementation of that transaction in New York. They asked that you provide them with your railroad's plans for resolving rail service issues in the New York region.

I know that you share my commitment to a smooth implementation of the Conrail transaction. In this regard, I am sending you a copy of the letter I have sent to the New York Members. I also look forward to hearing from you shortly regarding your response to their letter. As I have done with other material, I will have this letter and your response made a part of the public docket for the Conrail proceeding. As always, I appreciate your prompt consideration of these matters.

Sincerely,

Linda J. Morgan
Linda J. Morgan



Office of the Chairman

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

FILE IN DOCKET

August 12, 1999

Mr. David Goode
Chairman, President and
Chief Executive Officer
Norfolk Southern Corporation
3 Commercial Place
Norfolk, VA, VA 23510-2191

Dear Mr. Goode:

This is in reference to the letter sent to you by Members of the New York Congressional delegation. They wrote regarding implementation of the Conrail acquisition transaction, and in particular regarding issues about the implementation of that transaction in New York. They asked that you provide them with your railroad's plans for resolving rail service issues in the New York region.

I know that you share my commitment to a smooth implementation of the Conrail transaction. In this regard, I am sending you a copy of the letter I have sent to the New York Members. I also look forward to hearing from you shortly regarding your response to their letter. As I have done with other material, I will have this letter and your response made a part of the public docket for the Conrail proceeding. As always, I appreciate your prompt consideration of these matters.

Sincerely,

Linda J. Morgan
Linda J. Morgan

STB

FD

33388

8-12-99

J

MOC



Office of the Chairman

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

FILE IN DOCKET

FD-33388

August 12, 1999

The Honorable Charles E. Schumer
United States Senate
Washington, D.C. 20510

Dear Senator Schumer:

This is to acknowledge the letter sent by you, and other Members of the New York delegation, to Mr. John Snow, Chairman, President and CEO of CSX Corporation, and Mr. David Goode, Chairman, President and CEO of Norfolk Southern Corporation. You wrote regarding implementation of the Conrail acquisition transaction, which the Surface Transportation Board (Board) approved, and issues concerning implementation of that transaction in New York. You ask Mr. Snow and Mr. Goode to provide you with their respective railroad's plans for resolving rail service issues in the New York region.

On behalf of the Board, I assure you that we are committed to doing our part to see that the Conrail acquisition is implemented fairly and smoothly. In this regard, as your letter references, Board staff attended a meeting hosted by you and other Members of the New York delegation in which shipper concerns were discussed. Board staff indicated at that meeting our continuing efforts to assist individual customers with rail service problems as part of our monitoring of the implementation of the Conrail transaction.

As I do with other material, I am having your letter made a part of the public docket for the Conrail proceeding, and will also send a copy of this letter to Mr. Snow and Mr. Goode. As always, I appreciate hearing your views on this matter, and will continue to be of assistance as appropriate.

Sincerely,

Linda J. Morgan
Linda J. Morgan



Office of the Chairman

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

August 12, 1999

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

Dear Senator Moynihan:

This is to acknowledge the letter sent by you, and other Members of the New York delegation, to Mr. John Snow, Chairman, President and CEO of CSX Corporation, and Mr. David Goode, Chairman, President and CEO of Norfolk Southern Corporation. You wrote regarding implementation of the Conrail acquisition transaction, which the Surface Transportation Board (Board) approved, and issues concerning implementation of that transaction in New York. You ask Mr. Snow and Mr. Goode to provide you with their respective railroad's plans for resolving rail service issues in the New York region.

On behalf of the Board, I assure you that we are committed to doing our part to see that the Conrail acquisition is implemented fairly and smoothly. In this regard, as your letter references, Board staff attended a meeting hosted by you and other Members of the New York delegation in which shipper concerns were discussed. Board staff indicated at that meeting our continuing efforts to assist individual customers with rail service problems as part of our monitoring of the implementation of the Conrail transaction.

As I do with other material, I am having your letter made a part of the public docket for the Conrail proceeding, and will also send a copy of this letter to Mr. Snow and Mr. Goode. As always, I appreciate hearing your views on this matter, and will continue to be of assistance as appropriate.

Sincerely,

Linda J. Morgan
Linda J. Morgan



Office of the Chairman

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

August 12, 1999

The Honorable John J. LaFalce
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman LaFalce:

This is to acknowledge the letter sent by you, and other Members of the New York delegation, to Mr. John Snow, Chairman, President and CEO of CSX Corporation, and Mr. David Goode, Chairman, President and CEO of Norfolk Southern Corporation. You wrote regarding implementation of the Conrail acquisition transaction, which the Surface Transportation Board (Board) approved, and issues concerning implementation of that transaction in New York. You ask Mr. Snow and Mr. Goode to provide you with their respective railroad's plans for resolving rail service issues in the New York region.

On behalf of the Board, I assure you that we are committed to doing our part to see that the Conrail acquisition is implemented fairly and smoothly. In this regard, as your letter references, Board staff attended a meeting hosted by you and other Members of the New York delegation in which shipper concerns were discussed. Board staff indicated at that meeting our continuing efforts to assist individual customers with rail service problems as part of our monitoring of the implementation of the Conrail transaction.

As I do with other material, I am having your letter made a part of the public docket for the Conrail proceeding, and will also send a copy of this letter to Mr. Snow and Mr. Goode. As always, I appreciate hearing your views on this matter, and will continue to be of assistance as appropriate.

Sincerely,

Linda J. Morgan



Office of the Chairman

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

August 12, 1999

The Honorable Jack Quinn
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Quinn:

This is to acknowledge the letter sent by you, and other Members of the New York delegation, to Mr. John Snow, Chairman, President and CEO of CSX Corporation, and Mr. David Goode, Chairman, President and CEO of Norfolk Southern Corporation. You wrote regarding implementation of the Conrail acquisition transaction, which the Surface Transportation Board (Board) approved, and issues concerning implementation of that transaction in New York. You ask Mr. Snow and Mr. Goode to provide you with their respective railroad's plans for resolving rail service issues in the New York region.

On behalf of the Board, I assure you that we are committed to doing our part to see that the Conrail acquisition is implemented fairly and smoothly. In this regard, as your letter references, Board staff attended a meeting hosted by you and other Members of the New York delegation in which shipper concerns were discussed. Board staff indicated at that meeting our continuing efforts to assist individual customers with rail service problems as part of our monitoring of the implementation of the Conrail transaction.

As I do with other material, I am having your letter made a part of the public docket for the Conrail proceeding, and will also send a copy of this letter to Mr. Snow and Mr. Goode. As always, I appreciate hearing your views on this matter, and will continue to be of assistance as appropriate.

Sincerely,

Linda J. Morgan
Linda J. Morgan



Office of the Chairmen

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

August 12, 1999

The Honorable Thomas Reynolds
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Reynolds:

This is to acknowledge the letter sent by you, and other Members of the New York delegation, to Mr. John Snow, Chairman, President and CEO of CSX Corporation, and Mr. David Goode, Chairman, President and CEO of Norfolk Southern Corporation. You wrote regarding implementation of the Conrail acquisition transaction, which the Surface Transportation Board (Board) approved, and issues concerning implementation of that transaction in New York. You ask Mr. Snow and Mr. Goode to provide you with their respective railroad's plans for resolving rail service issues in the New York region.

On behalf of the Board, I assure you that we are committed to doing our part to see that the Conrail acquisition is implemented fairly and smoothly. In this regard, as your letter references, Board staff attended a meeting hosted by you and other Members of the New York delegation in which shipper concerns were discussed. Board staff indicated at that meeting our continuing efforts to assist individual customers with rail service problems as part of our monitoring of the implementation of the Conrail transaction.

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Sincerely,

Linda J. Morgan



Office of the Chairman

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

August 12, 1999

The Honorable Amo Houghton
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Houghton:

This is to acknowledge the letter sent by you, and other Members of the New York delegation, to Mr. John Snow, Chairman, President and CEO of CSX Corporation, and Mr. David Goode, Chairman, President and CEO of Norfolk Southern Corporation. You wrote regarding implementation of the Conrail acquisition transaction, which the Surface Transportation Board (Board) approved, and issues concerning implementation of that transaction in New York. You ask Mr. Snow and Mr. Goode to provide you with their respective railroad's plans for resolving rail service issues in the New York region.

On behalf of the Board, I assure you that we are committed to doing our part to see that the Conrail acquisition is implemented fairly and smoothly. In this regard, as your letter references, Board staff attended a meeting hosted by you and other Members of the New York delegation in which shipper concerns were discussed. Board staff indicated at that meeting our continuing efforts to assist individual customers with rail service problems as part of our monitoring of the implementation of the Conrail transaction.

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Sincerely,

Linda J. Morgan

JUL 30 1999

Office of Chairman

Washington, DC 20515

July 22, 1999

FILE IN DOCKET

Mr. John W. Snow
Chairman, President and CEO
CSX Corp.
901 East Cary Street
Richmond, Virginia 23219

Dear Mr. Snow:

The western New York Congressional delegation has been informed by rail shippers and officials of economic development agencies in the region that rail service has been drastically and negatively impacted by the operations of CSX Corporation and Norfolk Southern since the sale of Conrail on June 1, 1999.

As we are sure you are aware, many of our region's major industries depend upon efficient rail service to remain competitive. Competitive local industries has a substantial positive economic impact upon all of western New York. The present situation cannot be tolerated by these private companies nor accepted by the region's elected representatives who are committed to developing our local economy.

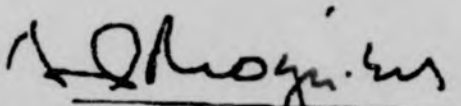
Accordingly, we would greatly appreciate your review of the existing rail service in western New York and an explanation of your company's plans to address the rail service requirements of our local industry. We would expect this review and explanation to also examine the interaction of your company's rail lines with the other rail lines operating within the overall rail system. Due to the urgent nature of the current situation an expedited response would be appropriate.

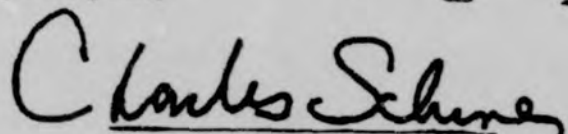
In addition to your company's efforts to address the rail service issue in western New York, the Congressional delegation will be meeting with the concerned local representatives and appropriate federal officials. It is the intent of this meeting to fully evaluate present rail service operations and seek a remedy which will reverse the negative economic impact that this current situation has had upon our business community.

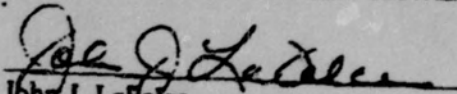
We know that you share our goal of high quality rail service. The correction of the existing situation will enhance the operation of our local industries, make rail service an attribute to industrial development and have a positive economic impact upon our community.

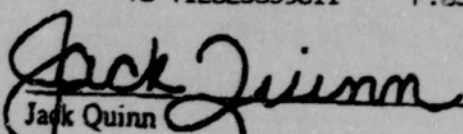
Thank you in advance for your assistance in this important matter.

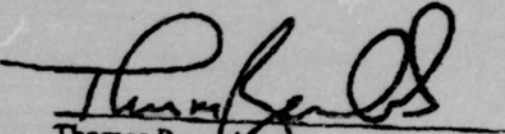
Very truly yours,

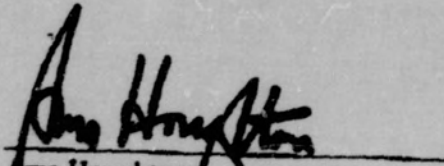

Daniel Patrick Moynihan
United States Senator


Charles E. Schumer
United States Senator


John J. LaFalce
Member of Congress


Jack Quinn
Member of Congress


Thomas Reynolds
Member of Congress


Arno Houghton
Member of Congress

STB

FD

33388

8-11-99

J

PUBLIC



Office of the Chairman

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

FILE IN DOCKET
38-33388

August 11, 1999

Mr. K. Robert Malone
414 Central Street
Holliston, MA 01746

Dear Mr. Malone:

This responds to your letter to the Surface Transportation Board (Board) regarding your recent experience traveling aboard Amtrak, and your concern about the effects of freight operations on Amtrak service.

As you may know, when Amtrak was created, Congress required that Amtrak contract with the underlying freight carriers to provide its services, including the timely handling of its trains. The Board is committed to using its jurisdiction over railroads generally, and the Conrail transaction in particular, to address freight congestion issues that adversely affect Amtrak services. In fact, we have done just that on several occasions since the June 1st takeover of Conrail with both Norfolk Southern (NS) and CSX Transportation, Inc. (CSXT).

Please be assured that we are continuing to examine all aspects of the transition of freight services from Conrail to NS and CSXT, including service to freight customers, safety, and the effects on Amtrak. I will have your letter and my response made a part of the public docket for the Conrail proceeding. Thank you for bringing your concerns to our attention, and please do not hesitate to contact me if we can be helpful in the future.

Sincerely,

Linda J. Morgan

FILE IN DOCKET

414 Central Street
Holliston, MA 01746
June 18, 1999

The Honorable Linda J. Morgan, Chair
Surface Transportation Board
U. S. Department of Transportation
1925 K Street
Washington, DC 20423-0001

OFFICE OF
CHAIRMAN MORGAN

JUN 21 4 52 PM '99

RECEIVED
SURFACE TRANSPORTATION
BOARD

Dear Chairman Morgan:

I write to personally register with you a complaint about Norfolk Southern Railroad that has affected me as an Amtrak passenger.

I realize that my single complaint likely will have little impact. However, if we are not willing to take the time to identify individual difficulties, then larger ones may eventually arise that could have been signaled earlier.

On Sunday, June 13 1999, I was a passenger on Amtrak train #44 - The Pennsylvanian - traveling from Toledo, Ohio, to Philadelphia, PA. The train, which originated in Chicago (only 208 miles distant), was delayed for arrival in Toledo by 2 hours, the delay reported by Amtrak personnel as due to being held several times en route by NS dispatching for passage of freight trains.

After I boarded, the train continued to experience delays en route, finally arriving in and being annulled at Harrisburg, PA at 3:25AM - over 5 hours late. Presumably, Amtrak did not have a crew available at that time, due to delays, to take the train to its scheduled final destination.

The many delays en route were all due to being held for opposing freight traffic, or for traffic ahead to move out of the way. In one instance we were held for almost one hour for three opposing trains, two intermodal and one manifest, before being allowed to proceed.

I understand that freight railroads will naturally favor their own movements over Amtrak if they can - or at least, in times of difficulty, find a compromise that will share discomfort fairly. However, as a long-time Amtrak customer, I know what constitutes minimal, in contrast to interminable and overbearing, delays for freight traffic. And the delays this train experienced were, to me, unconscionable. My observations were reflected in the comments I heard from other passengers.

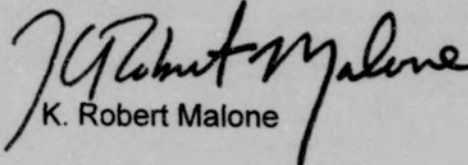
Honorable Linda J. Morgan
June 18, 1999

Page Two

My only assumption can be that the task of integrating Conrail - at least for Norfolk Southern in northern Ohio and Pennsylvania - is being done poorly at best. Norfolk Southern clearly is befuddled by how to move traffic that appeared to move well before they had a hand in the process. And the consequences seem to be that other parties - Amtrak and their customers certainly - must suffer because of NS's inability to perform as they should.

Thank you for allowing me to share these comments with you. I would hope that the STB might be able, in some fashion, to influence Norfolk Southern such that they must properly and adequately host Amtrak on their property, and eliminate the unhappy consequences that eventually befall those often with the least voice - the passengers.

Sincerely,


K. Robert Malone

CC: David R. Goode, Norfolk Southern Corporation
George D. Warrington, Amtrak

STB

FD

33388

8-11-99

J

UNION



Office of the Chairman

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

FILE IN DOCKET

78-33388

August 11, 1999

Mr. David A. Harris
BLE Legislative Rep. Div. 353
1720 Moore St.
Philadelphia, PA 19145

Dear Mr. Harris:

Thank you for your letter regarding the situation in Philadelphia in the wake of the Conrail split. As you know, the Surface Transportation Board (Board) continues to closely monitor the implementation of the Conrail acquisition transaction, and is in regular contact with Norfolk Southern and CSX. As part of that process, the Board also is in frequent contact with affected parties, and we are glad to hear from you about the conditions in your area. We certainly share your interest in ensuring that the Conrail transaction is implemented as smoothly and safely as possible.

I understand that you have been in frequent contact with Mr. Mel Clemens, Director of the Board's Office of Compliance and Enforcement, and that you and Mr. Clemens are working through the issues as they arise. We appreciate your interest in these matters. I will have your letter and my response made a part of the public docket for the Conrail proceeding. If we can be of further assistance, please do not hesitate to contact us.

Sincerely,

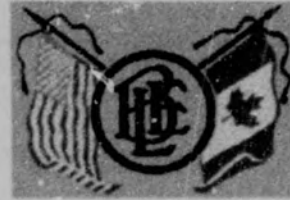
Linda J. Morgan

BLE LEGISLATIVE REP. DIV. 353

David A. Harris

1720 Moore st.
Phila., Pa., 19145
Home Phone 215-467-7346

FILE IN DOCKET



June 15, 1999

OFFICE OF
CHAIRMAN MORGAN

JUN 18 12 29 PM '99

RECEIVED
SURFACE TRANSPORTATION
BOARD

Linda J. Morgan: Chairman
Surface Transportation Board Office of Congressional & External Affairs
1925 K st. Nth Wst Room 845
Wash. D.C. 20423

Dear Mrs. Morgan

I am writing this letter to bring toward your immediate attention the current situation in Phila. since the inception of day one (official split of conrail) not only do the workers have no idea of where their trains are going neither do management.

We have had Mexican stand off and near misses as topics of discussion between crews.

This has been touted as the smoothest transition between two of the best.

If this is what you call smooth I can only imagine what the Union Pacific Railroad experienced.

I am writing particularly about the testing of trains (air brakes & Inspection) because of the influx traffic and the need to have trains depart while having crews that are not familiar with the territory.

Crews are running out of time (hours of service) the need arises for management to produce or to put it in laymen's terms move trains out of the terminal in order to get trains in, the need for safety has and is being compromised.

I have had to pick up trains at South Philly Greenwich Yard twice and both times I've had air problems with the train the EOT is armed and the brake pipe is fully charged but no air is on the rear. I've been told when I request an air test that the train has been tested only to find angle cocks and hoses hanging.

This situation has occurred to not only to myself but other crews.

This situation occurs at a time when we have slab iron trains and god knows what.

I am calling for your Immediate attention and the presence of others especially at a time like now to personally insure the safety of the public as well as the workers to take measures to insure that the occurrences of the union pacific do not occur here.

But more so to restore civility so that the workers know that they can perform thier jobs as they are required, as thier experience has shown in the past without fear of marshall law and an anything goes gestapo like attitude.

Sincerely,
David A. Harris
BLE Legislative Rep. Div. 353

CC: STB
CC: BLE National Leg. Rep.
CC: FRA
CC: U.S. PA. Congressional Reps

STB

FD

33388

8-10-99

J

BUSINESS



Office of the Chairman

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

FILE IN DOCKET

FD-33388

August 10, 1999

Mr. J. Glenn Wrap
General Manager
Monofrax, Inc.
1870 New York Avenue
Falconer, NY 14733-1797

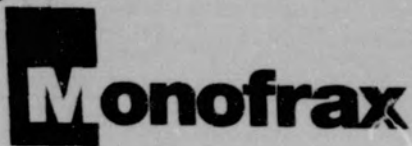
Dear Mr. Wrap:

Thank you for your letter regarding the experiences of Monofrax in the wake of the Conrail split. As you know, the Surface Transportation Board (Board) continues to closely monitor the implementation of the Conrail acquisition transaction, and is in regular contact with Norfolk Southern and CSX. As part of that process, the Board also is in frequent contact with affected shippers, and we very much appreciate hearing from you about the conditions in your area. We certainly share your interest in ensuring that the Conrail transaction is implemented as smoothly and safely as possible.

I have asked Mr. Mel Clemens, Director of the Board's Office of Compliance and Enforcement, to forward your complaint to the appropriate railroad for a response. I will have your letter and my response made a part of the public docket for the Conrail proceeding. If we can be of further assistance, please do not hesitate to contact us.

Sincerely,

Linda J. Morgan
Linda J. Morgan



FILE IN DOCKET

Monofrax, Inc.
1870 New York Avenue
Falconer, New York 14733-1797

Telephone 716-483-7200
Telefax 716-665-2478

R. Walrod

Direct dial:
Telephone 716-483-7204
Telefax 716-483-7251

August 2, 1999

Attn: L. Morgan
Surface Transportation Board
1925 "K" Street NW
Washington, DC 20423

RE: First Published Update on Norfolk Southern's Delivery Delays to Monofrax since 6/1/99

Dear Ms. Morgan,

Norfolk Southern issues weekly progress reports to STB in Washington. We will be issuing monthly progress reports on this situation. The following sections show transit times on cars arriving in Jamestown, NY yard. However, there are many other cars in transit on the NS system for which no ETA is available. This makes it very difficult and expensive to run a 350 manned plant on a JIT basis without a partial or full plant shutdown.

A. Shipments from Wedron, Ill. To Monofrax in Falconer, NY

| Rail car # | Ship Date | Arrival Date | Transit Time |
|-------------|-----------|--------------|--------------|
| BN440295 | 6/2/99 | 6/30/99 | 28 DAYS |
| BN419168 | 6/4/99 | 6/30/99 | 26 DAYS |
| BN441496 | 6/8/99 | 6/30/99 | 22 DAYS |
| NOKL824628 | 6/10/99 | 7/7/99 | 27 DAYS |
| NOKL830127 | 6/28/99 | 7/12/99 | 14 DAYS |
| ATSF 303180 | 6/29/99 | 7/12/99 | 13 DAYS |
| BN419227 | 7/2/99 | 7/15/99 | 13 DAYS |
| BN451459 | 7/2/99 | 7/20/99 | 18 DAYS |
| BN440192 | 7/8/99 | 7/20/99 | 12 DAYS |
| NOKL824607 | 7/12/99 | 7/23/99 | 11 DAYS |
| ATSF317051 | 7/14/99 | 7/26/99 | 12 DAYS |
| BN438351 | 7/16/99 | 7/26/99 | 10 DAYS |
| BN430161 | 7/20/99 | 8/2/99 | 13 DAYS |
| BN441474 | 7/22/99 | 8/2/99 | 11 DAYS |

Under Conrail, transit time would be 6 - 8 days.

B. Shipments made from Jonquierre, Quebec to Monofrax in Falconer, NY

| Rail Car # | Ship Date | Arrival Date | Transit Time |
|------------|-----------|--------------|--------------|
| CN371480 | 6/4/99 | 6/30/99 | 26 DAYS |
| CNIS368051 | 6/11/99 | 6/30/99 | 19 DAYS |
| CNIS368480 | 6/29/99 | 7/16/99 | 17 DAYS |
| USLX5200 | 6/30/99 | 7/16/99 | 16 DAYS |
| CN371906 | 7/5/99 | 7/22/99 | 17 DAYS |
| CN370942 | 7/13/99 | 7/28/99 | 15 DAYS |
| CN377551 | 7/12/99 | 7/26/99 | 14 DAYS |

Under Conrail, transit time would be 8 - 10 days.

C. Shipments made from Starke, Florida to Monofrax in Falconer, NY

| Rail Car # | Ship Date | Arrival Date | Transit Time |
|------------|-----------|--------------|--------------|
| CSXT242117 | 6/4/99 | 7/7/99 | 33 DAYS |
| CSXT223358 | 6/23/99 | 7/23/99 | 30 DAYS |
| CSXT222576 | 7/2/99 | 7/22/99 | 20 DAYS |
| CSXT223188 | 7/7/99 | 7/22/99 | 15 DAYS |

Under Conrail, transit time would be 12 days.

The NS computer system on rail car locations is not accurate.
Here is an example of a current discrepancy:

| Rail Car # | Actual Location | NS Computer Location |
|------------|-----------------|----------------------|
| CSXT223358 | Jamestown, NY | Driftwood, Pa. |

Hence, one can't rely on NS computer tracking system to measure progress of railcars destined to us.

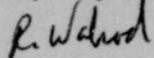
In middle part of June, 1999, I e-mailed two requests to Rudy Dowe, Monofrax's NS representative. First, I asked NS to absorb freight cost differential between trucks and rail. During June and July, Monofrax brought in 33 trucks of material to keep the plant operational because rail service failed to meet on time requirements. This cost Monofrax an estimated additional \$16,000. Rudy told me to submit these additional charge to NS Freight Claims Department. When I asked this department for forms and what forms would be used for, the NS Freight Claims Representative had never heard of such a request. Although I will submit my freight differential Claims to the NS Freight Claims representative, I am doubtful that NS will issue immediate payment to Monofrax for extra freight costs incurred because of NS's tardiness.

In the same e-mail to Rudy, I asked for waiver of railcar demurrage for all cars that came in earlier to Monofrax than expected due to erratic transit times. This was given to NS's marketing department and no official answer has been received.

In the case of the freight differential and demurrage waiver referenced above, I request that NS issue
A formal written statement to me indicating the proper channels for resolving these issues and that
they agree to the proper resolution of said issues and live up to their full responsibility.

Please feel free to call me should you have questions or need additional information at 716-483-7204.

Very Truly Yours,



R. Walrod
Purchasing Supervisor

c.c. J. Guinan, NYS Dept of Transportation
Congressman Houghton
U.S. Senator Moynihan
U.S. Senator Schumer
D. Thomas, Manufacturing Manager
G. Wrap, Manufacturing Manager
A. Jordan, Corporate Affairs and Strategic Planning for NS
R. Dowe, NS

STB

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8-9-99

J

BUSINESS

EPIC

ENVIRONMENTAL PROTECTION & IMPROVEMENT COMPANY

505 PALMER ROAD
DENVER, NEW JERSEY 07834



(973) 361-3300
FAX (973) 328-1091

August 9, 1999

FAX # 540-985-6706

Phil North

Merchandise Marketing Department
Norfolk Southern Corporation
110 Franklin Road S. E.
Roanoke, Virginia 24042-0041



Re: Incompetence by Norfolk Southern

Dear Phil:

I wish to take this opportunity to thank the Norfolk Southern for doing its **absolute very best** at trying to help EPIC, a valued customer, to service its clients. On Friday August 6, 1999, I spoke to several Norfolk Southern representatives (Gary Boyd, John Danstrom, and Sam Mason) regarding 10 EPIC railcars that were in Conway, PA. I stressed to all of them the extreme necessity of getting the railcars delivered to Oak Island, N. J. by Saturday, August 7th so that we would have equipment to service our customers on Monday. I was assured by everyone above that the NS would make every attempt to get these cars delivered to Oak Island by Saturday. I also confirmed with NS that the shipping instructions for these railcars was correct. I was optimistic that these cars would be delivered.

As you are all now aware of, nine out of the ten railcars were shipped up to Buffalo, New York. **WAY TO GO NORFOLK SOUTHERN!** It is truly impressive to be part of Norfolk Southern's direct assault on attempting to improve the disastrous lack of service for its "valued customers". We once again, have to shut down service to SpectraServ, South Kearny, New Jersey. EPIC is also losing business on our Severson Environmental project. A large part of the Severson remediation project has now been awarded to a major competitor who is using the CSX Railroad. Please share with our office your incredible managerial techniques so that we may emulate it and be driven out of business by our competitors. EPIC has over the years built up a reputation for service efficiency and reliability. Since June 1, 1999 your railroad has destroyed all of this. NS has caused EPIC to lose large revenues, incur substantial cost increases and loss of customer base. Thank you very much for all your help! EPIC will be holding Norfolk Southern responsible for all costs incurred to date, including backcharges for contracts which EPIC has been forced to suspend, as well as loss of business and revenue resulting from NS's continued failure to perform rail transportation services.

On Monday, August 9, 1999 I asked one simple question, "WHAT HAPPENED TO OUR CARS IN CONWAY?" Not one person could tell me what happened or what was being done to expedite the delivery of these nine railcars shipped over 350 miles north to Buffalo. This gross negligence and total

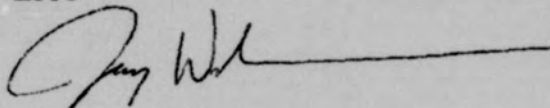
Mr. Phil North
August 9, 1999
Page 2

disregard for its customers cannot be tolerated any longer. How can the NS expect its customers to endure this torture? How much business must we lose?

As you may realize, the above is written out of pure and utter frustration with the Norfolk Southern. Your railroad has not gotten one thing right since the June 1st split date. WHY?

This is our third attempt to try and set up a meeting with David Goode, CEO to discuss this matter. Since we have been unsuccessful at trying to arrange such a meeting, we have no other choice but to seek assistance from the Surface Transportation Board.

Very truly yours,
EPIC



Jay Waxenbaum
Vice President

cc: D. Goode, Chairman, President and CEO
Vernon Williams, Secretary, Surface Transportation Board

STB

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7-28-99

J

BUSINESS

NORFOLK SOUTHERN

George A. Aspatore
General Solicitor

(757) 629-2657
(757) 533-4872
E-mail gaaspato@nscorp.com

July 28, 1999

Mr. Melvin F. Clemens, Jr.
Director, Office of Compliance and Enforcement
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423-0001

Dear Mr. Clemens:

Pursuant to Decision No. 89 issued in STB Finance Docket No. 33388, for the week ending July 23, 1999, enclosed are schedules reporting Train Origination Performance and Yard Performance in the Shared Assets Areas. Also enclosed is a schedule showing a daily snapshot of NS Cars Offered in Interchange but not Accepted, NS Train Delays, NS Blocked Sidings and Multiple Main Lines, and our Locomotive Bad Order Ratio.

Additionally, this transmittal includes confidential reports containing performance statistics for NS's Chicago Gateway Interchange Operations, Corridor Train Performance and Yard Performance. In an effort to provide you with more detailed information regarding delays, I have included two schedules supporting NS's Chicago Gateway and Corridor Train Performance reports, which identify the number and total time for delays due to crew, power, or other issues.

As always, I am including a letter written by Jon L. Manetta, Senior Vice President of Operations, which discusses delays in our rail operations. If you have any questions or need additional information, please call me.

Sincerely,

George A. Aspatore
General Solicitor

Enclosures

NORFOLK SOUTHERN

July 28, 1999

Mr. Melvin F. Clemens, Jr.
Director, Office of Compliance and Enforcement
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423-0001

Dear Mr. Clemens:

Once again, I am pleased to report that our operations continue to improve. Last week, the terminal dwell times at all but two of our reported yards decreased noticeably. Terminal dwell times for our yards in Allentown, PA and Conway, PA had minor increases as we continued to move congesting cars off our system. On the monitored corridors and Chicago gateway operations, 102 trains were held for terminal congestion, 46 trains were held for crews, and 21 trains were held for power.

The performance measures for our operations in the Northern Region reflect the growth in traffic that we anticipated as coal and automotive business sectors return to normal. We also are experiencing a significant increase in the number of grain trains compared to 1998 levels. The reported train delay summaries reflect the effect of these traffic increases.

The personnel in the Shared Assets Areas have focused their efforts on relieving congestion at North Yard, MI, Oak Island, NJ, and Pavonia, NJ. Daily car counts at Oak Island and Pavonia declined as the SAAs continued to work off the surge in inbound traffic that followed congestion declines on NS and CSXT. Such efforts dramatically reduced the average terminal dwell at all three yards located in the SAAs.

Improving fluidity at the yards in the SAAs also helped to reduce the number of train delays from the prior week's numbers. Unavailable crews caused 20 trains to be delayed for a total of 296 hours, compared to 42 trains delayed for 695 hours last week. Two trains were delayed for a total of 26 hours by lack of power, compared to 7 trains delayed for 109 hours last week. Together, these causes account for about 42% of the train delay hours in the SAAs.

Mr. Melvin F. Clemens, Jr.

July 28, 1999

Page 2

The operations on our system have consistently improved over the past three weeks. I expect this trend to continue on into August as we work to reduce the number of cars on line by improving our road train transit and yard dwell times.

Sincerely,

Jon L. Manetta



NS Cars Offered in Interchange but not Accepted

| offered | Monday 19-Jul | Tuesday 20-Jul | Wednesday 21-Jul | Thursday 22-Jul | Grand Total | daily average |
|--------------|------------------|-------------------|---------------------|--------------------|-------------|------------------|
| CSX | 82 | 360 | 465 | 95 | 1002 | 401 |
| other | 143 | 104 | 0 | 0 | 247 | 99 |
| Total | 225 | 464 | 465 | 95 | 1249 | 500 |

Snapshot taken between 2:00 and 3:00 each day
NS acquired territory only

NS Train Delay

| cause | Monday 19-Jul | Tuesday 20-Jul | Wednesday 21-Jul | Thursday 22-Jul | Friday 23-Jul | total |
|-----------------|------------------|-------------------|---------------------|--------------------|------------------|------------|
| Crew | 15 | 24 | 26 | 18 | 12 | 95 |
| Power | 3 | 1 | 1 | 3 | 2 | 10 |
| Yard Congestion | 12 | 12 | 6 | 0 | 0 | 30 |
| Total | 30 | 37 | 33 | 21 | 14 | 135 |

Snapshot taken between 2:00 and 3:00 each day
Include trains in yards and on line of road on acquired territory

NS Blocked Sidings and Multiple Main Lines

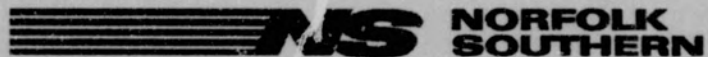
| track | Monday 19-Jul | Tuesday 20-Jul | Wednesday 21-Jul | Thursday 22-Jul | Friday 23-Jul | total |
|----------------|------------------|-------------------|---------------------|--------------------|------------------|------------|
| Multiple Mains | 6 | 7 | 4 | 3 | 2 | 22 |
| Siding | 16 | 17 | 23 | 13 | 10 | 79 |
| Total | 22 | 24 | 27 | 16 | 12 | 101 |

Snapshot taken between 2:00 and 3:00 each day
NS acquired territory only

Locomotive Bad Order Ratio

| | Monday 19-Jul | Tuesday 20-Jul | Wednesday 21-Jul | Thursday 22-Jul | Friday 23-Jul | week avg. |
|--------------|------------------|-------------------|---------------------|--------------------|------------------|-------------|
| Total | 5.6% | 5.8% | 5.5% | 5.2% | 5.4% | 5.5% |

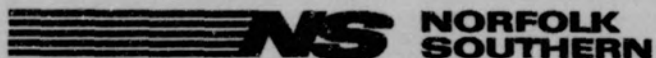
Snapshot taken at midnight
Does not include locomotives leased out or stored



For the week ending 7/23/99

Shared Asset Train Origination Performance

| location | date | Trains | on time | 0-2 hours late | 2-4 hours late | 4-6 hours late | 6+ hours late |
|---------------------------|--------|-----------|------------|----------------|----------------|----------------|---------------|
| Detroit | 19-Jul | 6 | 33% | 17% | 0% | 17% | 33% |
| | 20-Jul | 6 | 67% | 33% | 0% | 0% | 0% |
| | 21-Jul | 6 | 50% | 33% | 17% | 0% | 0% |
| | 22-Jul | 6 | 33% | 33% | 0% | 17% | 17% |
| | 23-Jul | 3 | 0% | 33% | 33% | 33% | 0% |
| Detroit Total | | 27 | 41% | 30% | 7% | 11% | 11% |
| North Jersey | 19-Jul | 4 | 0% | 0% | 0% | 0% | 100% |
| | 20-Jul | 9 | 0% | 22% | 11% | 11% | 56% |
| | 21-Jul | 12 | 33% | 8% | 17% | 0% | 42% |
| | 22-Jul | 6 | 0% | 17% | 17% | 17% | 50% |
| | 23-Jul | 6 | 17% | 0% | 0% | 17% | 67% |
| North Jersey Total | | 37 | 14% | 11% | 11% | 8% | 57% |
| South Jersey | 19-Jul | 2 | 0% | 0% | 0% | 0% | 100% |
| | 20-Jul | 4 | 0% | 50% | 25% | 0% | 25% |
| | 21-Jul | 4 | 0% | 0% | 25% | 50% | 25% |
| | 22-Jul | 9 | 11% | 11% | 44% | 11% | 22% |
| | 23-Jul | 2 | 0% | 100% | 0% | 0% | 0% |
| South Jersey Total | | 21 | 5% | 24% | 29% | 14% | 29% |
| Grand Total | | 85 | 20% | 20% | 14% | 11% | 35% |



For the week ending 7/23/99

Shared Asset Area - Yard Performance

| Yard | date | Fluid Capacity | On hand -Empty | On hand - Loaded | On hand - Total | Cars handled | Average dwell |
|-----------------------|---------|----------------|----------------|------------------|-----------------|--------------|---------------|
| North Yard MI | 7/19/99 | 850 | 206 | 164 | 370 | 151 | 45.7 |
| | 7/20/99 | 850 | 85 | 150 | 235 | 80 | 44.8 |
| | 7/21/99 | 850 | 127 | 188 | 315 | 106 | 47.1 |
| | 7/22/99 | 850 | 170 | 211 | 381 | 120 | 30.8 |
| | 7/23/99 | 850 | 176 | 256 | 432 | 140 | 37.7 |
| North Yard MI Average | | 850 | 153 | 194 | 347 | 119 | 40.9 |
| Oak Island NJ | 7/19/99 | 1200 | 492 | 565 | 1057 | 300 | 50.0 |
| | 7/20/99 | 1200 | 575 | 780 | 1355 | 483 | 54.3 |
| | 7/21/99 | 1200 | 663 | 770 | 1433 | 596 | 47.6 |
| | 7/22/99 | 1200 | 699 | 730 | 1479 | 395 | 61.9 |
| | 7/23/99 | 1200 | 643 | 752 | 1395 | 442 | 53.0 |
| Oak Island NJ Average | | 1200 | 614 | 729 | 1344 | 443 | 53.0 |
| Pavonia NJ | 7/19/99 | 900 | 310 | 337 | 647 | 120 | 110.9 |
| | 7/20/99 | 900 | 232 | 231 | 463 | 297 | 64.2 |
| | 7/21/99 | 900 | 469 | 426 | 895 | 220 | 36.9 |
| | 7/22/99 | 900 | 382 | 278 | 660 | 335 | 29.3 |
| | 7/23/99 | 900 | 419 | 433 | 852 | 344 | 29.7 |
| Pavonia Average | | 900 | 362 | 341 | 703 | 263 | 46.0 |

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7-28-99

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RUBIN

EPIC

ENVIRONMENTAL PROTECTION & IMPROVEMENT COMPANY

305 PALMER ROAD
DENVER, NEW JERSEY 07834



(973) 361-3300
FAX (973) 328-1091

FD 33388

July 28, 1999

FAX #202-565-9004

Mr. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street
Washington, DC 20423

RE: CSX and Norfolk Southern - Shared Assets Area

Dear Mr. Williams,

Since the purchase of Conrail by Norfolk Southern and CSX Railroads took effect on June 1, 1999 our company has suffered negative effects due to the poor performance of both railroads. Fortunately, we had the financial strength and were forced to spend several hundred thousand dollars to provide trucking services to our customers. EPIC is a solid waste transporter which provides service to several municipalities throughout New York and New Jersey. Our current railroad contracts total over six million dollars per year.

Since the split date, we have seen considerable improvement from CSX in its ability to service our company and a slight improvement from Norfolk Southern, although neither railroad is providing pre-split date service. The most glaring deficiency is currently being encountered in the Shared Assets area, the area supposedly serviced by both CSX and Norfolk Southern. It appears that neither rail company is seriously servicing this area; both companies deny responsibility for the lack of leadership and management in this area. Currently, our rail cars are being held up at Oak Island for seven days due to the inefficiencies in the Shared Assets area and service to our rail yard is less than 50% pre-split service.

We suggest that the Surface Transportation Board take whatever steps that are necessary to either force these railroads to

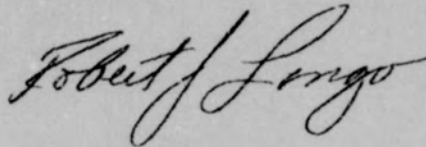
Mr. Vernon Williams
July 28, 1999
Page 2

provide service or force them to divest in this Shared Assets area to a company that cares about service and is not encumbered by the squabbling of two major railroads.

Thank you in advance for your cooperation in this matter, as it affects the health and welfare of many citizens in the Northern New Jersey area.

Very truly yours,

EPIC

A handwritten signature in cursive script, reading "Robert J. Longo".

Robert J. Longo
President

RJL:jkb

cc: A.R. Carpenter, Chairman, President & CEO, CSX
Transportation
D.R. Goode, President & CEO, Norfolk Southern

EPIC

ENVIRONMENTAL PROTECTION & IMPROVEMENT COMPANY

305 PALMER ROAD
DENVER, NEW JERSEY 07834



(973) 361-3300
FAX (973) 328-1091

FAX TRANSMITTAL

DATE: 7/28/99 TIME: 10:40

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME: Vernon Williams

FIRM: Surface Transportation Board

FAX #: 202-565-9004

FROM: Robert J. Longo

TOTAL NUMBER OF PAGES INCLUDING COVER PAGE: 3

MESSAGE:

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7-28-99

J

BUSINESS



500 Water Street (J300)
Jacksonville, FL 32202
Phone (904) 366-4684
Fax (904) 359-1705

Danford L. Price
Assistant Vice President -
Service Measurements

July 28, 1999

Mr. Melvin F. Clemens, Jr.
Director, Office of Compliance and Enforcement
Surface Transportation Board
The Mercury Building
1925 K Street, N.W., Suite 780
Washington, DC 20423

Dear Mr. Clemens:

Enclosed with this transmittal letter are CSX Transportation's operational monitoring reports to the Board for the week ending Friday, July 23.

This week's reports again showed improvement from the previous week. Total cars on line decreased 758 cars, or slightly less than 1% from last week. Line-of-road velocity increased to 19.5, the third consecutive weekly improvement. Terminal dwell for the system improved to 29.5 hours, 4% lower than the previous week of 30.7. A special area of emphasis continues to be the Toledo Terminal, where the operating systems cut-over scheduled for this week will combine the entire terminal under the CSXT operating system, resulting in decreased handling of cars between the yards and reduced overall terminal dwell. Although measures are trending in the right direction, we recognize we need to move rapidly to the levels of service that will exceed customer requirements.

The scheduled track work mentioned in last week's letter continues on plan but has caused some train reroutes and longer time lines for getting trains to destinations. Work progresses south of Chicago as well as within the Chicago area. Service Design and Engineering are working closely with Operations and Sales & Marketing to maximize the time work forces are given the track to complete their work and maintain train schedules to the extent possible.

This report highlights good performance in the new measures requested recently by the STB. None of the measures indicates issues worthy of special attention. All areas continue to remain well within normal operational control limits.

Our goal is to progress all of these measures in the positive direction indicated in this report. We are continuing to refine the operating plan to better utilize our resources. We feel that our favorable progress over the past few weeks has positioned us to handle the anticipated increase in traffic this fall.

Sincerely,

Danford L. Price
Assistant Vice President
Service Measurements

Surface Transportation Board

Performance Measures

For the week ending: 07/23/99

Yard Performance

(Composite of NS/CSX Traffic)

| | | Monday | Tuesday | Wednesday | Thursday | Friday |
|----------------|-----------------------|---------|---------|-----------|----------|---------|
| Location | Measure | 7/19/99 | 7/20/99 | 7/21/99 | 7/22/99 | 7/23/99 |
| Oak Island, NJ | Fluid Capacity | 1200 | 1200 | 1200 | 1200 | 1200 |
| | Cars On Hand - Loaded | 565 | 780 | 770 | 780 | 752 |
| | Cars On Hand - Empty | 492 | 575 | 663 | 699 | 643 |
| | Cars On Hand - Total | 1057 | 1355 | 1433 | 1479 | 1395 |
| | Cars Handled | 300 | 483 | 596 | 395 | 442 |
| | Dwell Hours | 50.0 | 54.3 | 47.6 | 61.9 | 53.0 |
| Pavonia, NJ | Fluid Capacity | 900 | 900 | 900 | 900 | 900 |
| | Cars On Hand - Loaded | 337 | 231 | 426 | 278 | 433 |
| | Cars On Hand - Empty | 310 | 232 | 469 | 382 | 419 |
| | Cars On Hand - Total | 647 | 463 | 895 | 660 | 852 |
| | Cars Handled | 120 | 297 | 220 | 335 | 344 |
| | Dwell Hours | 110.9 | 64.2 | 36.9 | 29.3 | 29.7 |
| North Yard, MI | Fluid Capacity | 850 | 850 | 850 | 850 | 850 |
| | Cars On Hand - Loaded | 164 | 150 | 188 | 211 | 256 |
| | Cars On Hand - Empty | 206 | 85 | 127 | 170 | 176 |
| | Cars On Hand - Total | 370 | 235 | 315 | 381 | 432 |
| | Cars Handled | 151 | 80 | 106 | 120 | 140 |
| | Dwell Hours | 45.7 | 44.8 | 47.1 | 30.8 | 37.7 |

CSX Comments: Daily on hand car counts decreased at Oak Island and Pavonia. Yards are clearing out as inbound traffic is delivered to serving yards and customers. Reduced delays at train originations has contributed to improvements in terminal fluidity. Terminal dwell reflects all cars handled in the yards (excluding relay cars) irrespective of car status. All three terminals reduced terminal dwell from the prior week. Delays in road train departures continue due to congestion in the shared areas.

Surface Transportation Board

Performance Measures

For the week ending: 07/23/99

Train Originations

(Composite of NS/CSX Traffic)

| | | Monday | Tuesday | Wednesday | Thursday | Friday |
|------------------|------------------------|---------|---------|-----------|----------|---------|
| Location | Measure | 7/19/99 | 7/20/99 | 7/21/99 | 7/22/99 | 7/23/99 |
| North Jersey SAA | Number of Originations | 4 | 9 | 12 | 6 | 6 |
| | % Ontime | 0% | 0% | 33% | 0% | 17% |
| | % Late 0-2 Hours | 0% | 22% | 8% | 17% | 0% |
| | % Late 2-4 Hours | 0% | 11% | 17% | 17% | 0% |
| | % Late 4-6 Hours | 0% | 11% | 0% | 17% | 17% |
| | % Late GT 6 Hours | 100% | 56% | 42% | 50% | 67% |
| South Jersey SAA | Number of Originations | 2 | 4 | 4 | 9 | 2 |
| | % Ontime | 0% | 0% | 0% | 11% | 0% |
| | % Late 0-2 Hours | 0% | 50% | 0% | 11% | 100% |
| | % Late 2-4 Hours | 0% | 25% | 25% | 44% | 0% |
| | % Late 4-6 Hours | 0% | 0% | 50% | 11% | 0% |
| | % Late GT 6 Hours | 100% | 25% | 25% | 22% | 0% |
| Detroit SAA | Number of Originations | 6 | 6 | 6 | 6 | 3 |
| | % Ontime | 33% | 67% | 50% | 33% | 0% |
| | % Late 0-2 Hours | 17% | 33% | 33% | 33% | 33% |
| | % Late 2-4 Hours | 0% | 0% | 17% | 0% | 33% |
| | % Late 4-6 Hours | 17% | 0% | 0% | 17% | 33% |
| | % Late GT 6 Hours | 33% | 0% | 0% | 17% | 0% |

CSX Comments: Road train originations continued to be affected by resource constraints. Power delays remained steady at 7 trains. Crew delays were reduced to 20 trains from 42 the prior week.

Surface Transportation Board

Performance Measures

For the week ending: 07/23/99

CSXT Cars Offered in Interchange but not Accepted

(Snapshot at Midnight for Day Measured)

| | | Monday | Tuesday | Wednesday | Thursday | Friday | Daily |
|--------------|---------------------|---------|---------|-----------|----------|---------|---------|
| Measure | Railroad Offered To | 7/19/99 | 7/20/99 | 7/21/99 | 7/22/99 | 7/23/99 | Average |
| Cars Offered | NS | 0 | 0 | 0 | 0 | 88 | 18 |
| | All Other | 70 | 104 | 26 | 35 | 54 | 58 |
| | Total | 70 | 104 | 26 | 35 | 142 | 76 |

Measures all cars in offered interchange status on acquired Conrail territory only. Volumes are listed by cars offered to NS (Norfolk Southern) and All Other Railroads.

CSXT Train Delay

(Snapshot at 14:30 for Day Measured)

| | | Monday | Tuesday | Wednesday | Thursday | Friday | Weekly |
|-------------|--------------------|---------|---------|-----------|----------|---------|--------|
| Measure | Cause of Delay | 7/19/99 | 7/20/99 | 7/21/99 | 7/22/99 | 7/23/99 | Total |
| Train Delay | Crew | 0 | 0 | 0 | 0 | 0 | 0 |
| | Power | 3 | 0 | 3 | 4 | 2 | 12 |
| | Congestion/Staging | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 3 | 0 | 3 | 4 | 2 | 12 |

Measures the number of scheduled road trains being held for crew, power, and congestion/staging on Conrail acquired territory only (includes trains in Shared Assets Area for owner road).

Surface Transportation Board

Performance Measures

For the week ending: 07/23/99

CSXT Blocked Sidings or Multiple Main Lines

(Snapshot at 14:30 for Day Measured)

| | | Monday | Tuesday | Wednesday | Thursday | Friday | Weekly |
|---------|---------------------|---------|---------|-----------|----------|---------|--------|
| Measure | Track Type | 7/19/99 | 7/20/99 | 7/21/99 | 7/22/99 | 7/23/99 | Total |
| Blocked | Sidings | 0 | 0 | 0 | 0 | 0 | 0 |
| | Multiple Main Lines | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | |
| | Total | 0 | 0 | 0 | 0 | 0 | 0 |

Measures blocked sidings or multiple main lines with or without crews for other than normal operating purposes on Conrail acquired territory only.

CSXT Locomotive Out-of-Service Ratio

(Average of 3 Snapshots for Day Measured)

| | | Monday | Tuesday | Wednesday | Thursday | Friday | Daily |
|----------------|------------|---------|---------|-----------|----------|---------|---------|
| Measure | Locomotive | 7/19/99 | 7/20/99 | 7/21/99 | 7/22/99 | 7/23/99 | Average |
| Locomotive OOS | OOS Ratio | 5.9 | 5.6 | 5.7 | 6.2 | 5.6 | 5.8 |

Average of the 07:00, 15:00, and 23:00 out of service ratio snapshots for CSXT ownership locomotives.

Surface Transportation Board

Performance Measures

For the week ending: 07/23/99

CSXT Blocked Sidings or Multiple Main Lines

(Snapshot at 14.30 for Day Measured)

| | | Monday | Tuesday | Wednesday | Thursday | Friday | Weekly |
|---------|---------------------|---------|---------|-----------|----------|---------|--------|
| Measure | Track Type | 7/19/99 | 7/20/99 | 7/21/99 | 7/22/99 | 7/23/99 | Total |
| Blocked | Sidings | 0 | 0 | 0 | 0 | 0 | 0 |
| | Multiple Main Lines | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | |
| | Total | 0 | 0 | 0 | 0 | 0 | 0 |

Measures blocked sidings or multiple main lines with or without crews for other than normal operating purposes on Conrail acquired territory only.

CSXT Locomotive Out-of-Service Ratio

(Average of 3 Snapshots for Day Measured)

| | | Monday | Tuesday | Wednesday | Thursday | Friday | Daily |
|----------------|------------|---------|---------|-----------|----------|---------|---------|
| Measure | Locomotive | 7/19/99 | 7/20/99 | 7/21/99 | 7/22/99 | 7/23/99 | Average |
| Locomotive OOS | OOS Ratio | 5.9 | 5.6 | 5.7 | 6.2 | 5.6 | 5.8 |

Average of the 07:00, 15:00, and 23:00 out of service ratio snapshots for CSXT ownership locomotives.

SURFACE TRANSPORTATION BOARD

MEMORANDUM

TO: Ellen Keys
Office of the Secretary

FROM: Andrea Richards *AR*
Office of Proceedings

SUBJECT: Correspondence to be Filed in the Docket

DATE: 8-16-99

Please make arrangements to have the attached correspondence **filed in the docket** for the appropriate **proceeding**, and add the name(s) to the service list, **if specified**:

NAME

DOCKET NO.

David A. Harris
K. Robert Malone
J. Glenn Sharp } — *FD-33388*

Joe Massa — *FD-33407*

(File in Docket)