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July 22, 1997

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

RE: Acquisition of Conrail by CSX and Norfolk Southern

Dear Secretary Williams:

I am writing to express my strong support for the agreement between CSX Corporation and Norfolk Southern Corporation on the acquisition of Conrail assets.

In recent months, CSX and Norfolk Southern have engaged in intense negotiation to acquire the rail lines and assets of Conrail, Inc. The two corporations have reached an agreement on the division of Conrail which will split its routes and other properties. Both CSX and NS will acquire certain trackage and equipment that will build two viable, strong railroads to anchor America's transportation needs in the northeast and Midwest.

The resulting rail networks of this division will reach every major market east of the Mississippi. This will improve service, increase speed of delivery and establish reliability by eliminating the costs and delays associated with interchange points. For example, transit times for rail shipments between Detroit and Chicago will be reduced to 24 hours from the current 48 hours or more.

CSX already serves as a critical link delivering raw materials to Michigan industries which supply finished products to the rest of the nation and the world. Automotive, agricultural, metals, minerals, chemicals and furniture are among the major commodities which rely on dependable rail transportation to and from Michigan. The joint CSX - NS acquisition will enhance the ability of Michigan job providers to have better rail service options at competitive rates.

I urge the Surface Transportation Board to approve the joint acquisition of Conrail assets by CSX and Norfolk Southern. The Michigan economy will be strengthened by the competition of two strong, balanced and highly regarded railroads.

Sincerely,

Saul Anutis  
Chairman

**HOGAN & HARTSON**  
**L.L.P.**

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July 24, 1997

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

Dear Counsel:

Enclosed please find Canadian Pacific Parties' First Interrogatories To CSX Parties (CP-3).

Please call either of us if you require any clarification or would like to discuss any of these inquiries.

Very truly yours,



George W. Mayo, Jr.  
Eric Von Salzen  
Attorneys For Canadian Pacific  
Railway, et al.

GWM/EVS/cmd

Enclosure: As stated

cc (w/encls.): John V. Edwards, Esq.  
Patricia Bruce, Esq.  
Gerald P. Norton, Esq.  
All Other Parties On Certificate Of Service



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WDC - 66673/1 - 0486684.02

BALTIMORE, MD BETHESDA, MD COLORADO SPRINGS, CO DENVER, CO MCLEAN, VA

\*Affiliated Office

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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Finance Docket No. 33388



CSX CORPORATION AND CSX TRANSPORTATION, INC.  
NORFOLK SOUTHERN CORPORATION AND  
NORFOLK SOUTHERN RAILWAY COMPANY  
-- CONTROL AND OPERATING LEASES/AGREEMENTS --  
CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION --  
TRANSFER OF RAILROAD LINE BY NORFOLK SOUTHERN  
RAILWAY COMPANY TO CSX TRANSPORTATION, INC.

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CANADIAN PACIFIC PARTIES'  
FIRST INTERROGATORIES  
TO CSX PARTIES

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Soo Line Corp.

July 24, 1997

BEFORE THE  
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388

CSX CORPORATION AND CSX TRANSPORTATION, INC.  
NORFOLK SOUTHERN CORPORATION AND  
NORFOLK SOUTHERN RAILWAY COMPANY  
-- CONTROL AND OPERATING LEASES/AGREEMENTS --  
CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION --  
TRANSFER OF RAILROAD LINE BY NORFOLK SOUTHERN  
RAILWAY COMPANY TO CSX TRANSPORTATION, INC.

CANADIAN PACIFIC PARTIES'  
FIRST INTERROGATORIES  
TO CSX PARTIES

Pursuant to 49 C.F.R. §§ 1114.21 and 1114.26, Canadian Pacific Railway Company, Delaware and Hudson Railway Company Inc., and Soo Line Corp. (collectively "Canadian Pacific Parties" or "CP") hereby requests that CSX Corporation And CSX Transportation, Inc. (collectively, "CSX") respond to the interrogatories set forth below.

Responses should be served as soon as possible, and in no event later than 15 days from the service date of these requests.

CP stands ready to cooperate in order to clarify these interrogatories, modify them as warranted, and facilitate the expeditious production of responses with the minimum possible burden.

CSX is urged to contact the undersigned counsel to discuss any aspect of these interrogatories. Objections or questions regarding the interrogatories



should be brought to the attention of the undersigned counsel immediately so that disputes or issues of interpretation can be resolved promptly.

#### DEFINITIONS

1. "CP" means Canadian Pacific Railway Company, Delaware and Hudson Railway Company, and Soo Line Corp.
2. "Board" means the Surface Transportation Board and its predecessor, the Interstate Commerce Commission.
3. "Document" means any writing or other compilation of information, in draft or final form, whether printed, typed, handwritten, recorded or produced or reproduced by any other process, including but not limited to letters; other correspondence; notes; memoranda; telegrams; telexes; telecopies; papers; articles; books; periodicals; notebooks; contracts; instruments; studies; analyses; intra-company or other communications; records or reports of negotiations; transcripts; summaries; minutes or other records of, or lists or other records of persons attending or participating in meetings, conferences, conversations, telephone calls, interviews or communications of any nature; diaries; calendars; appointment books; video or sound recordings; disks, tapes, computer memories and other data storage devices; computer programs; computer printouts; models; mathematical or statistical data, formulas or statements; graphs; charts; diagrams; plans; drawings; maps; photographs; expressions or statements of policy; brochures; pamphlets; circulars; trade letters; press releases; financial statements; accounting records; accountants' and other worksheets; invoices; receipts; and any other

physical object containing, or permitting the production of, writing, printing, a visible image or sound. Further, the term "document" includes:

- (a) both basic records and summaries of basic records, such as computer runs;
- (b) both original versions and copies that differ in any respect from original versions, including by handwritten notes, editing, interlineations or blind copies; and
- (c) both documents that are or have been in NS's possession, custody or control and documents that are or have been in the possession, custody or control of consultants or others that have assisted NS in connection with this proceeding.

4. "CSX" means CSX Corporation And CSX Transportation, Inc.

5. "Identify," when used in relation to an individual, corporation, partnership or other entity, means to state the name, address and telephone number thereof. "Identify," when used in relation to a document, means to

- (a) state the nature of the document (e.g., letter, memorandum, etc.);
- (b) state the author, each addressee, each recipient, date, number of pages, and title of the document;
- (c) provide a brief description of the contents of the document; and

- (d) if the document has been placed in Applicants' document depository, the specific identifying number of the document.

6. "Person" means any individual and any company, corporation, partnership, unincorporated association or other entity.

7. "Produce" means to make available for inspection and copying by CP or its representatives at Applicant's document depository. Alternatively, at CP's request, NS shall produce legible, complete and exact copies of responsive documents, retaining the original documents in the files of NS or its counsel and making them available to CP if requested. In such case, the copies should be sent, by overnight delivery, to the undersigned attorneys at Hogan & Hartson L.L.P. in Washington, D.C. CP will pay all reasonable costs of duplication and of forwarding documents to its attorneys. To the extent reasonably possible in the particular circumstances, NS should identify by interrogatory number the particular CP interrogatory with respect to which a particular document is responsive. (CP recognizes that this may not be practical in all cases.)

8. "Provide," "set forth," "list," or "describe" means to supply a narrative response in accordance with 49 C.F.R. § 1114.26. If the information sought in a particular interrogatory is contained in business records, such records may be produced in accordance with 49 C.F.R. §§ 1114.26(b) and 1114.30, and the definition of "produce" herein, as an alternative to supplying a narrative response.

9. "Railroad" means any railroad, rail or commuter authority, or other entity providing rail transportation, whether freight, passenger or commuter.

10. "Relating to," "related to," or "regarding" a subject means making a statement about, referring to, discussing, describing, reflecting, dealing with, consisting of, constituting, comprising, recording or in any other way pertaining to the subject, either in whole or in part and either directly or indirectly.

11. "Shipper" means a user of rail services, including without limitation a consignor, a consignee or a receiver.

12. "Traffic Study" means the CSX rail traffic diversion study described in the Application, including, but not limited to, the study described in the Verified Statement of John H. Williams, CSX/NS-19, Volume 2B.

13. "This proceeding" means Finance Docket No. 33388, CSX Corporation And CSX Transportation, Inc., Norfolk Southern Corporation And Norfolk Southern Railway Company-- Control And Operating Leases/Agreements -- Conrail Inc. And Consolidated Rail Corporation --Transfer Of Railroad Line By Norfolk Southern Railway Company To CSX Transportation, Inc., and all agency or other proceedings related thereto.

14. "Workpapers" underlying a filing with the Board or an analysis conducted by or on behalf of a party means all documents that were utilized, generated, or relied on in any manner in preparing such filing or analysis, that provide details or data with respect to such filing or analysis, that support or

substantiate such filing or analysis, or that relate in any other way to the development of such filing or analysis.

15. "You" means NS.

16. References to railroads, shippers and other companies (including NS) include: parent companies; subsidiaries; controlled, affiliated and predecessor firms; divisions; subdivisions; components; units; instrumentalities; partnerships; joint ventures; officers; directors; employees; agents; representatives; attorneys; accountants; and consultants.

17. All uses of the conjunctive include the disjunctive and vice versa. Words in the singular include the plural and vice versa. References to NS include any or all of the entities collectively identified as NS.

### INSTRUCTIONS

1. If, based on your current knowledge and without investigation, any information responsive to all or any part of an interrogatory is not currently available, provide a statement to that effect and furnish whatever information is available. Include in your statement when such information was most recently in your possession or subject to your control and what disposition was made of it, and identify the name, job title and the last known address of each person currently in possession or control of such information. If any of such information has been destroyed, identify the name, job title and the last known address of each person who directed that the information be destroyed, and state the reasons the information was destroyed.

2. If you cannot supply precise information, state your best estimate or approximation (including your best approximation of date by reference to other events, when necessary) designated as such.

3. These interrogatories are continuing in nature and should be supplemented as required under the Board's rules.

### INTERROGATORIES

1. (a) Does your Traffic Study identify the revenue loss/gain projected for individual railroads within the CP system (*e.g.*, Delaware and Hudson Railway Company ("D&H"), Soo Line Corp. ("Soo"), Canadian Pacific Railway Company?).

(b) If the answer to (a) is Yes, please state the revenue loss/gain projected for each individual railroad within the CP system.

(c) If the answer to (a) is not Yes, please describe the information that your Traffic Study provides with respect to diversions affecting individual railroads within the CP system and provide such information with respect to D&H and Soo.

2. Describe the complete routing of all D&H traffic (cars, tons, and revenues) that is included in your Traffic Study, showing complete actual 1995 routing, and the diverted routing, summarized by

- (a) Origin railroad, station, and state;
- (b) Commodity (STCC)
- (c) All junctions and railroads in the route; and
- (D) Destination railroad, station, and state.

If this information is contained in a document, in lieu of answering this interrogatory no. 2, you may provide the document, together with a complete description adequate to permit CP to extract the requested information.

3. Describe the complete routing of all Soo traffic (cars, tons, and revenues) that is included in your Traffic Study, showing complete actual 1995 routing, and the diverted routing, summarized by

- (a) Origin railroad, station, and state;
- (b) Commodity (STCC)
- (c) All junctions and railroads in the route; and
- (D) Destination railroad, station, and state.

If this information is contained in a document, in lieu of answering this interrogatory no. 3, you may provide the document, together with a complete description adequate to permit CP to extract the requested information.

4. Describe the complete routing of all CP traffic other than D&H and Soo traffic ("CP remainder traffic") (cars, tons, and revenues) that is included in your Traffic Study, showing complete actual 1995 routing, and the diverted routing, summarized by

- (a) Origin railroad, station, and state;
- (b) Commodity (STCC)
- (c) All junctions and railroads in the route; and
- (D) Destination railroad, station, and state.

If this information is contained in a document, in lieu of answering this interrogatory no. 4, you may provide the document, together with a complete description adequate to permit CP to extract the requested information.

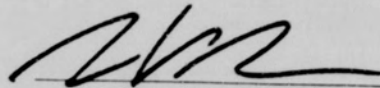
5. Describe the complete routing of all traffic that moved in 1995 over Conrail lines to be operated by CSX east of the Albany, NY area (cars, tons, and revenues), and the projected routing of that traffic, summarized by

- (a) Serving railroad

- (b) Origin railroad, station, and state;
- (c) Commodity (STCC)
- (d) All junctions and railroads in the route; and
- (e) Destination railroad, station, and state.

If this information is contained in a document, in lieu of answering this interrogatory no. 5, you may provide the document, together with a complete description adequate to permit CP to extract the requested information.

Respectfully submitted,



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July 24, 1997

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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Finance Docket No. 33388

CSX CORPORATION AND CSX TRANSPORTATION, INC.  
NORFOLK SOUTHERN CORPORATION AND  
NORFOLK SOUTHERN RAILWAY COMPANY  
-- CONTROL AND OPERATING LEASES/AGREEMENTS --  
CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION --  
TRANSFER OF RAILROAD LINE BY NORFOLK SOUTHERN  
RAILWAY COMPANY TO CSX TRANSPORTATION, INC.

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CERTIFICATE OF SERVICE

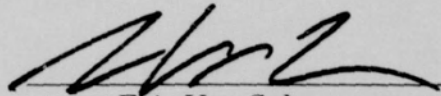
I hereby certify that, on this 24th day of July, 1997, I served Canadian Pacific Parties' First Interrogatories To CSX Parties (CP-3) by hand on the parties identified below and by first-class mail, postage prepaid, on all other parties of record in this proceeding:

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comparable employment, which does not require a change in place of residence, under the same conditions as apply to other employees under this appendix, with any carrier for which application for employment has been made in accordance with this section.

#### ARTICLE IV

Employees of the railroad who are not represented by a labor organization shall be afforded substantially the same levels of protection as are afforded to members of labor organizations under these terms and conditions.

In the event any dispute or controversy arises between the railroad and an employee not represented by a labor organization with respect to the interpretation, application or enforcement of any provision hereof which cannot be settled by the parties within 30 days after the dispute arises, either party may refer the dispute to arbitration.

#### ARTICLE V

1. It is the intent of this appendix to provide employee protections which are not less than the benefits established under 49 U.S.C. 11347 before February 5, 1976, and under section 565 of title 45. In so doing, changes in wording and organization from arrangements earlier developed under those sections have been necessary to make such benefits applicable to transactions as defined in article I of this appendix. In making such changes, it is not the intent of this appendix to diminish such benefits. Thus, the terms of this appendix are to be resolved in favor of this intent to provide employee protections and benefits no less than those established under 49 U.S.C. 11347 before February 5, 1976 and under section 565 of title 45.

2. In the event any provision of this appendix is held to be invalid or otherwise unenforceable under applicable law, the remaining provisions of this appendix shall not be affected.

# ATTACHMENT C

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SERVICE DATE - LATE RELEASE JUNE 26, 1997

## SURFACE TRANSPORTATION BOARD

### DECISION

STB Finance Docket No. 32760 (Sub-No. 22)

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY AND  
MISSOURI PACIFIC RAILROAD COMPANY  
—CONTROL AND MERGER—  
SOUTHERN PACIFIC TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN  
RAILWAY COMPANY, SPCSL CORP. AND  
THE DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY

(Arbitration Review)

Decided: June 26, 1997

We grant the petition of the United Transportation Union (UTU) for review of the arbitration decision issued by James E. Yost as it pertains to health benefits and decline to review the decision concerning the remaining issues raised by UTU.

### BACKGROUND

By decision served August 12, 1996, in Finance Docket No. 32760 (the *Merger Proceeding*), we approved the common control and merger of the rail carriers controlled by the Union Pacific Corporation and the rail carriers controlled by the Southern Pacific Rail Corporation. The controlling operating railroad is now the Union Pacific Railroad Company (UP or the carrier), the respondent in this proceeding. In our decision approving the control and merger application, we imposed the employee protection conditions established in *New York Dock Ry.—Control—Brooklyn Eastern Dist.*, 360 I.C.C. 60, 84-90 (1979) (*New York Dock*), *aff'd sub nom. New York Dock Ry. v. United States*, 609 F.2d 83 (2d Cir. 1979).

Under *New York Dock*, labor changes related to approved transactions are effected through implementing agreements negotiated before the changes occur. If the parties cannot agree, the issues are resolved by arbitration, with possible appeal to the Board under its deferential *Lace Curtain* standard of review.<sup>1</sup> Affected employees receive comprehensive displacement and termination benefits for up to 6 years.

<sup>1</sup> Under 49 CFR 1115.3, the standard for review is provided in *Chicago & North Western Transp. Co.—Abandonment*, 3 I.C.C.2d 729 (1987), *aff'd sub nom. International Brotherhood of Electrical Workers v. I.C.C.*, 862 F.2d 330 (D.C. Cir. 1988) (popularly known as the "*Lace Curtain*" case). Under the *Lace Curtain* standard, the Board does not review "issues of causation, the calculation of benefits, or the resolution of other factual questions" in the absence of "egregious error." *Id.* at 735-36. In *Delaware and Hudson Railway Company—Lease and Trackage Rights Exemption—Springfield Terminal Railway Company*, Finance Docket No. 30965 (Sub-No. 1) *et al.* (ICC served Oct. 4, 1990) at 16-17, *remanded on other grounds in Railway Labor Executives' Ass'n v. United States*, 987 F.2d 806 (D.C. Cir. 1993), the Interstate Commerce Commission (ICC) elaborated on the *Lace Curtain* standard as follows:

Once having accepted a case for review, we may only overturn an arbitral award when it is shown that the award is irrational or fails to draw its essence from the imposed labor conditions or it exceeds the authority reposed in arbitrators by those conditions. [Citations omitted.]

Here, the parties were unable to reach an implementing agreement on labor changes covering two geographical areas, referred to by UP as the "Salt Lake Hub" and the "Denver Hub." When the parties could not agree, the dispute was taken to arbitration. On April 14, 1997, arbitrator James E. Yost issued his decision. The decision adopted the two implementing arrangements proposed by the carrier, with exceptions that have not been appealed by the carrier. The arbitrator found that the implementing provisions adopted in his decision were "necessary to effect the STB's approved consolidation and yield enhanced efficiency in operations benefiting the general public and the employees of the merged operations."

On May 5, 1997, UTU filed an appeal of the arbitrator's decision. UTU also requested a stay of the decision pending our review.<sup>2</sup> On May 21, 1997, UTU filed a motion for leave to submit a supplement to its petition for review and a tendered supplemental petition. UP filed a reply in opposition to admission of UTU's tendered supplement on May 23, 1997. UP filed its reply in opposition to UTU's appeal on May 27, 1997.

#### PRELIMINARY MATTER

In its motion for leave to supplement its petition, UTU submits two UP notices scheduling implementation of the award, which were sent to UTU on May 1, 1997. We will consider these notices because they provide material that was not available to UTU until shortly before the deadline for submission of its appeal and UP does not object.

UP does object to consideration of the remaining content of UTU's tendered supplement to its petition, arguing that UTU is not entitled to file "yet another brief on the merits." We agree. Under 49 CFR 1115.8, UTU is entitled to file only one appeal pleading. Moreover, UTU's supplement essentially constitutes repetitive and cumulative argument.

#### DISCUSSION AND CONCLUSIONS

UTU raises four issues in its appeal: (a) whether it was proper for the arbitrator to include language in his decision regarding representation during future negotiations; (b) whether the arbitrator properly approved provisions allowing the carrier to merge seniority districts and to force employees to switch seniority districts; (c) whether the arbitrator's approval of the current UP Eastern District Agreement as the uniform collective bargaining agreement for the affected employees (replacing the separate pre-consolidation agreements) was proper; and (d) whether the arbitrator properly approved the provisions in the implementing arrangements requiring employees to switch health care providers.

<sup>2</sup> By decisions served May 30, 1997, and June 10, 1997, implementation of the arbitrator's decision was stayed, with the latter stay running until July 1, 1997. The Brotherhood of Locomotive Engineers, on June 19, 1997, filed in opposition to the grant of a further stay. On the same date, UP filed a petition to vacate the stay. Given our decision here resolving the merits of the petition for review, the relief sought in these two pleadings has become moot. Moreover, both BLE and UP could have, and indeed should have, made the arguments contained in these pleadings in response to the initial stay request rather than some 45 days afterwards. Further, we find incredible the claim by UP now that a less than 30-day stay of the implementation of the subject arbitral award has materially disrupted the implementation of the underlying merger, our approval of which has been in effect since September 11, 1996. And we continue to expect UP to submit an in-depth analysis of the effects of the merger and condition implementation in its July 1, 1997 quarterly progress report on the underlying merger. Because we are resolving the merits of the petition for review, however, we will vacate the stay as of the service date of this decision.

STB Finance Docket No. 31760 (Sub-No. 22)

## I. UP's Allegation of Waiver

Before we discuss these issues, we must consider UP's contention that UTU waived consideration of them for the Denver Hub. During arbitration, UTU submitted a separate implementation proposal concerning the Salt Lake Hub but did not submit a separate proposal for the Denver Hub. The carrier argues that, by not making its own proposal concerning the Denver Hub, UTU waived its right to raise any of the aforementioned four issues on appeal as they apply to that Hub.

We disagree. A party can waive its objections only by failing to make them below. UTU did not fail to make objections below concerning the Denver Hub. In its submission, UTU phrased its criticism of UP in general terms that applied equally to the changes proposed by UP for both hubs, which changes were virtually identical. There was nothing in UTU's overall submission to indicate that UTU did not object to the changes proposed by the carrier for the Denver Hub. UTU's submission put the arbitrator on notice that UTU believed that certain changes proposed by UP were improper under *New York Dock* for both hubs. The arbitrator must have been on notice as to the scope of UTU's objections because he rejected implementation provisions proposed by the carrier for both hubs, not just the Salt Lake Hub. Because the record shows that UTU did object to the carrier's Denver Hub proposals, we conclude that UTU has not waived all arguments for the Denver Hub simply by not submitting its own separate proposal for that Hub.

## II. The Issues Appealed by UTU

As explained in greater detail below, only one issue — whether the arbitrator properly approved the provisions in the implementing arrangements requiring employees to switch health care providers — satisfies the criteria for review by us under our *Lace Curtain* standard of review. The health care issue is reviewable because it involves an allegation that the arbitrator's decision exceeds the authority entrusted to him under our *New York Dock* labor conditions. The issue involving language pertaining to union representation during future negotiations is moot in light of our interpretation of the arbitrator's decision. The issues involving the necessity of seniority district changes and the consolidation of collective bargaining agreements are the sort of matters that have historically been decided by arbitrators under the Washington Job Protection Agreement of May 1936 and subsequently under our labor protective conditions on which, with the approval of the courts, we have traditionally deferred to arbitrators in the absence of egregious error. *CSX Corp.—Control—Cheslie and Seaboard C.L.L.*, 6 I.C.C.2d 715 (1990).

## A. Representation During Future Negotiations

The arbitrator's decision stated (at 4 and 5) that, if there are to be future negotiations, they should be between the "Eastern District General Chairman" and the carrier. UTU asserts that any future negotiations must be between "UTU" and the carrier, arguing that only UTU, as the current bargaining representative of the affected employees, has the authority to direct the carrier to the persons with whom the carrier must negotiate.

We do not interpret the decision as interfering with UTU's right to designate its own representative for future bargaining over issues affecting the Hubs. UTU has selected the UP Eastern District General Chairman to bargain for employees who come under the UP Eastern District Agreement.<sup>1</sup> The arbitrator imposed the UP Eastern District Agreement. When the arbitrator referred to possible future negotiations as being between the carrier and the Eastern District General Chairman, he was not attempting to lock UTU into this choice of a bargaining representative but was merely referring to the person whom UTU itself had designated to represent its members as being best able to discuss with management what various provisions mean. His suggestion was limited to the implementing agreement process and was not made any

<sup>1</sup> Declaration of W. Scott Hinckley, filed May 27, 1997, at 5-6.

STB Finance Docket No. 32760 (Sub-No. 22)

part of the award we are asked to review. Plainly, the arbitrator did not purport to, nor could he, disavow representation for future bargaining purposes. Our interpretation moots UTU's appeal concerning this issue.

### B. Changes in Seniority Districts<sup>4</sup>

UTU objects to the general provisions of the implementing arrangements approved by the arbitrator that allow the carrier to alter seniority districts and to force employees within the new hubs to move to different seniority districts. The implementing arrangements also contain special provisions that, in conjunction with the aforementioned general provisions, specifically allow the carrier to make seniority district changes for firemen, and UTU specifically objects to these provisions as well. UTU argues that all of these provisions contravene *New York Dock* by overriding collective bargaining agreement provisions<sup>5</sup> when an override is not necessary to realize the public benefits of the consolidation.

It is now firmly established that the Board, or arbitrators acting pursuant to authority delegated to them under *New York Dock*, may override provisions of collective bargaining agreements when an override is necessary for realization of the public benefits of approved transactions. Where modification has been necessary, it has been approved under either former sections 11341(a) [recodified in section 11321(a)] or 11347 [recodified in section 11326(a)]. *Norfolk & Western v. American Train Dispatchers*, 499 U.S. 117 (1991); *Railway Labor Executives' Ass'n v. United States*, 987 F.2d 806 (D.C. Cir. 1993) (*RLEA*); *American Train Dispatchers Association v. I.C.C.*, 26 F.3d 1157 (D.C. Cir. 1994) (*ATDA*); and *United Transportation Union v. Surface Transportation Board*, 108 F.3d 1425 (D.C. Cir. 1997) (*UTU*). In *RLEA*, 987 F.2d at 814-15, the court elaborated on the necessity test, as follows:

[I]t is clear that the Commission may not modify a CBA willy-nilly: § 11347 requires that the Commission provide a "fair arrangement." The Commission itself has stated that it may modify a collective bargaining agreement under § 11347 only as "necessary" to effectuate a covered transaction. [Citation omitted.] ... We look therefore to the purpose for which the ICC has been given this authority [to approve consolidations]. That purpose is presumably to secure to the public some transportation benefit that would not be available if the CBA were left in place, not merely to transfer wealth from employees to their employer ....

In other words, the court's standard is whether the change is necessary to effect a public benefit of the transaction.

As noted, the arbitrator found that the consolidation was "necessary to effect the STB's approved consolidation and yield enhanced efficiency in operations benefiting the general public and the employees of the merged operations." This was a factual finding to which we must accord deference to the arbitrator under our *Lace Curtain* standard of review. Under our *Lace Curtain* standard of review, such factual findings are reviewed only if the arbitrator committed egregious error. Because UTU has failed to make the required showing, applying the *Lace Curtain* standard of review, we decline to review this finding.

<sup>4</sup> Due to the nature of work in the railroad industry, operating employees are assigned to "seniority districts," which are lists of employees who are eligible to work in a given craft or operation in a defined geographical area, such as a hub. The order in which employees appear on these lists determines various employment rights.

<sup>5</sup> Except for the firemen, UTU does not cite or provide the specific collective bargaining agreement provisions that are alleged to be contravened by the provisions of the implementing arrangements that allow mandatory switching of seniority districts. For the firemen, UTU cites language in Article XIII, section 1(7) of the October 31, 1985 UTU National Agreement.

## C. Uniform Collective Bargaining Agreement

UTU challenges the arbitrator's decision to allow UP to select its collective bargaining agreement for the Eastern District as the uniform collective bargaining agreement that will apply to the affected employees (replacing the separate pre-consolidation agreements). As noted in our discussion of the changes in seniority districts, it is now firmly established that the Board (or arbitrators acting under *New York Dock*) may override provisions of collective bargaining agreements when an override is necessary for realization of the public benefits of approved transactions. Here, the arbitrator found that application of a uniform collective bargaining agreement was also among the changes that were necessary to effect the STB's approved consolidation and yield enhanced efficiency in operations benefiting the general public and the employees of the merged operations. This was a factual finding to which we must accord deference to the arbitrator under our *Lace Curtain* standard of review. Again, under our *Lace Curtain* standard of review, such factual findings are reviewed only if the arbitrator committed egregious error.

UTU itself admits that there are circumstances in which collective bargaining agreements may be merged to effect the goals of mergers, stating on page 29 of its submission to the arbitrator: "The Organization has continually recognized where there is a coordination, a fusion of collective bargaining agreements is necessary." Here, the necessity for the merger of bargaining agreements is supported by the number of collective bargaining agreements alone that were in effect before the merger — before the merger, the Salt Lake Hub consisted of six collective bargaining agreements, and the Denver Hub consisted of three collective bargaining agreements.<sup>6</sup> The arbitrator could reasonably find that UP cannot effectively manage employees in a merged and coordinated operation if the operation must be burdened with six collective bargaining agreements, each with its own set of work rules. Our predecessor agency has previously upheld the consolidation of collective bargaining agreements.<sup>7</sup> Under these circumstances, UTU bears a heavy burden in attempting to show that the consolidation of collective bargaining agreements in the Hubs was egregious error. We find that UTU has failed to meet its burden of showing that the arbitrator committed egregious error in approving the consolidation of collective bargaining agreements in the Hubs.

UTU also seems to argue that the arbitrator erred by failing to apply the predominate collective bargaining agreements in the respective Hubs.<sup>8</sup> We disagree. UTU has submitted no

<sup>6</sup> Declaration of W. Scott Hinckley, filed May 27, 1997, at 5.

<sup>7</sup> In *Norfolk and Western Railway Company, Southern Railway Company and Interstate Railway Company—Exemption—Contract to Operate and Trackage Rights* Finance Docket No. 30582 (Sub-No. 2) (ICC served July 7, 1989), the ICC upheld an arbitrator's merger of only two collective bargaining agreements. Consolidation of collective bargaining agreements was also approved in *CSX—Control—Chessie System, Inc., and Seaboard Coast Line Industries, Inc., et al.* Finance Docket No. 28905 (Sub-No. 27) (ICC served Dec. 7, 1995) (*CSX—Control—Chessie/Seaboard*), 10 I.C.C.2d \_\_ (1995), *aff'd*, UTU, *supra*. In *Wilmington Term. R.R.—Pur. & Lease—CSX Transp., Inc.*, 6 I.C.C.2d 799, 819-21 (1990), the ICC refused to require a lessee to apply the different collective bargaining agreement in effect for the lessor to former employees of the lessor who transferred to the lessee, citing a court decision that noted the operational difficulties involved in such a requirement. See also: the 1985 Seidenberg arbitration decision (Exh. 11 of UP's submission to the arbitrator); the 1985 Brown arbitration decision (Exh. 12 of UP's submission to the arbitrator); and the 1985 Ables arbitration decision (Exh. 13 of UP's submission to the arbitrator). These examples of approved consolidations do not exhaust the list.

<sup>8</sup> UTU states (Petition at 23) that it agreed to application of UP's Eastern District Agreement for the Salt Lake Hub and that the Eastern District Agreement predominates in the Denver Hub. UP responds that the UP Eastern District Agreement does not predominate in the

(continued...)

STB Finance Docket No. 32760 (Sub-No. 22)

authority from the Board, the ICC, or a court that establishes a duty to adopt the predominate collective bargaining agreement that is in effect in an area where operations are being coordinated when consolidation of collective bargaining agreements is necessary in such an area to effect the benefits of a merger. While arbitrators may conclude that adoption of the predominate agreement makes sense in given situations, UTU has not explained why the arbitrator's failure to so conclude here was egregious error.

In *RLEA*, *supra*, the court admonished the ICC to refrain from approving modifications that are not necessary for realization of the public benefits of the consolidation but are merely devices to transfer wealth from employees to their employer. In its appeal, UTU made no effort to show that the UP Eastern District collective bargaining agreement is inferior to the collective bargaining agreements that it replaced. This is not a situation where the carrier is using *New York Dock* as a pretext to apply a new, uniform collective bargaining agreement that is inferior in matters such as wage levels, benefit levels, and working conditions. In fact, UP argues that its Eastern District Agreement is more costly because the collective bargaining agreement for the Denver & Rio Grande Western Railway Company, which was the other pre-merger agreement that might have been selected, has a crew consist provision more favorable to the carrier than the UP Eastern District Agreement.<sup>7</sup>

For these reasons, UTU has not shown that the arbitrator committed egregious error in approving the consolidation of collective bargaining agreements in the Hub territories as necessary for realization of the public benefits of the consolidation. Nor has UTU shown that the arbitrator committed egregious error in imposing the UP Eastern District collective bargaining agreement as the uniform agreement for operations in both of the Hubs. Because UTU has failed to make either of these required showings under the *Loce Curtain* standard of review, we decline to review this finding.

#### D. Health Benefits

UTU challenges the arbitrator's approval of provisions requiring employees to change their health benefits provider from the DRGW Hospital Association to the UP Hospital Association. UTU argues that: (1) the carrier negotiated implementing arrangements with the carmen, clerical, and engineer crafts that offered employees a choice of plans and that the same choice should be available here; (2) the withdrawal of employees from the DRGW Hospital Association plan will jeopardize that plan; (3) under the DRGW Hospital Association plan, the premiums are \$300 lower for a retired couple with no drug limits; and (4) health "fringe benefits" have a protected status under *New York Dock*.

(...continued)

Denver Hub but proceeds to argue that (1) UTU has in effect locked itself into its statement that the Eastern District Agreement should apply in both Hubs, if a single collective bargaining agreement is applied, and therefore (2) we should dismiss UTU's attack on the consolidation of collective bargaining agreements on the grounds that the arbitrator applied the agreement sought by UTU.

We will not dismiss UTU's argument on these grounds. While UTU's statements in this portion of its petition are not clear, a fair reading of the entire record submitted by UTU shows that it is interested in preserving prior collective bargaining rights as much as possible and that it believes that the consolidation of collective bargaining agreements approved by the arbitrator would be detrimental to this interest.

<sup>7</sup> The arbitrator rejected the carrier's attempt to reduce train operating crews in the Hubs (and several other changes), apparently finding that crew size was a systemwide "problem" having nothing to do with the multiplicity of carriers operating in any given area prior to the merger.

UP responds that UTU waived objection to the change in health benefits provider by failing to object to this change when the carrier submitted it to the arbitrator. We disagree. On page 19 of its separate submission to the arbitrator addressing certain commitments by UP made during the *Merger Proceeding*,<sup>13</sup> UTU argues that, under our labor protective conditions, SP employees are entitled to retain their hospitalization and medical care after the merger. This put the arbitrator on notice that health benefits were at issue and that UTU desired to have negotiated benefits retained. Moreover, as explained below, the issue of health benefits goes to the adequacy of an implementing agreement imposed under our labor conditions—a matter that we are required to address whenever it is brought to our attention. See *Norfolk & Western R. Co. v. Nemitz*, 404 U.S. 37 (1971).

In its decision in *CSX—Control—Cheslie/Seaboard*, *supra* note 8, the ICC defined the scope of rights, privileges, and benefits that must be preserved as including hospitalization and medical care. It did so by looking to an essential item of legislative history, paragraph 10 of the Model Agreement for the protection of labor under the Urban Mass Transit Act of 1962, which it set forth in its decision (ICC served Dec. 7, 1995, slip op. at 14-15):

(10) No employee receiving a dismissal or displacement allowance shall be deprived during his protection period, of any rights, privileges, or benefits attaching to his employment, including without limitation, group life insurance, hospitalization and medical care, free transportation for himself and his family, sick leave, continued status and participation under any disability or retirement program, and such other employee benefits as Railroad Retirement, Social Security, Workmen's Compensation, and unemployment compensation, as well as any other benefits to which he may be entitled under the same conditions so long as such benefits continue to be accorded to other employees of the bargaining unit inactive service or furloughed as the case may be. [Emphasis added.]

Immediately after quoting this provision, the ICC summarized its view of rights, privileges, and benefits by stating (slip op. at 15):

We believe that this is compelling evidence that the term "rights, privileges, and benefits" means the "so-called incidents of employment, or fringe benefits," *Southern Ry. Co.—Control—Central of Georgia Ry. Co.*, 317 I.C.C. 557, 566 (1962), and does not include scope or seniority provisions.

In its decision reviewing *CSX—Control—Cheslie/Seaboard*, the court adopted the ICC's test, which definitively governs this issue, holding (108 F.3d at 1430):

In this case, the Commission offers a definition: "rights, privileges, and benefits" refers to "the incidents of employment, ancillary emoluments or fringe benefits—as opposed to the more central aspects of the work itself—pay, rules and working conditions." See *Commission decision* at 14, reprinted in J.A. 237. And "the incidents of employment, ancillary emoluments or fringe benefits" refers to employees' vested and accrued benefits, such as life insurance, hospitalization and medical care, sick leave, and similar benefits. See *id.* at 15, reprinted in J.A. 238.

Under the Commission's interpretation, "rights, privileges and benefits" are protected absolutely, while other employee interests that are not inviolate are protected by a test of "necessity," pursuant to which there must be a showing of a nexus between the changes sought and the effectuation of an ICC-approved transaction. Under this scheme, the public interest in effectuating approved consolidations is ensured without any undue

<sup>13</sup> See Attachment A to Second Declaration of Paul C. Thompson, filed May 5, 1997.

sacrifice of employee interests. In our view, this is exactly what was intended by Congress.

From this definition, we believe that employees' rights to membership in the DRGW Hospital Association plan must be preserved because these rights are a fringe benefit pertaining to "hospitalization and medical care."

UP responds that we must uphold the change in health benefits because (1) it is merely incidental to the approved adoption of a uniform collective bargaining agreement and (2) a contrary result would contravene the Board's refusal to allow parties to "cherry pick" among the provisions of pre-merger collective bargaining agreement provisions.<sup>11</sup> Moreover, UP notes that the arbitrator declined to impose the growing provision it sought from another collective bargaining agreement on the grounds that doing so would violate the prohibition against "cherry picking."

We disagree. Our approval of a uniform collective bargaining agreement and refusal to allow "cherry picking" was not intended, and may not be used, to abrogate UTU's absolute right to the preservation of pre-consolidation rights, privileges, or benefits under collective bargaining agreements as a result of Section 2 of our New York Dock labor conditions, as interpreted by the ICC with the approval of the court in *UTU*.

UP also argues that UTU supported similar changes of benefits pursuant to the adoption of uniform agreements in other merger proceedings. Even if UTU did this, however, its support of such changes in the past would not estop UTU from opposing a change here. A union does not waive its right to preservation of rights, privileges, and benefits by failing to assert that right in prior proceedings. Nor does the fact that it might voluntarily agree to changes in rights, privileges and benefits mean that it can be forced to do so where, as here, the implementing agreement is imposed by arbitration. Thus, at a minimum, as UTU contends and as UTU asserts UP has done in other instances, UTU's members should have been afforded the choice of remaining with the DRGW Hospital Association plan or switching to the UP Hospital Association plan.

Regarding UP's argument that the change in health benefits is merely incidental, and that the harms alleged by UTU from the change in health care providers are "entirely speculative," there may be circumstances in which a "change" in a right, privilege, or benefit would be so inconsequential or nonsubstantive that it is really not a change at all and may thus be made without contravening the requirement in *New York Dock* that rights, privileges, and benefits under pre-existing collective bargaining agreements must be preserved. However, on the record before us, we conclude that the arbitrator exceeded his authority in imposing provisions requiring employees to change to the UP Hospital Association health plan against their will instead of preserving their right to continue to be covered by the DRGW Hospital Association plan.

This decision will not affect the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The arbitration decision requiring employees to change their health benefit provider from the DRGW Hospital Association to the UP Hospital Association for the Salt Lake Hub and the Denver Hub is reversed. We otherwise decline to review the arbitration decision.

<sup>11</sup> In approving the underlying merger, we specifically rejected a proposal by a group of unions to allow the unions to "cherry pick" the best provisions from existing UP or SP collective bargaining agreements. *Merger Proceeding*, slip op. at 84-85, 174.

STB Finance Docket No. 32760 (Sub-No. 22)

2. The stay of the implementation of the arbitration award is vacated.
3. This decision is effective on its date of service.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams  
Secretary



MONROE COUNTY  
**ROAD**  
COMMISSION

Richard W. Turner, Chairman  
Lloyd D. Manor, Vice-Chairman  
Robert L. Miller, Commissioner

Jerry C. Bartnik, Executive Director  
Lisa A. Adkins, Asst. Director/Finance Director  
Paul Bockstahler, P.E., Co. Hwy. Engineer  
Michael D. Bezeau, Supt. of Maintenance  
Steve J. Pace, Asst. Supt. of Maintenance  
Deborah A. Bogedain, Human Resources Director  
Thomas P. Russow, General Legal Council

August 13, 1997

Vernon A. Williams, Secretary  
Surface Transportation Board  
12th and Constitution Ave., N.W.  
Washington, D.C. 20423

RE: Acquisition of Conrail by CSX and Norfolk Southern

Dear Secretary Williams:

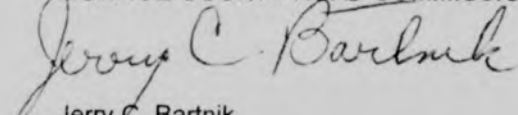
I am writing to express my support for the joint acquisition of Conrail by CSX and Norfolk Southern agreement.

The joint CSX-NS acquisition will enhance the ability of Michigan job providers to have better rail service options at competitive rates. CSX already serves as a critical link delivering raw materials to Michigan industries which supply finished products to the rest of the nation and the world. Automotive, agricultural, metals, minerals, chemicals and furniture are among the major commodities which rely on dependable rail transportation to and from Michigan and creating balanced competition in the East. This will help streamline the eastern rail system so it can more effectively compete with its highway counterparts for freight movements. This should create a direct single-line rail service that is better, faster and more reliable. Along with bringing to communities, benefits of a stronger rail transportation network, this should also lessen highway congestion which the Monroe County Road Commission strongly supports.

I urge the Surface Transportation Board to approve the joint acquisition of Conrail assets by CSX and Norfolk Southern. The Michigan economy will be strengthened by the competition of two strong, balanced and highly regarded railroads.

Sincerely,

MONROE COUNTY ROAD COMMISSION

  
Jerry C. Bartnik  
Executive Director

JCB/nt

840 S. Telegraph Rd., Monroe, MI 48161

Telephone: (313) 243-7325  
Facsimile: (313) 243-7008



# United Railway Supervisors Association

CONRAIL LODGE No. 202 (Lines West)



JOHN A. SCHAUER, JR.  
PRESIDENT  
10 East Cottage Road, Box 545  
Stoneboro, PA 16153

*August 15, 97*

*Dear Mr. William,*

*Will you please put me on the service listing  
for the STB Finance Docket # FD 33388 ?*

*Thank you.*

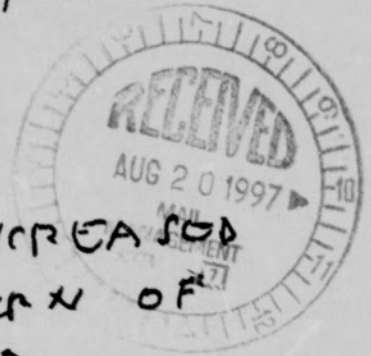
*Yours,  
John A. Schauer, Jr.*



FD 33388

SURFACE TRANSPORTATION  
BOARD.

8/15/97



WE OBJECT TO POTENTIAL INCREASED  
USE BY NORFOLK AND SOUTHERN OF  
THE RAIL LINE THROUGH OUR AREA.

NORFOLK-SOUTHERN HAS A  
SOUTHERN ROUTE THAT CAN BE  
UTILIZED.

REP. DONNIS KUCINICH AND THE  
MAYORS OF ANN LAKE, BAY VILLAGE,  
ROCKY RIVER, AND LAKEWOOD, OHIO  
ARE INVOLVED.

YOURS TRULY

WILBUR J. JONAS  
600 DEBBINGTON DR.  
BAY VILLAGE, OHIO  
44140

STB

FD-33388

ID-PUBLIC

7-25-97

J

LeRoy Creasey, Jr. #A274/243  
Allen Corr. Inst., H4A  
P.O. Box 4501  
Lima, Ohio 45802-4501  
July 21, 1997



Surface Transportation Board  
1925 K St., N.W.,  
Washington, DC 20423

**SUBJECT:** Sale of Con-Rail To NS & CSX R.R.'s.

Dear Board:

Regarding the above proposed sale; I have the following statements.

I have pending litigation in the U.S. Court of Appeals (Sixth Circuit against Con-Rail and certain managers.

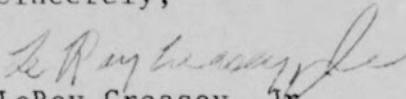
The companies that by all or part of Con-Rail may incur liability in this litigation.

I have written General Counsel (BLE) Harold Ross of my intent to litigate the issues that were left out by the BLE arbitration.

Please serve copies of this notice to all perspective buyers of Con-Rail.

Questions should be addressed to the above name and address.

Sincerely,

  
LeRoy Creasey, Jr.

cc: Ct./file  
H/R-BLE (Gen-Counsel)  
L/C/Jr./file

July 7, 1997

Mr. Robert A. Scardelletti  
International President T.C.U.  
2 Research Place  
Rockville, Md. 20850



Dear Mr. Scardelletti:

I have been an avid and strong supporter of our Union since I was hired on the Railroad over twenty five years ago, however, the events of the past three weeks have left me and my co-workers totally devastated, disillusioned and absolutely outraged and incensed that Dave Levan and his Executive Members are giving away over a BILLION dollars to only management employees.

How is it that a Management person hired off the street, who has less than fifteen years on the railroad and who has never paid a dime in union dues is walking away with over three hundred thousand in cash (\$300,000) from the sale of Conrail Stock. Many of these so called Management employees have not even been here when Conrail was formed. Many of the management employees have less than fifteen years on the railroad and they are walking away with the "Platinum Parachute" of close to half a million dollars.

I have been paying Union Dues for over twenty five years and I am an employee of this railroad and I am NOT walking away with any of this \$300,000 dollars from the so-called E.S.O.P. Why doesn't Dave Levan and his executive members have the honesty to call this plan by its correct name the "MANAGEMENT" Stock Ownership Plan M.S.O.P.

I am an employee of this company and I am NOT getting any of this money.  
Why Not ?? Why Not ?? Why Not ??

These Management employees have a 401K with matching contributions; most of these people have never paid a dime in Union dues and they have over \$120,000 in their 401K's. I pay union dues and I do not get a matching 401K.

How can the Union allow the corporate elitists of this company to treat its union employees as fourth class citizens. Why hasn't our Union leadership filed an injunction against Conrail to prevent the premature distribution of hundreds of millions of dollars of cash from this so-called E.S.O.P. until / unless they allow the union employees to receive a significant portion of the cash that was received from the sale of this Conrail Stock.

Members of Congress and members of the Surface Transportation Board should be made aware of what the management employees are receiving in this multi Billion dollar give-away:

Approximately \$300,000 Dollars in cash from the Distribution of the E.S.O.P.

Approximately \$120,000 Dollars in a Matching 401K.

Approximately \$180,000 Dollars in Two and a half years salary.

Grand Total of at least \$600,000 .

Many Management Employees are actually receiving more than \$600,000.

It is appalling and outrageous that some of these management employees with less than five years on the Railroad will be walking away with a quarter of a million dollars (\$250,000).

I have been on the railroad in Philadelphia for over twenty five years and will be losing my job due to this buyout by the CSX and Norfolk Southern Railroads and I will be extremely disappointed if I leave here with one dime less than Three Hundred Thousand Dollars (\$300,000).

It is imperative that each and every union employee have the option of receiving the financial severance package or relocating with his/her job to another state.

It is we the Union employees who have sacrificed thruout the years and "have brought Conrail out of the Abyss" to be the successful railroad that it is today. As our International President and leader of our Union, I urge you NOT to accept any financial package that is less than \$300,000 Dollars.

If anyone asks you where the money is to come from, then you tell them- it will come from Dave Levan and his 73 Vice Presidents and Assistant Vice-Presidents and from the Conrail Board of Directors !

In view of the huge sums of money that the management people are receiving , I believe it is only fair and just that we the Union employees who have given 25, 30, 35 or more years of service to Conrail and its predecessor railroad(s) receive no less than \$300,000 Dollars.

Please do NOT let me walk away from my career with less than \$300,000 Dollars.

Thank You,

*Genevieve M. Fadden*

*34 years service*

cc: L.E. Boshier Vice President T.C.U. Rockville, Md  
C.H. Brockett Vice President T.C. U. Rockville, Md.  
J.M. Parker Vice President T.C.U. Rockville, Md.  
H.W. Randolph Vice President T.C.U. Rockville, Md.  
A.P. Santoro, Gen Chrm. T.C.U. System Board 86  
Linda Morgan - Surface Transportation Board  
Gus Owen - Surface Transportation Board

STB

FD-33388

ID-BUSINESS

7-24-97

J

HOGAN & HARTSON  
L.L.P.

COLUMBIA SQUARE  
555 THIRTEENTH STREET, NW  
WASHINGTON, DC 20004-1109  
TEL (202) 637-5600  
FAX (202) 637-5910

July 22, 1997

**BY HAND DELIVERY**

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



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

Dear Counsel:

Enclosed please find Canadian Pacific Parties' First Interrogatories To Norfolk Southern Parties (CP-2).

Please call either of us if you require any clarification or would like to discuss any of these inquiries.

Very truly yours,

A handwritten signature in black ink, appearing to be 'GWM'.

George W. Mayo, Jr.  
Eric Von Salzen  
Attorneys For Canadian Pacific  
Railway, et al.

GWM/EVS/cmd

Enclosure: As stated

cc (w/encls.): Drew A. Harker, Esq.  
David H. Coburn, Esq.  
Gerald P. Norton, Esq.  
All Other Parties On Certificate Of Service

BRUSSELS LONDON MOSCOW PARIS\* PRAGUE WARSAW

BALTIMORE, MD BETHESDA, MD COLORADO SPRINGS, CO DENVER, CO McLEAN, VA

\\DC - 66673/1 - 0486684.01

\* Affiliated Office

BEFORE THE  
SURFACE TRANSPORTATION BOARD

---

Finance Docket No. 33388

CSX CORPORATION AND CSX TRANSPORTATION, INC.  
NORFOLK SOUTHERN CORPORATION AND  
NORFOLK SOUTHERN RAILWAY COMPANY  
-- CONTROL AND OPERATING LEASES/AGREEMENTS --  
CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION --  
TRANSFER OF RAILROAD LINE BY NORFOLK SOUTHERN  
RAILWAY COMPANY TO CSX TRANSPORTATION, INC.

---

CANADIAN PACIFIC PARTIES'  
FIRST INTERROGATORIES  
TO NORFOLK SOUTHERN PARTIES

MARCELLA M. SZEL  
Vice President-Legal Services  
CANADIAN PACIFIC RAILWAY COMPANY  
Suite 500  
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401 Ninth Avenue, S.W.  
Calgary, Alberta T2P 4Z4  
CANADA  
(403) 218-7474

GEORGE W. MAYO, JR.  
ERIC VON SALZEN  
THOMAS B. LEARY  
RONALD J. WILTSIE, II  
MARTA I. TANENHAUS  
FARHANA Y. KHERA  
HOGAN & HARTSON L.L.P.  
555 Thirteenth Street, N.W.  
Washington, D.C. 20004-1109  
(202) 637-5600

Attorneys for Canadian Pacific  
Railway Company, Delaware and  
Hudson Railway Company Inc., and  
Soo Line Corp.

July 22, 1997

BEFORE THE  
SURFACE TRANSPORTATION BOARD

---

Finance Docket No. 33388

CSX CORPORATION AND CSX TRANSPORTATION, INC.  
NORFOLK SOUTHERN CORPORATION AND  
NORFOLK SOUTHERN RAILWAY COMPANY  
-- CONTROL AND OPERATING LEASES/AGREEMENTS --  
CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION --  
TRANSFER OF RAILROAD LINE BY NORFOLK SOUTHERN  
RAILWAY COMPANY TO CSX TRANSPORTATION, INC.

---

CANADIAN PACIFIC PARTIES'  
FIRST INTERROGATORIES  
TO NORFOLK SOUTHERN PARTIES

Pursuant to 49 C.F.R. §§ 1114.21 and 1114.26, Canadian Pacific Railway Company, Delaware and Hudson Railway Company Inc., and Soo Line Corp. (collectively "Canadian Pacific Parties" or "CP") hereby requests that the Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively, "NS") respond to the interrogatories set forth below.

Responses should be served as soon as possible, and in no event later than 15 days from the service date of these requests.

CP stands ready to cooperate in order to clarify these interrogatories, modify them as warranted, and facilitate the expeditious production of responses with the minimum possible burden.

NS is urged to contact the undersigned counsel to discuss any aspect of these interrogatories. Objections or questions regarding the interrogatories should be brought to the attention of the undersigned counsel immediately so that disputes or issues of interpretation can be resolved promptly.

#### DEFINITIONS

1. "CP" means Canadian Pacific Railway Company, Delaware and Hudson Railway Company, and Soo Line Corp.
2. "Board" means the Surface Transportation Board and its predecessor, the Interstate Commerce Commission.
3. "Document" means any writing or other compilation of information, in draft or final form, whether printed, typed, handwritten, recorded or produced or reproduced by any other process, including but not limited to letters; other correspondence; notes; memoranda; telegrams; telexes; telecopies; papers; articles; books; periodicals; notebooks; contracts; instruments; studies; analyses; intra-company or other communications; records or reports of negotiations; transcripts; summaries; minutes or other records of, or lists or other records of persons attending or participating in meetings, conferences, conversations, telephone calls, interviews or communications of any nature; diaries; calendars; appointment books; video or sound recordings; disks, tapes, computer memories and other data

storage devices; computer programs; computer printouts; models; mathematical or statistical data, formulas or statements; graphs; charts; diagrams; plans; drawings; maps; photographs; expressions or statements of policy; brochures; pamphlets; circulars; trade letters; press releases; financial statements; accounting records; accountants' and other worksheets; invoices; receipts; and any other physical object containing, or permitting the production of, writing, printing, a visible image or sound.

Further, the term "document" includes:

- (a) both basic records and summaries of basic records, such as computer runs;
- (b) both original versions and copies that differ in any respect from original versions, including by handwritten notes, editing, interlineations or blind copies; and
- (c) both documents that are or have been in NS's possession, custody or control and documents that are or have been in the possession, custody or control of consultants or others that have assisted NS in connection with this proceeding.

4. "NS" means the Norfolk Southern Corporation and Norfolk Southern Railway Company.

5. "Identify," when used in relation to an individual, corporation, partnership or other entity, means to state the name, address and telephone number thereof.

"Identify," when used in relation to a document, means to

- (a) state the nature of the document (e.g., letter, memorandum, etc.);
- (b) state the author, each addressee, each recipient, date, number of pages, and title of the document;
- (c) provide a brief description of the contents of the document; and
- (d) if the document has been placed in Applicants' document depository, the specific identifying number of the document.

6. "Person" means any individual and any company, corporation, partnership, unincorporated association or other entity.

7. "Produce" means to make available for inspection and copying by CP or its representatives at Applicant's document depository. Alternatively, at CP's request, NS shall produce

legible, complete and exact copies of responsive documents, retaining the original documents in the files of NS or its counsel and making them available to CP if requested. In such case, the copies should be sent, by overnight delivery, to the undersigned attorneys at Hogan & Hartson L.L.P. in Washington, D.C. CP will pay all reasonable costs of duplication and of forwarding documents to its attorneys. To the extent reasonably possible in the particular circumstances, NS should identify by interrogatory number the particular CP interrogatory with respect to which a particular document is responsive. (CP recognizes that this may not be practical in all cases.)

8. "Provide," "set forth," "list," or "describe" means to supply a narrative response in accordance with 49 C.F.R. § 1114.26. If the information sought in a particular interrogatory is contained in business records, such records may be produced in accordance with 49 C.F.R. §§ 1114.26(b) and 1114.30, and the definition of "produce" herein, as an alternative to supplying a narrative response.

9. "Railroad" means any railroad, rail or commuter authority, or other entity providing rail transportation, whether freight, passenger or commuter.

10. "Relating to," "related to," or "regarding" a subject means making a statement about, referring to, discussing, describing, reflecting, dealing with, consisting of, constituting, comprising, recording or in any other way pertaining to the subject, either in whole or in part and either directly or indirectly.

11. "Shipper" means a user of rail services, including without limitation a consignor, a consignee or a receiver.

12. "Traffic Study" means the NS rail traffic diversion study described in the Application, including, but not limited to, the study described in the Verified Statement of John H. Williams, CSX/NS-19, Volume 2B.

13. "This proceeding" means Finance Docket No. 33388, CSX Corporation And CSX Transportation, Inc., Norfolk Southern Corporation And Norfolk Southern Railway Company-- Control And Operating Leases/Agreements --Conrail Inc. And Consolidated Rail Corporation --Transfer Of Railroad Line By Norfolk Southern Railway Company To CSX Transportation, Inc., and all agency or other proceedings related thereto.

14. "Workpapers" underlying a filing with the Board or an analysis conducted by or on behalf of a party means all documents that were utilized, generated, or relied on in any

manner in preparing such filing or analysis, that provide details or data with respect to such filing or analysis, that support or substantiate such filing or analysis, or that relate in any other way to the development of such filing or analysis.

15. "You" means NS.

16. References to railroads, shippers and other companies (including NS) include: parent companies; subsidiaries; controlled, affiliated and predecessor firms; divisions; subdivisions; components; units; instrumentalities; partnerships; joint ventures; officers; directors; employees; agents; representatives; attorneys; accountants; and consultants.

17. All uses of the conjunctive include the disjunctive and vice versa. Words in the singular include the plural and vice versa. References to NS include any or all of the entities collectively identified as NS.

#### INSTRUCTIONS

1. If, based on your current knowledge and without investigation, any information responsive to all or any part of an interrogatory is not currently available, provide a statement to that effect and furnish whatever information is available. Include in your statement when such information was most recently in your possession or subject to your control and what disposition was made of it, and identify the name, job title and

the last known address of each person currently in possession or control of such information. If any of such information has been destroyed, identify the name, job title and the last known address of each person who directed that the information be destroyed, and state the reasons the information was destroyed.

2. If you cannot supply precise information, state your best estimate or approximation (including your best approximation of date by reference to other events, when necessary) designated as such.

3. These interrogatories are continuing in nature and should be supplemented as required under the Board's rules.

#### INTERROGATORIES

1. (a) Does your Traffic Study identify the revenue loss/gain projected for individual railroads within the CP system (e.g., Delaware and Hudson Railway Company ("D&H"), Soo Line Corp. ("Soo"), Canadian Pacific Railway Company?).

(b) If the answer to (a) is Yes, please state the revenue loss/gain projected for each individual railroad within the CP system.

(c) If the answer to (a) is not Yes, please describe the information that your Traffic Study provides with respect to diversions affecting individual railroads within the CP system and provide such information with respect to D&H and Soo.

2. Describe the complete routing of all D&H traffic (cars, tons, and revenues) that is included in your Traffic

Study, showing complete actual 1995 routing, and the diverted routing, summarized by

- (a) Origin railroad, station, and state;
- (b) Commodity (STCC)
- (c) All junctions and railroads in the route; and
- (D) Destination railroad, station, and state.

If this information is contained in a document, in lieu of answering this interrogatory no. 2, you may provide the document, together with a complete description adequate to permit CP to extract the requested information.

3. Describe the complete routing of all Soo traffic (cars, tons, and revenues) that is included in your Traffic Study, showing complete actual 1995 routing, and the diverted routing, summarized by

- (a) Origin railroad, station, and state;
- (b) Commodity (STCC)
- (c) All junctions and railroads in the route; and
- (D) Destination railroad, station, and state.

If this information is contained in a document, in lieu of answering this interrogatory no. 3, you may provide the document, together with a complete description adequate to permit CP to extract the requested information.

4. Describe the complete routing of all CP traffic other than D&H and Soo traffic ("CP remainder traffic") (cars, tons, and revenues) that is included in your Traffic Study, showing complete actual 1995 routing, and the diverted routing,

summarized by

- (a) Origin railroad, station, and state;
- (b) Commodity (STCC)
- (c) All junctions and railroads in the route; and
- (D) Destination railroad, station, and state.

If this information is contained in a document, in lieu of answering this interrogatory no. 4, you may provide the document, together with a complete description adequate to permit CP to extract the requested information.

5. Describe the complete routing of all NS traffic projected to move by haulage over D&H between the Albany, NY, area and the Binghamton, NY, area, (cars, tons, and revenues), showing complete actual 1995 routing, and the projected routing, summarized by

- (a) Origin railroad, station, and state;
- (b) Commodity (STCC)
- (c) All junctions and railroads in the route; and
- (D) Destination railroad, station, and state.

If this information is contained in a document, in lieu of answering this interrogatory no. 5, you may provide the document, together with a complete description adequate to permit CP to extract the requested information.

6. Describe the complete routing of all NS traffic projected to move by haulage over D&H between the Albany, NY, area and the Harrisburg, PA, area, (cars, tons, and revenues), showing complete actual 1995 routing, and the projected routing,

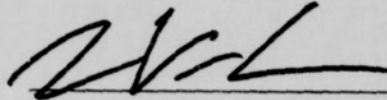
summarized by

- (a) Origin railroad, station, and state;
- (b) Commodity (STCC)
- (c) All junctions and railroads in the route; and
- (D) Destination railroad, station, and state.

If this information is contained in a document, in lieu of answering this interrogatory no. 6, you may provide the document, together with a complete description adequate to permit CP to extract the requested information.

7. Identify the NS efforts with smaller carriers referred to in the Verified Statement of James W. McClellan, CSX/NS-18, at 526 and describe the results of those efforts.

Respectfully submitted,



Marcella M. Szel  
Vice President-Legal Services  
CANADIAN PACIFIC RAILWAY COMPANY  
Suite 500  
Gulf Canada Square  
401 Ninth Avenue, S.W.  
Calgary, Alberta T2P 4Z4  
CANADA  
(403) 218-7474

George W. Mayo, Jr.  
Eric Von Salzen  
Thomas B. Leary  
Ronald J. Wiltsie, II  
Marta I. Tanenhaus  
Farhana Y. Khera  
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(202) 637-5600

Attorneys for Canadian Pacific  
Railway Company, Delaware and  
Hudson Railway Company Inc., and  
Soo Line Corp.

July 22, 1997

BEFORE THE  
SURFACE TRANSPORTATION BOARD

---

Finance Docket No. 33388

CSX CORPORATION AND CSX TRANSPORTATION, INC.  
NORFOLK SOUTHERN CORPORATION AND  
NORFOLK SOUTHERN RAILWAY COMPANY  
-- CONTROL AND OPERATING LEASES/AGREEMENTS --  
CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION --  
TRANSFER OF RAILROAD LINE BY NORFOLK SOUTHERN  
RAILWAY COMPANY TO CSX TRANSPORTATION, INC.

---

CERTIFICATE OF SERVICE

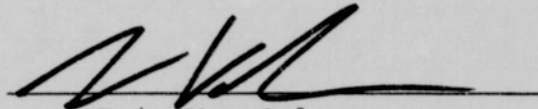
I hereby certify that, on this 22d day of July, 1996,  
I served Canadian Pacific Parties' First Interrogatories To  
Norfolk Southern Parties (CP-2) by hand on the parties identified  
below and by first-class mail, postage prepaid, on all other  
parties of record in this proceeding:

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

Drew A. Harker  
Arnold & Porter  
555 Twelfth Street, N.W.  
Washington, D.C. 20004-1202

David H. Coburn  
Steptoe & Johnson L.L.P.  
1330 Connecticut Avenue, N.W.  
Washington, D.C. 20036-1795

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



Eric Von Salzen

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

David H. Coburn  
Steptoe & Johnson LLP  
1330 Connecticut Avenue, N.W.  
Washington, D.C. 20036-1795

John V. Edwards  
Patricia Bruce  
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888 Seventeenth Street, N.W.  
Washington, D.C. 20006-3939

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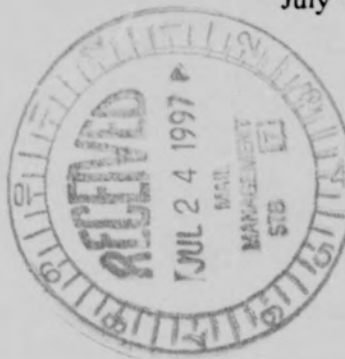
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### **UPS Next Day Air**

Honorable Jacob Leventhal  
Administrative Law Judge  
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Office of Hearings, Suite 11F  
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33388

Re: Motion to Waive Highly Confidential Requirement Regarding United  
Transportation Union's Inside Counsel

Dear Judge Leventhal:

Enclosed please find United Transportation Union's Motion to Waive Highly Confidential Requirement Regarding United Transportation Union's Inside Counsel.

Thank you.

Very truly yours,

Daniel R. Elliott, III  
Assistant General Counsel

Enclosure

cc: Vernon A. Williams, Secretary  
Surface Transportation Board

**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

\_\_\_\_\_  
**Finance Docket No. 33388**

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



\_\_\_\_\_  
**MOTION TO WAIVE HIGHLY CONFIDENTIAL REQUIREMENT  
REGARDING UNITED TRANSPORTATION UNION'S INSIDE COUNSEL**

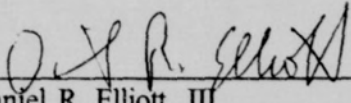
The United Transportation Union ("UTU") respectfully asks the Board to waive the provision in the protective order, just with respect to UTU, governing the production of highly confidential competitive information in discovery and restricting that information to use by outside counsel or outside consultants for the parties. UTU has signed Exhibit B of the April 16, 1997 order ("Decision 1") regarding highly confidential materials and provided the undertaking to the applicants. However, the applicants would not place UTU on the highly confidential list due to the protective order's restriction about inside counsel.

For the purposes of UTU, this restriction with regard to disclosure to only outside counsel or consultants is inappropriate. This clause is in place to protect the applicants from the possible disclosure of proprietary or commercially sensitive information and data which could cause serious competitive injury. The restriction forbids inside counsel from access to this information apparently based on the reasoning that these persons are more likely to disclose these sensitive items to persons within their companies to gain an unfair advantage against the applicants. However, with respect to UTU, this danger is non-existent since UTU's inside counsel would not

have the same, or any, motivation to disclose this information to anyone inside or outside of the organization. Moreover, this type of information is essentially of no value from a commercial standpoint to a union. Finally, UTU is handling this matter inside and has no intention of using outside counsel at this time.

WHEREFORE, UTU urges the Board to waive the confidentiality restriction by allowing UTU's inside counsel to be placed on the highly confidential list in this proceeding.

Respectfully submitted,

  
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### CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing United Transportation Union's Motion to Waive Highly Confidential Requirement Regarding United Transportation Union's Inside Counsel this 16th day of July, 1997 via first-class, postage pre-paid mail upon the following:

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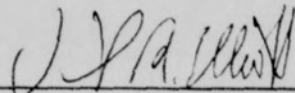
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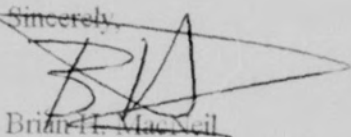


Honorable Vernon Williams, Secretary  
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Dear Sir:

Trac Lease/Interpool is a US publicly traded company with operations worldwide. We are heavily involved in the intermodal freight movements through every Atlantic port. We provide chassis, containers, and fleet asset management support to steamship line carriers servicing these and many other ports. As such, we have a vital stake in a viable, competitive rail network likewise serving those ports. Therefore, I would like to register our support for the applications filed by Norfolk Southern and CSX to acquire Conrail and create two strong Class 1 rail systems serving the Atlantic Coast ports and inland intermodal terminals. We look forward to American business becoming more competitive in the world economic markets.

Sincerely,

  
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July 22, 1997



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Surface Transportation Board  
12th and Constitution Avenue, N.W.  
Washington, D.C. 20423

FD33388

RE: Acquisition of Conrail by CSX and Norfolk Southern

Dear Secretary Williams:

I am writing to express my strong support for the agreement between CSX Corporation and Norfolk Southern Corporation on the acquisition of Conrail assets.

In recent months, CSX and Norfolk Southern have engaged in intense negotiation to acquire the rail lines and assets of Conrail, Inc. The two corporations have reached an agreement on the division of Conrail which will split its routes and other properties. Both CSX and NS will acquire certain trackage and equipment that will build two viable, strong railroads to anchor America's transportation needs in the northeast and Midwest.

The resulting rail networks of this division will reach every major market east of the Mississippi. This will improve service, increase speed of delivery and establish reliability by eliminating the costs and delays associated with interchange points. For example, transit times for rail shipments between Detroit and Chicago will be reduced to 24 hours from the current 48 hours or more.

CSX already serves as a critical link delivering raw materials to Michigan industries which supply finished products to the rest of the nation and the world. Automotive, agricultural, metals, minerals, chemicals and furniture are among the major commodities which rely on dependable rail transportation to and from Michigan. The joint CSX - NS acquisition will enhance the ability of Michigan job providers to have better rail service options at competitive rates.

I urge the Surface Transportation Board to approve the joint acquisition of Conrail assets by CSX and Norfolk Southern. The Michigan economy will be strengthened by the competition of two strong, balanced and highly regarded railroads.

Sincerely,

John Kerekes  
Executive Director

STB

FD-33388

ID-BUSINESS

7-22-97

J

WILMINGTON & WESTERN RAILWAY CORPORATION

P.O. BOX 1414

WILLIAM PENN ANNEX

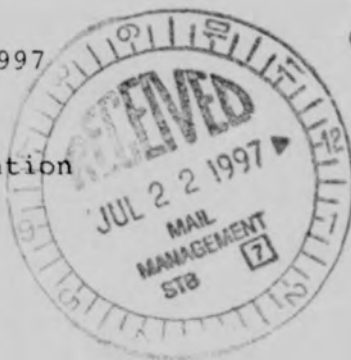
PHILADELPHIA, PENNSYLVANIA 19105-1414

E. Lewis Pardee  
President

Telephone  
(609) 854-0538

FD33388 June 30, 1997

Surface Transportation Board  
U.S. Department of Transportation  
Mercury Building - Suite 500  
1925 K Street, N.W.  
Washington, D.C. 10422



To the Members of the Board:

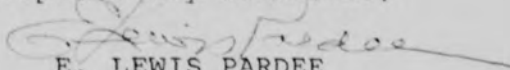
Our company, the Wilmington & Western Railway Corp., is a Delaware short-line carrier. We are located in the heart of the Mid-Atlantic region directly affected by the proposed sale of CONRAIL to the NORFOLK SOUTHERN, and CSX railroads.

The Wilmington & Western Railway Corp., wishes to record its unequivocal support of the NORFOLK SOUTHERN, and the CSX acquisition proposals.

It is our view that this will have a positive and favorable result for our railroad. Further, we feel that it will restore, for the first time since CONRAIL's inception a degree of competitive balance; in the East generally. This is something that has been needed, and missing since 1976.

Our shippers, as well as our railroad join us in supporting these initiatives. We hope that they will become a reality, and we look forward to the opportunity to work in harmony with the successors to CONRAIL.

Respectfully submitted,

  
E. LEWIS PARDEE  
President



# MICHIGAN CHEMICAL COUNCIL

Capitol House • 320 West Ottawa Street • Lansing, Michigan 48933  
Phone: 517-372-8898 Fax: 517-372-9020

EXECUTIVE DIRECTOR  
Andrew J. Such, CAE

*FD33388*



July 17, 1997

Mr. Vernon A. Williams, Secretary  
Surface Transportation Board  
12<sup>th</sup> and Constitution Avenue, N.W.  
Washington D. C. 20423

Re: Acquisition of Conrail by CSX and Norfolk Southern

Dear Secretary Williams:

I am writing to express my strong support for the agreement between CSX Corporation and Norfolk Southern Corporation on the acquisition of Conrail assets.

In recent months, CSX and Norfolk Southern have engaged in intense negotiation to acquire the rail lines and assets of Conrail, Inc. The two corporations have reached an agreement on the division of Conrail which will split its routes and other properties. Both CSX and NS will acquire certain trackage and equipment that will build two viable, strong railroads to anchor America's transportation needs in the northeast and Midwest.

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I urge the Surface Transportation Board to approve the joint acquisition of Conrail assets by CSX and Norfolk Southern. The Michigan economy will be strengthened by the competition of two strong, balanced and highly regarded railroads.

Sincerely,

Andrew J. Such, CAE  
Executive Director





# Monroe County Legislature

**MAX K. STREIBEL**  
LEGISLATOR - 7th DISTRICT

**COMMITTEES:**

Planning & Economic  
Development - Chair

Ways and Means - Vice Chair

July 15, 1997



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

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

Dear Secretary Williams:

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

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

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

It is important for this acquisition to maintain balanced competition and improve services to customers. Open access to other railroads, enjoyed today, must be continued to be available if this acquisition is to be approved.

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

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

Sincerely,

Max K. Streibel  
Legislator - District 7

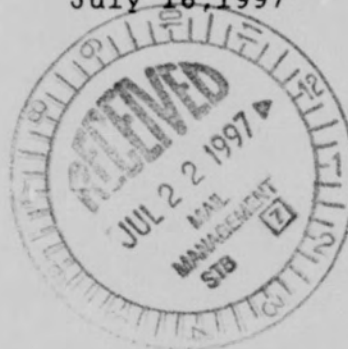
P.O. Box 1317  
Shelbyville, Tenn. 37160

PINE BELT SOUTHERN  
RAILROAD

FD 33388

July 16, 1997

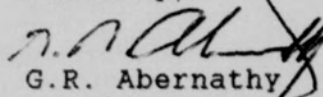
Surface Transportation Board  
U.S. Dept. of Transportation  
Mercury Bldg.  
1923 K. St. NW  
Washington D.C. 20423



Dear Sir,

The Pine Belt Southern is a shortline railroad serving a number of important rail customers in eastern and southern Alabama, connecting with the Norfolk Southern and CSX Transportation for thru routes to and from our various markets. The Pine Belt Southern would like to express support for the NS's and CSX's joint proposal to acquire Conrail. This will give the Pine Belt Southern and other shortline railroads the all important opportunity to obtain competitive routings and a expanded market base to the upper midwest and northeastern parts of the US.

Sincerely,

  
G.R. Abernathy  
President

cc: D.H. Goode  
L.I. Prillaman  
C.B. Sterzing

STB

FD-33388

ID-PUBLIC

7-22-97

J



William A. Felker  
7950 Henry Avenue  
Apartment 43C  
Philadelphia, PA 19128  
July 18, 1997

Surface Transportation Board  
The Mercury Building  
1925 K Street, N.W.  
Washington, DC 20423

FD 33388

Gentlemen:

I am very concerned about the impending takeover and breakup of Conrail. It will be devastating for the Philadelphia metropolitan area.

Conrail is one of the few corporations still headquartered in Philadelphia. The City has been the headquarters for a major railroad since at least 1846. Now it will have nothing.

The entire Conrail matter is disturbing to me. Was the takeover an inside deal from the start? Perhaps it should be investigated. The federal government is investigated ad nauseam but corporations seem to do almost anything.

At the very least, I think either Norfolk Southern or CSX should be required to have corporate headquarters in Philadelphia. Otherwise, the Philadelphia area will be seriously harmed. It is a region that can ill afford such loss.

Your consideration of this matter will be greatly appreciated.

Sincerely,

*William A. Felker*

William A. Felker

STB

FD-33388

ID-GOV

7-21-97

J



George E. Pataki  
Governor  
Alexander F. Treadwell  
Secretary of State

July 11, 1997

Dames & Moore  
One Continental Towers  
1701 Golf Road, Suite 1000  
Rolling Meadows, Illinois 60008

Burns & McDonnell  
9400 Ward Parkway  
Kansas City, Missouri 64114



Re: F-97-481  
STB Finance Docket #33388  
CSX Corp. & CSX Transportation Inc.  
Norfolk Southern Corp. & Norfolk Southern Railway Company -  
Conrail Acquisition

The New York State Department of State has received a Notice of Intent to Prepare an Environmental Impact Statement (EIS), dated July 3, 1997, from Elaine K. Kaiser, Chief of the Section of Environmental Analysis for the Surface Transportation Board. A tentative schedule for preparation and review of the intended EIS included with the Notice of Intent proposes a November 1997 date for submittal of the Draft EIS. The Draft EIS preparation and review would occur within a 350-day procedural schedule for decision making by the Surface Transportation Board (STB).

The proposed decision-making schedule and the anticipated November 1997 submittal date of the Draft EIS would extend beyond the time period allowed by federal regulations for the Department of State to conduct its review of the proposed action by the STB for its consistency with the New York State Coastal Management Program. Also, a draft environmental impact statement would be considered relevant data and information necessary for a consistency review of the decision by the STB in the proposed acquisition of Conrail, Inc. and Consolidated Rail Corporation by the CSX and Norfolk Southern Companies.

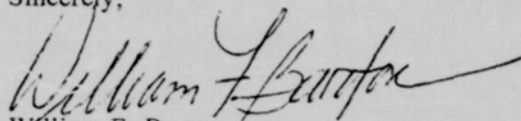
Therefore, the Department of State requests that you withdraw your consistency certification until a Draft EIS has been prepared. When the Draft EIS is distributed for public review by the STB, a copy should also be submitted to the Department of State which will commence its review of the proposed consolidation for its consistency with the State's Coastal Management Program.

Dames & Moore/Burns & McDonnell

Page 2

If you have any questions regarding this letter or the federal consistency review process in New York State, please telephone myself or Mr. Vance A. Barr at (518) 474-6000.

Sincerely,

A handwritten signature in dark ink, appearing to read "William F. Barton". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

William F. Barton  
Chief, Bureau of Consistency Review  
and Analysis

WFB/vab

cc: Surface Transportation Board - Vernon A. Williams

STB

FD-33388

ID-BUSINESS

7-21-97

J



Quality of Life Banking<sup>SM</sup>

OFFICE OF THE PRESIDENT

July 15, 1997

Vernon A. Williams, Secretary  
Surface Transportation Board

12<sup>th</sup> and Constitution Avenue, N.W. Re:  
Washington, DC 20423

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

Dear Secretary Williams:

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

Skaneateles Savings Bank is a \$250 million financial institution, chartered by New York state in 1866, following the Civil War. We serve the needs of the Central New York commercial, agricultural and consumer markets. During our 131 year of existence we have experienced many different economic climates and witnessed the effect of technology changes upon our region. One of the constants throughout has been that for our area to grow and our population prosper, we must have the ability to economically move goods and people to and from markets. The current rail system does not satisfy this need and our region suffers because of it.

The possibility of reliable, faster, single-line service to markets in the western States and southern Gulf Coast ports will significantly enhance trade opportunities for the business and agricultural sectors of our economy. This will assist in allowing us to more effectively compete domestically and globally. These are opportunities, I might add, which are desperately needed for our region and the entire New York state. I enclose for your review an article recently published by the Federal Deposit Insurance Corporation (F.D.I.C.) which defines the areas recent economic performance as "anemic". I urge the Board to approve the application as proposed.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "John P. Driscoll", is written over a light-colored background.

John P. Driscoll  
Chairman, President & CEO

JPD/tdn

# ◆ Regional Outlook ◆

FEDERAL DEPOSIT INSURANCE CORPORATION

SECOND QUARTER 1997

## In Focus This Quarter

### FDIC NEW YORK REGION



DIVISION OF  
INSURANCE

SUZANNAH L. SUSSEY,  
SENIOR REGIONAL  
ANALYST

NORMAN GERTNER,  
REGIONAL ECONOMIST

KAREN A. DENU,  
FINANCIAL ANALYST

■ *Will Credit Scoring Transform the Market for Small-Business Lending?* - In an effort to reduce the cost of small-business lending, some institutions are using credit scoring technology to reduce underwriting costs and to grow their small-business lending portfolios, in some cases venturing into markets well beyond their local economies. The ramifications could be significant. An overreliance on credit scoring models could expose lenders to increased credit risks. Over time, the traditional niche enjoyed by small banks in small-business lending could come under considerable pressure. *See page 3.*

■ *Banking on the Internet: New Technologies, New Opportunities, New Risks* - Internet banking promises a wide range of new benefits. It also offers a host of new problems and some new twists on old ones. The tradeoff is one that depository institutions and regulators alike must grapple with as they stake out their positions in cyberspace. *See page 7.*

## Regular Features

### ◆ Regional Economy ◆ Financial Markets ◆ Regional Banking

- Economic Recovery
- Job Growth
- Upstate New York

- Asset-Backed Securities
- Bond Values
- Price/Earnings Ratios

- Industry Consolidation
- Mergers
- Syndicated Lending

*See page 11*

*See page 14*

*See page 19*

## Economic Recovery Continues in the New York Region

- The New York Region is slowly recovering from the early 1990s recession, although growth rates throughout the Region are uneven.
- The Region has added a large number of jobs since the last recession. Despite the employment growth, the New York Region continues to lag the nation in job creation.

Economic trends indicate that the New York Region has recovered from the last recession and is expanding moderately. Commercial and industrial (C&I) loan growth in insured institutions in the Region also has rebounded modestly, signaling that the climate for banks has improved somewhat. However, while certain areas of the Region are strengthening, other parts are growing less rapidly. Upstate New York, in particular, is showing signs of weakness.

### Region Continues Along Road to Recovery

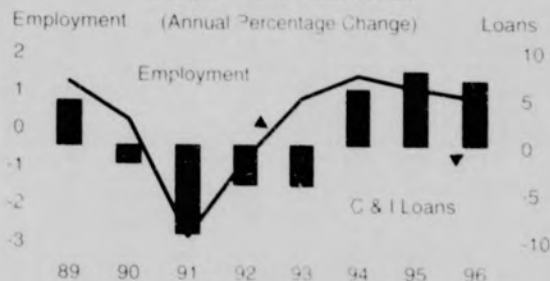
Since the end of the 1990-1991 recession, the New York Region has added over 830,000 new jobs to its employment base, representing growth of 4.2 percent. After four consecutive years of negative growth, aggregate C&I loan growth has bounced back into the positive. Chart 1 relates aggregate growth in Region's C&I loans to employment growth in the Region. Both measures show a recovery and expansion from the early 1990s recession.



However, job growth within the Region has been uneven. The smaller states and jurisdictions such as Delaware and Puerto Rico have performed the best. Both have added more than 10 percent to their employment bases over the period 1991 to 1996. For example, employment in the **Wilmington** area has risen by over 11 percent. Delaware has benefited from favorable tax policies that have attracted out-of-state banks and financial corporations. **Puerto Rico's** economy has been helped by a 23 percent increase in service jobs and a 19 percent increase in trade jobs. However, despite the improved employment growth, Puerto Rico's economic performance remains inconsistent. A large percentage of the population still receives some form of public assistance.

CHART 1

The Region's Employment and Aggregate Loan Growth Have Recovered



Source: Bureau of Labor Statistics, Bank and Profit Call Reports.

The larger states have lagged in job creation, with employment rising only 2 percent in New York and 4.4 percent in Pennsylvania over the same five year period. New Jersey and Maryland did slightly better and recorded about 5.5 percent growth. Much of the slower growth in jobs can be traced to the severity of the last recession in the major East Coast urban centers of **New York City, Baltimore, Philadelphia** and **Newark**. In **Baltimore**, employment rose just 3 percent, while **New York City**, after suffering the sharpest job loss in more than two decades, added only about 2 percent to its workforce. In **Newark**, employment has been essentially flat, while in **Philadelphia**, employment has declined by over 4 percent since 1991.

Retail sales are another indicator of a Region's economic health. Rising retail sales point to a generally strengthening business climate. Again, growth has been uneven. In **Pennsylvania**, retail sales were up 5.4 percent in December 1996 compared to a year earlier. In comparison, retail sales throughout the nation rose 4.8 percent over the same period. In **New York**, retail sales nearly matched the national rate of growth with an increase of 4.4 percent over the prior year end. How-

ever, retail sales growth in **New Jersey**, **Maryland** and **Delaware** were mostly flat

A more recent and interesting development regarding growth in consumer prices is taking place in **New York City** and **Baltimore**. Although consumer prices remain generally higher in the Region than elsewhere, growth rates are moderating in those cities. For example, between December 1995 and December 1996, the U.S. consumer price index rose 3.3 percent. In **New York City**, the change in prices was just 2.9 percent. In **Baltimore**, consumer prices rose only 2.6 percent. If the trend continues, lower consumer prices will help make the Region more competitive for business development and jobs.



**Implications:** The Region continues along the long road to recovery from the national recession of the early 1990s. The strengthening economy in the New York Region has promoted growth in existing businesses and stimulated new business formation. *For the banking industry, this development has been good news for loan demand and profitability.*

### ***Compared to the Nation, Jobs Growth Still Remains Slow***

Despite these economic gains, the Region continues to lag the nation in employment growth. The nation's payrolls have grown three times faster than the Region's since the last recession. This lagging relationship is consistent with long-term trends. Chart 2 shows that the Region's slower job growth relative to the nation has existed for about 15 years. The reasons for these lags are complex and reflect a number of factors which discourage job creation. These factors include:

- In general, the Region's population has been growing more slowly than other parts of the nation, such as the southwestern or southeastern parts of the U.S.
- Most of the Region is a "mature economy." Industries and infrastructure are already in place. Land is expensive and the potential for physical expansion is limited compared to other regions of the U.S.
- In general, the Region has higher taxes, energy and living costs than other parts of the nation.

- There is a perception that some parts of the Region, particularly the heavily populated urban areas, offer a lower quality of life compared to other parts of the nation.

### ***Upstate New York Remains an Area to Watch***

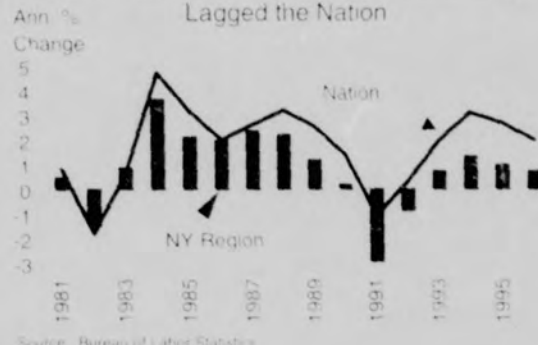
Upstate New York is generally defined as the area north of the New York City metropolitan area. This area essentially mirrors the territory encompassed by the FDIC's **Syracuse** field office. Originally, upstate New York was a leader in the manufacture of electrical equipment, photographic equipment, paper products and machinery. However, beginning in the 1970s, large numbers of manufacturing jobs were shed to other parts of the nation and the world. More recently, large numbers of service and trade jobs, as well as additional manufacturing jobs, were lost during the last recession. These job losses were caused by a wave of corporate restructurings and downsizings.



Upstate New York continues to exhibit very little economic growth. Since the end of the last recession, the economy of the Region has not benefited from the national economic expansion. For example, housing prices, which are already among the lowest in the Region, are either falling or are flat. In the **Rochester** area, housing prices have risen about 4 percent, but remain well below the average 19 percent rise in the U.S. over the five-year period.

**CHART 2**

The Region's Employment Has Historically Lagged the Nation



Since 1991, housing prices in the **Albany** area have dropped 5 percent. In the **Syracuse** and **Buffalo** areas, housing prices have moved very little. *To the extent that this continues, mortgage loan demand can be expected to remain flat and banks' collateral positions may weaken.*

Employment in the upstate New York area also has shown little growth. In the **Albany-Schenectady-Troy** area, job growth has declined as a result of layoffs in state government. In 1996, Albany lost 4,000 jobs, a loss of about 1 percent of its job base. Economic growth in the Albany area has been weakened by a nominal population growth. With the New York State government continuing to seek reductions in its workforce over the next few years, the outlook for faster employment growth appears limited.

The **Syracuse** area has been hurt by a slowly eroding manufacturing base. The area also has seen slowdowns in trade and construction. Its high utility and corporate tax rates further limit economic growth. Although Syracuse posted a small 3,000 job gain in 1996, less than 1 percent of its employment base, there has been practically no employment growth since the last recession.



Despite a gain of 2,000 jobs in 1996, less than 1 percent of its employment base, the **Rochester** area has a poor record for job creation. Rochester was particularly hard hit by the last recession with large job losses in manu-

facturing, including extensive downsizing by Xerox and Eastman Kodak. Restructuring in manufacturing industries will limit near term growth. *Rochester's dependence on only a few companies for employment and income also is a source of instability.*

The **Buffalo** area also has exhibited a decline in its employment base. In 1996, Buffalo lost 2,000 jobs, representing less than 1 percent of its jobs base. Its nonseasonally adjusted unemployment rate as of December 1996 stood at 7.1 percent, compared to a U.S. rate of 5.0 percent for the same month. Comments from **Data Resources, Inc.** characterize the slowdown as broad based and trace the decline to weakness in the Canadian economy. Trade with Canada is a major component of the Buffalo economy. Overall, Buffalo is dependent on a declining automotive and heavy-machinery manufacturing base that may limit its future economic growth.

**Implications:** *The upstate New York area has benefited less from the national economic expansion than the rest of the Region. The area's anemic economic performance apparently has affected the demand for banking services. For example, aggregate C&I loans in the **Syracuse** field office declined 3.6 percent in 1996. Aggregate real estate loans rose only 1.8 percent. If weakening housing and employment trends persist, loan growth can be expected to remain weak.*

*Norman Gertner, Regional Economist*

CHARL S. LITTLE  
International President

BYRON A. BOYD, JR.  
Assistant President

ROGER D. GRIFFETH  
General Secretary and Treasurer

**united  
transportation  
union**



14600 DETROIT AVENUE  
CLEVELAND, OHIO 44107-4250  
PHONE: 216-228-9400  
FAX: 216-228-0937

**LEGAL DEPARTMENT**

CLINTON J. MILLER, III  
General Counsel

• KEVIN C. BRODAR  
Associate General Counsel

• ROBERT L. McCARTY  
Associate General Counsel

• DANIEL R. ELLIOTT, III  
Assistant General Counsel

July 16, 1997

**UPS Next Day Air**

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



FD-333 88

Re: Motion to Waive Highly Confidential Requirement Regarding United  
Transportation Union's Inside Counsel

Dear Judge Leventhal:

Enclosed please find United Transportation Union's Motion to Waive Highly Confidential  
Requirement Regarding United Transportation Union's Inside Counsel.

Thank you.

Very truly yours,

Daniel R. Elliott, III  
Assistant General Counsel

Enclosure

cc: Vernon A. Williams, Secretary  
Surface Transportation Board

**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

---

**Finance Docket No. 33388**

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

---

**MOTION TO WAIVE HIGHLY CONFIDENTIAL REQUIREMENT  
REGARDING UNITED TRANSPORTATION UNION'S INSIDE COUNSEL**

The United Transportation Union ("UTU") respectfully asks the Board to waive the provision in the protective order, just with respect to UTU, governing the production of highly confidential competitive information in discovery and restricting that information to use by outside counsel or outside consultants for the parties. UTU has signed Exhibit B of the April 16, 1997 order ("Decision 1") regarding highly confidential materials and provided the undertaking to the applicants. However, the applicants would not place UTU on the highly confidential list due to the protective order's restriction about inside counsel.

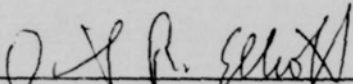
For the purposes of UTU, this restriction with regard to disclosure to only outside counsel or consultants is inappropriate. This clause is in place to protect the applicants from the possible disclosure of proprietary or commercially sensitive information and data which could cause serious competitive injury. The restriction forbids inside counsel from access to this information apparently based on the reasoning that these persons are more likely to disclose these sensitive items to persons within their companies to gain an unfair advantage against the applicants. However, with respect to UTU, this danger is non-existent since UTU's inside counsel would not



have the same, or any, motivation to disclose this information to anyone inside or outside of the organization. Moreover, this type of information is essentially of no value from a commercial standpoint to a union. Finally, UTU is handling this matter inside and has no intention of using outside counsel at this time.

WHEREFORE, UTU urges the Board to waive the confidentiality restriction by allowing UTU's inside counsel to be placed on the highly confidential list in this proceeding.

Respectfully submitted,

  
\_\_\_\_\_  
Daniel R. Elliott, III  
Assistant General Counsel  
United Transportation Union  
14600 Detroit Avenue  
Cleveland, Ohio 44107-4250  
(216) 228-9400  
FAX (216) 228-0937

### CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing United Transportation Union's Motion to Waive Highly Confidential Requirement Regarding United Transportation Union's Inside Counsel this 16th day of July, 1997 via first-class, postage pre-paid mail upon the following:

Office of the Secretary  
Case Control Unit  
ATTN: STB Finance Dkt. 33388  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, DC 20423-0001

David M. Konschnik, Director  
Office of Proceedings  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, DC 20423

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

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

Janice G. Barber, Esquire  
BNSF  
3017 Lou Menk Drive  
Fort Worth, TX 76131-2830

Richard E. Weicher  
BNSF  
1700 East Golf Road  
Schaumburg IL 60173

Hugh G. Welsh  
Port Authority of New York and New Jersey  
Suite 67 East  
One World Trade Center  
New York, NY 10048

Heidi Edens, General Counsel  
Providence and Worcester Railroad Company  
75 Hammond Street  
Worcester, MA 01610

John V. Edwards, Esquire  
Patricia E. Bruce, Esquire  
Zucker, Scoutt & Rasenberger, L.L.P.  
888 Seventeenth Street, N.W.  
Washington, DC 20006-3939

John M. Nannes, Esquire  
Scott Hutchins, Esquire  
Skadden, Arps, Slate, Meagher & Flom  
1440 New York Avenue, N.W.  
Washington, DC 20005-2107

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

John J. Grocki, Esquire  
GRA, Inc.  
One Jenkintown Station  
115 West Avenue  
Jenkintown, PA 19046

Michael F. McBride  
LeBoeuf, Lamb, Greene & MacRae, L.L.P.  
1875 Connecticut Ave. N W  
Washington, DC 20009

Martin W. Bercovici, Esquire  
Keller & Heckman, L.L.P.  
Suite 500 West  
1001 G street, N.W.  
Washington DC 20001

David A. Coburn, Esquire  
Steptoe & Johnson  
1330 Connecticut Avenue, N.W.  
Washington, DC 20036

Richard S. Edelman, Esquire  
L. Patt Wynns, Esquire  
Highsaw, Mahoney & Clarke, P.C.  
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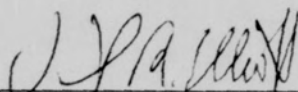
Thomas A. Schmitz  
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30 E. Broad Street, 16th Floor  
Columbus, OH 43215

  
\_\_\_\_\_  
Daniel R. Elliott, III

STB

FD-33388

ID-STATES

7-18-97

J

**J. DOYLE CORMAN**

SENATE BOX 203034  
THE STATE CAPITOL  
☐ HARRISBURG, PA 17120-3034  
PHONE: 717-787-1377  
FAX: 717-772-3146

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P.O. BOX 476

☐ BELLEFONTE, PA 16823  
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FAX: 814-355-6046

MIFFLIN COUNTY DISTRICT OFFICE  
31 WEST THIRD STREET  
LEWISTOWN, PA 17044  
☐ PHONE: 717-242-2410  
1-800-828-7300

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THE BOX CHECKED



**Senate of Pennsylvania**

July 14, 1997

**COMMITTEES**

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MAJORITY CAUCUS ADMINISTRATOR  
PHEAA BOARD MEMBER



Vernon A. Williams, Secretary  
Surface Transportation Board  
Room 714  
1925 K Street, NW  
Washington, DC 20423-0001

Re: STB Finance Docket 33388

Dear Mr. Williams:

As the Chairman of the Senate Transportation Committee for the Commonwealth of Pennsylvania, I will be filing comments on behalf of the Senate of Pennsylvania to the above captioned docket, which relates to the acquisition of Conrail by CSX and the subsequent sale of certain assets to Norfolk Southern.

I appreciate your cooperation in this matter.

Sincerely,

A handwritten signature in cursive script, reading "J. Doyle Corman".  
J DOYLE CORMAN

JDC/bob

STB

FD-33388

ID-BUSINESS

7-18-97

J



**RSW**  
ROCHESTER  
STORAGE  
WAREHOUSES, INC.

P.O. BOX 24758  
ROCHESTER,  
NEW YORK 14624

(716) 247-2770  
FAX: (716) 247-2418

July 14, 1997

Vernon A. Williams, Secretary  
Surface Transportation Board  
12th and Constitution Ave, N.W.  
Washington, D.C. 20423

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

Dear Secretary Williams:

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

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

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

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

Faster, less costly and more reliable rail service will be a much-needed advantage for the economic development and job growth of our region and the entire state of New York.

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

Sincerely,

*Ronnie G. Brown*

Ronnie G. Brown  
Warehouse Manager





Erb Lumber, Inc., 375 South Eton Road, Birmingham, Michigan 48009 (810) 644-5300



Mr. Vernon A. Williams  
Surface Transportation Board  
1201 Constitution Avenue NW  
Room 2215  
Washington, DC 20423

July 10, 1997

Dear Mr. Secretary:

FD 33388

Erb Lumber supports the acquisition of Conrail by CSX Transportation and Norfolk Southern. We believe this proposed merger is positive and, if approved, will offer improved and expedited service. This would permit our company to keep transportation costs down, while benefitting from improved service.

We hope this matter will receive early consideration by the Surface Transportation Board and that Congress will not act to block or delay deliberation of this matter.

Thank you for your consideration.

Sincerely,

Gary J. Rogers  
Transportation Manager  
Erb Lumber Inc.

STB

FD-33388

ID-CITIES

7-18-97

J



Office of  
ROGER W. BOILY  
SUPERVISOR

# TOWN of GREECE

2505 WEST RIDGE ROAD  
ROCHESTER, NEW YORK 14626 • 716-225-2000



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

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

Dear Secretary Williams:

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

New York State's manufacturing, business and agricultural interests need the best possible rail transportation, and I believe this transaction will provide our key industries with vital new transportation options and increased market reach with faster service and potentially lower costs. In particular, it will be beneficial to our largest employer, Eastman Kodak Company.

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

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



Secretary Vernon A. Williams

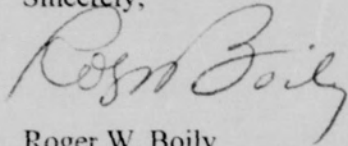
July 14, 1997

Page 2

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

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Roger W. Boily".

Roger W. Boily  
Supervisor  
TOWN OF GREECE

RWB/djw



## **GARRETT COUNTY COMMISSIONERS**

203 S. 4th Street — Courthouse — Room 207  
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GARY E. FRATZ  
*Commissioner*

ROGER P. GLOTFELTY  
*Commissioner*

H. WAYNE WILT  
*Commissioner*

GORMAN E. GETTY III  
*Attorney*

R. LAMONT PAGENHARDT  
*County Administrative Officer*



July 15, 1997

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D. C. 20432

Dear Mr. Williams:

The Board of County Commissioners are writing this letter to share our concerns about the negative impact that the division of Conrail by CSX and Norfolk Southern (STB Finance Docket No. 33388) will have on the coal industry and our economy here in Garrett County, Maryland.

It is our understanding, after receiving this application to the Surface Transportation Board, that the division of Conrail will result in shared access by both CSX and Norfolk Southern of the Monongahela Railway (MGA). This plan will provide the coal producers in southwestern Pennsylvania that are located on the MGA single line access to all domestic and export markets that will be served by both CSX and Norfolk Southern.

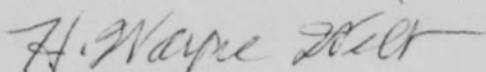
After the division of Conrail, the coal producers here in Garrett County as well as those in the rest of the State of Maryland will continue to remain captive to CSX, with only single line access to CSX served markets. Many potential new markets will be eliminated by virtue of the higher freight rates associated with two line hauls to Norfolk Southern delivers.

Page-2-  
July 15, 1997

The coal industry is very important to the economy of Garrett County. By providing the MGA coal producers single line hauls to every market puts the coal producers here in Maryland at a dramatic rate disadvantage to many markets. History has shown that single line rates are demonstrably better priced than two line rates. The competitive balance will dramatically shifted in favor of the MGA coal producers to the detriment of the coal producers here in Garrett County as well as the communities in which they operate.

Therefore, we encourage all parties to the proceedings to take the necessary action to ensure that the Maryland coal producers enjoy equitable and competitive domestic and export rates relative to the MGA coal producers. We are concerned about the negative economic impacts that this could have on our local economy here in Garrett County, Maryland if action is not taken.

Sincerely,

A handwritten signature in cursive script, appearing to read "H. Wayne Wilt".

H. Wayne Wilt  
Vice Chairman

cc: David Thomas

STB

FD-33388

ID-BUSINESS

7-17-97

J

**OWENS-BROCKWAY**GLASS CONTAINERS  
a unit of Owens-Illinois

June 24, 1997

File: #08

278-CR

278-CSXT

278-NS



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



FD 33388

Dear Secretary Williams:

This has reference to the breakup of Consolidated Rail Corporation to both the Norfolk Southern and to CSX Transportation. While there are a number of areas of concern involving this breakup for Owens-Illinois, Inc. and/or affiliated/subsidiary companies, one area of concern is with respect to the line and rail yard involving Anderson, IN.

Our Lapel, IN glass container facility is served by the Central Indiana & Western Railroad Company. Currently raw materials destined to our glass container facility are routed over the gateway Chicago, IL to Consolidated Rail Corporation where the traffic is then hauled to Anderson, IN and given to the Central Indiana & Western Railroad (CEIW) for delivery to our plant.

In the writings and maps that I've seen, it appears that the Anderson yard will have joint carriers having access to it, both CSX Transportation and Norfolk Southern. We at this time respectfully request and strongly urge that the Surface Transportation Board in it's decision gives or allows joint access to the Central Indiana & Western Railroad Company of both Norfolk Southern and CSX Transportation as they will both be in Anderson yard.

Your cooperation and assistance in this regard will be greatly appreciated and will most definitely go a long way in maintaining a viable rail system and benefit our Lapel, IN through true access to rail competition. Please keep me advised as to your handling in this regard.

Very truly yours,

Donald R. Krause  
Manager, Purchasing & Transportation  
Owens-Illinois

cc: Linda Morgan, Esq.  
Chairman  
Surface Transportation Board  
1201 Constitution Avenue NW Room 4126  
Washington, DC 20423

Mark Brown  
General Manager  
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Lapel, IN 46051

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J. H. Hudson - Lapel  
Dudley Olson - Lapel  
Jim Baehren, Esq - 8 OSG  
R. A. Jun - 26 OSG

CHARLES L. LITTLE  
International President

BYRON A. BOYD, JR.  
Assistant President

ROGER D. GRIFFETH  
General Secretary and Treasurer

# *united* *transportation* *union*



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## LEGAL DEPARTMENT

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• KEVIN C. BRODAR  
Associate General Counsel

• ROBERT L. McCARTY  
Associate General Counsel

• DANIEL R. ELLIOTT, III  
Assistant General Counsel

July 16, 1997

### UPS Next Day Air

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



Re: Motion to Waive Highly Confidential Requirement Regarding United  
Transportation Union's Inside Counsel

Dear Judge Leventhal:

Enclosed please find United Transportation Union's Motion to Waive Highly Confidential  
Requirement Regarding United Transportation Union's Inside Counsel.

Thank you.

Very truly yours,

Daniel R. Elliott, III  
Assistant General Counsel

Enclosure

✓ cc: Vernon A. Williams, Secretary (25 copies enclosed)  
Surface Transportation Board

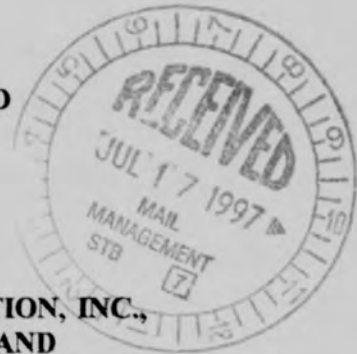
**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

---

**Finance Docket No. 33388**

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

---



**MOTION TO WAIVE HIGHLY CONFIDENTIAL REQUIREMENT  
REGARDING UNITED TRANSPORTATION UNION'S INSIDE COUNSEL**

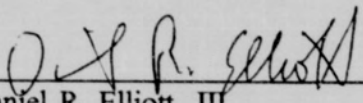
The United Transportation Union ("UTU") respectfully asks the Board to waive the provision in the protective order, just with respect to UTU, governing the production of highly confidential competitive information in discovery and restricting that information to use by outside counsel or outside consultants for the parties. UTU has signed Exhibit B of the April 16, 1997 order ("Decision 1") regarding highly confidential materials and provided the undertaking to the applicants. However, the applicants would not place UTU on the highly confidential list due to the protective order's restriction about inside counsel.

For the purposes of UTU, this restriction with regard to disclosure to only outside counsel or consultants is inappropriate. This clause is in place to protect the applicants from the possible disclosure of proprietary or commercially sensitive information and data which could cause serious competitive injury. The restriction forbids inside counsel from access to this information apparently based on the reasoning that these persons are more likely to disclose these sensitive items to persons within their companies to gain an unfair advantage against the applicants. However, with respect to UTU, this danger is non-existent since UTU's inside counsel would not

have the same, or any, motivation to disclose this information to anyone inside or outside of the organization. Moreover, this type of information is essentially of no value from a commercial standpoint to a union. Finally, UTU is handling this matter inside and has no intention of using outside counsel at this time.

WHEREFORE, UTU urges the Board to waive the confidentiality restriction by allowing UTU's inside counsel to be placed on the highly confidential list in this proceeding.

Respectfully submitted,

  
\_\_\_\_\_  
Daniel R. Elliott, III  
Assistant General Counsel  
United Transportation Union  
14600 Detroit Avenue  
Cleveland, Ohio 44107-4250  
(216) 228-9400  
FAX (216) 228-0937

### CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing United Transportation Union's Motion to Waive Highly Confidential Requirement Regarding United Transportation Union's Inside Counsel this 16th day of July, 1997 via first-class, postage pre-paid mail upon the following:

Office of the Secretary  
Case Control Unit  
ATTN: STB Finance Dkt. 33388  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, DC 20423-0001

David M. Konschnik, Director  
Office of Proceedings  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, DC 20423

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

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

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Fort Worth, TX 76131-2830

Richard E. Weicher  
BNSF  
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Schaumburg IL 60173

Hugh G. Welsh  
Port Authority of New York and New Jersey  
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New York, NY 10048

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Providence and Worcester Railroad Company  
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Worcester, MA 01610

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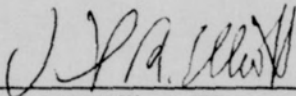
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Indianapolis, IN 46204

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30 E. Broad Street, 16th Floor  
Columbus, OH 43215

  
\_\_\_\_\_  
Daniel R. Elliott, III

STB

FD-33388

ID-LAW

7-16-97

J

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L.L.P.

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WRITER'S DIRECT DIAL:

(202) 986-8050

July 16, 1997

LOS ANGELES  
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PORTLAND, OR  
SALT LAKE CITY  
SAN FRANCISCO  
BRUSSELS  
MOSCOW  
ALMATY  
LONDON  
A LONDON-BASED  
MULTINATIONAL PARTNERSHIP**VIA HAND DELIVERY and FACSIMILE**The Honorable Jacob Leventhal  
Presiding Administrative Law Judge  
Federal Energy Regulatory Commission  
888 First Street, N.E., Suite 11F  
Washington, D.C. 20426Re: STB Finance Docket No. 33388 -- Request to Clarify Ruling

Dear Judge Leventhal:

As you will recall, in your ruling on our Motion to Compel, you agreed with Applicants' request to limit document production to destinations "served by Conrail." In conversation with American Electric Power after returning to my office, I realized for the first time that it gets, or has gotten, coal that moves or has moved from origin to the Monongahela River via Conrail and then by barge to more than one of its plants. Given the logic of your ruling, it would seem to me that those plants should be deemed "served by Conrail" and I would ask you to make that clear in your ruling.

Similarly, for Movant The Ohio Valley Coal Company, coal it produces is consumed at two Conrail-served plants of Centerior Energy -- Eastlake and Ashtabula. Presumably, your ruling encompasses those plants, but I would ask that you make that clear also.

Thank you for your consideration to these matters.

Respectfully submitted,

*Michael F. McBride*  
Michael F. McBride  
Brian D. O'Neill  
Bruce W. Neelycc: Restricted Service List  
Mr. Vernon A. Williams  
Secretary, Surface Transportation  
BoardAttorneys for Movants American Electric Power,  
Atlantic City Electric Company, Delmarva  
Power & Light Company, and The Ohio Valley  
Coal Company

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THOMAS F. McFARLAND, JR.  
*tmcfarld@aol.com*

STEPHEN C. HERMAN  
*schrmm@aol.com*

July 16, 1997

Via Facsimile (202-565-9004) and U.S. Mail

Vernon A. Williams, Secretary  
Surface Transportation Board  
U.S. Department of Transportation  
1925 K Street, N.W.  
Room 700  
Washington, D.C. 20423-0001



Re: Finance Docket No. 32058, *Battaglia Distributing Co., Inc. v. Burlington Northern Railroad Company*

Dear Mr. Williams:

I hereby request a 20-day extension of time in which to file a petition to reopen on behalf of the Complainant, Battaglia Distributing Co., Inc., in this matter. The Decision in this case was served on June 27, 1997, making the petition to reopen due at the Board by 5:00 p. m. tomorrow, July 17, 1997. Vacation schedules, the Fourth of July holiday and the difficulty of getting the necessary people together for Complainant to discuss the advisability of a petition to reopen have all contributed to delaying until today the decision by Complainant to proceed with a petition to reopen. In light of the brief amount of time remaining before the deadline, it would be difficult if not impossible to adequately prepare a petition to reopen in time to meet the deadline. The specific issue sought to be raised on appeal is believed to be a matter of first impression before the Board and deserves to be adequately addressed on appeal to permit a sound and fully-informed decision by the Board. This matter was pending fully-submitted before the Board for over four years, so a request by Complainant for a 20-day extension to prepare an administrative appeal is not unreasonable under the circumstances. Accordingly, Complainant respectfully requests a 20-day extension of time--from July 17, 1997 to August 6, 1997--in which to file its petition to reopen in this matter.

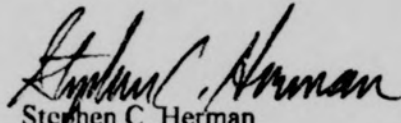
The attorney for defendant Burlington Northern is out of the office until tomorrow morning and I have not been able to ask him if Burlington Northern objects to this request so I am unable to state at this time whether Burlington Northern objects to this request for additional time. Burlington Northern's attorney is Michael E. Roper and his phone number is 817-352-2353. My attempt to reach another attorney for Burlington Northern on this subject was unsuccessful. A copy of this request is being faxed to all counsel of record. In light of the

**McFARLAND & HERMAN**

Vernon A. Williams, Secretary  
July 16, 1997  
Page 2

shortness of time left before the deadline, please notify me by telephone (312-236-0204) of the Board's response to this request at the earliest possible opportunity. In my absence from the office at the time of your call, kindly inform my partner, Thomas McFarland, of the Board's action on this request. Thank you for your assistance in this matter.

Very truly yours,

  
Stephen C. Herman  
Attorney for Complainant  
Battaglia Distributing Co., Inc.

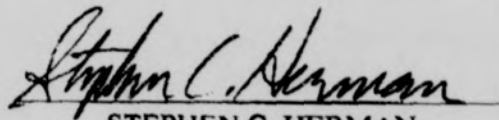
sch:117

cc. Counsel of record (via facsimile)

Beryl Gordon, Esq. (via facsimile--202-565-9002)  
Deputy Director, Section of Legal Counsel I  
Office of Proceedings  
Surface Transportation Board  
U.S. Department of Transportation  
1925 K Street, N.W.  
Room 633  
Washington, D.C. 20423-0001

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing letter has been served on all parties of record through their attorneys of record by facsimile transmission this 16<sup>th</sup> day of July, 1997, at Chicago, Illinois.

  
STEPHEN C. HERMAN

STB

FD-33388

ID-BUSINESS

7-16-97

J



ARM & HAMMER Division  
Church & Dwight Co., Inc.  
1416 Willis Avenue  
PO Box 751  
Syracuse, NY 13201  
Phone: (315) 488-2961  
Fax: (315) 487-1985

July 11, 1997



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

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

Dear Secretary Williams:

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

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

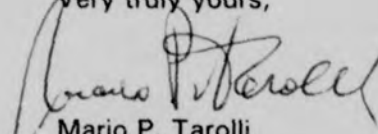
In addition to improving rail access to key midwestern and western markets, New York State would now also benefit from greatly improved service to markets in the south, southeast and along the Gulf Coast via a single-line for the first time in history. The resultant elimination of delays means lowered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

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

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

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

Very truly yours,

  
Mario P. Tarolli  
Plant Manager

FD-33388  
Congress  
of the  
United States  
House of Representatives

DEBORAH PRYCE  
OHIO  
15th DISTRICT



June 9, 1997

Mr. Dan G King  
Director, Office of Public Services  
Surface Transportation Board  
1925 K Street Northwest  
Room 848  
Washington, D.C. 20423-0001

OFFICE OF  
CHAIRMAN HORGAN

JUN 16 11 18 AM '97

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

Dear Mr. King:

Thank you for placing my name on your service list regarding the Surface Transportation Board's decision on the proposal by CSX and Norfolk Southern to acquire Conrail. Please note my new district office address is 500 South Front Street, Room 1130, Columbus, Ohio 43215. I look forward to hearing from you in the future.

Very truly yours,

DEBORAH PRYCE  
Member of Congress

DP:np



STB

FD-33388

ID-CITIES

7-16-97

J

Larry Ferrera, Jr.  
Mayor

# City of Benwood

430 Main Street  
Benwood, West Virginia 26031

Carmella Szymialis  
City Clerk/Treasurer

June 9, 1997



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

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

Dear Mr. Williams:

I am writing to convey the City of Benwood's wholehearted support for the proposal which is being brought before the Board in the captioned proceeding. The City of Benwood's industrial, business, and agricultural interests must have access to reliable rail transportation, and the proposed transaction will enable them to receive more competitive rail service and provide them with single line access to many more customers and suppliers.

I am confident that the enhanced transportation service resulting from the proposed transaction will generate significant new business and industrial growth in the City of Benwood. Such growth is crucial to us because it creates new jobs for the City of Benwood's residents. I also anticipate that the transaction will result in more railroad jobs on the expanded CSX and NS rail systems.

304-232-4320  
FAX 304-232-3393

Mr. Vernon A. Williams

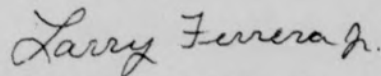
Page 2

June 9, 1997

In addition to the direct and indirect benefits which will accrue to the City of Benwood by virtue of the proposed acquisition of Conrail by CSX and Norfolk Southern, the enlarged CSX and NS systems will be able to compete more effectively with motor carriers. The motor carriers will always retain a major share of the intercity freight business by virtue of their speed and flexibility, and good truck service is as important to us as good rail service, but some diversion of freight traffic from the highways to the railroads would help reduce highway traffic to more acceptable levels.

In conclusion, the City of Benwood urges the Board to approve the application filed in the captioned proceeding as expeditiously as possible and thereby enable its residents to begin realizing the benefits of the improved rail service which will result from the proposed transaction.

Sincerely,



Larry Ferrera, Jr.  
Mayor

LF/eb

Copy: Mr. John W. Snow  
Chairman  
CSX Corporation  
P.O. Box 85629  
Richmond, Virginia 23285-5629

STB

FD-33388

ID-STATES

7-16-97

J



COMMONWEALTH OF VIRGINIA  
HOUSE OF DELEGATES  
RICHMOND

SAMUEL A. "SAM" NIXON, JR.  
P.O. BOX 34843  
RICHMOND, VIRGINIA 23234  
TWENTY-SEVENTH DISTRICT

COMMITTEE ASSIGNMENTS:  
HEALTH, WELFARE AND INSTITUTIONS  
LABOR AND COMMERCE  
CLAIMS

July 9, 1997



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

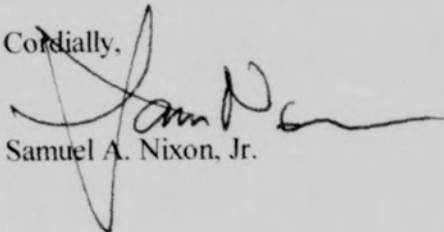
RE: Finance Docket 33388 - CSX/Norfolk Southern Acquisition and Control of Conrail

Dear Mr. Williams:

I am writing to express my support of the proposed CSX/Norfolk Southern acquisition of Conrail. If the transaction is approved, Virginia's industrial, business and agricultural interests will have access to more efficient rail transportation services. Most importantly, will be the creation of single-line service to a variety of new markets, including the Northeast for the first time. This means that shippers will no longer experience delays at interchange points and have trouble tracking their merchandise.

I am confident that the enhanced transportation service will mean growth in the rail industry in future years. This will result in more railroad jobs for CSX and Norfolk Southern.

Cordially,



Samuel A. Nixon, Jr.

804.745.4335 / Business Office  
804.745.4432 / Fax  
SamuelN727@aol.com / E-Mail

STB

FD-33388

ID-PUBLIC

7-14-97

J

Gerald R. Bryant  
6505 Derbyshire Ct  
Toledo, Ohio 43615



Mr. Vernon Williams, Secretary  
Surface Transportation Board  
12th & Constitution Avenue, N.W.  
Washington, D.C. 20423

Re: CSX/Conrail Merger: STB Finance Docket No. ~~3330~~ 33388

Dear Sir:

I am writing this letter to express my opposition to the proposed acquisition of Conrail by CSX Corporation and the planned break up of Conrail between CSX and the Norfolk Southern Corporation.

As someone who lives in the northeast and witnessed the struggle that my neighbors and friends who work for Conrail went through during the "early" years, and the personal sacrifices that they made to make Conrail a success. I don't understand the reasoning behind this proposal, other than pure greed and an obsession for more power on the part of the Corporate CEOs' of CSX and NS.

This just another example becoming bigger and smaller at the same time, with the NS and CSX increasing in size with the absorption of Conrail and the resulting downsizing in the workforces now in existence. These jobs that will be lost are the ones that buy homes, autos and put children through College. I like to emphasize that these jobs will be lost forever and with these jobs also goes the taxes, the services, that these jobs pay and purchase.

The creation of mega railroads (NS/CR-CSX/CR) will further erode the stabilizing influence of the Rail Unions; which have been in retreat ever since the passage of the 1980 Rail Deregulation Act.

Please make my opposition and this letter a part of the record involving this matter and advise me of what the Board decides.

Sincerely yours,

*Gerald R. Bryant*

cc: Congressional Delegation

STB

FD-33388

ID-BUSINESS

7-11-97

J

# Central Indiana & Western Railroad Co.

P.O. Box 456  
Lapel, Indiana 46051

317-534-3398  
317-546-4303

July 7, 1997

Vernon A. Williams, Secretary  
SURFACE TRANSPORTATION BOARD  
12th & Constitution Ave., N.W.  
Washington, D.C. 20423



RE: CSX Transportation and Conrail Merger  
STB Finance Docket No. 33220-3388

Dear Secretary Williams:

Our position regarding the proposed merger of CSX and Conrail as stated in our January 28, 1997 letter is hereby rescinded and withdrawn. At the time, our position was based on a proposed merger of Conrail with either CSX or Norfolk Southern. Plans for the sale of Conrail to both CSX and Norfolk Southern had not yet been released.

Based on the current proposals and agreements by and between Conrail, CSX and Norfolk Southern, the revised position of Central Indiana and Western Railroad Company is outlined as follows:

1. The Central Indiana & Western Railroad is a small short line railroad serving a glass manufacturing plant, two grain elevators and a warehouse facility. We receive approximately 1,800 annual carloads of inbound raw materials and we ship approximately 350 annual carloads of outbound grain and auto related commodities.
2. As I understand the information we have received to date, both CSX and Norfolk Southern will have access to Anderson, IN. Our current interchange with Conrail is at South Anderson Yard in Anderson, IN. We strongly feel that the Central Indiana and Western Railroad should be granted access to both CSX and Norfolk Southern at South Anderson Yard for the purposes of interchange. If this access is denied, we do not support the sale of Conrail.
3. We anticipate that the Conrail/CSX/Norfolk Southern merger would result in many opportunities for our railroad to effectively market outbound business which is presently moving by truck. In addition, opportunities will be created to increase our inbound carloads by 10% to 15%.



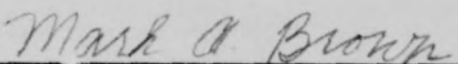
MEMBER

Secretary Vernon A. Williams  
SURFACE TRANSPORTATION BOARD  
July 7, 1997  
Page Two

4. We feel that the sale of Conrail to both CSX and Norfolk Southern would be more beneficial than a Conrail/CSX merger. The combined rail system that will be created will benefit our rail shippers by offering equal access to both CSX and Norfolk Southern. Another major benefit would be greater efficiency, resulting in freight traffic returning to the rail system from trucks. More rail business will result in growth, and growth will result in more long term capital investments. These benefits are, and should be, important to all rail shippers.

In summary, we request that equal access to both CSX and Norfolk Southern be granted to the Central Indiana and Western Railroad in the Surface Transportation Board's final decision on the Conrail sale. We feel this is the best way to improve service, enhance efficiency and promote the growth of rail traffic.

I, Mark Brown, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed this 7th day of July, 1997.

  
\_\_\_\_\_  
Mark A. Brown, General Manager

CENTRAL INDIANA & WESTERN R.R. CO.



Willamette Industries, Inc.  
Executive Offices

1300 S.W. Fifth Ave., Suite 3800  
Portland, OR 97201  
(503) 227-5581

July 10, 1997

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
STB Finance Docket No. 33388  
1925 K Street N.W.  
Washington, D.C. 20423-0001



Dear Mr. Williams:

Please find attached verified statement to be submitted for comments in Finance Docket No. 33388, the control of ConRail case.

We respectfully request that this statement be included in the case for consideration to the Board, and that we become a party of record.

Thank you for your assistance.

Sincerely,

Michael D. Salvino

MDS/hc

cc: John Forrester, CSX Transportation  
Dan Seale, Norfolk Southern Railway Company

BEFORE  
THE  
SURFACE TRANSPORTATION BOARD  
Finance Docket No. 33388



CSX Corporation  
and  
CSX Transportation Inc.;  
Norfolk Southern Corporation  
and  
Norfolk Southern Railway Company--Control--  
and operating Leases/Agreements--  
ConRail, Inc.  
and  
Consolidated Rail Corporation

VERIFIED STATEMENT

FILED ON BEHALF

OF

WILLAMETTE INDUSTRIES, INC.

DATED: July 10, 1997

BY: MICHAEL D. SALVINO  
DIRECTOR OF TRANSPORTATION  
WILLAMETTE INDUSTRIES, INC.  
1300 SW FIFTH AVENUE, #3700  
PORTLAND, OR 97201

## **VERIFIED STATEMENT**

### **OF**

**MICHAEL D. SALVINO**

### **INTRODUCTION**

My name is Michael D. Salvino, Director of Transportation for Willamette Industries, Inc., a Fortune 500 company that manufactures and sells paper and building material products. Willamette Industries operates 97 plants in 22 states and one plant in Ireland, and employs over 13,000 people. Nearly all of our 98 plants ship or receive by rail. We have 5 paper converting plants served by ConRail, as well as one paper mill that connects to ConRail via a short line railroad.

I have been with Willamette Industries for nine years and I direct the Transportation Department. I have a combined 15 year background in forest products transportation. I have a Master of Business Administration degree from Portland State University and a Bachelor of Science degree from Willamette University.

## **STATEMENT OF POSITION**

We support approval of the transaction which will allow CSX and Norfolk Southern to acquire ConRail and subsequently divide its' assets. There is a distinct need for two strong competing railroads in the Northeast as opposed to having a single railroad serving major metropolitan areas (ie. New York), which is the case presently. This transaction would also grant increased single line service to our 5 paper converting plants.

## **SUPPORTING REASONS**

The following reasons substantiate why we support this merger:

- 1.) As our national rail system has become more consolidated through recent merger activity, competitive factors are becoming a major concern. We are pleased that in the present case, competition is being created in NY/NJ, Philadelphia and Detroit. The introduction of competition in this case is a fundamental reason why we are supporting this merger.
- 2.) We see benefits in receiving increased single line service. The following lanes become single line service to us: Hawesville, KY to Indianapolis, IN (2 plants) / Delaware, OH / Bellmawr, NJ, Kingsport TN to Indianapolis, IN, and Bennettsville, SC to Indianapolis, IN.

1996 rail market share to these lanes was 54%.

- 3.) Single line service allows for rail movements to become more truck competitive through more dependable, consistent and faster service. The possibility is there to increase the above rail market share from 54% to 80-85%, provided the single line railroad (CSX) improves service and reduces rates to become truck competitive.
- 4.) It has been our experience that ConRail has been the least customer oriented Class I railroad on both marketing and operational issues. This is due to their lack of flexibility and willingness to seek customer input before making decisions. Both CSX and NS have a much better record in this regard and we welcome the opportunity to work with these successful railroads.
- 5.) Transportation costs are a major expense item for our company to be competitive both domestically and globally. We feel having two strong competitors in the east will provide a competitive backdrop to insure rail rates are reasonable and market based.

## CONCERN

The consolidation of the nation's rail freight system through mergers has come to a critical point. Lack of competition is a major concern. The domestic paper market is presently 90% supplied by domestic production. Any increases in transportation due to lack of competitive factors will impact our ability to hold domestic market share and put a \$200 billion dollar industry at risk. Therefore, any further consolidation among the 4 remaining major Class I railroads (UP, BNSF, CSX and NS - after approval of this case) must be met with a new approach or model to address these competitive factors to insure that our national freight rail system continues to contribute to the vitality of all industries dependent on rail.

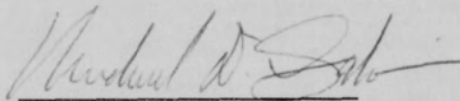
## CONCLUSION

We support approval of the transaction which will allow CSX and NS to acquire ConRail and subsequently divide its' assets to form two strong rail systems in the east. Increased single line service, as well as introduced competition to major metropolitan areas in the east provide for a strong and viable rail system which is necessary for our nation's economy.

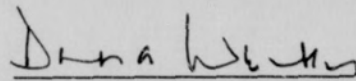
VERIFICATION

COUNTY OF MULTNOMAH       )  
  ) ss  
STATE OF OREGON               )

MICHAEL D. SALVINO, being duly sworn, deposes and says he has read the foregoing statement, knows the contents thereof, and that the same are true as stated.

  
Michael D. Salvino

Subscribed and sworn to before me this 10<sup>th</sup> day of July, 1997.

  
Notary Public

My commission Expires:

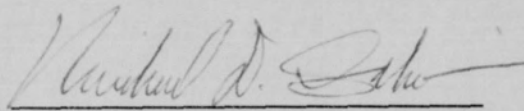
Dec. 17, 1999

(Seal)



We respectfully request that the Board give full consideration to all of the foregoing in this document regarding the proposed transaction.

Respectfully Submitted By:

A handwritten signature in dark ink, appearing to read "Michael D. Salvino", is written over a horizontal line.

MICHAEL D. SALVINO  
DIRECTOR OF TRANSPORTATION  
WILLAMETTE INDUSTRIES, INC.

STB

FD-33388

ID-PUBLIC

7-10-97

J

Surface Transportation Board  
3925 K Street NW  
Washington DC 20423

July 8th 1997

File in  
Docket  
70-33388

DEAR

Ms Linda Morgan, Member Cus Owen

I am writing to you because, as you are aware, the Philadelphia-based Consolidated Rail Corporation will be split by two other railroads - the Norfolk Southern and the CSXT.

This impending takeover will result in a \$22.3 million severance package for the CEO, David LeVan, and a severance package and bonuses for other management employees totaling \$1.5 billion. Management employees who have been working for Conrail for just a few years will walk away with large sums of money, and will participate in the distribution of proceeds from the sale of employee-owned stocks that netted in the amount of \$910 million.

On the other hand, most union employees have dedicated more than twenty five years of their lives to the Railroad. We will be thrown out without a job and without a just and equitable termination package. Conrail does not want to recognize the numerous contributions we have made towards making Conrail the \$20.3 billion company that it is today. We struggled against all odds to make it independent in the early days. We sacrificed, took wage deferrals and accepted changes in our work rules. In 1988, speaking before the Newcomen Society, Mr. Stanley Crane acknowledged the wage-deferral agreement that union members accepted at a critical point, and said, **"Without it, we could not have saved the company."**

We worked just as hard as management to make this Railroad a success and now that we have succeeded, the union employees are on the outside looking in.

Management claims that union members will be receiving six years salary under the labor agreement called New York Dock. Past history has shown that it is extremely difficult to fulfill the requirements of that agreement in order to collect anything, *or a buyout like Management.*

You have shown your concern for the working people many times in the past. I am asking your help to stop this corporate greed, this most disgraceful discriminatory practice, and this great injustice taking place in the workplace today.

Sincerely Yours,

Barbara C. Mansoor

STB

FD-33388

ID-CITIES

7-10-97

J



## CITY COUNCIL

CITY OF CHICAGO

### COUNCIL CHAMBER

SECOND FLOOR, CITY HALL  
121 N. LA SALLE STREET  
744-3073

#### COMMITTEE MEMBERSHIPS

ECONOMIC DEVELOPMENT  
(CHAIRMAN)

BUDGET AND GOVERNMENT OPERATIONS

FINANCE

INTERGOVERNMENTAL RELATIONS

STREETS AND ALLEYS

TRAFFIC CONTROL AND SAFETY

ZONING

#### BERNARD J. HANSEN

Alderman, 44th Ward  
1057 W. Belmont Avenue  
Telephone: 525-6034

Mr. Vernon Williams  
Secretary to the  
Surface Transportation Board  
1925 K Street, N.W. Suite 700  
Washington, D.C. 20423

Dear Secretary Williams:

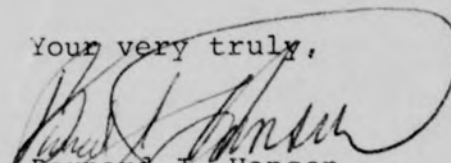
FO33388

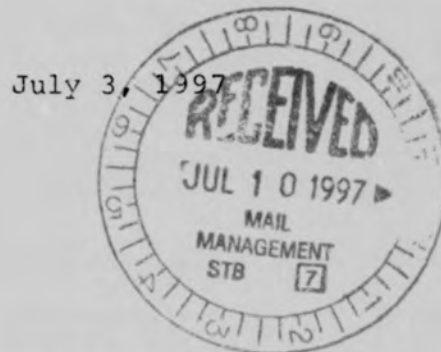
Enclosed please find a certified copy of a resolution passed by the Chicago City Council on June 4, 1997. The resolution is in support of the joint application of CSX Corporation and the Norfolk Southern to acquire Conrail routes and assets. As is clear from the wording of the resolution, the Chicago City Council believes that CSX and Norfolk Southern present a combination that would be most beneficial to the economy of Chicago and, indeed, of the whole upper Midwest.

I should also like to note that the resolution was passed out of the City Council Committee on Economic and Capital Development by unanimous vote and was adopted by the full City Council by a vote of 45 to 0, indicating the breadth and depth of the support for this measure.

I hope that your board takes due note of the above. Thank you for your generous attention.

Your very truly,

  
Bernard J. Hansen  
Chairman, Committee on  
Economic and Capital  
Development

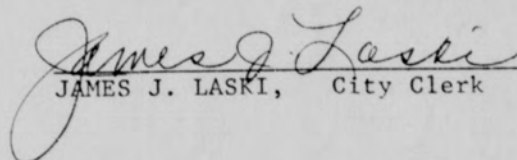


STATE OF ILLINOIS, )  
 ) SS.  
COUNTY OF COOK. )

I, JAMES J. LASKI, City Clerk of the City of Chicago in the County of Cook and State of Illinois, DO HEREBY CERTIFY that the annexed and foregoing is a true and correct copy of that certain resolution expression of support for Surface Transportation Board approval of Joint CSX Corporation/Norfolk Southern resolution to acquire and divide Conrail assets and routes; which resolution was adopted by the City Council of the City of Chicago at the regular meeting held on the fourth (4th) day of June, A.D., 1997.

I DO FURTHER CERTIFY that the original, of which the foregoing is a true and correct copy, is on file in my office and that I am the lawful custodian of the same.

WITNESS MY HAND and the corporate  
seal of the said City of Chicago this  
eleventh (11th) day of June, A.D. 1997.

  
JAMES J. LASKI, City Clerk

**SUBSTITUTE RESOLUTION OF THE CITY COUNCIL  
CITY OF CHICAGO**

**WHEREAS**, CSX and Norfolk Southern ("railroads") propose to acquire all the outstanding shares of Conrail; and

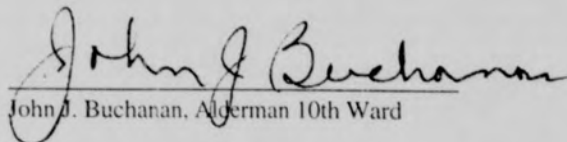
**WHEREAS**, CSX and Norfolk Southern have reached an agreement on a division of the routes and assets of Conrail; and

**WHEREAS**, CSX and Norfolk Southern will file a joint application with the Surface Transportation Board in June seeking approval of the Conrail acquisition and division; and

**WHEREAS**, the acquisition of Conrail by CSX and Norfolk Southern will produce a number of major benefits for Chicago citizens and rail customers, such as faster, more reliable service, lower shipping costs, more efficient movement of goods to markets, improved rail competition in Chicago, greater economic development opportunities, and a vastly improved access to new markets by Chicago rail customers;

**NOW THEREFORE BE IT RESOLVED** that the City Council of the City of Chicago supports the approval by the Surface Transportation Board of the joint resolution of CSX Corporation and Norfolk Southern to acquire and divide Conrail's routes and assets because:

- Norfolk Southern and CSX will improve rail freight services to Chicago businesses.
- Norfolk Southern and CSX will notify the City of any potential economic impacts, particularly any loss of jobs, resulting from their acquisition of Conrail or any subsequent reorganizations. These railroads will work with the City to minimize any negative impact on the City's workforce or businesses.
- Norfolk Southern and CSX will identify and ameliorate to the extent possible any potential conflicts between their respective services and existing commuter rail or freight rail service in the Chicago area.
- Norfolk Southern has donated over 100 miles of abandoned rail line to the Illinois Department of Natural Resources for nature and bike trails.
- Norfolk Southern and CSX will undertake capital improvements to maintain the safety of their facilities including but not limited to viaducts, bridge and at-grade crossings.
- Norfolk Southern and CSX will work with the City to ameliorate any deleterious impacts of the rail operations on the surrounding Chicago neighborhoods, including truck traffic.
- Norfolk Southern and CSX will give the City notice of and work with the City to redevelop any property that is abandoned now or in the future.

  
John J. Buchanan, Alderman 10th Ward

Document No. SR97-963

**ADOPTED**  
by the City Council of the  
City of Chicago

*James J. Zarba*  
City Clerk City of Chicago

JUN 4 1997

STB

FD-33388

ID-BUSINESS

7-9-97

J



N. E. SCHULTZ  
PRESIDENT  
3835 BRIAR LANE  
SWANTON, OH 43559



Vernon A. William, Secretary, STB  
1925 K. STREET N.W.  
Washington.D.C. 20423

June 30, 1997

Dear Mr. William:

I am requesting to be placed on the service listing for the docket number FD 33388. I would like to review the Labor Impact Reports as presented, first.

Sincerely,

*Norman E. Schultz Jr.*  
Norman E. Schultz Jr.  
Exec. Pres. U.R.S.A.



May 30, 1997

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

RE: CSX Corporation and CSX Transportation, Inc., **Petition for Waiver of 49 C.F.R. 1180.4 (c) (2) (vi), STB Finance Docket No. 33388**

Dear Secretary Williams:

We understand that the Surface Transportation Board has invited public comment on a Petition of CSX Corporation requesting the Board give expedited consideration authorizing CSX to construct rail connections at four specified locations in Ohio and Indiana.

As we understand it, if this Petition is granted by the Board, CSX will be able to construct these four connections without delay so that the connections will be available for use immediately should the Board authorize the proposed joint acquisition of Conrail by CSX and Norfolk Southern.

Quality Intermodal Corporation is an Intermodal Marketing Company. We provide complete door to door transportation services to our customers throughout North America. We sell rail carrier intermodal services to various shippers who ship packaged products or commodities in trailer and container load quantities. Quality Intermodal moves approximately 9,000 loads annually that originate or terminate in the Eastern United States.

It appears that the Board's favorable consideration of the Petition would accelerate the CSX's ability to provide competitive rail transportation to and from the Northeastern United States, the Midwest and Chicago as well as Cincinnati and points in the mid-South.

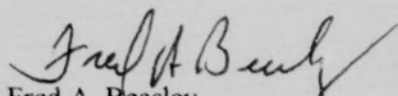
Quality Intermodal has sales and operations offices in Bensalem, PA, Cleveland, OH, Chicago, IL, Los Angeles, CA, Dallas, TX, Humble, TX, Pine Bluff, AR, Kansas City, MO, Atlanta, GA and Charlotte, NC. As previously mentioned we originate or terminate a considerable number of loads in the Eastern United States, and our company is extremely interested in all aspects of the new expedited service that CSX will

be able to provide. We accordingly urge the Board to grant the Petition and expedite the implementation of the new service in all appropriate ways.

Quality Intermodal Corporation supports the overall proposal for CSX and NS to acquire Conrail and divide it into parts of their two systems thus expanding their systems throughout the Northeastern United States. We also support the Petition in question since it will hasten the day when improved competitive CSX service will be brought to the public.

We appreciate the opportunity to provide comments to the Board.

Respectfully yours,

A handwritten signature in cursive script, appearing to read "Fred A. Beasley", with a checkmark at the end.

Fred A. Beasley  
President



GE Appliances

May 28 1997

General Electric Company  
Appliance Park  
Louisville, KY 40225  
502 452-4311



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

Re: Finance Docket No. 33388, CSX Corporation, etc.  
Request for Comments on "Petition for Waiver of  
49 C.F.R. S 1180.4 (c) (2) (vi)"

Dear Secretary Williams:

We understand that the Surface Transportation Board has invited public comment on a Petition of CSX Corporation requesting the Board to give expedited consideration to authorizing CSX to construct rail connections at four specified locations in Ohio and Indiana.

As we understand it, if this Petition is granted by the Board, CSX will be able to construct these four connections without delay so that the connections will be available for use immediately should the Board authorize the proposed joint acquisition of Conrail by CSX and Norfolk Southern.

GE Appliances is a major user of both boxcar and intermodal rail service with factories and distribution centers located throughout the United States. We currently have three factories and four distribution centers which are served by CSX RR and will be able to improve delivery service to our customers as a result of the proposed construction projects.

It appears to us that the Board's favorable consideration of the Petition would expedite the time in which CSX will be able to provide competitive rail transportation to and from the Greater New York area, and from the Northeastern United States in general, to the Midwest and Chicago, as well as to Cincinnati and points in the mid-South.

Because of our various locations, we are particularly interested in faster service to and from points in the northeast through Cincinnati and to the mid-South, and the connection at Sidney, OH, which will be used by CSX to provide that service. We accordingly urge the Board to grant the Petition and expedite the implementation of the new service in all appropriate ways.

GE Appliances supports the overall proposal for CSX and NS to acquire Conrail and divide it into parts of their two systems, thus expanding their systems throughout the Northeastern United States. We also support the Petition in question, since it will hasten the day when improved competitive CSX service can be brought to the public.

We appreciate this opportunity to provide comments to the Board.

Yours very truly,

J. D. Youngblood  
Manager - Transportation

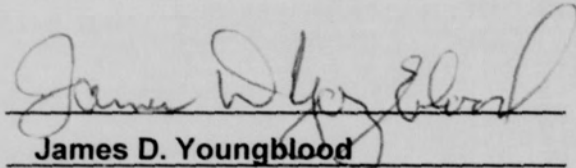
**VERIFICATION**

STATE OF Kentucky )

)ss

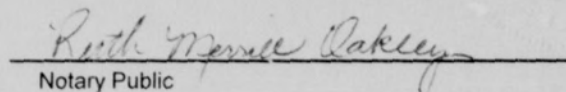
COUNTY OF Jefferson )

James D. Youngblood, being first duly sworn, deposes and says that he has read the foregoing document, knows the facts asserted therein, and that the same are true as stated.

  
\_\_\_\_\_  
**James D. Youngblood**

Name typed

Subscribed and sworn to before me this 28th day of May 1997

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

10-19-99



**Mulch Manufacturing, Inc.**

6747 Taylor Road S.W.  
Reynoldsburg, Ohio 43068-9649  
(614) 864-4004



Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
STB Finance Docket No. 33388  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

Re: Finance Docket No. 33388, CSX Corporation, etc.- Request for  
Comments on " Petition for Waiver of C.F.R. 1180, (4) (2) (vi) "

Dear Secretary Williams :

It is our understanding that the Surface Transportation Board has invited public comment on a Petition of CSX Corporation requesting the Board to give expedited consideration to authorizing CSX to construct rail connections at four specified locations in Ohio and Indiana.

We understand that the granting of this Petition by the Board will enable CSX to start construction of these four connections without delay. This will make the connections available for use immediately should the Board authorize the proposed joint acquisition of Conrail by CSX and Norfolk Southern.

Mulch Manufacturing, Inc. is a major shipper of lawn and garden products throughout the Midwest, as well as receiver of raw material and finished goods. With plants and storage facilities located in numerous Midwestern locations we utilize a large amount of both carload and intermodal rail shipments.

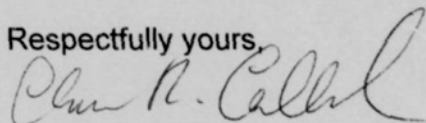
It would appear to us that approval of this Petition could only speed up the process of completing the acquisition and allowing shippers to participate in the competitive benefits we see occurring.

As a means of substantially growing our Midwest and Northeastern markets we have waited patiently for this process to reach fruition. Anything that can be done to expedite this procedure has our total support. We are currently developing new products which will be heavily marketed in the Northeast and will come from the West and South, anything that will improve overall service cannot help but benefit this endeavor.

Our company strongly supports the overall proposal for CSX and NS to acquire Conrail, as well as the Petition in question. A positive resolution of these two issues can only enhance the competitive position of our company in the marketplace.

We appreciate this opportunity to express our opinion to the Board.

Respectfully yours,

A handwritten signature in cursive script, appearing to read "Charles R. Callahan".

Charles R. Callahan  
Director of Transportation  
Mulch Manufacturing, Inc.



## BIRMINGHAM STEEL CORPORATION



June 9, 1997

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

RE: Finance Docket No. 33388, CSX Corporation, etc. - Requests for Comments on  
"Petition for Waiver of 49 C.F.R. 1180.4(c)(2)(vi)"

Dear Secretary Williams:

We understand that the Surface Transportation Board has invited public comment on a Petition of CSX Corporation requesting the Board to give expedited consideration to authorize CSX to construct rail connections at four specified locations in Ohio and Indiana.

As we understand it, if the Petition is granted by the Board, CSX will be able to construct these four connections without delay so that the connections will be available for use immediately should the Board authorize the proposed joint acquisition of Conrail by CSX and Norfolk Southern.

Birmingham Steel Corporation has presently or under construction 6 mini-mill operations in the eastern United States, shipping and receiving in excess of 7 million tons annually.

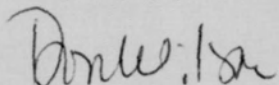
It appears to us that the Board's favorable consideration of the Petition would expedite the time in which CSX will be able to provide competitive rail transportation to and from the greater New York area, and from the northeastern United States in general, to the midwest and Chicago, as well as to Cincinnati and points in the midsouth.

Because of our east bound shipments from our Kankakee, Illinois mill and the west bound shipments from our Cleveland mill we are particularly interested in the new east-west service that CSX will provide and certain of the connections toward Chicago and beyond involved in the Petition. We accordingly urge the Board to grant the Petition and expedite the implementation of the new service in all appropriate ways.

Birmingham Steel Corporation supports the overall proposal for CSX and NS to acquire Conrail and divide it into parts of their two systems, thus expanding their system throughout the northeastern United States. We also support the Petition in question, since it will hasten the day when improved competitive CSX service can be brought to the public.

We appreciate this opportunity to provide comments to this Board.

Respectfully yours,

A handwritten signature in dark ink, appearing to read "Don Wilson". The signature is fluid and cursive, with the first name "Don" being more prominent than the last name "Wilson".

Don Wilson  
Director of Transportation

DW/rf

STB

FD-33388

ID-BUSINESS

7-8-97

J

1234 Market Street  
Philadelphia, PA 19107-3780  
(215)580-4000  
Fax (215)580-3636



Southeastern Pennsylvania Transportation Authority  
*Safety • Service • Continuous Improvement*



**Board Chairman**  
Thomas M. Hayward

**Vice Chairman**  
Richard Voith

Linda K. Caracappa  
Pasquale T. Deon  
Stewart J. Greenleaf  
Richard E. Kurtz  
Karen L. Martynick  
Frank G. McCartney  
Mario Mele  
Jettie D. Newkirk  
Wallace H. Nunn  
Michael J. O'Donoghue  
James C. Schwartzman  
Anthony H. Williams  
Robert T. Wooten

**General Manager**  
John K. Leary Jr.

**VIA FAX TO:**  
**(202) 565-9003**  
**AND U.S. MAIL**

July 1, 1997

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

**RE: Finance Docket 33388**

Dear Mr. Williams:

Southeastern Pennsylvania Transportation Authority, commonly known as "SEPTA", hereby requests that it be made a party to the above-captioned proceeding and that it receive all past, present and future filings that are before the Surface Transportation Board in this proceeding.

SEPTA carries nearly 100,000 railroad passengers on lines that are shared with both the National Railroad Passenger Corporation ("Amtrak") and Consolidated Rail Corporation ("Conrail"). The increase in freight traffic anticipated in the Southeastern Pennsylvania area from the proposed division of Conrail between CSX Transportation, Inc. and Norfolk Southern requires SEPTA to diligently monitor these proceedings.

Kindly direct your mail to:

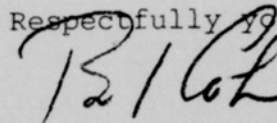
John K. Leary  
General Manager  
Southeastern Pennsylvania  
Transportation Authority  
1234 Market Street  
10th Floor  
Philadelphia, PA 19107-3780

(215) 580-7070  
(215) 580-3636 - Fax

Mr. Vernon A. Williams  
July 1, 1997  
Page -2-

If you have any questions, feel free to telephone me  
at (215) 580-7354.

Respectfully yours,



Bernard Cohen  
Asst. General Manager -  
Strategic Business and  
Ridership Development

BC/dh

cc: John K. Leary Jr. -  
General Manager

x7354

# TIA

**TRANSPORTATION  
INTERMEDIARIES  
ASSOCIATION**

3601 Eisenhower Avenue, Suite 110  
Alexandria, VA 22304-6425  
Telephone: 703/329-1894 • FAX: 703/329-1898



July 1, 1997

Mr. Vernon A. Williams  
Secretary  
U.S. Surface Transportation Board  
1925 K Street, NW  
Suite 700  
Washington, DC 20423-0001

**Finance Docket No. 33388**

Dear Secretary Williams:

Please add the Transportation Intermediaries Association to the Conrail merger service list:

Robert A. Voltmann  
Transportation Intermediaries Association  
3601 Eisenhower Ave., Suite 110  
Alexandria, VA 22304-6439

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Voltmann".

Robert A. Voltmann  
Chief Executive Officer

cc Michael McCann

10765 Ambassador Dr.  
Kansas City, MO 64153  
Phone (816) 891-6544  
Fax (816) 891-9329



**TSM, Inc.**

A ROCKWELL COMPANY

July 2, 1997



Surface Transportation Board  
U. S. Dept of Transportation  
1925 K. Street Northwest, Suite 500  
Washington, D. C. 20423

Dear Sirs:

TSM is the leading developer, manufacturer and supplier of electronic brake equipment and fuel monitoring equipment in the industry.

We would like to pledge our support for the merger of Norfolk Southern with Conrail as it will definitely create a more well balanced eastern rail system, increasing competition in the railroad industry and providing access to large world markets.

Regards,

Douglas D. Klink  
Vice President and General Manager

DDK;pae

STB

FD-33388

ID-PUBLIC

6-30-97

J

June 23, 1997

Surface Transportation Board  
Office of the Chairman  
Ms. Linda J. Morgan  
Washington, D.C. 20510

Dear Chairman Morgan,

The issue of competition is at the forefront of the proposed division of Conrail by NS and CSX. Where as Conrail in its current configuration envelopes the Northeast in a virtual rail monopoly, the proposed breakup of the Blue Giant by NS/CSX will (in theory) provide enhanced service by introducing "competition" into an area where it really hasn't existed in years. But is what is being proposed really going to bring competition into the Northeast rail scene or is Conrail Blue just going to turn Black or Blue/Gray and Yellow.

When taxpayer funded Conrail was created in 1976, the Delaware & Hudson was expanded (mostly via trackage rights) to Buffalo, N.Y., Allentown, Pa., Newark, N.J., and Washington D.C. (Via Harrisburg) to provide a shipping alternative to Conrail and to provide competition thereby lessening Conrail's monopolistic grip. This expansion was hastened through by the USRA in a classic case of "a conflict of interest". The USRA who was now responsible for Conrail was also responsible for directing the expansion of the D&H as an alternative to Conrail. As history would ultimately show us, this arrangement did very little to promote competition. As a Conductor on the D&H which is now the STL&H division of CP Rail, I feel it's very important that these issues be addressed. This brings me to the crux of my letter which is the issue of open and competitive access for the D&H. Since the D&H was "expanded" back in 1976, it has never been able to generate traffic along its expansion lines. It has maintained its friendly connections at Buffalo, N.Y., Washington, D.C., and Philadelphia, Pa.. But was never allowed to solicit business, nor could it serve any shippers directly along these routes. The D&H has always been severely restricted (with regards to traffic type) at Oak Island yard in Newark, N.J. and as an aside it has also been given less than "**Priority**" status when moving traffic over Conrail trackage rights routes.

With the impending STB hearings regarding the CR/NS/CSX situation, it is of the utmost importance that open and equal access be given to the D&H. What is meant by open and equal access? For starters, it means that the D&H should be able to serve any customers and short line/regional railroads located along the routes it serves. This would include rural two car a week feed mills to 100 car unit coal trains serving the various power plants along its routes. Open access also means having ample facilities at the port of Newark and at the port of Philadelphia that are capable of handling to days and to morrows shipping needs be they intermodal or general freight without creating gridlock and congestion that defeat their purpose. This also means being able to expedite traffic on an equal basis with whom ever else's trains we share the tracks with!

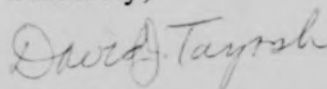
How can equal and open access be achieved? First of all by writing legislation that is 21 yrs. in the making, enabling the D&H to service on line customers and provide access to facilities that will now be shared (in some cases) by the NS & CSX. Many routes now served by Conrail will still only be served by either NS or CSX but not both! Access for the D&H could be provided by the granting of trackage rights over routes not currently available to us or by outright line facilities purchases. CP Rail has gone on record indicating just such options. Already CP and NS on 5/8/97 have entered into an agreement that will give CP trackage rights between Harrisburg and Reading, and NS will receive haulage rights between Sunbury, Pa. and Albany, N.Y.. Clearly this is a step in the right direction, but it also raises some questions about haulage rights. Exactly what does haulage rights mean? Does it mean D&H crews will operate the trains (which would be very beneficial to keeping us a viable shipping alternative) or will this be a total NS operation with the future intent of eliminating the D&H in a bid to get to New England and Montreal? This issue warrants closer investigation.

And finally why should equal and open access be provided to the D&H/CP Rail? The benefits of this cannot be understated. First it would provide at least two and in some cases three class one railroads serving customers in the heart of the Northeast. Certainly the shippers who have been essentially captive to one railroad for over 20 years would almost immediately recognize the economic benefits of having multiple transportation options to move goods and provide better services in this growing economy. Competition does not promote complacency, with huge investments in capital and enormous debt loans, no will let business slip away as it has for years. The future of railroading and the economy of the U.S. is at stake. Customer

driven organizations are the ones that will succeed, competition assures us of this. Also it would be very prudent for the State of Pennsylvania to encourage CP Rail's efforts to be a strong and viable competitor to the NS and CSX. Large sums of the state money have been used in improving clearances between Binghamton, and the port of Philadelphia for double-stack operation in this day and age where talk of a true transcontinental railway are prevalent, it must be recognized that we in Pennsylvania already have access to one CP rail system.

At the impending STB hearings, it cannot be stressed enough that a viable and competitively stable CP rail system would be able to be one of the major players in the changing railroad map of the Northeast. Only then will true competition and economic benefits be realized. **Please, we need your help!!**

Sincerely;



David J. Tanzosh  
Saint Lawrence & Hudson R.R.  
P.O. Box 386  
Kunkletown, Pa. 18058

CC:

Mr. Mortan Bercoiuci  
Mr. Howard Buchanan  
Senator Doyle Corman  
State Representative Craig Dally  
Mr. Paul D. Gilmore  
Dominic Keating, ESQ  
Secretary Bradley L. Mallory  
Congressman Paul McHale  
Mr. Alan Marquis  
Ms. Linda Morgan  
Governor Thomas J. Ridge  
Mr. Robert J. Ritchie  
Senator Rick Santorum  
Senator Arlen Specter  
Senator Barry Stout  
Mr. Brian Wilson



Office of the Chairman

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

*File in  
Docket  
FD-33388*

July 7, 1997

David J. Tanzosh  
Saint Lawrence & Hudson R.R.  
P.O. Box 386  
Kunkletown, PA 18058

Re: Rail Service in the Northeast

Dear Mr. Tanzosh:

Thank you for your letter expressing your views on the role that the former Delaware & Hudson Railroad (D&H) can play in promoting rail competition in the Northeast. In your letter, you express your view that the D&H, when it was first created, was not given the opportunity to compete with Conrail. You suggest that the Board, in the context of its review of the proposed acquisition of Conrail by CSX and Norfolk Southern, should now provide D&H's successor, the Saint Lawrence & Hudson R.R., with expanded and improved access to traffic and markets. More competition, you state, would benefit shippers.

Under the provisions of 49 U.S.C. 11324, the Board will, in evaluating the CSX/Norfolk Southern/Conrail application, address the types of issues that you raise in your letter. Section 11324 requires the Board to consider, among other issues, whether the proposed transaction will adversely affect competition; whether other railroads should be included in the transaction; and the effect of the transaction on the adequacy of transportation to the public. These issues will be examined in the context of the formal record that is developed by the parties in the proceeding. Because the proceeding is pending, it would be inappropriate for me to comment further on the merits.

I will place your letter in the docket in the proceeding, and if you wish to pursue the matters addressed in your letter further, you may wish to formally participate in the proceeding. For further assistance in this regard, you may call the Board's Office of Public Services at (202) 565-1592.

Again, I appreciate hearing of your views.

Sincerely,

*Linda J. Morgan*

Linda J. Morgan

STB

FD-33388

4-30-01

J

202087

*O'Donnell, Schwartz & Anderson, P.C.**Counselors at Law**1900 L Street, N.W., Suite 707**Washington, D.C. 20036-5023*

ASHER W. SCHWARTZ  
 DARRYL J. ANDERSON  
 MARTIN R. GANZGLASS\*  
 LEE W. JACKSON\*\*  
 ARTHUR M. LUBY  
 ANTON G. HAJJAR\*\*\*  
 SUSAN L. CATLER  
 PETER J. LEFF°  
 MELINDA K. HOLMES°°  
 HOUEIDA SAAD°°  
 MURSHED ZAHEED°°°

(202) 898-1824  
 FAX (202) 429-8928



JOHN F. O'DONNELL  
 (1907-1593)

RICHARD S. EDELMAN\*  
 OF COUNSEL

*1300 L Street, N.W.  
 Suite 1200  
 Washington, D.C. 20005*

(202) 898-1707

\*ALSO NY BAR  
 \*\*ALSO PA AND MS BAR  
 \*\*\*ALSO MD BAR  
 °ALSO VA BAR  
 °°ALSO PA BAR  
 °°°MA BAR ONLY

April 30, 2001

ENTERED  
 Office of the Secretary

MAY 01 2001

Part of  
 Public Record



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

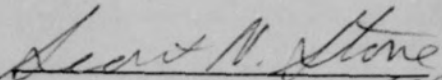
Re: CSX/NS-Conrail F.D. No. 33388-Norfolk Southern Hollidaysburg Car Shop

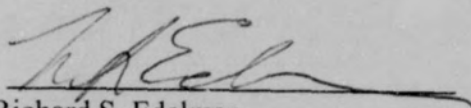
Dear Secretary Williams:

We are writing to advise you that the various rail unions and the Commonwealth of Pennsylvania that filed the joint petition for enforcement or reopening or further relief in the above-referenced matter intend to file a response to NSR's reply to the joint petition. The NSR reply was filed on April 17, 2001. As was set forth in the joint petition (at 14), NSR repeatedly failed to provide to the Unions information about the planned closing of the shop or the purported justification for its planned action. In NSR's reply we have now received certain information from NSR and NSR's attempted justifications for the shop closing, including certain financial information. The Unions and the Commonwealth believe that the assertions made by NSR require a response. NSR's reply provides new assertions of fact that the petitioners believe are either incorrect, incomplete or out-of-context. Additionally, petitioners have recently received information in connection with hearings before the Pennsylvania House of Representatives Transportation Committee, including a videotape of comments by NSR CEO David Goode in Altoona, PA on "Day One", that they believe is relevant to the Board's consideration of the Joint Petition and that should be available to the Board before it makes its decision. Analysis of NSR's claims, particularly its financial claims requires some time, but we do not want to delay the Board's review of the joint petition. Accordingly, we hope to file our response by May 7, 2001.

We recognize that STB rules do not provide for routine filing of responses to replies to petitions, but that responses are filed and accepted when appropriate. We will therefore file a motion for leave to submit our response along with the response.

Sincerely,

  
Scott N. Stone (RSE)

  
Richard S. Edelman

cc: Richard A. Allen  
Jeffrey S. Berlin  
J. Gary Lane



STB

FD-33388

4-23-01

J

STATELEG

RICHARD A. "RICK" GEIST, MEMBER  
HOUSE BOX 202020  
MAIN CAPITOL BUILDING  
HARRISBURG, PENNSYLVANIA 17120-2020  
PHONE: (717) 787-6419  
FAX: (717) 772-6952

1126 EIGHTH AVENUE, SUITE 404  
ALTOONA, PENNSYLVANIA 16602  
PHONE: (814) 946-7218  
FAX: (814) 949-7915



HOUSE OF REPRESENTATIVES  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG

COMMITTEES

TRANSPORTATION, CHAIRMAN  
COMMERCE AND ECONOMIC  
DEVELOPMENT  
RULES

April 18, 2001



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

RE: Finance Docket No: 33388  
CSX Corporation et al, Norfolk Southern Corp. et al.-Control and Operating  
Leases/Agreement-Conrail Inc. and Consolidated Rail Corp.

Dear Secretary Williams:

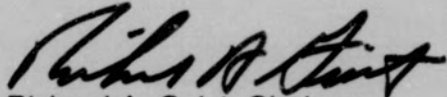
This letter is filed on behalf of the Pennsylvania House Transportation Committee, which was an active participant in the Conrail acquisition proceeding. The House Transportation Committee strongly supports the Joint Petition filed by the Commonwealth of Pennsylvania and Pennsylvania rail unions challenging the decision of Norfolk Southern Corporation to close the Hollidaysburg Car Shop and to renege on its commitments and representations to the Commonwealth, local government leaders and the communities of Hollidaysburg and Altoona.

Our Committee is currently conducting hearings in Pennsylvania regarding Norfolk Southern's Car Shop Closure decision. On April 12, 2001, we met in Altoona and received testimony from Norfolk Southern, community leaders, and union representatives. As a result of these hearings, I believe it is imperative that the Surface Transportation Board schedule hearings in Altoona to receive testimony from the employees and local officials regarding the Norfolk Southern decision and the adverse impact of that decision on the communities of this region. A local hearing would give the Board eye witness testimony from employees at the Car Shop regarding the level of work which is available, the manner in which Norfolk Southern has diverted work from the Car Shop and the impact of Norfolk Southern's broken commitments on the lives of Car Shop employees and their families in this area.

The Committee is keenly aware that the Board's Decision on this matter will play a critical role in the lives of our constituents. I therefore strongly encourage the Board to schedule public hearings in this community so that you can learn first hand the consequences of the Norfolk Southern decision to close the Hollidaysburg Car Shops.

I urge your favorable consideration of this request.

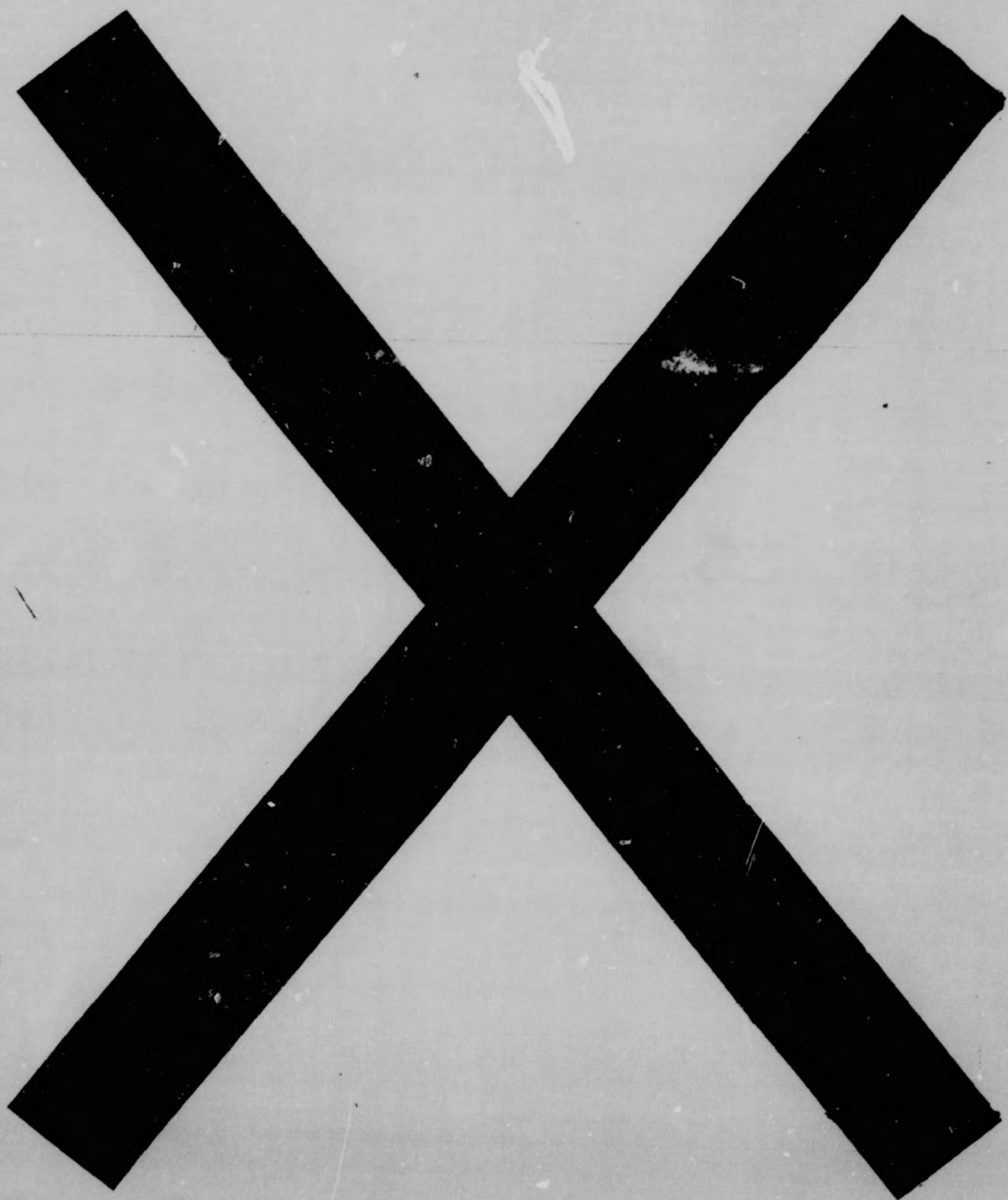
Sincerely,

A handwritten signature in black ink, appearing to read "Richard A. Geist".

Richard A. Geist, Chairman  
House Transportation Committee  
Commonwealth of Pennsylvania

RAG:kmc

CC: House Transportation Committee Members  
Pennsylvania Congressional Delegation  
Governor Tom Ridge, Commonwealth of Pennsylvania



STB

FD-33388

4-23-01

J

PUBLIC

APRIL 10-2001

March 10, 2001

Mr. Vernon A. Williams  
Surface Transportation Board, STB Finance  
Department of Transportation  
1201 Constitution Ave., NW  
Washington, DC 10423

Dear Mr. Williams:

Why isn't Norfolk Southern held accountable for its failure to run the railroad formerly operated by Conrail?

From day one, Norfolk Southern has botched the job. It fouled up freight traffic so badly that shippers now use trucks. (Who needs more trucks on our jammed highways?) It ruined passenger service. Three and four-hour delays are common on the few remaining trains heading East.

What's Norfolk Southern's excuse for mismanagement? Its computers. Any company that uses such a ridiculous excuse for ruining a railroad seems to be one that never intended to fulfill its agreement in the first place.

Part of Norfolk Southern's takeover agreement was a promise to increase employment. On the contrary, it's now allowing Altoona's two fine, remaining car shops at Hollidaysburg and at Juniata to close. Where will those hundreds of men find jobs? Closing those shops will also destroy Altoona's identity and the identity cherished by generations of Altoonans who labored so faithfully for the PRR. As a native Altoonan, I understand what a loss this would be. I lived there during PRR's heyday. In addition to the book I've written about the history of Altoona and the PRR, I've compiled a book of oral biographies of men and women who worked for the Pennsy. I know just how much those remaining shops mean to them.

Rather than pour billions into new highways, thereby wasting land and poisoning the environment, we need to revive railroads, the best form of mass transportation ever devised. We need railroads in time of crisis. The success of every conflict since the Civil War has been attributed to the efficiency of railroads in moving men and materiel. People need urban light rail service as well as improved long-distance service.

At this point, Conrail or a similar government-backed company should take over the railroad that NS has ruined. Pennsylvania, its people and its industries need this railroad, not only for its revenues, but also for its service. I would appreciate hearing what is being done in this regard.

Sincerely, *We who signed these papers do whole heartily agree with the above letter and hope that something can be done about Norfolk Southern's commitment to save the Sun Bear & Juniata Shops. We would like a response please.*  
William B Haxel

H

Mr. William B. Haxel  
5406 Broad Ave.  
Altoona, PA 16601-1122



William B. Hael Engineer  
Paul E. McInyre Engineer  
Joseph C. Bolay Movement Director  
Ray Williams Cor Insp.

Ed Delbaggio " "  
S. A. Shura - Card

William Dues Cord  
C. M. Hostler Engr

J. M. Hault

M. R. Walls Derrick OP  
K. W. Ivin Coach.  
S. M. Meritts Engr.

C. H. Micmenger ENGINEER

Ernest Wicks

Perry McMillen

Angus C. Irwin

John Keller

Byrd Col

Charles A. Hoar

Ronald E. Fisk

Joseph Faterbat

Joseph Buda

Homer Biddle

Bede V. Illeg ABolm

Wesley Miller

R. E. Steele

Howard Mann

March 10, 2001

Mr. Vernon A. Williams  
Surface Transportation Board, STB Finance  
Department of Transportation  
1201 Constitution Ave., NW  
Washington, DC 10423



Dear Mr. Williams:

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Sincerely,

Bob Conway Conductor

John DeLozier Eng'r

Tom Vargas Conductor

William S. Long Eng'r.

Ray H. Wells, Conductor

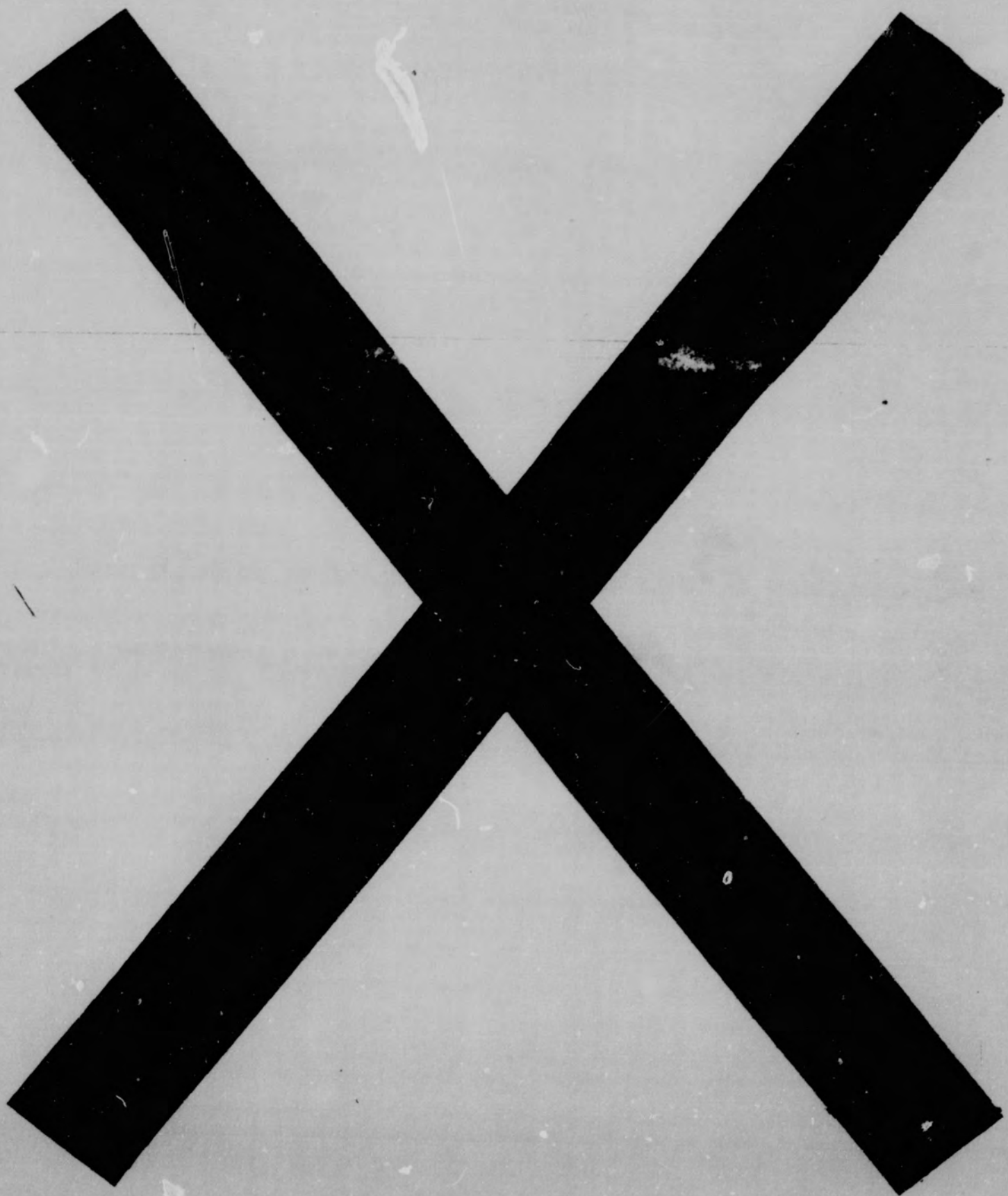
Lou Johnston - CAR INSPECTOR

Daniel M. Hoon Conductor

Paul R. Kantin

John O'Dellite

Dan Shepley



STB

FD-33388

4-20-01

J

PUBLIC

Betty Irean Loeb  
666 W. Germantown Pk. -409S  
Plymouth Meeting, PA 19462  
(610) 828-2443



April 14, 2001

Governor Thomas J. Ridge  
Commonwealth of Pennsylvania  
Room 225, Main Capitol Building  
Harrisburg, PA 17120

Dear Governor Ridge:

On April 7, I wrote urging you to attend the public hearing scheduled for April 26 at 10:00 A.M. in the Capitol Senate Hearing Room 8-EA concerning the unfulfilled commitments by the Norfolk Southern Railroad.

At that hearing, an important question needs to be answered:

By whose authority did two outside railroads--Norfolk Southern and CSX--split Conrail into two parts? Such an action was unprecedented in the history of railroad business. And it was done over the objections of Conrail's president and CEO, David LeVan.

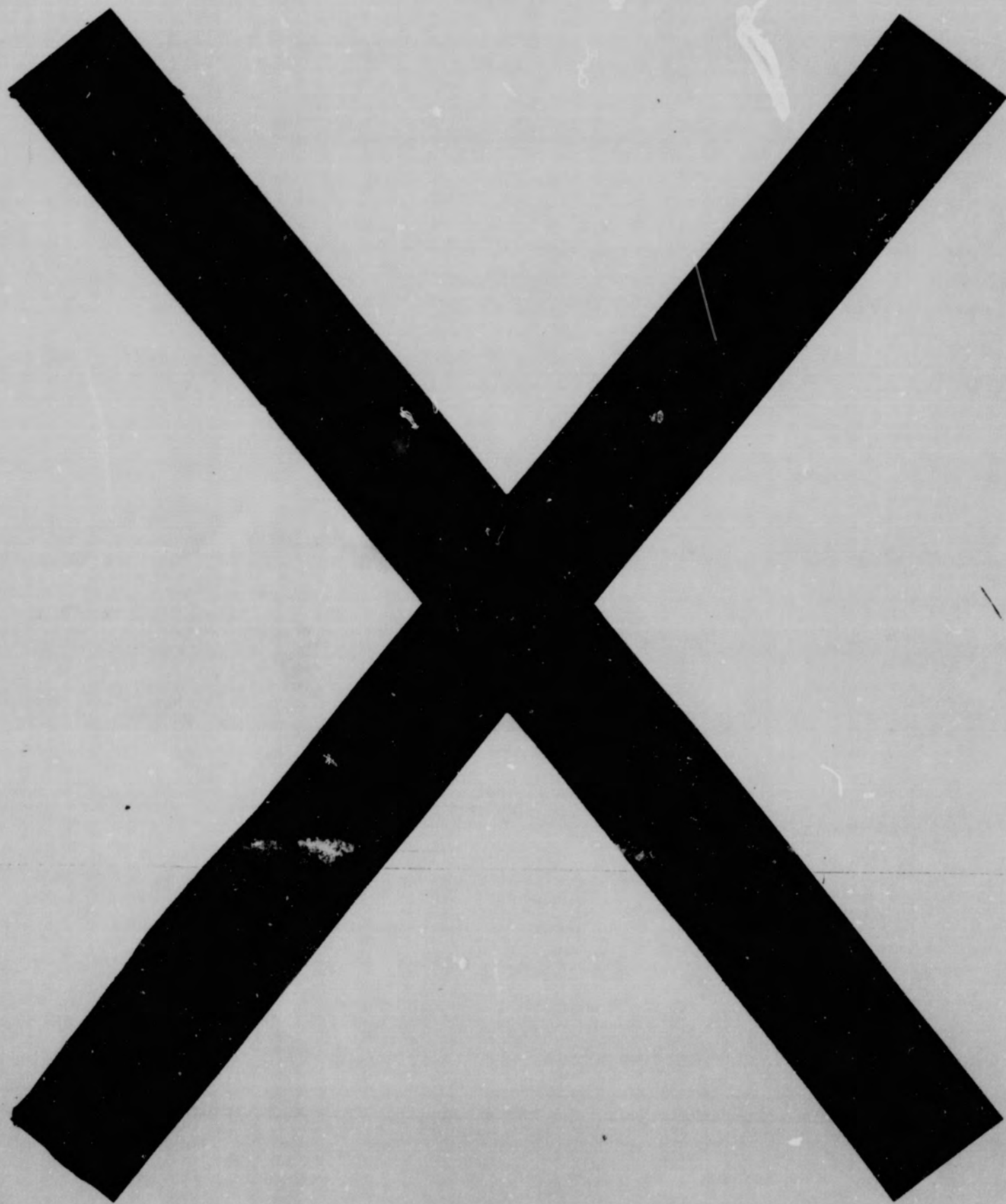
Copies of the charters by which Norfolk Southern and CSX effected these takeovers, should be made public. And who is CSX, anyway?

Altoona's two shops at Juniata and Hollidaysburg must be saved at any cost, or Altoona will become a ghost town. Its young people will have no place to seek work. A workforce of talented mechanics will be lost.

Conrail should be reinstated. It was the largest carrier in the United States of intermodal trailers and containers. During Stanley Crane's tenure, it became the first railroad ever to carry one million units of intermodal traffic in one year. Where is that business today? Why did Norfolk Southern, an experienced railroad, lose freight cars, allow trainloads of meat and other foods to spoil on its tracks, foul up freight traffic until shippers are now using trucks? How did it lose UPS as a valuable shipper? Why is passenger service minimal, expensive, and hours late? These questions need to be answered.

Sincerely,

Copy to: Mr. Vernon Williams  
Department of Transportation  
Washington, DC 10423



STB

FD-33388

4-12-01

J

201966

ROBERT C. JUBELIRER  
SENATE BOX 203030  
THE STATE CAPITOL  
HARRISBURG, PA 17120-3030  
717-787-5490

Office of the President Pro Tempore



30TH DISTRICT  
PARK VIEW CENTER  
TWELVE SHERATON DRIVE  
P.O. BOX 2023  
ALTOONA, PA 16603  
814-942-5495

ENTERED  
Office of the Secretary

APR 12 2001

Part of  
Public Record

Senate of Pennsylvania

April 11, 2001

201266



The Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, NW, Suite 700  
Washington, DC 20423-0001

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

Dear Secretary Williams:

This letter is to inform the Surface Transportation Board that we concur with the legal and practical arguments outlined in the petition filed by the Commonwealth of Pennsylvania and the Pennsylvania unions, concerning the matter of CSX Corporation et al. and Norfolk Southern et al. It is our understanding that the petition was filed before the Board on or about March 28, 2001.

It is our intention to file with the Board a document outlining our additional specific legal arguments in the near future. We represent the constituents residing and working in the district where the Hollidaysburg Car Shop is located.

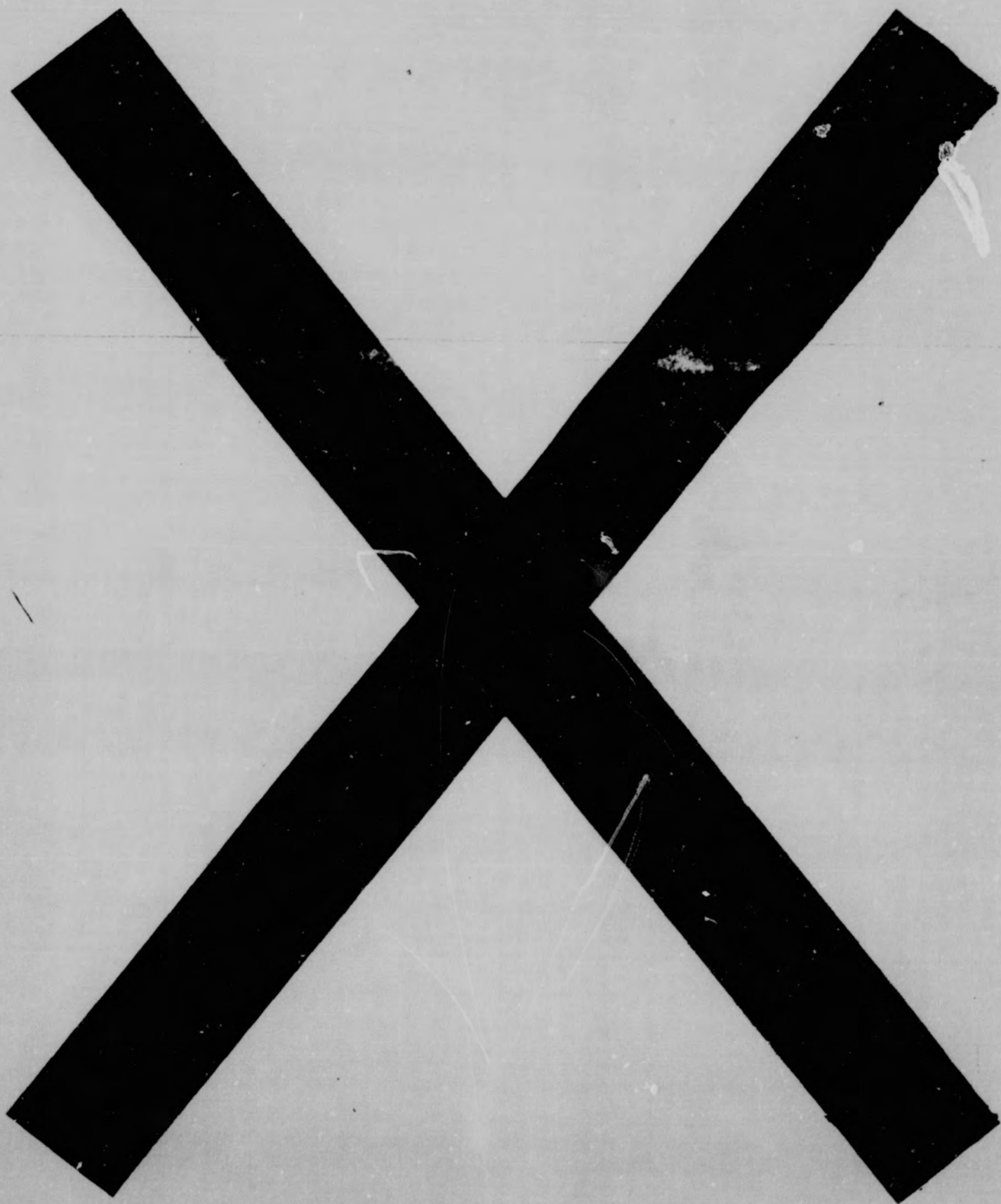
Thank you for your attention to this matter.

Sincerely,

SENATOR ROBERT C. JUBELIRER  
SENATOR, 30TH DISTRICT

REPRESENTATIVE JERRY A. STERN  
REPRESENTATIVE, 80TH DISTRICT

cc: Richard A. Allen  
George A. Aspatore, Esquire  
"Parties of Record"



STB

FD-33388

3-30-01

J

BUSINESS



Paul R. Hitchcock  
Assistant General Counsel  
Member of the Ohio Bar  
Not Admitted in Florida

Law Department  
500 Water Street  
Speed Code J-150  
Jacksonville, FL 32202  
Fax (904) 359-7518  
Telephone (904) 359-3100  
Writer's direct telephone line:

904-359-1192

March 26, 2001

Mr. David L. Hall  
Commonwealth Logistics  
13103 FM 1960 West  
Suite 204  
Houston, TX 77065-4069



RE: Conde Vista at Baltimore, MD.

Dear Mr. Hall:

This will respond your letter of March 9 to Mr. Melvin Clemens, Director of the Surface Transportation Board's Office of Compliance and Enforcement, regarding service to Conde Vista at Baltimore. You have questioned whether the CSXT - NS Settlement with the NITL in the Conrail Control Case applies to movements your client might make involving CSXT and NS (as successor to Conrail) in the Baltimore area. In my opinion, the NITL settlement and the Board's conditions implementing it do not apply to, or alter the terms of, that movement, which has been at all pertinent times governed by a joint facility contract between CSXT and Conrail/NS.

Under the settlement agreement with NITL in the Conrail control proceeding, CSXT and NS made certain commitments to keep open "reciprocal switching" provided by Conrail, for a period of 10 years. That is provided for by section III.B of the settlement agreement. In turn, section III.C provides certain rate caps, but only to "reciprocal switching charges between NS and CSXT at the points referred to in the preceding paragraph [*i.e.*, § III.B]."

The fact of the matter is that neither at the time of the CSXT/NS agreement to acquire Conrail, nor indeed at any time for at least many years before then, was there any "reciprocal switching" involved in the movements your letter addresses. CSXT simply did not publish any tariff offering any such reciprocal switching, and does not do so now.

Movements of the kind in question take place under joint facilities contracts governing the use of properties in the Baltimore area owned or operated by CSX on the one hand and NS (and before it, Conrail) on the other. The NITL settlement agreement did not address or abrogate contracts of that sort. To the contrary, both CSXT and NS repeatedly emphasized throughout the Control case that they would honor Conrail's contractual commitments. The STB's decision in the Conrail case broadened the NITL settlement provisions to some extent (*see* Decision No. 89, served July 23, 1998, at 54), but the provision as broadened still covers only "reciprocal switching."

Mr. David L. Hall

March 26, 2001

Page 2

The services provided and the obligations of the parties under the joint facility agreement applicable to these arrangements at Baltimore are not "reciprocal switching." Reciprocal switching is a tariff-based undertaking in which there is a holding out by the carrier to the public to perform certain common carriage services. Neither at any pertinent time prior to the Conrail transaction, nor at any time thereafter, has CSXT held itself out to perform reciprocal switching with respect to the movement in question. Reciprocal switching charges are subject to the STB's jurisdiction, including the Board's maximum rate authority. The terms of a reciprocal switching relationship are defined by tariff, regulatory law and industry rules.

The arrangements in question at Baltimore have an ancestry of a series of detailed joint facility contracts that date back to 1916 between predecessor companies of Conrail and CSXT. A joint facility contract establishes the terms of the relationship by negotiated agreement between the parties. Car hire, liability, demurrage responsibility and other terms that apply in a reciprocal switching context may be quite different from those applicable to joint facility arrangements that involve two carriers handling cars. Joint facility agreements are founded on entirely different economic considerations than reciprocal switching and their terms often reflect compromises. For example, joint facilities agreements are often created to enable one or the other carrier (or both) to rationalize operations.

Unlike reciprocal switching where charges are set and published at a discretionary level by the carrier performing the switching, the joint facility agreement governing the operations in question sets charges based on costs. Under the terms of the agreement, charges have been set based upon a cost study (with typical updates using AAR cost indices) and are on a per-car-handled basis. Your \$630 number assumes a "round trip" movement of a car, loaded one way and empty the other.

The purpose of the NITL settlement respecting reciprocal switching was to address shippers' allegations that the generally prevailing Conrail reciprocal switching charges under tariffs in many places were "exclusionary," *i.e.*, set at artificially high levels for the sole purpose of discouraging use of the other carrier. Nothing of the sort is applicable here. To the contrary, the charge NS pays CSXT is designed to cover CSXT's cost.

The physical movement involved is very complex, difficult and costly. Characterizing it as you have in your letter does not do justice to the complexity of the operations. As I understand it, NS tenders cars to CSX at NS' Bayview Yard on the north end of Baltimore. This is the normal line-haul interchange point for NS and CSXT. The cut of cars received typically includes local delivery and interline traffic. CSXT handles that cut of cars to its Bayview Yard where the cars are switched out and classified. Conde Vista cars are put in a block for Locust Point, which is a CSXT yard on the south end of Baltimore. The cars then move on a local that traverses the CSXT mainline that CSXT shares with MARC to the CSXT Locust Point Yard. At Locust Point the Conde Vista cars are switched again and put in a block for Curtis Bay, another

Mr. David L. Hall

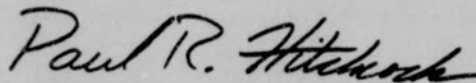
March 26, 2001

Page 3

CSXT yard on the south side of Baltimore. These cars then move on another local to Curtis Bay. At Curtis Bay the Conde Vista cars are switched yet again, and are put in a block for Conde Vista. A local crew operating in the congested south Baltimore CSXT network then delivers the cars to Conde Vista. Cars from Conde Vista would return over the reverse route to NS at NS' Bayview Yard.

While CSXT can appreciate your desire to deliver lower logistics costs to your client, we cannot agree with your view that the terms of the NITL agreement and the Board's conditions implementing them apply to this operation. Rather, the terms of the joint facility agreement apply, and the cost-based charges assessed under that agreement govern.

Sincerely,

A handwritten signature in cursive script that reads "Paul R. Hitchcock".

Paul R. Hitchcock

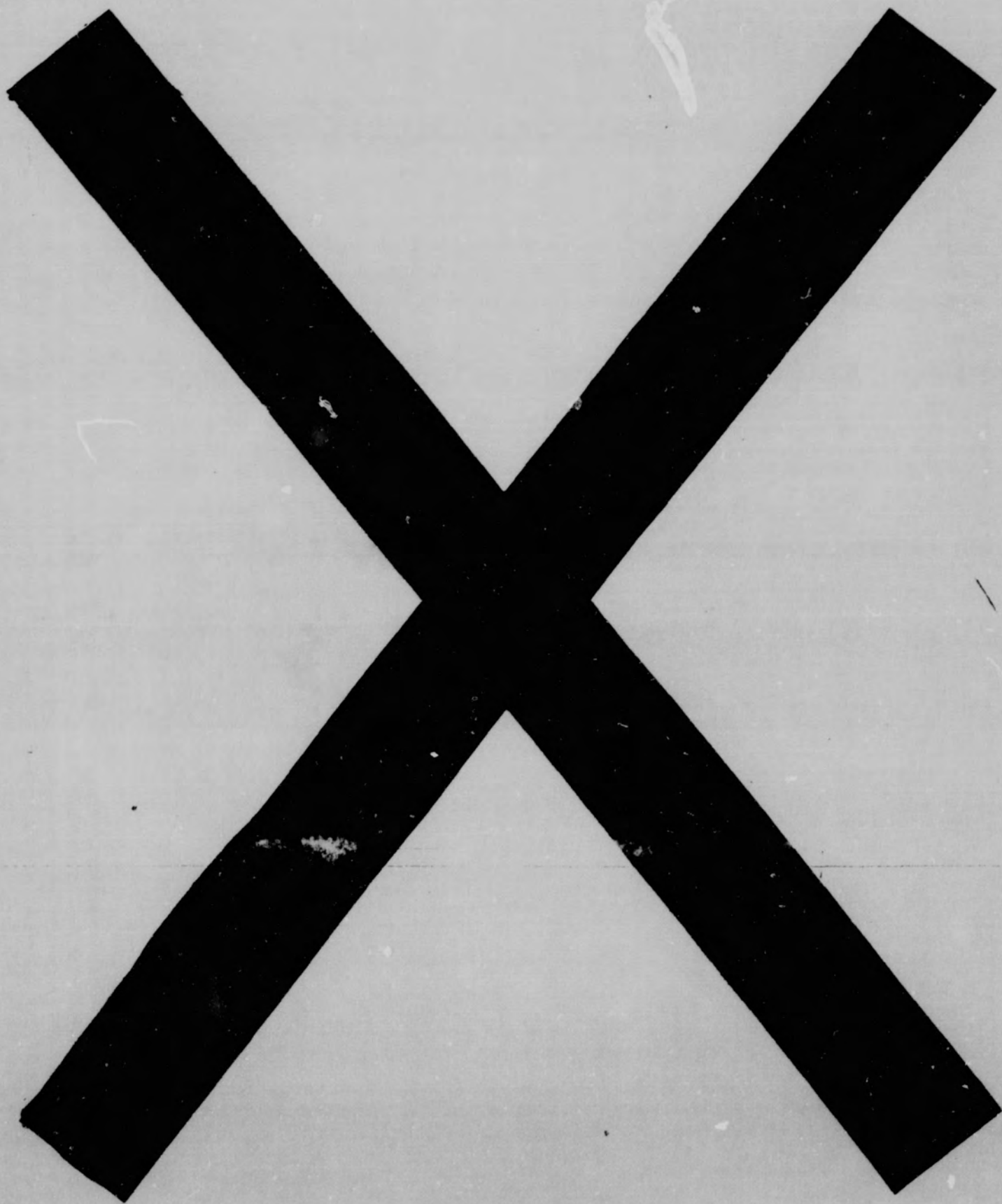
PRH/sgb

Cc:

Mr. Melvin F. Clemens, Jr.

Director - Office of Compliance and Enforcement

Surface Transportation Board



STB

FD-33388

3-22-01

J

UNION



Office of the Chairman

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

FILE IN DOCKET

March 22, 2001

FD-33388

Mr. C. E. Turnquist  
President  
International Longshoremen's Association  
2125 Tryon Road  
Ashtabula, OH 44004

Dear Mr. Turnquist:

Thank you for your recent letter expressing concern over the possible sale by Norfolk Southern (NS) of the Ashtabula Coal Dock. Specifically, you are concerned about the sale being to a non-railroad company and the impact that such a sale would have on members of your union, who you point out are railroad employees and have been paying into Railroad Retirement.

While I understand your concern, it would be inappropriate for me to speculate on the status of your members following such a sale. Whether a dock facility and its operation constitute rail carriage under the law the Board administers involves a particularly fact-bound determination. A conclusive determination could only be made in an on-the-record proceeding when the facts of the transaction and subsequent operation are known. For further information on such determinations, you may refer to a prior agency decision in Assoc. of P&C Dock Longshoremen v. the Pitts. & Conneaut, 8 I.C.C.2d 280 (1992).

You also indicate that your members may be adversely affected as a result of the Conrail acquisition transaction. As you know, in approving that transaction, the Board imposed the New York Dock labor protective conditions for the benefit of the railroad employees of the applicant carriers. Again, it would be inappropriate for me to comment on whether your members would be entitled to relief under New York Dock, as that question could come before the Board on appeal from an arbitrator's ruling. I appreciate your concern, and, as before, will have your letter and my reply made part of the public docket for the Conrail proceeding.

If there is any way in which I can be of further assistance, please do not hesitate to contact me.

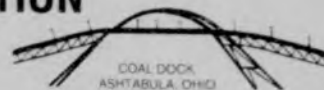
Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



# INTERNATIONAL LONGSHOREMEN'S ASSOCIATION

## LOCAL 1913



March 8, 2001

Express Mail No. EK452203574US

FILE IN DOCKET

Ms Linda Morgan, Chairman  
Surface Transportation Board  
1925 K Street, NW  
Washington, D.C. 20423-0001

Dear Ms. Morgan and Board Members:

I am writing you in response to a devastating situation that is arising at the Norfolk Southern Coal Dock in Ashtabula, Ohio. We are told that the Coal Dock is up for sale. On March 9, 2001 a company named Kinder Morgan is coming to the dock to look it over and possibly buy it from Norfolk Southern.

Since the split up of Conrail there has been nothing but problem after problem. I have written you several times before over different problems that we are having with Norfolk Southern over the implementation. We understand that Norfolk Southern is having great problems financially and is selling some of their assets to have an operating cash flow.

The Wall Street Journal stated on January 23, 2001 that Norfolk Southern was going to do some restructuring to reduce costs and improve it's financial performance. Norfolk Southern was going to consolidate or dispose of up to 10 under utilized or redundant facilities. Norfolk Southern also plans to initiate a line rationalization program targeting 3,000 to 4,000 under utilized or redundant facilities. Our facility is owned by Norfolk Southern with CSX having joint assets equaling to 42%. In the year 2000 we dumped and shipped over 6.8 million tons of coal. This was the third highest year in the 32 year history of the dock. This was done despite all the turmoil going on with our organization and Norfolk Southern. We would have dumped and shipped more except for this past summer coal was being shipped south to power companies here in the states due to shortages instead of being sent to Canada and other facilities on the great lakes that we handle coal for. The Ashtabula Coal Dock is not under utilized or redundant for Norfolk Southern. We feel that the stats show that the dock and the employees at the dock and the other union employees who supply the coal to our dock are a valuable asset to whomever owns the facility.

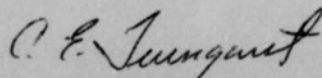
One of our main concerns other than having a job is the fact that we are railroad employees. We pay into Railroad Retirement. We have fifty-eight (58) union members at the dock. Of these fifty-eight people, sixteen (16) are working on their thirtieth year or have completed their thirtieth year. Twenty-eight (28) have twenty-five (25) or more toward their retirement and seven (7) have over twenty (20) years toward retirement, one (1) has over ten (10) years toward retirement and the remaining six (6) have over three (3) years toward retirement. We have paid into our retirement dearly and to allow a non-railroad company or corporation to take over this facility would be devastating to the employees and their families. Whatever company that decides to buy the Ashtabula Coal Dock must provide Railroad Retirement Benefits to our employees. It would be appalling for our members to be forced to sell their homes and have to

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BOARD  
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OFFICE OF  
CHAIRMAN MORGAN  
D-526

move away from our families to some other part of the country because Norfolk Southern's inability to do what they thought they could do. The dock will still be there as long as the need for coal is there. I know our group of employees is small compared to all your other trouble concerning Norfolk Southern. This is the lives of fifty-eight people and their families who have stayed working for Conrail.

I would appreciate very much a reply from you as to what our status is because this all stems from the break up of Conrail. I thank you for your time and consideration into this matter.

Very Truly Yours



C. E. Turnquist  
President, I.L.A. Local 1913



STB

FD-33388

3-16-01

J

UNION



*Challenging  
the future  
with over a  
century  
of pride!*

# Transportation Communications International Union

Robert A. Scardelletti, *International President*  
SOCIAL SERVICES DEPARTMENT  
Carl H. Brockett, *International Vice President*

March 8, 2001

Harold R. Mobley  
Assistant Vice President  
Norfolk Southern Corporation  
223 East City Hall Avenue  
Norfolk, VA 23510-1728

Dear Mr. Mobley:

This refers to your letter dated March 7, 2001 regarding the decision rendered August 10, 1999 by Referee Fredenberger of the Arbitration Committee established pursuant to Article I, Section 11 of the New York Dock protective conditions.

TCU is willing to meet and discuss an amicable resolution of the decision. Accordingly, we would propose meeting at Washington DC on March 29 or March 30, 2001.

Please advise.

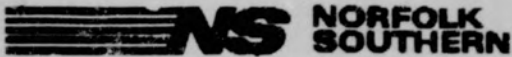
Yours truly,

*Carl H. Brockett*  
Carl H. Brockett

cc: ✓ Surface Transportation Board  
R. A. Scardelletti, IP  
J. M. Parker, IVP  
M. M. Kraus, General Counsel  
D. L. Steele, GC

Fredenbergernydstbmtg3.2001





Norfolk Southern Corporation  
223 East City Hall Avenue  
Norfolk, Virginia 23510-1728

Harold R. Mobley  
Assistant Vice President  
Labor Relations  
(757) 629-2425

Harold.Mobley@nscorp.com

March 7, 2001

NC-CL-TRANS-31

Mr. C. H. Brockett  
International Vice President  
Transportation-Communications International Union  
3 Research Place  
Rockville, MD 20850

Dear Mr. Brockett:

Mark MacMahon has asked me to contact you regarding the decision rendered on August 10, 1999 by Referee William E. Fredenberger of the Arbitration Committee established pursuant to Article I, Section 11 of the New York Dock protective conditions between Norfolk Southern Railway Company (NSR) and the Transportation-Communications International Union (TCU).

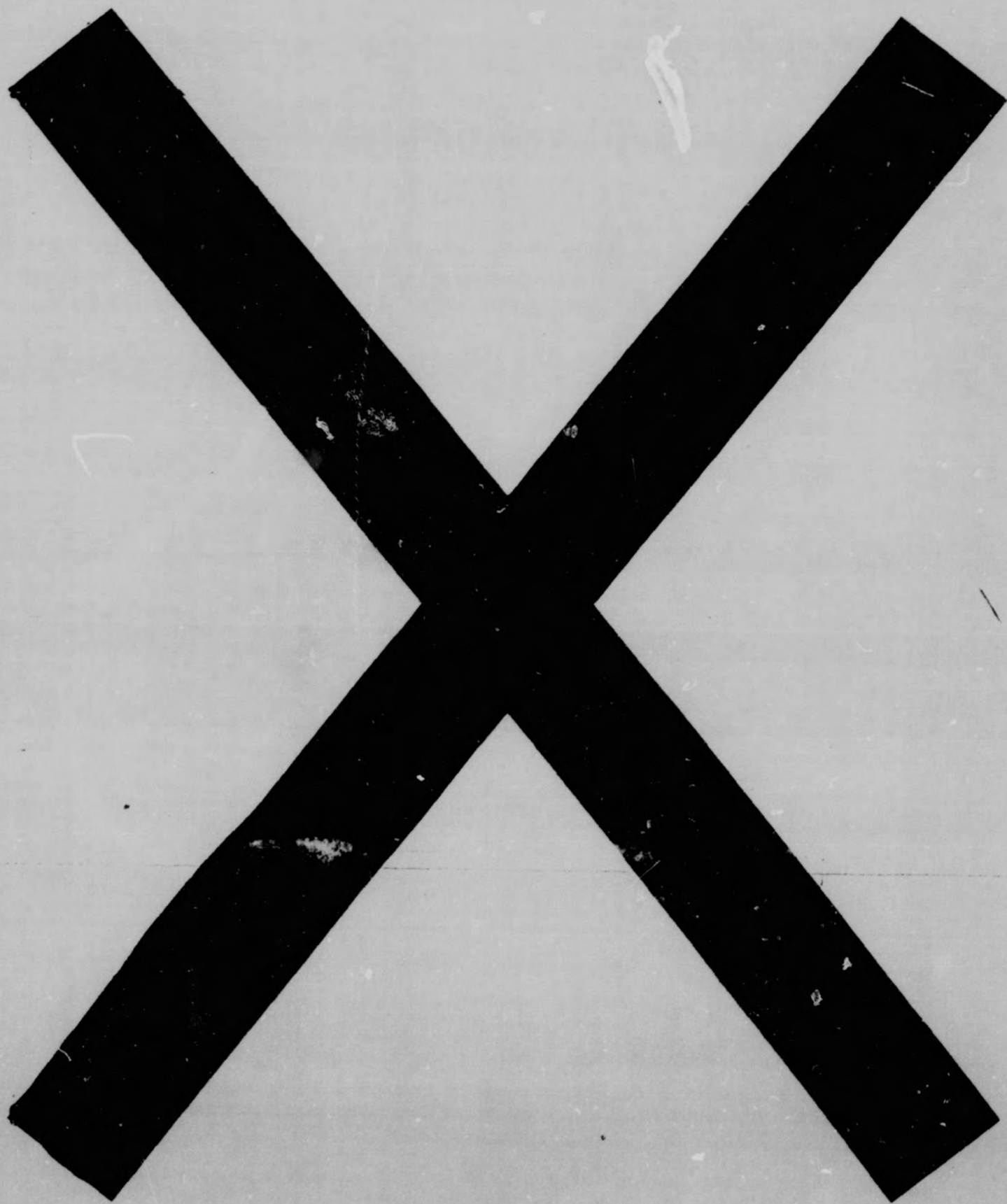
Since TCU has asked the STB to review the arbitration, this issue remains unresolved. Therefore, I propose that we meet for discussions to try to reach a negotiated solution that will serve both our interests rather than have the STB render a decision which could have unknown consequences to both of our interests.

With your concurrence, please give me a call at your earliest convenience so that we can arrange for a time and place for our meeting.

Very truly yours,

A handwritten signature in cursive script that reads "Harold R. Mobley".

cc: Surface Transportation Board



STB

FD-33388

3-13-01

J

PUBLIC

3303 88

Betty Ilean Loeb  
666 W. Germantown Pk. -409S  
Plymouth Meeting, PA 19462  
(610) 828-2443

March 10, 2001

Mr. Vernon A. Williams  
Surface Transportation Board, STB Finance  
Department of Transportation  
1201 Constitution Ave., NW  
Washington, DC 10423



Dear Mr. Williams:

Why isn't Norfolk Southern held accountable for its failure to run the railroad formerly operated by Conrail?

From day one, Norfolk Southern has botched the job. It fouled up freight traffic so badly that shippers now use trucks. (Who needs more trucks on our jammed highways?) It ruined passenger service. Three and four-hour delays are common on the few remaining trains heading East.

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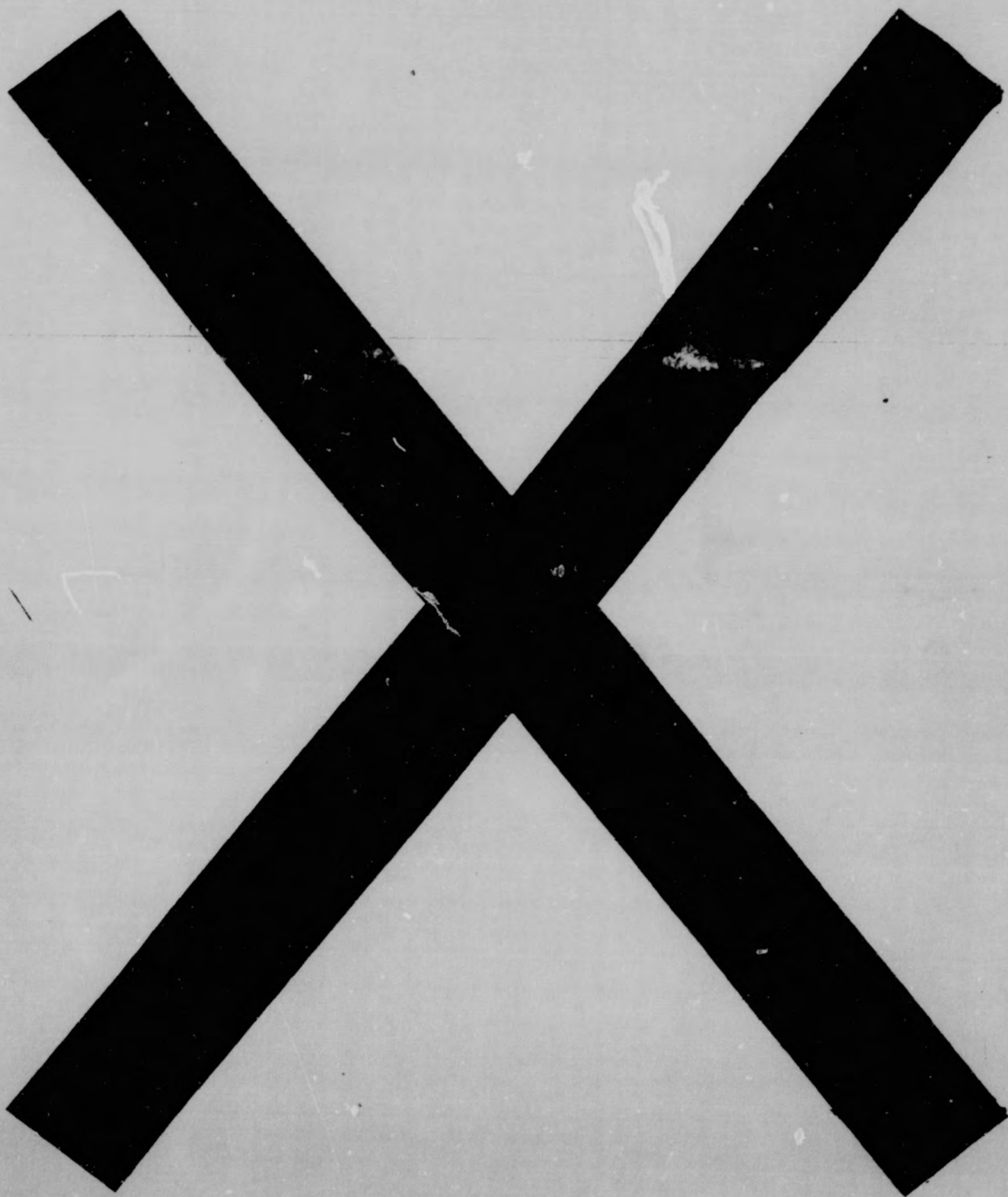
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At this point, Conrail or a similar government-backed company should take over the railroad that NS has ruined. Pennsylvania, its people and its industries need this railroad, not only for its revenues, but also for its service. I would appreciate hearing what is being done in this regard.

Sincerely,

*Betty Loeb*



STB

FD

33388

3-2-98

J

CITIES

RITA C. McMAHON  
City Manager

## CITY OF PAINESVILLE

7 RICHMOND STREET  
P.O. BOX 601  
PAINESVILLE, OHIO 44077-0601  
TELEPHONE (440) 352-9301

February 20, 1998

Surface Transportation Board  
1925 K Street NW  
Washington, DC 20423-0001



Dear Sirs:

The City of Painesville, located in northeast Ohio on the corridor east of the City of Cleveland, is affected by the proposed acquisition of Conrail and the Conrail Corporation by CSX Corporation, CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Corporation. The Conrail lines cross through the northern portion of the community and the Norfolk Southern lines cross through the southern portion of the community. A map indicating our location within the State of Ohio is attached as Exhibit A and Exhibit B which reflect the location of both railroad's facilities within our community.

As you can see from the attachments, the city is dissected into thirds by the two railroad systems. The City has historically benefited from these railroad which resulted in the development of commercial and industrial uses on a 'jacent lands. Railroad spurs were a benefit to a number of the growing industry in the early part of this century. However, the increased use of truck and automobile traffic has decreased the direct use of rail by local industry. Today, none of the existing industry along the Norfolk Southern Line uses rail for the delivery of product and only a couple of industries adjacent to the Conrail line utilize a spur. Rail traffic is primarily through-traffic carrying product between other markets. The decreased dependence on rail as a form of transportation has resulted in the property adjacent to the existing rail lines being developed or redeveloped into lighter commercial or residential uses. This is particularly true of the lands immediately adjacent to the Norfolk Southern railroad tracks.

The street pattern of the City also bears review. Exhibit B indicates that both railroads intersect the major north-south thoroughfares through the city. The Conrail tracks cross Newell Street, Richmond Street, State Street and Elm Street. Fortunately, underpasses have been constructed at the Richmond Street and State Street intersections, permitting continuous traffic flow. The Norfolk Southern lines intersect with Chestnut Street, Liberty Street, S. State Street (SR 84 & 86), and Bank Street. These are fully signaled

at-grade crossings. The residents of the southern portion of the city rely on these street to access the main portion of the city, its central business district. One of two county hospitals, the Post Office, as well as Police and Fire Stations are all located north of the Norfolk Southern lines. These facilities not only serve the residents of the City of Painesville, who live south of the Norfolk Southern line, but also the residents of the adjacent Townships immediately to the south of the city.

The City is concerned about the impact on the adjacent properties and vehicular traffic flow as a result of the projected increase in traffic on the Norfolk Southern line. At present, traffic on this line is estimated at an average of 13 trains a day which translates to one train every one hour and forty-five minutes. The Surface Transportation Board has indicated that traffic on the Norfolk Southern existing lines will increase to 36.6 trains per day after the acquisition. The increased traffic will mean one train every forty minutes. Since the southern portion of the city is cut off from essential services of Police, Fire and Rescue when a train is on the Norfolk Southern Railroad, the increased level of traffic will exacerbate existing problems and concern for safety forces and for emergency vehicles accessing the Hospital coming from the south. Delays to response time by either entity can mean the difference between life and death. It is our opinion that the increased rail traffic will have a detrimental impact on the southern portion of our community.

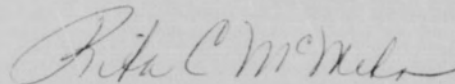
In addition to the congestion and safety issues for emergency vehicles, there is also a safety issue for adjacent properties. This level of traffic will increase the likelihood of noise, particularly at night, when it is anticipated that a large number of the trains will be running. With four at-grade crossing in the City, the trains will be sounding their whistles with increased frequency resulting in a disturbance to the surrounding residential areas. Due to this lines proximity to residential and commercial areas it is likely that there will be pedestrian conflicts with the train traffic. In the last three months of 1997, the City experienced three tragic accidents that resulted in the loss of the life of a pedestrian coming into contact with the trains. Increased train traffic will only further increase the opportunity and likelihood for tragic accidents.

The increased train traffic will also increase the likelihood of accidents involving trains carrying hazardous materials. The close proximity to the residential areas could spell disaster to the community. It will also create a need for additional training and equipment for the City's safety forces to maintain a standard of preparedness for any eventuality.

One solution to address the traffic flow and response time for emergency vehicles is a grade separation at one or two of the existing crossings at a minimum. This could also reduce the level of accidents and conflicts with pedestrians. It would decrease the noise level by decreasing the number of crossings the train whistles need to be sounded at. It would not address the concerns relative to the number of trains and the potential for accidents as a result of the type of cargo being carried by the trains. This last issue remains a very serious concern of the City.

This proposed acquisition provides little direct benefit to the City since all of the traffic is through traffic. The city will only be negatively impacted by this acquisition unless the issues of grade separation and safety are considered. We ask that before the acquisition is approved that the Surface Transportation Board consider the burden which will be placed on many small communities such as Painesville to deal with duplicating services or developing grade separations without any assistance from the entity creating the problem. We, therefore, request your consideration and assistance in addressing this issue which will have serious long-term impacts on the residents and businesses of this and adjacent communities.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rita C. McMahon".

Rita C. McMahon  
City Manager

attachments

cc: City Council  
The Honorable Steven C. LaTourette



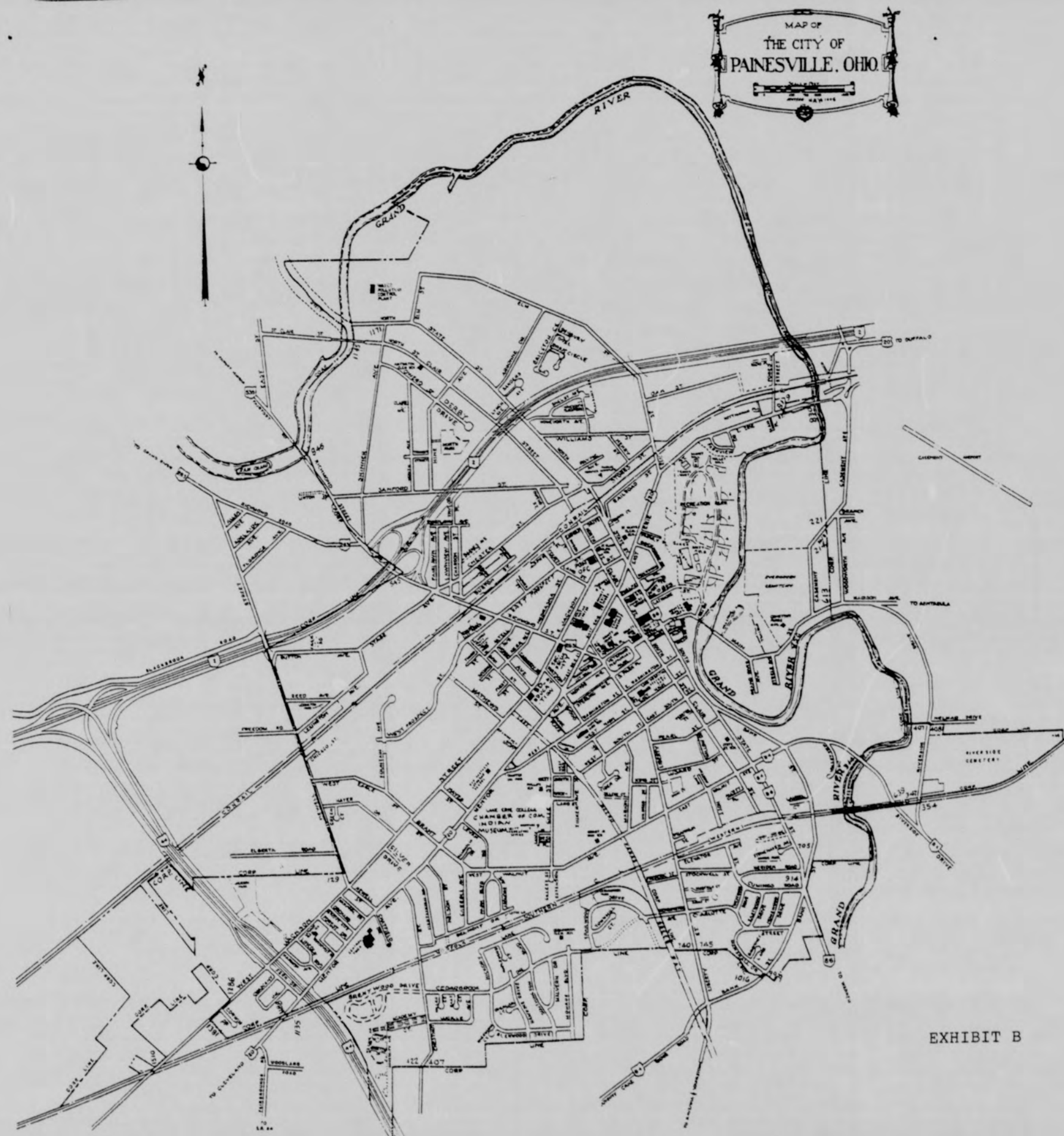


EXHIBIT B

STB FD

33388

2-23-98

J CITIES

Henry F. Zwack  
County Executive



Ned Pattison Government Center  
1600 Seventh Avenue  
Troy, New York 12180  
Phone: (518) 270-2900  
Fax: (518) 270-2961

COUNTY OF RENSSELAER  
February 17, 1998

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

re: CSX and Norfolk Southern Control-Conrail

Dear Secretary Williams:

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

Rensselaer County and New York State's manufacturing, business and agricultural interests need the best possible rail transportation. I believe the proposed control of Conrail by CSX and Norfolk Southern will provide our industries with new and vital transportation options and increased market reach with faster service and potentially lower costs.

In addition to improving rail access to important Midwestern and Western markets, New York State would also benefit greatly from improved services to markets in the South, Southeast and along the Gulf Coast via a single-line for the first time in history. The resulting elimination of delays would mean lowered shipping costs and faster transit times, increased use of rail transportation, and new economic opportunities for New York business and industry.

The prospect of single-line rail service to all of the major East Coast and Gulf Coast ports, and including the Albany-Rensselaer Port here in Rensselaer County, represents a significant opportunity to enhance the global business opportunities of New York businesses. Faster, less costly, and more reliable rail service would also provide a much needed advantage for the economic development and job growth for the County, the entire State of New York, and the adjoining States of Massachusetts and Vermont.

It's been often said, "Timing is everything." Considering all of the other important transportation initiatives now occurring in the Capitol Region of New York, including the development of Exit 8 of I-90, improvements to the Albany County Airport, and the new Rensselaer Amtrak Station, the timing is right for the Surface Transportation Board to approve the control application as proposed and provide improved single-line rail service to Rensselaer County.

Thank you for your consideration of this request.

Sincerely,

Henry F. Zwack  
County Executive



STB

FD

33388

2-23-98

J

LAW

LAW OFFICES

**REA, CROSS & AUCHINCLOSS**

SUITE 420

1920 N STREET, N.W.

WASHINGTON, D. C. 20036

(202) 785-3700

FACSIMILE: (202) 659-4934

DONALD E. CROSS (1923-1986)

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

February 23, 1998



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

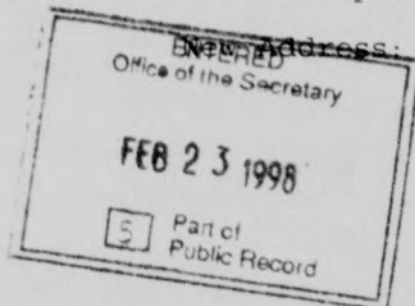
Re: Finance Docket No. 33388  
CSX Corporation and CSX Transportation, Inc.,  
Norfolk Southern Corporation and  
Norfolk Southern Railway Company -- Control  
and Operating Leases/Agreements --  
Conrail Inc. and Consolidated Rail Corporation

**Change of Address**

Empire State Passengers Association (ESPA-5)  
Fort Orange Paper Company (FOPC-6)  
The Ohio Attorney General, Ohio Rail  
Development Commission and the Public  
Utilities Commission of Ohio (OAG-9)  
Redland Ohio, Inc. (Redland-4)  
Toledo-Lucas County Port Authority (TLCPA-5)  
Wheeling & Lake Erie Railway Company (WLE-8)  
Wyandot Dolomite, Inc. (WYANDOT-5)

Dear Mr. Williams:

The undersigned counsel representing the above-named parties will move to the following new address effective March 1, 1998. The firm's phone and fax numbers will remain the same.



New Address: 1707 L Street, NW  
Suite 570  
Washington, DC 20036

Sincerely,

Keith G. O'Brien  
John D. Heffner  
Robert A. Wimbish

cc: All Parties of Record

STB

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33388

2-20-98

J

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186011

LAW OFFICES

**REA, CROSS & AUCHINCLOSS**

SUITE 420

1920 N STREET, N.W.

WASHINGTON, D. C. 20036

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LEO C. FRANEY

JOHN D. HEFFNER

KEITH G. O'BRIEN

BRUCE REA, JR.

BRIAN L. TROIANO

ROBERT A. WIMBUSH

DONALD E. CROSS (1923-1986)

February 20, 1998



Office of the Secretary  
Surface Transportation Board  
1925 K Street, N. W.  
Washington, DC 20423-0001

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

**Stark Development Board, Inc.  
Notice of Substitution of Counsel**

Dear Secretary Williams:

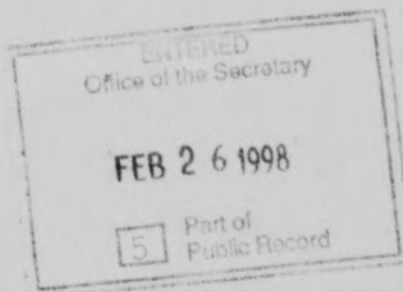
Please substitute the appearance of the undersigned as additional counsel for the Stark Development Board, Inc. This change of counsel is necessitated by the acceptance of a government position by Mr. Charles H. White, who previously served as Stark's counsel.

Thank you for your attention to this matter.

Sincerely,

Keith G. O'Brien

cc: Parties of Record



STB

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2-20-98

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1860/0

LAW OFFICES

**REA, CROSS & AUCHINCLOSS**

SUITE 420

1920 N STREET, N.W.

WASHINGTON, D. C. 20036

(202) 785-3700

FACSIMILE: (202) 659-4934

DONALD E. CROSS (1923-1986)

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

February 20, 1998

Office of the Secretary  
Surface Transportation Board  
1925 K Street, N. W.  
Washington, DC 20423-0001



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

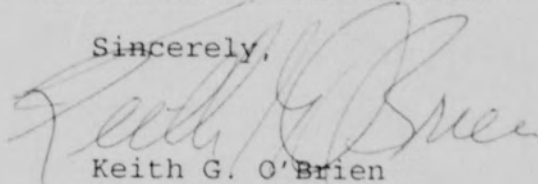
**Wheeling & Lake Erie Railway Company  
Notice of Substitution of Counsel**

Dear Secretary Williams:

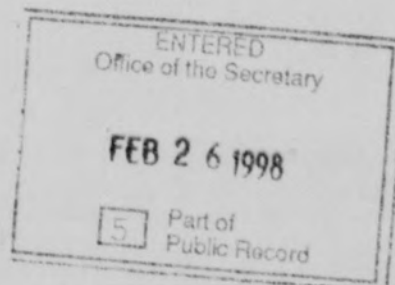
Please substitute the appearance of the undersigned as  
counsel for the Wheeling & Lake Erie Railway Company. This  
change of counsel is necessitated by the acceptance of a  
government position by Mr. Charles H. White, who previously  
served as Wheeling's counsel.

Thank you for your attention to this matter.

Sincerely,

  
Keith G. O'Brien

cc: Parties of Record



STB

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33388

2-18-98

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PUBLIC



Office of the Chairman

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

*File in Docket*  
*FN-33388*

February 18, 1998

Mr. Mike Ashley  
3906 Green Garden Rd.  
Aliquippa, PA 15001-1033

Dear Mr. Ashley:

I have received your letter dated January 21, 1998, in which you respond to my prior letter to you regarding the proposal by CSX and Norfolk Southern to acquire control of Conrail. You criticize my letter as being generic and as failing to contain information on how the transaction, if approved, will affect Conrail employees.

In my letter responding to your concerns, I have attempted to craft a meaningful response to you and to the several hundred others who have mailed identical letters to me. Again, while the proposed control of Conrail continues to be a pending case before the Surface Transportation Board, I may not comment on the merits of the case. I can assure you, however, that the Board will give full consideration, as required by law, to the interests of rail carrier employees affected by the proposed transaction in reaching a decision on the merits of the proposal. As I am certain you know, unions representing Conrail employees are parties to the proceeding and have filed pleadings addressing issues that affect their members. The Board will thoroughly consider those pleadings in reaching its decision. I also will have your letter and my response made a part of the public docket in this proceeding.

I appreciate your concern and am aware of the uncertainty created during the pendency of the transaction before the Board. As a decision-maker in the proceeding, however, I am precluded from commenting further at this time.

Sincerely,

*Linda J. Morgan*

Linda J. Morgan

FD - 33388



*Mike Ashley*

3906 Green Garden Rd., Aliquippa, PA 15001-1033

1/21/98

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

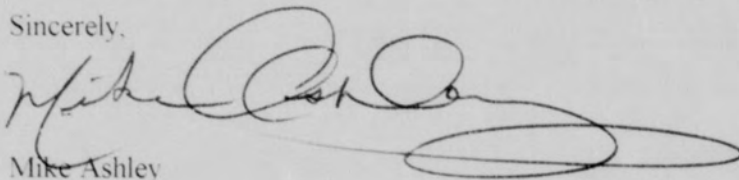
RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
JAN 20 5 39 PM '98  
OFFICE OF THE  
CHAIRMAN MORGAN

Dear Ms. Morgan,

Thanks for responding to my letter on my concerns on the Conrail fiasco. It is just what I expected from the government, a generic letter with no information on what is going to happen with my future.

As an employee of Conrail, I get no information except for what we read in news releases. I still have a family to raise and bills to pay but I have no idea what my future employment status will be. There has been no mention of job protection plans, except for the New York Dock agreement in which the railroads can easily screw us out of. I hope while your committee is looking things over you put the employees interests as one of your top priorities, we deserve it. We have sacrificed to much to make Conrail what it is today.

Sincerely,

  
Mike Ashley

STB FD

33388

1-14-98

J GOV



## Wisconsin Department of Transportation

Tommy G. Thompson  
Governor

Charles H. Thompson  
Secretary

OFFICE OF THE SECRETARY  
P. O. Box 7910  
Madison, WI 53707-7910



January 13, 1998

Mr. Vernon A. Williams, Secretary  
Office of the Secretary  
Surface Transportation Board, Room 1324  
1925 K Street, N.W.  
Washington, D.C. 20423-0001



RE: **Finance Docket No. 33388** CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/Agreement -- Conrail Inc. and Consolidated Rail Corporation  
**Finance Docket No. 33388 (Sub.-No. 59)** Wisconsin Central Ltd. -- Purchase -- Line of the Baltimore & Ohio Chicago Terminal Railroad Company

Dear Mr. Williams,

The Wisconsin Department of Transportation ("WisDOT") is the designated state agency in rail matters in Wisconsin. 49 U.S.C. Appx. § 1654(a) (formerly § 1654(j)), 49 C.F.R. § 266.1 and Ch. 85, Wis. Stats. It has provided financial and technical assistance to freight railroads operating in this state. WisDOT is responsible for all state and federally-aided highway and airport construction in Wisconsin. For many years, WisDOT has participated in ICC and STB rail matters.

Wisconsin Central Ltd. ("WCL") is a class II railroad that owns and operates approximately 2017 miles of railroad in Wisconsin, Michigan's Upper Peninsula, Minnesota and Illinois. WCL has a good reputation in terms of quality of service and paying attention to its customer's needs.

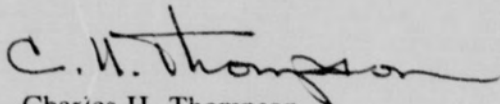
At the request of WCL, WisDOT reviewed WCL's application to purchase the line of the Baltimore & Ohio Terminal Railroad Company for fair market value. In the proposal, WCL proposes to upgrade the track and yard so that it could accommodate traffic to/from Wisconsin, relieving congestion and improving the operation through the Chicago Terminal district.

In light of the reported adverse effects of the Union Pacific/Southern Pacific and Burlington Northern/Santa Fe mergers, WisDOT would request that the Board carefully review the above transaction and approve the appropriate conditions to preserve a competitive alternative for interchange movements through the Chicago Terminal District.

WisDOT would support WCL's proposal to purchase and upgrade a portion of the B&OCT Altenhiem subdivision for fair market value with trackage rights to the CSX.

If you have any questions, feel free to contact Allyn Lepaske at 608-266-0253.

Sincerely,

A handwritten signature in cursive script, appearing to read "C. H. Thompson".

Charles H. Thompson  
Secretary

cc: Joe Dresser  
Robert H. Wheeler  
Allyn Lepaske