

STB

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33388

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STATES

# House Resolution No. 21

FD-33388

(By Mr. Speaker, Mr. Kiss)

Urging the West Virginia congressional delegation to ascertain all pertinent facts relating to the economic disadvantages that could be inflicted on the coal shippers in north central West Virginia by the proposed acquisition of Conrail by CSX Corporation and the subsequent division of Conrail between CSX and Norfolk Southern.

**W**HEREAS, The merger of rail lines by CSX and Norfolk Southern may be desirable in a general sense; and

**W**HEREAS, The well-being of the West Virginia economy, especially the coal industry, has historically been dependent on a cost-effective rail system to transport coal reserves to markets throughout the world; and

**W**HEREAS, The West Virginia coal industry finds itself in a highly competitive global marketplace where the cost of rail delivery can be the deciding factor in winning and losing a coal supply contract; and

**W**HEREAS, Those coal shippers in north central West Virginia that ship on the old B&O rail line, directly employing over 2,000 people and directly creating a total of 12,000 jobs, have annual sales of \$300 million and pay \$12 million in coal severance taxes; and

**W**HEREAS, It is anticipated that the rail line division between CSX and Norfolk Southern will clearly favor some Pittsburgh seam coal producers in southwestern Pennsylvania by providing joint access by both CSX and Norfolk Southern, thus granting those shippers full, unfettered, low cost, direct access to customers of the north central West Virginia producers; and

**W**HEREAS, The north central West Virginia producers on the CSX/B&O line will be relegated to CSX - Norfolk Southern "two line" hauls that are more costly and time consuming; and

**W**HEREAS, This rail line division must be structured to provide a level playing field so the north central West Virginia coal fields can compete fairly with producers in western Pennsylvania; and

**W**HEREAS, This rail line division must be structured to provide a level playing field in the north central West Virginia coal fields as is contemplated in southwestern Pennsylvania; therefore, be it

*Resolved by the House of Delegates:*

That the House urges Senator Robert C. Byrd, Senator Jay Rockefeller, Congressman Nick Rahall, Congressman Alan Mollohan and Congressman Bob Wise to contact the U.S. Department of Transportation, the Surface Transportation Board and other appropriate federal regulatory agencies to ascertain the effect the proposed merger will have on the coal producers in north central West Virginia, and to do all in their power to ensure that a level playing field is available to all coal producers; and, be it



STB

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33388

7-1-97

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# City of Port Clinton

Office of the Mayor  
City Hall - 1868 E. Perry Street  
Port Clinton, Ohio 43452  
(419) 734-5522



Thomas M. Brown  
Mayor

June 25, 1997

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



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

Dear Secretary Williams:

I am writing to express the City's strong support for the planned control of Conrail by CSX Corporation and Norfolk Southern Corporation as proposed in the above referenced docket. Ohio's industrial, business and agricultural interests need the best possible rail transportation. I believe this transaction will provide our key industries with new transportation options and increased market reach at potentially lower costs.

Many of these industries will be able to access key Eastern, Midwestern, Southern and even international customers and suppliers with single line service. This will make rail service faster, more reliable and more efficient. This is a major benefit to Ohio.

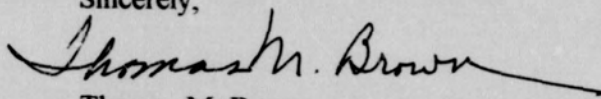
CSX and Norfolk Southern's control of Conrail also offers resident of Ohio opportunities for new business and industrial growth with the resultant new jobs. This is crucial for our ability to compete in the global economy. Approval of this control application will also increase the number of East Coast ports to which our state's companies will have efficient and cost effective access. This will create new possibilities for exporting Ohio's manufactured goods and agricultural commodities.

The control of Conrail by CSX and Norfolk Southern is a positive for Ohio and the United States. I urge the Surface Transportation Board to approve the control application as proposed.

I want to personally thank Conrail for its recent cleanup along the State Street area where we have resurfaced and improved this street as of June 15, 1997. Your assistance is greatly appreciated. Also, the City's has high expectations from Conrail dealing with any remediation projects that would be necessary in the future.

P. 2

Sincerely,

A handwritten signature in cursive script that reads "Thomas M. Brown". The signature is written in dark ink and has a long, sweeping horizontal line extending to the right.

Thomas M. Brown  
Mayor

## CITY OF GOSHEN



"THE MAPLE CITY"

**Allan Kauffman, Mayor**  
**City of Goshen**  
111 East Jefferson Street, Suite 1  
Goshen, Indiana 46526-3739



June 25, 1997

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

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

Dear Secretary Williams:

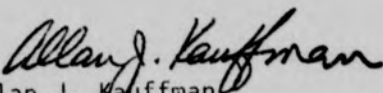
I am writing to express my strong support for the planned control of Conrail by CSX Corporation and Norfolk Southern Corporation as proposed in the above referenced docket. Indiana's industrial, business and agricultural interests need the best possible rail transportation. I believe this transaction will provide our key industries with new transportation options and increased market reach at potentially lower costs.

Many of these industries will be able to access key Eastern, Midwestern, Southern and even international customers and suppliers with single line service. This will make rail service faster, more reliable and more efficient. This is a major benefit to Indiana.

CSX and Norfolk Southern's control of Conrail also offers residents of Indiana opportunities for new business and industrial growth with the resultant new jobs. This is crucial for our ability to compete in the global economy. Approval of this control application will also increase the number of East Coast ports to which our state's companies will have efficient and cost effective access. This will create new possibilities for exporting Indiana's manufactured goods and agricultural commodities.

The control of Conrail by CSX and Norfolk Southern is a positive for Indiana and the United States. I urge the Surface Transportation Board to approve the control application as proposed.

Sincerely,

  
Allan J. Kauffman  
Mayor

jf



ADVANCED DRAINAGE SYSTEMS, INC.

3300 RIVERSIDE DRIVE, PO BOX 218902, COLUMBUS, OH 43221

(614) 457-3051 FAX: (614) 459-0169 <http://www.ads-pipe.com>

June 26, 1997

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



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

Dear Mr. Williams:

Advanced Drainage Systems Inc., is a manufacturer of polyethylene drainage pipe, and we have 19 plants in 14 states. We use all three of the carriers involved in this action for our 1500 carload/year of inbound plastics. Reliable rail service is of great importance to our production at ADS.

We support approval of the transaction which will allow CSX and Norfolk Southern to acquire Conrail and subsequently divide its assets. Two of our largest plants are serviced by Conrail, and we want to ensure that the transition of carriers is swift and smooth. Norfolk Southern has been a good partner for our business in the past, and we are confident that they will be able to provide improved service on any of the CR lines they acquire.

For the good of the shippers and the involved railroads, we urge the STB to move quickly in approving the joint NS/CSX application to acquire Conrail.

I, Bob Klein, 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 on June 23, 1997.

Sincerely,

Bob Klein  
Director of Purchasing



AIRPORTS

- Jacksonville International
- Craig
- Herlong

**JAXPORT**

JACKSONVILLE PORT AUTHORITY  
Post Office Box 3005  
2831 Talleyrand Avenue  
Jacksonville, Florida 32206-0005  
<http://www.jaxport.com>

June 24, 1997

SEAPORTS

- Blount Island Terminal
- Talleyrand Terminal



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

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

Dear Mr. Williams:

The Jacksonville Port Authority wishes to express its support for the proposed acquisition of Conrail by the CSX and Norfolk Southern rail systems. Both these companies serve our public marine terminals, and we believe the efficiencies gained by the proposed new systems will be positive for us and our customers.

Our maritime enterprise provides the public infrastructure which supports approximately 10,900 jobs in the Jacksonville economy, with an annual payroll of \$274 million. Over 5.6 million tons of cargo are handled at our port each year, including over 600,000 TEU of containerized intermodal cargo.

Of particular interest to us will be those shippers in the Midwest and Northeastern states who have been formerly captive to Conrail. The acquisition appears to us to present them with the historic opportunity to choose from a veritable smorgasbord of ports for their export activity, particularly in the burgeoning Latin American trades. We believe that the new configuration of systems will enable us to compete effectively with our sister ports in the Northeast for this growing export cargo, thus potentially lowering the transportation costs of this important segment of our economy.

We urge the Surface Transportation Board to quickly, but responsibly, process this application. We think this acquisition will both increase the intermodal efficiency of our national rail system, and also make Jacksonville a more marketable port.

Sincerely,

Ken Krauter  
President & CEO

STB

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6-30-97

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Gini's Things  
Paul & Virginia Gittinger  
30843 Lincoln Dr  
Granger IN 46530  
219 679 4176



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

Re: CSX/Conrail Merger: STB finance Docket No. ~~3320~~

33388

Dear Sirs;

Please don't get in a hurry with the Conrail buy out by CSX & NS companies. As a Conrail employee, I have been through the Pennsylvania New York Central merger, the PennCentral bankruptcy (caused by top management), the Government take over and forming of Conrail, and the fight to keep Conrail Conrail as a company.

I believe in the competitive concept of business. In no way can I believe anyone that claims they can improve competition by eliminating a competitor. When the Pennsylvania and New York Central railroads merged, they were both about 18-20,000 miles. Now with the inclusion of the Erie railroad, Conrail is less than 18,000 miles. Now then, what happened to all the shippers on the trackage no longer getting service?

Do you really believe these companies are going to maintain the service to all the shippers of Conrail that is left? I believe there will be another paring of services to shippers. The shipper that don't ship 100 cars at a time is going to be left out. The shipper that don't ship at least half way across the country will also be left out. Bottom line, only high volume shippers will get to do business with the only railroad left to haul it.

If I were a cartoonist, I would picture Mr. Snow and Mr. Good as two young boys standing in the general store stare at the candy jars lined on the shelves with their mouths drooling. The jars of candy would be Conrail.

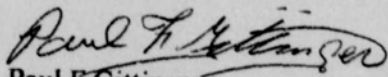
It is strange that with all the money these companies have to spend for the buyout, why couldn't they have been improving and expanding what they already have to increase shipper base and service. They could be building a lot of new railroad with their money. It's also strange that Conrail has an operating rule book that is a standard for (35) thirty five railroads in the East and neither the CSX or the NS is one of them. It is also clear that Conrail is not the only railroad on the Eastern Seaboard. A number of these railroads could give either of these suitors trackage



and access to the region they desire in there acclamations. So why haven't they done so already?  
There cries seem to have a very hollow ring.

Thank you for you time:

Sincerely,



Paul F Gittinger



## HOUSE OF DELEGATES

CASPER R. TAYLOR, JR.  
SPEAKER



June 26, 1997

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

As I suggested in my letter of June 2 endorsing the restructuring of the Northeast Rail System (STB Finance Docket No. 33388) "...additional concerns relating to the State of Maryland may need to be addressed".

One of these "additional concerns" to me is the Maryland coal industry. The coal industry is very important to Maryland, especially to the ecologically distressed communities in the western part of the state. The market for coal is extremely competitive and will become even more competitive with the institution of utility deregulation. Transportation costs are a large part of the delivered price of coal to utilities and other customers. Therefore, it is imperative that Maryland coal producers have competitive transportation costs with other coal fields.

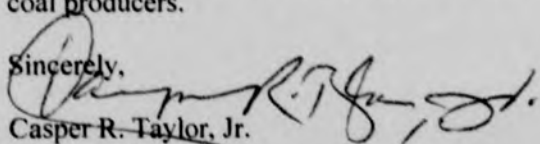
Today, before the division of Conrail, the Maryland coal producers have service by only CSX. After the division of Conrail, the Maryland coal producers will continue to remain captive to CSX, with many potential markets eliminated by virtue of the higher freight rates associated with two-line hauls to Norfolk Southern deliveries.

In stark contrast, Monogahela Railway coal producers will be upgraded to service from both CSX and Norfolk Southern. This shared service to the coal producers on the Monogahela Railway will immediately provide single-line access to all CSX and Norfolk Southern markets. The competitive balance will be dramatically shifted in favor of the Monogahela coal producers to the detriment of the Maryland coal producers and the communities in which they operate.

The applicants have extolled the freight rate advantages of single-line service that will be conferred on the Monogahela Railway after the division of Conrail. History has shown that single-line rates are demonstrably better priced than tow-line rates. It is a matter of fairness, equity and sound public policy that the Maryland coal producers be given equal treatment by the applicants.

Therefore, I strongly encourage all parties to the proceedings to take the necessary action to ensure that Maryland coal producers enjoy equitable and competitive domestic and export rates relative to the Monogahela coal producers.

Sincerely,

  
Casper R. Taylor, Jr.  
Speaker of the House

# ZENECA

## ZENECA Specialties

1800 Concord Pike  
PO Box 15457  
Wilmington  
Delaware 19850-5457

Telephone (302) 477-8000  
(800) 435-8679

25 June 1997

The Honorable Vernon A. Williams  
Office of the Secretary  
Case Control Branch  
Surface Transportation Board  
Attn: STB Finance Docket #33588  
1201 Constitution Avenue NW  
Washington, DC 20423-0001



Reference: Support of CSX and NS Acquisition of Conrail

Dear Mr. Williams:

As the Manager, Specialties Logistics with Zeneca Inc. I am writing to support the proposed acquisition of Conrail by CSX and NS. Zeneca Specialties is family of international businesses engaged in the research, development, manufacture and marketing of specialty products, including intermediate chemicals for the pharmaceutical and insecticide industries; metal extraction chemicals for the non-ferrous mining industries; biocides for swimming pools and industrial applications; resins for printing ink, paints and adhesives; leather chemicals; and industrial colours.

Our primary manufacturing facility in Mt. Pleasant, TN ships and receives over 950 railcars per year. Efficient and economical transportation options are essential for us to maintain a competitive position in our markets.

We believe that the division of Conrail under the current proposal will provide balanced rail competition in the area currently serviced by all three railroads, and result in transportation efficiencies, improved opportunities for competitive pricing, and new routing alternatives. Thus, we ask the Surface Transportation Board to approve the CSX and NS application.

Sincerely,

A handwritten signature in cursive script, appearing to read 'George F. Gorman'.

George F. Gorman  
Manager, Specialties Logistics  
Zeneca Inc.

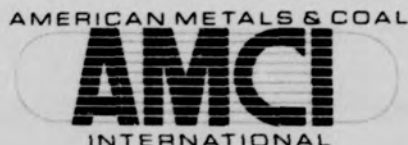
STB

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6-27-97

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June 20, 1997

Surface Transportation Board  
U. S. Department of Transportation  
Mercury Building, Suite 500  
1925 K Street, NW  
Washington, D.C. 20423

RE: Conrail Acquisition

Dear Sirs:

I am writing this letter on behalf of my company, American Metals & Coal International, in support of the joint acquisition of Conrail by Norfolk Southern Corporation and CSX. American Metals and Coal International is through subsidiary or affiliated companies extensively involved in the production and marketing of coal both domestically and internationally. After studying the proposal, it is apparent that the coal industry will benefit significantly through better market accessibility and lower transportation charges as a result of the consolidation of Conrail into NS and CSX.

As you know the coal industry is a very competitive industry on both a domestic and world wide basis. This company is of the opinion that the proposed plan as put forth by the rail carriers is vital to the long term well being of the coal business.

My company respectfully request that you approve the proposed division of Conrail as presented to you by Norfolk Southern and CSX both of which have demonstrated their ability to be reliable and efficient carriers

Very truly yours,

American Metals & Coal International, Inc.

A handwritten signature in cursive script, appearing to read 'Paul S. Barbary'.

Paul S. Barbary  
Vice President and General Counsel

cc: David R. Goode  
Bruce B. Sterzing





## TOWN OF ALDERSON

POST OFFICE BOX 179

CITY BUILDING - 202 SOUTH MONROE STREET  
ALDERSON, WEST VIRGINIA 24910

(304) 445-2916

June 18, 1997



Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, NW  
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 Town of Alderson's wholehearted support for the proposal which is being brought before the Board in the captioned proceeding. The Town of Alderson's industrial, business, and agricultural interests must have access to reliable rail transportation, and the proposed transaction will enable 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 Town of Alderson. Such growth is crucial to us because it creates new jobs for the Town of Alderson's residents. I also anticipate that the transaction will result in more railroad jobs on the expanded CSX and NS rail systems.

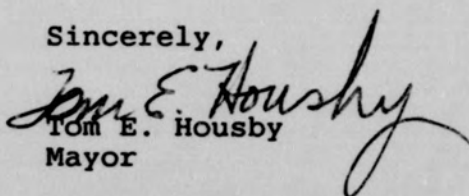
In addition to the direct and indirect benefits which will accrue to the Town of Alderson by virtue of the proposed acquisition of Conrail by CSX and Norfolk Southern, the enlarged CSX and NS systems will be able to compete more effectively with motor carriers. The motor carriers will always retain a 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.

*"Gem of the Hills"*

Mr. Vernon A. Williams  
Page 2  
June 18, 1997

In conclusion, the Town of Alderson 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,

  
Tom E. Housby  
Mayor

TEH/mlc

CC: Mr. John W. Snow  
Chairman, CSX Corp.

MURRAY D. LEVY, PRESIDENT  
MARLAND DEEN  
ROBERT J. FULLER  
MARVIN C. KISAMORE  
WM. DANIEL MAYER



EUGENE T. LAUER  
COUNTY ADMINISTRATOR

## County Commissioners of Charles County

P.O. BOX B  
LA PLATA, MARYLAND 20646  
(301) 645-0550 OR Metro 870-3000  
TDD 1-800-735-2258

June 16, 1997



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

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

Dear Secretary Williams:

We are writing to express our support for the restructuring of the Northeast rail system based on the pending partition of Conrail's lines between CSX and Norfolk Southern.

As Maryland elected officials, we are excited about the economic development potential this merger would provide. By increasing the market reach of both NS and CSX, and enhancing their ability to compete with motor carriers for more business, this restructuring promises to benefit shippers and communities throughout Maryland and the eastern half of the United States.

Additional freight moving on CSX could mean fewer trucks clogging some highways and more freight cars and locomotives coming into CXS's Maryland shops for repair and maintenance. This bodes well for employment in Maryland.



Secretary Williams

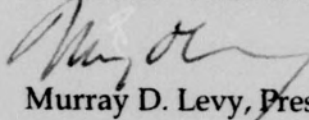
June 16, 1997

Page Two

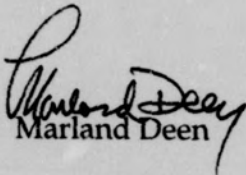
We urge the Surface Transportation Board to give the pro-competitive, balanced merger consideration and approval. However, we do understand that the railroads are still engaged in negotiations with the State of Maryland and, therefore, we reserve judgement on specific agreements at this time.

Very truly,

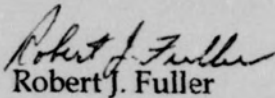
COUNTY COMMISSIONERS OF  
CHARLES COUNTY, MARYLAND



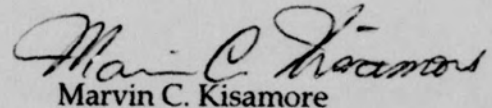
Murray D. Levy, President



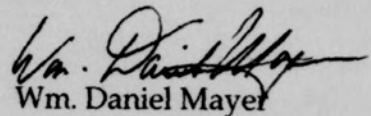
Marland Deen



Robert J. Fuller



Marvin C. Kisamore



Wm. Daniel Mayer

# LARSEN OF IDAHO

**P.O. Box 358 • Dubois, ID 83423**

**Phone 208-374-5660 • Fax 208-374-5656**

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



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

## VERIFIED STATEMENT OF RICHARD LARSEN

### LARSEN FARMS HAY TERMINAL, INC.

My name is Richard Larsen, and I am Manager of the Larsen Farms Hay Terminal. I have held my present position for 10 years. My duties include the buying, selling and shipment of alfalfa hay and cotton seed to different areas of the United States.

Larsen Farms produces and sells alfalfa hay and we purchase and sell cotton seed. We have facilities located at Dubois, Idaho and Lake City, Florida. These facilities are presently served by the Union Pacific. We sell to customers located in Florida, Texas, Washington, Louisiana, South Carolina and New York. These facilities are located on the lines of the Norfolk Southern and CSX. During 1996, we shipped 1260 carloads to these destinations.

We support the approval of the transaction by which CSX and Norfolk Southern will acquire control of Conrail, and then divide the assets and trackage of Conrail in the manner which has been described to me, and which will be described in the joint application of CSX and NS to control Conrail. There is a distinct need for two competing railroads in the Northeast which own their own track and facilities. For too long, customers which ship or receive product into and out of the Northeast have had the service of only one rail carrier. And as is the case when only one company is able to operate in a particular market, service suffers and the price is non-competitive. While there may have been an historical reason for insulating northeastern railroading from competition, that time is past, and it is time for customers interested in this market to have service by more than one rail carrier which owns its facilities. And their rail

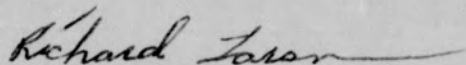
carriers cannot be just any rail carriers. They must be comparable in terms of their size, scope and ability to provide a competitive service. From what I understand of railroad operations, I believe that in the 1990's, two carriers of relatively equal size and scope provide the greatest opportunities for seamless service, efficient equipment utilization and seamless synergies.

In addition, we are looking forward to experiencing not only the change from being served by one rail carrier increasing to two, but also the greatly expanded market reach which single line service by NS and CSX will offer. An extensive addition of single line rail service will allow us to provide increase market penetration to areas in which we've been unable to compete adequately.

To summarize, we believe that approval of the joint application of NS and CSX to acquire Conrail should be approved by the STB.

I, Richard Larsen, 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 on June 16, 1997.

Sincerely,

A handwritten signature in cursive script, reading "Richard Larsen", followed by a horizontal flourish.

Richard Larsen  
Manager  
Larsen Farms Hay Terminal, Inc.

SEI

STORM ENTERPRISES INC.  
8 Argyle Road  
Upper Montclair, NJ 07043  
(201) 746-9751  
(201) 509-0330



June 23, 1997

Honorable Vernon Williams  
Office of the Secretary  
Surface Transportation Board  
U.S. Department of Transportation  
1925 K street NW, Suite 500  
Washington DC 20423

Dear Sir:

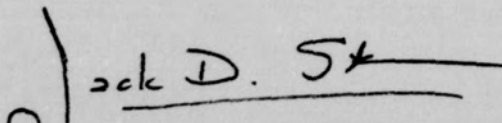
I am writing you today to express my strong support for the applications being filed by NS and CSX to acquire Conrail. Such an acquisition will, at long last, lead to the creation of a new rail transportation network in the Northeast which will provide competitive rail service, which has been largely lacking since the New York Central/Pennsylvania merger.

My support is based on the knowledge and experience gained in my transportation and consulting career, which has spanned some forty four years, most of which was spent in the geographic area concerned. My rail career started with the old New York Central Railroad, which through Penn Central became part of Conrail. My next position was with the Port of New York Authority (now the Port Authority of New York and New Jersey) as Chief of Rail Planning. Following that, I entered the consulting field, first with Wyer Dick and Co., and then with Snavelly King, before establishing my own firm. During my consulting career I have performed studies and evaluations of many of the properties in question, often from the viewpoint of seeking competitive service. Accordingly I feel that I have the qualifications to support my recommendation.



It has been my belief that head-to-head rail competition is necessary and healthful in the Northeast. I have felt this way since the studies that lead to the formation of Conrail, on April 1, 1976. At that time we couldn't find a viable competitor for Conrail, but now we have a unique opportunity to break up the Conrail monopoly by splitting its lines between two strong, competently managed systems. Please don't let this opportunity pass us by. We may not get another chance for another twenty years!

Very truly yours,

  
Jack D. Storm, P.E.  
President (Ret'd)

VERIFIED STATEMENT OF:

Security Bonded Warehouse, Inc.  
8601 N.W. 81st Road - Suite 4  
Medley, FL 33166



June 17, 1997

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

RE: CSX Corporation and CSX Transportation, Inc.; Norfolk  
Southern Corporation and Norfolk Southern Railway Company -  
Control and Operating  
Leases/Agreements - Conrail, Inc. and Consolidated Corp-  
oration, STB Finance Docket No 33388.

Dear Mr. Williams:

My name is William K. Lyons, and I am the General Manager and Vice President of Security Bonded Warehouse, Inc. I have held my present position for 13 years. My duties include oversight of the entire operation, which includes the handling of merchandise received by railcar.

Security Bonded Warehouse is a public warehouse which receives, stores and redistributes general merchandise, from points North, in the S. Florida area. This facility is located on the lines of Florida East Coast Railway. During 1966 we received 342 carloads from these Northern origins, of which over 99% were brought here via Norfolk Southern.

We support approval of the transaction which will allow CSX and Norfolk Southern to acquire Conrail and subsequently divide its assets. Since our facility is located on the lines of NS, we would welcome the benefit of increased market access for single-line rail transportation. Joint line rail service into and out of the Northeast has tended to inhibit our ability to move this traffic, and the single-line service which NS proposes would be of benefit to us. With single line service, I believe our facility would be able to compete in these markets with other companies enjoying single line service into the Northeast. We have used NS for several years and have been satisfied with their service. We are confident that they would

be able to provide good service on any CR lines which they acquire.

For all the reasons described above, I support the application of NS and CSX to acquire Conrail.

I, William K. Lyons, 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 on June 17, 1997.

Sincerely,

*William K. Lyons Vice Pres.*

William K. Lyons



THE LUBRIZOL CORPORATION  
155 FREEDOM ROAD  
P.O. BOX 428  
PAINESVILLE, OHIO 44077-1234  
TELEPHONE: (216) 943-4200



June 24, 1997

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

Re: Finance Docket No. 33388, CSX Corporation, etc.  
Request 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 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.

The Lubrizol Corporation is a major shipper and receiver of bulk commodities via rail transportation in the Eastern United States. Lubrizol also ships and receives non-bulk commodities using intermodal transportation. Lubrizol is very interested in improving rail service to and from our location in Painesville, Ohio. Improving rail connections will further the goal of improving rail transportation.

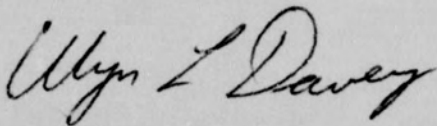
It appears to us that the Board's favorable consideration of the Petition would expedite the time in which CSX will be able to provide competitive rail transportation to and from the Greater New York area, and from the Northeastern United States in general, to the Midwest and Chicago, as well as to Cincinnati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



Mr. Vernon A. Williams  
June 24, 1997  
Page 2

Because of Lubrizol's location in Painesville, Ohio, we are 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.

Respectfully yours,

A handwritten signature in cursive script, reading "Wyn L. Davey". The signature is fluid and stylized, with the first letters of the first and last names being capitalized and prominent.

Wyn L. Davey  
Manager Transportation

WLD/ps  
#WLD0661

cc: Mr. Mark R. Demaline

I, Wyn L. Davey, 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 on June 24, 1997.

Wyn L. Davey  
Name Wyn L. Davey

Manager - Transportation  
Title

The Lubrizol Corporation

155 Freedom Road

Painesville, Ohio 44077  
Address

Patricia A. Stern

PATRICIA A. STERN  
Notary Public, State of Ohio  
My Commission Expires May 13, 1998  
(Recorded in Lake County)

# BC/CAL/KAL

1033388



## RESOLUTION

WHEREAS, BC/CAL/KAL Inland Port Development Corporation, representing the City of Battle Creek and Calhoun and Kalamazoo Counties, administers Foreign Trade Zone 43 and markets a U.S. Customs Inland Port of Entry, and maintains an inherent interest in facilitating international trade through an adequate and competitive transportation infrastructure; and

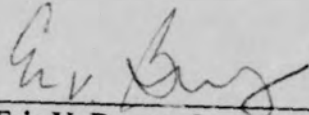
WHEREAS, Norfolk Southern has the reputation as a valuable corporate citizen supporting effective industrial development efforts; and

WHEREAS, we believe that acquisition of Conrail by NS and CSX will benefit our region by making NS a stronger railroad, allowing industries in our community to reach markets by rail in a competitive manner; and

WHEREAS, the competitive package NS and CSX have offered to bring rail competition should provide the benefits of competitive rail service to this in our community who ship or receive goods to these areas; and

NOW, THEREFORE, BE IT RESOLVED, that the BC/CAL/KAL Inland Port of Development Corporation Board of Directors strongly supports the proposed acquisition of Conrail by NS and CSX and we urge that it be promptly approved.

DATED: June 18, 1997

  
Eric V. Brown, Jr., President

June 12, 1997

Mr. Vernon A. Williams, Secretary  
Surface Transportation Board  
STB Finance Docket No. 33388  
1925 K Street NW  
Washington DC 20423-0001

175 South Main Street, Suite 207  
Akron, Ohio 44308 USA

RE: CSX Corporation and CSX Transportation, Inc.  
Norfolk Southern Corporation and Norfolk Southern Railway Co.  
-Control and Operating Leases/Agreements-  
Conrail Inc. and Consolidated Rail Corporation



**VERIFIED STATEMENT**

On behalf of the North East Ohio Trade & Economic Consortium ("NEOTEC")  
Finance Docket No. 33388

My name is Dale E. Gibbons and I serve as Executive Director of NEOTEC, 175 South Main Street, Suite 207, Akron, OH 44308. NEOTEC is a six county Joint Office of Economic Development created by the legislative action of the Commissioners for Trumbull, Summit, Stark, Portage, Mahoning and Columbiana Counties. NEOTEC's mission is to: (1) Develop Northeast Ohio's intermodal infrastructure resources into a seamless transportation system which offers time, cost and flexibility options to firms shipping to and from Northeast Ohio; (2) Promote the resources of Northeast Ohio on a national and international basis to improve the region's position and participation in the world economy; (3) Work with entities in the region to improve the competitive position of the region and enhance the region's capability to support business. NEOTEC brings a "system" approach to infrastructure development with priority projects chosen based on their contribution to the "system". The "system" benefits the region, state and national economies.

Based upon the system approach NEOTEC has identified industrial sites in our region suitable to primary metal production, steel fabrication, precision machining, plastics manufacture, aggregate and coal production or use, military applications, automobile manufacturer and multimodal cargo distribution. Many of those sites are connected to one another and the outside world by railroad track.

Much of the region's track is owned or operated by the Wheeling and Lake Erie ("WLE") or one of the operating units of the Ohio Central Railroad ("OC"). These short lines emerged to fill service gaps resulting from previous abandonment's by the Class I's, primarily Conrail. Some of the track is publicly owned by virtue of public or community investment. The balance is owned by Conrail, Norfolk Southern ("NS") or CSX Transportation ("CSX").

United States

Telephone:  
(330) 643-2549

Facsimile:  
(330) 643-2886

Toll-free Telephone:  
1 (800) 793-0912

International

Telephone:  
001-330-643-2459

Facsimile:  
001-330-643-2886

E-Mail/URL:  
[www.nectec.org](http://www.nectec.org)



We believe that NEOTEC is unique in our approach to re-developing the industrial area of North East Ohio which is critical to the long term economic and strategic health of heavy industry in the United States. We believe that our success is directly tied to the fortunes of the shortline railroads. And we believe that those shortline operators who have invested their time and money in our area should realize their rightful share of traffic generated through our combined efforts.

In regard to money invested, one of the State's and Region's most important new intermodal projects may be adversely impacted by the merger. NEOMODAL (Northeast Ohio Intermodal Terminal) is owned by the Stark Development Board, Inc. ("SDB") and is a \$13.2 Million state-of-the-art highway/rail transfer terminal located in Navarre, Stark County, Ohio. NEOMODAL was constructed in 1995 with Federal funds from the ISTEA program. The project received prominent national attention as the first project to be completed under ISTEA initiative. It won a national award for innovative financing as a demonstration project under the Congestion Mitigation Air Quality (CMAC) program. The terminal was officially dedicated on June 6, 1996 by U.S. Congressman Ralph Regula, and then Secretary of Transportation Federico Pena.

NEOMODAL is a "cutting edge" example of what a public-private partnership should be, with involvement by key Federal agencies such as the Department of Transportation, Federal Highway Administration, Federal Railroad Administration, Members of Congress, as well as involvement at the state level with the Governor's office, ODOT and ORC.

The proposed acquisition of Conrail by CSX and NS raises concerns over the potential negative impact on NEOMODAL. The following issues need to be addressed by both CSX and NS in evaluating the impact of the merger:

- NEOMODAL (Northeast Ohio Intermodal Terminal) was designed to insure competitive service and rates for shippers in Northeast Ohio and Western Pennsylvania by way of independent ownership of the facility (SDB). With the Conrail acquisition, what commitments are CSX and NS willing to make regarding the use of the facility? Are there any plans by either railroad to construct a competing terminal in the NEOMODAL service area, which is defined as a 120 mile radius?
- NEOMODAL is located on the WLE connecting to CSX and NS at several points in Ohio and Pennsylvania. The merger, as proposed, would give NS the Conrail line and assets from Hagerstown, through Pittsburgh and Canton, on to western Ohio, which would parallel the WLE system. This merger plan, in effect, would transform NS from the WLE's largest interchange partner to their largest competitor. What commitments will NS make to insure a competitive balance with WLE, which serves as a feeder system for NEOMODAL to the Class I railroads? A negative effect on the WLE system would virtually eliminate the "dual-access" advantage for shippers in Stark County.

NEOTEC and local jurisdiction short line owners are dependent upon the continued existence of knowledgeable, community-conscious operators to actually run the rail service. In our opinion, the proposed division of Conrail threatens the viability of the WLE and OC by diverting traffic now moving via WLE and OC in direct competition with Conrail and/or the carrier scheduled to acquire the involved Conrail line. The diversion of overhead traffic and longer-haul traffic will have a detrimental effect on the WLE and OC. This cannot be allowed.

The Board must not lose sight of the unique needs of our shortline rail partners in the division of Conrail's track and the instant case must include protections and enhancements of their competitive positions. We believe that this requires the establishment of a CSX-NS Joint Commercial Area, embracing all current CSX, Conrail and NS lines in the involved counties, with all terminal operations handled through long-term operating agreements between CSX-NS, NEOTEC/local jurisdictions and local shortline operators. Each Class 1 carrier will continue unimpeded operations over its local jurisdictions own track for overhead traffic provided that the designated local switching carrier is given reasonable access to industries on that track. Such a solution would protect and extend the competitive access of both CSX and NS to industries in the NEOTEC area while insuring our shortline partners sufficient traffic to remain a viable asset in the completion of NEOTEC's mission.

Some protective provisions should also be made for traffic which is currently originated or terminated on one of the local shortline railroads through interchanges with CSX or NS to reduce the potential for rapid revenue depletion. Additionally, in order to protect NEOTEC's future interests we request the Board direct the applicants to grant NEOTEC or designated local jurisdictions right of first refusal on the acquisition of all abandoned track within and contingent to our geographical area; particularly that track rescued by taxpayer money from the default of Conrail's predecessors. We believe that a three year notification requirement should be imposed for future abandonments.

The existing steel industry in the NEOTEC area has raised several issues which we would like to present to the Board for answer by CSX and NS in their operational plans. These issues are:

- Many steel companies in NEOTEC are classified as integrated steel companies; they use raw materials including coal, iron ore, lime stone and scrap to make steel. Will rail competition be maintained from the existing West Virginia, Kentucky and Ohio coal mines to coke producers located in West Virginia, Pennsylvania, New York and Ohio? If there is no competition, will coke rates rise resulting in a chain reaction of other cost increases in the steel-making process? Further, if there is limited rail competition from the coal mines, will the cost of coal rise for electric utilities, and will that increase be passed along to steel companies which purchase massive amounts of power?

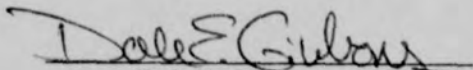
- For steel companies with no access to water ports, iron ore pellets have to be either railed or trucked to the steel plant. Will all existing rail lines be maintained? If not, what role will short line railroads be able to play? Any significant rail change could mean rate changes thereby impacting a company's competitive position. If the merger results in higher coal or iron ore costs, integrated steel makers would be put at a competitive disadvantage to those mills which primarily use scrap.
- How will Conrail's rail equipment currently used by the steel industry be distributed between CSX and NS? For example, LTV Steel in Cleveland has an assignment of several hundred cars from Conrail to deliver steel from its Cleveland plant to Mennepin, Illinois. Although discussion has occurred with the railroads as to whom will furnish cars for this movement, no agreement has been verified in writing.

NS and CSX need to understand that increased freight from increased production of Northeast Ohio firms is dependent on the ability of these firms to hire the workers they need. Commuter rail links are an essential component of a transportation system designed to benefit the total economic growth of Northeast Ohio.

While the railroads have traditionally rejected the idea of joint use of track by passenger and freight trains, changes in the existing system resulting from the merger may provide significant opportunities to re-evaluate this position. We would like the operational plans being developed to recognize that commuter service access to track in several key corridors in Northeast Ohio is critical to expansion of industrial production. These specific opportunities have been detailed by the Greater Cleveland Regional Transit Authority ("GCRTA") and NEOTEC endorses these suggestions.

We encourage the Board to require that NS and CSX develop an operational plan that facilitates a partnership with NEOTEC and GCRTA that will promote both passenger and freight operations.

I, Dale E. Gibbons, 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 12 day of JUNE, 1997.

  
Dale E. Gibbons



# Georgia Rail Passenger Authority Atlanta, Georgia



FD33388

June 23, 1997

United States Surface  
Transportation Board  
1925 K. Street, N.W.  
Washington, D.C. 20423-0001

Dear Ladies and Gentlemen:

In the near future Norfolk Southern Corporation ("NS") and CSX Transportation ("CSX") will submit to the Surface Transportation Board their proposal to divide the assets of Conrail between them, with each acquiring roughly one-half of Conrail's operation. The Georgia Rail Passenger Authority (the "Authority") believes that this action will be good for rail transportation in the United States. However, both NS and CSX strongly resist the addition of any rail passenger service on their lines.

The Authority believes that in the public interest, rail passenger service should increase rather than decrease in the United States. Further, we are also fully convinced that with adequate physical plant, modern equipment, available state of the art control mechanisms, and computerized dispatching, both freight and passenger trains can coexist on the same railroad tracks without detriment to either freight or passenger service. Burlington Northern Santa Fe's main line going west out of Chicago is a prime example of how public investment and a can-do attitude on the part of the host railroad can make this type synergism happen.

It seems plain that the NS-CSX absorption of Conrail will be good for the United States and financially rewarding for both NS and CSX, and we support it. At the same time, we believe that prudence and enlightened public policy make it imperative that the Surface Transportation Board, as a condition of its approval of this plan, impose requirements on both railroads which will compel them to accept and operate needed passenger trains as outlined in this letter. The Authority also believes that as consideration for their ownership and shareholder responsibilities the freight railroads should be reasonably compensated for their expenses in hosting passenger trains. We also strongly believe that as a part of the approvals proceedings, it is incumbent upon the Surface Transportation Board to establish reasonable conditions under which such cooperation will be required of NS and CSX.

Thank you very much for your attention and consideration of this matter.

Yours very truly,

*J. David Chesnut*  
J. David Chesnut  
Chairman

JDC:crh

cc. Mr. Joel Harrell  
Norfolk Southern Corporation  
Mr. Jim Ketrell  
CSX Transportation  
Members of the Authority

Dana F. Braun  
District 1

Barbara McLendon  
District 2

Carl G. Rhodenizer  
Secretary  
District 3

Ross M. Goddard  
District 4

Myrtle Davis  
District 5

J. David Chesnut  
Chairman  
District 6

Beth L. Tilley  
District 7

A. V. Elliott  
District 8

Ben F. Cheek, III  
Treasurer  
District 9

Dorothy Meadows Knox  
Vice Chairman  
District 10

William H. Mays, III  
District 11

John R. Martin  
At Large

W. M. Stapleton  
At Large





## Town of North Manchester

405 EAST MAIN STREET  
NORTH MANCHESTER, INDIANA 46962-1899  
PHONE: 219-982-7815

TOWN COUNCIL  
Jane Carpenter  
William W. Davis  
Michael McKinley  
Stanley B. Escott  
Donald W. Rinearson

TOWN MANAGER  
Christopher W. Garber

ADMINISTRATIVE  
ASSISTANT  
Beverly J. Stuck

June 23, 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,

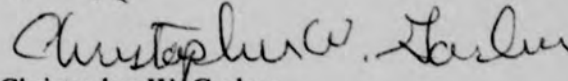
I am writing to express my strong support for the planned control of Conrail by CSX Corporation and Norfolk Southern Corporation as proposed in the above referenced docket. Indiana's industrial, business and agricultural interests need the best possible rail transportation. I believe this transaction will provide our key industries with new transportation options and increased market reach at potentially lower costs.

Many of these industries will be able to access key Eastern, Midwestern, Southern and even international customers and suppliers with single line service. This will make rail service faster, more reliable and more efficient. This is a major benefit to Indiana.

CSX and Norfolk Southern's control of Conrail also offers residents of Indiana opportunities for new business and industrial growth with the resultant new jobs. This is crucial for our ability to compete in the global economy. Approval of this control application will also increase the number of East Coast Ports to which area companies will have efficient and cost effective access. This will create new possibilities for exporting Indiana's manufactured goods and agricultural commodities.

The control of Conrail by CSX and Norfolk Southern is a positive for us and the United States. I urge the Surface Transportation Board to approve the control application as proposed.

Sincerely,

  
Christopher W. Garber  
Town Manager

# THE C. REISS COAL COMPANY

PHONE (414) 457-4411  
FAX (414) 457-4417



BOX 688  
SHEBOYGAN, WI 53082-0688

Mr. Vernon A. Williams, Secretary  
Surface Transportation Board  
STB Finance Docket No. 33388  
1201 Constitution Avenue, N.W.  
Washington, D.C. 20423

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



Dear Mr. Williams:

My name is Bill Reiss and I am President of The C. Reiss Coal Company. I have served as President since 1987.

The C. Reiss Coal Company operates and owns five active coal facilities located on Lake Michigan and Lake Superior in the states of Wisconsin, Michigan and Minnesota. In addition to that, we ship coal from lower Lake Erie to many third-party dock locations on the Great Lakes. In 1996, Reiss shipped approximately 625,000 tons on CSX lines to industrial customers and small utilities located in the Midwest.

Reiss strongly supports the acquisition of Conrail by CSX and Norfolk Southern. The single-line service made possible by the acquisition will help Reiss expand its business into new geographic areas as well as provide additional economically-produced coal to be shipped to our coal dock facilities.

The acquisition is also likely to make it more financially attractive for our company to move coal on the expanded CSX lines that currently is being hauled to the river by truck. Therefore, Reiss is giving its full backing to the acquisition of Conrail by CSX and Norfolk Southern.

Cordially,

THE C. REISS COAL COMPANY

*Bill Reiss Jr.*

W. A. Reiss, Jr.  
President

WAR/gr

STB

FD

33388

6-26-97

J

**ARNOLD & PORTER**

355 TWELFTH STREET, N.W.  
WASHINGTON, D.C. 20004-1206

(202) 942-5000  
FACSIMILE: (202) 942-5999

DENNIS G. LYONS  
(202) 942-5858

NEW YORK  
DENVER  
LOS ANGELES  
LONDON

June 26, 1997



**BY HAND DELIVERY**

Ms. Julia Farr  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423

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

Dear Ms. Farr:

Enclosed are four diskettes containing the text of Volumes 8B and 8C of the Application, formatted in WordPerfect 6.1.

If you have any questions regarding these diskettes, please call Susan Morita (202-942-5252) of our offices.

The diskettes are provided on behalf of the Applicants in the above matter.

Respectfully yours,

**ARNOLD & PORTER**

By: 

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

Enclosures

cc: Richard A. Allen, Esq.

STB

FD

33388

6-24-97

J

**VERIFIED STATEMENT OF  
H. DOUGLAS DAHL  
on behalf of  
EASTERN ASSOCIATED COAL CORP. AND  
PEABODY COAL COMPANY**

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



As President of Eastern Associated Coal Corp. ("EACC") and Peabody Coal Company ("PCC") subsidiaries of Peabody Holding Company, Inc., the largest coal producing company in the U.S., I am writing to express our company's conditioned support for the acquisition of Conrail by Norfolk Southern Corporation ("NS") and CSX.

Of the approximately 153 million tons of coal our company mines in the U.S. and predominantly moves on rail, 40 million tons is produced by EACC and PCC and approximately 21 million tons or 210,000 carloads of that currently loads on CSX, NS and Conrail.

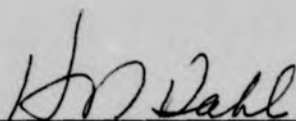
In offering our support, I feel that the acquisition will further stabilize the railroad industry in general and specifically enhance the future efficiency and marketing opportunities of both railroads as well as EACC and PCC.

I trust that the Surface Transportation Board ("STB") will carefully analyze the future competitiveness of rate making and operating efficiencies that the acquisition is supposed to produce and require as a condition for STB approval that the CSX and NS live up to the spirit of their application so that the shippers and the railroads alike truly benefit from this consolidation of the railroad industry.

With only this condition, EACC and PCC urge the STB to approve the joint application of CSX and NS.

I, H. Douglas Dahl, declare under the 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 17th day of June, 1997.

  
\_\_\_\_\_  
H. Douglas Dahl





**Desticon  
Transportation  
Services Inc.**

100, 8431 - 160th Street  
Surrey, British Columbia  
Canada V3S 3T9

Telephone (604) 597-0708  
Fax (604) 597-7464

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

June 16, 1997

From: Jade M. Stevenson  
President  
Desticon Transportation Services, Inc.  
Desticon Transportation Inc. (USA)  
Desticon Transportation Alberta Ltd.  
(hereinafter referred to as the "Companies")



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

Dear Mr. Williams,

I am writing on behalf of our Companies to offer our support for the Norfolk Southern and CSX plan to acquire and divide the Conrail.

My name is Mr. Jade Stevenson. I am the President of Desticon Transportation Services, Inc and it's subsidiaries listed above. I started the Company in October of 1986 and my duties include:

- a. administering the day-to-day affairs and providing management and administration of the Companies business affairs, business plans, operating budgets and finances, employment of staff and maintenance of the assets of the Companies;
- b. approving monthly and year-end financial statements and management reports
- c. negotiating agreements (including all rail contracts/quotes, railcars leasing agreements and customer business quotes/contracts), licenses, leases, loans, security and insurance; direct oversight of our transportation requirements;
- d. maintaining accurate records and reports; devising long range strategies, proformas and forecasts in connection with future growth, changing business environments and economic cycles;
- e. entering agreements and executing documents on behalf of the Companies that are necessary or advisable in connection with the day-to-day business and operations of the Companies;



Desticon is a complete transportation service company that combines trucking, reloading, storage, and rail in order to offer a complete door-to-door freight package to customers.

We operate: four offices;  
three reload terminals (located at Sumas Washington -BNSF;  
Edmonton, Alberta -CPRS; and Prince Albert, Saskatchewan - CN Rail)  
206 private railcars; (Desticon leased/owned)

Desticon directly employs 30 people.

Our speciality is the transportation of lumber products originating in British Columbia, Alberta, and Saskatchewan, Canada which is destined to US marketplaces. Our customer base consists of lumber producers, wholesalers and distributors.

Outbound shipments are exclusively by *rail*. We expect to arrange a total of 6,000 railcars shipments in 1997. We pay the rail freight on all shipments. About 55% of these shipments originate on BNSF, 25% on CPRS and 20% on CNR.

We understand that Norfolk Southern is asking the Surface Transportation Board to approve its acquisition and division of Conrail by NS and CSX as explained to me and described in its application. This acquisition and division is to ensure rail competition in the northeastern United States for the future.

There are several reasons why Desticon supports Norfolk Southern's proposed plan:

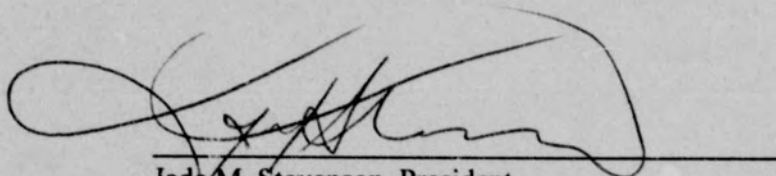
Desticon is very interested in expanded geographic coverage. Our business relies on competitive rail coverage to as many markets as possible. Desticon believes that the NS and CSX plan to introduce rail competition into areas in which there has been single carrier service will increase our options and preserve effective competition. It will create a more vigorous competitive atmosphere that will result in efficiencies and new business opportunities that do not exist today.

We are also interested in improved service through interchange gateways and railcar cycle times. Our private cars have sometimes sat for many days and cost us precious cycle times and revenues. Our past experience with Norfolk Southern service is excellent. We sincerely believe that Norfolk Southern is a well-managed, efficient customer-oriented railroad. We would like to see those attributes injected into Conrail territory. Norfolk Southern is certainly the most efficient and most profitable railroad and therefore the best able to provide the needed capital investment to maintain and improve service levels.

We therefore support the acquisition and division of Conrail by NS and CSX as explained and described in its application. We subscribe to the need for two competing railroads in the Northeast. Railroads which are strong and competitive and which own their own track and facilities. No doubt, it is about time for customers who do business in this huge northeastern market to receive service by more than just one carrier.

Thank-you for consideration of our letter of support for the plan presented for the acquisition and division of Conrail by the Norfolk Southern and the CSX.

I declare under the penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on this 16th day of June, 1997.

A handwritten signature in black ink, appearing to read 'Jade M. Stevenson', is written over a horizontal line.

Jade M. Stevenson, President  
Desticon Group of Companies



KANKAKEE, BEAVERVILLE  
& SOUTHERN RAILROAD

June 13, 1997

Surface Transportation Board  
U.S. Dept of Transportation  
Mercury Bldg.  
1925 D. St. NW  
Washington DC 20423



Dear Sir,

KBS is a short line railroad serving a substantial number of customers in the eastern Illinois/western Indiana geographical area, and connects with the Norfolk Southern and the CSX for thru routes to and from our various markets. Therefore, KBS would like to express support for the NS's and CSX's joint proposal to acquire Conrail. This will afford KBS and other short lines similiarly situated an opportunity to obtain competitive routings to and from the upper midwest and northeastern parts of the U.S.

Sincerely,

A handwritten signature in dark ink, appearing to read 'F.R. Orr'.

F.R. Orr, President



June 17, 1997

Mr Vernon A Williams  
Secretary  
Surface Transportation Board  
STB Finance Docket No. 33388  
1925 K Street, NW  
Washington, DC 20423-0001



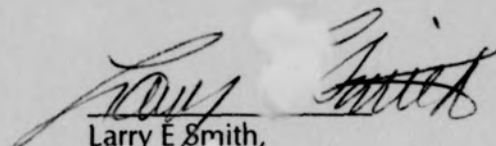
3280 Charleston Highway • Aiken, SC 29801  
Tel: (803) 649-3090 • FAX (803) 649-5248



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

Verified Statement  
on behalf of  
Metal Service & Supply, Inc.  
Finance Docket No 33388

I, Larry E Smith, 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 17th day of June, 1997.

  
Larry E Smith,  
Vice President

INDIANAPOLIS, IN • LOUISVILLE, KY • AIDEN, S.C.



Verified Statement of  
Metal Service & Supply, Inc.

Dear Mr Williams:

My name is Larry E Smith, and I am Vice President of Metal Service & Supply, Inc. I have held my position for 3 years. My duties include total management of the Aiken facility including, but not limited to inbound shipments from our suppliers.

Metal Service & Supply is a processor of steel coils used in the metal stamping industry. We have facilities located at Indianapolis, IN, Louisville, KY and Aiken, SC. These facilities are located on the lines of NS & CSX. During 1996 we received approximately 500 carloads from our steel mills to the Aiken Plant.

We support approval of the transaction which will allow CSX and Norfolk Southern to acquire Conrail and subsequently divide its assets. Since our facility is located on the NS, we would welcome the benefit of increased market access for single-line rail transportation. Joint line rail service out of the Northeast has tended to inhibit our ability to move this traffic, and the single-line service which NS proposes would be of benefit to us. With single-line service, I believe our facility would be able to compete in these markets with other companies enjoying single-line service from the Northeast. We have used NS for several years and have been satisfied with their service. We are confident that they would be able to provide good service on any CR lines which they acquire. Due to the competitive nature of our product and sensitive freight costs and service, we prefer that all inbound freight be made by one line - Norfolk Southern.

For all the reasons described above, I support the application of NS and CSX to acquire Conrail.

STB

FD

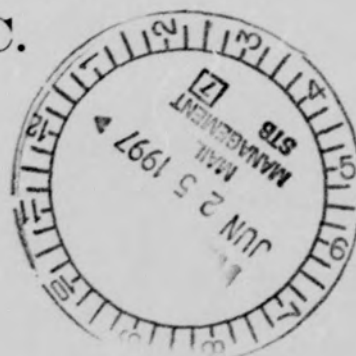
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6-25-97

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NOL (USA) INC.



FD-33388

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K. Street, N.W.  
Washington, DC 20432-001

09 June 1997

Re: STB Finance Docket No. 33388

Dear Mr. Williams:

I am Captain Johnny Low, Vice-President - Operations with NOL (USA) Inc.  
80 Grand Avenue Oakland, CA.

On May 23rd, 1997, Mr. Jack Murphy, General Manager - Logistics with NOL (USA) Inc., filed a statement offering NOL's support for the proposed joint acquisition of Conrail by CSX and NS. In that statement, Mr. Murphy makes reference to Neptune Orient Lines Ltd. (NOL) "bid to acquire" American President Lines.

In fact, NOL is currently in the process of obtaining all the necessary governmental approvals for the acquisition of American President Lines' parent company, APL Limited, and all its subsidiary companies. NOL has learned in the course of that process that certain subsidiaries of APL Limited both compete directly with certain CSX subsidiaries and utilize NS and Conrail as suppliers of rail transportation service, offering those railroads a very significant volume of intermodal traffic.

In light of these complex relationships between the APL companies and Conrail, CSX and NS, all of which require careful analysis by NOL, NOL (USA) Inc. withdraws its support of the acquisition of Conrail by CSX and NS at the present time.

Sincerely,

Cpt. Johnny Low  
Vice President - Operations  
NOL (USA) Inc.

JM/JL



**BP CHEMICALS**

BP Chemicals Inc.  
4440 Warrensville Center Road  
Cleveland, Ohio 44128-2837  
(216) 586-4141

June 16, 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. -  
Request 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 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.

BP is the top producer of crude oil in the US due in large part to its 51 percent interest in Prudhoe Bay oil field on Alaska's North Slope. The company also refines crude oil at three U.S. refineries and markets petroleum products mainly East of the Mississippi River. BP Oil refineries are situated in Lima and Toledo, OH and Alliance, LA. Our Ohio refineries ship in excess of 6,000 carloads annually with CSX. BP Chemicals is the worlds leading producer and marketer of Acrylonitrile with annual production capacity of 1.75 billion pounds. At our Lima Ohio manufacturing facility, we produce 450 million pounds annually. Rail is our chief mode of chemical delivery (95% of all volumes produced). It is critical to BP that we have superior rail service to allow us to compete in today's challenging markets.

BP believes that favorable consideration by the Board would expedite the time in which CSX would be able to provide competitive rail transportation in the Midwest and East Coast of the United States.

Given our Company's location and the 7000+ cars that we move annually via CSX and the anticipated service improvement, BP urges the Board to grant the petition and expedite the implementation of the new service.

We appreciate this opportunity to provide comments to the Board.

Respectfully yours,

Michael J. Garrigan  
Director, Distribution  
BP Chemicals Inc.

Robert C. Nissen  
Sr. Traffic Consultant  
BP Oil Company

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mjjg67.doc



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BP Oil Company



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6-23-97

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June 20, 1997

Secretary of Surface Transportation Board

SERVICE & TECHNICAL SYSTEMS

2367 So. Branch Rd.

Branchburg Twshp

Neshanic Station, N.J. 08853

Case Control Unit

Docket # 33388

1925 K. Street

Washington, D.C. 20423



To Whom It May Concern

Re: Docket# 33388 (CSX-Norfolk Southern)

Request that this office be included as a "party of record" in the above matter. As such please cause to deliver to the following address the filing application due June 1997. John M. Gentempo  
Service & Technical Systems  
2367 So. Branch Rd.  
Neshanic Station N.J. 08853

Tel# 908-369-8978

Fax# 908-369-0626

Your consideration in this matter is appreciated.

*John M. Gentempo*  
John M. Gentempo  
President



STB

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33388

6-20-97

J



**Ohio Senate**

Statehouse  
Columbus, Ohio 43215

Linda Morgan, Chairwoman  
Services Transportation Board  
1925 K St. NW, Suite 820  
Washington, D.C. 20423

Linda Morgan, Chairwoman:

The fourth scheduled joint hearing on the proposed acquisition of Conrail stock by Norfolk Southern and CSX was held June 12. Senator Scott Oelslager (R-Canton) and Rep. Sam Bateman (R-Milford), respective chairmen of the Senate and House Highways and Transportation Committees, are alternating as committee chairman for the fact-finding hearings. A fifth hearing is expected to be held in mid-July.

I have enclosed detailed notes of the meeting in order to update you of the actions of the joint committee. I will continue to update you as the committee meets to ensure you are informed of the implications of this proposed acquisition to Ohio. If I can be of further assistance, please contact me at 614-466-4953.

Sincerely,

*Todd Kleismit*

Todd Kleismit  
Senator Gardner's office

Encl

RAG:tk

**Robert A. Gardner**

18th Senate District

614-644-7718 (Columbus)  
216-428-5542 (District)  
1-800-282-0253 (Toll Free)

June 16, 1997

**Committees:**

State & Local Government &  
Veterans Affairs, Vice Chairman  
Economic Development,  
Technology & Aerospace  
Education & Retirement  
Energy, Natural Resources &  
Environment

*File in Docket*  
*FD-33388*

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
JUN 20 10 43 AM '97  
OFFICE OF  
CHAIRMAN MORGAN

## **MEMORANDUM**

**TO:** Ohio Congressional delegation  
**FROM:** Todd Kleismit (6-4953)  
**DATE:** Thursday, June 12, 1997, 1:30 p.m.  
**RE:** Ohio House and Senate Transportation Committees informal hearings on the Norfolk Southern/CSX acquisition of Conrail

---

## **AGENDA**

Testimony from representatives from short-line railroads and other affected Ohio businesses.

## MEMORANDUM

**TO:** Ohio Congressional delegation  
**FROM:** Todd Kleismit (6-4953)  
**DATE:** Thursday, June 12, 1997, 1:30 p.m.  
**RE:** Ohio House and Senate Transportation Committees informal hearings on the Norfolk Southern/CSX acquisition of Conrail  
**PRESENT:** Senators Oelslager, Carnes, Dix, Latta, Howard, Furney, DiDonato, Latell; Representatives Bender, Olman, Metelsky

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Senator Oelslager called the informal hearing to order at 1:30 p.m.

### *Informal testimony*

#### **Larry Parsons, Wheeling and Lake Erie shortline chairman and CEO**

Wheeling and Lake Erie shortline competes with Conrail. This acquisition will result in Wheeling and Lake Erie being surrounded by Norfolk Southern rail lines. Customers would have to use Wheeling and Lake Erie for "short hauls" only, which will significantly impact its ability to compete. Wheeling and Lake Erie is currently the top carrier for U.S. Steel out of Pittsburgh. This acquisition will affect the steel industry as a result. Wheeling and Lake Erie needs more access to Toledo, the Ohio River, Lake Erie and other destinations to remain competitive. Wheeling and Lake Erie would be willing to support the acquisition if these problems would be resolved.

#### **Barbara Maple, Youngstown Warren Regional Chamber**

The YWRC represents 1,700 firms throughout Mahoning Valley, including General Motors, WCI Steel, Delphi Packard Electric, etc. Although the YWRC is generally supportive of the acquisition of Conrail, they are concerned about several issues. Most importantly, the YWRC is concerned about the lack of information that has been forthcoming from CSX and Norfolk Southern. Until the actual terms of the deal are submitted, it is impossible to determine the full effect of the sale. The YWRC would like to see the following issues resolved: (1) Ensuring that producers and users of raw materials such as coal, iron, ore, coke, lime and scrap metals will still have access to multiple lines and that competitive access be maintained to West Virginia, Kentucky, Pennsylvania, New York, as well as the Ohio River and Lake Erie. (2) Protecting the interests of specific steel companies that, because of their geographical location or product, may

be put at a disadvantage because of changes in service. The YWRC are still waiting for answers to the following questions:

Will all the existing rail lines be maintained with full service? Have the two carriers resolved access rights for their own trackage? What type of studies will be used to determine which lines will be closed?

What role will the short lines play? Will they have adequate access to CSX and Norfolk Southern lines?

What will happen to the existing contracts between Conrail and local shippers? Will the current contracts be honored? And when contracts are renegotiated, will the tremendous cost of this purchase be passed on to users?

How will the split affect distribution of equipment? Obviously, rail access is useless if the necessary equipment is not available when needed.

In the past, the fear of retribution from rail companies has kept shippers from voicing their concerns. Many of their customers may feel it is more prudent to deal with the merger as a done deal and accept the changes, rather than putting themselves at a disadvantage by voicing their concerns early and creating animosity. The YWRC believes this acquisition has the potential of having a positive impact on the Mahoning Valley and Ohio. After the operating plan is submitted, the YWRC would like to return to voice its concerns once the final offer has been tendered.

### ***Discussion***

**Senator Carnes** commented that several people have testified expressing that they are "generally supportive" of the acquisition. He said he has offered examples that have shown that the railroads don't care about anything other than their bottom lines.

**Senator Latell** asked if they were going to be able to see the operating plan before it is filed with the Surface Transportation Board.

**Senator Oelslager** said that a letter to CSX and Norfolk Southern outlining the state's concerns with the acquisition has yet to be answered. It does not appear that the joint committee will see the details before they are submitted on June 16.



### **Mohamed Ismail, Mid-Ohio Regional Planning Commission**

Mr. Ismail is the director of transportation for the Mid-Ohio Planning Commission. A task force was set up to investigate the impact of this acquisition. Both the Inland Port Commission and Mid-Ohio Regional Planning Commission have considered endorsing recommendations of the proposed acquisition by resolution. One possible benefit of the acquisition is an enhanced opportunity for double-stack rail service to the south via the Cincinnati line by Norfolk & Southern. An additional advantage is a one-carrier service from the Gateway Cities to the west by Norfolk Southern bypassing east St. Louis and Chicago. The Mid-Ohio Planning Commission recommends that CSX and Norfolk Southern both have access to Buckeye Yard for access and intermodal service. Other concerns include the following: (1) expediting direct long-haul service from the west coast ports, primarily from Los Angeles, (2) direct and efficient service from major eastern coastal ports such as New York, New Jersey, Virginia, Baltimore and Jacksonville and (3) assure local utility companies and other businesses that need hauling of coal from the fields of West Virginia and raw material from the Cotton Belt that there will be efficient, uninterrupted rail service.

### **Gary Strausbaugh, The Mennel Milling Company of Fostoria, Ohio**

Mr. Strausbaugh is the vice president of transportation for Mennel. At the time of its founding in 1886, Mennel was the largest flour mill in the world not located on water because it had five different railroads interconnecting inside the city limits. Now only two railroads serve Fostoria, Norfolk Southern and CSX. The effects of this acquisition will be felt by all of Ohio's agribusiness community. Mennel is hoping to regain portions of the Northeast Ohio market share with a single-line haul, which it lost in the early 1980s when Conrail abandoned a line which ran through Fostoria. Ohio agribusiness has a lot of raw materials and products which move within the state. This intrastate business should not be lost to out-of-state companies because of the longer haul for the railroad. Through shortlines or the focus on the short-haul segment of the rail business, Ohio should be adding value through processing to the grain grown here, perhaps by innovative marketing utilizing 25-50 car mini-trains for the movement of product around the state. The takeover of Conrail by CSX and Norfolk Southern will provide opportunities to develop intrastate short-haul movements. Mennel currently has a customer that would like to switch from trucks to a single-line haul if the railroad will create a single-line haul to accommodate them. Mennel is definitely in favor of the takeover of Conrail, but has some concerns. Mennel proposes that the state set up a program to eliminate abandonment of the Conrail lines that are parallel to Norfolk Southern or CSX lines, which are candidates for reduced service or abandonment. Ohio needs to preserve its existing lines. This is especially important to grain elevators and processors. There are always alternative forms of transportation, but they are never as cost effective. To enhance competition, Mennel would like to see more open reciprocal switching. This is the movement in switching service for loading or unloading before

or after a road haul movement over another railroad where both carriers operate in the same town. Why not open industries to reciprocal switching by either railroad like other states have done? Ohio has the unique opportunity to become a major processor of agricultural products to supply the northeast. Ohio needs to continue to keep its rail lines to capture this opportunity.

### **Discussion**

**Senator Latta** asked if mini-trains were used anywhere besides where Mr. Strausbaugh mentioned.

Mr. Strausbaugh said they are used on Norfolk Southern and short line connections.

### **Tom Green, Greater Cleveland Growth Association**

Generally, the Greater Cleveland Growth Association perceives the acquisition as a very positive development for northeast Ohio. Currently, Conrail provides east-west rail service to and from the region. However, the proposed restructuring of Conrail has identified a new north-south service lane potential which could enhance northeast Ohio's global economic competitiveness. The Greater Cleveland Growth association has four priority issues:

1. Where will track sharing take place? Will there be any "switching charge?"
2. Will CSX and Norfolk Southern work with the City of Cleveland to develop a plan for the realignment of tracks in the Lakefront area to make an abandoned freight yard owned by Conrail part of a comprehensive Lakefront economic development strategy?
3. Will the railroads commit to work with local development officials to help develop an improved commuter rail service to better link inner city residents to jobs and provide new tourist and commuter train alternatives?
4. Will Norfolk Southern and CSX seriously consider expanding intermodal operations in northeast Ohio? The Growth Association believes there is an unmet need for one or more truck-rail intermodal freight facilities in the greater Cleveland region.

### **Taras Szmagala, Greater Cleveland Regional Transit Authority**

The greater Cleveland community has great interest in establishing a regional commuter rail network in northeast Ohio. The pending Conrail acquisition will be the most significant change in control of and access to northeast Ohio's railroad network since Conrail's creation in the 1970s. Commuter rail, which typically uses existing railroad infrastructure to carry work

commuters, is among the fastest growing travel modes in North America. With the right infrastructure in place, two railroad tracks can carry as many people as 16 highway lanes and could be an important welfare-to-work initiative. If commuter rail is ever going to happen, the public sector needs to act quickly to gain access to current and future CSX and Norfolk Southern rail lines.

**Joe Koziura, Mayor of Lorain, Ohio**

This acquisition will have a significant impact on northeast Ohio. Mayor Koziura cited two main concerns: northeast Ohio businesses will need to maintain access to rail lines to bring business to the steel industry and the vacating of east-west rail lines will be important once the details of the acquisition become known.

**The Lorain County Chamber of Commerce and Lorain Port Authority** both submitted written testimony outlining their concerns with the proposed acquisition.

**Robert Greenlese, Toledo-Lucas County Port Authority**

Mr. Greenlese said the argument of the Toledo-Lucas County Port Authority boils down to concerns about competitive access. The most serious concern is that Toledo Coal and Ore Docks will go "2 to 1," which means the facilities will go from having two carriers to only one. Another concern is that Norfolk Southern has announced that they will file for abandonment of their rail bridge across the Maumee River in Toledo. Norfolk believes the bridge will become redundant. The Port Authority believes the bridge should be retained as a vital part of the rail infrastructure of the area. The Port Authority is also concerned by the apparent concentration of rail facilities in the Toledo area. According to the preliminary filings, CSX will acquire all Conrail facilities south of the east-west main line in Toledo. Specifically, they will get Stanley Yard and the north-south main line between Toledo and Columbus. Norfolk Southern, on the other hand, will get the Air Line Intermodal Yard as well as the east-west main line and the main line to Detroit. It would be much more equitable and would enhance competition if the two railroads would jointly share the Stanley Yard and Air Line Intermodal Yard. The Port Authority also feels that additional carrier participation in the Toledo terminal should be considered. In addition, the Port Authority has concern that much of the trackage and many of the facilities which will be divided up between the two carriers will be offered for sale or abandonment within five years. Neither CSX or Norfolk Southern will be inclined to foster competition in any way unless they are spurred by pure capitalism or mandated by government.

### **Larry Himes, Clark County-Springfield Transportation Coordinating Committee**

The TCC has been active in promoting and supporting both rail freight and passenger services. The TCC encourages Norfolk Southern and the State of Ohio, through the Rail Commission and ODOT, MPOs and local jurisdictions to work together on intelligent transportation systems that would help the railroad and all urban areas manage congestion that can arise from the increased traffic. The TCC would also encourage that Norfolk Southern and the state to increase funding and accelerate the installation of gates and flashers at grade crossings. The railroads, state transportation and economic development agencies, MPOs and shippers should look for ways to eliminate physical, institutional, and contractual barriers to providing efficient rail service at competitive rates for Ohio rail users. The Norfolk Southern acquisition of the Conrail line from Columbus to Cincinnati will likely expand market accessibility for agribusiness, especially grain producers. However, there are still grain elevators that are not accessible by rail because of the short haul economics of the Class I railroads, especially where interchange with a short line is involved. Ohio is missing out on significant, short haul "intrastate" movements of raw materials within Ohio that end up on trucks, damaging Ohio's roads and bridges and contributing to congestion in the urban areas. The TCC also urges the state legislature to provide additional funding for the Ohio Rail Development Commission.

### **Tracy Drake, Columbiana County Port Authority**

Mr. Drake's testimony came from a letter submitted to the Surface Transportation Board on behalf of the Northeast Ohio Trade & Economic Consortium. NEOTEC is a six-county joint office of economic development for Trumbull, Summit, Stark, Portage, Mahoning and Columbiana Counties. NEOTEC believes that its success is directly tied to the fortunes of the shortline railroads. One of the state's and region's most important new intermodal projects, the Northeast Ohio Intermodal Terminal (NEOMODAL), may be adversely impacted by the acquisition. This is owned by the Stark Development Board and is a \$13.2 million state-of-the-art highway/rail transfer terminal located in Navarre, Ohio. The following issues need to be addressed in the evaluation of the acquisition:

1. What commitment are CSX and Norfolk Southern willing to make regarding the use of the NEOMODAL facility?
2. What commitments will Norfolk Southern make to ensure a competitive balance with the Wheeling and Lake Erie shortline, which serves as a feeder system for NEOMODAL to the Class I railroads?

The proposed division of Conrail threatens the viability of the Wheeling and Lake Erie shortline and Ohio Central Railroad by diverting traffic now moving via WLE and OC in direct



competition with Conrail and/or the carrier scheduled to acquire the Conrail line. This cannot be allowed. In order to keep sight of the unique needs of the shortline rail partners, a CSX-NS Joint Commercial Area should be established, embracing all current rail lines in the involved counties. Additionally, the Surface Transportation Board should direct the applicants to grant NEOTEC or local designated jurisdictions right of first refusal on the acquisition of all abandoned track within the geographical area. NEOTEC believes a three-year notification requirement should be imposed for future abandonments. There are also three issues raised by area steel industry representatives that should be addressed: (1) Will rail competition be maintained from the existing West Virginia, Kentucky and Ohio coal mines to coke producers located in West Virginia, Pennsylvania, New York and Ohio? (2) Will all existing rail lines be maintained? If not, what role will short lines be able to play? (3) How will Conrail's rail equipment currently used by the steel industry be distributed between CSX and Norfolk Southern?

*Additional written testimony (available in Senator Oelslager's office) was submitted by the Stark Development Board concerning the acquisition's impact to the NEOMODAL facility; by Thomas Barnett of OHI Rail Corporation regarding the acquisition's impact on OHI Rail's 45-mile shortline railroad in eastern and southeastern Ohio; by the Brooke Hancock Jefferson Metropolitan Planning Commission regarding the acquisition's impact on eastern Ohio; and by Thomas C. Green & Associates, Inc., on behalf of CSX Transportation, asking the joint committee to reconvene in mid to late July to continue the discussion regarding the proposal.*

**Senator Oelslager** said that another meeting would be held, most likely the week after the Fourth of July. He added that a resolution is being worked on concerning the acquisition.

*Meeting adjourned, 2:55 p.m.  
Memo distributed 6/16/97*



6-20-97



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

Office of the Vice-Chairman

June 24, 1997

Mr. Todd Kleismit  
Office of Senator Robert A. Gardner  
Ohio Senate  
Statehouse  
Columbus, Ohio 43215

Dear Mr. Kleismit:

Thank you for your correspondence regarding the hearings that have been held on the proposed joint acquisition of Conrail by Norfolk Southern and CSX.

I am interested in all viewpoints with regard to this proceeding, however, our regulations require that such submissions be made a part of the public record. As such, I will be forwarding your correspondence to the Board's Office of the Secretary for that purpose.

While you certainly should feel free to send additional correspondence about this case to my office, the better practice would be to make your submissions directly a part of the public record by sending them straight to the Office of the Secretary, Surface Transportation Board, Washington, D.C. 20423-0001.

Sincerely,

Gus A. Owen  
Vice Chairman  
Surface Transportation Board  
1925 K Street, N.W.  
Suite 850  
Washington, D.C. 20423-0001  
(202) 565-1525. Fax: (202) 565-9018



**Ohio Senate**

Statehouse  
Columbus, Ohio 43215

Gus Owen, Vice Chairman  
Services Transportation Board  
1925 K St. NW, Suite 850  
Washington, D.C. 20423

Gus Owen, Vice Chairman:

The first of four scheduled joint hearings on the proposed acquisition of Conrail stock by Norfolk Southern/CSX was held May 22. Senator Scott Oelslager (R-Canton) and Rep. Sam Bateman (R-Milford), respective Chairmen of the Senate and House Highways and Transportation Committees, are alternating as committee chairman for the fact-finding hearings.

I have enclosed the minutes of the meeting in order to update you of the actions of the joint committee. I will update you weekly as the committee meets to ensure you are informed of the implications of this proposed acquisition to Ohio. If I can be of further assistance, please contact me at 614-466-4953.

Sincerely,

Todd Kleismit  
Senator Gardner's office

RAG:tk

**Robert A. Gardner**

18th Senate District

614-644-7718 (Columbus)  
216-428-5542 (District)  
1-800-282-0253 (Toll Free)

May 27, 1997

**Committees:**

State & Local Government &  
Veterans Affairs, Vice Chairman  
Economic Development,  
Technology & Aerospace  
Education & Retirement  
Energy, Natural Resources &  
Environment

## MINUTES

**TO:** Ohio Congressional delegation  
**RE:** Joint Legislative Committee on Rail  
Development  
**DATE:** Thursday, May 22, 1997  
**FROM:** Kelly Rollins, Office of Senator Oelslager  
**PRESENT:** Senators; Oelslager, Carnes, Gaeth, Howard,  
Latell DiDonato, and Furney  
Representatives; Bateman, Olman, Damschroder,  
Bender, Clancy, and Metelsky

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Representatives of CSX and Norfolk Southern railroads gave an overview of the proposed acquisition of Conrail by CSX and NS.

Chairmen Oelslager and Bateman called the committee to order at 2:20 P.M.

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**Thomas Schmidt of CSX** said this merger will provide aggressive competition, and a superior level of service. Eighty-six percent of the shipping market in the East is done through trucking companies. They expect to pick up some of that business by expanding and improving upon their service. Mr. Schmidt stated that this merger will not cause a rate increase or a loss of jobs. They intend to pay on the principal of the \$10 billion loan by serving more people (CSX will pay 4.3 Billion, NS = 5.9 billion). With single line service North of the Ohio river they couldn't provide for the needs of those in the South/Southeast or the West. The merger will offer service to all of these areas with only one rate bureau and one customer service

bureau to deal with. By combining maintenance bureaus safety will be increased.

Currently intermodals make up 10% of CSX service. This will increase to 20% after the merger.

Businesses which will benefit by the merger will be; grain shippers, poultry farms(S.E. Oh.), car suppliers(Cincinnati, St. Louis, Memphis), steel industries (Youngstown, Cincinnati) to name a few. Multi line service means fewer empty hauls.

Since 1992 CSX has helped approximately 500 industries expand or relocate.

CSX and NS plan to file the buy-out plan with the federal Surface Transportation Board on June 16th. The plan will detail the effects of the merger on employment issues, capital investments and yard operations. They have asked for an expedited hearing. It takes 255 calendar days after filing to reach completion.

**Senator Carnes** began by saying that he is encouraged by the prospect of creating jobs but, is concerned that it will be in the East instead of Ohio. Senator Carnes was disappointed that CSX has removed tracks against the wishes of communities. They did not seem to listen to the needs of his community. He gave the example of a volunteer fire department in Belmont County that is 8 inches over the property line onto CSX property. They were told that they have to buy 8.5 acres at \$17,800.00 per acre. Since discussion began the price has increased to \$19,750.00. Recently they were told that CSX has never sold land for less than \$25,000.00 per acre. Senator Carnes is also



concerned that 500 jobs at the Ohio Valley Coal Co. in Belmont County are at stake.

Mr. Schmidt responded that it is not their policy to maliciously squeeze money from people. They are however, a "for profit" business. Coal is 40% of their business and they would also be hurt if the coal mines are shut down.

Senator Carnes asked if this merger will eliminate jobs in Ohio. Mr. Schmidt said no. Senator Carnes then asked if a representative from CSX had stated that he could solve the Ohio Valley Coal Co. problem within 24 hours? Mr. Schmidt said that the statement was made but it was an overenthusiastic remark and they are still working on the problem.

**Representative Olman** stated that as a member of the Joint Select Committee on Electric Utility Deregulation he is concerned with the effect the merger will have on coal.

Mr. Schmidt said that CSX is a major coal hauler and wants to work with the coal miners. Since he is not an expert on coal he did not feel comfortable commenting any further.

Representative Olman wanted to know how Toledo, which is the largest rail area in Ohio, will be effected and if the merger will effect the use of their intermodal. Would they be abandoned for the Ashtabula port?

According to Mr. Schmidt, CSX will continue to use the Toledo port. Last year 6.5 million tons of coal left Toledo. They are not currently using the intermodal and do not plan to.



**Representative Metelsky** asked if CSX has any plans for line abandonment. Mr. Schmidt said none will be abandoned by them.

**Senator Latell** had a general statement that he wondered what role this committee plays in protecting local governments during the merger. He used Senator Carnes example of the fire department.

**Senator Oelslager** reminded the committee that local governments have been invited to express their concerns and experiences.

**Pat McCune of Norfolk Southern** gave a brief background of NS. They are based out of Norfolk Virginia and cover 14,000 miles and 20 states throughout the midwest and southeast. Their major products are; chemicals, autos, grain, steel, construction, coal and intermodal. They employ 24,000 people. In 1996 stock was \$6.09 per share, with a net income of \$770 million, and \$1.2 billion in rail income. Their ontime performance had increased, grade crossing safety had increased by 18%. In 1996 they helped 100 businesses expand or relocate and created approximately 4,000 new jobs. Nine out of 12 auto industries use them for shipping and they now have a 12 year contract with Ford which requires them to build 4 mixing centers by the end of 1997 and be operational by 1998. They are paying \$5.9 billion for their share of the buy-out.

Norfolk Southern does plan to close 2 of 4 previously mentioned lines. Both are in Toledo. One is served by only one shipper. Their freight will go to the trucking industry. The other will be the pivot bridge over the Maumee River because

their is no traffic on it. He acknowledged that Toledo officials did not want to lose the bridge because they weren't sure they could get another one built.

NS plans to increase the use of neomodals in several areas of Ohio. This will reduce the amount of truck traffic on our roads and the amount of pollution produced by them.

NS supports shortlines and regional railroads and will continue to meet with them.

Senator Oelslager stated that Navarre has an intermodal and could use some expansion.

Representative Olman asked if the tracks were being pulled on the lines targeted for closure in Toledo. Mr. McCune does not know at this time if they will pull the tracks or not.

**Alfred Agler with the Public Utilities Commission of Ohio.** Provided written testimony. Mr. Agler has a few concerns with rail safety as a result of the merger. Faster trains, more lines (double stacked) and the need for better grade crossings.

**Senator Latell** referred the committee to page 4 of Mr. Agler's testimony and asked where the \$16 million annually for crossing safety improvements came from. Is any of it CSX or NS dollars? How would the merger affect safety at crossings?

Mr. Agler stated that some of it comes from gas taxes and some is earmarked for safety upgrades through ODOT. Some of the areas will now be double-tracked with more traffic and higher speeds.

Currently they travel at approximately 50 mph. That will be increased to 70 mph.

**Senator Carnes** asked if the railroads ever use their own money to upgrade crossings. Mr. Agler said they are required to if any state money is used. Once the railway is installed they are required to maintain it.

**Tom O'Leary of the Ohio Rail Development Commission** gave written testimony. They are monitoring the buy-out for other state agencies. They have four major areas of concern. The impact on Ohio rail shippers. The impact on Ohio's other railroads. The impact on railroad employment. The impact on state and local governments. He has some concerns as to how the buy-out will affect short line railroads. The coal and limestone industries rely on shortlines. There could be a negative impact but he is reasonably hopeful that they can find solutions. ORDC is also concerned that CSX and NS have asked for the buy-out plan to be expedited. The June 16th deadline is self-imposed and seems to override the need for community awareness. Although their plan is still in progress it is difficult to know how communities will be effected until after the plan is filed. It is very difficult to impact the plan after the filing. He feels that a 365 day time frame is necessary for an orderly process. Mr. O'leary stated that he is not extremely sympathetic to the fact that the railroads are losing money by delaying the filing of the buy-out plans. They set the rates.

**Representative Metelsky** asked what roll the committee plays regarding local governments. Mr. O'leary said the committee should keep local government aware of the changes they may face.

There is a lot of misleading information being passed around. He suggested that the committee members keep their Congressional members informed.

In closing, Mr. O'leary stated that "the State of Ohio cannot move forward in support of this acquisition until the concerns of Ohio industries and local communities are satisfactorily addressed."

Senator Oelslager stated that the committee is relying on ORDC to keep them informed on how to best serve the public interest.

Committee adjourned at 11:40 a.m.

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**Ohio Senate**

Statehouse  
Columbus, Ohio 43215

Gus Owen, Vice Chairman  
Services Transportation Board  
1925 K St. NW, Suite 850  
Washington, D.C. 20423

Gus Owen, Vice Chairman:

The third scheduled joint hearing on the proposed acquisition of Conrail stock by Norfolk Southern and CSX was held June 5. Senator Scott Oelslager (R-Canton) and Rep. Sam Bateman (R-Milford), respective chairmen of the Senate and House Highways and Transportation Committees, are alternating as committee chairman for the fact-finding hearings. At least five hearings in all are expected to be held.

I have enclosed detailed notes of the meeting in order to update you of the actions of the joint committee. I will continue to update you weekly as the committee meets to ensure you are informed of the implications of this proposed acquisition to Ohio. If I can be of further assistance, please contact me at 614-466-4953.

Sincerely,

Todd Kleismit  
Senator Gardner's office

Encl

RAG:tk

**Robert A. Gardner**

18th Senate District

614-644-7718 (Columbus)  
216-428-5542 (District)  
1-800-282-0253 (Toll Free)

June 9, 1997

**Committees:**

State & Local Government &  
Veterans Affairs, Vice Chairman  
Economic Development,  
Technology & Aerospace  
Education & Retirement  
Energy, Natural Resources &  
Environment



## **MEMORANDUM**

**TO:** Senate Republicans  
**FROM:** Todd Kleismit (6-4953)  
**DATE:** Thursday, June 5, 1997, 10 a.m.  
**RE:** House and Senate Transportation Committees informal hearings on the  
Norfolk Southern/CSX acquisition of Conrail

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## **AGENDA**

Testimony from representatives from the plastics industry, the aggregate industry, agribusiness, and utilities which could be affected by this merger.

## MEMORANDUM

**TO:** Senate Republicans  
**FROM:** Todd Kleismit (6-4953)  
**DATE:** Thursday, June 9, 1997, 10 a.m.  
**RE:** House and Senate Transportation Committees informal hearings on the Norfolk Southern/CSX acquisition of Conrail  
**PRESENT:** Senators Oelslager, Carnes, Latell, DiDonato, Representatives Bateman, Vesper, Bender, Perz, Clancy, Damschroder, Olman, Carey, Metelsky

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Senator Oelslager called the informal hearing to order at 10:05 a.m.

### *Informal testimony*

#### **Don Clark, Ohio Department of Development agribusiness specialist**

The acquisition of Conrail by CSX and Norfolk Southern will have a long-term economic impact on the ability of Ohio's \$57 billion industry to compete in the national and international marketplace. This industry is an integrated and linked industry that represents raw farm commodity production through the manufacturing of food, fiber, fuel, pharmaceutical and industrial products. Thus, the agribusiness value-added manufacturing of Ohio's agricultural commodities has a natural and international customer base. It is important to realize that the primary transportation arteries for this industry throughout the nation and Ohio are the rail transportation lines that connect our major cities and international ocean ports. The acquisition presents both opportunities and concerns for Ohio's agribusiness industry. Opportunity to improve Ohio's ability to reach the northeast markets. Concern that Ohio will become only a "commodity export" state. Ohio would miss this opportunity to strategically position the state to increase our value-added manufacturing of agricultural commodities. This acquisition would increase single-rail service from the agribusiness factories to serve the northeastern United States. However, to limit our focus on Ohio's agribusiness industry to that of only unprocessed grain exports would be the same as promoting and recommending a third world economic development policy for Ohio's largest industry. Our vision should be to increase the agribusiness manufacturing investment and high tech agribusiness job opportunities for Ohioans and export finished manufactured products to other states and nations. The missing link in the current Conrail acquisition is that of intrastate rail movement of agricultural products, via shortline rail systems. Ohio's short line carriers should be recognized in the acquisition via strategic trackage agreements.

**Chuck Hodgkiss, National Lime & Stone Company**

National Lime & Stone is the largest producer of crushed limestone in the state. Rail freight expenses for 1996 were in excess of \$6 million. National Lime & Stone depends on the rail service of Norfolk Southern, CSX and Conrail for shipping stone to their customers. National Lime & Stone is vitally concerned about this acquisition because it relies heavily on single-line hauls to remain competitive. National Lime & Stone understands that under certain proposals for the division of Conrail, it would be confronted with two-line hauls from its two largest plants, at Carey and Bucyrus. This would cause National Lime & Stone to lose substantial business.

**Derrill Arnold, National Lime & Stone Company**

The increased cost of a two-line haul from the Carey plant would result in the loss of business of customers in Pennsylvania, New Jersey, West Virginia and Ohio. If National Lime & Stone is to retain these customers, Norfolk Southern needs to acquire Conrail's right to service Carey via the CSX rail line from Upper Sandusky. From the Bucyrus plant, \$1.1 million worth of business to Weirton, West Virginia could be lost with the creation of a two-line haul. Another \$1.3 million of business to Wooster, Ohio could also be jeopardized with a two-line haul.

**Discussion**

**Representative Damschroder** asked how much business expenses are increased when a two-line haul is created.

Mr. Hodgkiss said he would also like to know. He said it is very substantial and that it is rather complex to figure out.

**Representative Damschroder** asked if Mr. Hodgkiss was worried about the rate structure.

Mr. Hodgkiss said definitely. He would like to see the service and rate structure stay the same.

**Edward Allenbaugh, East Ohio Stone Company of Alliance, Ohio**

The proposed Conrail trackage division by Norfolk Southern and CSX would cause serious disruption of existing aggregate rail traffic patterns. East Ohio Stone services its customers within a 35-mile radius of alliance, distributing 150,000 to 250,000 tons of product annually. The customer base includes the Youngstown steel industry, ODOT and surrounding county, city and township highway departments. East Ohio and its suppliers are concerned about becoming "rail captive" to one Class I carrier. Aggregate products are highly price sensitive. Both the

suppliers and East Ohio Stone have invested millions of dollars into their facilities to increase volume and productivity in conjunction with the rail infrastructure. The railroads, in order to remain price competitive, have instituted volume contract rates and unit train service. A joint routing of CSX - Crestline, Ohio - Norfolk Southern would only increase costs to all parties and ultimately preclude future rail movement. The alternative to sourcing product via rail would be truck, which would only further congest and erode the state's highway infrastructure. Both the suppliers and East Ohio Stone would have to scramble to procure additional trucking, resulting in costly delays.

### ***Discussion***

**Representative Olman** asked if the railroads have indicated that they will be moving to a two-line haul, or if he is speculating.

Mr. Allenbaugh said he is not sure if they will be faced with a two-line haul or not. They are anticipating it.

**Representative Vesper** asked if there has been a cost comparison between what it costs to ship via trucks versus rail.

Mr. Allenbaugh said he knew East Ohio Stone would need over 10,000 trucks to bring in the same amount of stone that they get via rail. He estimated it would cost 50 percent more to truck.

**Representative Damschroder** asked if trucking was an option. Will they go out of business if they can't utilize rail?

Mr. Allenbaugh said that was correct.

### **Tim Wolfe, Wyandot Dolomite**

Wyandot Dolomite has seen an increase in business of 15-20 percent the last two years. Six customers are served in Cleveland, Akron and Youngstown. Maintaining a one-line haul is essential to Wyandot Dolomite. If a two-line haul is created, they may lose its Alliance customer. This is a high volume, low revenue business and Wyandot Dolomite cannot afford to lose any customers.

### **Maureen Healy, The Society of the Plastics Industry**

The plastics industry directly employs more than 1.2 million people nationwide and over 100,000 people in Ohio. This acquisition boils down to three key issues: (1) the economics of



transportation for the plastics industry; (2) the financial issues relating to the sale of the Conrail lines; and (3) the service impact as it may affect the movement of product to the Ohio plastics manufacturing community. The plastics industry is becoming increasingly concerned about the diminishing competitive options from which to choose our rail service transportation service. In 1980 there were 41 Class I railroads serving the United States, today there are nine. Ms. Healy said she believes the acquisition will be approved by the Surface Transportation Board. The plastics industry is heavily reliant on rail transportation to move raw materials and other products. A full 75-80 percent of plastic raw materials are transported by rail. Rail transportation is the second highest cost factor in producing plastics raw materials. It can account for 20 percent of the raw material finished product price. If a shipper is captive to one, or even two railroads, the price paid for product movement can be anywhere from 15-60 percent higher. The \$10.2 billion price being paid for Conrail equates to the payment of \$2.76 for every dollar of Conrail revenue. During the last merger of the Union Pacific and Southern Pacific, the \$3.9 billion Union Pacific paid to acquire Southern Pacific equated to \$1.34 for every dollar. Since the CSX-NS deal is all cash, versus a cash and stock combination, it only further magnifies the enormity of the price paid for the Conrail lines. Who will pay the costs of the acquisition? The plastics industry worries that the shippers will be handed the bill in the form, of higher rates, further aggrandizement of captive shippers and monopolies paired with duopolies. The state of Ohio will pay a steep sum. There are also major concerns about the anticipated reduction in service as the CSX and Norfolk Southern favor inter-modal traffic in an effort to find new revenue sources to pay for this acquisition. The entire issue is about competition in the marketplace. The plastics industry has commissioned a study to examine the impact that will be derived from this acquisition.

### ***Discussion***

**Senator Carnes** asked why she believes the acquisition will be approved by the Surface Transportation Board.

Ms. Healy said that is based on their approval last year of the Union Pacific/Southern Pacific merger. She also believes the railroads have taken careful steps to ensure this acquisition is approved.

**Representative Vesper** asked where she got the figure that shippers captive to one railroad can expect rates to increase 15-60 percent.

Ms. Healy said she got that figure from members of the plastics industry. She said she would supply the data to her later.



**Representative Damschroder** asked for clarification about what railroads are getting subsidies and which ones are completely privately owned.

Ms. Healy responded that they are all owned by stockholders.

**Senator Oelslager** added that historically, there has been a lot of government intervention in this industry. Conrail has only been a private company for 20 years.

**Representative Damschroder** asked for clarification as to what a duopoly is.

Ms. Healy said that is when two railroads are competing in one market.

**Representative Damschroder** asked if this was a case of creating a monopoly or duopoly.

Ms. Healy said this is what is called a three-to-two conversion. Going from three competitors to two.

**Representative Damschroder** asked who sets the shipping rates.

Ms. Healy said the railroads set the rates, but there is a maximum rate that is set by the Surface Transportation Board.

**Steve Pauken, Mayor of Maumee**

Mr. Pauken testified as a representative of TMACOG (Toledo & Metropolitan Area Council of Governments). The railroads are one of the most important industries in the Toledo area. As such, TMACOG has issued a resolution outlining its position on specific actions that should be part of the acquisition. TMACOG has requested the following be part of the Conrail acquisition:

1. The merger must ensure or create open and truly competitive freight rail access for all remaining railroads.
2. The merger must ensure that certain threatened rail lines and services are maintained.
3. The merger must ensure that excess rail property is maintained in single ownership and prepared for future redevelopment.
4. The merger must ensure that the merged railroad fully cooperates in implementing and participates in funding specific facility improvements.

5. The merger must ensure that passenger rail related needs are addressed.

**Discussion**

**Representative Damschroder** asked how they suggest addressing the problems created in Carey and Bucyrus, since TMACOG is in favor of the merger.

Mr. Pauken said they are working on addressing those concerns.

**Representative Damschroder** asked if TMACOG is just trying to make the best of the situation, figuring that it is a done deal.

Mr. Pauken said that is generally correct. It would probably be better if this issue went away, but they can't afford to ignore this issue.

**Representative Bender** asked if TMACOG was all in this resolution together.

Mr. Pauken responded that they are -- five counties and 75 municipalities.

**William O'Brien, Brotherhood of Locomotive Engineers**

Mr. O'Brien is a Conrail stockholder with 30 years in the railroad business. Although he stands to profit from the merger, he is concerned about the railroad industry and this merger in particular. He is pleased that the Surface Transportation Board has taken the merger off of the fast track and will take its time deciding the fate of the merger. The splitting up of Conrail is troubling. This is not an issue of jobs, but an issue of maneuvering.

**Discussion**

**Representative Bender** asked if Conrail is financially stable, and if so, why are they selling?

Mr. O'Brien said Conrail is making a lot of money and productivity is up. He does not know exactly why Conrail is selling. He said he understands why some captive shippers have been reluctant to come forth for these hearings because retaliation is a big part of the history of this industry. This acquisition should be OK, if there is no rush to judgment.

*Meeting adjourned, 11:20 a.m.*

*Memo distributed 6/9/97*



**Ohio Senate**

Statehouse  
Columbus, Ohio 43215

Gus Owen, Vice Chairman  
Services Transportation Board  
1925 K St. NW, Suite 850  
Washington, D.C. 20423

Gus Owen, Vice Chairman:

The fourth scheduled joint hearing on the proposed acquisition of Conrail stock by Norfolk Southern and CSX was held June 12. Senator Scott Oelslager (R-Canton) and Rep. Sam Bateman (R-Milford), respective chairmen of the Senate and House Highways and Transportation Committees, are alternating as committee chairman for the fact-finding hearings. A fifth hearing is expected to be held in mid-July.

I have enclosed detailed notes of the meeting in order to update you of the actions of the joint committee. I will continue to update you as the committee meets to ensure you are informed of the implications of this proposed acquisition to Ohio. If I can be of further assistance, please contact me at 614-466-4953.

Sincerely,

Todd Kleismit  
Senator Gardner's office

Encl

RAG:tk

**Robert A. Gardner**

18th Senate District

614-644-7718 (Columbus)  
216-428-5542 (District)  
1-800-282-0253 (Toll Free)

June 16, 1997

**Committees:**

State & Local Government &  
Veterans Affairs, Vice Chairman  
Economic Development,  
Technology & Aerospace  
Education & Retirement  
Energy, Natural Resources &  
Environment

## **MEMORANDUM**

**TO:** Ohio Congressional delegation  
**FROM:** Todd Kleismit (6-4953)  
**DATE:** Thursday, June 12, 1997, 1:30 p.m.  
**RE:** Ohio House and Senate Transportation Committees informal hearings on the Norfolk Southern/CSX acquisition of Conrail

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## **AGENDA**

Testimony from representatives from short-line railroads and other affected Ohio businesses.

## MEMORANDUM

**TO:** Ohio Congressional delegation  
**FROM:** Todd Kleismit (6-4953)  
**DATE:** Thursday, June 12, 1997, 1:30 p.m.  
**RE:** Ohio House and Senate Transportation Committees informal hearings on the Norfolk Southern/CSX acquisition of Conrail  
**PRESENT:** Senators Oelslager, Carnes, Dix, Latta, Howard, Furney, DiDonato, Latell; Representatives Bender, Olman, Metelsky

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Senator Oelslager called the informal hearing to order at 1:30 p.m.

### *Informal testimony*

#### **Larry Parsons, Wheeling and Lake Erie shortline chairman and CEO**

Wheeling and Lake Erie shortline competes with Conrail. This acquisition will result in Wheeling and Lake Erie being surrounded by Norfolk Southern rail lines. Customers would have to use Wheeling and Lake Erie for "short hauls" only, which will significantly impact its ability to compete. Wheeling and Lake Erie is currently the top carrier for U.S. Steel out of Pittsburgh. This acquisition will affect the steel industry as a result. Wheeling and Lake Erie needs more access to Toledo, the Ohio River, Lake Erie and other destinations to remain competitive. Wheeling and Lake Erie would be willing to support the acquisition if these problems would be resolved.

#### **Barbara Maple, Youngstown Warren Regional Chamber**

The YWRC represents 1,700 firms throughout Mahoning Valley, including General Motors, WCI Steel, Delphi Packard Electric, etc. Although the YWRC is generally supportive of the acquisition of Conrail, they are concerned about several issues. Most importantly, the YWRC is concerned about the lack of information that has been forthcoming from CSX and Norfolk Southern. Until the actual terms of the deal are submitted, it is impossible to determine the full effect of the sale. The YWRC would like to see the following issues resolved: (1) Ensuring that producers and users of raw materials such as coal, iron, ore, coke, lime and scrap metals will still have access to multiple lines and that competitive access be maintained to West Virginia, Kentucky, Pennsylvania, New York, as well as the Ohio River and Lake Erie. (2) Protecting the interests of specific steel companies that, because of their geographical location or product, may



be put at a disadvantage because of changes in service. The YWRC are still waiting for answers to the following questions:

Will all the existing rail lines be maintained with full service? Have the two carriers resolved access rights for their own trackage? What type of studies will be used to determine which lines will be closed?

What role will the short lines play? Will they have adequate access to CSX and Norfolk Southern lines?

What will happen to the existing contracts between Conrail and local shippers? Will the current contracts be honored? And when contracts are renegotiated, will the tremendous cost of this purchase be passed on to users?

How will the split affect distribution of equipment? Obviously, rail access is useless if the necessary equipment is not available when needed.

In the past, the fear of retribution from rail companies has kept shippers from voicing their concerns. Many of their customers may feel it is more prudent to deal with the merger as a done deal and accept the changes, rather than putting themselves at a disadvantage by voicing their concerns early and creating animosity. The YWRC believes this acquisition has the potential of having a positive impact on the Mahoning Valley and Ohio. After the operating plan is submitted, the YWRC would like to return to voice its concerns once the final offer has been tendered.

### ***Discussion***

**Senator Carnes** commented that several people have testified expressing that they are "generally supportive" of the acquisition. He said he has offered examples that have shown that the railroads don't care about anything other than their bottom lines.

**Senator Latell** asked if they were going to be able to see the operating plan before it is filed with the Surface Transportation Board.

**Senator Oelslager** said that a letter to CSX and Norfolk Southern outlining the state's concerns with the acquisition has yet to be answered. It does not appear that the joint committee will see the details before they are submitted on June 16.

### **Mohamed Ismail, Mid-Ohio Regional Planning Commission**

Mr. Ismail is the director of transportation for the Mid-Ohio Planning Commission. A task force was set up to investigate the impact of this acquisition. Both the Inland Port Commission and Mid-Ohio Regional Planning Commission have considered endorsing recommendations of the proposed acquisition by resolution. One possible benefit of the acquisition is an enhanced opportunity for double-stack rail service to the south via the Cincinnati line by Norfolk & Southern. An additional advantage is a one-carrier service from the Gateway Cities to the west by Norfolk Southern bypassing east St. Louis and Chicago. The Mid-Ohio Planning Commission recommends that CSX and Norfolk Southern both have access to Buckeye Yard for access and intermodal service. Other concerns include the following: (1) expediting direct long-haul service from the west coast ports, primarily from Los Angeles, (2) direct and efficient service from major eastern coastal ports such as New York, New Jersey, Virginia, Baltimore and Jacksonville and (3) assure local utility companies and other businesses that need hauling of coal from the fields of West Virginia and raw material from the Cotton Belt that there will be efficient, uninterrupted rail service.

### **Gary Strausbaugh, The Mennel Milling Company of Fostoria, Ohio**

Mr. Strausbaugh is the vice president of transportation for Mennel. At the time of its founding in 1886, Mennel was the largest flour mill in the world not located on water because it had five different railroads interconnecting inside the city limits. Now only two railroads serve Fostoria, Norfolk Southern and CSX. The effects of this acquisition will be felt by all of Ohio's agribusiness community. Mennel is hoping to regain portions of the Northeast Ohio market share with a single-line haul, which it lost in the early 1980s when Conrail abandoned a line which ran through Fostoria. Ohio agribusiness has a lot of raw materials and products which move within the state. This intrastate business should not be lost to out-of-state companies because of the longer haul for the railroad. Through shortlines or the focus on the short-haul segment of the rail business, Ohio should be adding value through processing to the grain grown here, perhaps by innovative marketing utilizing 25-50 car mini-trains for the movement of product around the state. The takeover of Conrail by CSX and Norfolk Southern will provide opportunities to develop intrastate short-haul movements. Mennel currently has a customer that would like to switch from trucks to a single-line haul if the railroad will create a single-line haul to accommodate them. Mennel is definitely in favor of the takeover of Conrail, but has some concerns. Mennel proposes that the state set up a program to eliminate abandonment of the Conrail lines that are parallel to Norfolk Southern or CSX lines, which are candidates for reduced service or abandonment. Ohio needs to preserve its existing lines. This is especially important to grain elevators and processors. There are always alternative forms of transportation, but they are never as cost effective. To enhance competition, Mennel would like to see more open reciprocal switching. This is the movement in switching service for loading or unloading before

or after a road haul movement over another railroad where both carriers operate in the same town. Why not open industries to reciprocal switching by either railroad like other states have done? Ohio has the unique opportunity to become a major processor of agricultural products to supply the northeast. Ohio needs to continue to keep its rail lines to capture this opportunity.

### **Discussion**

**Senator Latta** asked if mini-trains were used anywhere besides where Mr. Strausbaugh mentioned.

Mr. Strausbaugh said they are used on Norfolk Southern and short line connections.

### **Tom Green, Greater Cleveland Growth Association**

Generally, the Greater Cleveland Growth Association perceives the acquisition as a very positive development for northeast Ohio. Currently, Conrail provides east-west rail service to and from the region. However, the proposed restructuring of Conrail has identified a new north-south service lane potential which could enhance northeast Ohio's global economic competitiveness. The Greater Cleveland Growth association has four priority issues:

1. Where will track sharing take place? Will there be any "switching charge?"
2. Will CSX and Norfolk Southern work with the City of Cleveland to develop a plan for the realignment of tracks in the Lakefront area to make an abandoned freight yard owned by Conrail part of a comprehensive Lakefront economic development strategy?
3. Will the railroads commit to work with local development officials to help develop an improved commuter rail service to better link inner city residents to jobs and provide new tourist and commuter travel alternatives?
4. Will Norfolk Southern and CSX seriously consider expanding intermodal operations in northeast Ohio? The Growth Association believes there is an unmet need for one or more truck-rail intermodal freight facilities in the greater Cleveland region.

### **Taras Szmagala, Greater Cleveland Regional Transit Authority**

The greater Cleveland community has great interest in establishing a regional commuter rail network in northeast Ohio. The pending Conrail acquisition will be the most significant change in control of and access to northeast Ohio's railroad network since Conrail's creation in the 1970s. Commuter rail, which typically uses existing railroad infrastructure to carry work

commuters, is among the fastest growing travel modes in North America. With the right infrastructure in place, two railroad tracks can carry as many people as 16 highway lanes and could be an important welfare-to-work initiative. If commuter rail is ever going to happen, the public sector needs to act quickly to gain access to current and future CSX and Norfolk Southern rail lines.

**Joe Koziura, Mayor of Lorain, Ohio**

This acquisition will have a significant impact on northeast Ohio. Mayor Koziura cited two main concerns: northeast Ohio businesses will need to maintain access to rail lines to bring business to the steel industry and the vacating of east-west rail lines will be important once the details of the acquisition become known.

**The Lorain County Chamber of Commerce and Lorain Port Authority** both submitted written testimony outlining their concerns with the proposed acquisition.

**Robert Greenlese, Toledo-Lucas County Port Authority**

Mr. Greenlese said the argument of the Toledo-Lucas County Port Authority boils down to concerns about competitive access. The most serious concern is that Toledo Coal and Ore Docks will go "2 to 1," which means the facilities will go from having two carriers to only one. Another concern is that Norfolk Southern has announced that they will file for abandonment of their rail bridge across the Maumee River in Toledo. Norfolk believes the bridge will become redundant. The Port Authority believes the bridge should be retained as a vital part of the rail infrastructure of the area. The Port Authority is also concerned by the apparent concentration of rail facilities in the Toledo area. According to the preliminary filings, CSX will acquire all Conrail facilities south of the east-west main line in Toledo. Specifically, they will get Stanley Yard and the north-south main line between Toledo and Columbus. Norfolk Southern, on the other hand, will get the Air Line Intermodal Yard as well as the east-west main line and the main line to Detroit. It would be much more equitable and would enhance competition if the two railroads would jointly share the Stanley Yard and Air Line Intermodal Yard. The Port Authority also feels that additional carrier participation in the Toledo terminal should be considered. In addition, the Port Authority has concern that much of the trackage and many of the facilities which will be divided up between the two carriers will be offered for sale or abandonment within five years. Neither CSX or Norfolk Southern will be inclined to foster competition in any way unless they are spurred by pure capitalism or mandated by government.



### **Larry Himes, Clark County-Springfield Transportation Coordinating Committee**

The TCC has been active in promoting and supporting both rail freight and passenger services. The TCC encourages Norfolk Southern and the State of Ohio, through the Rail Commission and ODOT, MPOs and local jurisdictions to work together on intelligent transportation systems that would help the railroad and all urban areas manage congestion that can arise from the increased traffic. The TCC would also encourage that Norfolk Southern and the state to increase funding and accelerate the installation of gates and flashers at grade crossings. The railroads, state transportation and economic development agencies, MPOs and shippers should look for ways to eliminate physical, institutional, and contractual barriers to providing efficient rail service at competitive rates for Ohio rail users. The Norfolk Southern acquisition of the Conrail line from Columbus to Cincinnati will likely expand market accessibility for agribusiness, especially grain producers. However, there are still grain elevators that are not accessible by rail because of the short haul economics of the Class I railroads, especially where interchange with a short line is involved. Ohio is missing out on significant, short haul "intrastate" movements of raw materials within Ohio that end up on trucks, damaging Ohio's roads and bridges and contributing to congestion in the urban areas. The TCC also urges the state legislature to provide additional funding for the Ohio Rail Development Commission.

### **Tracy Drake, Columbiana County Port Authority**

Mr. Drake's testimony came from a letter submitted to the Surface Transportation Board on behalf of the Northeast Ohio Trade & Economic Consortium. NEOTEC is a six-county joint office of economic development for Trumbull, Summit, Stark, Portage, Mahoning and Columbiana Counties. NEOTEC believes that its success is directly tied to the fortunes of the shortline railroads. One of the state's and region's most important new intermodal projects, the Northeast Ohio Intermodal Terminal (NEOMODAL), may be adversely impacted by the acquisition. This is owned by the Stark Development Board and is a \$13.2 million state-of-the-art highway/rail transfer terminal located in Navarre, Ohio. The following issues need to be addressed in the evaluation of the acquisition:

1. What commitment are CSX and Norfolk Southern willing to make regarding the use of the NEOMODAL facility?
2. What commitments will Norfolk Southern make to ensure a competitive balance with the Wheeling and Lake Erie shortline, which serves as a feeder system for NEOMODAL to the Class I railroads?

The proposed division of Conrail threatens the viability of the Wheeling and Lake Erie shortline and Ohio Central Railroad by diverting traffic now moving via WLE and OC in direct



competition with Conrail and/or the carrier scheduled to acquire the Conrail line. This cannot be allowed. In order to keep sight of the unique needs of the shortline rail partners, a CSX-NS Joint Commercial Area should be established, embracing all current rail lines in the involved counties. Additionally, the Surface Transportation Board should direct the applicants to grant NEOTEC or local designated jurisdictions right of first refusal on the acquisition of all abandoned track within the geographical area. NEOTEC believes a three-year notification requirement should be imposed for future abandonments. There are also three issues raised by area steel industry representatives that should be addressed: (1) Will rail competition be maintained from the existing West Virginia, Kentucky and Ohio coal mines to coke producers located in West Virginia, Pennsylvania, New York and Ohio? (2) Will all existing rail lines be maintained? If not, what role will short lines be able to play? (3) How will Conrail's rail equipment currently used by the steel industry be distributed between CSX and Norfolk Southern?

*Additional written testimony (available in Senator Oelslager's office) was submitted by the Stark Development Board concerning the acquisition's impact to the NEOMODAL facility; by Thomas Barnett of OHI Rail Corporation regarding the acquisition's impact on OHI Rail's 45-mile shortline railroad in eastern and southeastern Ohio; by the Brooke Hancock Jefferson Metropolitan Planning Commission regarding the acquisition's impact on eastern Ohio; and by Thomas C. Green & Associates, Inc., on behalf of CSX Transportation, asking the joint committee to reconvene in mid to late July to continue the discussion regarding the proposal.*

**Senator Oelslager** said that another meeting would be held, most likely the week after the Fourth of July. He added that a resolution is being worked on concerning the acquisition.

*Meeting adjourned, 2:55 p.m.  
Memo distributed 6/16/97*

STB

FD

33388

6-19-97

J



**VERIFIED STATEMENT OF:**

**STOUGHTON TRAILERS, INC.**

**FINANCE DOCKET NO. 33388**



**STOUGHTON TRAILERS, INC.**  
**TRUCK TRAILERS**

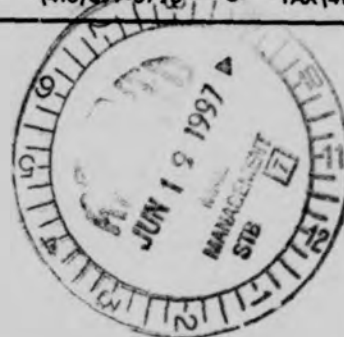
#3 EMBARCADERO CTR., #2320

• SAN FRANCISCO, CALIFORNIA 94111

• (415) 397-3795

• FAX (415) 397-1514

May 28, 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:

My name is James G. Jimenez, and I am Executive Vice President of Stoughton Trailers, Inc., Three Embarcadero Center, Suite 2320, San Francisco, CA 94111. I have held my present position for 12 years. My duties include the marketing of trailers, containers and chassis to the Intermodal Railroad Industry and Intermodal Shippers.

Stoughton Trailers, Inc. is a major manufacturer of trailers and containers in Stoughton, Wisconsin. Our operation employs approximately 1,500 people. Over the past decade we have supplied thousands of trailers and containers to Norfolk Southern, CSX, Conrail, Burlington Northern Santa Fe and Union Pacific Railroads.

Based upon our experience in providing the services described above and working with various railroads, we would like to express our support of Norfolk Southern and CSX in their efforts to acquire Conrail, and then divide the Conrail system. There is a need for competition in the territory served by Conrail, and for two competing railroads in the Northeast which own their own track and facilities. For too long, customers who ship or receive product into and out of the Northeast have had the service of only one rail carrier. And as is the case when only one company is able to operate in a particular market, service suffers and the price is non-competitive. While there may have been an historical reason for insulating northeastern railroading from competition, that time is past, and it is time for customers interested in this market to have service by more than one rail carrier which owns its facilities. And, the rail carriers which will compete in the Northeast should not be just any rail carriers. They must be carriers which are of comparable size and scope, and provide a competitive service.

Growth in the intermodal industry will benefit my company. Providing rail competition in the Northeast, particularly from two competitors which have strong rail systems in the

Mr. Vernon A. Williams

May 28, 1997

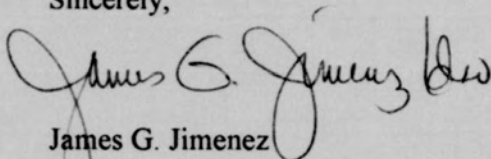
Page 2

Southeast, should promote the growth of intermodal traffic, which in turn will enhance my business as a supplier to the intermodal industry. NS's capital investment in its intermodal facilities and service are well known in the industry, as are its strong commitments to growth and service. Further, we have been impressed with NS's commitment to safety, as evidenced by its evidence of continued success in winning the Harriman Award.

To summarize, we believe that approval of the application of NS and CSX to acquire Conrail should be approved by the STB.

I, James G. Jimenez, 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 on May 28, 1997.

Sincerely,

A handwritten signature in dark ink, appearing to read "James G. Jimenez", with a stylized flourish at the end.

James G. Jimenez  
Executive Vice President



STB

FD

33388

6-18-97

J



## GROWTH PARTNERSHIP FOR ASHTABULA COUNTY

June 16, 1997



The Honorable Vernon A. Williams  
Office of the Secretary  
Surface Transportation Board  
Case Control Unit  
1925 K Street, N.W.  
Washington, DC 20423-001

FD 33388

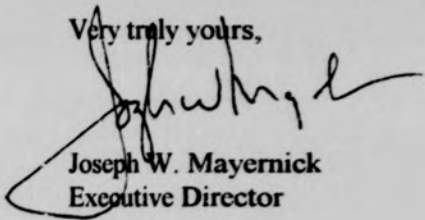
Dear Judge Williams:

With great concern, I am writing to you regarding CSX Corporation (CSXC) and Norfolk Southern Corporation (NSC) filing a joint application with the Surface Transportation Board. As I understand it, they are seeking authority for the acquisition of control of Conrail, Inc., which is to be jointly owned by CSXC and NSC through a limited liability company. Also, after exercise of such control, the division of CRI's assets.

We believe this situation will have a significant adverse impact on transportation costs to those companies in our area unless the Ashtabula area is opened up to reciprocal switching. The public interest is best served by opening Ashtabula to such switching requirements. The reciprocal interchange would eliminate traffic problems and congestion and allow for better service.

We believe reciprocal switching is of utmost importance to both maintaining and attracting industry to the Ashtabula area. Therefore, I believe reciprocal switching should be made a condition of approval of the merger.

Very truly yours,

  
Joseph W. Mayernick  
Executive Director

BREAKING NEW GROUND THROUGH PARTNERSHIP.

36 West Walnut Street • Jefferson, Ohio 44047 • (216) 576-9126 • Fax (216) 576-5003



PAUL WISNER  
445 E. WASHINGTON  
LOMBARD, ILL. 60148 - 2863  
(630) 629 -0859  
ICC \* 140546  
JUNE 13, 1997

SURFACE TRANSPORTATION BOARD  
1925 K ST. N. W.  
WASHINGTON, D.C. 20423

MR. VERON A. WILLIAMS  
SECRETARY

RE: REQUEST TO BE ADDED TO SERVICE LIST OF F.D.33388; JOINT PROPOSED  
NORTHFOLK SOUTHERN / CSXT RAIL CONTROL

DEAR SECRETARY WILLIAMS:

I WOULD BE VERY HAPPY IF I CAN BE ADDED TO THE SERVICE LIST FOR  
FD.33388: NORTHFOLK SOUTHERN, CSX TRANSPORTATION CO. I JUST HOPE THAT  
THIS FINANCE DOCKET WILL NOT GO BANKRUPT AND WE WILL NOT HAVE ANOTHER  
PENN CENTRAL BAILOUT BY THE FEDERAL GOVERNMENT. THANK YOU:

*Paul Wisner*  
PAUL WISNER

PS I DO NOT WANT TO SEE THIS DOCKET IN 10 YEARS TURN  
INTO FP2624/ PENN CENTRAL BANKRUPTCY  
OR CRIP BANKRUPTCY ~~AT~~ ALL THE GOVERNMENT  
DOESN'T HAVE THE MONEY TO REBAIL OUT THIS  
DOCKET IF OKED BY STB

STB

FD

33388

6-17-97

J

JOHN J. HAER  
STATE SENATOR  
LEGISLATIVE DISTRICT I  
ALLEGANY AND GARRETT COUNTIES

FINANCE COMMITTEE  
HEALTH SUBCOMMITTEE  
JOINT COMMITTEES:  
AELR  
BUDGET AND AUDIT  
ECONOMIC DEVELOPMENT  
HEALTH CARE DELIVERY  
PENSIONS



## SENATE OF MARYLAND

ANNAPOLIS, MARYLAND 21401-1991  
June 10, 1997

DISTRICT OFFICE  
58 FROST AVENUE  
P.O. BOX 116  
FROSTBURG, MD 21532-0116  
1-301-689-4666  
1-800-58-SENATOR

ANNAPOLIS OFFICE 1-410-841-3565  
TOLL FREE 1-800-492-7122



Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
12th and Constitutional Avenue, N.W.  
Washington, DC 20423

Re: STB Finance Docket No. 333388, CSX Corporation and CSX  
Transportation, Inc.; Norfolk Southern Corporation and Norfolk  
Southern Railway Corporation--Control and Operating Lease/  
Agreements--Conrail Inc. And Consolidated Rail Corporation

Dear Secretary Williams:

I am writing to express my strong support for the restructuring of the Northeast rail system based on the pending partition of Conrail's lines between CSX and Norfolk Southern.

As a Maryland elected official, I am excited about the economic development potential this merger would provide. By increasing the market reach of both NS and CSX, and enhancing their ability to compete with motor carriers for more business, this restructuring promises to benefit shippers and communities throughout Maryland and the eastern half of the United States.

Additional Freight moving on CSX will mean fewer trucks clogging our highways and more freight cars and locomotives coming into CSX's Maryland shops for repair and maintenance. This bodes well for local employment and our regional economy.

I urge the Surface Transportation Board to give this pro-competitive, balance proposal consideration and approval.

Sincerely,

John J. Haer

JJH:mbp





## Steel Warehouse Division

**COLUMBUS PIPE & EQUIPMENT COMPANY**

Warehouse and Fabrication  
773 EAST MARKISON AVE.  
COLUMBUS, OHIO 43207  
TELEPHONE: 614-444-7871  
FAX: 614-444-0949



Member Steel Service Center Institute

June 12, 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:

We support approval of the transaction which will allow CSX and Norfolk Southern to acquire Conrail and subsequently divide its assets. Since our facility is located on lines which will belong to NS, we would welcome the benefit of increased market access for single-line rail transportation.

We have used NS for several years on joint-line service in conjunction with Conrail, and have been satisfied with their service. We are confident that they would be able to provide good service on any CR lines which they acquire.

Very truly yours,

Bruce J. Silberstein, President  
Columbus Pipe & Equipment Company

STB

FD

33388

t-16-97

J



# Brotherhood Of Railroad Signalmen

Lodge No. . . . . 38

DOT/Surface Transportation Board  
c/o Pat Schultze  
1925 Case Street  
Washington, D.C. 20423-0001



6/11/97

FD33388

Dear Pat,

After our conversation of the 10th, I was able to get ahold of Richard Allen, council for Norfolk Southern Corporation. His response was to redirect me back to the STB. Therefore, I am hereby requesting my name be placed on the service list in order to receive a copy of the Joint Filing by CSX Corporation, and Norfolk Southern Corporation, of the takeover of Consolidated Rail Corporation (CONRAIL), due to be placed sometime between June 16, 1997, and July 10, 1997.

As the President of Local #38, I feel we have a vested interest in the contents of this filing, as we are a system facility, and have been listed as "joint use" in previous press releases, and official filings. Our members will have a bewildering array of questions, and decisions that have to be made dependent upon where their home seniority districts wind up, either on CSXT, or NS. As in my case, my home district is being split down the middle, East to West. Also, Norfolk Southern representatives have stated

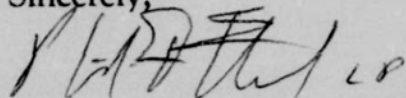
1851 San Remo Drive Columbus, OH 43204-4883 614-487-9342

to us in previous meetings that they have no idea whatsoever how they will implement the "joint use" plan.

We need to be able to plan our futures, and also to come up with a coherent strategy with our General Chairman, based upon facts, not here-say.

Thank you for the information you have already given us, it has been most appreciated, and timely. Please keep me advised as to any changes in procedure.

Sincerely,

A handwritten signature in dark ink, appearing to read 'P. F. McFarland', with a stylized flourish at the end.

Philip F. McFarland, President  
BRS Local #38

ORIGINAL

**HOPPEL, MAYER & COLEMAN**  
ATTORNEYS AND COUNSELLORS AT LAW  
1000 CONNECTICUT AVENUE, N. W.  
**WASHINGTON, D. C. 20036**  
(202) 296-5460

NEAL MICHAEL MAYER  
PAUL D. COLEMAN

TELECOPY: 202-296-5463  
EMAIL: HMC1@IX.NETCOM.COM

June 16, 1997

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



Re: Substitution in Notice of Intent to Participate  
Finance Docket No. 33388

Dear Secretary Williams::

Please amend the service list in the above proceeding,  
effective immediately, to delete the name John Maier and replace  
it with Joseph Balzano, Executive Director, so that it now reads:

Joseph Balzano  
Executive Director  
South Jersey Port Corporation  
P.O. Box 129  
Second & Beckett  
Camden, NJ 08103

If you have any questions please call me at 202-296-5460.  
Thank you for your assistance in this matter.

Sincerely,

HOPPEL, MAYER & COLEMAN

By

A handwritten signature in dark ink, appearing to read 'Neal M. Mayer'. The signature is written in a cursive, flowing style.

cc: Dennis G. Lyons, Esq.  
Richard A. Allen, Esq  
Paul A. Cunningham, Esq.  
Hon. Jacob Leventhal



COMMISSIONERS

STEPHEN HODGES  
JAMES H. CARUTHERS, JR.  
CLINTON E. BEAVER

## Putnam County Commission

3389 WINFIELD ROAD  
WINFIELD, WV 25213

PHONE: 586-0201  
586-0211  
FAX: 586-0239

June 11, 1997

Surface Transportation Board (STB)  
Vernon Williams, Secretary  
1925 K. Street Northwest  
Washington, DC 20423

Re: Finance Docket #33388

Dear Sirs:

This is in regard to the pending acquisition of Conrail by CSX Transportation and Norfolk Southern.

It is encouraging that Conrail will be divided between CSX and Norfolk Southern. Clearly, this is a more competitive situation than if it were purchased entirely by one or the other company. I am concerned, however, that the proposed changes will result in improved competition for shippers in some areas but not in others.

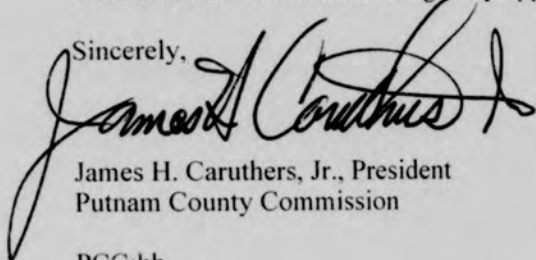
For example, it is my understanding that shippers on the Monongahela Railway will enjoy service by both CSX and Norfolk Southern, thus giving them single haul access to all Norfolk Southern and CSX destinations. This will clearly give coal producers and other shippers on that line a competitive advantage over those on the CSX/B&O line in West Virginia, which will have access to only one Class I carrier. These shippers will be restricted to dual hauls which will result in potential delays and higher shipping costs. We also understand that, under the proposed agreement, Weirton Steel will remain the only major steel plant in the country with captive rail service.

Of greatest concern for Putnam County and the Kanawha Valley is the proposed status of the 39 miles of Conrail line from Point Pleasant in Mason County to Enon in Nicholas County. This line serves chemical manufacturers and other industry in Belle, Institute and Nitro. These shippers will not receive the same joint access which will be newly available in other areas, such as New Jersey, Detroit and Indianapolis. These industries in the Kanawha Valley produce thousands of jobs and are critical to the economy of the region. They should enjoy the same competitive advantage as shippers in other parts of the country.

I believe that joint access to the rail lines in the three areas mentioned above would be more equitable than current plans and would prevent potential damage to the local economies. I urge you to consider these concerns when reviewing CSX/Norfolk Southern's plan. In addition, I ask that my name and address be added to your service list.

Your attention to this matter is greatly appreciated.

Sincerely,



James H. Caruthers, Jr., President  
Putnam County Commission

PCC:bb



**SOUTHERN  
NEW JERSEY**  
DEVELOPMENT COUNCIL  
*South Jersey's Voice for Progress*



June 11, 1997

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

FD 33388

RE: Norfolk Southern Railway Company and CSX  
Corporation buyout of Conrail, Inc.

Dear Mr. Williams:

The Southern New Jersey Development Council supports the concept of Norfolk Southern and CSX purchasing Conrail provided the final approved plan generates true competition of freight services throughout the South Jersey region. This competition must include shortline railroads also.

Norfolk Southern is a recent member to the SNJDC, and has shown to be a business that cares about the region in which it operates. Norfolk Southern is aware of the competitive nature of the railroad freight industry and has assured us that fairness is important to them.

The SNJDC looks forward to your approval of a final acquisition plan that provides the necessary competitive atmosphere that will stimulate economic development and improved quality of life for the general public in the region.

If you need more information please contact Jim Dixon at (609)-541-7500.

Thank you for your attention to this important issue to the state of New Jersey and the South Jersey region in particular.

Sincerely,

Marlene Z. Asselta  
President, SNJDC

MZA:JJD:jjd

norfolk



# LORAIN PORT AUTHORITY

June 11, 1997

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



Dear Secretary Williams:

This letter is being sent in regard to the proposed dismemberment of Conrail, Inc. to CSX Transportation and the Norfolk Southern Railway Company.

The Lorain Port Authority is charged with development of Lorain's waterfront area. In the past few years great strides have been made in re-development of our community's waterfront areas. Additionally, major projects are in process that will be impacted by the proposed merger. These projects include:

1. Grove Site Project/Intermodal Transportation Center  
East-West Commuter Rail Extension Cleveland to Lorain

One of this community's primary goals is to develop the Port of Lorain as the Intermodal Transportation Center for Lorain County and the surrounding area. The transportation hub would be located on the "Grove Site" within the heart of Lorain's Central Business District and will unite this community's waterfront with community and regional and local users.

The success of this project depends upon the extension of commuter rail service from Cleveland to Lorain. It is essential that the NS-CSX merger of Conrail ensure the preservation of east-west access for Lorain and throughout Northeastern Ohio. The extension of service to Lorain is included in both the Greater Cleveland Regional Transit Authority's (RTA) and areawide planning agency's (NOACA) long range plans. A portion of the Norfolk Southern Line currently serving this proposed route had recently been proposed for abandonment for purchase by RTA. Our position on this abandonment is contrary to positions normally associated with possible abandonments. In this case, we are in favor of it since it would provide essential east-west linkages. At the least, we would appreciate the Surface Transportation Board's favorable consideration of joint rail lines for both passenger and freight rail. Traditionally, railroads do not encourage dual usage of rail lines. However, we feel this policy needs to be reviewed as part of the merger process.

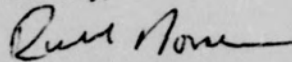
2 North-South Rail Corridor - Wellington to Lorain

The development of a north-south rail corridor between the City of Wellington and the Port of Lorain via USS/Kobe Steel is also an essential issue that needs to be considered by the Surface Transportation Board as part of the merger. The rail corridor would provide raw material access from the south to one of this community's largest employers. The provision of an additional means to access raw materials is important to USS/Kobe's bottom line. As a principal user of the Port of Lorain it is imperative that this rail corridor project be provided consideration as part of the merger process.

Of additional importance to the Lorain Port Authority is a request that state and/or local agency's be provide the first right of refusal for acquisition of abandoned rail lines. This action would provide opportunities for future comprehensive development.

On behalf of the Board of Directors we thank you for your thoughtful consideration and appreciate the opportunity to present these important issues affecting our community.

Sincerely,



Richard M. Novak  
Executive Director

cc: Congressman Sherrod Brown  
Senator Michael DeWine  
Senator John Glenn





**VERIFIED STATEMENT OF**  
**SHUTTLELIFT, INC.**

**S.T.B. FINANCE DOCKET NO. 33388**



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:

My name is Gerald Lamer, and I am President of Shuttlelift, Inc. PO Box 66, Sturgeon Bay, WI 54235. I have held my present position for 22 years. My duties are to provide our intermodal customers with the highest quality equipment at the lowest possible price and provide them with after sales support.

Shuttlelift, Inc. is a manufacturer of container handlers. We work with NS as the following location: Jacksonville, and Charlotte. In addition, we work with BNSF at Birmingham and Marion Arkansas and we have rental equipment in Chicago.

Based upon our experience in providing the services described above and working with various railroads, we would like to express our support of Norfolk Southern and CSX in their efforts to acquire Conrail, and then divide the Conrail system. There is a need for competition in the territory served by Conrail, and for two competing railroads in the Northeast which own their own track and facilities. For too long, customers which ship or receive product into and out of the Northeast have had the service of only one rail carrier. And as is the case when only one company is able to operate in a particular market, service suffers and the price is non-competitive. While there may have been an historical reason for insulating northeastern railroading from competition, that time is past, and it is time for customers interested in this market to have service by more than one rail carrier which owns its facilities. And, the rail carriers which will compete in the Northeast should not be just any rail carriers. They must be carriers which are of comparable size and scope and provide a competitive service.

Growth in the intermodal industry will benefit my company. Providing rail competition in the Northeast, particularly from two competitors which have strong rail systems in the Southeast, should promote the growth of intermodal traffic, which in turn will enhance my business as a supplier to the intermodal industry. NS's capital investment in its intermodal facilities and



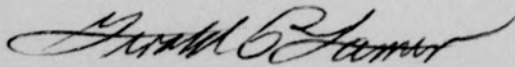
service are well known in the industry, as are its strong commitments to growth and service. Further, we have been impressed with NS's commitment to safety, as evidenced by its evidence of continued success in winning the Harriman Award.

To summarize, we believe that approval of the application of NS and CSX to acquire Conrail should be approved by the STB.

I, Gerald Lamer, 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 on June 10, 1997.

Sincerely,

SHUTTLELIFT, INC.

A handwritten signature in cursive script, appearing to read "Gerald Lamer".

Gerald Lamer  
President

GL/pab



June 10, 1997



251 O'Connor Ridge Boulevard

Suite 300

Irving, TX 75038

The Honorable Vernon A. Williams  
Office of the Secretary  
Surface Transportation Board  
STB Finance Docket Number 33388  
1925 K. Street, N.W.  
Washington, D.C. 20423-0001

Dear Mr. Williams:

My name is Jeffrey L. Gunn, and I have been Traffic Manager for Darling International for over 15 years. I am personally responsible for negotiating freight with all Class I railroads.

Darling International is the largest independent renderer in the United States. Our main commodities through rail is tallow and meat meal. We operate 30 plants with a rail car fleet of approx. 580 tank cars and 90 covered hoppers. We have facilities in the Great Lakes which are NS served. During the year 1996, we shipped approx. 40 million in tallow and 15 million in meat meal to the Carolinas through the Norfolk Southern. Most of these facilities are on NS and CSXT.

We support the approval of the transaction by which CSXT and Norfolk Southern will acquire control of Conrail if these two companies divide the assets and trackage of Conrail in the manner which has been described to me, and which will be described in the joint application of CSXT and NS to control Conrail. A distinct need exists for two competing railroads in the Northeast who will own their own track and facilities. For too long, customers who ship or receive goods into and out of the Northeast have had the service of only one rail carrier. When only one company is able to operate in a particular market, service suffers and the price becomes noncompetitive. While there may have been historical reasons for insulating northeastern rail service from competition, that time is past.

It is time for customers interested in this market to have service by more than one rail carrier. And those rail carriers cannot be just any rail carriers. They must be comparable in terms of their size, scope, and ability to provide a competitive service.

972-717-0300

Telex: 734118 (DDHQ)

Fax: 972-717-1588

Merger  
Page 2

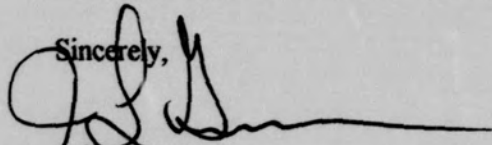
From what I understand of railroad operations, I believe that in the 1990's, two carriers of relatively equal size and scope provide the greatest opportunities for seamless service, efficient equipment utilization, and seamless synergies.

In addition, we look forward to experiencing not only the change from being served by one rail carrier, but also the greatly expanded market reach which single line service by NS and CSX can give. An extensive addition of single line rail service will allow us to provide increased market penetration to areas in which we been unable to compete adequately.

To summarize, we believe that approval of the joint application of NS and CSX to acquire Conrail should be approved by the STB.

I, Jeffrey L. Gunn, declare under penalty of perjury that the forgoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on June 10, 1997.

Sincerely,

A handwritten signature in black ink, appearing to be "Jeffrey L. Gunn", with a long horizontal flourish extending to the right.

Jeffrey L. Gunn  
Traffic Manager  
Darling International Inc.



# Interstate Commodities, inc.

GRAIN AND FEED INGREDIENTS

June 12, 1997

Surface Transportation Board  
U. S. Department of Transportation  
Mercury Building  
1925 K Street N.W.  
Suite 500  
Washington, DC 20423

FD33388



Interstate Commodities, Inc. is a substantial rail user in the New York - Pennsylvania - New England market area. This company also maintains grain and feed receiving facilities at Troy, New York and York, Pennsylvania. In our opinion, our market area has been subject to a quasi-monopoly by Conrail since April 1, 1976. Therefore, our company would like to record its support with the Surface Transportation Board for Norfolk Southern's initiative to install competitive rail service to this region in coordination with CSX Corporation.

Very truly yours,

Interstate Commodities, Inc.

Victor A. Oberting, Jr.  
President

VAO:lea

cc: D. R. Goode  
C. B. Sterzing  
Norfolk Southern Corporation  
3 Commercial Place  
Norfolk, VA 23510

1947 50 1997





Kruger Inc.  
Newsprint Sales Division

June 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



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

My name is Jacques Rancourt, and I am Corporate Director of Transportation of Kruger Inc. I have held my present position for 13 years. My duties include responsibility for the development, organization, coordination and control of all aspects of transportation for the company.

Kruger is a paper products manufacturer (newsprint, coated and specialty papers). We have facilities located at Bromptonville, Québec, Canada; Trois-Rivières, Québec, Canada; Corner Brook, Newfoundland, Canada; and Manistique, Michigan. These facilities are presently serviced by CN Rail, CP Rail and Wisconsin Central. We sell to 250 US customers located all across the United States. These facilities are located on the lines of various US railroads. During 1996, we shipped 3,500 carloads of papers to US destinations in 50' standard box cars.

We support the approval of the transaction by which CSX and Norfolk Southern will acquire control of Conrail, and then divide the assets and trackage of Conrail in the manner which has been described to me, and which will be described in the joint application of CSX and NS to control Conrail. There is a distinct need for two competing railroads in the Northeast which own their own track and facilities. For too long, customers which ship or receive product into and out of the Northeast have had the service of only one rail carrier. And as is the case when only one company is able to operate in a particular market, service suffers and the price is non-competitive. While there may have been an historical reason for insulating northeastern railroading from competition, that time is past, and it is time for customers interested in this market to have service by more than one rail carrier which owns its facilities. And there rail carriers cannot be just any rail carriers. They must be comparable in terms of their size, scope and ability to provide a competitive service. From what I understand of railroad operations, I believe that in the 1990s, two carriers of relatively equal size and scope provide the greatest opportunities for seamless service, efficient equipment utilization and seamless synergies.

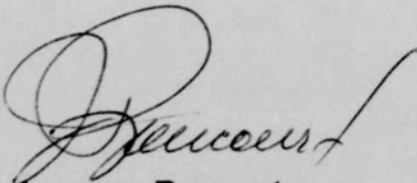


In addition, we are looking forward to experiencing not only the change from being served by one rail carrier increasing to two, but also the greatly expanded market reach which single line service by NS and CSX will offer. An extensive addition of single line rail service will allow us to provide increased market penetration to areas in which we have been unable to compete adequately.

To summarize, we believe that approval of the joint application of NS and CSX to acquire Conrail should be approved by the STB.

I, Jacques Rancourt, 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 on May 30, 1997.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Rancourt", with a long, sweeping horizontal stroke extending to the right.

Jacques Rancourt  
Corporate Director, Transportation  
Kruger Inc.



CARL KRENTZ

OFFICE OF THE MAYOR  
801 MICHIGAN AVENUE  
LA PORTE, INDIANA 46350

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

June 10, 1997

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

Dear Secretary Williams,

I am writing 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. Indiana's industrial, business and agricultural interests need the best possible rail transportation. I believe this transaction will provide our key industries with new transportation options and increased market reach at potentially lower costs.

Many of these industries will be able to access key Eastern Midwestern, Southern and even international customers and suppliers with single line service. This will make rail service faster, more reliable and more efficient. This is a major benefit to Indiana and the City of LaPorte.

CSX and Norfolk Southern's control of Conrail also offers residents of Indiana opportunities for new business and industrial growth with the resultant new jobs. This is crucial for our ability to compete in the global economy. Approval of this control application will also increase the number of East coast ports to which our state's companies will have efficient and cost effective access. This will create new possibilities for exporting Indiana's manufactured goods and agricultural commodities.

The control of Conrail by CSX and Norfolk Southern is a positive for LaPorte, and indeed for the United States. I urge the Surface Transportation Board to approve the control application as proposed.

Sincerely Yours,

Carl E. Krentz, Mayor  
City of LaPorte

TONY E. FULTON

40TH LEGISLATIVE DISTRICT  
BALTIMORE CITY

ECONOMIC MATTERS COMMITTEE

DEPUTY MAJORITY WHIP



## HOUSE OF DELEGATES

ANNAPOLIS, MARYLAND 21401-1991

June 12, 1997

**OFFICE ADDRESS:**

LOWE HOUSE OFFICE BUILDING  
SUITE 317  
ANNAPOLIS, MARYLAND 21401-1991

TOLL FREE (410) 841-3277

**BALTIMORE OFFICE:**

22 EAST 25TH STREET  
BALTIMORE, MARYLAND 21218  
(410) 366-5133

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



RE: STB Finance Docket No. 33388, CSX Corporation  
and CSX Transportation, Inc.; Norfolk Southern and  
Norfolk Southern Railway Corporation--Control and  
Operating Lease/Agreements--Conrail, Inc. and  
Consolidated Rail Corporation

Dear Secretary Williams:

I am writing to express my strong and unconditional support for the restructuring of the Northeast rail system based on the pending partition of Conrail's lines between CSX and Norfolk Southern.

As a Maryland elected official, I am convinced that this merger will provide a much needed boost to economic development in this State. By increasing the market reach of both NS and CSX, and enhancing their ability to compete with motor carriers for more business, this restructuring promises to benefit shippers and communities throughout Maryland and the eastern half of the United States.

Additional freight moving on CSX will mean fewer trucks clogging our highways, less pollution and better transportation utilization.

I urge the Surface Transportation Board to give this pro-competitive, balanced proposal consideration and approval.

Sincerely,

Tony Fulton  
Delegate

TF/th

*Pike County*  
*Office Of County Judge / Executive*

Pike County Courthouse, 324 Main Street, Pikeville, Kentucky 41501

DONNA DAMRON

606-432-6247

FAX # 606-432-6242

June 11, 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/Norfolk Southern Acquisition and Control of Conrail**

Dear Mr. Williams:

As the Judge/Executive of Pike County, Kentucky, I want to express my support for the proposed acquisition and control of Conrail by CSX and Norfolk Southern. The county and state's industrial, business and agricultural interests must have access to reliable rail transportation, and this transaction appears to have a number of resulting benefits.

I believe the existence of CSX and Norfolk Southern will bring about competition to a broader area after this transaction is completed. That competition will result in a more balanced rail system in the East. The balance, coupled with eliminating many of the troublesome interchanges, will hopefully result in better, faster, more reliable service with improved efficiency and a broader geographic reach for Kentucky customers.

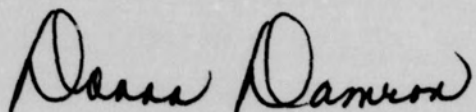
CSX already serves as a critical link delivering our raw materials to Kentucky industries, and for moving the Commonwealth's finished products to the rest of the nation and the world. The proposed transaction will provide the state's freight shippers with single-line access to many more customers and suppliers. Shippers will see reduced transit times and will be able to expand into new markets.

Whether the commodity is coal (as it is here in Pike County), motor vehicles, metals, minerals, chemicals or grain, it is shipped by rail in Kentucky. These industries are vital to the Commonwealth. We expect the enhanced transportation service resulting from the proposed transaction to generate significant economic growth in these and other areas. Such growth is crucial to us because it creates new jobs for our residents. And with CSX alone employing nearly 4,000 Kentuckians with a payroll of \$179 million, this growth, we hope, will have a dramatic effect on rail jobs here in Pikeville.



I would urge the Surface Transportation Board to review the application and give quick approval to the proposal. Kentucky companies are ready to take advantage of the new market reach and transportation efficiencies promised by the proposed acquisition of Conrail. The sooner the STB acts, the sooner we can begin enjoying the benefits of this new balanced rail system.

Sincerely,

A handwritten signature in cursive script, appearing to read "Donna Damron".

Donna Damron  
Judge/Executive

cc: Thomas L. Preston  
John W. Snow  
Jay S. Westbrook





## MacMillan Bloedel Building Materials

MacMillan Bloedel of America, Inc.

5895 Windward Parkway, Suite 200

Alpharetta, Georgia 30005

Phone: 770/740-7100 Fax: 770/740-7513

June 10, 1997

VERIFIED STATEMENT  
DAVID L. HANCOCK  
ON BEHALF OF  
MACMILLAN BLOEDEL BUILDING MATERIALS

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

Re: STB Finance Docket No. 33388

Dear Secretary Williams.

My name is David L. Hancock. I am Manager, Physical Distribution of MacMillan Bloedel Building Materials. Please accept the support of MacMillan Bloedel Building Materials for the joint acquisition of Conrail by CSX and Norfolk Southern.

MacMillan Bloedel Building Materials is a forest products company located at 5895 Windward Parkway, Suite 200, Alpharetta, GA 30005. We have distribution sites located throughout the Eastern United States.

We currently ship approximately 75 percent of our product by rail, constituting 8,000 carloads per year. The remainder is shipped by truck. We are enthusiastic about the prospects created by the joint acquisition of Conrail for using rail for more of our transportation needs. Transportation by truck is significantly more expensive than rail transportation, and it is our preference to ship by rail when the service allows it. The efficiencies created by the transaction and the new single line service offered to many destinations should allow us to reduce our reliance on trucking and lower our costs.

Further, the joint acquisition will create single line service to many destinations in the Northeast for the first time. Our ability to use rail as our transportation provider in the Northeast has been hampered by lack of direct rail access to the market. In many cases, the costs associated with an interchange has made our product not competitive.

Again, please accept the support of MacMillan Bloedel Building Materials for the joint acquisition of Conrail by CSX and Norfolk Southern.

I, David Hancock, declare under penalty of perjury the foregoing is true and correct. Further, I certify I am qualified and authorized to file this certified statement. Executed this 10th day of June, 1997.

Sincerely,

David L. Hancock





# FRANKLIN COUNTY BOARD OF COMMISSIONERS



Dorothy S. Teater • Arlene Shoemaker • Dewey R. Stokes

June 11, 1997

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



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

Dear Mr. Williams:

We are writing to express our support for the proposed acquisition of Conrail, Incorporated, by CSX Corporation and the Norfolk Southern Railway Company. As you know, the Franklin County Commissioners have an established interest in supporting business initiatives expected to have a positive social and economic effect on central Ohio.

As described, the proposed merger and operating plan aims to ensure competition and fairness in rail services and fare structure, while allowing local industries to reach new or existing markets at a more competitive cost. The merger is expected to increase competition among local railroad service companies, without disturbing the prevailing balanced railroad service in central Ohio during the post-merger period.

We concur with the findings of the state of Ohio, Mid-Ohio Regional Planning Commission (representing local governments) and the Greater Columbus Inland Port Commission (representing private industry) through the Inland Port Infrastructure Development Committee that this proposal helps assure the retention of competition, parity and quality freight services in and out of Franklin County.



Mr. Vernon A. Williams

June 11, 1997

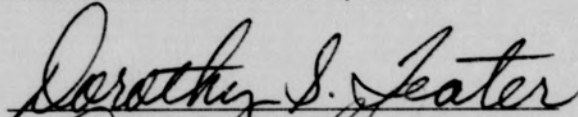
Page Two

For these reasons, we urge that this proposal be accepted.

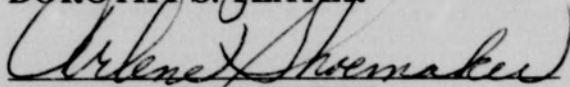
Thank you for your consideration.

Sincerely,

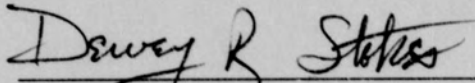
BOARD OF COUNTY COMMISSIONERS  
FRANKLIN COUNTY, OHIO



DOROTHY S. TEATER



ARLENE SHOEMAKER



DEWEY R. STOKES



GE Plastics

June 9, 1997

General Electric Company  
One Plastics Avenue, Pittsfield, MA 01201-3697  
413 448-7110

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
STB Finance Docket No. 33388  
1925 K Street, NW  
Washington, DC 20423-0001



Dear Mr. Williams:

My name is Wes Jones, and I am the Distribution Sourcing Manager for General Electric Plastics. I am writing you today in support of the transaction which will allow CSX Transportation and Norfolk Southern to acquire Conrail and subsequently divide it's assets. Our facilities are located mainly in the areas that CSX and Conrail currently service. With the single line rail service that CSX has purposed we feel that, we can move our products and raw materials through the supply chain more effectively. We currently buy approximately \$28 Million dollars of rail services annually with approximately 70 percent of that buy being effected by this merger. We view this as an opportunity to work on productivity and expand our relationship with CSX and hope that you will look as favorably upon this transaction as we do.

I, Wes Jones, 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. Executed on June 9, 1997.

Sincerely,

Wes Jones  
Distribution Sourcing Manager  
GE Plastics - Americas

cc: Mr. Gary Boyd  
Account Manager  
Norfolk Southern Corporation  
100 Clearbrook Road  
Elmsford, NY 10523

Mr. William Casey  
CSX  
River Drive Center One  
619 River Drive  
Elmwood Park, NJ 07407-1360



**SAVANNAH FOODS INDUSTRIAL, INC.**  
**2 EAST BRYAN STREET**  
**SAVANNAH, GEORGIA 31402**



May 5, 1997

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
STB Finance Docket #33388  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

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

Dear Mr. Secretary:

Attached are ( ) signed copies of my verified statement covering this finance docket.

Please duly register this statement.

Sincerely,

A handwritten signature in cursive script, reading "Edward H. Millard Jr.".

Edward H. Millard Jr.  
Director of Traffic & Transportation



VERIFIED STATEMENT

of

Edward H. Millard Jr.  
Director of Traffic & Transportation  
Savannah Foods Industrial, Inc.  
P. O. Box 339  
Savannah, GA 31402

in

STB Finance Docket # 33388

May 5, 1997

My name is Edward H. Millard, Jr., and I am Director of Traffic & Transportation for Savannah Foods Industrial, Inc. (Savannah) with principal offices at 2 E. Bryan Street, Savannah, Georgia. I held this position for eight years with our parent company Savannah Foods & Industries, Inc. Just last year we formed the Savannah Foods Industrial, Inc. subsidiary. The job responsibilities are essentially the same as with the parent company. My duties include dealing with the railroads for rates, equipment and service. I am authorized to make this statement on behalf of Savannah Foods Industrial, Inc.

Savannah operates cane sugar refineries in Clewiston, Florida, Gramercy, Louisiana, and Port Wentworth, Georgia. It receives large quantities of raw sugar by barge, rail, truck, and ship at the Georgia facility, by barge and truck at the Louisiana facility, and by truck at the Florida facility. Each refinery produces refined sugar in dry bulk, liquid bulk, and packaged forms. The sugar is distributed to customers by rail and truck. Some of the distribution is through rail/truck transfer distribution facilities, however, the majority is via direct shipment to the customer via rail or truck. Most of our shipments are in full truckload or carload quantities.

The Florida refinery is rail-served by South Central Florida Express (SCFE), a shortline railroad who connects with CSX Transportation (CSXT) and Florida East Coast Railway Company (FEC). The Louisiana refinery is directly served by both Illinois Central (IC) and Kansas City Southern (KCS). The Georgia refinery is served locally by Norfolk Southern (NS).

We have customers in almost all states east of the Mississippi River served either by direct rail or by rail through a terminal with truck delivery. There are customers west of the Mississippi river located on western-based railroads like Union Pacific (UP) and Burlington Northern (BN) who we serve via joint-line routes with the origin railroads. During 1996, we shipped over 5,000 carloads of product via rail. I have dealt with most of the major railroads for rates and routes..

We have enjoyed a large volume market with both direct rail and rail/truck sugar customers north of Virginia and north of The Ohio River (the old Official Territory). Most of the rail destinations are served only by Conrail. Most of this distribution is bulk sugar in foodgrade, covered hopper cars. Most of the market is sourced from our Port Wentworth, Georgia, refinery which is a minimum of 400 miles closer to this market than our other refineries. The route from Port Wentworth to the Northeast is via NS-Hagerstown-CR. We remain in this market because of reasonable rail freight rates over this route. A large portion of this distribution is via rail/truck transfer to truck-served customers. Conrail had trackage into the heart of this market, permitting short truck hauls with reasonable total cost.

The initial proposal whereby CSXT would acquire all of CR greatly disturbed Savannah. Likewise the proposal whereby NS would acquire all of CR seemed just as anti-competitive. It is our belief, formed from experience, that good intentions, statements of competitive plans, offers of trackage rights without physical competitive access will never substitute for true competition and would never negate the need for regulation to promote artificial competition.

The division of Conrail trackage along with the geographic coverage produced for both CSXT and NS in the present docket is a far better system than that originally proposed whereby either of the carriers might acquire all of Conrail. The maps that I have seen show a reasonable split of Conrail geographic coverage which should preserve most competitive routes as well as adding a large number of single-line services.

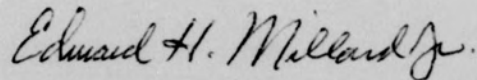
All cane sugar refiners have suffered a market share loss during the past three or four years due to government agricultural allocations and quotas. Savannah needs to keep it's Northeastern market share to stay alive. The new single-line service via NS from our Georgia refinery and the new single-line service via CSXT from our Florida refinery should help from the cost and service efficiency standpoint. If one carrier had acquired all of CR, we feel that one of our refineries would have been rendered less-competitive. We also anticipate improvement in obtaining rate quotes for new business. Response to single-line quotes is much faster than to joint-line quotes.

Neither CSXT nor Conrail owns many of the specialized covered hopper cars on which these movements depend. Norfolk Southern generally furnishes the cars needed for the market volume from the Port Wentworth refinery. We are forced to lease cars to cover shipments from our refineries served by other railroads.. The leased cars add cost to the distribution. Adding market coverage for the asset strong NS simply adds efficiency to our distribution.

Even though we may experience a better benefit from the new territory acquired by NS, we believe that it is also important to keep the competition alive and well by similar expansion to CSX's market coverage.

For the reasons listed in this statement, I favor the split of CR as now proposed between CSXT and NS.

Sincerely,



Edward H. Millard Jr.

Director of Traffic & Transportation

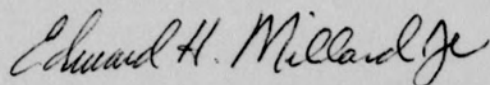
Savannah Foods Industrial, Inc.

#### VERIFICATION

I, Edward H. Millard Jr. , 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 on February 24, 1997.

Edward H. Millard Jr.





# OTTAWA COUNTY COMMISSIONERS

## BOARD MEMBERS

Steven M. Arndt  
Carl Koebel  
Chris Redfern

## CLERK OF THE BOARD

Barbara J. Hermes

## Court House

315 Madison Street Room #103  
PORT CLINTON, OHIO 43452-1993

Elmore: (419) 862-3232

Genoa: (419) 855-8134

Oak Harbor: (419) 898-7731

Port Clinton: (419) 734-6710

Facsimile: (419) 734-6898



June 11, 1997

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

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

Dear Secretary Williams:

I am writing 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. Ohio's industrial, business and agricultural interests need the best possible rail transportation. I believe this transaction will provide our key industries with new transportation options and increased market reach at potentially lower costs.

Many of these industries will be able to access key Eastern, Midwestern, Southern and even international customers and suppliers with single line service. This will make rail service faster, more reliable and more efficient. This is a major benefit to Ohio.

CSX and Norfolk Southern's control of Conrail also offers residents of Ohio opportunities for new business and industrial growth with the resultant new jobs. This is crucial for our ability to compete in the global economy. Approval of this control application will also increase the number of East Coast ports to which our state's companies will have efficient and cost effective access. This will create new possibilities for exporting Ohio's manufactured goods and agricultural commodities.

The control of Conrail by CSX and Norfolk Southern is a positive for Ohio and the United States. I urge the Surface Transportation Board to approve the control application as proposed.

Sincerely,

Carl Koebel  
Ottawa County Commissioner

# Mobil Oil Corporation

3225 GALLOWES ROAD  
FAIRFAX, VIRGINIA 22037-0001

June 13, 1997



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

RE: CSX Corp. / Norfolk Southern Corp  
Contract and Operating Leases/Agreement--Conrail  
Finance Docket No. 33388

Dear Secretary Williams:

Please add my name and address to the service list as a Party of Record (POR) for receipt of all submissions of the parties and all decisions in the above-referenced proceeding. My address is as follows:

G. G. Smith  
Manager Rail Transportation  
Mobil Oil Corporation  
3225 Gallows Rd.  
Room 8A903  
Fairfax, VA 22037-0001

Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Garret G. Smith'.

Garret G. Smith  
Manager, Rail Transportation  
Mobil Oil Corporation

cc: Richard A. Allen, Esq. via Fax

**J. DOYLE CORMAN**

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

☐ HARRISBURG, PA 17120-3034  
PHONE: 717-787-1377  
FAX: 717-772-3146

CENTRE COUNTY DISTRICT OFFICE  
817 EAST BISHOP STREET  
P.O. BOX 476

☐ BELLEFONTE, PA 16823  
PHONE: 814-355-0477  
FAX: 814-355-6046

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

☐ LEWISTOWN, PA 17044  
PHONE: 717-242-2410  
1-800-828-7300

PLEASE USE THE ADDRESS OF  
THE BOX CHECKED



**Senate of Pennsylvania**

June 11, 1997

**COMMITTEES**

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BANKING & INSURANCE, VICE CHAIRMAN  
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RULES & EXECUTIVE NOMINATIONS  
TRANSPORTATION COMMISSION

MAJORITY CAUCUS ADMINISTRATOR  
PHEAA BOARD MEMBER



Secretary Vernon A. Williams  
Surface Transportation Board  
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 would appreciate your making me a party of record in the above captioned docket, which relates to the acquisition of Conrail by CSX and the subsequent sale of certain assets to Norfolk Southern. Inasmuch as the Committee has retained a consultant in this matter, all material should be forwarded to:

Douglas Golden  
Main Line Management  
Suite A 105  
520 Fellowship Road  
Mt. Laurel, New Jersey 08054

I appreciate your cooperation in this matter.

Sincerely,

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

JDC/bob

# LORAIN COUNTY CHAMBER OF COMMERCE



6100 S. BROADWAY, SUITE 201 • LORAIN, OHIO 44053-3873  
(216) 233-6500 • 323-9424 • FAX: 246-4050  
loraincham@aol.com

June 11, 1997



Mr. Vernon A. Williams, Secretary  
Surface Transportation Board  
STB Finance Docket No. 33388  
1925 K Street NW  
Washington DC 20423-0001

Dear Secretary Williams:

As President of the Lorain County Chamber of Commerce, I am writing in regard to the proposed acquisition and dismemberment of Conrail Inc. to CSX Transportation, Inc. (CSX) and the Norfolk Southern Railway Company (NS). This rail merger will have a significant impact on the Northeast Ohio economy and our ability to remain competitive in a highly dynamic economic environment.

The Lorain County Chamber of Commerce is a private, non-profit organization that represents a diverse network of over 800 businesses in Lorain County. Our mission is to enhance the quality of life in Lorain County through a unified and coordinated regional economic development program that provides leadership, maximizes resources and emphasizes cooperation. Accordingly, the Lorain County Chamber of Commerce has two major concerns regarding the merger and its impact on the Northeast Ohio economy.

1) *East-West Access for Commuter Rail at Grove Site*

The NS-CSX merger needs to preserve routes that ensure east-west access for commuter rail in Northeast Ohio, specifically at the Grove Site which links Lorain and Cleveland. It is imperative to understand that commuter rail links are an essential component of a transportation system designed to support increased production and the overall economic growth of Northeast Ohio. The ability of businesses to increase production and freight is dependent on their ability to hire the workers that they need. Traditionally, the railroads have rejected joint use of track by passenger and freight trains, however, this merger presents us with the opportunity to re-visit this position.

The Greater Cleveland Regional Transit Authority has identified key corridors in Northeast Ohio where commuter service access is critical. One of these sites is the Grove Site Intermodal Transportation project located at the Port of Lorain. The Lorain County Chamber of Commerce endorses this project and urges the Surface Transportation Board to recognize that east-west access for commuter rail is integral to our ability to remain economically competitive.

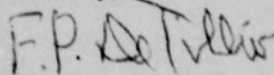


2) Rail Corridor Utilization between Lorain and Wellington

The merger also needs to promote the utilization of the rail corridor between Lorain and Wellington to provide raw material transport capability to USS/KOBE Steel Company which is a major manufacturer in Lorain, employing over 3,000 workers. This rail corridor is essential to the company's ability to remain competitive in that it presents them with a more efficient means of operation. This is increasingly important given the highly dynamic and ever-changing business climate of the steel industry. The Lorain County Chamber of Commerce endorses this rail corridor project and requests that the Surface Transportation Board recognize this project as important in our efforts to secure the future existence of a vital Lorain County employer and also create opportunities for new business development.

As you well know, the impact of the NS-CSX merger will be felt throughout the country. Your thoughtful consideration of these important issues affecting Lorain County and Northeast Ohio is greatly appreciated.

Sincerely,



Frank P. DeTillio  
President

c: Congressman Sherrod Brown  
Senator Michael DeWine  
Senator John Glenn



# CITY OF BEREA — "City of Champions"

**Stanley J. Trupo**  
MAYOR

11 Berea Commons  
Berea, Ohio 44017  
(216) 826-5800  
FAX (216) 826-1446

June 11, 1997

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

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

Dear Secretary Williams:

I am writing 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. Ohio's industrial, business and agricultural interests need the best possible rail transportation. I believe this transaction will provide our key industries with new transportation options and increased market reach at potentially lower costs.

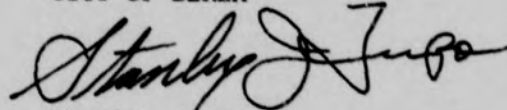
Many of these industries will be able to access key Eastern, Midwestern, Southern and even international customers and suppliers with single line service. This will make rail service faster, more reliable and more efficient. This is a major benefit for Ohio.

CSX and Norfolk Southern's control of Conrail also offers residents of Ohio opportunities for new business and industrial growth with the resultant new jobs. This is crucial for our ability to compete in the global economy. Approval of this control application will also increase the number of East Coast ports to which our state's companies will have efficient and cost effective access. This will create new possibilities for exporting Ohio's manufactured goods and agricultural commodities.

The control of Conrail by CSX and Norfolk Southern is a positive for Ohio and the United States. I urge the Surface Transportation Board to approve the control application as proposed.

Sincerely,

CITY OF BEREA

  
Stanley J. Trupo  
Mayor

SJT:csk





June 2, 1997



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

FD 333 88

RE: CSX Corporation and Norfolk Southern-Application  
to Control and Operate Lines of Consolidated Rail Corp.

Dear Secretary Williams:

I am writing to offer my company's strong support for the CSX and NS application to acquire and to urge the Board to approve it promptly.

The cost of transportation is a significant component of the overall cost of our electricity. The expense of joint-line rail service therefore has limited our expansion into the Eastern markets. New single-line service created by the acquisition of Conrail by CSX and NS, however, will make rail a more attractive transportation option for CIPS.

CIPS supports the application to acquire Conrail and requests that the Board move as expeditiously as possible to assure approval. We feel this is the best way to improve service, enhance efficiently and promote the growth of rail traffic in the East.

I, Mark S. Cochran, 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 June 2 day of June, 1997.

Mark S. Cochran, Manager  
Energy & Environmental Services

**General Offices**  
607 East Adams Street  
Springfield, Illinois 62739  
217/523-3600

## Ohio Historic Preservation Office

567 East Hudson Street  
Columbus, Ohio 43211-1030  
614/297-2470  
Fax: 297-2496



OHIO  
HISTORICAL  
SOCIETY  
SINCE 1885

June 10, 1997

Vernon A. Williams  
Surface Transportation Board  
Attn: Section on Environmental Analysis  
1925 K Street, NW  
Washington, DC 20423-0001

Re: Acquisition, NS-CSXT-Conrail, Ohio

Dear Mr. Williams,

This is in response to correspondence regarding the above referenced project (including Finance Docket No. 33388, dated May 13, 1997). The comments of the Ohio Historic Preservation Office (OHPO) are submitted in accordance with provisions of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470 [36 CFR 800]); the Surface Transportation Board serves as the lead federal agency. My staff has reviewed this project, and I offer the following comments.

Additional information is needed for us to complete our review of this project. The undertaking involves a range of activities associated with the acquisition of Conrail, including construction of new connections. There is a likelihood of finding architectural properties in or near all of the connections. A check of our records shows that, as examples, the Railroad Depot in Bucyrus, the City Hall in Crestline, the Mead-Zimmerman House near Greenwich, and the County Courthouse Historic District in Sidney, are listed in the National Register of Historic Places. Additional information should be provided on any structure or facility within or adjacent to the Area of Potential Effects [36 CFR 800.2]. The connections are located in areas where archaeological sites are commonly found. Because the connections will involve ground disturbance, additional information is needed on the extent of ground disturbance in these areas to access the need for an archaeological survey.

This office lacks sufficient information at this time to complete our review of this project. The project involves acquisition of rail lines involving a range of activities in several states. We recommend that coordination integrate concerns from different states through some sort of central or common point of contact, and we recommend consultation with the Advisory Council on Historic Preservation because of their overall experience throughout the project area.

Additional information is needed for us to complete our review of this project. We have general historic preservation concerns in the general vicinity of each of the areas identified in your correspondence, but without specific information on the size, kind and extent of the proposed activity, it is difficult for us to offer specific recommendations. A check of our records shows that there are sites listed in the Ohio Archaeological Inventory near the project area. There are preservation concerns for this undertaking, including preservation of archaeological sites and architectural properties and districts. Several of the areas of new construction for connections are in areas where archaeological sites are commonly found and they are also in areas where architectural surveys have not been extended. At this time there is a lack of context to evaluate the importance of existing railroad structures. We recommend a systematic inventory of all structures within the project area as a starting point in completing the evaluative process to determine eligibility for inclusion in the National Register of Historic Places [36 CFR 800.4]. We note that a previous lack of cooperation in compiling sufficient inventory data for this baseline information complicates current efforts.

Mr. Vernon A. Williams  
June 10, 1997  
Page 2

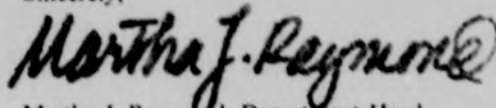
Depending on the final design, there is a substantial likelihood that an identification level survey for one or more of the new construction projects will be needed to identify any property which may be eligible for inclusion in the National Register of Historic Places. Property types that are known in the vicinity of the new construction projects include Archaic Period lithic scatters, village sites, burial sites, and earthworks, and architectural property types include railroad buildings (such as depots) and industrial buildings (such as nineteenth century warehouses).

We are also concerned about the preservation of existing railroad structures such as bridges and trestles. At this time there is a lack of context to evaluate the importance of existing railroad structures. We recommend a systematic inventory of all structures within the project area as a starting point in completing the evaluative process to determine eligibility for inclusion in the National Register of Historic Places [36 CFR 800.4]. Our primary concern is in those areas where there will be new construction for connections and for new or modified facilities. We are also concerned about the long-term effects from abandonment of rail lines. Is it possible to establish region-wide protocols to systematically review and evaluate individual construction projects?

In summary, additional information is needed for us to complete our review of this undertaking. It appears that new construction is planned in areas where archaeological sites and architectural properties are commonly found and there is a substantial likelihood of this undertaking having an adverse effect on a property or properties eligible for inclusion or included in the National Register of Historic Places. In a series of letters from January of 1997 to consultants working on this project this office has requested detailed construction plans, mapping, description of proposed construction, and photographs showing the area of proposed construction. It is also our opinion that it is likely that an identification level survey [36 CFR 800.4] will be needed to identify any property eligible for inclusion or included in the National Register of Historic Places. Finally, we recommend that the Section on Environmental Analysis, Surface Transportation Board, establish coordination among the several states involved in this undertaking.

Any questions concerning this matter should be addressed to David Snyder at (614) 297-2470, between the hours of 8 am. to 5 pm. Thank you for your cooperation.

Sincerely,

A handwritten signature in dark ink, reading "Martha J. Raymond". The signature is written in a cursive, flowing style with a large, stylized "M" and "R".

Martha J. Raymond, Department Head  
Technical and Review Services

MJR/DMS:ds





**County of Hudson**  
**BOARD OF CHOSEN FREEHOLDERS**

Administration Annex 567 Pavonia Avenue  
Jersey City, New Jersey 07306  
Phone: (201) 795-6001  
Fax: (201) 217-0404

**NIDIA DAVILA-COLON**  
*District 4*

**COMMITTEES:**  
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Chair, Women & Minority Affairs  
Public Safety  
Homeless, Hunger, Housing & Poverty  
Minority Construction Contracts  
Vocational School Estimate Board  
Environment, Health & Human Services

June 16, 1997

The Honorable Linda Morgan  
Chairperson  
United States Surface Transportation Board  
12th & Constitution Avenue, NW  
Washington, DC 20423

**RE: Support 365-Day Review for CSX/NS Merger**

Dear Chairperson Morgan:

I am writing to express my support for the Surface Transportation Board's schedule of 365 days to fully consider the acquisition of Conrail by CSX and Norfolk Southern (NS) - the most complex merger in the rail industry's history. As the Senior Member of the Hudson County Board of Chosen Freeholders, I strongly urge the Board to reject the presumptuous schedule proposed by CSX and NS to reduce the Board's schedule for deliberations on this critically important matter.

I do not support the view of CSX and NS that less time is needed for Board review, simply because the two acquiring parties have reached agreement on the carve-up of Conrail. This is an issue that is important to the citizens of the County of Hudson, who will be effected by the Board's decision. Based on the data I have seen on the carve-up of Conrail, I believe that more time is needed to assess the economic impact of this transaction on those industries directly and indirectly dependent on the nation's railroads. The STB must institute a 365 day schedule to provide for a full review of this transaction and ensure that public interests are truly served.

For the above stated reasons, I hope you will consider a 365 day schedule to conduct a full review. Thank you for your consideration of this important matter. If you should have any questions, I can be reached at (201) 795-6001.

Very truly yours,

**NIDIA DAVILA-COLON**  
Senior Member (D-Jersey City)  
Hudson County Board of Chosen Freeholders

NDC:gao

cc: The Honorable Robert G. Torricelli, United States Senator  
The Honorable Frank Lautenberg, United States Senator  
The Honorable Christine Todd Whitman, Governor  
Mr. John J. Haley, Commissioner of Transportation

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RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
JUN 16 11 17 AM '97  
OFFICE OF  
CHAIRMAN MORGAN





Office of the Chairman

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

*File in*  
*Docket*  
*FD-33388*

June 20, 1997

Ms. Nidia Davila-Colon  
Senior Member  
Hudson County Board of Chosen Freeholders  
Administration Annex  
567 Pavonia Avenue  
Jersey City, NJ 07306

Dear Ms. Davila-Colon:

Thank you for your letter regarding the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. You express concern about the transaction and specifically oppose an expedited procedural schedule for the handling of this transaction by the Surface Transportation Board (Board). The proceeding is docketed at the Board as STB Finance Docket No. 33388.

The Board recently adopted a 350-day procedural schedule for deciding the merits of the control application to be filed in this proceeding. A 350-day schedule, the Board concluded, will provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case. Applicants have indicated their intention to file their control application with the Board soon. Because this proceeding is pending before the Board, it would be inappropriate for me to comment on the specific merits of the case.

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

Sincerely,

*Linda J. Morgan*

Linda J. Morgan

# MDA

METROPOLITAN DEVELOPMENT ASSOCIATION OF SYRACUSE & CENTRAL NEW YORK INC.

H. DOUGLAS BARCLAY • PRESIDENT

STEPHEN ROGERS • CHAIRMAN

IRWIN L. DAVIS • EXECUTIVE VICE PRESIDENT

June 12, 1997

Ms. Linda Morgan  
Chairperson  
Surface Transportation Board  
12<sup>th</sup> Street & Constitution, NW  
Washington, D.C. 20423

Dear Ms. Morgan:

The Metropolitan Development Association of Syracuse and Central New York (MDA) is a private, not-for-profit corporation which seeks to encourage the growth and development of the region. The MDA's membership includes the chief executive officers of the leading businesses in Central New York.

The purpose of this letter is to express our concerns with the impending sale of Conrail to CSX and Norfolk Southern. There are several major issues we would like to see resolved as part of this transfer:

1. Since the creation of Conrail Syracuse and Central New York have had little effective rail competition, Conrail dominates our market. We believe that the region's development would be enhanced by introducing a greater element of competition to the market.
2. We are therefore concerned with not only the sale of the Conrail mainline (Water Level Route) through Syracuse, but the ultimate disposition of the Montreal Secondary (which links Syracuse to Montreal) and the Southern Tier Route which runs to Buffalo through Binghamton. These lines offer the potential to create a more competitive network for our shippers.
3. We would like to see a reduction in reciprocal switching charges, which would make rail traffic more competitive.
4. We would like the acquiring railroad (CSX) to outline its plans for the East Syracuse yard currently operated by Conrail.

OFFICE OF  
CHAIRMAN MORGAN

JUN 15 11 17 AM '97

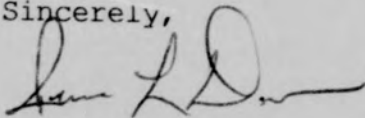
RECEIVED  
SURFACE TRANSPORTATION  
BOARD

Ms. Linda Morgan  
Page 2  
June 12, 1997

5. We would like to have the acquiring lines address their plans for relations with the regional railroads, including the Delaware-Otsego in Cooperstown and the Fingerlakes Railway which serves shippers in our region. An acquisition plan should strengthen these regional railroads, and not weaken them such that they could no longer serve our members who are not located on Class I railroads.

I would ask that these issues be addressed at the upcoming STB hearings. We will be contacting CSX and Norfolk Southern directly with our concerns. We do ask that the STB use this opportunity however, to increase real railroad competition in Syracuse and Central New York.

Sincerely,



Irwin L. Davis  
Executive Vice President

cc: The Hon. Alfonse D'Amato, U.S. Senator  
The Hon. Daniel P. Moynihan, U.S. Senator  
The Hon. James Walsh, Member of Congress  
The Hon. George Pataki, Governor, New York State  
The Hon. Nicholas Pirro, County Executive  
The Hon. Roy Bernardi, Mayor, City of Syracuse  
The Hon. John DeFrancisco, NYS Senator  
The Hon. Nancy Larraine Hoffmann, NYS Senator  
The Hon. Michael Bragman, Assembly Majority Leader  
The Hon. Harold Brown, Assemblyman  
The Hon. Joan Christensen, Assemblywoman  
The Hon. Bernard Mahoney, Assemblyman  
Mr. Joseph Boardman, Acting Commissioner, NYS  
Department of Transportation  
Mr. Charles Moynihan, Regional Director, NYS Dept. of  
Transportation

# Metropolitan Development Association Board of Directors 1997

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WSY-TV 68

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Green & Seifter Attorneys

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Vice President - Operations  
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Eric A. Mower  
Chairman & CEO  
Eric Mower & Associates, Inc.

Curtis Norpell  
Plant Manager - Fulton  
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A Division of Nestle Food  
Company

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Manager  
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William M. Tuck  
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Cooper Industries  
Crouse Hinds Division

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Crucible Materials Corporation

Jack H. Webb  
President & CEO  
The Chase Manhattan Bank, N.A.  
Syracuse Division

John J. Whittle  
Chairman, President & CEO  
Farmers and Traders  
Life Insurance Company

Chris J. Witting

John A. Zawadzki  
Regional President  
Fleet Bank of New York

## MDA COUNSEL

Donald A. Denton  
Managing Partner  
Hancock & Estabrook

## METROPOLITAN DEVELOPMENT FOUNDATION

Robert J. Bennett  
President & CEO

## EX-OFFICIO

Dr. Gregory L. Eastwood  
Chairman  
University Hill Corp.  
and  
President  
SUNY Health Science Center





Office of the Chairman

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

*File in  
Docket*

*FD-33388*

June 20, 1997

Mr. Irwin L. Davis  
Executive Vice President  
Metropolitan Development Association of  
Syracuse & Central New York Inc.  
1900 State Tower Building  
Syracuse, NY 13202-1794

Dear Mr. Davis:

Thank you for your letter containing information regarding your organization and how it may be affected by the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. The Surface Transportation Board (Board) has docketed this proceeding as STB Finance Docket No. 33388. Applicants have indicated their intention to file their control application with the Board soon.

The Board recently adopted a 350-day procedural schedule for deciding the merits of the control application to be filed in this proceeding. A 350-day schedule, the Board concluded, will provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case. If your organization would like to present its views formally on the record for this proceeding, please contact the Board's Office of Public Services at 202-565-1592 for information on that process. Because this proceeding is pending before the Board, it would be inappropriate for me to comment further on the specific merits of the case.

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

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



STB

FD

33388

6-12-97

J

BUSINESS

**Kellogg's**

June 3, 1997



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

RE: STB Finance Docket No. 33388, CSX Corporation and CSX Transportation Inc; Norfolk Southern Corporation and Norfolk Southern Railway Corporation - Control and Operating Lease/Agreements - Conrail Inc. and Consolidated Rail Corporation

Dear Secretary Williams:

My name is Dennis Borawski, and I am Director, Transportation Services, Kellogg USA Inc. in Battle Creek, MI. My office address is One Kellogg Square, Battle Creek, MI 49016-3599. In my position I am responsible for coordinating the transportation strategy for our manufacturing plants, contract manufacturers, and distribution centers, encompassing both inbound raw materials and outbound finished product. I have been in my current position for one year, and have been employed at Kellogg for 16 years in a wide variety of transportation and logistics positions. I am writing to offer my Company's support for the CSX and NS applications to acquire Conrail and urge the Board to approve it promptly.

Kellogg Company is a Fortune 100 Industrial company with sales worldwide of approximately \$7 billion. We are the largest manufacturer and marketer of ready-to-eat cereals in the world; we also have a large and growing presence in convenience foods, as evidenced by such well known items as Pop-Tarts, Nutri-Grain Bars, Rice Krispies Treats, Eggo Waffles, and Lender's Bagels. We have several major rail-served production sites, including Battle Creek, MI (CN,CR), Lancaster, PA (CR), Omaha, NE (UP), and Memphis, TN (BNSF). We have seven regional distribution centers around the country, all rail served. Two of those D.C.s are located on Conrail--Columbus, OH, and Chapman, PA. In 1996 we shipped over 7,100 railcars of finished product and over 8,000 intermodal loads. In addition, we move large amounts of raw materials--especially rice, sugar, wheat, heavy bran and corn grits into our plants by rail. Most of the raw materials into Battle Creek and all the rail raw material into Lancaster move via Conrail.

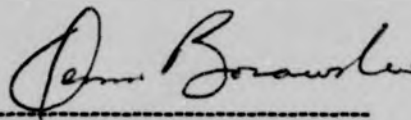
Kellogg believes that the proposed acquisition of Conrail by CSX and NS would be in the best interests of both Kellogg and its suppliers. We urge the Board to approve the application for the reasons outlined below:

1. We believe that the acquisition of Conrail by the CSX and NS would result in a stronger Eastern rail network that will provide better service, more and better equipment, better equipment utilization, and more competitive rates on many lanes. In particular, we look for opportunities to grow rail volume from Memphis to the East, and Lancaster and Battle Creek to the West. We feel that access to the Kansas City gateway in lieu of congested interchanges at Chicago and East St. Louis will materially improve service and transit consistency. We feel there are similar opportunities on intermodal with a broader traffic base and more equipment balance in a NS/CSX environment.
2. We also believe that the financial strength of the NS and CSX, combined with their expanded geographic reach, will serve Kellogg well through improved service, equipment supply and single line rate making on raw materials moving to Kellogg in covered hoppers. We see potential benefits on commodities like sugar, bran, and wheat, where expanded single line rate making and improved equipment supply will offer new vendor/sourcing options. We see additional food grade bulk transfer opportunities to assist in us in the management of raw material inventories.
3. We believe that the Conrail acquisition will increase rail business in the Conrail territory, and that is good news for all shippers who rely on rail. We feel that two strong rail providers in the East of roughly equal size and scope, the NS and the CSX, are well positioned to provide the service, equipment, and geographic reach to achieve the greater efficiency needed to return more traffic to the rails. This, of course, promotes more long term capital investment to provide for more capacity and infrastructure as rail service grows into the future. This is positive for all rail shippers.

In conclusion, Kellogg Company supports the application to acquire Conrail and requests the Board move as expeditiously as possible to assure approval. We feel this is the best way to improve service, enhance efficiency, and promote the growth of rail traffic in the East.

I, Dennis Borawski, 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 3rd day of June, 1997.



-----  
Dennis Borawski  
Director, Transportation Services  
Kellogg USA Inc.

STB

FD

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6-12-97

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BUSINESS

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## P.B. & S. CHEMICAL COMPANY, INC.

P. O. BOX 20 · 1405 HIGHWAY 136 WEST  
HENDERSON, KENTUCKY 42420-0020  
HENDERSON TEL. (502) 827-3545 · EVANSVILLE TEL. (812) 424-9051  
FAX (502) 826-1486

June 5, 1997



Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
STB Finance Docket No. 33220  
1201 Constitution Avenue NW  
Washington, DC 20423

Re: Finance Docket-33220-388

Dear Mr. Williams:

This is to inform the Surface Transportation Board that P.B. & S. Chemical Company, 1405 Highway 136 West, Henderson, Kentucky 42420, is supportive of the CSX Transportation, Inc. and Consolidated Rail (Conrail) merger.

P.B. & S. Co., headquartered in Henderson, Kentucky, operates facilities served by CSX in Orlando, Florida; Chattanooga, Tennessee; Henderson, Kentucky; St. Albans, West Virginia; and McKeesport, Pennsylvania. P.B. & S. Chemical Company also operates a barge terminal on the Kanawha River at Nitro, West Virginia, served by Conrail.

P.B. & S. Chemical Co., supports the proposed merger because we believe single line service will significantly reduce transit times and transportation costs.

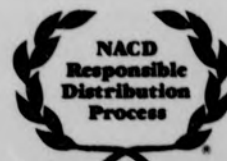
Thanks for your consideration of our support to the proposed merger.

Very truly yours,

Joseph M. Rocha  
Manager of Distribution

njm

a SOCO Company



Quality • Responsibility • Stewardship



STB

FD

33388

6-12-97

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Office of the Chairman

6-12-97  
**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in  
Docket  
FD-33388*

June 17, 1997

The Honorable Bill Campbell  
Mayor  
City of Atlanta  
55 Trinity Avenue, S.W.  
Atlanta, GA 30335-0300

Dear Mayor Campbell:

Thank you for your letter supporting the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. The proceeding is docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388.

The Board recently adopted a 350-day procedural schedule for deciding the merits of the control application to be filed in this proceeding. A 350-day schedule, the Board concluded, will provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case, including the preparation of a full Environmental Impact Statement, which is warranted here given the nature and scope of the environmental issues that are likely to be raised. Applicants have indicated their intention to file their control application with the Board soon. Because this proceeding is pending before the Board, it would be inappropriate for me to comment on the specific merits of the case.

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

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



CITY OF ATLANTA

BILL CAMPBELL  
MAYOR

55 TRINITY AVENUE, S.W.  
ATLANTA, GEORGIA 30335-0300  
(404) 330-6100

May 30, 1997

The Honorable Linda Morgan  
Chairwoman  
The Surface Transportation Board  
1201 Constitution Avenue, NW  
Washington, DC 20423

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

Dear Chairwoman Morgan:

On behalf of the City of Atlanta, I am writing to support the proposal being brought before the Board in the above referenced proceeding. For a state and region to prosper, a balanced transportation system built on competition is a necessity. Georgia is fortunate to have two equally strong Class 1 railroads. We have seen that the competition between Norfolk Southern and CSX is indeed healthy for the industrial, business and agricultural interests of this state. The proposed transaction will enable Georgia's businesses to receive even more competitive rail service and provide them with single line access to more locations for expanded customers and suppliers. I am confident the enhanced transportation service resulting from the proposed transaction will generate significant new business and industrial growth for Georgia and accordingly more jobs for the Georgia residents.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bill Campbell".  
Bill Campbell

OFFICE OF  
CHAIRMAN MORGAN

JUN 12 1 36 PM '97

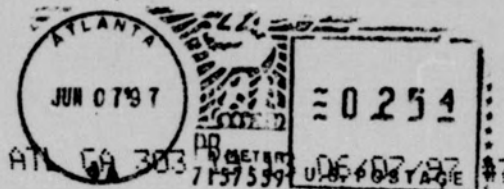
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SURFACE TRANSPORTATION  
BOARD



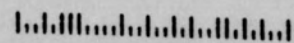
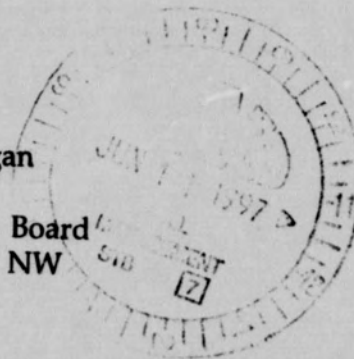
**CITY OF ATLANTA**

BILL CAMPBELL, MAYOR  
CITY HALL  
55 TRINITY AVENUE, S.W.  
ATLANTA, GEORGIA 30335-0300

PRESORTED  
FIRST CLASS



The Honorable Linda Morgan  
Chairwoman  
The Surface Transportation Board  
1201 Constitution Avenue, NW  
Washington, DC 20423





**Ohio Senate**

Statehouse  
Columbus, Ohio 43215

Linda Morgan, Chairwoman  
Services Transportation Board  
1925 K St. NW, Suite 820  
Washington, D.C. 20423

LindaMorgan, Chairwoman:

The third scheduled joint hearing on the proposed acquisition of Conrail stock by Norfolk Southern and CSX was held June 5. Senator Scott Oelslager (R-Canton) and Rep. Sam Bateman (R-Milford), respective chairmen of the Senate and House Highways and Transportation Committees, are alternating as committee chairman for the fact-finding hearings. At least five hearings in all are expected to be held.

I have enclosed detailed notes of the meeting in order to update you of the actions of the joint committee. I will continue to update you weekly as the committee meets to ensure you are informed of the implications of this proposed acquisition to Ohio. If I can be of further assistance, please contact me at 614-466-4953.

Sincerely,

Todd Kleismit  
Senator Gardner's office

Encl

RAG:tk

**Robert A. Gardner**

18th Senate District

614-644-7718 (Columbus)  
216-428-5542 (District)  
1-800-282-0253 (Toll Free)

June 9, 1997

**Committees:**

State & Local Government &  
Veterans Affairs, Vice Chairman  
Economic Development,  
Technology & Aerospace  
Education & Retirement  
Energy, Natural Resources &  
Environment

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OFFICE OF  
CHAIRMAN MORGAN

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BOARD



## **MEMORANDUM**

**TO:** Senate Republicans  
**FROM:** Todd Kleismit (6-4953)  
**DATE:** Thursday, June 5, 1997, 10 a.m.  
**RE:** House and Senate Transportation Committees informal hearings on the  
Norfolk Southern/CSX acquisition of Conrail

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## **AGENDA**

Testimony from representatives from the plastics industry, the aggregate industry, agribusiness, and utilities which could be affected by this merger.

## MEMORANDUM

**TO:** Senate Republicans  
**FROM:** Todd Kleismit (6-4953)  
**DATE:** Thursday, June 9, 1997, 10 a.m.  
**RE:** House and Senate Transportation Committees informal hearings on the Norfolk Southern/CSX acquisition of Conrail  
**PRESENT:** Senators Oelslager, Carnes, Latell, DiDonato, Representatives Bateman, Vesper, Bender, Perz, Clancy, Damschroder, Olman, Carey, Metelsky

---

Senator Oelslager called the informal hearing to order at 10:05 a.m.

### *Informal testimony*

#### **Don Clark, Ohio Department of Development agribusiness specialist**

The acquisition of Conrail by CSX and Norfolk Southern will have a long-term economic impact on the ability of Ohio's \$57 billion industry to compete in the national and international marketplace. This industry is an integrated and linked industry that represents raw farm commodity production through the manufacturing of food, fiber, fuel, pharmaceutical and industrial products. Thus, the agribusiness value-added manufacturing of Ohio's agricultural commodities has a natural and international customer base. It is important to realize that the primary transportation arteries for this industry throughout the nation and Ohio are the rail transportation lines that connect our major cities and international ocean ports. The acquisition presents both opportunities and concerns for Ohio's agribusiness industry. Opportunity to improve Ohio's ability to reach the northeast markets. Concern that Ohio will become only a "commodity export" state. Ohio would miss this opportunity to strategically position the state to increase our value-added manufacturing of agricultural commodities. This acquisition would increase single-rail service from the agribusiness factories to serve the northeastern United States. However, to limit our focus on Ohio's agribusiness industry to that of only unprocessed grain exports would be the same as promoting and recommending a third world economic development policy for Ohio's largest industry. Our vision should be to increase the agribusiness manufacturing investment and high tech agribusiness job opportunities for Ohioans and export finished manufactured products to other states and nations. The missing link in the current Conrail acquisition is that of intrastate rail movement of agricultural products, via shortline rail systems. Ohio's short line carriers should be recognized in the acquisition via strategic trackage agreements.

**Chuck Hodgkiss, National Lime & Stone Company**

National Lime & Stone is the largest producer of crushed limestone in the state. Rail freight expenses for 1996 were in excess of \$6 million. National Lime & Stone depends on the rail service of Norfolk Southern, CSX and Conrail for shipping stone to their customers. National Lime & Stone is vitally concerned about this acquisition because it relies heavily on single-line hauls to remain competitive. National Lime & Stone understands that under certain proposals for the division of Conrail, it would be confronted with two-line hauls from its two largest plants, at Carey and Bucyrus. This would cause National Lime & Stone to lose substantial business.

**Derrill Arnold, National Lime & Stone Company**

The increased cost of a two-line haul from the Carey plant would result in the loss of business of customers in Pennsylvania, New Jersey, West Virginia and Ohio. If National Lime & Stone is to retain these customers, Norfolk Southern needs to acquire Conrail's right to service Carey via the CSX rail line from Upper Sandusky. From the Bucyrus plant, \$1.1 million worth of business to Weirton, West Virginia could be lost with the creation of a two-line haul. Another \$1.3 million of business to Wooster, Ohio could also be jeopardized with a two-line haul.

**Discussion**

**Representative Damschroder** asked how much business expenses are increased when a two-line haul is created.

Mr. Hodgkiss said he would also like to know. He said it is very substantial and that it is rather complex to figure out.

**Representative Damschroder** asked if Mr. Hodgkiss was worried about the rate structure.

Mr. Hodgkiss said definitely. He would like to see the service and rate structure stay the same.

**Edward Allenbaugh, East Ohio Stone Company of Alliance, Ohio**

The proposed Conrail trackage division by Norfolk Southern and CSX would cause serious disruption of existing aggregate rail traffic patterns. East Ohio Stone services its customers within a 35-mile radius of alliance, distributing 150,000 to 250,000 tons of product annually. The customer base includes the Youngstown steel industry, ODOT and surrounding county, city and township highway departments. East Ohio and its suppliers are concerned about becoming "rail captive" to one Class I carrier. Aggregate products are highly price sensitive. Both the

suppliers and East Ohio Stone have invested millions of dollars into their facilities to increase volume and productivity in conjunction with the rail infrastructure. The railroads, in order to remain price competitive, have instituted volume contract rates and unit train service. A joint routing of CSX - Crestline, Ohio - Norfolk Southern would only increase costs to all parties and ultimately preclude future rail movement. The alternative to sourcing product via rail would be truck, which would only further congest and erode the state's highway infrastructure. Both the suppliers and East Ohio Stone would have to scramble to procure additional trucking, resulting in costly delays.

### ***Discussion***

**Representative Olman** asked if the railroads have indicated that they will be moving to a two-line haul, or if he is speculating.

Mr. Allenbaugh said he is not sure if they will be faced with a two-line haul or not. They are anticipating it.

**Representative Vesper** asked if there has been a cost comparison between what it costs to ship via trucks versus rail.

Mr. Allenbaugh said he knew East Ohio Stone would need over 10,000 trucks to bring in the same amount of stone that they get via rail. He estimated it would cost 50 percent more to truck.

**Representative Damschroder** asked if trucking was an option. Will they go out of business if they can't utilize rail?

Mr. Allenbaugh said that was correct.

### **Tim Wolfe, Wyandot Dolomite**

Wyandot Dolomite has seen an increase in business of 15-20 percent the last two years. Six customers are served in Cleveland, Akron and Youngstown. Maintaining a one-line haul is essential to Wyandot Dolomite. If a two-line haul is created, they may lose its Alliance customer. This is a high volume, low revenue business and Wyandot Dolomite cannot afford to lose any customers.

### **Maureen Healy, The Society of the Plastics Industry**

The plastics industry directly employs more than 1.2 million people nationwide and over 100,000 people in Ohio. This acquisition boils down to three key issues: (1) the economics of



transportation for the plastics industry; (2) the financial issues relating to the sale of the Conrail lines; and (3) the service impact as it may affect the movement of product to the Ohio plastics manufacturing community. The plastics industry is becoming increasingly concerned about the diminishing competitive options from which to choose our rail service transportation service. In 1980 there were 41 Class I railroads serving the United States, today there are nine. Ms. Healy said she believes the acquisition will be approved by the Surface Transportation Board. The plastics industry is heavily reliant on rail transportation to move raw materials and other products. A full 75-80 percent of plastic raw materials are transported by rail. Rail transportation is the second highest cost factor in producing plastics raw materials. It can account for 20 percent of the raw material finished product price. If a shipper is captive to one, or even two railroads, the price paid for product movement can be anywhere from 15-60 percent higher. The \$10.2 billion price being paid for Conrail equates to the payment of \$2.76 for every dollar of Conrail revenue. During the last merger of the Union Pacific and Southern Pacific, the \$3.9 billion Union Pacific paid to acquire Southern Pacific equated to \$1.34 for every dollar. Since the CSX-NS deal is all cash, versus a cash and stock combination, it only further magnifies the enormity of the price paid for the Conrail lines. Who will pay the costs of the acquisition? The plastics industry worries that the shippers will be handed the bill in the form, of higher rates, further aggrandizement of captive shippers and monopolies paired with duopolies. The state of Ohio will pay a steep sum. There are also major concerns about the anticipated reduction in service as the CSX and Norfolk Southern favor inter-modal traffic in an effort to find new revenue sources to pay for this acquisition. The entire issue is about competition in the marketplace. The plastics industry has commissioned a study to examine the impact that will be derived from this acquisition.

### ***Discussion***

**Senator Carnes** asked why she believes the acquisition will be approved by the Surface Transportation Board.

Ms. Healy said that is based on their approval last year of the Union Pacific/Southern Pacific merger. She also believes the railroads have taken careful steps to ensure this acquisition is approved.

**Representative Vesper** asked where she got the figure that shippers captive to one railroad can expect rates to increase 15-60 percent.

Ms. Healy said she got that figure from members of the plastics industry. She said she would supply the data to her later.



**Representative Damschroder** asked for clarification about what railroads are getting subsidies and which ones are completely privately owned.

Ms. Healy responded that they are all owned by stockholders.

**Senator Oelslager** added that historically, there has been a lot of government intervention in this industry. Conrail has only been a private company for 20 years.

**Representative Damschroder** asked for clarification as to what a duopoly is.

Ms. Healy said that is when two railroads are competing in one market.

**Representative Damschroder** asked if this was a case of creating a monopoly or duopoly.

Ms. Healy said this is what is called a three-to-two conversion. Going from three competitors to two.

**Representative Damschroder** asked who sets the shipping rates.

Ms. Healy said the railroads set the rates, but there is a maximum rate that is set by the Surface Transportation Board.

**Steve Pauken, Mayor of Maumee**

Mr. Pauken testified as a representative of TMACOG (Toledo & Metropolitan Area Council of Governments). The railroads are one of the most important industries in the Toledo area. As such, TMACOG has issued a resolution outlining its position on specific actions that should be part of the acquisition. TMACOG has requested the following be part of the Conrail acquisition:

1. The merger must ensure or create open and truly competitive freight rail access for all remaining railroads.
2. The merger must ensure that certain threatened rail lines and services are maintained.
3. The merger must ensure that excess rail property is maintained in single ownership and prepared for future redevelopment.
4. The merger must ensure that the merged railroad fully cooperates in implementing and participates in funding specific facility improvements.

5. The merger must ensure that passenger rail related needs are addressed.

#### ***Discussion***

**Representative Damschroder** asked how they suggest addressing the problems created in Carey and Bucyrus, since TMACOG is in favor of the merger.

Mr. Pauken said they are working on addressing those concerns.

**Representative Damschroder** asked if TMACOG is just trying to make the best of the situation, figuring that it is a done deal.

Mr. Pauken said that is generally correct. It would probably be better if this issue went away, but they can't afford to ignore this issue.

**Representative Bender** asked if TMACOG was all in this resolution together.

Mr. Pauken responded that they are -- five counties and 75 municipalities.

#### **William O'Brien, Brotherhood of Locomotive Engineers**

Mr. O'Brien is a Conrail stockholder with 30 years in the railroad business. Although he stands to profit from the merger, he is concerned about the railroad industry and this merger in particular. He is pleased that the Surface Transportation Board has taken the merger off of the fast track and will take its time deciding the fate of the merger. The splitting up of Conrail is troubling. This is not an issue of jobs, but an issue of maneuvering.

#### ***Discussion***

**Representative Bender** asked if Conrail is financially stable, and if so, why are they selling?

Mr. O'Brien said Conrail is making a lot of money and productivity is up. He does not know exactly why Conrail is selling. He said he understands why some captive shippers have been reluctant to come forth for these hearings because retaliation is a big part of the history of this industry. This acquisition should be OK, if there is no rush to judgment.

*Meeting adjourned, 11:20 a.m.*

*Memo distributed 6/9/97*



Office of the Chairman

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

*File in  
Docket  
FD-33388*

June 17, 1997

Mr. Todd Kleismit  
Office of Senator Robert A. Gardner  
Ohio Senate  
Statehouse  
Columbus, OH 43215

Dear Mr. Kleismit:

Thank you for sending copies of the notes from the three Ohio Senate proceedings regarding the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. The Surface Transportation Board (Board) has docketed this proceeding as STB Finance Docket No. 33388. Applicants have indicated their intention to file their control application with the Board soon.

The Board recently adopted a 350-day procedural schedule for deciding the merits of the control application to be filed in this proceeding. A 350-day schedule, the Board concluded, will provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case. If anyone in your community would like to present views formally on the record for this proceeding, he or she should contact the Board's Office of Public Services at 202-565-1592 for information on that process. Because this proceeding is pending before the Board, it is inappropriate for me to comment on the specific merits of the case.

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

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



# CAPITAL DISTRICT TRANSPORTATION COMMITTEE

5 Computer Drive West, Albany NY 12205-1606  
(518) 458-2161

Fax: (518) 459-2155

June 6, 1997

**Chairman**  
Frederick G. Field, Jr.

**Staff Director**  
John P. Poorman

**Albany County**  
Michael G. Breslin  
Charles E. Houghtaling

**Rensselaer County**  
Henry F. Zwack  
Neil J. Kelleher

**Saratoga County**  
Marvin R. LeRoy  
Robert L. Phillips

**Schenectady County**  
Francis H. Potter  
John DeGeorgio

**City of Albany**  
Mayor Gerald D. Jennings

**City of Cohoes**  
Mayor Robert D. Signoracci

**City of Mechanicville**  
Mayor Thomas J. Higgins

**City of Rensselaer**  
Mayor Edward J. Finlan

**City of Saratoga Springs**  
Mayor J. Michael O'Connell

**City of Schenectady**  
Mayor Albert P. Jureczny

**City of Troy**  
Mayor Mark P. Pattison

**City of Watervliet**  
Mayor Robert D. Carlson

**Towns and Villages**  
Lawrence DeVoe, Halfmoon  
Edwin D. Reilly, Jr., Niskayuna

**Alternates**  
Mary E. Bristol  
Fred J. Wurmsberger

**Albany County**  
Airport Authority  
John C. Egan

**Albany Port**  
District Commission  
Terrence P. Hurley

**Capital District Regional**  
Planning Commission  
Frederick G. Field, Jr.

**Capital District**  
Transportation Authority  
Dennis J. Fitzgerald

**New York State Dept. of**  
Transportation  
Joseph H. Boardman

**New York State**  
Thruway Authority  
John R. Platt

**Non-Voting Members**  
Bonny J. Cawley  
NYSDOT Reg. 1  
Thomas J. Ryan, FTA  
Harold J. Brown, FHWA

Ms. Linda Morgan  
Chairwoman  
Surface Transportation Board

12<sup>th</sup> Street & Constitution Avenue, NW  
Washington, DC 20423

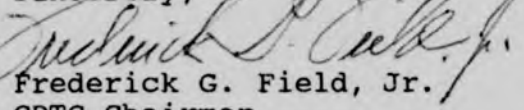
Dear Ms. Morgan

The Capital District Transportation Committee (CDTC) supports the 365-day schedule originally proposed by the Surface Transportation Board. We do not think a 255-day expedited schedule, as proposed to the Board, is in the public interest. The acquisition of Conrail by CSX Corporation and Norfolk Southern Corporation represents one of the largest corporate mergers in history, and certainly one of the more complex ones. The effects on rail and highway transportation in the Northeast United States will be widespread and profound. It will directly or indirectly affect everyone who lives, works, or does business here. The Northeast, accounting for roughly a third of the nation's economy, has a critical interest in the merger being carefully evaluated.

The enormity of this merger and its myriad effects on the national, regional, and local economies needs considerable study. Such study requires time to identify issues, gather information, assess impacts, evaluate alternatives, and specify merger requirements. Much of this work will be based on input from diverse parties who need time to research and properly develop their submissions.

The 365-day process is already shortened from what could be allowed. The still shorter 255-day process is, simply, too short to permit the vigilance required of the Surface Transportation Board. The Board should assure that the national interests, and the interests of all affected parties, are considered to the fullest extent practical.

Sincerely,

  
Frederick G. Field, Jr.  
CDTC Chairman

cc. Joe Boardman, NYSDOT Commissioner  
Bonny J. Cawley, NYSDOT Region 1 Director

CHAIRMAN MORGAN

JUN 12 1 36 PM '97

RECEIVED  
SURFACE TRANSPORTATION





Office of the Chairman

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

*File in  
Docket  
FD-33388*

June 17, 1997

Mr. Frederick G. Field, Jr.  
Chairman  
Capital District Transportation Committee  
5 Computer Drive West  
Albany, NY 12205-1606

Dear Mr. Field:

Thank you for your letter regarding the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. You express concern about the transaction and specifically oppose an expedited procedural schedule for the handling of this transaction by the Surface Transportation Board (Board). The proceeding is docketed at the Board as STB Finance Docket No. 33388.

The Board recently adopted a 350-day procedural schedule for deciding the merits of the control application to be filed in this proceeding. A 350-day schedule, the Board concluded, will provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case. Applicants have indicated their intention to file their control application with the Board soon. Because this proceeding is pending before the Board, it would be inappropriate for me to comment on the specific merits of the case.

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

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



STB

FD

33388

6-10-97

J

IMPORTERS • DISTRIBUTORS • WAREHOUSEMEN  
**JESSE C. STEWART COMPANY**  
OWNERS & OPERATORS OF IRON CITY WAREHOUSE & ELEVATOR

360 Broadmoor Avenue

Pittsburgh, Pennsylvania 15228

Telephone: 412-343-0600

May 30, 1997



The Honorable Vernon A. Williams  
Office of the Secretary  
Case Control Branch  
Surface Transportation Board  
ATTN: STB Finance Docket #33286  
1201 Constitution Avenue NW  
Washington, DC 20423-0001

RE: Support for NS Acquisition of Conrail

Dear Mr. Williams:

My name is Robert K. Danik and I am the President of Jesse C. Stewart Company with its headquarters at 360 Broadmoor Avenue, Pittsburgh, PA.

Jesse C. Stewart Company is a PA Corporation with sales of \$12 million annually. Transportation is a vital factor to the success of our business. We utilize truck, rail and barge, divided 50% rail and 50% other modes. My responsibilities as president include the direct oversight of our transportation requirements which include both inbound and outbound products to and from our plants, and direct shipments to our customers. Primarily, we ship to the Eastern U.S. and receive our grain from the Midwest U.S. Some of our shipments are to and from locations in the Northeast and Midwest on Conrail.

We understand that Norfolk Southern is asking the Surface Transportation Board to approve its acquisition of Conrail with certain divestitures of Conrail lines and trackage rights to other rail carriers to ensure rail competition in the northeastern United States for the future.

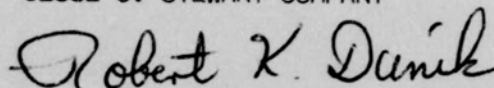
We support Norfolk Southern's plan. We think that it will enable us to expand our markets into areas we have hitherto been unable to reach because of what we can only perceive to be impediments placed in our way by Conrail with objectives and goals differing from those of Norfolk Southern. We sincerely believe that Norfolk Southern is a well-managed, efficient customer-oriented railroad and would very much like to see those attributes injected into Conrail territory.

Finally, we support and endorse Northfolk Southern's plan to introduce rail competition into areas in which Conrail has enjoyed a virtual monopoly since its formation in the 1970s.

If our company is to grow and prosper, we need a strong railroad serving our transportation needs. We think Norfolk Southern's plan before the Surface Transportation Board does this and we, therefore, support it.

Sincerely,

JESSE C. STEWART COMPANY



Robert K. Danik  
President

RKD/llc

#### VERIFICATION

I, Robert K. Danik, 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 on May 30, 1997.

Robert K. Danik

STB

FD

33388

6-9-97

J

June 2, 1997

VERIFIED STATEMENT OF

Robert L. Merrifield

on behalf of

Alumax Materials Management, Inc.

Finance Docket No. 33388

CSX Corporation and CSX Transportation, Inc.

Norfolk Southern Corporation and

Norfolk Southern Railway Corporation

—Control and Operating Lease/Agreements—

Conrail Inc. and Consolidated Rail Corporation



Vernon A. Williams, Secretary  
Surface Transportation Board  
1201 Constitution Avenue, NW  
Washington, DC 20423

Dear Secretary Williams:

My name is Robert L. Merrifield and I am the Director of Transportation for Alumax Materials Management, Inc. located at 6625 The Corners Parkway, Suite 500, Norcross, Georgia 30092. I have been in this position for six (6) months, which is a newly created position. I am responsible for overseeing all transportation related activities to and from the various Alumax subsidiary locations throughout North America. Previously I was employed by Intalco Aluminum Corporation, an Alumax Primary Aluminum manufacturing facility located at Ferndale, Washington. While there I held the positions of Assistant Traffic Manager for thirteen (13) years and Traffic Manager for twelve (12) years.

Alumax, Inc., a Fortune 200 corporation, is the nation's third largest integrated aluminum producer with five (5) primary aluminum smelters in North America producing aluminum ingot, billet, and slab to support subsidiary fabricating and customer facilities for their production of value-added aluminum products for the transportation, building and construction, packaging and consumer durable markets throughout North America.



Alumax, Inc. has subsidiary fabricating facilities through North America at the following locations.

\* Alumax Primary Aluminum Corporation

Products: Aluminum Ingots

Locations: Intalco aluminum Corporation, Ferndale,  
Washington  
Eastalco Aluminum Corporation, Frederick,  
Maryland  
Alumax of South Carolina, Goose Creek, South  
Carolina  
Aluminerie Luralco, Inc., Deschambault, Québec  
Aluminerie de Bécancour, Québec

\* Alumax Mill Products, Inc.

Products: Aluminum Coil, Sheet, and Plate

Locations: Lancaster, Pennsylvania  
Texarkana, Texas

\* Alumax Extrusions, Inc.

Products: Multi-Port Hollow Shape Extrusions, Thin Wall  
Tubing, Specialty Extruded Profiles

Locations: Magnolia, Arkansas  
Plant City, Florida  
Fairburn, Georgia  
West Chicago, Illinois  
Monterey, Mexico  
Hernando, Mississippi  
Catawba, North Carolina  
Cressona, Pennsylvania  
Yankton, South Dakota  
Elizabethton, Tennessee  
Spanish Fork, Utah

\* Alumax Foils, Inc.

Products: Aluminum Composition Foils

Locations: Russellville, Arkansas  
St. Louis, Missouri

\* Alumax Engineered Metal Processes, Inc.

Products: Near Net-Shape Semi-Solid Aluminum Forgings

Locations: Bentonville, Arkansas  
Jackson, Tennessee

\* Kawneer Company, Inc.

Products: Architectural Aluminum Products, Commercial  
Store Fronts, Curtain Wall, Window Systems

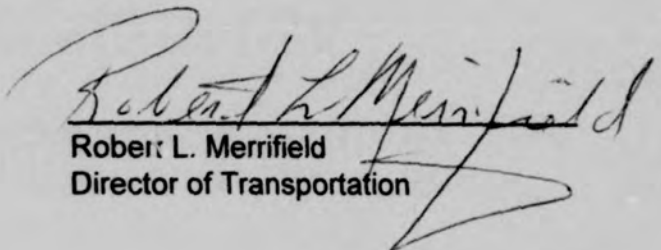
Locations: Lethbridge, Alberta  
Springdale, Arkansas  
Jonesboro, Georgia  
Bristol, Indiana  
Franklin, Indiana  
Eau Claire, Michigan  
Scarborough, Ontario  
Bloomsburg, Pennsylvania  
Johnson City, Tennessee

Alumax, Inc. is a large user of rail transportation. During 1996 Alumax facilities generated over 15,370 carloads of inbound/outbound raw materials, supplies, and primary ingot shipments. Consistent and reliable rail transportation is crucial to our logistics management. The cost of transportation is a significant component of the overall cost of our inbound materials and supplies as well as finished products. The additional expense associated with joint-lint rail service, especially in the Eastern portion of the United States, is a disadvantage to us. However, new single-line rail service created by the acquisition of Conrail by CSX and Norfolk Southern will make rail transportation a more attractive option for Alumax, Inc.

We believe that the acquisition of Conrail by CSX and Norfolk Southern will allow us to expand our use of rail transportation within the eastern United States.

For these reasons, Alumax Materials Management, Inc. strongly endorses the proposed joint acquisition of Conrail by CSX and NS, and urges the Board to approve the joint application of CSX and Norfolk Southern in a timely fashion.

I, Robert L. Merrifield, 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 second day of June, 1997.



Robert L. Merrifield  
Director of Transportation

**FOR INTERMODAL SUPPLIERS WHO WANT TO INCREASE  
COMPETITION IN THE NORTHEAST**

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

**VERIFIED STATEMENT OF  
HI-LINE, INC.  
FINANCE DOCKET NO. 33388**

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:

My name is Bill Powers, and I am Distribution Manager of Hi-Line, Inc., 2121 Valley View Lane, Dallas, Texas 75234. I have held my present position for one year. My duties include supplying various consumable repair and maintenance parts to the intermodal transportation industry such as terminals, connectors, fasteners, abrasives, drill bits, insulating products, brass fittings, battery terminals and black pipe.

Hi-Line, Inc., is a supplier to the intermodal transportation industry, as described above. We work with NS at the following locations: Layette, IN; Bellevue, WA; Macon, GA; Decatur, IL; Louisville, KY; Columbus, OH; New Orleans, LA; Lexington, KY; Atlanta, GA; Fort Wayne, IN; Jacksonville, FL; Roanoke, VA; Milan, MI; Linwood, NC; Charlotte, NC; and Knoxville, TN. In addition, we work with Conrail, Burlington Northern and Southern Pacific at CSX, Great Western, etc.

Based upon our experience in providing the services described above and working with various railroads, we would like to express our support of Norfolk Southern and CSX in their efforts to acquire Conrail, and then divide the Conrail system. There is a need for competition in the territory served by Conrail, and for two competing railroads in the Northeast which own their own track and facilities. For too long, customers which ship or receive product into and out of the Northeast have had the service of only one rail carrier. And as is the case when any one company is able to operate in a particular market, service suffers and the price is non-competitive. While there may have been a historical reason for insulating northeastern railroading from competition, that time is past, and it is time for customers interested in this market to have service by more than one rail carrier which owns its facilities. And the rail carriers which will compete in the Northeast should not be just any rail carriers. They must be carriers which are of comparable size and scope, and provide a competitive service.

Mr. Vernon A. Williams

Page 2

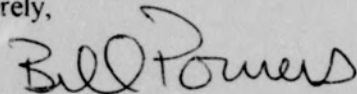
Growth in the intermodal industry will benefit my company. Providing rail competition in the Northeast, particularly from two competitors which have strong rail systems in the Southeast, should promote the growth of intermodal traffic, which in turn will enhance my business as a supplier to the intermodal industry. NS's capital investment in its intermodal facilities and service are well known in the industry, as are its strong commitments to growth and service. Further, we have been impressed with NS's commitment to safety, as evidenced by its evidence of continued success in winning the Harriman Award.

To summarize, we believe that approval of the application of NS and CSX to acquire Conrail should be approved by the STB.

I, Bill Powers, 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 on June 4, 1997.

Sincerely,

A handwritten signature in cursive script that reads "Bill Powers".

Bill Powers  
Distribution Manager  
Hi-Line, Inc.



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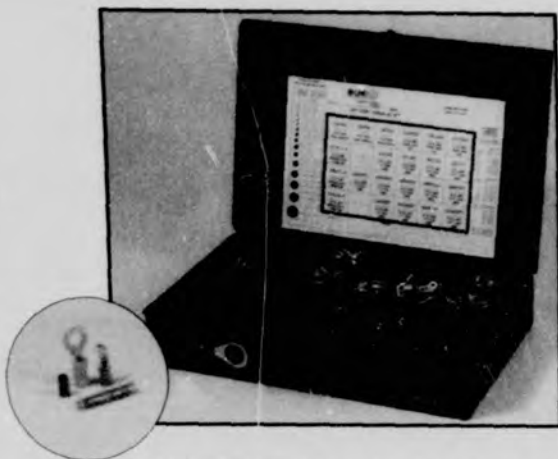
**Customers We Serve Across North America**

**HI-LINE**

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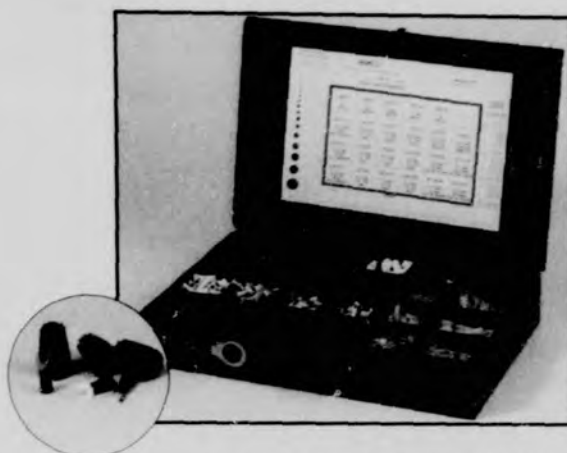




### AVIATION MAINTENANCE TERMINAL KIT

Part No. TK04 735 Pieces Contained

High quality and mil spec nylon insulated terminals for wire sizes 22 - 10 gauge, stud size #6 - 5/16" plus a parts bin.



### PLANT & FACILITY MAINTENANCE KIT

Part No. TK12 900 Pieces Contained

Collection of vinyl and nylon terminals, Kwik-Ons and wire nuts from 22 - 10 gauge, stud size #6 - 5/16" plus a parts bin.



### TRANSPORTATION EQUIPMENT KIT

Part No. TK20 635 Pieces Contained

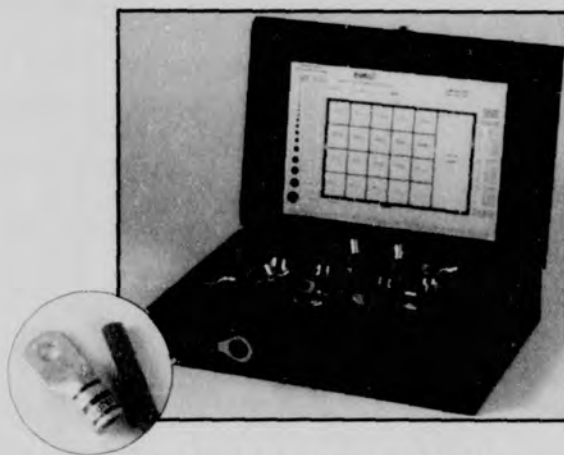
A collection of vinyl terminals, Kwik-Ons and Scotch-Lok taps from 22 - 10 gauge, stud size #6 - 1/4" plus a parts bin.



### WEATHER PACK KIT

Part No. WPK 392 Pieces Contained

Weather protective connector system in 1 - 6 pin housings, crimping tool and extraction tool plus a parts bin.



### BATTERY TERMINAL KIT

Part No. SBTKEF 108 Pieces Contained

Kit for EXTRA-FLEX cable consists of battery terminals, cable lugs, shrink tubing, battery bolts and nuts plus a parts bin.

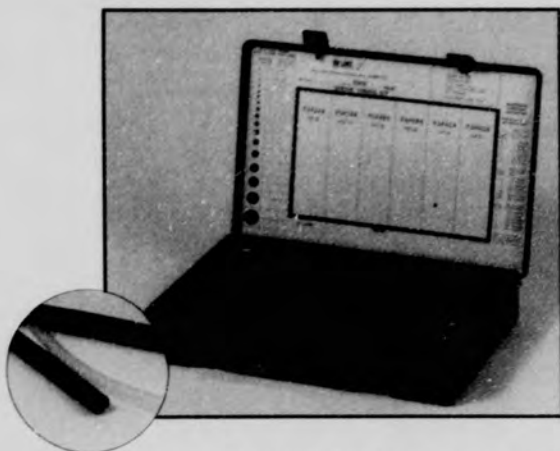


### BATTERY TERMINAL KIT

Part No. SBTKF 150 Pieces Contained

Standard battery kit cable consists of battery terminals, cable lugs, shrink tubing, battery bolts and nuts plus a parts bin.





### **SHRINK TUBING KIT (Polyolefin)**

**Part No. TSP15**

**60 Pieces Contained**

Assortment of black and clear heat shrink tubing in 6" lengths and in diameters from 1/8" through 3/8" plus a parts bin.



### **SHRINK TUBING KIT (Polyolefin)**

**Part No. TSP25BK**

**40 Pieces Contained**

Assortment of black heat shrink tubing in 6" lengths and in diameters from 1/4" through 3/4".

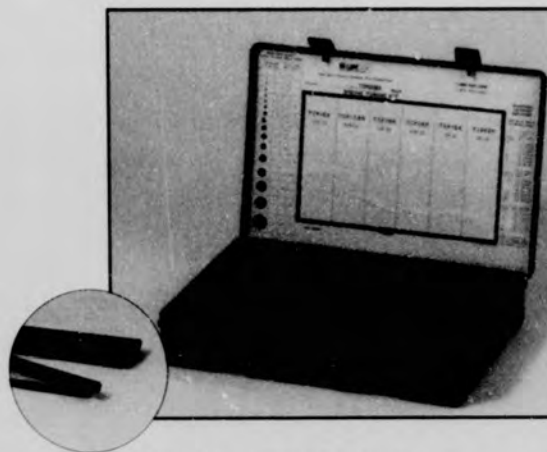


### **SHRINK TUBING KIT (Polyolefin)**

**Part No. TSP35BK**

**70 Pieces Contained**

Assortment of black heat shrink tubing in 6" lengths and in diameters from 1/8" through 1" plus a parts bin.

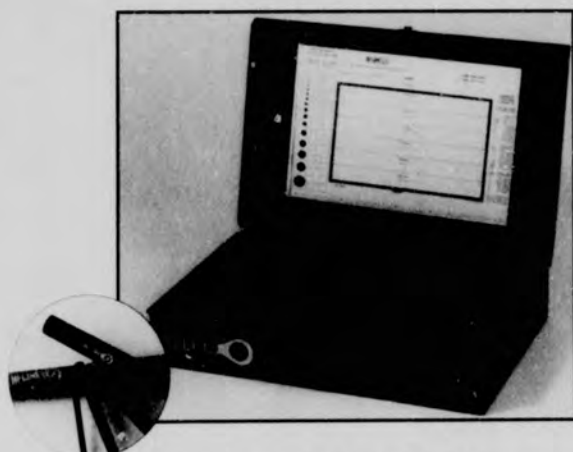


### **SHRINK TUBING KIT (Polyolefin)**

**Part No. TSP610BK**

**60 Pieces Contained**

Assortment of black heat shrink tubing in 6" lengths and in diameters from 1/16" through 3/8" plus a parts bin.

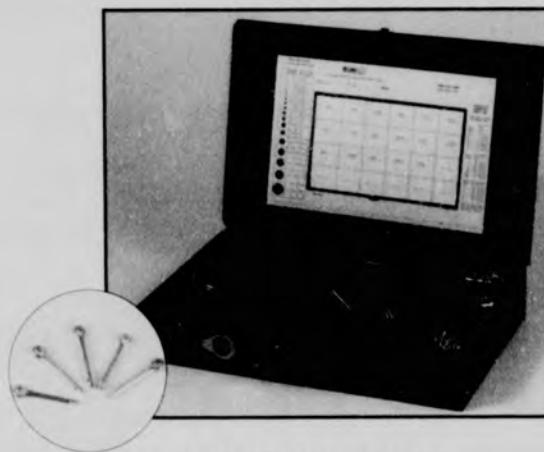


### **DUAL WALL SHRINK TUBE KIT (Polyolefin)**

**Part No. TSPDK**

**24 Pieces Contained**

Black tubing with inner melt sealant layer for extra protection in diameters from 3/16" through 1 1/8" plus a parts bin.



### **COTTER PIN KIT**

**Part No. CPK**

**25 Pieces Contained**

Kit includes chisel point cotter pins ranging in size from 1/16" X 1" through 1/4" X 2" plus a parts bin.



### **MOLEX CONNECTOR KIT (.062" diameter)**

**Part No. MOL6K**      222 Pieces Contained

Kit includes male and female housings from 1 to 15 pin size, sockets, pins, crimping tool, extraction tool plus a parts bin.



### **MOLEX CONNECTOR KIT (.093" diameter)**

**Part No. MOL9K**      322 Pieces Contained

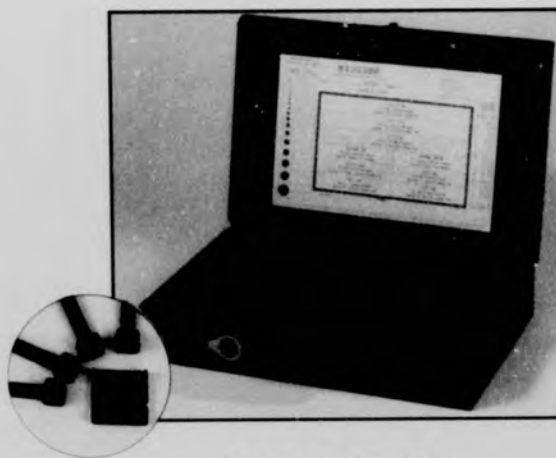
Kit includes male and female housings from 1 to 15 pin size, sockets, pins, crimping tool, extraction tool plus a parts bin.



### **CABLE TIE KIT**

**Part No. CTK**      875 Pieces Contained

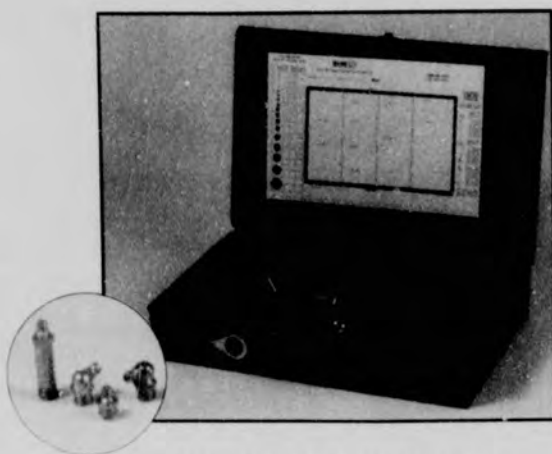
Kit includes natural color cable ties in lengths from 4" through 15" and 1/2" and 3/4" mounts plus a parts bin.



### **CABLE TIE KIT**

**Part No. CTKB**      875 Pieces Contained

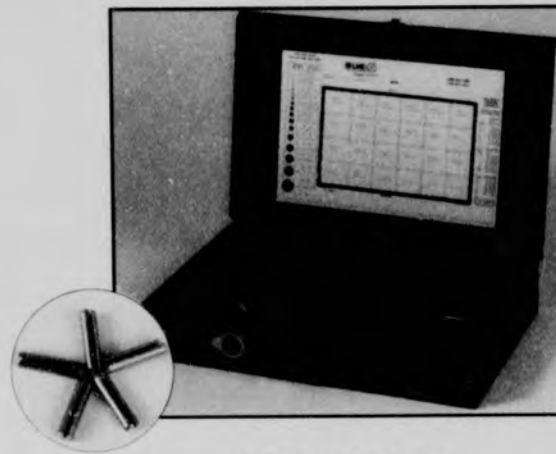
Kit includes black cable ties in lengths from 4" through 15" and 1/2" and 3/4" mounts plus a parts bin.



### **GREASE FITTING KIT**

**Part No. GFK**      110 Pieces Contained

Assortment includes threaded and drive type grease fittings from 1/8" through 5/16" plus a parts bin.



### **ROLL PIN KIT**

**Part No. RPK**      260 Pieces Contained

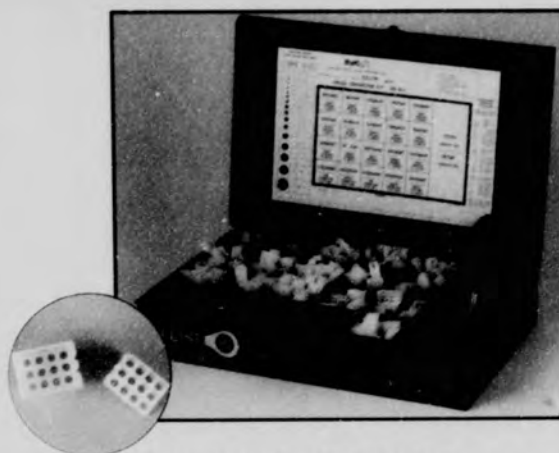
Kit includes steel roll pins in sizes from 3/32"x1" through 1/2"x1 1/2" plus a parts bin.



### **MOLEX CONNECTOR KIT (.062" diameter)**

**Part No. MOL6K**      222 Pieces Contained

Kit includes male and female housings from 1 to 15 pin size, sockets, pins, crimping tool, extraction tool plus a parts bin.



### **MOLEX CONNECTOR KIT (.093" diameter)**

**Part No. MOL9K**      322 Pieces Contained

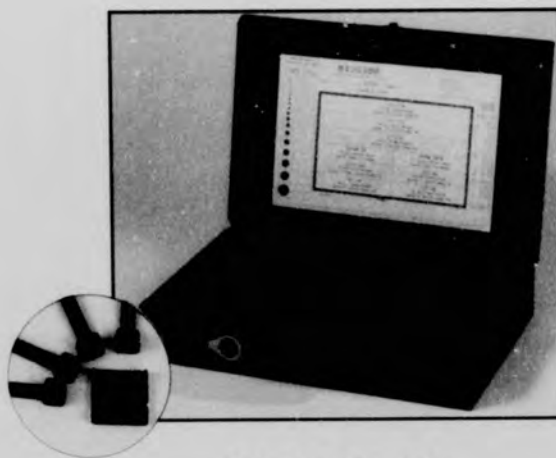
Kit includes male and female housings from 1 to 15 pin size, sockets, pins, crimping tool, extraction tool plus a parts bin.



### **CABLE TIE KIT**

**Part No. CTK**      875 Pieces Contained

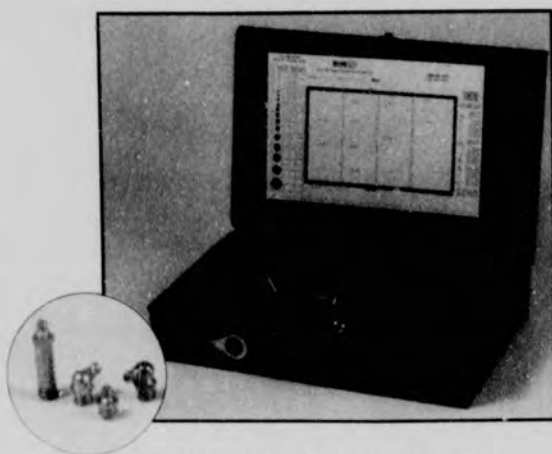
Kit includes natural color cable ties in lengths from 4" through 15" and 1/2" and 3/4" mounts plus a parts bin.



### **CABLE TIE KIT**

**Part No. CTKB**      875 Pieces Contained

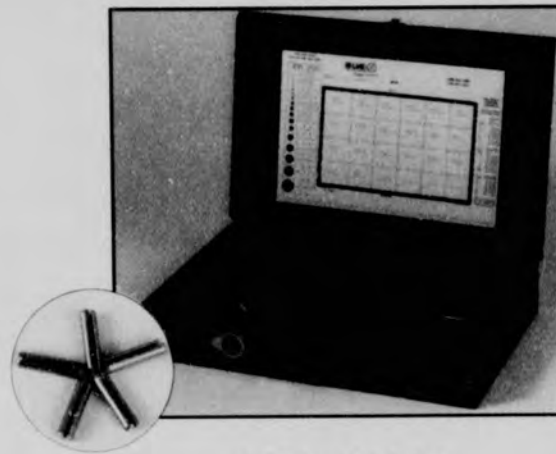
Kit includes black cable ties in lengths from 4" through 15" and 1/2" and 3/4" mounts plus a parts bin.



### **GREASE FITTING KIT**

**Part No. GFK**      110 Pieces Contained

Assortment includes threaded and drive type grease fittings from 1/8" through 5/16" plus a parts bin.



### **ROLL PIN KIT**

**Part No. RPK**      260 Pieces Contained

Kit includes steel roll pins in sizes from 3/32"x1" through 1/2"x1 1/2" plus a parts bin.

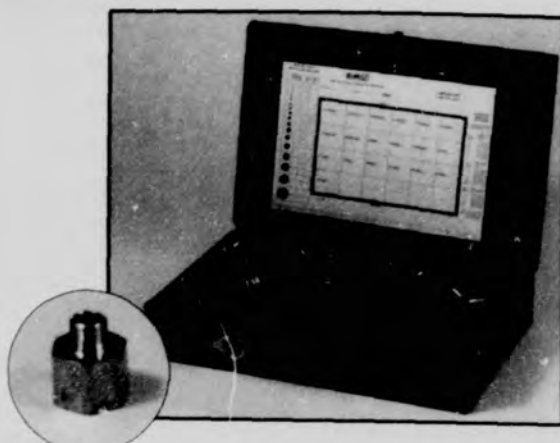


### **BRASS PIPE FITTING KIT (1/8" & 3/8")**

**Part No. BRK32**

**76 Pieces Contained**

Assortment includes unions, couplings, bushings, adapters, nipples, elbows and hex plugs plus a parts bin.

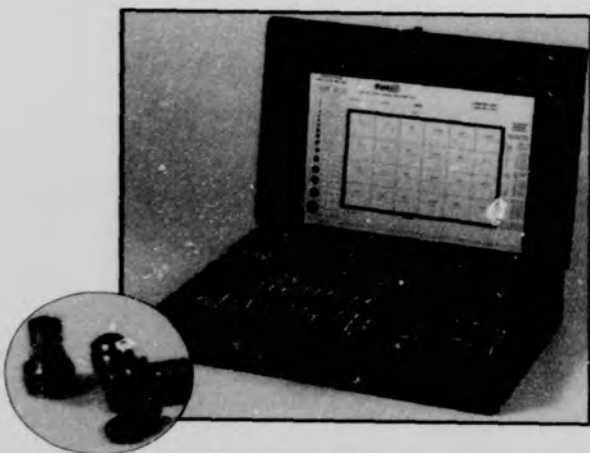


### **BRASS PIPE FITTING KIT (1/2" & 3/4")**

**Part No. BRK38**

**49 Pieces Contained**

Assortment includes unions, couplings, bushings, adapters, nipples, elbows and hex plugs plus a parts bin.



### **SAE 45° FLARE FITTING KIT**

**Part No. BRK40**

**104 Pieces Contained**

Brass flare fitting kit includes unions, nuts, male connectors and male elbows plus a parts bin.

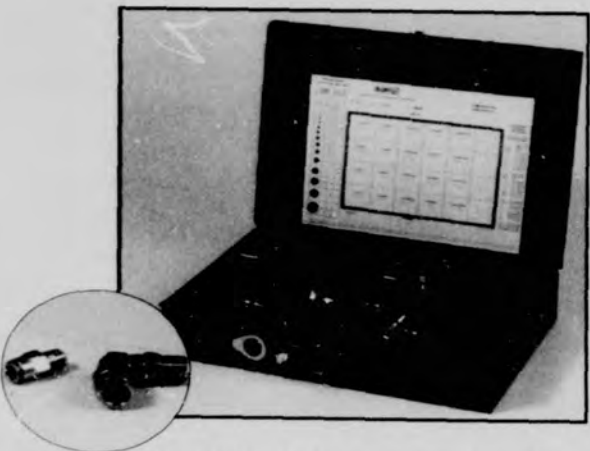


### **COMPRESSION FITTING KIT**

**Part No. BRK60**

**122 Pieces Contained**

Brass flare fitting kit includes unions, nuts, male connectors, male elbows and sleeves plus a parts bin.

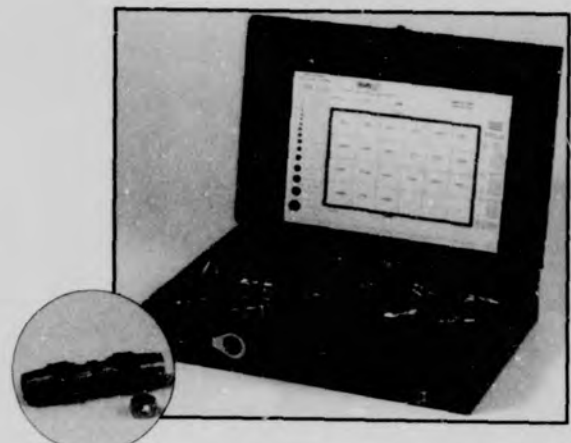


### **PUSH-CONNECT FITTING KIT**

**Part No. BRK116**

**70 Pieces Contained**

Assortment of brass fittings includes unions, male connectors, and swivel male elbows plus a parts bin.



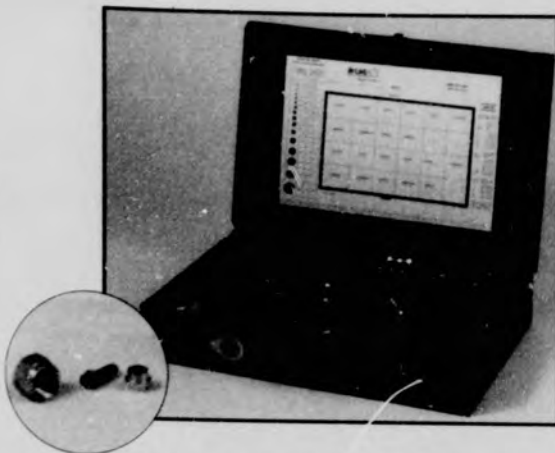
### **COPPER AIR BRAKE FITTING KIT**

**Part No. BRK130**

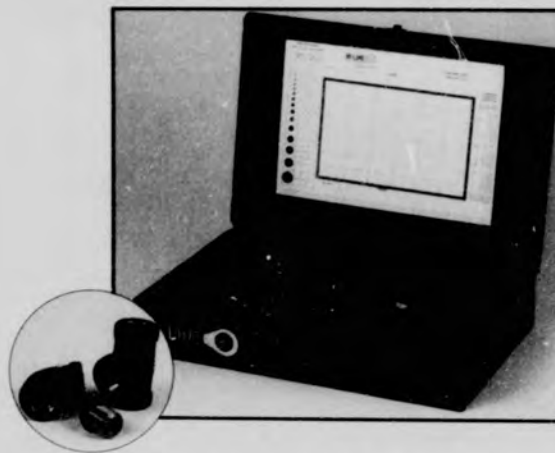
**46 Pieces Contained**

Assortment includes nuts, male elbows, sleeves, male connectors and unions plus a parts bin.

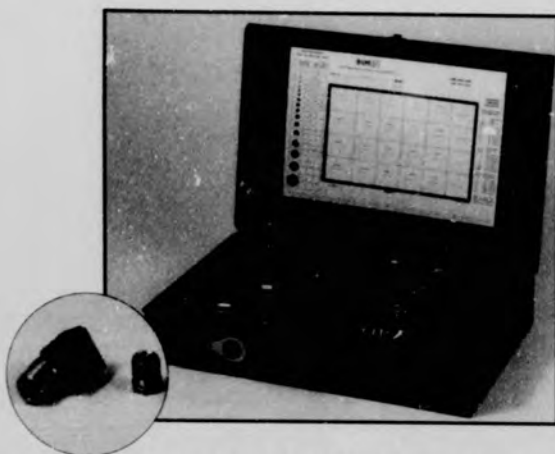




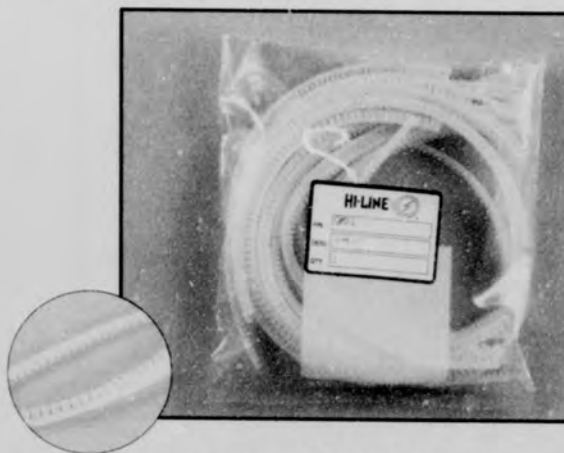
**NYLON AIR BRAKE FITTING KIT (1/4"-3/8")**  
**Part No. BRK142**      **108 Pieces Contained**  
 Assortment contains unions, male connectors, male elbows, sleeves, nuts, inserts and gauge rings plus a parts bin.



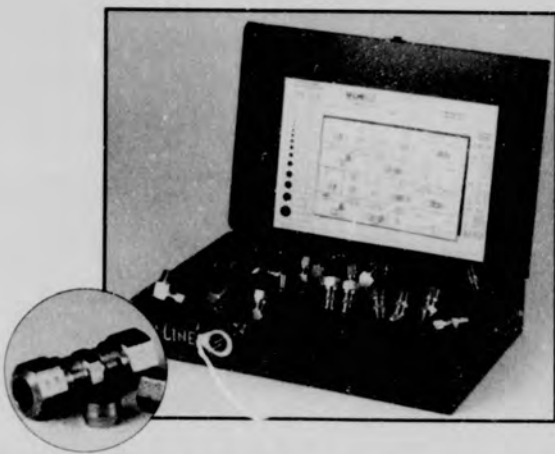
**BLACK PIPE KIT**  
**Part No. BPK1**      **118 Pieces Contained**  
 Kit includes 90° elbows, plugs, nipples, hex bushings, caps and tees in sizes from 1/8" through 1/2" plus a parts bin.



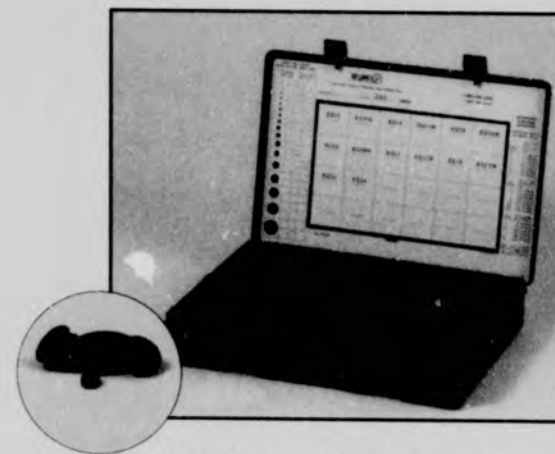
**INVERTED FLARE FITTING KIT**  
**Part No. BRK202**      **78 Pieces Contained**  
 Assortment of brass fittings includes unions, male connectors, male elbows and tube nuts plus a parts bin.



**NYLON GROMMET KIT**  
**Part No. GMK1**      **24 Pieces Contained**  
 The serrated nylon grommet kit includes 12" lengths in widths from 1/32" through 5/16".

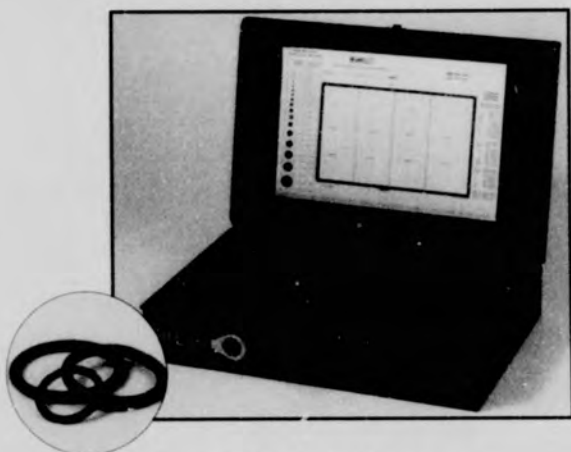


**NYLON AIR BRAKE FITTING KIT (1/2"-5/8")**  
**Part No. BRK148**      **74 Pieces Contained**  
 Assortment contains unions, male connectors, male elbows, sleeves, nuts, inserts and gauge rings plus a parts bin.



**RUBBER GROMMET KIT**  
**Part No. RGK**      **155 Pieces Contained**  
 Molded natural rubber grommets in this collection have I.D. of 1/8" through 1" plus a parts bin.

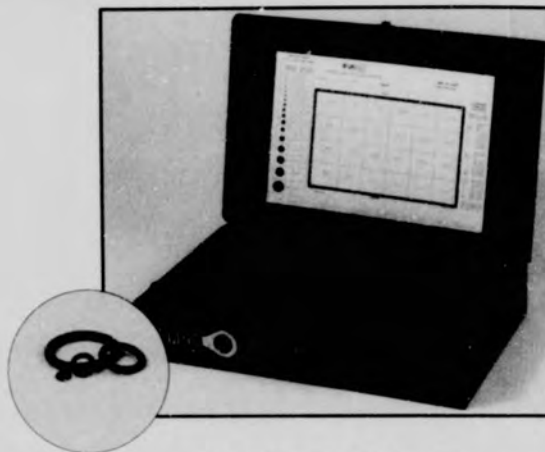




### O-RING KIT (Large)

Part No. ORLK 85 Pieces Contained

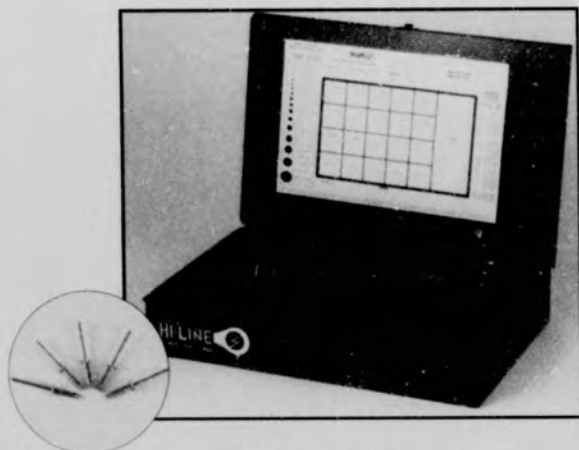
O-rings are made of Buna-N (Nitrile) rubber and range in size from 1 1/8" through 2" I.D. plus a parts bin.



### O-RING KIT (Small)

Part No. ORSK 300 Pieces Contained

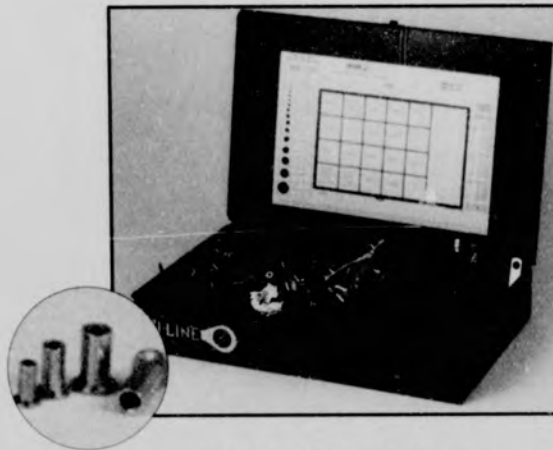
O-rings are made of Buna-N (Nitrile) rubber and range in size from 1/8" through 1 1/16" I.D. plus a parts bin.



### POP RIVET KIT

Part No. PRK 576 Pieces Contained

Kit includes a hand rivet tool and aluminum rivets with grips ranging from 1/8" through 1/2" plus a parts bin.



### KLIK RIVET NUT KIT

Part No. KRNK 244 Pieces Contained

Rivet nuts from #6 through 1/4", rivet tool, nose piece and mandrel plus a parts bin.



### TAP AND DIE KIT (U.S.)

Part No. TDS41 41 Pieces Contained

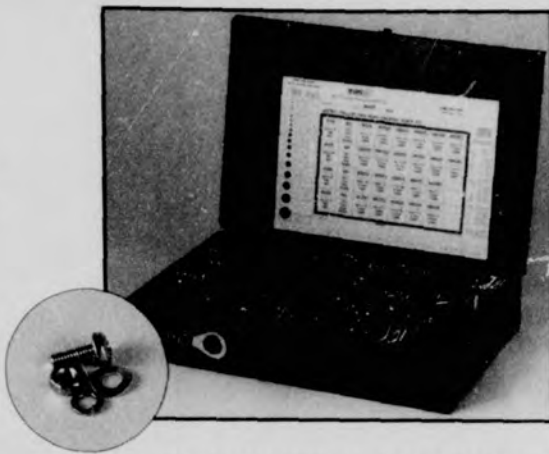
Includes taps and dies from 4-40 to 1/2"-20, necessary tools and gauge plus plastic case.



### TAP AND DIE KIT (Metric)

Part No. TDS41M 41 Pieces Contained

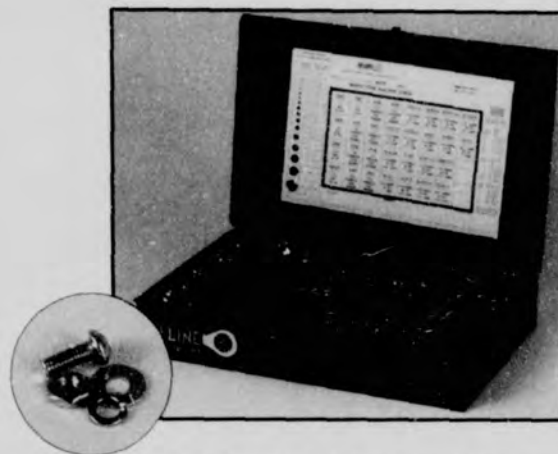
Includes taps and dies from 3mm-0.50mm through 12mm-1.75mm, necessary tools and gauge plus plastic case.



### **METRIC MACHINE SCREW KIT**

**Part No. MMSK 1450 Pieces Contained**

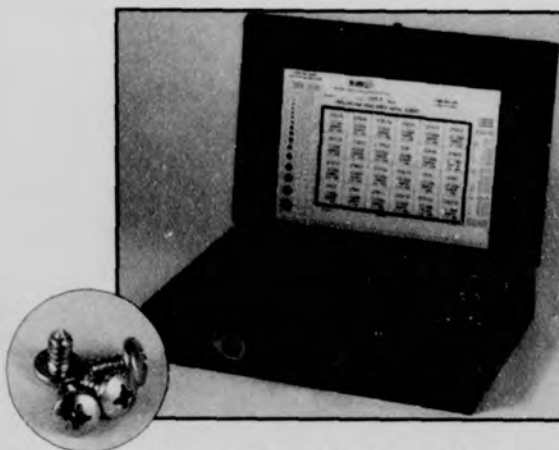
Kit includes Phillips pan head machine screws from 3mm to 6mm diameter, hex nuts and lock washers plus a parts bin.



### **MACHINE SCREW KIT**

**Part No. MSK 2075 Pieces Contained**

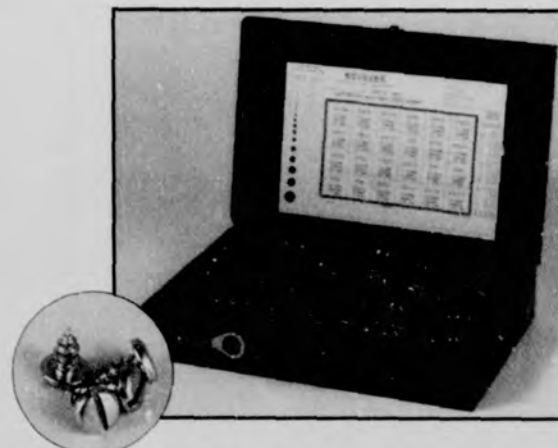
Kit includes machine screws from #6 through 1/4" diameter, hex nuts and lock washers plus a parts bin.



### **SHEET METAL SCREW KIT**

**Part No. SMPP 975 Pieces Contained**

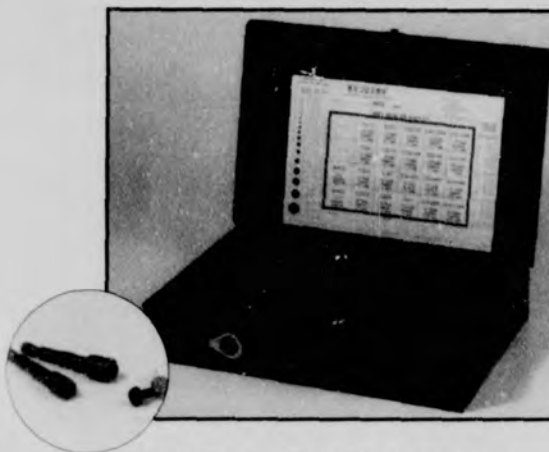
Kit includes Phillips pan head sheet metal screws from #6x3/8" through 1/4"x1 1/2" plus a parts bin.



### **SHEET METAL SCREW KIT**

**Part No. SMPS 975 Pieces Contained**

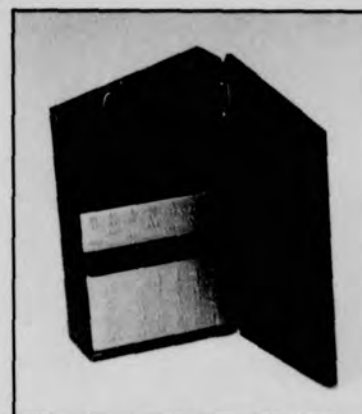
Kit includes slotted pan head sheet metal screws from #6x3/8" through 1/4"x1 1/2" plus a parts bin.



### **SHEET METAL SCREW KIT**

**Part No. SMTEK 902 Pieces Contained**

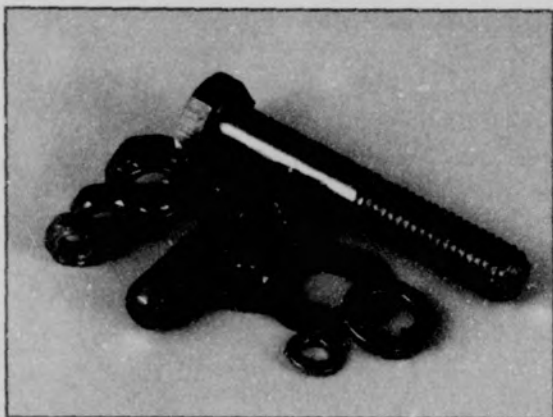
Kit includes slotted hex washer head sheet metal screws from #8x1/2" through #12x1 1/2", 2 nut drivers plus a parts bin.



### **DRILL BIT INDEX**

**Part Nos. DB\_S15, DB\_S29 15 or 29 Pieces**

DBHS15 & 29 include high speed 118°, DBSS15 & 29 include high speed 135°, and DBCS15 & 29 include cobalt 135°.

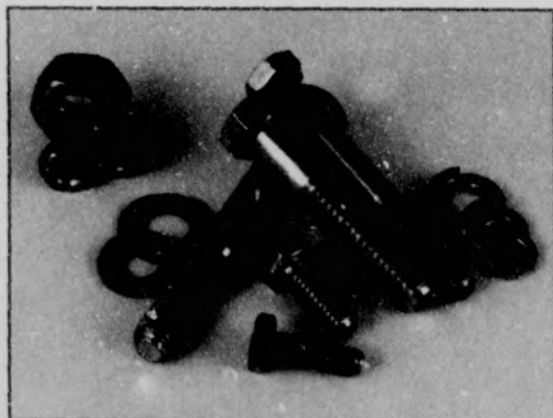


## **BOLT KIT**

**Part No. BK**

**1400 Pieces Contained**

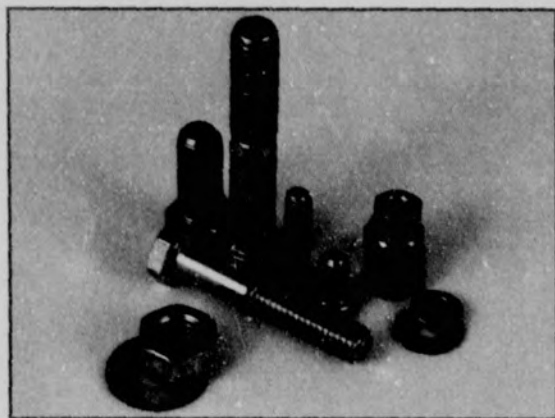
Grade 5 Bolt Kit includes hex nuts, lock washers, flat washers and cap screws from 1/4"x1/2" to 1/2"x3" plus a parts bin.



## **BOLT KIT**

**Part No. BK8 1170 Pieces Contained**

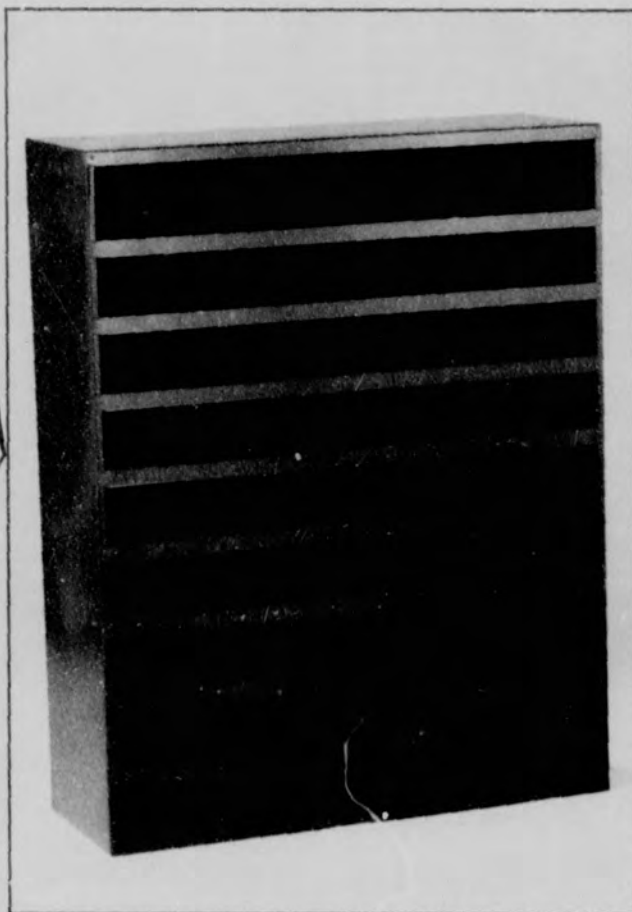
Grade 8 Bolt Kit includes hex nuts, lock washers and cap screws from 1/4"x1/2" through 1/2"x3" plus a parts bin.



## **METRIC BOLT KIT**

**Part No. MBK 1400 Pieces Contained**

Kit includes hex nuts, lock washers, flat washers and cap screws with diameters from 6mm to 16mm plus a parts bin.

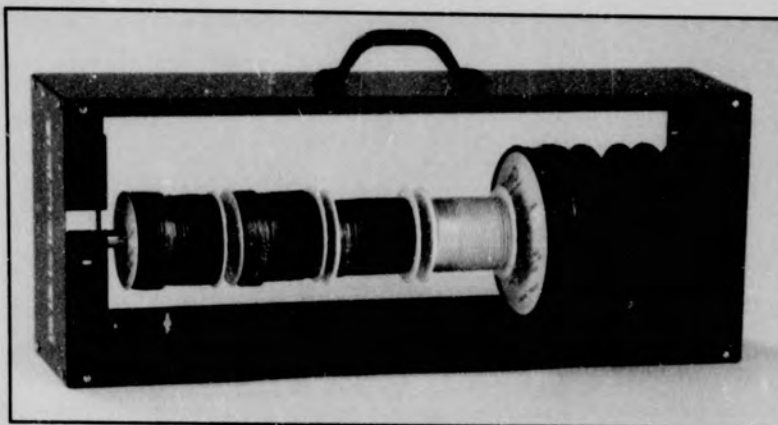


## **72-COMPARTMENT BIN**

**Part No. PB72**

**1 Bin Contained**

This parts bin is supplied with all three bolt kits, BK, BK8 and MBK. Metal stand, SPB4072, is available.



### WIRE KIT (PC Series)

Part No. WRK1

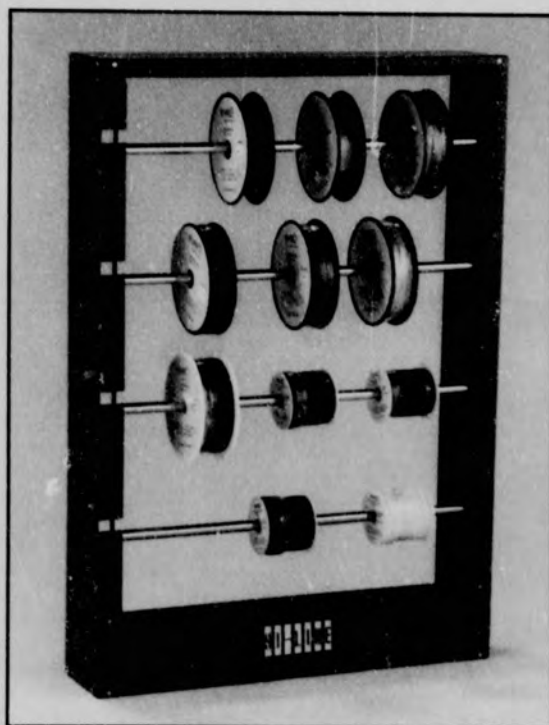
7 Rolls Contained

Vinyl insulated wire plus a single bar wire rack.

100' each of 10 gauge -- black

100' each of 12 gauge -- black and red

100' each of 14 gauge -- brown, black, red and white



### WIRE KIT (PC Series)

Part No. WRK2

11 Rolls Contained

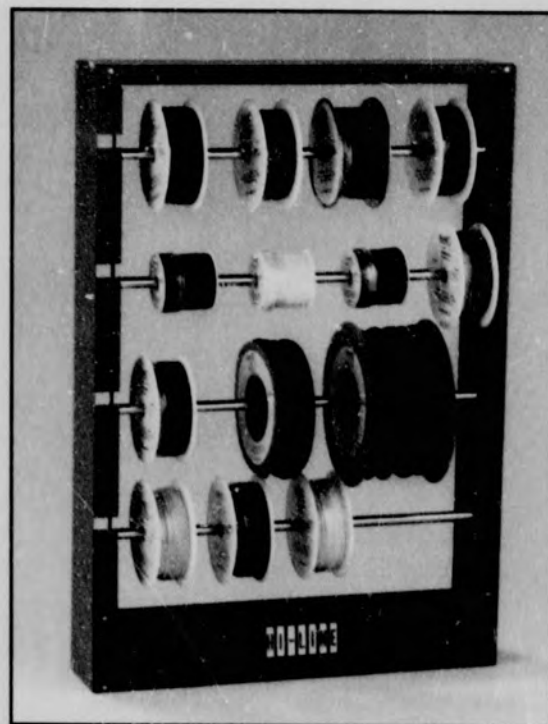
Vinyl insulated wire plus a 4-bar wire rack.

100' each of 10 gauge -- black and red

100' each of 12 gauge -- black, red and white

100' each of 14 gauge -- brown, green, white,  
and yellow

250' each of 14 gauge -- black and red



### WIRE KIT (PC and BCF Series)

Part No. WRK3

14 Rolls Contained

Vinyl insulated wire plus a 4-bar wire rack.

100' each of 8 gauge BCF -- red

100' each of 10 gauge -- black and red

100' each of 12 gauge -- black, red and white

250' each of 14 gauge -- black, brown, green,  
red, white and yellow

50' each of 1/4" and 1/2" split loom in black

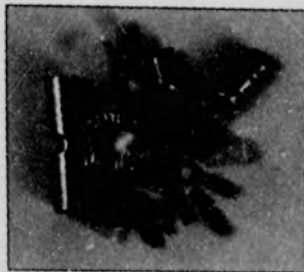


## PRODUCT KIT CATALOG INDEX

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BRK130	Copper Air Brake Fitting Kit	Page 4
BRK142	Nylon Air Brake Fitting Kit (1/4"-3/8")	Page 5
BRK148	Nylon Air Brake Fitting Kit (1/2"-5/8")	Page 5
BRK202	Inverted Flare Fitting Kit	Page 5
BRK32	Brass Pipe Fitting Kit (1/8"-3/8")	Page 4
BRK38	Brass Pipe Fitting Kit (1/2"-5/8")	Page 4
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CTKB	Cable Tie Kit (Black)	Page 3
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DBCS29	Drill Bit Index (Cobalt - 135°)	Page 7
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DBSS15	Drill Bit Index (High speed - 135°)	Page 7
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MMSK	Metric Machine Screw Kit	Page 7
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ORSK	O-Ring Kit (Small)	Page 6
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SBTKF	Battery Terminal Kit (Standard)	Page 1
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TSP25BK	Shrink Tubing Kit (1/4"-3/4")	Page 2
TSP35BK	Shrink Tubing Kit (1/8"-1")	Page 2
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TSPDK	Shrink Tubing Kit (3/16"-1 1/8")	Page 2
WPK	Weather Pack Kit	Page 1
WRK1	Wire Kit (7 rolls)	Page 9
WRK2	Wire Kit (11 rolls)	Page 9
WRK3	Wire Kit (12 rolls + 2 rolls split loom)	Page 9
BK	Bolt Kit (Grade 5)	Page 8
BK8	Bolt Kit (Grade 8)	Page 8
MBK	Metric Bolt Kit	Page 8

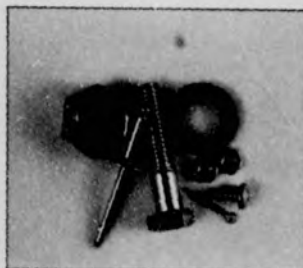


# HI-LINE



## Terminals and Connectors

Color coded lugs, cable lugs, battery terminals, Molex and Weatherpack connectors, split bolts, wire nuts and Scotch-Loks.



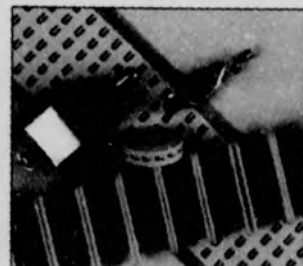
## Fasteners

Bolts, nuts and washers, cotter pins, rivets, set screws, klik rivet nuts, sheet metal and machine screws.



## Industrial Products

Drill bits and sets, grease fittings, o-rings, abrasive shop rolls, roll pins.



## Wiring Accessories

Wire markers, terminal blocks, toggle switches, alligator clips, fuses, 12V and 24V light bulbs, 125V caps and connectors.



## Wire and Cable

PVC, THHN and TFFN, high temp, air frame, shop cable, battery and welding cable and trailer cable.



## Tube and Hose Fittings

Full line of Weatherhead products.



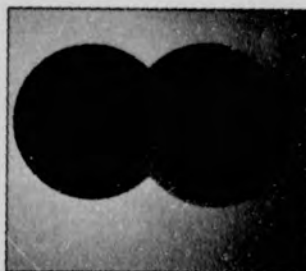
## Insulating Materials

Shrink tubing, loom, electrical and specialty tape and grommets.



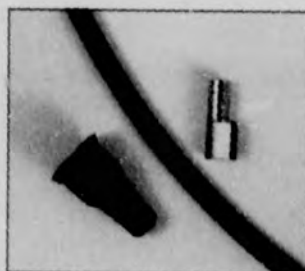
## Securing Devices

Clamps, cable ties and mounts.



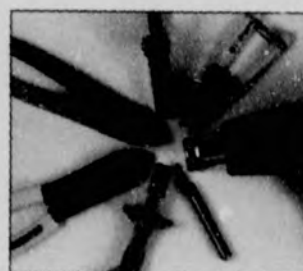
## Truck Lights

Full line of Signal Stat products.



## Ignition Products

Ignition terminals / boots and ignition cable.



## Tools

Strippers, crimpers, cutters and heat shrink guns.



HI-LINE

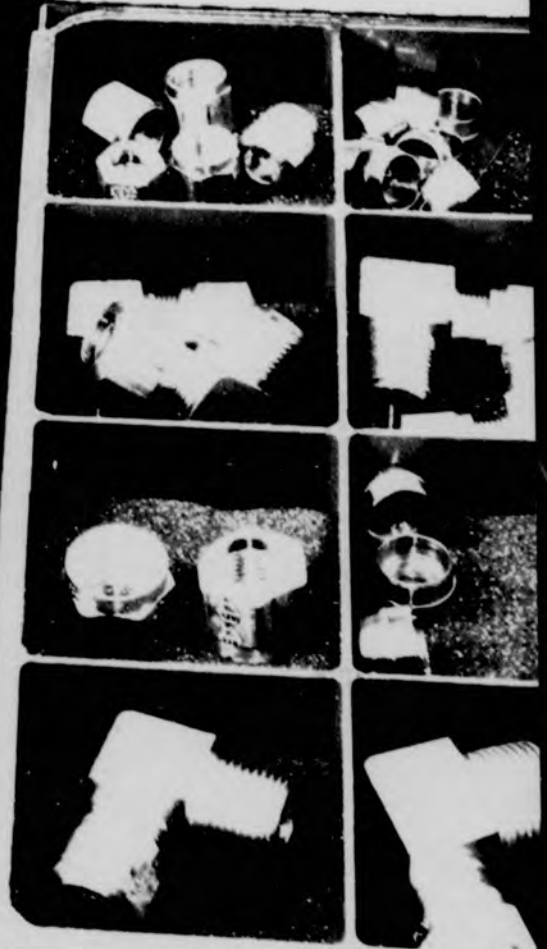
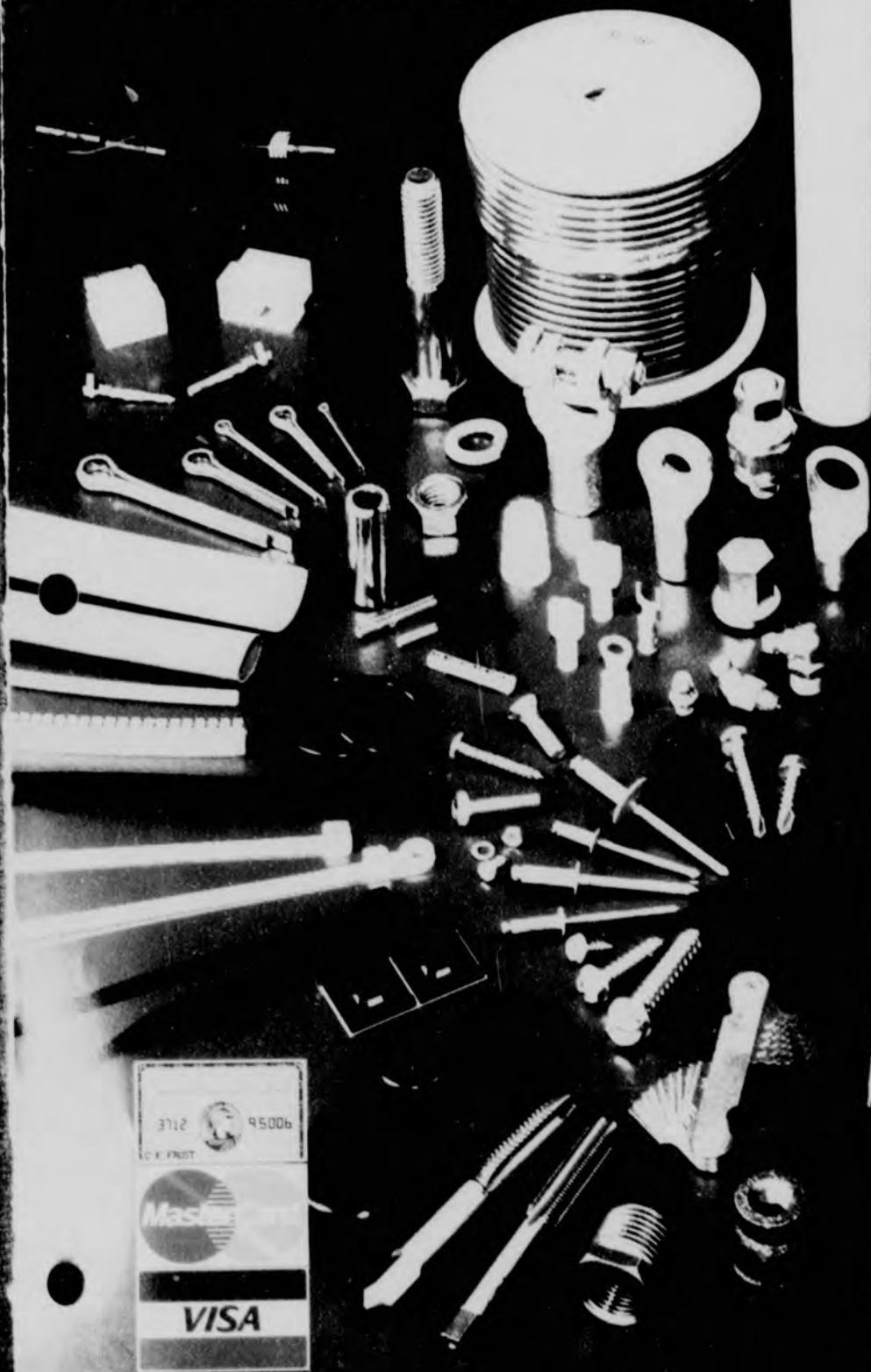
P.O. BOX 814844

DALLAS, TX 75381

1-(800)-9 HI-LINE



## NEW PRODUCTS JULY 1996



HI-LINE  
1-800-444-4444

HI-LINE

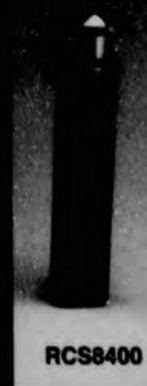


# FUSES



HI-LINE PART NO.	INDUSTRY NO. SERIES	AVAILABLE AMP RATINGS	PKG. SIZE
FC	AGC	7, 8, 14	25
FFM	FNM	.25, .5, 1, 1.125, 1.25, 1.5, 1.8, 2, 2.25, 2.5, 3, 3.5, 4, 4.5 5, 6, 6.25, 7, 8, 9, 10, 12 15, 20, 25, 30, 35, 40	10
FFQ	FNQ	1, 2, 3, 4, 5, 6, 7, 8, 9, 10 12, 14, 15, 20, 25, 30	1
FHATC30	ATC	Fuseholder up to 30 AMP	10
FMA	GMA	63mA, 100mA, 125mA 200mA, 250mA, 300mA 500mA, 600mA, 750mA 800mA, 1, 1.5, 1.6, 2, 2.5 3, 3.15, 3.5, 4, 5, 6, 7, 8 10, 15	25
FNN	NON	.5, .75, 1, 1.5, 2, 2.5, 3, 4, 5 6, 7, 8, 10, 12, 15, 20, 25, 30 35, 40, 45, 50, 60 70, 80, 90, 100	10 5
FNR	FRN-R	.1, .2, .25, .3, .4, .5, .6, .8, 1 1.5, 2, 2.5, 3, 3.5, 4, 4.5, 5 5.6, 6, 6.25, 7, 7.5, 8, 9, 10 12, 15, 17.5, 20, 25, 30, 35 40, 45, 50, 60 70, 75, 80, 90, 100	10 5
FTK	KTk	.25, .5, .75, 1, 1.25, 1.5, 2 2.5, 3, 3.5, 4, 5, 7, 7.5, 8, 9 10, 15, 25, 30, 35, 40, 45, 50	10
FTKRK	KTk-R	.25, .5, .75, 1, 1.5, 2, 3 3.5, 4, 5, 6, 7, 8, 9, 10, 12 15, 20, 25, 30	10

# TOOLS



# FASTENERS

## Flat Head Socket Cap Screws

### Phillips Pan Head Tek Screws



44 SERIES

PART NO.	DIA.	LENGTH
44C12	#6	1/2
44C34	#6	3/4
44C38	#6	3/8
44D1	#8	1
44D12	#8	1/2
44D34	#8	3/4
44E1	#10	1
44E12	#10	1/2
44E34	#10	3/4



48 SERIES

PART NO.	DIA.	LENGTH	PART NO.	DIA.	LENGTH
48C12	6"-32	1/2	48H134	5/16"-18	1 3/4
48C14	6"-32	1/4	48H2	5/16"-18	2
48C34	6"-32	3/4	48H34	5/16"-18	3/4
48C38	6"-32	3/8	48i1	3/8"-16	1
48C58	6"-32	5/8	48I112	3/8"-16	1 1/2
48D1	8"-32	1	48I114	3/8"-16	1 1/4
48D12	8"-32	1/2	48I134	3/8"-16	1 3/4
48D34	8"-32	3/4	48I2	3/8"-16	2
48D38	8"-32	3/8	48I212	3/8"-16	2 1/2
48D58	8"-32	5/8	48I214	3/8"-16	2 1/4
48EF1	10"-32	1	48I3	3/8"-16	3
48EF12	10"-32	1/2	48I34	3/8"-16	3/4
48EF34	10"-32	3/4	48K1	1/2"-13	1
48EF58	10"-32	5/8	48K112	1/2"-13	1 1/2
48E1	10"-24	1	48K114	1/2"-13	1 1/4
48E12	10"-24	1/2	48K134	1/2"-13	1 3/4
48E34	10"-24	3/4	48K2	1/2"-13	2
48E38	10"-24	3/8	48K212	1/2"-13	2 1/2
48E58	10"-24	5/8	48K214	1/2"-13	2 1/4
48G1	1/4"-20	1	48K3	1/2"-13	3
48G112	1/4"-20	1 1/2	48M112	1/2"-13	1 1/2
48G114	1/4"-20	1 1/4	48M134	5/8"-11	1 3/4
48G12	1/4"-20	1/2	48M2	5/8"-11	2
48G2	1/4"-20	2	48M212	5/8"-11	2 1/2
48G34	1/4"-20	3/4	48M214	5/8"-11	2 1/4
48G58	1/4"-20	5/8	48M3	5/8"-11	3
48H1	5/16"-18	1	48N2	3/4"-10	2
48H112	5/16"-18	1 1/2	48N212	3/4"-11	2 1/2
48H114	5/16"-18	1 1/4	48N214	3/4"-11	2 1/4
48H12	5/16"-18	1/2	48N3	3/4"-11	3

### GM Side Mount Battery Bolt



SM7

The side mount battery bolt (SM7) is ideal for GM diesel trucks that require two cables to be attached to the same battery bolt. Remove the OEM battery bolt and replace it with the SM7. Replace the cables as they were, and you now have a 3/8" stud for hanging additional wires.

### NEW FASTENER ADDITIONS



Grade 5 USS Coarse Thread	9/16"-12 and 1-8" Sizes
Grade 5 SAE Fine Thread	1/4"-28, 1/2"-20 and 9/16"-18 Sizes
Grade 8 USS Coarse Thread	1"-8 Sizes and 3 1/4" Lengths
Grade 8 SAE Fine Thread	1/4"-28 and 5/16"-24 Sizes
Stainless Hex Cap Screws	7/16"-14 Sizes (including washers, nuts)
Pan Slot Stainless Sheet Metal Screws	#10 Diameter
Pan Slot Stainless Machine Screws	10"-24 Sizes
Phillips Oval Head Stainless Sheet Metal Screws	#12 Diameter
Phillips Flat Head Stainless Machine Screws	10"-32 Sizes





**HI-LINE**

*Service from Fully Stocked Vans*

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# TERMINALS & CONNECTORS



## Part No.

SL2BG

SL2RY

SL2OB

## Size

14-10 AWG

18-8 AWG

22-12 AWG



Hi-Line's  
connection  
pletely ex  
have ma  
crimp too  
you need

## SOLDERLINK BUTT CONNECTORS

Part No.	Wire Gauge	Length	Color
3SN12422	24-22 GA	1.00"	CLEAR
3SB819	16-14 GA	1.50"	BLUE
3SC151	12-10GA	1.50"	YELLOW

## SOLDERLINK RING TERMINALS

Part No.	Wire Gauge	Stud	Thick	Color
3SNC733	24-22 GA	#2	.020"	CLEAR
3SN1017	24-22 GA	#4	.020"	CLEAR
3SN1019	24-22 GA	#6	.020"	CLEAR

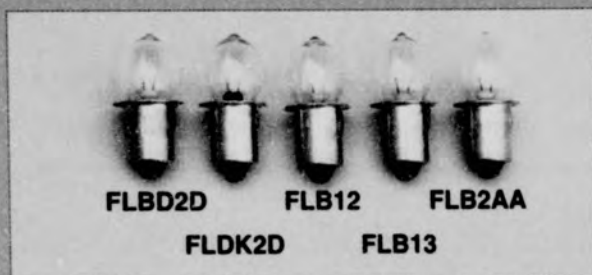
3SB197	16-14 GA	#6	.040"	BLUE
3SB992	16-14 GA	#8	.040"	BLUE
3SB217	16-14 GA	#10	.040"	BLUE
3SB218	16-14 GA	1/4"	.040"	BLUE
3SB454	16-14 GA	5/16"	.040"	BLUE
3SB455	16-14 GA	3/8"	.040"	BLUE
3SC457	12-10 GA	#10	.040"	YELLOW
3SC772	12-10 GA	1/4"	.040"	YELLOW
3SC773	12-10 GA	5/16"	.040"	YELLOW
3SC2458	12-10 GA	3/8"	.040"	YELLOW
3SC135	12-10 GA	1/2"	.040"	YELLOW

## ASHLIGHTS



FLHD2DSH

FLHDK2AA



FLBD2D

FLB12

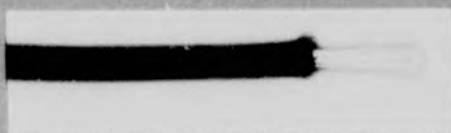
FLB2AA

FLDK2D

FLB13

HI-LINE PART NO.	DESCRIPTION	PKG. QTY
FLBD2D	Bulb for FLHD2D - 1 per card	1
FLDK2D	Bulb for FLHDK2D - 2 per card	1
FLB12	Bulb for FLHDL6V - 2 per card	1
FLB13	Bulb for FLHD4D - 2 per card	1
FLB2AA	Bulb for FLHD2AA - 1 per card	1

## WIRE & CABLE

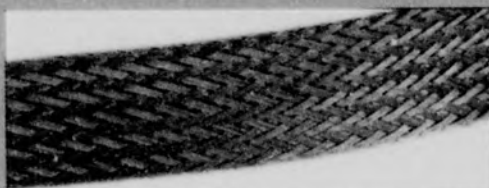


This high-temperature silicone cable in black is a stranded, tinned copper conductor insulated with silicon rubber and an outer jacket of varnished fiberglass braid. Used in high temperature applications up to 200 C (392 F). Resistant to ozone radiation, moisture and aging under heat.



SJO

The neoprene SJO cord is for general use where flexibility and abrasion resistance are nominal. Available in lengths of 250' and has sizes from 14 to 18 gauge.



This is a braided grounding strip available in lengths of 100' with thickness sizes of 1/8", 1/4", 3/8" and 1/2".

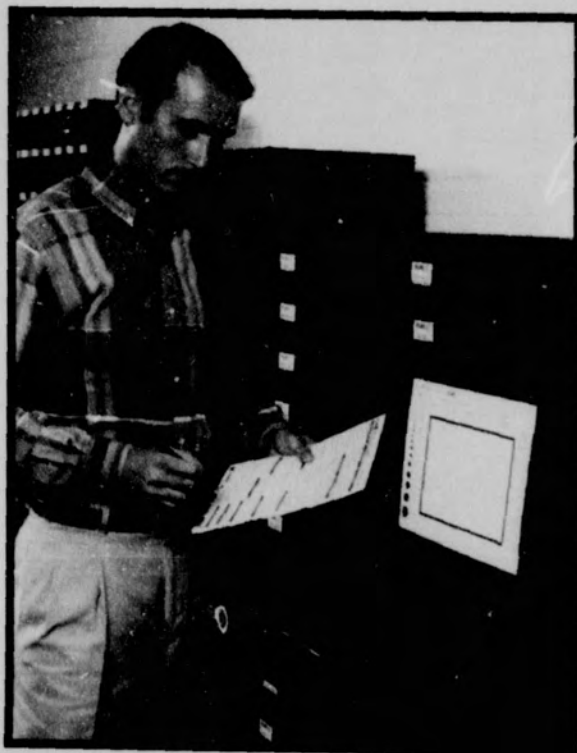
## NEW FITTING ADDITIONS



Hi-Line has added 6mm and 8mm Metric Grease Fittings as well as straight and angled national pipe threads in 1/4".



**Our service  
is the difference!**





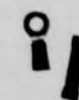
When you need a part, you need it now. And when every minute counts, you need a dependable source for solving your problems. Since 1959, Hi-Line has provided "to your door service" from our fully stocked vans.

"Who says you have to do all the dirty work?"

## Hi-Line's 10-Point Service

1. "To Your Door" Service  
(Same day delivery and hot shots)
2. 1-800 Technical Assistance Hotline  
(7 a.m. to 7 p.m. central standard time)
3. On the Spot Product Inspection
4. Cleaning and Organizing Bin Service
5. Inventory Management to Your Specifications
6. "No Questions Asked" Return Policy
7. Point of Purchase Sale
8. On-Site Product Training
9. Regularly Scheduled Service Calls
10. After Hours and Weekend Service

# Over 18,000 Products!



Terminals, Connectors, Lugs



Tube, Hose & Black Pipe Fittings



Securing Devices



Industrial Products



Truck Lights



Fasteners (domestic / metric)



Tools



Insulating Materials



Over 85 Stocking Warehouses!



**1-800-9 HI-LINE**  
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Office of the Chairman

6-9-97  
**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in  
Docket  
FD-33388*

June 18, 1997

Mr. Paul A. Vymazal  
252 Virginia Ave.  
Whitehall, PA 18052

Dear Mr. Vymazal:

Thank you for your letter expressing your opinions regarding the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. The Surface Transportation Board (Board) has docketed this proceeding as STB Finance Docket No. 33388. Applicants have indicated their intention to file their control application with the Board soon.

The Board recently adopted a 350-day procedural schedule for deciding the merits of the control application to be filed in this proceeding. A 350-day schedule, the Board concluded, will provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case. Because this proceeding is pending before the Board, it would be inappropriate for me to comment further on the specific merits of the case. However, you can be assured that I will carefully review the material presented by all interested parties.

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

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

JUN 9 5 08 PM '97

DEAR SIR;

I'M WRITING IN REGARDS TO T.V. SENATOR A. SPECTOR AND MISS LINDA MORGAN FROM SURFACE TRANSPORTATION BOARD. MISS MORGAN IS A NICE YOUNG LADY, SORRY TO SAY SHE DOES NOT KNOW WHAT SHE IS TALKING ABOUT.

WHEN P.R.R. & N.Y.C. MERGED THEY WERE GOING TO SAVE MILLIONS OF DOLLARS A YEAR, BUT NOT DUPLICATE SERVICE. AT SECOND LAST STOCK HOLDER OF P.C. AT BEN FRANKLIN HOTEL, PHILADELPHIA, MR. ARCHIBALD JOHNSON, CHAIRMAN, WAS TRYING TO GET A LOAN FROM SOME FRENCH BANK. I ASK MR. JOHNSON WHY GET A LOAN? WHERE IS ALL THEM MILLIONS OF DOLLARS YOU WERE GOING TO SAVE BY NOT DUPLICATING SERVICE? HE TOLD ME LET'S NOT GET SMART.

I'M A 75 YEARS OLD RETIRED. I HAVE 3 SONS AND A DAUGHTER, WIFE AND I HELPED TO PUT THEM TO COLLEGE. ALL DOING WELL. MR. JORDON 1<sup>ST</sup> C.E.O. OF CONRAIL TRIED TO GET THE RAILROAD UP GRADE TO BETTER CONDITION. THE REST C.E.O. WERE JUNK DEALERS WHAT THEY WERE UNABLE TO SALE THEY JUNKED OR DISMANTELED OR BURNED DOWN.

NOW WITH N.S. AND C.S.X. R.R. IS NOT THE ANSWER EITHER IT WILL NOT WORK BECAUSE WHEN CONRAIL WAS FORMED IN 1976 THE COMPANY AND UNION WORK RULES WITH EQUALITY AND ORDER OF SELECTION LIST, NO ONE TALKED TO ONE ANOTHER. CREWS, TRAIN DISPATCHERS, YARD MASTER. WHEN A 3 YEARS SENIORITY MAN CAN DISPLACE A MAN WITH 32 YEARS SENIORITY, SOMETHING IS WRONG. IT'S SHOULD HAVE DOVE TAIL EACH CRAFT BY SENIORITY EACH DIVISION OR DISTRICT. BECAUSE IT'S GOING TO END UP THAT WAY AT THE END.

LET EMPLOYEES TAKE OVER CONRAIL ALSO S.P.T.A. N.J. TRANSPORTATION METRO NORTH BACH TO WERE IT W AS. RESTORE PASSINGER SERVICE OVER N.Y.C., ERIE, D.L.E.W., L.V., C.N.J., DELMAR TO C APE CHARLES, VA. IT'S TIME SOMEONE GRABS THE BULL BY THE HORN AND LEADS IT'S WAY OUT OF BUCK WHEAT FIELD.

WHAT EVER HAPPEN TO LAW R.R. CAN BUILD TRACKS ANY WERE AS LONG AS THEY CARRIED MAIL AND PASSINGER. OUR HIGHWAY ARE GETTING PLUGGED WITH TRAFFIC RESTORE THE FERRY BOATS N.J. TO N.Y.C., PHILADELPHIA NAVY. YARD. WE CAN DO IT WITH NO MONEY FROM UNCLE SAM OR THE STATES.

THE GENTLEMAN FROM LIME STONE QUARRY ALL CARS HE WANTS OR UP STATE NEW YORK BUT HE CAN'T GET RAIL SERVICE.

I DRIVE LIMO PART TIME TO AIRPORTS. FROM ALL OVER THE WORLD THEY DO

NOT BELIEVE THAT WE DO NOT HAVE BETTER SURFACE TRANSPORTATION. FOR A RICH COUNTRY LIKE OURS . SOMETHING IS WRONG. I KNOW THE ANSWER, DO YOU? THE REAL PROBLEM STARTED WHEN DREW LEWIS FIRED AIR CONTROL. ALL UNION MEMBERS SHOULD HAVE STAYED HOME AND REPORTED OFF SICK. LIKE CONGRESS DID IN 1995 WITH MERGERS BUY OUTS, TAKE OVER, DOWN SIZING SOMETHING HAS TO BE DONE SOON. HIGHWAYS, OIL SHORTAGE WILL NOT NEED E.P.A.

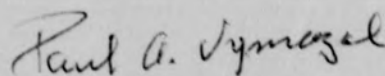
RAILROAD ARE GOING TO GO UNDER LIKE SAVING AND LOANS DID. IT'S TAX PAYER PAY TWO TIMES, TO GET THEM THERE, THEN GET THEM OUT.

WE HAVE TWO KINDS IN D.C. WE AND THEY AND HELL WITH THE REST OF THE COUNTRY.

WHAT IS HAPPENING BETWEEN UP R.R. AND AMTRACK AT ODDS OVER "PIONEER" CITY OF PORTLAND - L.A., SAN FRANCISCO, TEXAS EAGLE BETTER STOP U.P. - S.P. MERGER AND C.R. N.S., C.S.X.

HOPE WE DO NOT GET IN WW III, THEY WILL TELL YOU WHAT THEY HAUL BY RAIL ON THEIR TRUCKS

SINCERELY,

A handwritten signature in cursive script, reading "Paul A. Vymazal".

PAUL A VYMAZAL  
252 VIRGINIA AVE.  
WHITEHALL, PA 18052.



# Confessions of an ex-railfan

BY WARREN R. HUDSON

**FEEL A BIT DISHONEST** writing an article for "Readers' Platform" because I really don't consider myself a railfan anymore.

It feels funny to say railroading will no longer be an important part of my life, because I've been fascinated with trains since I was a child. One of my earliest memories is of my father taking me into the cab of a Canadian National Budd RDC on the way to a city where passenger trains no longer go in Canada. As a teen, I had an elaborate electric train layout in our basement. As an adult, I spent summers following the rails coast to coast. I even chose a new home only minutes away from our local VIA Rail station. Videos, books, and souvenirs are packed in my bookcase tighter than commuters on a GO Transit train. I have written articles on railroading and have dragged my family on more excursions than they care to remember. But now I've lost interest.

Perhaps it's because I am Canadian, and live in a country which is letting its rail network wither and die. While VIA Rail provides excellent service in the Quebec-Windsor corridor, almost every major community west of there has no easy way to take the train. The much-ballyhooed Silver and Blue Class *Canadian* shows up every other day in a few cities, but it's more of an expensive land cruise for wealthy foreigners than affordable transportation for those who live along the line. Even the current Liberal government, which attacked the infamous 1990 VIA Rail cutbacks, has turned against VIA. As one of its transportation ministers put it, "Trains don't make my heart go pitty-pat."

So what's a northern railfan to do? I suppose I could live in the past and revel in the glory days of my favorite fallen flag, but what value is there in that? Is it really worthwhile to wallow in nostalgia? I have had some great train trips in the past, but even the best of them had some hassles (remember the CN Turbo-train?). Yet when most railfans talk about the golden age of railroading (whenever that was), they make it sound as if every meal in the diner was delicious and every E-unit purred across the country in elegant glory.

Maybe I'm too cynical for my own good, but didn't the crew of the *Super Chief* ever have a bad day? Didn't the *20th Century Limited* arrive late at least once? Didn't the Pennsy ever fail to set the standard for the world? You wouldn't think so to hear some railfans. And while it could be argued a little nostalgia never hurt anyone, the fact is that it does. Nostalgia hurts if it keeps us from seeing the truth.

I am truly amazed at how adept we railfans (I still can't keep from calling myself one) have become at turning a blind eye to the deplorable service passengers must endure on this continent—especially on Amtrak. I have ridden Amtrak coast to coast and have never ceased to be amazed by the way Amtrak behaves as

though the purpose of the passengers is to serve Amtrak, and not the other way around. I have encountered too many reservation agents who gave me a different fare price every time I called. I have heard my stomach rumble too many times in dining cars with next to no food. I have gotten indigestion too many times in Superliner dining cars where rude staff argue with clients and dump all their food (drinks, main course, and melting ice cream) on the table all at once. Twice I have arrived at the *Auto Train* depot with a handicapped person to find the promised room already occupied (this happened even though both spaces had been booked through an Amtrak supervisor).

This is no way to run a successful business, let alone an organization that needs every passenger it can get. Yet despite these and other indignities, we railfans keep coming back to our local station to dish out more of our hard-earned money, hoping perhaps this time things will be better. Failing to see the truth about the way our beloved mode of transportation is run, we defend Amtrak from all its detractors, and encourage our non-railfan friends to use it. Then we wonder why so many first-time rail passengers are so disappointed and resolve never to go by train again. No wonder rail service on this continent is taking so long to pull itself into the future.

If we really care about rail travel in North America, we need to take a hard look at the business we love. We need to realize a railroad is first and foremost a business, and not a beloved plaything.

We do the North American traveling public no favors if we continue to support substandard rail service just because it is our hobby. Passenger service will never improve until we send a clear message to legislators and rail executives that railroads have an obligation to provide the good and useful service that their customers are paying them to provide—a service we often pay for, not just through our fares, but through our taxes as well.

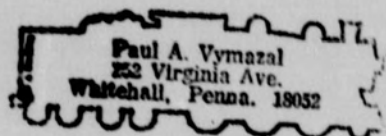
Meanwhile, I'll still take the train when it's convenient. I'll even take along a copy of *TRAINS* for old times' sake. But I'm going to put away those videos, books, and souvenirs and treat a ride on the rails like any other way of getting from A to Z. I'm tired of caring about a system that couldn't care less about me.

I'm going to give railfanning a rest—at least for now. **I**



**WARREN R. HUDSON** is a freelance writer, classical guitarist, and minister with the United Church of Canada in Kingston, Ontario. This is his first *TRAINS* byline.



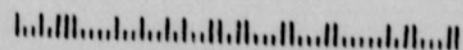


WASH., D.C. GPO DCR#1 06/06/97 00:35



Miss LINDA MCKEAN  
SURFACE TRANSPORTATION  
WASHINGTON, D.C.

20423/0002





Office of the Chairman

6-9-97  
**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in  
Docket  
FD-33388*

June 16, 1997

Mr. Stuart Mackay  
1500 William St.  
N. Merrick, NY 11566-1005

Dear Mr. Mackay:

Thank you for your letter containing information regarding the D&H Railroad and how it may be affected by the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. The Surface Transportation Board (Board) has docketed this proceeding as STB Finance Docket No. 33388. Applicants intend to file their control application with the Board on June 16, 1997.

The Board recently adopted a 350-day procedural schedule for deciding the merits of the control application to be filed in this proceeding. A 350-day schedule, the Board concluded, will provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case. All parties have the right to present their views formally on the record for this proceeding. Because this proceeding is pending before the Board, however, it would be inappropriate for me to comment further on the specific merits of the case, or the issues raised in your letter.

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

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

1500 William St.  
N. Merrick, N.Y.  
11566-1005  
June 2, 1997

Linda J. Morgan Chairman  
U.S. Dept. Of Transportation  
Surface Transportation Board  
The Mercury Bldg.  
1925 "K" St., N.W., Suite 500  
Washington D.C. 20423

OFFICE OF  
CHAIRMAN MORGAN

JUN 9 5 08 PM '97

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

Dear Ms. Morgan:

The taxpayers of this country, New York State, The D&H Railroad and its employees request your help. North America's oldest transportation company is threatened by the breakup of Conrail by NS and CSX. To date this acquisition doesn't allow the D&H to have the necessary assets, terminals, trackage rights and access agreements to be commercially viable in the Northeast.

Since the creation of Conrail in 1976 the Federal Government and the people of New York State have invested many millions of dollars to support the D&H and we should have the right to get the best possible recovery of our investment and this "merger" is the "window of opportunity" for everyone and the D&H to do so.

In 1976 when the D&H was given the right to compete, it was not given enough tools to do the job and now is the time for the Surface Transportation Board to remove those artificial barriers and afford the same rights that Conrail received be extended to The D&H Railroad .

I am writing to ask you to bring pressure on Norfolk Southern and CSX to include the D&H in the merger agreement talks and to provide there ability to compete in the Northeast unimpeded.

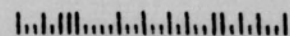
Kindly contact D&H's lobbyists to discuss what The D&H needs are to survive. It's important to me that we protect the D&H's interests in this merger.

Sincerely,

*Stuart Mackay*  
Stuart Mackay

Stuart Mackay  
1500 William St.  
N.Merrick,N.Y.  
11566-1005

Chairman Linda J. Morgan  
U.S. Dept. Of Transportation  
Surface Transportation Board  
The Mercury Bldg.  
1925 "K" St. N.W., Suite 500  
Washington, D.C.  
20423



STB

FD

33388

6-6-97

J 2/2



Indicative of the success we have had working with our Class I connections is the number of patrons we currently serve. Our latest Industrial Directory indicates that the OC provides sidetrack service to the following rail patrons:

American Electric Power - Conesville OH  
Armco Advanced Materials (Zanesville Plant) - Zanesville OH  
Armco Advanced Materials (Coshocton Operations) - Coshocton OH  
Banner Fibreboard Company - Coshocton  
Belden Brick Company (6 Plants) - Sugar Creek OH  
Bio-Gro System (Wheelabrator Corporation) - Coshocton OH  
Buckeye Fabric Finishing Company - Coshocton OH  
Cedar Heights Clay Division (Resco Products, Inc.) - Zanesville OH  
Clow Water Systems Company - Coshocton OH  
Columbus Southern Power Company - Dresden OH  
Coshocton Lumber Company - Coshocton OH  
Flex Technologies, Inc. - Baltic OH  
France Stone Company - Barrs Mills OH  
Gerber & Sons Feed - Baltic OH  
Holmes Lumber Company - Baltic OH  
Keim Lumber Company - Baltic OH  
Kline Lumber Company - Baltic OH  
Landmark, Incorporated - Fresno OH  
Miller Lumber Company - Sugar Creek OH  
Miller Mining Company - Barrs Mills OH  
Ohio Whey Products, Inc. - Sugar Creek OH  
Pretty Products, Inc. - Coshocton OH  
Stark Truss Company - Beach City OH  
Sugar Creek Lumber Company - Sugar Creek OH  
United States Silica Company - Dundee OH

The Ohio Central is an originating or terminating railroad in extremely truck-competitive territory. Because of this we are a service-intensive railroad offering double-daily service to customers seven days per week. The principal commodities handled by the OC are finished and semi-finished steel, lumber, coal, aggregates, and plastics.

Personally and corporately I support the merger because:

1. Improved Single Line Service - Our competition is the over-the-road truck and the greater single-line reach of the expanded CSXT and NS systems will permit our customers (and thereby the Ohio Central Railroad) to offer improved carload service.

20 May 1997

2. New and Improved Traffic Lanes - Over-the-road truckers using public highways frequently have the advantage of shorter routes to major markets--our review of many of our customers' current and potential routing indicates that the improved strategic routes and new internal connections of the restructured CSXT and NS systems will permit carload freight to successfully compete in markets it is now unable to.

Of particular interest to the OC and its customers is the ability of both CSXT and NS to compete with trucks in the existing east-west corridors and in the heretofore truck-dominated north-south corridors.

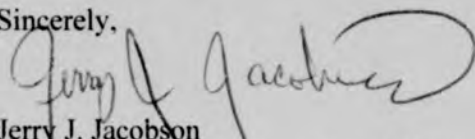
3. Improved Car Utilization - The Ohio Central's territory is increasingly a home to industries for whom adequate gondola and boxcar supply is the key to utilizing the railroad. My observation of the independent operation of Conrail is that the superior resources of both CSXT and NS will result in more railroad traffic through provision of more consistent and reliable equipment resources to the OC.

I formed the Ohio Central in 1988 -- all of its property had been approved for abandonment and dismantling. Under Class III operation we have rehabilitated the OC's physical plant, attracted new industries and jobs to the line, significantly grown the traffic, and brought financial stability to the road. Indicative of our commitment to the line is the impending dedication (July 1997) of a \$1.7 Million engine house and locomotive service facility at Morgan Run OH--I would not have authorized this major investment if I doubted the ability of either of our Class I connections to continue to be strong traffic partners. The opportunity to bring Norfolk Southern into the Ohio Central picture only reinforces the OC's commitment to intensely expand joint-line marketing and operation in conjunction with both Class I railroads. Based on our success to date I have great personal and corporate confidence that this transaction will most worthy of your support.

The success or failure of the Ohio Central Railroad is inexorably linked with the success of its Class I connections. Their ability to meet the needs of the Y&A's patrons will determine the future of railroading in this part of America--please give them the tool they need--the transaction outlined in STB 33388!

I, Jerry J. Jacobson, 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 20th day of May 1997.

Sincerely,



Jerry J. Jacobson  
Chairman and Chief Executive Officer

cc: Mr. John Snow - Chairman, CSX Corporation  
Mr. David R. Goode, Chairman, President, and Chief Executive Officer, NS

# THE YOUNGSTOWN BELT RAILROAD COMPANY

136 South Fifth Street

Coshocton, Ohio 4812

614-622-8092/Fax 614-622-8097

**Jerry J. Jacobson - Chairman and Chief Executive Officer**

20 May 1997

File: YB-CSXT/NS/CR

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



Ref: STB FD 33388 CSX/NS Control - Conrail

Dear Secretary Williams;

I am Jerry J. Jacobson and I am the Chairman, Chief Executive Officer, and Principal Owner of The Youngstown Belt Railroad Company. My business address is 136 South Fifth Street, Coshocton OH 43812. I have been engaged for 12 years in acquiring, organizing, and managing so-called "short-line" (Class III) railroads. While I am also privileged to own several other Class III railroads each of these railroads is an independent corporation--my purpose in writing this letter is to clearly state the Youngstown Belt's support of the proposed acquisition and divestiture of Conrail as outlined in STB 33388 and to urge the Surface Transportation Board to promptly give its approval to the transaction.

The Youngstown Belt Railroad Company (YB) is a Class III railroad operating 32 road-miles between Youngstown and Warren OH. The YB operates connects with the following railroads at the points indicated:

Conrail*	Youngstown (Haselton) OH
CSXT	Youngstown (Ohio Junction) OH
O&P	Youngstown (Haselton) OH
W&T	North Warren OH
Y&A	Youngstown (Leadville) OH

\* Norfolk Southern connection after Docket 33388 is implemented

The Youngstown Belt operates in Mahoning and Trumbull Counties of Ohio.

Our latest Industrial Directory indicates that the YB provides sidetrack service to the following rail patrons:

A. G. Sharp Lumber - Youngstown OH  
Carter Lumber Company - North Warren OH  
Columbiana Iron & Metal - Youngstown OH  
Concord Steel Company - North Warren OH

Delphi Packard Electric Company (Main Plant) - North Warren OH  
Dietrich Steel Industries - North Warren OH  
General Electric Company (Lighting Division) - Niles OH  
Fagar's Lumber Company - Cortland OH  
Frank Sherman Company - Youngstown OH  
Midwest Steel Alloy - Youngstown OH  
North Star Steel Corporation - Youngstown OH  
Rogers Lumber Company - Niles OH  
Syro Steel Division of Trinity Industries - Youngstown OH  
Unimast Corporation - North Warren OH

The Youngstown Belt is effectively an originating or terminating railroad in extremely truck-competitive territory. Because of this we are a service-intensive railroad offering daily service to customers seven days per week. The principal commodities handled by the YB are semi-finished steels, pipe, lumber, scrap steel, silica sand, and railway equipment

Personally and corporately I support the merger because:

1. Improved Single Line Service - Our competition is the over-the-road truck and the greater single-line reach of the expanded CSXT and NS system will permit our customers (and thereby the Youngstown Belt Railroad) to offer improved carload service.

2. New and Improved Traffic Lanes - Over-the-road truckers using public highways frequently have the advantage of shorter routes to major markets--our review of many of our customers' current and potential routing indicates that the improved strategic routes and new internal connections of the reconfigured CSXT and NS will permit carload freight to successfully compete in markets it is now unable to.

3. Improved Car Utilization - The Mahoning Valley is still home to many industries for whom adequate gondola and boxcar supply is the key to utilizing the railroad. My observation of the independent operation of Conrail is that the superior resources of both CSXT and NS will result in more railroad traffic through provision of more consistent and reliable equipment resources to the YB.

Had I not formed the Youngstown Belt in 1996 many of the tracks composing it would likely have become abandonment candidates. Under Class III operation the YB's physical revitalization, traffic growth, and financial stability have been greatly improved as a result of intense and successful joint-line marketing and operating in conjunction with the Class I railroads, especially Conrail and CSXT. Based on our success to date I have great personal and corporate confidence that this will be a merger worthy of your support.

The success or failure of the Youngstown Belt Railroad is inexorably linked with the success of its Class I connections. Their ability to meet the needs of the YB's patrons will determine the



Mr. Vernon A. Williams

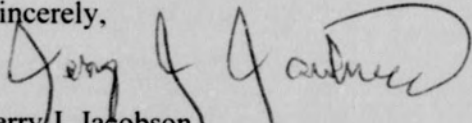
-3-

20 May 1997

future of railroading in this part of America--please give them the tool they need--the transaction outlined in STB 33388!

I, Jerry J. Jacobson, 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 20th day of May 1997.

Sincerely,



Jerry J. Jacobson  
Chairman and Chief Executive Officer

cc:Mr. John Snow - Chairman  
CSX Corporation  
500 Water Street  
Jacksonville FL 32202

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

JJJ:bc





CITY OF ELMIRA NEW YORK  
OFFICE OF THE CITY MANAGER

SAMUEL F. IRACI, JR.  
CITY MANAGER



June 2, 1997

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

RE: CSX CORPORATION AND CSX TRANSPORTATION, INC.  
NORFOLK SOUTHERN CORPORATION AND NORFOLK SOUTHERN RAILWAY CO./  
CONTROL AND OPERATING LEASES/AGREEMENTS  
CONRAIL INC., AND CONSOLIDATED RAIL CORP., STB FINANCE DOCKET  
NO. 33388

Dear Mr. Williams:

On behalf of the City of Elmira, New York, I would like to express it's strong and enthusiastic support for the proposed acquisition of Conrail by Norfolk Southern and CSX. I have been authorized to express this support by the Elmira City Council.

Norfolk Southern has an excellent reputation and record as a well run company and a great corporate citizen. After conversations with Norfolk Southern representatives, we are very confident the City and Norfolk have the ability and interest in working together to improve the business climate in our City.

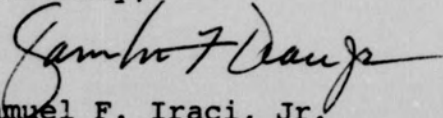
Acquisition of Conrail by Norfolk Southern will greatly benefit our community in offering improved rail service and assist existing private sector companies with more competitive rail rates and expanded rail opportunities. Consider the fact that in the East approximately 1% of long distance container service is offered by rail. In the West, that figure approaches 95%. The City recognizes that there are great opportunities to increase container services by rail, and at the same time develop economic development projects that create jobs and build our tax base. Norfolk Southern is committed to working with us in achieving these goals.

Mr. Vernon A. Williams  
June 2, 1997  
Page 2

The City of Elmira respectfully requests your favorable review and approval in this regard. By signing this document, I declare under penalty of perjury that I am familiar with the contents of this letter and that it is true and correct. Further, I certify I am fully qualified and authorized by the Elmira City Council to sign and forward this statement.

Thank you very much for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Samuel F. Iraci, Jr.", written in dark ink.

Samuel F. Iraci, Jr.  
City Manager

SFI:las

cc: Hon. Mayor/City Councilmembers

# OHIO & PENNSYLVANIA RAILROAD COMPANY

136 South Fifth Street  
Coshocton, Ohio 4812  
614-622-8092/Fax 614-622-8097

William A. Strawn II - President

20 May 1997

File: O&P-CR/CSXT/NS

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

Ref.: STB FD 33388 CSX/NS Control - Conrail

Dear Secretary Williams;



I am William A. Strawn II and I am the President of the Ohio & Pennsylvania Railroad Company (O&P). My business address is 136 South Fifth Street, Coshocton OH 43812. I have been in the business of managing, organizing, and acquiring so-called "short-line" and "regional" (Class III) railroads for the past 27 years. While I serve as President of several other Class III railroads each of these railroads is an independent corporation--my purpose in writing this letter is to clearly state the Ohio & Pennsylvania's support of the proposed acquisition and divestiture of Conrail as outlined in STB 33388 and to urge the Surface Transportation Board to promptly give its approval to the transaction.

The O&P is a Class III railroad operating 42 road-miles between Youngstown OH and Darlington PA. The O&P connects with the following railroads at the points indicated:

Conrail*	Youngstown (Haselton) OH
CSXT	Youngstown OH
NS	(East) Columbus OH
MV	Youngstown OH
YB	Youngstown OH

\* Norfolk Southern after Docket 33388 is implemented

The Ohio & Pennsylvania operates in Columbiana and Mahoning Counties in Ohio and Beaver County in Pennsylvania.

Our latest Industrial Directory indicates that the O&P provides sidetrack service to the following rail patrons:

- ADD Iron - North Lima OH
- Allied Industrial Scrap - Youngstown OH
- Associated Paper Stock - North Lima OH
- Boardman Steel Company - Boardman OH
- Boardman Supply Company - Boardman OH

Col-Pump - Columbiana OH  
Darlington Brick Company - Darlington PA  
Donohue Railcar Parts Company - Darlington PA  
Eighty-Four Lumber Company - North Lima OH  
Envrotrol, Inc. - Darlington PA  
General Foods Corporation - Boardman OH  
Grief Brothers (Containers) - Darlington PA  
Kaleel Brothers, Inc. - Boardman OH  
Lakewood Chemical Company - Negley OH  
R. L. Lipton Distribution Company - Boardman OH  
Lumber City - Boardman OH  
Magneco/Metral, Inc. - Negley OH  
Mahoning Valley Plastics, Inc. - Columbiana OH  
McConway & Torley - Darlington PA  
Pittsburgh Tube Company - Darlington PA  
Triad Door Company - North Lima OH  
Vinyl Profiles, Inc. - Boardman OH

The Ohio & Pennsylvania is an originating and terminating railroad in extremely truck-competitive territory. While the road is temporarily embargoed due to flood damage service is normally provided to customers on a demand-responsive basis. The principal commodities handled by the O&P are scrap metal, scrap steel, semi-finished steels, and lumber.

Personally and corporately I support the merger because:

1. Improved Single Line Service - Our competition is the over-the-road truck and the greater single-line reach of the expanded CSXT and NS systems will permit our customers (and thereby the O&P) to offer improved carload service.

2. New and Improved Traffic Lanes - Over-the-road truckers using public highways frequently have the advantage of shorter routes to major markets--our review of many of our customers' current and potential routing indicates that the improved strategic routes and new internal connections of the restructured CSXT and NS systems will permit carload freight to successfully compete in markets it is now unable to.

Of particular interest to the O&P and its customers is the ability of both CSXT and NS to compete with trucks in the existing east-west corridors and in the heretofore truck-dominated north-south corridors.

3. Improved Car Utilization - The O&P's territory is increasingly a home to industries for whom adequate gondola and boxcar supply is the key to utilizing the railroad. My observation of the independent operation of Conrail is that the superior resources of both CSXT and NS will result in more railroad traffic through provision of more consistent and reliable equipment resources to the O&P.



Mr. Vernon A. Williams

-3-

20 May 1997

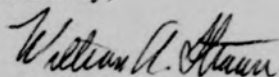
The Ohio & Pennsylvania Railroad is in an uphill struggle for survival against years of physical and commercial neglect. Any chance for its ultimate survival will be rooted in development of joint-line traffic with its Class I connections, especially CSXT and NS. The future success of the O&P and of the service we provide requires strong Class I customers.

The opportunity to expand the Norfolk Southern's role in our traffic only reinforces the O&P's commitment to intensely expand joint-line marketing and operation in conjunction with both Class I railroads. Based on our success to date I have great personal and corporate confidence that this transaction will most worthy of your support.

My railroad business career includes positions with the U. S. Steel railroads and senior operating positions in the Railtex organization. These perspectives together with nearly two years with the O&P have convinced me of the wisdom of the proposed acquisition and divestiture. The success or failure of the O&P is inexorably linked with the success of its Class I connections. Their ability to meet the needs of the O&P's patrons will determine the future of railroading in this part of America--please give them the tool they need--the transaction outlined in STB 33388!

I, William A. Strawn II, 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 20th day of May 1997.

Sincerely,



William A. Strawn II  
President

cc: Mr. John Snow - Chairman, CSX Corporation  
Mr. David R. Goode, Chairman, President, and Chief Executive Officer,  
Norfolk Southern Corporation

JJJ:bc



# SIDMAR

Belgium

Mr. Vernon A. WILLIAMS, Secretary of State  
Surface Transportation Board, STB Finance Docket N° 33388  
1925 K Street N.W.  
WASHINGTON, D.C. 20423-001  
U.S.A.

**Sidmar N.V**

John Kennedylaan 54

B - 9042 GENT

Tel.: +32 (0)9 347 31 11

Fax: +32 (0)9 347 49 07



Ref. :

CSX Corporation and CSX Transportation Inc. - Norfolk Southern Corporation and Norfolk Southern Railway Company - Control and Operating Leases/Agreements - Conrail Inc. and Consolidated Rail Corporation, STB Finance Docket N° 33388

Dear Mr. Williams,

My name is Dirk Vandebossche and I am General Manager Purchasing for Sidmar Corp. (second largest steelmaker in Belgium). I have held my position for 10 years and I am responsible for the procurement of coal and its logistic.

Sidmar handles approximately 800.000 nt of coal annually from the United States. For my company to continue importing coal from the U.S. at these tonnage levels, and more in perspective, it is essential to have strong, competitive railroads also in the northeastern United States which own their own track and facilities. The proposed acquisition-division of Conrail by NS and CSX meets my company's competitive expectations and needs. I believe the plan for Conrail lines will be beneficial for my company and USA exports. NS and CSX have prepared a comprehensive plan to provide competitive rail service. Pennsylvania coal will be able to move by one railroad to the Virginia ports and more central Appalachian coals will be able to move single line to Baltimore for export. As a result coal users, such as Sidmar, will have better access to more types of coal and buy more competitively.

For the above reasons Sidmar supports the proposed plan for Conrail and urges the Surface Transportation Board to approve it expeditiously.

Sincerely,

A handwritten signature in dark ink, appearing to read 'D. Vandebossche'.

D. VANDENBOSSCHE  
General Manager Purchasing

**ARBED**  
GROUP

BTW BE 400 105 291  
H R Gent nr. 89 510



Office of the Chairman

6-6-97  
**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in  
Docket  
FD-33388*

June 13, 1997

Mr. Bruce F. Martin  
6965 Ramblehurst Rd.  
Sylvania, OH 43560

Dear Mr. Martin:

Thank you for your letter regarding the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. The proceeding is docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388.

The Board recently adopted a 350-day procedural schedule for deciding the merits of the control application to be filed in this proceeding. A 350-day schedule, the Board concluded, will provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case. Applicants now intend to file their control application with the Board on June 16, 1997.

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

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

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

June 1, 1997

Hi, I'm writing this letter to voice my concern, In the Hostile <sup>OFFICE OF</sup> ~~CHAIRMAN~~ takeover of Conrail, by U.S. and CSX. I hired out on Conrail in 1996 when Conrail was formed. I was 18 years old. I worked as a trackman. In Toledo Ohio my home town. There was 98,000.00 employees working for Conrail at the time. I worked very hard, my first day at work we unloaded railroad ties by hand from a rail car in 90 degree heat. 5 men went to the hospital with chemical burns on their arms. I worked July thru January 1997. I then transferred into the Transportation Dept. In February I became a brakeman. I could not work in Toledo so I drove 60 miles a day each way to work in Detroit. 6 months later back to Toledo, I worked as a Conductor I worked every job I could so I could keep working. 3 years later I got layed off for the next 12 years. Because they put in long pools on took off the caboose. I worked in Elkhart Indiana for 6 months, and then layed off. I came back to work in August 1992. I got qualified on every piece of rail so I could work anywhere anytime. 2 years later I went to Engineer School. To become an Engineer, to secure a steady position with Conrail I again got qualified on all rail East and West out of Toledo. I'm qualified to run trains over 700 miles of track Pittsburgh to Chicago. I work on an Extra Board I often work everyday only home for 8 hrs or so. ITS a good job and a good Company.

we often hear how the N.S. treats there men. If ~~they~~ They get hurt at work they fire them. They Run there Engines long nose forward over the Road, so there men Breathe the fumes from the Engine. They DONT have toilets on Engines. There seats on The engines ARE too stool tip, with no armrests, we often SPEND 12 hrs a Day on the Engines. There Employees ARE NOT EVEN proud of there Company.

I guy's I work with are proud of there Company and them selfs. we Built Conrail Back up from the Bottom up. We hall a lot of Trucks on the Rail. we Beat Trucks from east coast to Chicago EVERY DAY. NS on CSX Does NOT we will lose J.B. Hunt, Snyder, and UPS The first Day

So please help us OUT. this Take over will hurt the Employees But mostly the Customers. I dont think we need another 10,00.00 Trucks on The High way EVERY DAY.

Thanks Bruce Martin  
6965 Ramblehurst  
Sylvania Ohio  
43560

Sorry About The Spelling



BF. MARTIN  
6965 Ramblehurst Rd.  
Sylvania, OH 43560  
(419) 841-1970

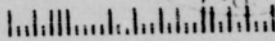


Surface Transportation Board

1925 K ST N.W.

Washington D.C.

20423



ATTN. Linda S Morgan





Office of the Chairman

6-6-97  
**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in  
Docket  
JD-33388*

June 13, 1997

Ms. Mary L. Seeman  
640 Yondota St.  
Toledo, OH 43605

Dear Ms. Seeman:

Thank you for your letter regarding the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. The proceeding is docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388.

The Board recently adopted a 350-day procedural schedule for deciding the merits of the control application to be filed in this proceeding. A 350-day schedule, the Board concluded, will provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case. Applicants now intend to file their control application with the Board on June 16, 1997.

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

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

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

Mary L. Seemann  
640 Yondota St.  
Toledo, Ohio 43605

Surface Transportation Board  
Attn: Linda Morgan  
1925 K St. N.W.  
Washington, D.C. 20423

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
JUN 6 3 39 PM '97  
OFFICE OF  
CHAIRMAN MORGAN

Dear Linda,

This letter is being written in the hopes that we can let you know our feelings on the takeover of our company, the Consolidated Rail Corp. It seems like it has been a fight sincw I hired out which is 27 years now. It started out just a job but it became my life and it helped me to raise four children by myself and became very important to me. It is the same for most of us, we are all at an age we cannot just walk away to many years invested and not enough time or age to retire. We just cannot just sit back and see us loose more jobs and see lives destroyed, I truly do not believe our cities or our country can keep taking losses. I believe a hard look should be taken before it is to late for us and the economy, and in turn the whole country will be affected, as a whole the country has taken alot of losses, how much can it take.


We are not asking for alot only some security that we will have a job when this is over or that we will be compensated for our losses in some way, that we can live till we are able to retire.

Please give this matter as much consideration as you can foe a lot is at stake, and a lot of lives could be altered by afew greedy stockholders who only see the money side of it. not the people who have put there life into it and has made it a money making company. Conrail should have not been sold to begin with.

We need help to make sure we are treated fairly, and you have the power to voice your opinion and be heard, something we cannot do. we would be thankful for anything you can do. Thank you for at least reading this and may God bless you.

Sincerly,

Mary L. Seemann

 Mrs. Mary L. Seemann  
640 Yondota St.  
Toledo, OH 43605-2274



Surface Transportation  
Board  
attn: Linda J. Morgan  
1925 K. St., N.W.  
Washington, D.C. 20423



**Ohio Senate**

Statehouse  
Columbus, Ohio 43215

Linda Morgan, Chairwoman  
Surface Transportation Board  
1925 K St. NW, Suite 820  
Washington, D.C. 20423

Linda Morgan, Chairwoman:

The second of four scheduled joint hearings on the proposed acquisition of Conrail stock by Norfolk Southern/CSX was held May 29. Senator Scott Oelslager (R-Canton) and Rep. Sam Bateman (R-Milford), respective Chairmen of the Senate and House Highways and Transportation Committees, are alternating as committee chairman for the fact-finding hearings.

I have enclosed detailed notes of the meeting in order to update you of the actions of the joint committee. I will continue to update you weekly as the committee meets to ensure you are informed of the implications of this proposed acquisition to Ohio. If I can be of further assistance, please contact me at 614-466-4953.

Sincerely,

Todd Kleismit  
Senator Gardner's office

Enc:

RAG:tk

**Robert A. Gardner**

18th Senate District

614-644-7718 (Columbus)  
216-428-5542 (District)  
1-800-282-0253 (Toll Free)

June 2, 1997

**Committees:**

State & Local Government &  
Veterans Affairs, Vice Chairman  
Economic Development,  
Technology & Aerospace  
Education & Retirement  
Energy, Natural Resources &  
Environment

OFFICE OF  
CHAIRMAN MORGAN

JUN 6 3 33 PM '97

RECEIVED  
SURFACE TRANSPORTATION  
BOARD



## **MEMORANDUM**

**TO:** Ohio Congressional delegation  
**FROM:** Todd Kleismit (6-4953)  
**DATE:** Thursday, May 29, 1997, 9:30 a.m.  
**RE:** House and Senate Transportation Committees informal hearings on the Norfolk Southern/CSX acquisition of Conrail

---

## **AGENDA**

Testimony from representatives from The Ohio Valley Coal Company, WCI Steel Company, Ohio Mining and Reclamation Association and the United Transportation Union.



## MEMORANDUM

**TO:** Ohio Congressional delegation  
**FROM:** Todd Kleismit (6-4953)  
**DATE:** Thursday, May 29, 1997, 9:30 a.m.  
**RE:** House and Senate Transportation Committees informal hearings on the Norfolk Southern/CSX acquisition of Conrail  
**PRESENT:** Senators Oelslager, Howard, Carnes, Latta, Latell, Furney, DiDonato, Representatives Bateman, Vesper, Patton, Bender, Damschroder, Metelsky

---

Representative Bateman called the informal hearing to order at 9:30 a.m.

### *Informal testimony*

#### **Robert Murray, Ohio Valley Coal Company President & CEO**

Ohio Valley Coal produces approximately 20 percent of Ohio's total coal production and employs 500 people at the Powhatan No. 6 Mine in Belmont County. A study by Pennsylvania State University revealed that Ohio Valley's operations result in 5,000 secondary jobs in Ohio. The effects of the plan of CSX Corporation and Norfolk Southern Corporation to acquire Conrail will be devastating to Ohio and should be blocked by whatever means possible. After the Conrail shareholders get their \$10 billion windfall, it will be too late to stop this plan, which will be devastating to much of Ohio's coal industry. Practically all of Ohio's coal reserves that are currently on a one-line haul via Conrail to power plant markets in northeastern Ohio (specifically, the Eastlake and Ashtabula plants of Centerior) have been proposed to be placed on a noncompetitive two-line haul. A noncompetitive two-line haul will eliminate the lowest cost, F.O.B. Mine, coal sources in Ohio from these power plants and increase electric costs for Ohio's factories and homes. At the same time, CSX and Norfolk Southern gave themselves and the coal companies and mines in Pennsylvania joint trackage rights. CSX and Norfolk Southern deliberately created an economic advantage for Pennsylvania, putting Ohio in a clear disadvantage.

On April 1, 1997, CSX and NS were informed that the proposed carving up of Conrail would create noncompetitive two-line hauls for Ohio coal to the aforementioned markets. They also knew that their plan would eliminate Ohio Valley's Powhatan No. 6 Mine and the 500 direct and 5,000 indirect jobs that it provides in eastern Ohio. While creating a two-line haul for Ohio coal shipment and one-line haul for coal in Pennsylvania, CSX can deliver Pennsylvania coal to

Centerior using single-line service if the acquisition is approved. NS, on which Ohio coal reserves would be located, could not serve Centerior with single-line service from much closer and lower cost Ohio mines. The proposed acquisition will reverse the current situation, while at the same time raising fuel costs for Centerior and others by up to \$10 per ton. In reading the testimony from CSX and Norfolk Southern before this committee and in their correspondence, their blatant misrepresentation to officials of this state is appalling. Neither CSX and NS customers, nor the state of Ohio, will benefit from this plan. Highway congestion will not be "relieved." It will be increased because Ohio coal would have no economic way to Ohio markets other than via trucks, which are currently not competitive with the one-line haul via Conrail to these markets. Letters to the governor from CSX and NS clearly indicate the following:

1. CSX and NS deliberately created a two-line haul for eastern Ohio coal to historic markets in northeastern Ohio.
2. Neither CSX nor NS intend to do anything about the terrible problem that they have created for Ohio coal and miners' jobs.
3. CSX acknowledges that their proposed acquisition and two-line haul to historic markets will eliminate these markets for Ohio, including Ohio Valley Coal, but contend that other markets can be found by the company and the coal industry. This is definitely not possible.

This acquisition must be blocked until these concerns are addressed and CSX and NS answer the questions put to them about the potential for job loss. CSX and NS could solve the two-line haul problem simply by giving themselves joint trackage rights on approximately 11 miles of track from the Collinwood Yard east of Cleveland to Centerior's Eastlake plant, and approximately 23 miles of joint trackage rights to Centerior's Ashtabula plant. This is what they have done in Pennsylvania for its coal producers who compete directly with Ohio Valley and Ohio coal for electric utilities such as Pennsylvania Power and Light Company, Philadelphia Electric Company, and perhaps, Sun Oil Company. Despite what CSX and NS have said, Ohio Valley has only been able to develop sales contracts for 3.4 million tons per year of coal markets on the Ohio River (primarily due to the high sulfur content of Ohio coal). In order to achieve the economics required to meet the prices at which the aforementioned 3.4 million tons per year have been sold, Ohio Valley's Powhatan No. 6 Mine would have to produce at least 4.5 million tons per year. Otherwise, the mining costs exceed the selling price at which this 3.4 million tons had to be sold. This 1.1 million ton shortfall has been covered the past 25 years by the 1.2 to 1.6 million tons per year that the Powhatan No. 6 Mine has provided to Centerior. Without the continued supply to Centerior, Ohio Valley would be thrown into a severe loss on each of the other 3.4 million tons per year sold to Ohio River markets. Ohio Valley must have our current freight rates from the Powhatan No. 6 Mine to the Eastlake and Ashtabula Plants of Centerior to achieve the 4.5 million ton per year output level. Even though CSX had the correct figures before them, they attempted to mislead the state of Ohio by claiming that Ohio Valley's lost markets are only a "relatively small percentage of the total output of Ohio Valley." In fact, the

Centerior markets were 100 percent of the Powhatan No. 6 Mine's business as late as 1988 and is estimated at 27 percent in 1997. At least two electric utilities (AEP and Centerior) are opposed to the expedited schedule for the approval process of this acquisition. Other Ohio electric utilities are expected to join the fight against this sale. Unfortunately, the fact that the Surface Transportation Board has exclusive jurisdiction over this matter, the legislature apparently cannot pass legislation disapproving of the transaction. However, Ohio Valley Coal urges the legislature to pass a resolution in opposition of the sale unless Ohio Valley and the Ohio coal industry are not harmed by this transaction. Ohio Valley asks that two conditions be met: (1) that the transportation of coal from Ohio Valley's mine, which today is a single-line haul over Conrail, remain single-line, and (2) that rail shippers -- customers like Centerior -- are not subjected to rate increases to pay the more than \$4 billion acquisition premium and that CSX and NS jointly agreed to pay for Conrail's assets. Before the bidding war between CSX and NS began in October 1996, Conrail stock was selling at \$65 to \$70 per share. Since the selling price was risen to \$115 per share, that is over a 60 percent acquisition premium, measured on a market basis. The Surface Transportation Board has valued Conrail assets at between \$5 and \$6 billion on a "revenue-adequacy" basis. Based on that, the acquisition premium is closer to 100 percent. Ten years ago, Conrail was mostly owned by the federal government before it was sold to the public for slightly more than \$1 billion. Keeping this in mind, CSX's and NS's bidding war has resulted in Conrail being sold for approximately 10 times its worth just 10 years ago. Conrail's shareholders will reap a tremendous windfall at the expense of Ohio's shippers. Intervention by members of the Pennsylvania congressional delegation and other officials in Pennsylvania induced them to arrive at a deal for Pennsylvania and Light Company and others. Neither railroad currently has any incentive to solve the problems of Ohio and the Ohio coal industry. A rate freeze on movements of Ohio coal to current markets should be insisted on by the state of Ohio and imposed by the STB. CSX and NS should put it in writing that they do not intend to raise rates to pay for their acquisition of Conrail. They have said they plan to pay for it through new business and expense reductions. This should be in legally binding form. Ohio Valley seeks no advantages from the transaction, only that the status quo not be altered in such a disastrous way for Ohio.

#### **Lee Bloom, WCI Steel General Supervisor of Traffic**

Many of the concerns of WCI Steel are the same as the members of the Ohio Steel Advisory Council, whose members produce more than 90 percent of the steel manufactured in Ohio. Because of the importance of rail traffic to the steel industry, steel companies have closely followed proposed rail mergers since last year. The proposed merger raises questions about competitive access, rates and safety. Until a detailed operating plan is submitted, it is hard to determine how the steel industry will be impacted by the merger. Therefore, steel companies are taking a "wait and see" attitude toward the merger. The outstanding issues involve questions regarding coal, iron ore, the possible competitive disadvantage for certain steel companies,

equipment, competitive access to short line railroads, yards, contracts and rates. The position of Ohio steel companies will be more definitive after the operating plan is submitted to the Surface Transportation Board June 16. WCI and other steel companies do not support the expedited review of the proposed merger.

#### ***Discussion***

**Senator Latell** asked what the concerns were involving short lines.

Mr. Bloom said in-house switching is a concern because it is so costly. Other possibilities to utilize short lines should also be looked at.

**Senator Latell** asked if the railroads have answered these concerns.

Mr. Bloom said they had not been addressed satisfactorily.

#### **Greg Smith, Coal Miner for Ohio Valley Coal Company**

Mr. Smith is also a member of U.M.V.A. Local 1810. If the Surface Transportation Board approves this merger and a two-line haul is imposed on the Ohio Valley Coal Company, 500 jobs will be lost. This merger allows coal produced in western Pennsylvania to have a cost advantage in transporting their coal to Ohio's markets. How can this happen? How can this be fair? If joint trackage rights are permitted for our competitors in Pennsylvania for markets in Ohio, surely CSX and NS can accommodate Ohio with our 11 and 23-mile hauls from the Collinwood yard at rates that keep coal at competitive prices. Ohio Valley Coal has shipped approximately 1 million tons of coal so far this year to Centerior. Remarks have been made that Ohio Valley Coal has other markets to help it survive, but volume is what keeps Ohio Valley afloat with sufficient tonnage to maintain a positive cash flow. A summit among the General Assembly, the governor and Ohio congressional delegation would make certain that all of Ohio's legislators know and understand this grave problem Ohio faces.

#### ***Discussion***

**Senator Latta** asked what the sulfur content of Pennsylvania coal is.

Mr. Murray responded that Ohio coal typically has double the sulfur content that coal in Pennsylvania has. Ohio can produce coal to its customers at a cheaper price because Ohio's coal producers are independent operators.



**Representative Vesper** asked if the Ohio congressional delegation has been contacted regarding this.

Mr. Murray said that Congresspersons Ney, Traficant and Kaptur have been informed.

**Representative Bateman** noted that **Senator Oelslager's** office is keeping the delegation informed.

**Representative Bender** asked about the deregulation of electricity and how it impacts all of this.

Mr. Smith said that if Cleveland residents think they pay high electric rates now, wait until this merger takes place.

Mr. Murray added that the deregulation of electricity will be very beneficial to the coal industry and other utilities in Ohio.

**Representative Vesper** asked Mr. Murray what guarantees there are that electricity will be purchased from electric companies in Ohio.

Mr. Murray responded that many of the lowest cost producers of electricity are in Ohio. Ohio electricity producers are local, cheaper and benefit from low coal mining costs. Ohio electric producers will be exporting power all over the country.

#### **Neil Tostenson, Ohio Mining and Reclamation Association**

The Association represents more than 50 mining companies, primarily in southeastern Ohio. A healthy mining industry is a critical component to keeping electric rates low for Ohio consumers and is a development tool for attracting new industry to Ohio. The proposed purchase of Conrail by CSX and Norfolk Southern threatens the economic viability for the reasonable movement of coal by rail. Some of the problems this will create include:

- 1) Nowhere does CSX or Norfolk Southern reveal their plans on what lines they intend to keep and which lines they will abandon.
- 2) It has been said that the merger will lower rates to the shipper. However, Norfolk Southern will serve the Ohio coal fields to the electric utilities in the north. The proposed new line that will haul coal from the Ohio coal fields north will be forced to go on a track controlled by CSX to the power plants of Centerior Energy, east of Cleveland. This means there will be two charges, resulting in higher prices. In the meantime, the proposed rates from West Virginia and



the western Pennsylvania coal fields will have a through route with one carrier and a lower rate per ton.

3) Will the class one railroads haul less than a unit train of coal for Ohio's small coal operators in the future or will Norfolk Southern and CSX give access, at a reasonable price, to the small rural carriers such as the Wheeling and Lake Erie railroad?

4) Will the class one railroads continue to let Wheeling and Lake Erie railroads act as a feeder line without an increase in price so that the feeder line becomes unprofitable and forces them out of business?

### **William Thompson, United Transportation Union**

The United Transportation Union represents a majority of railroad operating crafts including brakemen, conductors, yardmen/switchmen, yardmasters and engine service employees. With nearly 37 years of railroad service, Mr. Thompson has a lot of experience with merger acquisitions and rail abandonments. The concerns of the UTU are the following:

1. Will all the collective bargaining agreements be preserved by the acquiring railroads?
2. Will the employees be offered voluntary severance packages and early retirement equal to those of management?
3. Will the absorbing carriers engage in 10901 or 10902 sales to non-carriers without labor protection?
4. Will Conrail establish a fund to resolve all outstanding Section 3 (Railway Labor Act, as amended) pending claims?
5. Will all employees with seniority on the date of the merger be automatically certified as adversely affected and will such affected employees be required to move to points more than 30 miles from their residences?
6. Will the involved carriers resolve all outstanding civil litigation pending between them and the UTU?
7. Will all employees be provided a test period average of their previous 12 months compensated service at the time of the merger?
8. Will all fringe benefit plans, such as health and welfare, any supplemental pension, and supplemental unemployment, vacation, etc., be continued?
9. Will the carrier continue to pay railroad retirement taxes at the current levels?
10. Will pay rates be equalized at the highest pay rate in effect at the time of the merger, regardless of which of the affected carriers that may have the highest rate?

### **Discussion**

**Representative Bender** asked the chairman what direction the joint committee was going with these hearings.

**Representative Bateman** said they would have two more hearings.

**Representative Bender** asked if the General Assembly was going to pass a resolution regarding the acquisition.

**Representative Bateman** said it is too early to tell.

**Senator Latell** asked if the affected electric companies were going to testify.

**Representative Bateman** said they would testify next week.

*Meeting adjourned, 10:35 a.m.  
Memo distributed 5/30/97*



# Ohio Rail Development Commission

50 West Broad Street, Suite 1510 • Columbus, Ohio 43215 • (614) 644-0306 phone • (614) 728-4520 fax

## **CONRAIL MERGER: ISSUES RELATING TO COAL, STEEL, AND RAIL LABOR**

May 28, 1997

The proposed merger/division of Conrail into the Norfolk Southern (NS) and CSX Transportation Systems will produce both benefits and problems for Ohio. A role which the State of Ohio can play is to strive to preserve the benefits and address the harms.

Included as Exhibit "A" is a map which shows the current Conrail, NS, and CSX systems in Ohio. Exhibit "B" shows how Conrail's Ohio lines would be divided among the other two railroads. Exhibit "C" shows the post merger NS and CSX Ohio lines.

### **COAL ISSUES AND QUESTIONS**

The proposed merger does provide some advantages for Ohio coal producers in terms of expanded single line access. Any time railroads interchange cars with other railroads the costs of hauling the coal go up. Thus, any Ohio coal mine now served by a Conrail line has single line access to any power plant, steel company, or other coal users on the 11,000 mile Conrail system. However, after the merger, the same coal mine would have access to the power plants, steel companies, or other coal users on either the NS 20,000 mile system or the CSX 23,000 mile system. In addition, after the merger, Ohio mines currently served by Conrail will have expanded access to Ocean and River ports through the NS or CSX systems.

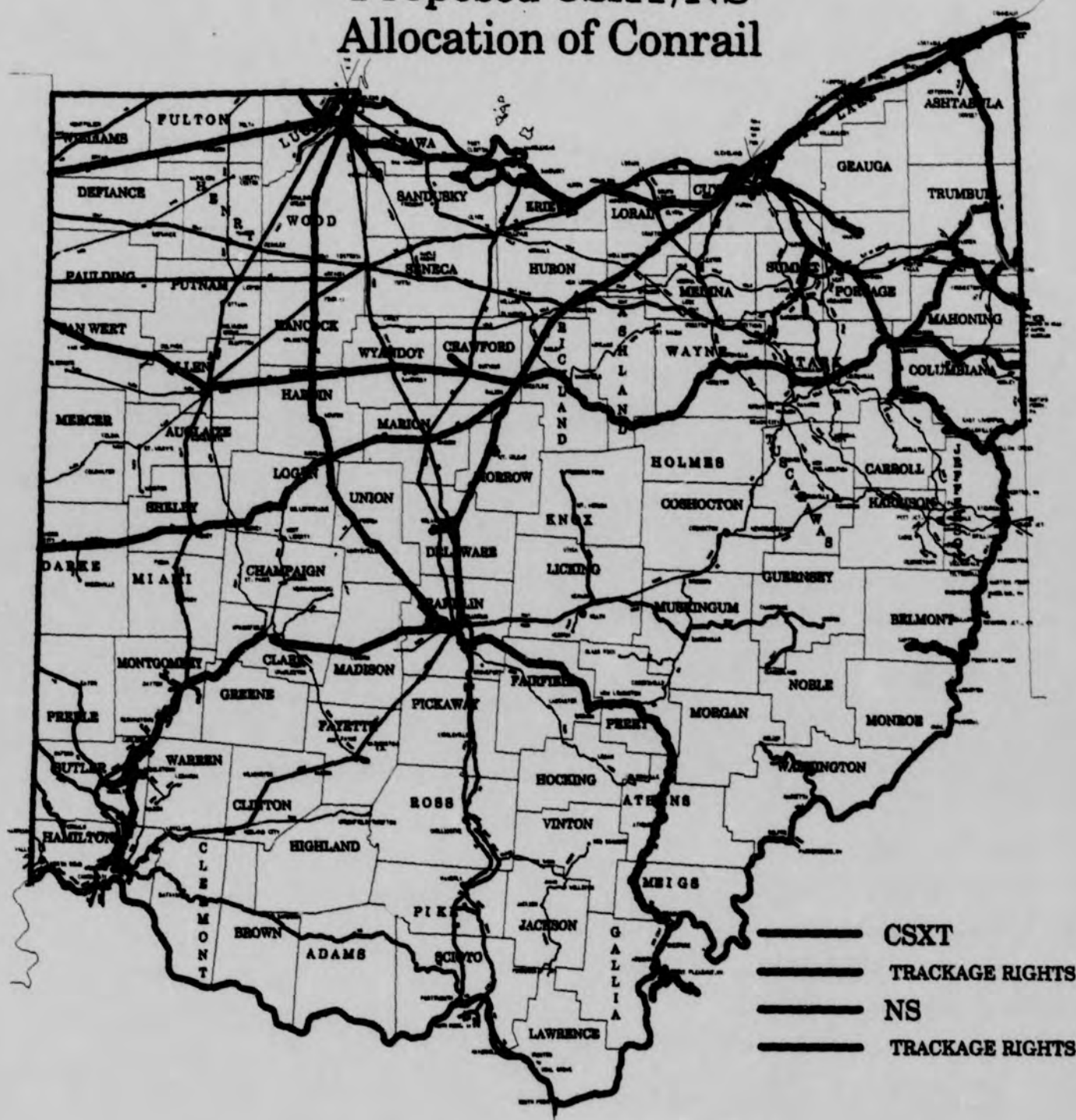
The advantages which the merger may provide could be dwarfed by potential harms to Ohio's coal industry. Much of Ohio's coal never makes it beyond Ohio's borders. For example, much of the coal now mined in Belmont County is burned by power plants located along Lake Erie's shores in Eastlake, just east of Cleveland, and in Ashtabula. Looking at the Exhibit "A" map, one can see that Conrail now owns lines that provide Belmont County coal direct, single line access to these two power plants. A look at the Exhibit "C" map, however, reveals that this current all Conrail haul would be replaced by a joint NS/CSX haul after the merger.

# Ohio Rail Lines Post Merger





# Proposed CSXT/NS Allocation of Conrail





# Ohio Rail Lines Involved in the Proposed Merger



Another potential harm to Ohio's coal industry from the merger is that NS and CSX may not aggressively market Ohio coal because they both serve other sources in Kentucky, West Virginia, Tennessee, and, after the merger, Pennsylvania. Conrail does now aggressively market Ohio coal and even won a railroad award for an Ohio River loading site it developed at Powhatan Point in Belmont County. In contrast, CSX pulled out of the Ohio coal fields about a decade ago. NS pulled out about five years ago.

Given the great potential for harm to Ohio coal, an important question is "what can NS and CSX do in Ohio, or elsewhere on their expanded rail systems, to address the harm?"

#### **STEEL ISSUES AND QUESTIONS**

The steel industry would have the same potential benefits as the coal industry in terms of expanded single line access. There may, however, be similar cases to the Belmont County coal example cited above where existing single line hauls become two line hauls after the merger. Will Ohio steel mills be hurt by the loss of certain, important single line hauls?

Some of Ohio's integrated steel mills now have direct access to all three of Ohio's large railroads. After the merger, however, the Conrail option will no longer be available as a separate competitor. This reduction from three to two railroads serving a plant is commonly called a "3 to 2" issue. Because profit margins in the steel industry are often very small due to cut-throat competition, 3 to 2 reductions may have dire consequences for Ohio mills. Will certain Ohio steel mills be adversely affected by 3 to 2 reductions?

#### **RAIL LABOR ISSUES AND QUESTIONS**

There is no short term upside to a rail merger for rail labor. The question is not if jobs will be lost but rather how many. Neither CSX nor NS has yet provided a projected number of rail jobs to be eliminated. They both say that the loss will not be significant and that there will soon be more jobs created than the number of jobs initially cut. Compensation for rail laborers who lose their jobs is determined by federal law. The Surface Transportation Board, the successor to the Interstate Commerce Commission, has the responsibility to see that the law is carried out. A key question is "what can the State of Ohio say in its filings to the STB to back rail labor in the merger process?"

For further information, do not hesitate to contact Tom O'Leary, ORDC's Executive Director, at 644-0313. Thank you.

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