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12-13-97

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*PUBLIC*



Office of the Chairman

12-13-9.7  
**Surface Transportation Board**  
Washington, D.C. 20423-0001

*File in  
Docket  
LD-33388*

May 22, 1997

Mr. William C. Gandert  
2193 Waldorf Road  
Columbus, OH 43229

Dear Mr. Gandert:

Last year, you wrote to President Clinton regarding the restructuring of rail freight service in the eastern United States. Your letter expresses concern over potential competitive impacts of the transaction. The President has forwarded your letter to me as Chairman of the Surface Transportation Board (Board) for a response.

As you may know, CSX and Norfolk Southern (NS) now have proposed to acquire joint control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. Currently, the Board is analyzing comments from the public on a proposed procedural schedule for handling the case once it is filed.

In deciding whether a control transaction such as the one being proposed here is in the public interest, the Board by statute must consider the competitive impacts of the proposed transaction on both a regional and national basis. Let me assure you that the Board will give full consideration to all relevant competitive impacts, as well as the other factors required by statute, in deciding whether to approve the proposed transaction. Because this case is pending before the Board, it would be inappropriate for me to comment further on the specific merits of the matter.

I am having your letter made a part of the public docket in this proceeding, and I appreciate your interest in this matter.

Sincerely,

*Linda J. Morgan*

Linda J. Morgan

P-150

39  
HOURS

STB

2193 Waldorf Road  
Columbus, OH 43229  
October 18, 1996

The Honorable William J. Clinton  
President of the United States  
The White House  
1600 Pennsylvania Avenue  
Washington, D.C. 20500

Dear Mr. President:

The news media is touting the merger of the CSX Transportation, Inc., and the Consolidated Rail Corporation railroads.

Both railroad companies show profits in the billions of dollars for 1995, so why is a merger necessary?

Conglomerates help eliminate the one thing that has made our country strong - COMPETITION.

I hope you will oppose this and any other requests to merge very profitable corporations.

Most respectfully yours,

*William C. Gandert*

WILLIAM C. GANDERT

OFFICE OF  
CHAIRMAN MORGAN

Dec 13 5 12 PM '96

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

THE WHITE HOUSE

WASHINGTON

12.11.96  
DATE

MEMORANDUM FOR

STB

IPC

FROM:

SUE J. SMITH *SJS*  
DIRECTOR, OFFICE OF AGENCY LIAISON

SUBJECT:

REFERRAL OF WHITE HOUSE BULK MAIL AND  
RECENT CHANGES IN PROCEDURES FOR HANDLING  
OF THE BULK MAIL

Thank you for your continued hard work in ensuring responses to the Presidential letters and inquiries forwarded to your agency. The volume of mail that President and Mrs. Clinton receive still remains unprecedented.

As stated in my February 14, 1996 memorandum, we are continuing to refine our procedures and have instituted a change regarding bulk mail. It is no longer necessary for you to return this mail with a copy of your response.

Please keep the original incoming letter along with a copy of any written or telephone response at your agency. Return any misreferrals to me at the following address:

Ms. Sue J. Smith  
Director, Office of Agency Liaison  
Room 6, OEOB  
The White House  
Washington, D.C. 20502

If you have any questions, please do not hesitate to call me at 202/456-7486.



STB

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6-27-97

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GOVLA



M. J. "MIKE" FOSTER, JR.  
GOVERNOR

## State of Louisiana

OFFICE OF THE GOVERNOR

Baton Rouge

70804-9004



June 4, 1997

FD33388  
Mr. Vernon A. Williams, Secretary  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

Dear Mr. Williams:

As Governor of the state of Louisiana, I wish to express support for the proposed acquisition of Conrail by CSX Transportation and Norfolk Southern Transportation.

Louisiana has a longstanding relationship with both Norfolk Southern and CSX Transportation. Both carriers serve the port of New Orleans and join the east with the west in the city of New Orleans. Although they operate on a small portion of the total Class I rail miles in Louisiana, both companies have been valuable corporate citizens and have contributed greatly to industrial development and business growth in the state of Louisiana. The chemical industry in Louisiana will receive more competitive rail service for their products moving to the East and Northeast by means of single line access to many more customers and suppliers in new markets. This enhanced transportation service resulting from their new rail network will generate a better environment in New Orleans and allow the rapid movement of the chemical products manufactured in Louisiana.

In conclusion, I wholeheartedly support the proposed acquisition of Conrail by CSX Transportation and Norfolk Southern Corporation and urge their applications be approved as expeditiously as possible.

Sincerely,

M.J. "Mike" Foster, Jr.

jdd

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6-16-97

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MOENE

MAC H

RICHARD BURR  
5TH DISTRICT, NORTH CAROLINA

COMMITTEE:  
COMMERCE

SUBCOMMITTEES:  
HEALTH AND THE ENVIRONMENT  
ENERGY AND POWER  
OVERSIGHT AND INVESTIGATIONS



**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-3305

WASHINGTON OFFICE:  
1513 LONGWORTH HOB  
WASHINGTON, DC 20515  
(202) 225-2071  
FAX (202) 225-2995

DC INFO LINE:  
(202) 226-0320

E-MAIL: Richard.BurrNC05@mail.house.gov  
WWW <http://www.house.gov/burr/>

DISTRICT OFFICE:  
2000 WEST FIRST STREET,  
SUITE 508  
PIEDMONT PLAZA TWO  
WINSTON-SALEM, NC 27104  
(910) 621-5125  
FAX (910) 725-4493

June 1, 1997

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

RE: Finance Docket 33388

Dear Madam Chairman:

I am writing to notify you of my support for the 255 day expedited schedule for the review of the proposed CSX-Norfolk Southern acquisition of Conrail. I believe that this is sufficient time to complete a thorough review process and a sufficient period of time for all parties to have an opportunity to present their views.

Sincerely,

Richard Burr  
Member of Congress

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
JUN 16 11 18 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

The Honorable Richard Burr  
U.S. House of Representatives  
Washington, D.C. 20515-3305

Dear Congressman Burr:

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

STB

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5-27-97

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# *City of Melvindale*

EXECUTIVE OFFICE  
Mayor James M. Kinard

3100 Oakwood Blvd. • Melvindale, Michigan 48122 • 313-389-1500

May 20, 1997

Hon. Congressman John D. Dingell  
2328 Rayburn House Office Bldg  
Washington, D.C. 20515

U.S. Senator Carl Levin  
459 Russell Senate Office  
Washington, D.C. 20510

**Re: Norfolk Southern**

Dear Honorable Congressman and Senator:

Recently Norfolk Southern made a special request of the transportation Board to allow a merger between them and Conrail. Norfolk Southern wanted to project a good neighbor image, and asked me to write a letter of recommendation. Their request was an insult to the Officials of Melvindale. Instead of drafting the letter they wanted, I did just the opposite. My letter lead to a series of meetings with Norfolk Southern Officials to discuss problems that my Department Heads and I have had with the railroad. In their defense, Norfolk Southern did respond to some of our concerns, but declined to do anything about erecting a wall adjacent to their fueling depot.

Fifteen percent (15%) of the City of Melvindale is comprised of railroads. If they were just through tracks, my complaint wouldn't be quite as valid, but they're not!! In our City we have to deal with a 24 hour operation. We have everything from repairs to shipping and receiving. One of the largest trucking operations in the State is running through our City 24 hours a day, loading Norfolk Southern railcars 7 days a week. Over the years my residents have learned to live with the operations of the railroad, but with the increased activity, the railroad must stand accountable to the neighborhoods that border their 24 hour operations.





May 19, 1997

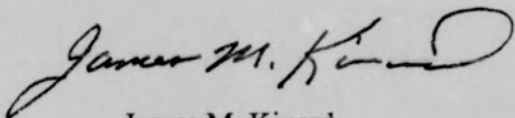
Hon. Congressman John D. Dingell  
U.S. Senator Carl Levin  
Page 2 of 2

**Re: Norfolk Southern**

One of the oldest subdivisions in our City, has in recent years, become run down and in dire need of attention! We, as City fathers, have recognized this need and have started a series of programs to revitalize this neighborhood. We would like Norfolk Southern to work with us in this effort. Specifically, we would like them to clean up their fueling station that recently was declared a contaminated site by the E.P.A., and erect a screening wall to eliminate unsightliness as well as block the noise and to secure the area. As you can see from the enclosed pictures, the site is totally accessible from the subdivision. Not only is it an eyesore, but it could be a dangerous attraction to children. I expect Norfolk Southern to do their part in assuring that our neighborhoods are presentable and safe. A wall *must* be erected on this site.

As always, your assistance on this matter will be greatly appreciated.

Sincerely,



James M. Kinard  
Mayor, City of Melvindale

JMK/gjm

cc: Vernon A. Williams, Secretary  
Surface Transportation Board

Eric W. Witte, Commissioner Public Works/Building & Safety  
Elizabeth Longley, Economic Development Director

encl.

# Memo



**To:** Whom it may concern

**From:** Eric W. Witte , City of Melvindale

**Subject:** N & S fueling depot Flora & Rose

**Date:** May 19, 1997

The attached 12 photographs depict the conditions which are having a negative impact on the adjoining residents and neighborhood.

1. View East on Rose showing relationship of idling locomotives and neighboring houses.
2. View Southeast from Flora and Rose including 8000 gallon waste oil tank.
3. View South Southeast from Flora and Rose showing oil leaching from ground, fueling depot and large roll off containers of waste. All locomotives were running unattended.
4. Close up of oil leaching from ground.
5. Close up of oil leaching from ground and soil erosion washing into Rose street and sewers.
6. View Northeast along Rose showing soil erosion into Rose and hazardous railroad ties and bolts installed by N & S in an attempt to prevent this.
7. View Southwest along Rose from Francis further showing the grade difference and erosion occurring.
8. Debris and temporary fence adjacent to waste oil tank.
9. View Southeast along N & S service drive showing proximity of houses, and children, to unattended running locomotives and oil spilled along railroad tracks.
10. Additional oil tanks and fueling depot house under repair without permits or inspections.
11. Close up of diesel fueling building needing permits and repairs.
12. View Southeast along N & S service drive with 6 idling locomotives, oil along tracks, and lack of maintenance to structure.

Enc. 12 photographs

C:\MyFiles\N & S photos.wpd

**NORFOLK SOUTHERN FUELING DEPOT  
FLORA AND ROSE STREETS  
MELVINDALE, MICHIGAN 48122**



3



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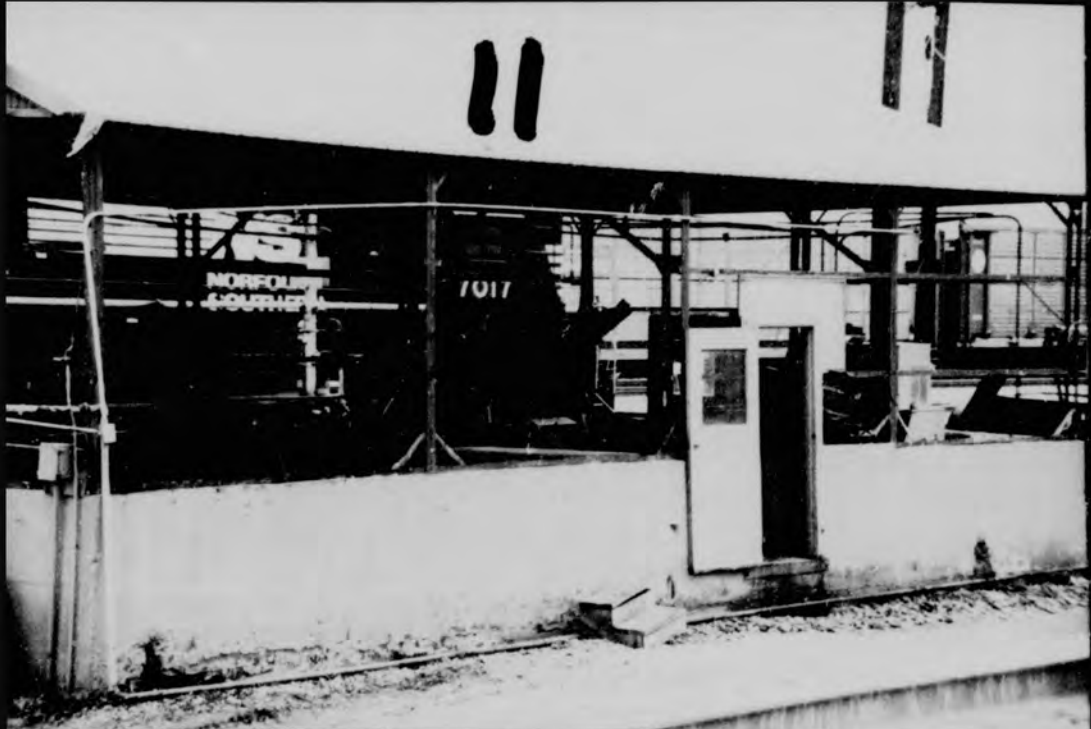


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***Surface Transportation Board***  
***Washington, D.C. 20423-0001***

*Office of Economics, Environmental Analysis, and Administration*

April 21, 1997

Andrew Plump  
Zuckert, Scoutt & Rasengberger  
888 Seventeenth Street, N.W.  
Washington, D.C. 20006-3939

Re: **Preliminary Environmental Report**  
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. Plump:

On April 10, 1997, CSX, NS and Conrail notified the Surface Transportation Board that they intend to file a joint application for CSX and NS to acquire control of Conrail Inc. Because of the substantially changed circumstances of this new proposal, I am setting forth the type of information and documentation that should be included in the Preliminary Environmental Report (PER) to be submitted by CSX and NS. This information is similar to that discussed in my letter to you dated February 7, 1997.

**General**

The PER should be as informative and detailed as possible. In preparing the PER, please write in lay terms and present the information in a clear, organized, and comprehensive manner. The PER should include a table of contents, an executive summary, and an appendix containing technical documentation and other appropriate data. As often as possible, there should be summary tables that group information in appropriate categories for "at-a-glance" review (e.g., identification of rail lines with proposed traffic increases and descriptions of proposed activities on a state-by-state basis).

The PER must clearly explain the planned changes in railroad operations for (1) NS and its portion of Conrail, (2) CSX and its portion of Conrail, and (3) those portions of Conrail to be operated jointly by NS and CSX. It should include technical explanations and supporting documentation of the methodologies used to project proposed operational changes as well as the methodologies that will be used to measure environmental impacts. Maps and graphics should be provided to help illustrate the scope and location of proposed activities.

The content of the PER should be consistent with the Board's environmental rules at 49 CFR 1105, with the exception of the environmental impact analysis. The environment impact analysis will be included in the Environmental Report filed with the application.

The PER is a preliminary, confidential working document for SEA's internal use prior to the formal filing of the Environmental Report. Please be sure to hand deliver directly to SEA ten hard copies of the PER and one copy on a 3.5-inch diskette in WordPerfect 7.0. Please be prepared to provide tables, maps, and graphics in electronic format. Also, please make sure to mark the PER and any related documents as "Administratively Confidential, Working Draft."

### Specific

The content of the PER should cover the information listed below:

1. Description of the overall proposed merger and related activities. Provide a detailed discussion of the planned changes in the system, including supporting operating data to the extent available.
2. Identification of rail line segments that would experience post merger traffic increases or decreases. Rail line segments, to the extent practical, should be the same as line segments shown on NS, CSX and Conrail annual gross ton-mile density charts for the base year used for the joint application. For each rail line segment, show the existing daily average number of through trains and the projected daily average number of post-merger through trains for each carrier using the line segment; i.e., the owning carrier and each trackage rights carrier including both freight and passenger carriers.
3. Identification of the intermodal facilities (TOFC/COFC) and rail yards where changes in levels of use are anticipated, such as major expansions or abandonments.
4. Description of the proposed rail line abandonments, including (a) location and length, (b) owning carriers and all trackage rights carriers over such lines, and (c) the rail route to which overhead traffic would be rerouted.
5. Identification of all rail lines used by Amtrak and/or commuter service and, to the extent possible, detailed descriptions of the following for each carrier: (a) status of operating agreements (including any requirements for increases in passenger operations); (b) train schedules; and (3) daily average number of passenger trains.
6. A description of proposed rail line constructions involving new right-of-way including (a) location, description and purpose for the rail line construction; (b) length

and area of construction; and (c) number of trains proposed over each new rail line construction.

7. With respect to ports, a description of proposed operational changes, if any, in coastal, in-land and Great Lakes port areas.
8. Submission or availability, at a central location in Washington D.C., of employee time tables and track charts for NS, CSX and Conrail.
9. Maps, illustrations, and other appropriate visuals regarding proposed operations for the following:
  - a. Proposed merged system that distinctly shows all lines to be operated by (1) NS, (2) CSX, and (3) jointly operated by NS and CSX.
  - b. Affected rail line segments, intermodal facilities, rail yards, ports, and proposed abandonments and constructions.
  - c. Amtrak and commuter rail services.
  - d. A single, consolidated map showing the items in #2, #3, #4, #5, #6 and #7.
  - e. Status of air quality in affected counties (attainment, non-attainment, and maintenance, identifying type of pollutant and level of non-attainment).
10. Detailed, quantitative descriptions of methodologies and assumptions to be used in the environmental analysis. ( Please reference any applicable guidance or other justification basis.) This should include the following:
  - a. Emission rate/factors for each pollutant and a description of the calculation methodologies for all activities to be factored into emission increase/decrease calculations. Please base all calculations on cumulative data (that is data from both NS and CSX operations). Identify air quality non-attainment and maintenance areas by pollutant, and the level of non-attainment.
  - b. All assumptions and the data sets used to model railroad noise.
  - c. Methodologies used to calculate safety impacts.
  - d. When an average train is to be used in the environmental impact analysis methodology, the assumptions used to calculate the average.



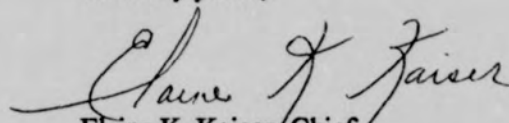
Andrew Plump  
April 21, 1997  
Page 4

- e. The methodologies used to determine environmental impacts, including, but not limited to, the following: biological resources, cultural resources, water quality, land use, energy, traffic, hazardous materials and environmental justice.
- 11. Available written agency and public comments to date. Also, please list and describe meetings and phone consultations.
- 12. Samples of consultation letters and a listing of recipients.
- 13. The nature of the data sources used to prepare the environmental analysis, such as aerial maps, USGS maps and wetlands maps.
- 14. If there are any known areas of environmental concern, please briefly describe the locations and the issues involved.

I understand that some information may need to be modified or updated at the time the Environmental Report is filed. The Environmental Report should clearly identify any changes from the PER. The Environmental Report must include a thorough environmental analysis, the underlying documentation, and the conclusions reached by the applicants. As you know, the Board may reject insufficient and inadequate Environmental Reports.

Thank you for your cooperation. If you have questions or concerns, please call Harold McNulty for rail operations, Michael Dalton for environmental matters, and myself for legal issues.

Sincerely yours,

  
Elaine K. Kaiser, Chief  
Section of Environmental Analysis

cc: De Leuw Cather & Company  
HDR Engineering, Inc.

STB

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5-27-97

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USSPA

MOC S



RICK SANTORUM  
PENNSYLVANIA

COMMITTEES:  
ARMED SERVICES  
AGRICULTURE  
RULES  
JOINT ECONOMIC  
AGING

# United States Senate

WASHINGTON, DC 20510-3804

202-224-6324

May 23, 1999

Ms. Linda J. Morgan  
Chairman  
Surface Transportation Board  
1925 K Street NW  
Washington, D.C. 20423-1101

Dear Madam Chairman,

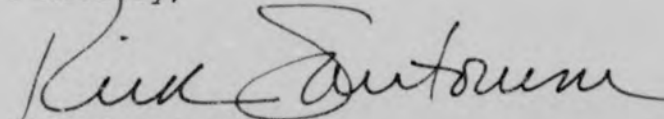
I am writing to express concern over a joint petition recently filed by Norfolk Southern Corporation (NS) and CSX Corporation seeking an expedited procedural schedule for the Board's consideration of their acquisition of Conrail. Thank you for considering this letter in your deliberations.

As you know, pursuant to 49 U.S.C. § 11325(b), the Board may take up to fifteen months to review and decide upon this acquisition. During this process, the Board is required to consider public interest and economic concerns. 49 U.S.C. § 11324(b), (c). As Conrail employs over 8,000 Pennsylvanians, it is clear that the future state of freight rail in the Commonwealth will greatly impact repair, maintenance, and other service facilities throughout the state. Further, communities, other railroads, shippers and ports will also be affected by the proposed CSX/NS acquisition of Conrail. As a result, I urge the Board to fully avail itself of the time needed to assess the complete impact this acquisition will have on the Commonwealth of Pennsylvania.

I have met extensively with the Chief Executive Officers of the three railroads involved in this proposed acquisition. I am confident in their ability to ensure that Pennsylvania remains a keystone in our nation's freight rail infrastructure. Nonetheless, the Board is charged with the broader responsibility of ensuring that, "the transaction is consistent with the public interest." 49 U.S.C. § 11324(c). Therefore, I recommend the Board decide upon the NS/CSX petition only after carefully considering how long the Board will need to address these important and extensive public interest concerns.

Thank you again for considering this letter. I look forward to hearing from you in the near future.

Sincerely,



Rick Santorum  
United States Senate

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
MAY 21 10 51 AM '99  
CHAIRMAN MORGAN



Office of the Chairman

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

*File in  
Docket  
JD-33388*

May 29, 1997

*~~174621~~*

The Honorable Rick Santorum  
United States Senate  
Washington, D.C. 20510-3804

Dear Senator Santorum:

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 its handling by the Surface Transportation Board (Board).

As you may know, CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. Applicants have requested an expedited procedural schedule. Consistent with established precedent, the Board sought comments from the public on applicants' proposed schedule, and the comment period ended on May 1, 1997. The Board is in the process of analyzing the comments received before adopting a procedural schedule for the proposed transaction. While I cannot discuss the specific merits of the case itself, I can assure you that the Board will adopt a schedule to provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this matter.

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

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

STB

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5-23-97

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USSVA

MOLS

JOHN WARNER  
VIRGINIA

COMMITTEES:  
ARMED SERVICES  
ENVIRONMENT AND PUBLIC WORKS  
RULES AND ADMINISTRATION  
LABOR AND HUMAN RESOURCES  
SMALL BUSINESS  
AGING

## United States Senate

May 21, 1997

225 RUSSELL SENATE OFFICE BUILDING  
WASHINGTON, DC 20510-4601  
(202) 224-2023

CONSTITUENT SERVICE OFFICES:

4900 WORLD TRADE CENTER  
NORFOLK, VA 23510-1624  
(757) 441-3079

MAIN STREET CENTRE II  
600 EAST MAIN STREET  
RICHMOND, VA 23219-3538  
(804) 771-2579

235 FEDERAL BUILDING  
P.O. BOX 8817  
ABINGDON, VA 24210-0887  
(540) 628-8158

1003 FIRST UNION BANK BUILDING  
213 SOUTH JEFFERSON STREET  
ROANOKE, VA 24011-1714  
(540) 857-2676

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

Re: Finance Docket 33388

Dear Madam Chairman:

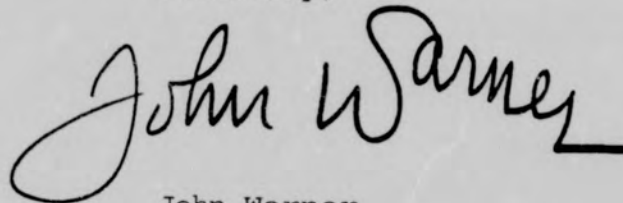
I am writing in support of the 255 day schedule proposed for the Surface Transportation Board's review of the CSX-Norfolk Southern acquisition of Conrail.

CSX and Norfolk Southern are based in the Commonwealth, where they employ 8,000 people and operate 3,300 miles of rail lines. The thousands of business and industries in Virginia that depend on the railroads are looking for faster, more efficient, direct rail service into the vast consumer markets of the Northeast which can result from this acquisition. Delay in the process will unnecessarily postpone realization of these anticipated benefits.

I strongly believe that the proposed schedule is appropriate for the STB to carefully review the proposal.

With kind regards, I am

Sincerely,



John Warner

JW/eps

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
MAY 22 1 09 PM '97  
OFFICE OF  
CHAIRMAN MORGAN



Office of the Chairman

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

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

May 28, 1997

The Honorable John Warner  
United States Senate  
Washington, D.C. 20510-4601

Dear Senator Warner:

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 support for the transaction and request expeditious approval by the Surface Transportation Board (Board).

As you may know, CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STE Finance Docket No. 33388. At the applicants' request, the Board has decided to waive its rule in major transactions such as this one requiring applicants to wait at least 3 months following the filing of their notice of intent before filing their actual control application.

Applicants also have requested an expedited procedural schedule. Consistent with established precedent, the Board has sought comments from the public on applicants' proposed schedule. The comment period ended on May 1, 1997, and the Board is in the process of analyzing the comments received before adopting a procedural schedule for the proposed transaction. While I cannot discuss the specific merits of the case itself, I can assure you that the Board will adopt a schedule to provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case.

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

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

STB

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5-23-97

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~~NOEVA~~

MOC #



TOM BLILEY  
7th DISTRICT, VIRGINIA

CHAIRMAN, COMMITTEE ON COMMERCE

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-4607**

May 23, 1997

WASHINGTON OFFICE:  
2409 RAYBURN OFFICE BUILDING  
17071 225-2616

DISTRICT OFFICE:  
SUITE 101  
4914 FITZHUUGH AVENUE  
RICHMOND, VA 23230-3634  
(804) 771-2608  
1-(800)-438-3793

CULPEPER OFFICE PARK  
SUITE 207  
763 MADISON ROAD  
CULPEPER, VA 22701-3342  
(540) 825-0980

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

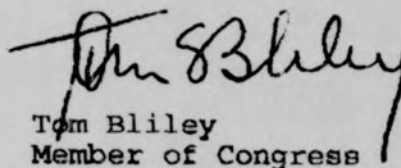
Dear Chairman Morgan:

I am writing to urge my support for the 255 day review schedule proposed by CSX and Norfolk Southern (Finance Docket Number 33388) to the Surface Transportation Board.

The proposed acquisition of Conrail by CSX and Norfolk Southern will provide tremendous benefits to the Commonwealth of Virginia, as businesses will be able to benefit from faster more efficient service to the areas presently served by Conrail. Although some have labeled this an "expedited" schedule, a review period of 8 ½ months hardly seems to be unduly fast. I believe the proposed schedule will permit sufficient time for appropriate consideration of relevant issues presented by affected parties.

I strongly support the review schedule which has been submitted to the Surface Transportation Board. This review schedule will benefit the Commonwealth of Virginia, as well as every area which will be served by both CSX and Norfolk Southern.

Sincerely,

  
Tom Bliley  
Member of Congress

OFFICE OF  
CHAIRMAN LINDA MORGAN

MAY 23 5 29 PM '97

RECEIVED  
SURFACE TRANSPORTATION  
BOARD



TOM BILEY  
17TH DISTRICT, VIRGINIA

CHAIRMAN, COMMITTEE ON COMMERCE

**Congress of the United States**  
**House of Representatives**

**Washington, DC 20515-4607**  
**FAX COVER SHEET**

WASHINGTON OFFICE:  
2400 RAYBURN OFFICE BUILDING  
(202) 225-2815

DISTRICT OFFICES:  
SUITE 161  
4814 FITZJUGH AVENUE  
RICHMOND, VA 23230-3534  
(804) 771-2809  
1-(800)-438-3793

CULPEPER OFFICE PARK  
SUITE 207  
763 MADISON ROAD  
CULPEPER, VA 22701-1342  
(840) 825-8900

TO: Chairman Morgan

WITH: STB

FROM:

☒ Tom Bliley  
☐ Bernie Alexander  
☐ Alex Cannon  
☐ Brent Del Monte  
☐ Bill Dolbow  
☐ Justin Herdman

☐ Marshall Hixon  
☐ Cary Justice  
☐ Cameron O'Brien  
☐ Linda Pedigo

THIS IS PAGE 1 OF 2 TOTAL PAGES

COMMENTS:

IF YOU HAVE PROBLEMS WITH THIS TRANSMISSION PLEASE CALL  
(202) 225-2815

TOM BLILEY  
7TH DISTRICT, VIRGINIA

CHAIRMAN, COMMITTEE ON COMMERCE

WASHINGTON OFFICE:  
2409 RAYBURN OFFICE BUILDING  
(202) 225-2815

DISTRICT OFFICES:  
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4914 FITZHUGH AVENUE  
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1-(800)-438-3793

CULPEPER OFFICE PARK  
SUITE 207  
763 MADISON ROAD  
CULPEPER, VA 22701-3342  
(540) 825-8960

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-4607**

May 23, 1997

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

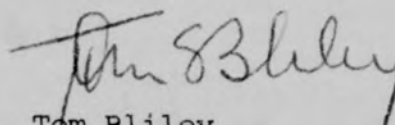
Dear Chairman Morgan:

I am writing to urge my support for the 255 day review schedule proposed by CSX and Norfolk Southern (Finance Docket Number 33388) to the Surface Transportation Board.

The proposed acquisition of Conrail by CSX and Norfolk Southern will provide tremendous benefits to the Commonwealth of Virginia, as businesses will be able to benefit from faster more efficient service to the areas presently served by Conrail. Although some have labeled this an "expedited" schedule, a review period of 8 ½ months hardly seems to be unduly fast. I believe the proposed schedule will permit sufficient time for appropriate consideration of relevant issues presented by affected parties.

I strongly support the review schedule which has been submitted to the Surface Transportation Board. This review schedule will benefit the Commonwealth of Virginia, as well as every area which will be served by both CSX and Norfolk Southern.

Sincerely,

  
Tom Bliley  
Member of Congress

RECEIVED  
SURFACE TRANSPORTATION  
JUN 2 4 01 PM '97  
OFFICE  
CHAIRMAN MORGAN



Office of the Chairman

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

*File in  
Docket  
STB-33388*

May 28, 1997

*129625*

The Honorable Tom Bliley  
U.S. House of Representatives  
Washington, D.C. 20515-4607

Dear Congressman Bliley:

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 support for the transaction and request expeditious approval by the Surface Transportation Board (Board).

As you may know, CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. At the applicants' request, the Board has decided to waive its rule in major transactions such as this one requiring applicants to wait at least 3 months following the filing of their notice of intent before filing their actual control application.

Applicants also have requested an expedited procedural schedule. Consistent with established precedent, the Board has sought comments from the public on applicants' proposed schedule. The comment period ended on May 1, 1997, and the Board is in the process of analyzing the comments received before adopting a procedural schedule for the proposed transaction. While I cannot discuss the specific merits of the case itself, I can assure you that the Board will adopt a schedule to provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case.

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

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

STB

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33388

5-21-97

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USSNJ

MCCS

ROBERT G. TORRICELLI  
NEW JERSEYWASHINGTON OFFICE:  
202-224-3224

## United States Senate

WASHINGTON, DC 20510-3003

May 11, 1997

The Honorable Linda Morgan  
Chair  
Surface Transportation Board  
Washington, DC

Dear Chairman Morgan:

I am writing to express my support for a full 365 day review period of the CSX/Norfolk Southern (NS) corporations application to the Surface Transportation Board concerning the proposed merger of Conrail by CSX/NS.

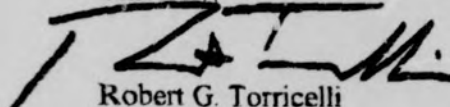
While I am not necessarily opposed to the merger at this time, there certainly needs to be a complete and thorough review of the merger's impact, with particular regard to the merger's far-reaching effects on the Northeast. Because so many questions have been raised concerning the merger, a 365 day review period is critical to allow input from all parties affected to ensure that the interests of commuters and businesses are truly served.

There is certainly a need to evaluate the merger's impact on business and rail competition. In particular, I am concerned about the merger's impact on New Jersey Transit projects including the Bergen-Hudson Light Rail and West Shoreline projects as well as other smaller competing rail lines. A thorough review is necessary to fully assess the merger's affect on overall rail competition and regional business and employment. Access to a variety of markets with competitive shipping and rail rates is crucial to a large number and wide variety of regional businesses.

I plan to call a meeting of all parties impacted by the merger to address these and other issues. Until then, I would welcome your feedback and look forward to discussing these issues with you in greater detail.

Thank you for your consideration of this matter

Sincerely,

  
Robert G. Torricelli  
United States SenatorRECEIVED  
SURFACE TRANSPORTATION  
BOARD  
MAY 21 2 21 PM '97  
OFFICE OF  
CHAIRMAN MORGAN

Fax Transmission  
from the Office of

***U.S. Senator Robert Torricelli***

**113 Senate Dirksen Building  
Washington, DC 20510**

Office: (202) 224-3224

Fax: (202) 224-8567

To: Chairman Linda Morgan  
AT Fax#: Surface Transportation Board

From: Adam Craig

Date: 5/21/97 10<sup>am</sup>

Pages Including This Cover Sheet: 2

Notes: \_\_\_\_\_  
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FAR # 202 - 565 - 9015





Office of the Chairman

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

*File in  
Docket  
FD-33388*

~~1-24-95~~  
May 29, 1997

The Honorable Robert G. Torricelli  
United States Senate  
Washington, D.C. 20510-3003

Dear Senator Torricelli:

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 its handling by the Surface Transportation Board (Board).

As you may know, CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. Applicants have requested an expedited procedural schedule. Consistent with established precedent, the Board sought comments from the public on applicants' proposed schedule, and the comment period ended on May 1, 1997. The Board is in the process of analyzing the comments received before adopting a procedural schedule for the proposed transaction. While I cannot discuss the specific merits of the case itself, I can assure you that the Board will adopt a schedule to provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this matter.

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

Sincerely,

*Linda J. Morgan*

Linda J. Morgan



STB

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33388

5-19-97

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*MCHA*

# Congress of the United States

Washington, DC 20515

May 17 1997

The Honorable Linda Morgan  
Chair  
Surface Transportation Board  
1201 Constitution Avenue, NW  
Washington, DC 20403

Dear Ms. Morgan:

As members of the Florida Congressional Delegation, we are writing you to express our strong support for the proposed acquisition of Conrail by CSX Corporation and Norfolk Southern. We urge the Surface Transportation Board to give the merger its prompt consideration.

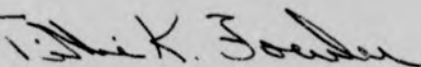
The railroad industry is an important component of our state's overall economy as well as the city of Jacksonville which we both represent. CSX Transportation is headquartered in Florida and provides more than 6,500 jobs for Floridians. Fruit growers, manufacturers, local utility plants, chemical companies, paper mills, and countless small businesses depend on an efficient freight service every day.

We want to see the rail industry prosper and grow into the next century. The proposed merger plan will help create a more financially stable freight rail system that expands the market reach of Florida businesses. We believe this merger is good for our state, good for the railroad industry and good for the Florida communities and businesses who rely on this important transportation system day in and day out.

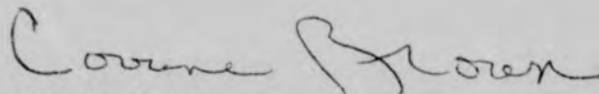
We would like to see the creation of a balanced competitive rail system operating in the eastern half of our nation begin as soon as possible. That is why we are asking you to begin the review of the proposed CSX-Norfolk Southern acquisition of Conrail as soon as possible. We believe that your prompt action concerning this issue will permit railroads and their customers to start working together to create a better, faster, more efficient railroad of the future.

We eagerly await your decision and stand ready to provide the Surface Transportation Board with any assistance it may require. Thank you in advance for your consideration of this important matter.

Sincerely,



Tillie K. Fowler  
Member of Congress



Corrine Brown  
Member of Congress

OFFICE OF  
CHAIRMAN MORGAN

MAY 10 2 33 PM '97

RECEIVED  
SURFACE TRANSPORTATION  
BOARD



Office of the Chairman

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

179615

N

The Honorable Corrine Brown  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Congresswoman Brown:

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 support for the transaction and request expeditious approval by the Surface Transportation Board (Board).

As you may know, CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. At the applicants' request, the Board has decided to waive its rule in major transactions such as this one requiring applicants to wait at least 3 months following the filing of their notice of intent before filing their actual control application.

Applicants also have requested an expedited procedural schedule. Consistent with established precedent, the Board has sought comments from the public on applicants' proposed schedule. The comment period ended on May 1, 1997, and the Board is in the process of analyzing the comments received before adopting a procedural schedule for the proposed transaction. While I cannot discuss the specific merits of the case itself, I can assure you that the Board will adopt a schedule to provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case.

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

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



Office of the Chairman

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

*File in  
Docket  
JD-33388*

May 2

~~129526~~  
The Honorable Tillie K. Fowler  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Congresswoman Fowler:

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 support for the transaction and request expeditious approval by the Surface Transportation Board (Board).

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Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

STB

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33388

5-19-97

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# United States Senate

WASHINGTON, DC 20510

May 15, 1997

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

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
MAY 19 2 32 PM '97  
OFFICE OF  
CHAIRMAN MORGAN

Dear Ms. Morgan:

We are writing you to express our strong support for the proposed acquisition of Conrail by CSX Corporation and Norfolk Southern. Having watched the plans for this railroad merger develop over the last few months, we are delighted with the new agreement reached by the two companies. We urge the Surface Transportation Board to give it prompt approval.

The railroad industry is an important component of our state's overall economy. CSX Transportation is headquartered in Florida and provides more than 6,500 jobs for Floridians. Fruit growers, manufacturers, local utility plants, chemical companies, paper mills, and countless small businesses depend on an efficient freight rail service every day.

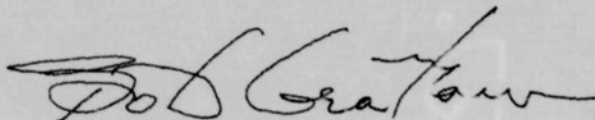
We want to see the rail industry prosper and grow into the next century. The proposed merger plan, soon to be submitted to the Surface Transportation Board, will help create a more financially stable freight rail system that expands the market reach of Florida businesses. In speaking to our constituents throughout the state, all of us --Democrats and Republicans-- have recognized that a better, more efficient railroad system has broad support. We believe this merger is good for our state and the Florida communities and businesses who rely on this important transportation system day in and day out.

We would like to see the creation of a balanced, competitive rail system operating in the eastern half of our nation begin as soon as possible. That is why we are asking you to expedite the review of the proposed CSX-Norfolk Southern acquisition of Conrail. We believe that your prompt action concerning this issue will permit railroads and their customers to start working together to create a better, faster, more efficient railroad of the future.

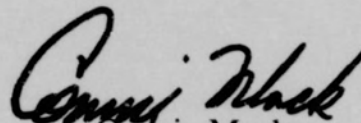


We eagerly await your decision and stand ready to provide the Surface Transportation Board with any assistance it may require. Thank you in advance for your expedited consideration of this important matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bob Graham".

Bob Graham

A handwritten signature in cursive script, appearing to read "Connie Mack".

Connie Mack





Office of the Chairman

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

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

May 28, 1997

The Honorable Bob Graham  
United States Senate  
Washington, D.C. 20510

*147867*

Dear Senator Graham:

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 support for the transaction and request expeditious approval by the Surface Transportation Board (Board).

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Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



Office of the Chairman

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

May 28, 1997

179624

The Honorable Connie Mack  
United States Senate  
Washington, D.C. 20510

Dear Senator Mack:

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 support for the transaction and request expeditious approval by the Surface Transportation Board (Board).

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Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

STB

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5-19-97

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179615

**Congress of the United States**  
Washington, DC 20515

May 13, 1997

The Honorable Linda Morgan  
Chair  
Surface Transportation Board  
1201 Constitution Avenue, NW  
Washington, DC 20403

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
MAY 19 2 33 PM '97  
OFFICE OF  
CHAIRMAN MORGAN

Dear Ms. Morgan:

As members of the Florida Congressional Delegation, we are writing you to express our strong support for the proposed acquisition of Conrail by CSX Corporation and Norfolk Southern. We urge the Surface Transportation Board to give the merger its prompt consideration.

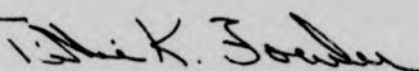
The railroad industry is an important component of our state's overall economy as well as the city of Jacksonville which we both represent. CSX Transportation is headquartered in Florida and provides more than 6,500 jobs for Floridians. Fruit growers, manufacturers, local utility plants, chemical companies, paper mills, and countless small businesses depend on an efficient freight service every day.

We want to see the rail industry prosper and grow into the next century. The proposed merger plan will help create a more financially stable freight rail system that expands the market reach of Florida businesses. We believe this merger is good for our state, good for the railroad industry and good for the Florida communities and businesses who rely on this important transportation system day in and day out.

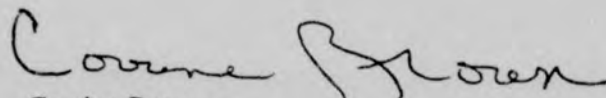
We would like to see the creation of a balanced competitive rail system operating in the eastern half of our nation begin as soon as possible. That is why we are asking you to begin the review of the proposed CSX-Norfolk Southern acquisition of Conrail as soon as possible. We believe that your prompt action concerning this issue will permit railroads and their customers to start working together to create a better, faster, more efficient railroad of the future.

We eagerly await your decision and stand ready to provide the Surface Transportation Board with any assistance it may require. Thank you in advance for your consideration of this important matter.

Sincerely,



Tillie K. Fowler  
Member of Congress



Corrine Brown  
Member of Congress



Office of the Chairman

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

~~199680~~

May 28, 1997

The Honorable Tillie K. Fowler  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Congresswoman Fowler:

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Sincerely,

*Linda J. Morgan*  
Linda J. Morgan





Office of the Chairman

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

179615

May 28, 1997

The Honorable Corrine Brown  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Congresswoman Brown:

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*Linda J. Morgan*  
Linda J. Morgan

STB

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5-19-97

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# United States Senate

WASHINGTON, DC 20510

179619  
147867

May 15, 1997

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

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SURFACE TRANSPORTATION  
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CHAIRMAN MORGAN

Dear Ms. Morgan:

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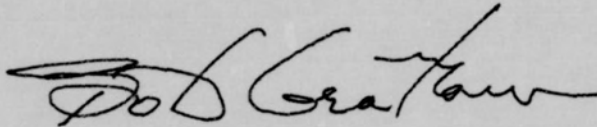
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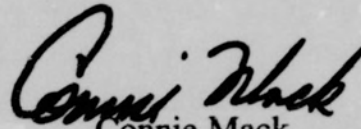
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Sincerely,

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Bob Graham

A handwritten signature in cursive script, appearing to read "Connie Mack".

Connie Mack



Office of the Chairman

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

179619

May 28, 1997

The Honorable Connie Mack  
United States Senate  
Washington, D.C. 20510

Dear Senator Mack:

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 support for the transaction and request expeditious approval by the Surface Transportation Board (Board).

As you may know, CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. At the applicants' request, the Board has decided to waive its rule in major transactions such as this one requiring applicants to wait at least 3 months following the filing of their notice of intent before filing their actual control application.

Applicants also have requested an expedited procedural schedule. Consistent with established precedent, the Board has sought comments from the public on applicants' proposed schedule. The comment period ended on May 1, 1997, and the Board is in the process of analyzing the comments received before adopting a procedural schedule for the proposed transaction. While I cannot discuss the specific merits of the case itself, I can assure you that the Board will adopt a schedule to provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case.

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

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



Office of the Chairman

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

14867

May 28, 1997

The Honorable Bob Graham  
United States Senate  
Washington, D.C. 20510

Dear Senator Graham:

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 support for the transaction and request expeditious approval by the Surface Transportation Board (Board).

As you may know, CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. At the applicants' request, the Board has decided to waive its rule in major transactions such as this one requiring applicants to wait at least 3 months following the filing of their notice of intent before filing their actual control application.

Applicants also have requested an expedited procedural schedule. Consistent with established precedent, the Board has sought comments from the public on applicants' proposed schedule. The comment period ended on May 1, 1997, and the Board is in the process of analyzing the comments received before adopting a procedural schedule for the proposed transaction. While I cannot discuss the specific merits of the case itself, I can assure you that the Board will adopt a schedule to provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case.

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

Sincerely,

*Linda J. Morgan*

Linda J. Morgan

STB

FD

33388

5-16-97

J

179769



179769

LAW OFFICES

ZUCKERT, SCOUTT &amp; RASENBERGER, L.L.P.

868 SEVENTEENTH STREET, N.W.

WASHINGTON, D.C. 20006-3939

TELEPHONE : (202) 298-8660

FACSIMILES: (202) 342-0683

(202) 342-1316

ANDREW R. PLUMP



May 16, 1997

Via Hand Delivery

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

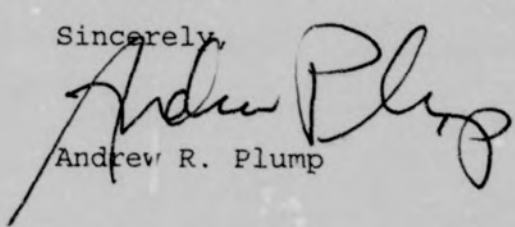
Re: CSX Corporation and CSX Transportation Inc., Norfolk  
Southern Corporation and Norfolk Southern Railway  
Company -- Control and Operating Leases/Agreements --  
Conrail, Inc. and Consolidated Rail Corporation,  
Finance Docket No. 33388

Dear Secretary Williams:

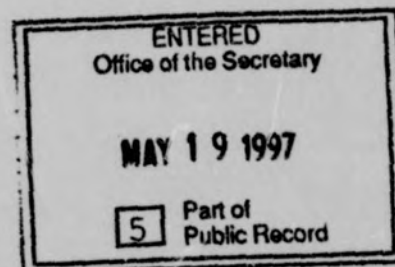
Enclosed for filing is an original and twenty five copies of  
NS-2, Certificate of Additional Service. Also enclosed is a 3  
1/2" computer disk containing the filing in Wordperfect 5.1  
format, which is capable of being read by Wordperfect for Windows  
7.0.

Should you have any questions regarding this, please call.

Sincerely,

  
Andrew R. Plump

Enclosure



BEFORE THE  
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 33388



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

CERTIFICATION OF  
ADDITIONAL SERVICE

On May 13, 1997, the Surface Transportation Board ("Board") served Decision No. 5 addressing two petitions, NS-1 submitted by Norfolk Southern Corporation ("NSC") and Norfolk Southern Railway Company ("NSRC"),<sup>1/</sup> and CSX-1 submitted by CSX Corporation ("CSXC") and CSX Transportation, Inc. ("CSXT").<sup>2/</sup> In these petitions, NS and CSX seek waiver of certain requirements under 49 C.F.R. § 1180.4(c)(2)(vi) relating to a number of construction projects. In Decision No. 5, the Board instructed NSR to serve by May 16, 1997, copies of its Petition NS-1 and Decision No. 5 "upon all persons with whom it would be required to consult pursuant to 49 CFR part 1105 environmental regulations if its NS-1 petition were an exemption petition," certify the same to the Board, to

<sup>1/</sup> NSC and NSRC are referred to collectively as "NS."

<sup>2/</sup> CSXC and CSXT are referred to collectively as "CSX."

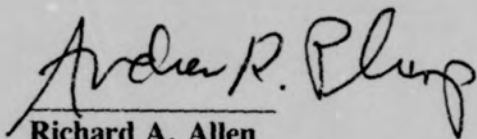


attached to the certification a list of all such persons, and to serve copies of the petition and Decision No. 5 on the Council on Environmental Quality, the Environmental Protection Agency's Office of Federal Activities, and the Federal Railway Administration. With respect to any person upon whom NSR has previously served NS-1, the Board did not require that NSR serve the petition a second time.

It is hereby certified that NS has this date caused to be served on all parties on Attachment A hereto by first-class mail, postage prepaid or by more expeditious means, a copy of the Board's Decision No. 5. NS has previously served NS-1 on all parties on Attachment A.

Respectfully submitted,

**James C. Bishop, Jr.**  
**William C. Wooldridge**  
**J. Gary Lane**  
**James L. Howe III**  
**Robert J. Cooney**  
**George A. Aspatore**  
Norfolk Southern Corporation  
Three Commercial Place  
Norfolk, VA 23510-9241  
(757) 629-2838

  
**Richard A. Allen**  
**James A. Calderwood**  
**Andrew R. Plump**  
**John V. Edwards**  
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**Scot B. Hutchins**  
Skadden, Arps, Slate, Meagher  
& Flom LLP  
1440 New York Ave., N.W.  
Washington, D.C. 20005-2111  
(202) 371-7400

Counsel for Norfolk Southern  
Corporation and Norfolk Southern  
Railway Company

May 16, 1997

**Attachment A**  
**To NS-2**

Jackie White  
Champaign County  
1776 East Washington  
Urbana, IL 61802

Gary Kobylski  
Department of Agriculture  
Natural Resources Conservation  
Service  
1902 Fox Drive  
Champaign, IL 61820

Tom Donnelley  
Nature Preserves Commission  
Lincoln Tower Plaza  
524 S. Second Street  
Springfield, IL 62701-1787

Virginia Bova  
State Single Point of Contact  
Department of Commerce and  
Community Affairs  
100 W. Randolph, Suite 3-400  
Chicago, IL 60601

Gerry Bade  
U.S. Fish and Wildlife  
Service  
Ecological Service Field  
Office  
4469 48th Avenue Court  
Rock Island, IL 61201

Mary A. Gade  
Illinois Environmental  
Protection Agency  
1340 N. 9th Street  
Springfield, IL 62702

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Historic Preservation Agency  
500 E. Madison Street  
Springfield, IL 62701

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Springfield, IL 62701-1787

Steven J. Vander Horn  
U.S. Army Corps of Engineers  
Rock Island District  
Clock Tower Building  
Rodman Avenue  
Rock Island, IL 61204-2004

Jay Semmler  
U.S. Army Corps of Engineers  
Chicago District  
111 N. Canal Street  
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Chicago, IL 60606-7206

Benjamin Tuggle  
U.S. Fish and Wildlife Service  
Ecological Service Field  
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Barrington, IL 60010

Kirk Brown  
Department of Transportation  
2300 S. Dirksen Parkway  
Springfield, IL 62764

Rich Funderburk  
Department of Commerce and  
Community Affairs  
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Springfield, IL 62701

Becky Doyle  
Department of Agriculture  
State Fairgrounds  
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Springfield, IL 62702

Roy Deda  
U.S. Army Corps of Engineers  
North Central Division  
111 N. Canal Street  
12th Floor  
Chicago, IL 60606-7205

Daniel Fogerty  
Indiana Department of Natural  
Resources  
Division of Historic  
Preservation and  
Archaeology  
402 W. Washington Street  
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Indianapolis, IN 46204

John Simpson  
Indiana Department of Natural  
Resources  
Division of Water  
Indiana Government Center  
South  
402 W. Washington Street  
Room W264  
Indianapolis, IN 46204

Michael Kiley  
Indiana Department of Natural  
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Indiana Government Center  
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402 W. Washington Street  
Room W256  
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Natural Resources Conservation  
Service  
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Michael O'Connor  
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100 N. Senate Avenue  
13th Floor, Room 1301  
Indianapolis, IN 42606

David Hudak  
U.S. Fish and Wildlife Service  
Ecological Service Field  
Office  
620 S. Walker Street  
Bloomington, IN 47403

Patria Dillon  
Madison County  
16 E. 9th Street  
Anderson, IN 46018

Henry Fisher  
Department of Agriculture  
Natural Resources Conservation  
Service  
200 N. High Street  
Room 522  
Columbus, OH 43215

John Furry  
U.S. Army Corps of Engineers  
Ohio River Division  
Federal Building, Room 10008  
550 Main Street  
Cincinnati, OH 45201-1159

Tom O'Leary  
Ohio Rail Development  
Commission  
50 W. Broad Street  
15th Floor  
Columbus, OH 43215

Amos J. Loveday, Jr.  
Ohio Historic Preservation  
Office  
567 E. Hudson  
Columbus, OH 43211

Jerry Wray  
Ohio Department of  
Transportation  
25 S. Front Street, Room 700  
Columbus, OH 43216-0899

Donald Schregardus  
Ohio Environmental Protection  
Agency  
1800 WaterMark Drive  
Columbus, OH 43215

Jaime Best  
Department of Natural  
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Fountain Square, Bldg. C4  
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Columbus, OH 43224

Gloria Wilburn  
Mid-Ohio Regional Planning  
Commission  
285 E. Main Street  
Columbus, OH 43215-5272

Kent Kroonemeyer  
U.S. Fish and Wildlife Service  
Ecological Service Field  
Office  
6950 Americana Parkway  
Suite H  
Reynoldsburg, OH 43068

Donald C. Anderson  
Department of Natural  
Resources  
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Columbus, OH 43224

Jeffrey A. Spencer  
Ohio Valley Regional  
Development Commission  
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Suite A  
Waverly, OH 45690-0728

Laura A. Ludwig  
Ohio Department of Public  
Safety  
240 Parsons Avenue  
Columbus, OH 43215

Linda Wise  
State Clearinghouse  
Office of Budget and  
Management  
30 E. Broad Street  
34th Floor  
Columbus, OH 43266-0411

Kenneth A. Multerer  
U.S. Department of the  
Interior  
Division of Ecological  
Services  
6950 Americana Parkway  
Suite H  
Reynoldsburg, OH 43068-4115

Carl Watt  
Crawford County  
County Commissioners  
Courthouse  
112 E. Mansfield Street  
Bucyrus, OH 44820

Environmental Protection  
Agency  
Office of Federal Activities  
Ariel Rios Building  
1200 Pennsylvania Avenue, N.W.  
Washington, D.C. 20044

Federal Railroad  
Administration  
Office of Safety Enforcement  
400 7th Street, S.W.  
Washington, D.C. 20590

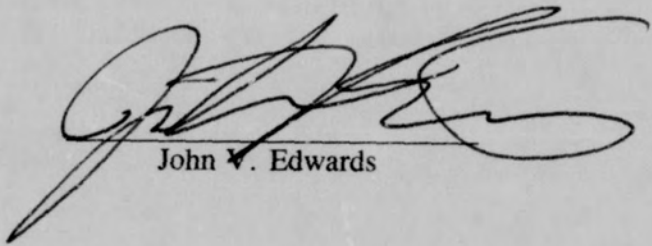
U.S. Army Engineer District,  
Huntington  
Ohio River Division  
502 Eighth Street  
Huntington, WV 25701

Council on Environmental  
Quality  
722 Jackson Place, N.W.  
Washington, D.C. 20503

CERTIFICATE OF SERVICE

I, John V. Edwards, certify that on May 16, 1997 I have caused to be served by first class mail, postage prepaid, or by more expeditious means a true and correct copy of the foregoing NS-2, Certificate of Additional Service, on all parties that have appeared in STB Finance Docket No. 33388 and by hand delivery on the following:

The Honorable Jacob Leventhal  
Administrative Law Judge  
Federal Energy Commission  
Office of Hearings  
825 North Capitol Street, N.E.  
Washington, D.C. 20426



John V. Edwards

Dated: May 16, 1997

STB

FD-

33388

5-15-97

J

1779749



ARNOLD & PORTER

555 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

May 15, 1997

BY HAND

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



Re: Certification of Additional Service;  
Finance Docket No. 3338<sup>a</sup>

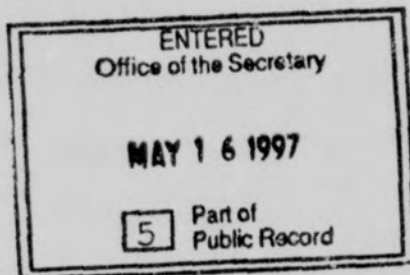
Dear Secretary Williams:

Enclosed please find CSX-2, the Certification of Additional Service in the above referenced docket.

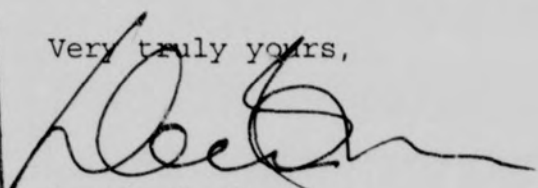
Accompanying this letter are twenty-five copies of the Certification, as well as a formatted diskette in WordPerfect 5.1.

Thank you for your assistance in this matter. Please contact myself ((202) 942-5858), Mary Gabrielle Sprague ((202) 942-5773) or Susan Cassidy ((202) 942-5966) if you have any questions.

Kindly date stamp the enclosed additional copy of this letter at the time of filing and return it to our messenger.



Very truly yours,

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

Enclosures

BEFORE THE  
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 33388

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

CERTIFICATION OF  
ADDITIONAL SERVICE

On May 13, 1997, the Surface Transportation Board ("Board") issued Decision No. 5 addressing petitions by CSX Corporation ("CSXC") and CSX Transportation, Inc. ("CSXT"),<sup>1</sup> and Norfolk Southern Corporation ("NSC") and Norfolk Southern Railway Company ("NSRC")<sup>2</sup> seeking waiver of certain requirements under 49 C.F.R. § 1180.4(c)(2)(vi) relating to a number of construction projects. In that Decision, the Board instructed CSX, by May 16, 1997, to serve copies of its Petition CSX-1 and Decision No. 5 "upon all persons with whom it would be required to consult pursuant to 49 CFR part 1105 environmental regulations if its CSX-1 petition were an exemption petition" and to so certify to the Board. In addition, the Board instructed CSX to serve by the same date, copies of its Petition CSX-1 and Decision No. 5 on the Council of Environmental Quality, the Environmental Protection Agency's Office of Federal

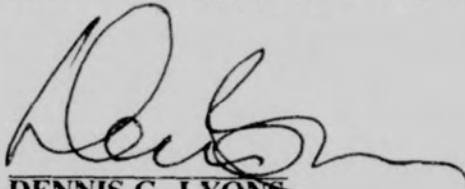
<sup>1</sup> CSXC and CSXT are referred to collectively as "CSX."

<sup>2</sup> NSC and NSRC are referred to collectively as "NS."



Activities, and the Federal Railway Administration and to certify to that such service has occurred.

Pursuant to the Board's instructions, CSX has caused to be served on the parties in Attachment A, by first-class mail, postage prepaid, or by more expeditious means, a copy of the Board's Decision No. 5. All but two of the parties on Attachment A previously were served with a copy of Petition CSX-1. Consequently, CSX has not provided them with a second copy. For the two parties who did not receive Petition CSX-1 previously, Carl Watt, President of the Board of Commissioners of Crawford County, Ohio and Greg Davis of Community & Economic Development of Crawford County, Ohio, CSX has caused to be served copies of both Petition CSX-1 and Decision No. 5 by first-class mail, postage prepaid, or by more expeditious means.



**DENNIS G. LYONS**  
**PAUL T. DENIS**  
**MARY GABRIELLE SPRAGUE**  
**SUSAN B. CASSIDY**  
**JODI B. DANIS**  
Arnold & Porter  
555 12th Street, N.W.  
Washington, DC 20004-1202  
(202) 942-5000

**SAMUEL M. SIPE, JR.**  
**TIMOTHY M. WALSH**  
Steptoe & Johnson LLP  
1330 Connecticut Avenue, N.W.  
Washington, DC 20036-1795  
(202) 429-3000

Counsel for CSX Corporation  
and CSX Transportation, Inc.

Respectfully submitted,

**MARK G. ARON**  
**PETER J. SHUDTZ**  
CSX Corporation  
One James Center  
902 East Cary Street  
Richmond, VA 23129  
(804) 782-1400

**P. MICHAEL GIFTOS**  
**PAUL R. HITCHCOCK**  
CSX Transportation, Inc.  
500 Water Street  
Speed Code J-120  
Jacksonville, FL 32202  
(904) 359-3100

May 15, 1997

Finance Docket No. 33388

Attachment A

Department of Natural Resources  
Division of Historic Preservation  
And Archeology  
402 West Washington Street  
Indiana Govt. Center South  
Room W256  
Indianapolis, IN 46204

State Conservationist  
USDA Natural Resources Conservation  
Service  
6013 Lakeside Blvd.  
Indianapolis, IN 46278

**William Carmichael**  
President, Board of Commissioners  
155 Indiana Avenue, Suite 304  
Valparaiso, IN 46383-6237

U.S. Fish and Wildlife Service  
Region 3 Office  
One Federal Drive  
Federal Building  
Fort Snelling, MN 55111

**Roger Kennedy**  
Director of National Park Service  
Main Interior  
1849 C Street, N.W.  
Washington, D.C. 20240

The Ohio Historical Society  
Historical Preservation Division  
5467 E. Hudson Street  
Columbus, OH 43422-1030

State Conservationist  
USDA Natural Resources  
Conservation Service  
200 N. High Street, Suite 522  
Columbus, OH 43215-2478

Department of Environmental  
Management  
P.O. Box 6015  
105 S. Meridian Street  
Indianapolis, IN 46206-6015

Department of Natural Resources  
Division of Water  
402 W. Washington Street  
Room 264  
Indianapolis, IN 46204

U.S. Army Engineer District,  
Chicago  
111 N. Canal Street  
Suite 600  
Chicago, IL 60606-7206

USEPA  
Region 5  
77 West Jackson Blvd.  
Chicago, IL 60604

**Larry Weaver** State Single Point  
of Contact; State/Federal Funds  
Coordinator/State Clearinghouse  
Office of Budget and Management  
30 East Broad Street, 34th Floor  
Columbus, OH 46266-0411

Environmental Protection Agency  
Box 163669  
1800 Watermark  
Columbus, OH 43216-3669

**Tom Kildane**  
Chairman, County Commissioners  
County Courthouse  
180 Milan Avenue  
Norwalk, OH 44857-1168

Environmental Protection Agency  
Office of Federal Activities  
Ariel Rios Building  
1200 Pennsylvania Ave., N.W.  
Washington, D.C. 20044

Federal Railroad Administration  
Office of Safety Enforcement  
400 7th St., S.W.  
Washington, D.C. 20590

**Greg Davis**  
Community & Economic Development  
Crawford County, OH  
117 East Mansfield Street  
Bucyrus, OH 44820

**Stephen Hubbell**  
County Engineer  
County Courthouse  
Sidney, OH 45365

U.S. Army Engineer District,  
Huntington  
Ohio River Division  
502 Eighth Street  
Huntington, WV 25701

Council on Environmental Quality  
722 Jackson Place, N.W.  
Washington, D.C. 20503

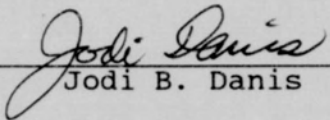
**Carl Watt**  
Board of Commissioners President  
Crawford County, OH  
112 East Mansfield Street  
Bucyrus, OH 44820

**Gary Van Fossen**  
President  
Board of Commissioners  
County Courthouse  
Sidney, OH 45365

U.S. Army Engineer District,  
Louisville  
Ohio River Division  
P.O. Box 59  
Louisville, KY 40202

CERTIFICATE OF SERVICE

I, Jodi B. Danis, certify that on May 15, 1997, I have caused to be served a true and correct copy of the foregoing CSX-2, Certification of Additional Service, on all parties that have appeared in Finance Docket No. 33388, by first-class mail, postage prepaid, or by more expeditious means, as listed on the attached Service List.

  
\_\_\_\_\_  
Jodi B. Danis



**SERVICE LIST**  
Finance Docket No. 33388

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

**David M. Konschnik**  
Director, Office of Proceedings  
Surface Transportation Board  
Mercury Building  
1925 K Street, N.W.  
Washington, D.C. 20423

**Dennis G. Lyons, Esq.**  
**Richard L. Rosen, Esq.**  
**Paul T. Denis, Esq.**  
Arnold & Porter  
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**Mark G. Aron, Esq.**  
**Peter J. Shudtz, Esq.**  
CSX Corporation  
One James Center  
902 East Cary Street  
Richmond, VA 23129

**James C. Bishop, Jr., Esq.**  
**William C. Wooldridge, Esq.**  
**James L. Howe, III, Esq.**  
**Robert J. Cooney**  
**George A. Aspatore**  
Norfolk Southern Corporation  
Three Commercial Place  
Norfolk, VA 23510-2191

**Samuel M. Sipe, Jr., Esq.**  
**Timothy M. Walsh, Esq.**  
Steptoe & Johnson LLP  
1330 Connecticut Avenue  
Washington, D.C. 20036-1795

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

**Timothy T. O'Toole, Esq.**  
**Constance L. Abrams, Esq.**  
Consolidated Rail Corporation  
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Philadelphia, PA 19103

**Paul A. Cunningham, Esq.**  
Harkins Cunningham  
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**Paul R. Hitchcock, Esq.**  
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Speed Code J-120  
Jacksonville, FL 32202

**Richard A. Allen, Esq.**  
**James A. Calderwood, Esq.**  
**Andrew R. Plump, Esq.**  
**John V. Edwards, Esq.**  
**ZUCKERT, SCOUTT &  
RASENBERGER**  
Suite 600  
888 17th Street, N.W.  
Washington, D.C. 20006-3939

**William A. Bon, Esq.**  
General Counsel  
Brotherhood of Maintenance  
Of Way Employees  
26555 Evergreen Road  
Suite 200  
Southfield, Michigan 48076

**Mitchell M. Kraus, General Counsel**  
**Larry R. Pruden,**  
**Assistant General Counsel**  
Transportation° Communications  
International Union  
3 Research Place  
Rockville, MD 20850

**L. John Osborn, Esq.**  
**Gregory Y. Porter, Esq.**  
**Douglas E. Rosenthal, Esq.**  
Sonnenschein Nath & Rosenthal  
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Washington, D.C. 20005

**Clinton J. Miller, III, General Counsel**  
**Daniel R. Elliott, III,**  
**Assistant General Counsel**  
United Transportation Union  
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Cleveland, Ohio 44107-4250

**R.E. Herrmann**  
Manager - Fuels  
Atlantic City Electric Company  
6801 Black Horse Pike  
Egg Harbor Township, NJ 08234

**Donald F. Griffin, Esq.**  
Assistant General Counsel  
Brotherhood of Maintenance  
Of Way Employees  
400 N. Capitol Street, N.W.  
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Washington, D.C. 20001-1511

**Michael F. McBride, Esq.**  
**Linea K. Breggin, Esq.**  
**Brenda Durham, Esq.**  
LeBoeuf, Lamb, Green & MacRae, L.L.P.  
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Washington, D.C. 20009-5728

**Andrew M. Mueller, Jr.**  
President  
Reading Blue Mountain & Northern  
Railroad Company  
P.O. Box 218  
Port Clinton, PA 19549

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**Jean M. Cunningham, Esq.**  
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Director, Risk Management  
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1325 G Street, N.W.  
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**Robert E. Murray**  
President and Chief Executive  
Officer  
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56854 Pleasant Ridge Road  
Alledonia, OH 43902



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ARNOLD & PORTER

555 TWELFTH STREET, N.W.  
WASHINGTON, D.C. 20004-1202

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

NEW YORK  
DENVER  
LOS ANGELES  
LONDON

May 15, 1997

**BY HAND DELIVERY**

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



Re: CSX Corporation and CSX Transportation, Inc.  
and 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 Secretary Williams:

We have received copies of two filings which support the procedural schedule proposed by the Applicants in CSX/NS-4, filed April 10, 1997. We understand that these filings may not have been accompanied by 25 copies or served on Administrative Law Judge Leventhal and counsel for the Applicants in compliance with Decision No. 2. One of the filings, submitted by the Governor of the State of Mississippi, was filed on May 6. Although submitted after the May 1 deadline, we believe that the views of the Governor should be considered.

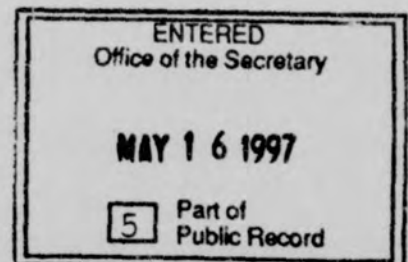
So that that these filings may be considered by the Board, I enclose 25 copies of the two filings listed on the attached schedule, and I have served copies on Judge Leventhal and counsel for the other Applicants.

Respectfully yours,

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

Enclosures

cc: The Honorable Judge Leventhal  
Paul Cunningham  
Richard Allen  
Robert Shinn



SCHEDULE A

Letter dated May 6, 1997 from Kirk Fordice, Governor of the State of Mississippi to Chairman Morgan

Letter dated April 25, 1997 from J. Bruce Saltsman, Sr., Commissioner, Tennessee Department of Transportation to Chairman Morgan



STATE OF MISSISSIPPI

OFFICE OF THE GOVERNOR

KIRK FORDICE  
GOVERNOR

May 6, 1997

The Honorable Linda Morgan  
Chair  
Surface Transportation Board  
1201 Constitution Avenue, N.W.  
Washington, D.C. 20423

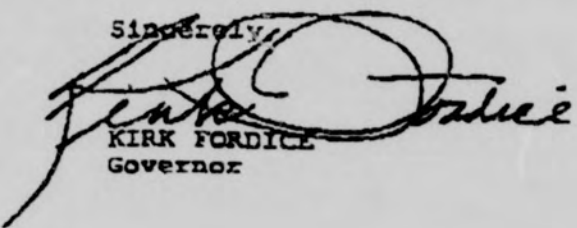
Dear Ms. Morgan:

I am writing you to request that the Surface Transportation Board expedite the application by CSX Corporation and Norfolk Southern and limit the timetable for the process to 255 days. The impact of this acquisition will mean great things for industries in Mississippi and we look forward to quickly gaining the benefits.

By establishing a broader network of single-line freight rail service, our state's manufacturers will have direct access to markets of the Northeast and Midwest. In addition, the reduction in transit time, the increased efficiency in operations and the long-term financial stability of the railroad industry are key benefits of the Conrail acquisition. As a result, our seaports, our paper industry, our chemical industry and dozens of other industrial concerns will become more competitive.

Because this proposal has such great potential for the state, I hope you will move quickly on approving the CSX-Norfolk Southern proposal.

Sincerely,

  
KIRK FORDICE  
Governor

RF:bb



STATE OF TENNESSEE  
DEPARTMENT OF TRANSPORTATION

SUITE 700, JAMES K. POLK BUILDING  
NASHVILLE, TENNESSEE 37243-0349

J. BRUCE SALTSMAN, SR.  
COMMISSIONER

DON SUNDQUIST  
GOVERNOR

April 25, 1997

Ms. Linda Morgan, Chairperson  
Surface Transportation Board  
1925 K Street, NW, Suite 820  
Washington, DC 20423

RE: STB Finance Docket No. 33388

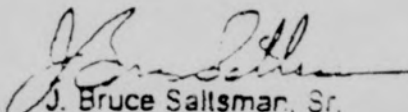
Dear Ms. Morgan:

I understand that Norfolk Southern Corporation (NS) and CSX Transportation have filed a petition with the Surface Transportation Board requesting that you expedite consideration of their proposal to purchase Conrail.

NS and CSX comprise approximately 90 percent of the total rail miles in the state of Tennessee, and the new rail network being developed by these two companies will provide improved customer service, faster delivery, and numerous benefits for our shippers and consumers. This acquisition will open new markets in the northeast to Tennessee business, not only for shippers located on these two Class I railroads, but for shippers located on our shortline railroads as well.

For these reasons I encourage the Board's prompt consideration and approval of the acquisition application. If I or any member of my staff can be of assistance to the Board, please do not hesitate to contact me.

Sincerely,

  
J. Bruce Saltsman, Sr.  
Commissioner

JBS/MB/pw

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**DONELAN, CLEARY, WOOD & MASER, P.C.**

ATTORNEYS AND COUNSELORS AT LAW

SUITE 750

1100 NEW YORK AVENUE, N.W.

WASHINGTON, D.C. 20005-3934

OFFICE: (202) 371-9500

TELECOPIER: (202) 371-0900



May 1, 1997

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

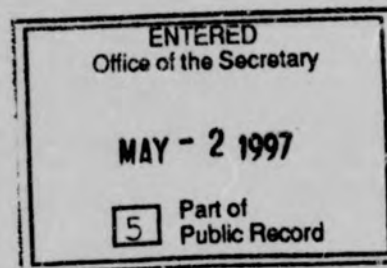
Re: Finance Docket No. 33388, *CSX Corporation and CSX Transportation Company, Inc. Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases / Agreements -- Contrail Inc. and Consolidated Rail Corporation -- Transfer of Railroad Line by Norfolk Southern Railway Company to CSX Transportation Company*

Dear Secretary Williams:

This letter is to notify the Board and the parties that, pursuant to 49 C.F.R. §1180.4(c)(5)(v), we are requesting that the applicants serve a copy of their primary application and other pleadings on the following, as representatives of Anker Energy Corporation, Buffalo Coal Company, Evergreen Mining Company Maryland Coal Association, Mettiki Coal Corporation, PBS Coals, Inc., Tri-State Coal Association, Venture Coal Sales, and West Virginia Coals, Inc.:

Nicholas J. DiMichael  
John K. Maser III  
Jeffrey O. Moreno  
Donelan, Cleary, Wood & Maser, P.C.  
1100 New York Avenue, NW, Suite 750  
Washington, DC 20005-3934

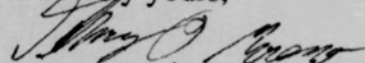
This letter is also to request the Board to place these parties and the above representatives on the list of all parties of record that will be prepared and issued under the provisions of 49 C.F.R. §1180.4(a)(4). In accordance with 49 C.F.R. §1180.4(a)(2), these parties select the acronym "ANK-x" for identifying all documents and pleadings they submit in this proceeding.



Letter to Honorable Vernon A. Williams  
May 1, 1997  
Page 2

Copies of this letter are being served on all persons presently known to be parties of record.

Sincerely yours,

  
Jeffrey O. Moreno

cc: All current parties of record

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**DONELAN, CLEARY, WOOD & MASER, P.C.**

NITL-1 J

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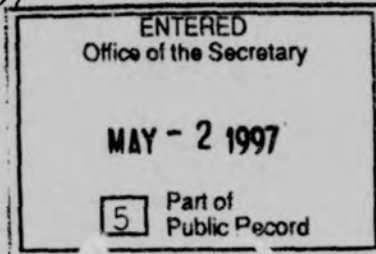
OFFICE: (202) 371-9500

TELECOPIER: (202) 371-0900

May 1, 1997

VIA MESSENGER

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



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

Dear Mr. Williams:

This letter is to notify the Board and the parties that, pursuant to 49 C.F.R. §1180.4(c)(5)(v), we are requesting that the applicants serve a copy of their primary application on the following, as representatives of The National Industrial Transportation League:

Frederic L. Wood  
Nicholas J. DiMichael  
Donelan, Cleary, Wood & Maser, P.C.  
1100 New York Avenue, NW, Suite 750  
Washington, DC 20005-3934

This letter is also to request the Board to place The National Industrial Transportation League and the above representatives on the list of all parties of record that will be prepared and issued under the provisions 49 C.F.R. §1180.4(a)(4). In accordance with 49 C.F.R. §1180.4(a)(2), the League selects the acronym "NITL-x" for identifying all documents and pleadings it submits in this proceeding.

*In accordance with 49 C.F.R. §1104.3, as amended, we respectfully request that all parties to this proceeding, to the extent they are able, also serve on the above representatives a computer diskette with copies of all pleadings and documents filed with the STB. Diskettes can be in either Macintosh or DOS*

Letter to Secretary Williams

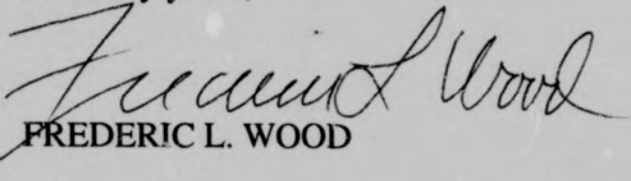
2

May 1, 1997

*format, but should be on 3.5 inch floppy diskettes. Document files can be in any widely used word-processing format, such as WordPerfect or Microsoft Word for Macintosh, DOS or Windows.*

Copies of this letter are being served on all persons presently on the Board service list, including the applicants' representatives identified in the notice of prefiling notification published in the Federal Register at 62 Fed. Reg. 19390 (April 21, 1997).

Sincerely yours,



FREDERIC L. WOOD

cc: Dennis G. Lyons, Esquire  
Arnold & Porter  
555 12th Street, NW  
Washington, DC 20004-1202

Richard A. Allen, Esquire  
Zuckert, Scoutt & Rasenberger, L.L.P.  
888 Seventeenth Street, NW  
Washington, DC 20006-3939

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LAW OFFICES

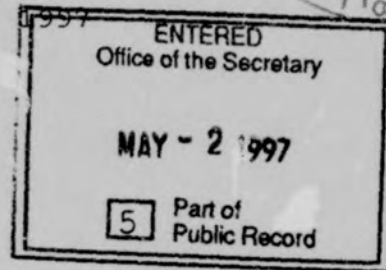
ZUCKERT, SCOUTT & RASENBERGER, L.L.P.

888 SEVENTEENTH STREET, N.W.  
WASHINGTON, D.C. 20006-3939  
TELEPHONE : (202) 298-8660  
FACSIMILES: (202) 342-0683  
(202) 342-1316

RICHARD A. ALLEN



May 1, 1997



By Hand Delivery

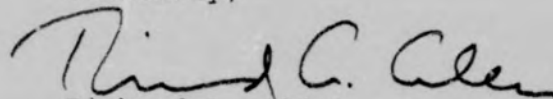
Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

Re: CSX Corporation and CSX Transportation, Inc. and  
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 Secretary Williams:

We have received copies of a number of filings which support the procedural schedule proposed by the Applicants in CSX/NS-4, filed April 10, 1997. We understand that some of these filings may not have been accompanied by 25 copies or served on Administrative Law Judge Leventhal and counsel for the Applicants in compliance with Decision No. 2. To ensure that these filings are considered by the Board, I enclose 25 copies of each of the filings I list on the attached schedule, and I have served copies of each of these filings on Judge Leventhal and counsel for the Applicants.

Sincerely,

  
Richard A. Allen

enclosures

cc: The Honorable Judge Leventhal  
Dennis Lyons  
Paul Cunningham

#### SCHEDULE A

Letter dated May 1, 1997, from David L. Winstead, Secretary of the Maryland Department of Transportation to Secretary Williams

Letter dated April 29, 1997, from Ronald P. Townsend, Chairman of the Education and Public Works Committee of the South Carolina House of Representatives to Chairman Morgan

Letter dated April 29, 1997, from Garland Garrett, Secretary of the North Carolina Department of Transportation to Secretary Williams

Letter dated April 29, 1997, from Curtis Hertel, Speaker of the Michigan House of Representatives, to Chairman Morgan

Letter dated April 29, 1997, from State Senator John C. Land, III, South Carolina, to Chairman Morgan

Letter dated April 29, 1997, from David M. Beasley, Governor of South Carolina, to Chairman Morgan

Letter dated April 29, 1997, from Robert Coble, Mayor of Columbia, South Carolina, to Chairman Morgan

Letter dated April 28, 1997, from Paul E. Patton, Governor of the Commonwealth of Kentucky, to Secretary Williams

Letter dated April 25, 1997, from Virginia Secretary of Transportation Robert E. Martinez to Secretary Williams

Letter dated April 25, 1997, from John R. Gregg, Speaker of the Indiana House of Representatives to Chairman Morgan

Letter dated April 24, 1997, from Wayne Shackelford, Commissioner, Georgia Department of Transportation to Chairman Morgan

Letter dated April 24, 1997, from James A. Graham, Commissioner, North Carolina Department of Agriculture, to Chairman Morgan



**Maryland Department of Transportation**  
The Secretary's Office

**Parris N. Glendon**  
Governor

**David L. Winstead**  
Secretary

**John D. Porsari**  
Deputy Secretary

May 1, 1997

The Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
Mercury Building  
Suite 700  
1925 K Street, NW  
Washington DC 20006

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 Mr. Williams:

On April 11, 1997, the applicants in the above-referenced proceeding submitted, *inter alia*, their Notice of Intent to File Railroad Control Application (the "Notice") and Petition to Establish Procedural Schedule ("Petition") to the Surface Transportation Board ("Board"). This letter is to request that the Board place the Maryland Department of Transportation ("MDOT") and its outside counsel at the addresses indicated below on the list of parties of record prepared and issued under the provisions of 49 C.F.R. § 1180.4(a)(4). MDOT intends to participate in this proceeding as an active party. As such, in accordance with 49 C.F.R. § 1180.4(a)(2), the MDOT selects the acronym "MDOT-x" for identifying all documents and pleadings they submit.

Edward R.K. Hargadon, Esq.  
Assistant Attorney General  
Chief Counsel to the Department  
Maryland Department of Transportation  
P.O. Box 8755  
BWI Airport, MD 21240

James R. Weiss, Esq.  
Preston Gates Ellis &  
Rouvelas Meeds LLP  
1735 New York Avenue, NW  
Suite 500  
Washington, DC 20006-5209

Copies of this letter are being served on all persons presently on the Commission's service list, including the applicants' representatives identified in the notice of prefilling notification published in the Federal Register at 62 F.R. 19390 (April 21, 1997.)

My telephone number is (410) 865-1000

TTY For the Deaf (410) 686-1348

Post Office Box 8766, Baltimore-Washington International Airport, Maryland 21240-0766

The Honorable Vernon A. Williams  
Page Two

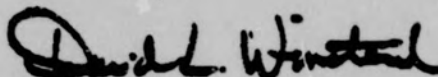
In addition, MDOT and the applicants are in discussions to confirm aspects of the proposed transaction that could resolve the concerns of the State of Maryland about the effects of the transaction on Maryland shippers and employees. These include:

- the nature and extent of competitive rail service to the Port of Baltimore and to other Northeast ports;
- infrastructure improvements that will preserve and enhance rail competition in the State; and issues pertaining to the preservation of jobs in the State.

The applicants have committed to providing the State within the next several weeks certain information that is pertinent to these issues to enable the State to make a timely determination of its position on the merits of the applications.

In anticipation that applicants will perform as promised, and after careful examination of the Petition, MDOT believes that it is in the interest of the citizens of Maryland and in the general public interest that the Board accept the expedited schedule that the applicants have proposed in the Petition.

Sincerely,

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

David L. Winstead  
Secretary

Leahy F. Lonsjohn  
First Vice-Chairman

Alma W. Boyd  
Second Vice Chairman

J. Graham Barron  
James E. Hines  
Shirley R. Hinson  
Robert William Leach  
Dwight A. Loftis  
Betsy R. Martin  
William B. McElholland

Richard P. Fulmer  
Staff Attorney

Ronald P. Townsend  
Chairman

## Education and Public Works Committee



South Carolina House of Representatives

P.O. BOX 11867 TELEPHONE: (803) 734-3053

Room 429, First Building

Columbia, S.C. 29211

Eugene C. Stoddard  
Chairman Emeritus

Sandra M. Smith, M.Ed.  
Director of Research

Bessie Moody-Lawrence  
Joseph M. Neel  
Edith Martin Rodgers  
Harry C. Sudis  
Elvis Razz Smith  
Robert E. Waller  
Thomas D. Woodrum

Dennis C. Tinsley  
Administrative Assistant

April 29, 1997

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

RE: Financial Docket No 33388 - CSX/Norfolk Southern  
Acquisition and Control of Conrail

Dear Mrs. Morgan:

The proposed system created by the acquisition and control of Conrail by CSX and Norfolk Southern will benefit South Carolina industries that ship by rail items such as grain, paper, chemicals, and metals. The acquisition also will expand statewide efforts to create new jobs and other economic opportunities for our citizens. It will bring single-line service connecting South Carolina to the Northeast and Midwest and will result in more reliable and efficient service. Creating two strong rail competitors in the East will expand the market search for companies in South Carolina and the region.

I ask that the Surface Transportation Board expedite the application by CSX and Norfolk Southern to acquire Conrail and limit the timetable for the process to 255 days so that our economy may begin to enjoy the benefits of the acquisition as soon as possible.

Thank you.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ronald P. Townsend".

Ronald P. Townsend  
Chairman





STATE OF NORTH CAROLINA  
DEPARTMENT OF TRANSPORTATION

JAMES B. HUNT JR.  
GOVERNOR

P.O. BOX 25201 RALEIGH N.C. 27611-5201  
April 29, 1997

GARLAND B. GARRETT JR.  
SECRETARY

The Honorable Vernon A. Williams  
Secretary, Surface Transportation Board  
Case Control Branch

Att: STB Finance Docket Number 33388  
1925 K Street, N.W.  
1201 Constitution Ave., NW  
Washington, D.C. 20423-0001

Re: STB Finance Docket Number 33388  
CSX Corporation and CSR Transportation, Inc., and Norfolk Southern Corporation and  
Norfolk Southern Railway Company—Control and Operating leases/Agreements—Conrail  
Inc., and Consolidated Rail Corporation

Dear Secretary Williams:

This letter is in support of the petition before the Surface Transportation Board to expedite the application by CSX and Norfolk Southern to acquire Conrail (Docket Number 33388). In our review of the proposed acquisition, we believe that an expedited 255 day schedule is adequate to address the concerns of the parties, now that Norfolk Southern will no longer file a competing application, thus simplifying the process.

Enclosed with this original are twenty-five copies and a 3.5 inch diskette, formatted for WordPerfect 5.1 for Windows containing this information.

Thank you for the opportunity to comment.

Sincerely,

*Garland B. Garrett*

for  
Garland B. Garrett  
Secretary  
North Carolina Department of Transportation

GREGGDDK/PBS

Enclosures:  
cc: All Counsel of Record

PHONE (919) 733-2520 FAX (919) 733-9150



APR 29 '97 13:38

9198519560 PAGE 002



**SPEAKER OF THE HOUSE**

**Curtis Hertel**  
2nd District

Michigan House of Representatives  
State Capitol Building  
Lansing, Michigan 48913  
Phone: (313) 375-1985

April 29, 1997

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

RE. Finance Docket No. 33388  
Application by CSX and Norfolk Southern to Acquire Conrail

Dear Chairwoman Morgan:

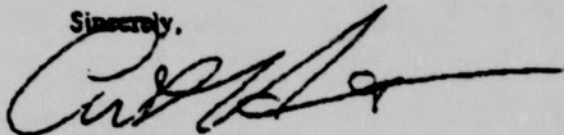
It has come to my attention that CSX and Norfolk Southern have filed a petition to establish a procedural schedule in the above proceeding that provides for expedited handling of a joint application that will be filed on or before July 10, 1997.

CSX and Norfolk Southern should be able to realize the benefits of this acquisition as soon as possible.

Also, Conrail employee morale will only deteriorate further the longer it takes to render a decision in this case.

I urge you to approve the application for expedited handling of this case.

Sincerely,



**CURTIS HERTEL**  
Speaker  
Michigan House of Representatives

JOHN C. LAND, III  
SENATOR CLARENDON, LEE, FLORENCE  
AND SUMTER COUNTIES  
SENATORIAL DISTRICT NO. 36

HOME ADDRESS  
P. O. BOX 100  
COLUMBIA, SC 29201  
483-0904

COLUMBIA ADDRESS  
P. O. BOX 141  
BOBBETTE SENATE OFFICE BLDG  
COLUMBIA, SC 29201  
713-4920



April 29, 1997

COMMITTEES  
CHAIRMAN TRANSPORTATION  
AGRICULTURE AND NATURAL RESOURCES  
CORRECTIONS AND PENITENTIARY  
FINANCE  
FISH, GAME AND FORESTRY  
TITLES

RESEARCH DIRECTOR  
CAROLYN HENDERSON  
ADMINISTRATIVE ASSISTANT  
JAN P. SULLY  
RESEARCH ANALYST  
BARBARA DARLEY

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

RE: Financial Docket No. 33388-CSX/Norfolk Southern  
Acquisition and Control of Conrail

Dear Mrs. Morgan:

The proposed system created by the acquisition and control of Conrail by CSX and Norfolk Southern will have great benefit for South Carolina industries that ship by rail including grain, paper, chemicals and metals, expanding statewide efforts to create new jobs and opportunity for all our citizens. It will bring single-line service between our state and the Northeast and Midwest, providing more reliability, better service and increased efficiency.

By creating two strong rail competitors in the East, the market search for companies in South Carolina will expand in our state and throughout the region.

I am writing to request that the Surface Transportation Board expedite the application by CSX and Norfolk Southern to acquire Conrail, and limit the timetable for the process to 255 days, so that our economy can begin to enjoy the benefits of the acquisition as soon as possible.

Thank you for your attention to this important matter.

With warmest personal regards, I am

Very truly yours,

John C. Land, III

JCL:bd/4.97

CC: Mr. John Snow  
Chairman, President and CEO  
CSX Corporation  
P.O. Box 85629  
Richmond, VA 23235-5629

Mr. David R. Goode  
Chairman, President and CEO  
Norfolk Southern Corporation  
Three Commercial Place  
Norfolk, VA 23510



State of South Carolina

David M. Beasley  
Governor

Office of the Governor

Post Office Box 11300  
COLUMBIA 29211

April 29, 1987

The Honorable Linda Morgan  
Chairwoman  
The Surface Transportation Board  
1201 Constitution Avenue, NW  
Washington, D.C. 20423

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

Dear Ms. Morgan:

I am writing to request that the Board expedite the application by CSX and Norfolk Southern to acquire Conrail, and limit the timetable for the process to 285 days.

The system created by the acquisition will have great benefits for South Carolina industries. It will bring single-line service between our state and the Northeast and Midwest, thus providing more reliability, better service and increased efficiency. By creating two strong rail competitors in the East, it will expand the market reach of companies in South Carolina and throughout the region.

Additionally, it will positively impact some of our key industrial sectors that ship by rail, including grain, paper, chemicals and metals, and thus further our statewide efforts to create jobs and opportunity for all South Carolinians.

Because this proposal has such great potential for the state, I hope you will move quickly so that our companies and our economy can begin to enjoy the benefits of the acquisition as soon as possible. Thank you.

Sincerely,

*David M. Beasley*  
David M. Beasley

cc: Mr. John W. Shaw  
Chairman, President and CEO  
CSX Corporation  
P.O. Box 65626  
Richmond, Virginia 23285

Mr. David R. Goods  
Chairman, President and CEO  
Norfolk Southern Corporation  
Three Commercial Place  
Norfolk, Virginia 23510

TOTAL 2.02

# COLUMBLA

A Capital Place To Be



April 29, 1997

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

RE: Financial Docket No. 33388 - CSX/Norfolk Southern Acquisition and Control of  
Conrail

Dear Ms. Morgan:

I am writing to request that the Board expedite the application by CSX and Norfolk Southern to acquire Conrail, and limit the timetable for the process to 255 days.

The System created by the acquisition will have great benefits for South Carolina industries. It will bring single-line service between our state and the Northeast and Midwest, thus providing more reliability, better service and increase efficiency. By creating two strong rail competitors in the East, it will expand the market reach of companies in South Carolina and throughout the region.

Additionally, it will positively impact some of our key industrial sectors that ship by rail, including grain, paper, chemicals and metals, and thus further our statewide efforts to create jobs and opportunity for all South Carolinians.

Because this proposal has such great potential for the state, I hope you will move quickly so that our companies and our economy can begin to enjoy the benefits of the acquisition as soon as possible.

Very truly yours,

CITY OF COLUMBIA

Robert D. Coble,  
Mayor

cc: Mr. John W. Snow  
Mr. David R. Goode  
RDC/hb

---

City of Columbia / Bob Coble, Mayor  
1737 Main Street / PO Box 147 / Columbia, SC / 29217 / (803) 733 - 8221 / FAX (803) 733 - 8317  
TOTAL 0 31



COMMONWEALTH OF KENTUCKY  
OFFICE OF THE GOVERNOR

PAUL E. PATTON  
GOVERNOR

April 28, 1997

700 CAPITOL AVENUE  
SUITE 100  
EVANSVILLE, KY 40801  
(502) 564-2611  
FAX: (502) 564-2517

Mr. Vernon A. Williams, Secretary  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, DC 2423-0001

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

Dear Secretary Williams:

It is a pleasure for me to offer my support for the proposal being brought before the Surface Transportation Board in the captioned proceeding. The enhanced rail transportation service resulting from the proposed transaction should generate significant new business and industrial growth in Kentucky. Such growth is crucial to us because it creates new jobs for the Commonwealth's residents. In addition, this growth should result in more railroad jobs on the expanded CSX and NS rail system and will provide an expanded market reach for Kentucky's rail shippers. Our coal producers and vehicle manufacturers will have direct rail access to Northeast markets for the very first time.

For these reasons and on behalf of our citizens I urge the Board to approve the application filed in the captioned proceeding expeditiously and thereby enable Kentucky to realize the benefits of the rail service which will result from the proposed transaction.

Sincerely,



Paul E. Patton

cc: Mr. John W. Snow, Chairman  
Mr. Jay S. Westbrook, Resident Vice President

AN EQUAL OPPORTUNITY EMPLOYER M/F/D

\*\* TOTAL PAGE.01 \*\*

\*\* TOTAL PAGE.002 \*\*





# COMMONWEALTH of VIRGINIA

Office of the Governor

George Allen  
Governor

Robert E. Martinez  
Secretary of Transportation

April 25, 1997

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

Dear Mr. Williams:

CSX and Norfolk Southern recently filed a petition requesting a 255-day expedited application process for their proposed acquisition of Conrail (Finance Docket Number 33388). The Commonwealth of Virginia fully endorses such an expedited review.

As originally conceived, it appeared likely the STB would be considering two competing applications for equivalent transactions. Such a scenario would have envisioned a quite contentious debate and a possible strong level of opposition from a variety of constituency groups. A normal STB review schedule would have been appropriate under those circumstances.

The Commonwealth of Virginia has been provided with information concerning the proposed division of the routes and assets of Conrail by CSX and Norfolk Southern Corporation which will be included in the joint application to the Surface Transportation Board.

It appears from available information that a competitive two-carrier system will emerge from this process, which hopefully will satisfy the concerns of the affected parties and should actually provide for more competition than is currently in the market.

An expedited review would allow Norfolk Southern and CSX to eliminate uncertainty in less time, and thereby refocus on market efforts and return their balance sheets to stronger financial positions. Furthermore, it would remove uncertainty regarding Conrail property and employees as well, hopefully thereby avoiding any potential deterioration in Conrail assets from unnecessarily prolonged deliberations.

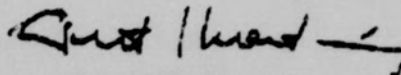
Obviously, the Commonwealth is interested in the proposal and intends fully and carefully to follow this matter as it proceeds through the Surface Transportation Board



Mr. Vernon A. Williams  
April 25, 1997  
Page Two

Since an early resolution of the issues involved in the process would benefit all parties concerned, provide for a smooth transition with no service or asset deterioration, and be in the public interest, I would encourage an expedited 255-day application schedule in the proceedings before the Surface Transportation Board.

Sincerely,



Robert E. Martinez

REM/ow

cc: The Honorable Robert T. Skunda  
Mr. David R. Goode  
Mr. John W. Snow

**JOHN R. GREGG**

**SPEAKER**

**STATE OF INDIANA**

**HOUSE OF REPRESENTATIVES**

**110TH GENERAL ASSEMBLY**



Room 3-2

200 West Washington Street

Indianapolis, IN 46204

317-232-9628

R.R. 1, Box 51

Sandborn, IN 47578

April 25, 1997

CSX CORPORATION

APR 25 1997

RECEIVED

The Honorable Linda Morgan  
Chairwoman

The Surface Transportation Board  
1201 Constitution Avenue, N.W.  
Washington, D.C. 20423

RE: Finance Docket No. 33388

Application by CSX and Norfolk Southern to acquire Conrail

Dear Chairwoman Morgan:

It is my understanding that CSX and Norfolk Southern have filed a petition to establish a procedural schedule in the above proceeding that provides for expedited handling of a joint application that will be filed on or before July 10, 1997.

CSX and Norfolk Southern should be able to realize the benefits of this acquisition as soon as possible.

Also, Conrail employee morale will only deteriorate further the longer it takes to render a decision in this case.

I urge you to approve the application for expedited handling of this case.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. R. Gregg".

John R. Gregg  
Speaker of the House

JRG:d



# Department of Transportation

State of Georgia

#2 Capitol Square, S.W.  
Atlanta, Georgia 30334-1002

WAYNE SHACKELFORD  
COMMISSIONER  
(404)656-5206

FRANK L. BANCHETZ  
CHIEF ENGINEER  
(404)656-5277

STEVEN L. PARKS  
DEPUTY COMMISSIONER  
(404)656-5212

BILLY F. SHARP  
TREASURER  
(404)656-5224

April 24, 1997

The Honorable Linda Morgan, Chairman  
The Surface Transportation Board  
1201 Constitution Avenue, NW  
Washington, D. C. 20423

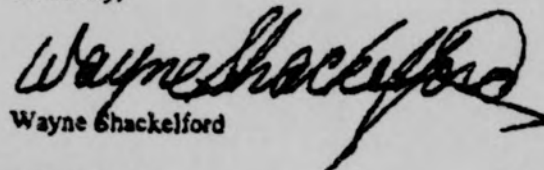
Dear Madam Chairman:

The Georgia Department of Transportation wishes to provide the Surface Transportation Board with comments concerning Finance Docket 33388, a joint petition of CSX Corporation and Norfolk Southern, requesting a 255 day expedited application process for their proposed acquisition of Conrail.

The joint acquisition of Conrail by Norfolk Southern and CSX will significantly increase rail competition in the eastern United States. The resulting rail systems formed from this merger will create a balanced rail network, which will enhance rail service to all rail shippers in Georgia and the southeast. The expedited 255 day process will provide adequate time for review and permit rail shippers to receive the merger benefits sooner.

Therefore, it is requested that the Surface Transportation approve the joint petition of CSX and Norfolk Southern for a 255 day expedited application process for the acquisition of Conrail.

Sincerely,

  
Wayne Shackelford





JAMES A. GRAHAM  
COMMISSIONER

State of North Carolina  
Department of Agriculture  
Raleigh

April 24, 1997

Ms. Linda Morgan, Chairperson  
Surface Transportation Board  
1925 K Street, NW, Suite 820  
Washington, DC 20423

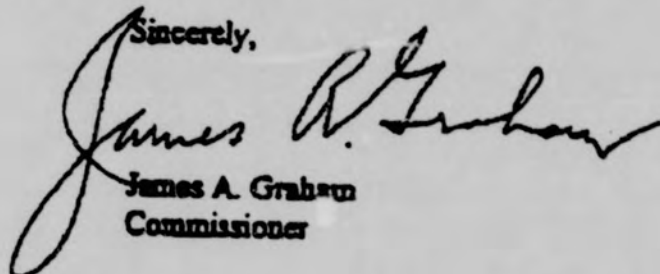
Dear Ms. Morgan:

It is my understanding that Norfolk Southern Corporation and CSX Transportation have filed a petition requesting that the Surface Transportation Board expedite the process to consider their proposed purchase of Conrail. The new rail network developed by both companies should provide improved customer service and an increase in competition with other carriers which is needed as soon as possible. In addition we expect the acquisition to expand the market reach for all agriculturally related products flowing to and from North Carolina.

For these reasons, I would appreciate the Board's prompt consideration and approval of the acquisition application if it is deemed to be in the best interest of the entire public as well as Norfolk Southern and CSXT. If I or any member of my staff can be of assistance to the Board in its deliberations, please do not hesitate to contact me.

Thank you for your consideration.

Sincerely,



James A. Graham  
Commissioner

STB

FD

33388

4-30-97

J

STATES



Office of the Chairman

4-30-97  
Surface Transportation Board  
Washington, D.C. 20423-0001

*File in  
Docket  
FD-33388*

May 22 1997

The Honorable John C. Land, III  
Chairman  
Transportation Committee  
The Senate of South Carolina  
P.O. Box 142  
Columbia, SC 29201

Dear Chairman Land:

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 support for the transaction and request expeditious approval by the Surface Transportation Board (Board).

As you may know, CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. At the applicants' request, the Board has decided to waive its rule in major transactions such as this one requiring applicants to wait at least 3 months following the filing of their notice of intent before filing their actual control application.

Applicants also have requested an expedited procedural schedule. Consistent with established precedent, the Board has sought comments from the public on applicants' proposed schedule. The comment period ended on May 1, 1997, and the Board is in the process of analyzing the comments received before adopting a procedural schedule for the proposed transaction. While I cannot discuss the specific merits of the case itself, I can assure you that the Board will adopt a schedule to provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this 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



JOHN C. LAND, III  
SENATOR, CLARENDON, LEE, FLORENCE  
AND SUMTER COUNTIES  
SENATORIAL DISTRICT NO. 36

HOME ADDRESS:  
P. O. DRAWER 138  
MANNING, SC 29102  
435-8894

COLUMBIA ADDRESS:  
P. O. BOX 142  
GRESSETTE SENATE OFFICE BLDG  
COLUMBIA, SC 29201  
212-6320



April 29, 1997

COMMITTEES:  
CHAIRMAN, TRANSPORTATION  
AGRICULTURE AND NATURAL RESOURCES  
CORRECTIONS AND PENOLOGY  
FINANCE  
FISH, GAME AND FORESTRY  
ETHICS

RESEARCH DIRECTOR:  
CAROLYN K. RICHARDSON  
ADMINISTRATIVE ASSISTANT:  
JEAN P. SIFLY  
RESEARCH ANALYST:  
BARBARA DARLEY

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

RE: Financial Docket No. 33388-CSX/Norfolk Southern  
Acquisition and Control of Conrail

Dear Mrs. Morgan:

The proposed system created by the acquisition and control of Conrail by CSX and Norfolk Southern will have great benefit for South Carolina industries that ship by rail including grain, paper, chemicals and metals, expanding statewide efforts to create new jobs and opportunity for all our citizens. It will bring single-line service between our state and the Northeast and Midwest, providing more reliability, better service and increased efficiency.

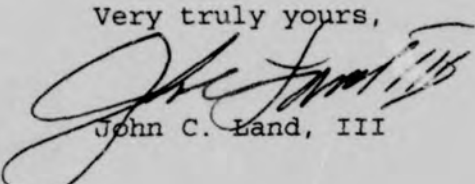
By creating two strong rail competitors in the East, the market search for companies in South Carolina will expand in our state and throughout the region.

I am writing to request that the Surface Transportation Board expedite the application by CSX and Norfolk Southern to acquire Conrail, and limit the timetable for the process to 255 days, so that our economy can begin to enjoy the benefits of the acquisition as soon as possible.

Thank you for your attention to this important matter.

With warmest personal regards, I am

Very truly yours,

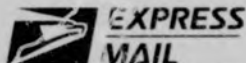
  
John C. Land, III

JCL:bd/4.97

cc: Mr. John Snow  
Chairman, President and CEO  
CSX Corporation  
P.O. Box 85629  
Richmond, VA 23285-5629

Mr. David R. Goode  
Chairman, President and CEO  
Norfolk Southern Corporation  
Three Commercial Place  
Norfolk, VA 23510

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
APR 30 3 43 PM '97  
OFFICE OF  
CHAIRMAN MORGAN



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Weight lbs 23 ozs	Int'l Alpha Country Code	C.O.D.
No Delivery <input type="checkbox"/> Weekend <input type="checkbox"/> Holiday	Acceptance Clerk Initials LJ	Total Postage & Fees \$ 10.75

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Delivery Attempt	Time	Employee Signature
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**FROM: (PLEASE PRINT)**

PHONE

803-212-6320

SEN. JOHN C. LAND, III  
U.S. SENATE TRANSPORTATION  
COMM.  
SOUTH CAROLINA SENATE  
P.O. Box 142  
COLUMBIA, SC 29202

**TO: (PLEASE PRINT)**

PHONE

THE HON. LINDA NEWMAN  
CHAIRMAN  
THE WORKING TRANSPORTATION BOARD  
1801 CONSTITUTION AVE., NW  
WASHINGTON, DC 20423

**FOR PICKUP OR TRACKING CALL 1-800-222-1811**

Label 11-B October 1995

Addressee Copy



STB

FD

33388

4-30-97

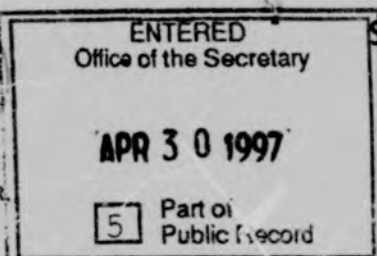
J

179528

179528



FOB JAMES, JR.  
GOVERNOR



# STATE OF ALABAMA

GOVERNOR'S OFFICE  
MONTGOMERY 36130

April 23, 1997



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

Re: Finance Docket No. 33-88 - CSX/Norfolk Southern Acquisition and Control of Conrail

Dear Mr. Williams:

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

I am confident that the enhanced transportation service resulting from the proposed transaction will generate significant new business and industrial growth in Alabama. Such growth is crucial to us because it creates new jobs for Alabama 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 Alabama by virtue of the proposed acquisition of Conrail by CSX and Norfolk Southern, the enlarged CSX and NS systems will be able to compete more effectively with motor carriers. The motor carriers will always retain a major share of the intercity freight business by virtue of their speed and flexibility, and good truck service is as important to us as good rail service, but some diversion of freight traffic from the highways to the railroads would help reduce highway traffic to more acceptable levels.

In conclusion, the State of Alabama 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,

*Fob James, Jr.*  
Fob James, Jr.  
Governor

copies: Mr. John Snow, Chairman  
CSX Corporation  
Post Office Box 85629  
Richmond, Virginia 23285-5629

Mr. David Goode, Chairman  
Norfolk Southern Corporation  
Three Commercial Place  
Norfolk, Virginia 23510-2191



STB

FD

33388

4-30-97

J

179529



A. E. STALEY MANUFACTURING COMPANY 2200 E. ELDORADO STREET DECATUR, ILLINOIS 62525 TELEPHONE 217/423/4411

April 29, 1997



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

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

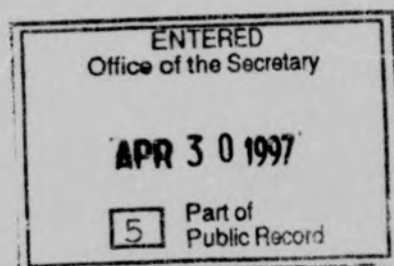
Dear Mr. Williams:

I am the Director, Rail Transportation of A.E. Staley Manufacturing Company, and have held that position for the past three years. My group is responsible for the annual movement of over 30,000 railcar loads of raw agricultural commodities and processed bulk food and industrial ingredients.

A. E. Staley Manufacturing Company is a major corn refiner with processing plants in Illinois, Indiana, and Tennessee. These facilities are served by the NS, CSX, Conrail, and IC railroads. We transport products in covered hopper cars, tankcars, and boxcars to locations throughout North America.

It is in A.E. Staley Manufacturing Company's best interest to move the above merger review process forward as expeditiously as possible. We are concerned that a protracted merger proceeding could lead to service failures by the involved railroads.

A. E. Staley Manufacturing Company respectfully requests that the Board accept the 255-day procedural schedule as published in the Monday, April 21, 1997 edition of the Federal Register.



Respectfully,  
*Lynn A. Hiser*  
Lynn A. Hiser  
Director, Rail Transportation



STB

FD

33388

4-29-97

J

179516



# COMMONWEALTH of VIRGINIA

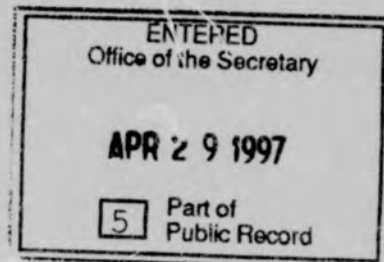
Office of the Governor

George Allen  
Governor

April 25, 1997



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



Dear Mr. Williams:

FD 33388

CSX and Norfolk Southern recently filed a petition requesting a 255-day expedited application process for their proposed acquisition of Conrail (Finance Docket Number 33388). The Commonwealth of Virginia fully endorses such an expedited review.

As originally conceived, it appeared likely the STB would be considering two competing applications for equivalent transactions. Such a scenario would have envisioned a quite contentious debate and a possible strong level of opposition from a variety of constituency groups. A normal STB review schedule would have been appropriate under those circumstances.

The Commonwealth of Virginia has been provided with information concerning the proposed division of the routes and assets of Conrail by CSX and Norfolk Southern Corporation which will be included in the joint application to the Surface Transportation Board.

It appears from available information that a competitive two-carrier system will emerge from this process, which hopefully will satisfy the concerns of the affected parties and should actually provide for more competition than is currently in the market.

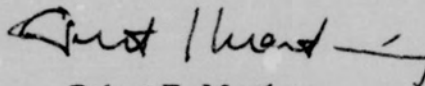
An expedited review would allow Norfolk Southern and CSX to eliminate uncertainty in less time, and thereby refocus on market efforts and return their balance sheets to stronger financial positions. Furthermore, it would remove uncertainty regarding Conrail property and employees as well, hopefully thereby avoiding any potential deterioration in Conrail assets from unnecessarily prolonged deliberations.

Obviously, the Commonwealth is interested in the proposal and intends fully and carefully to follow this matter as it proceeds through the Surface Transportation Board

Mr. Vernon A. Williams  
April 25, 1997  
Page Two

Since an early resolution of the issues involved in the process would benefit all parties concerned, provide for a smooth transition with no service or asset deterioration, and be in the public interest, I would encourage an expedited 255-day application schedule in the proceedings before the Surface Transportation Board.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert E. Martínez", with a stylized flourish at the end.

Robert E. Martínez

REM/ow

cc: The Honorable Robert T. Skunda  
Mr. David R. Goode  
Mr. John W. Snow

STB

FD

33388

4-29-97

J

RUS/NESS



April 21, 1997



Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
1201 Constitution Avenue  
Washington D.C. 20423

Dear Sir:

FD33388

My name is J.S. (Jim) Wilson, and I am the Director of Purchasing-Feed Ingredients, for Hudson Foods, Inc. Hudson Foods Inc., is the fifth largest broiler company and the tenth largest turkey company in the United States. We have nine feedmill operations scattered across the United States, one of which being at Kings Creek, Maryland, which is presently on ConRail. Due to the proposed acquisition of ConRail, we have been watching with great interest of the outcome.

Along with our operation at Kings Creek, Maryland, we also have two locations on the CSX Transportation's present line and two locations on the Norfolk Southern Corporation's present line. We could not be more pleased with the proposed division of the ConRail Route System in that we are in a win-win situation. Both the CSX Transportation Company and the Norfolk Southern Corporation are two of the finest railroad systems in the United States. We could not lose with either of the two taking over our service needs at Kings Creek, Maryland. We at Hudson Foods Inc. ask that as proposed, your Board approve the proposed division of the ConRail Route System in the most expedient manner possible.

If you require in additional information or comments on this matter, please advise.

Sincerely,

J. S. Wilson  
Director of Purchasing  
Feed Ingredients

Copies: Mr. James T. Hudson  
Mr. Michael T. Hudson  
Mr. Bernard Leonard  
Mr. Terry Baker  
Hudson Foods, Inc.

Mr. David Kennedy  
CSX Transportation  
Mr. Warren G. Hackett  
Norfolk Southern Corporation

Mr. Larrie Owen  
Arkansas Industrial Traffic  
Association



Hudson Foods, Inc. • P.O. Box 777 • 1225 Hudson Road, Rogers, AR 72757 • (501) 636-1100

STB

FD

33388

4-28-97

J



4-28-97

# State of Indiana



## Indiana General Assembly

*A CONCURRENT RESOLUTION To urge the Surface Transportation Board to approve CSX Corporation and Norfolk Southern's joint application to acquire and divide Conrail's routes and assets.*

*Whereas, CSX Corporation and Norfolk Southern Corporation propose to acquire all the outstanding shares of Conrail, Inc.;*

*Whereas, CSX Corporation and Norfolk Southern Corporation have reached an agreement on a division of the routes and assets of Conrail, Inc.;*

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

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

Therefore,

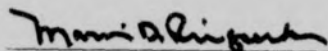
Be it resolved by the Senate of the General Assembly  
of the State of Indiana, the House of Representatives  
concurring:

SECTION 1. *The Indiana Senate urges the Surface Transportation Board to approve CSX Corporation and Norfolk Southern's joint application to acquire and divide Conrail's routes and assets.*

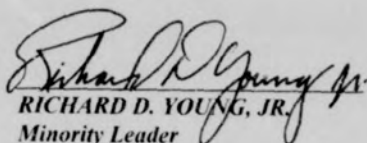
SECTION 2. *The Secretary of the Senate is directed to transmit a copy of this resolution to Mr. Vernon A. Williams, Secretary of the Surface Transportation Board.*

Adopted by voice vote this twenty-eighth day of April, 1997.

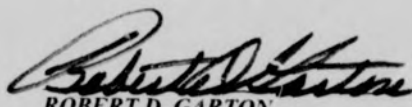
Sponsoring Representatives: Gary L. Cook  
Phillip T. Warner



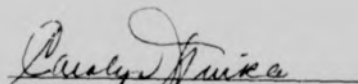
MARVIN D. RIEGSECKER  
State Senator



RICHARD D. YOUNG, JR.  
Minority Leader  
State Senator



ROBERT D. GARTON  
President Pro Tempore  
State Senator



CAROLYN J. TINKLE  
Secretary of the Senate

April 22, 1997

FD-33388

EC-11 Fuel Procurement & Transportation  
5000 Dominion Boulevard  
Glen Allen, Virginia 23060-6711

The Honorable Vernon A. Williams  
Office of the Secretary  
Case Control Branch  
Surface Transportation Board  
Attention: STB Finance Docket #33388  
1201 Constitution Avenue, N.W.  
Washington, D.C. 20423-0001

**VERIFIED STATEMENT OF MR. THOMAS D. LEONARD**

**VIRGINIA ELECTRIC AND POWER COMPANY**



Dear Mr. Williams:

My name is Thomas D. Leonard. My title is Manager, Fossil and Hydro, Fuel Procurement and Transportation for Virginia Power, a subsidiary of Dominion Resources, Inc. Virginia Power serves 1.9 million customers in Virginia and a portion of eastern North Carolina. My responsibilities include ensuring that Virginia power is a low cost, high performance generator of electric services. About forty-one (41) percent of our electric generation is produced from coal. Our generation mix includes six railroad served coal fired facilities. These facilities receive about 8 million tons of coal annually. Two of the six are served by Norfolk Southern (NS) and the other four are served by CSX Transportation (CSXT).

I have been following closely, the recently announced Conrail buyout. I believe the decision by the three railroads to split up Conrail between NS and CSXT is vastly superior to either CSXT or NS winning outright control. While, at this time, I see little benefit for my company from the proposed breakup, I do support a quick review and approval process once the merger plan has been submitted to the Surface Transportation Board (Board). I urge the Board to consider the economic impact, to both the new owners of Conrail and the railroad users, of an unnecessarily long drawn out process. I also urge the Board to use whatever means at its disposal to ensure that the shipping public does not end up paying higher rates to cover the multi-billion dollar price premium being paid for Conrail.

Sincerely,

Thomas D. Leonard

Manager, Fuel Procurement and Transportation

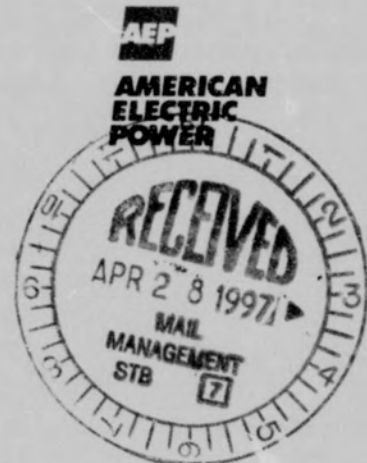
VERIFICATION

I, THOMAS D. LEONARD, 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 April 22, 1997.

Thomas D. Leonard

Thomas D. Leonard

American Electric Power  
Power Generation-Fuel Supply  
One Memorial Drive  
PO Box 700  
Lancaster, OH 43130 0700



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

April 25, 1997

R. L. Young  
Managing Director  
Transportation  
Fuel Supply  
614 687 3002

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

179517

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:

R. L. Young  
Managing Director-Transportation  
American Electric Power  
P.O. Box 700  
Lancaster, OH 43130-0700

Sincerely,

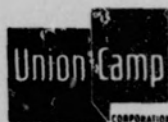
*R. L. Young*  
R. L. Young

APR 30 1997

**ADD TO SERVICE LIST ONLY**

c: Paul A Cunningham, Esq.  
Dennis G. Lyons, Esq.  
Richard A. Allen, Esq.  
All Other Parties on Service List





Philip G. Sido  
Director of  
Transportation

1600 VALLEY ROAD, WAYNE, NJ 07470 TELEPHONE (201) 628-2321

April 24, 1997

Mr. Robert Link  
Surface Transportation Board  
1925 K Street, NW  
Room 713  
Washington, DC 20423

Dear Mr. Link:

179496

This letter will serve to request that Union Camp Corporation become a party of record regarding Surface Transportation Board Finance Docket No. 33388, CSX and NS-Control and Operating Leases/Agreements-Conrail.

Thank you for your attention to this matter.

Sincerely,

PGS/ljr

APR 28 1997

**ADD TO SERVICE LIST ONLY**





300 Central Union Plaza  
Toledo, OH 43602

April 25, 1997

P.O. Box 9508  
Toledo, OH  
43697-9508  
419-241-9155  
Fax 419-241-9116

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

RE: Conrail Merger/Sale Service List

**Chair:**

Stephen J. Pauken  
Mayor  
City of Maumee

**Vice-Chair:**

James F. Carter  
Commissioner  
Wood County

**2nd Vice-Chair:**

Kathleen M. Steingraber  
Trustee  
Lake Township

**Executive Director:**

William L. Knight

Dear Mr. Williams:

I am writing to request that the Toledo Metropolitan Area Council of Governments (TMACOG) be added to the service (notification) list for all notices of intent, applications, etc. before the Surface Transportation Board (STB) regarding the impending merger/sale of Conrail (Finance Docket # 33388). TMACOG is an association representing local governments in northwest Ohio and has been designated by the Governor and U.S. Department of Transportation as the metropolitan planning organization (MPO) for transportation in the Toledo area. Toledo is a preeminent transportation center for Ohio and this region of the United States. Good competitive rail service is a primary element of our area's transportation system.

Although I know the application and operations plan have not yet been submitted I have also enclosed for information a resolution of our Board of Trustees approving a position statement for our region. We have forwarded this to the involved railroads and have had discussions with them to make it clear what we believe are essential elements of an acceptable operating plan for the integration of Conrail into the CSX and Norfolk Southern rail systems in our area. We are concerned with recent proposed submittals reducing rail carriers to our port from 2 to 1. In fact, our attached regional position requests imposition by the STB of a very realistic condition that would increase the number of rail carriers to our port to 5 (CSX, and NS, as well as 3 regionals - W&LE, AA, and NWO).

Since 1984 TMACOG's Railroad Task Force has worked on issues relating to rail service and facilities in the Toledo area. The Task Force worked with local governments, shippers, economic developers and railroad representatives to develop the enclosed position. We are providing this information to the STB to assist in your efforts as you review the operations



Mr. Vernon Williams

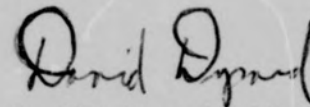
April 25, 1997

Page 2

plan for the merger/sale. As appropriate please forward this information to STB members and staff. These specific actions are improvements that are needed on the rail system in our area and the response by the involved railroads will determine our position before the STB in later proceedings as you consider approval of the impending merger/sale. We have a very high stake in this action and want to be involved to the maximum extent possible.

We have enjoyed a strong working relationship with area railroads and look forward to continuing to work together to improve the transportation assets of this region. We have also worked well with state and federal authorities on major rail issues and would appreciate your prompt consideration of this request. As always, we stand ready to be a local sounding board and discuss this position and any other concerns that you may have.

Sincerely,



David R. Dysard, AICP  
Director of Transportation Planning

Enclosure: TMACOG Resolution 1997-16 Position on Conrail Merger/Sale.

cc Jim Hartung, Toledo-Lucas County Port Authority  
Tom Kovachek, City of Toledo  
Sandy Isenberg, Lucas County Commissioners  
Jim Carter, Wood County Commissioners  
Tom O'Leary, Ohio Rail Development Commission  
RRTF Steering Committee

**A RESOLUTION OF THE  
TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS  
EXPRESSING ITS POSITION RELATIVE TO THE MERGER/SALE OF  
CONRAIL**

WHEREAS, the Board of Trustees of the Toledo Metropolitan Area Council of Governments is designated as the Metropolitan Planning Organization by the Governor of Ohio in cooperation with local elected officials and is authorized to carry out the continuing, comprehensive, and coordinated transportation planning process for the Toledo area; and

WHEREAS, the CSX Corporation has announced its intent to merge with Consolidated Rail Corporation (Conrail) and sell portions of Conrail to Norfolk Southern Corporation; and

WHEREAS, specific actions that could be taken relative to consolidating Conrail into the other rail companies will have large impacts on the northwest Ohio area; and

WHEREAS, the TMACOG Railroad Task Force on March 20, and the Joint Transportation Committees on April 2, 1997 reviewed a proposed position on this sale and recommend its approval.

NOW, THEREFORE, BE IT RESOLVED THAT THE TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS:

Section 1:

Endorses the attached position outlining five major points with specific actions that need to be included in merger/sale provisions for TMACOG support to be forthcoming;

Section 2:

Urges the U.S. Department of Transportation Surface Transportation Board (STB) to consider the TMACOG position and the impact of the merger/sale on the Toledo and northwest Ohio area in approving the transaction and attaching conditions to its approval; and

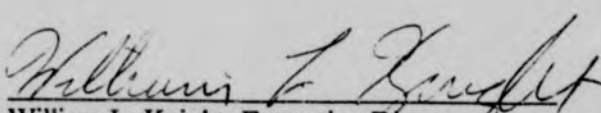
Section 3:

The Executive Director be and is hereby authorized to send a copy of this resolution to appropriate federal, state, and local officials to elicit their support of this position.

Adopted by the Board of Trustees April 16, 1997.

Yea 27, Nay 0, Abstain 0

  
Stephen J. Pauken, Chair

  
William L. Knight, Executive Director

## TMACOG POSITION ON CONRAIL/CSX MERGER

Rail assets and service in the Toledo area are an essential element of the regional and national transportation network and economies. Since Conrail's creation we have had rail service from four Class I carriers and one regional carrier. The merger of Conrail with CSX Transportation (or in its place Norfolk Southern) will reduce the number of competing carriers and may have negative impacts for this area.

It seems clear, though, that some major realignment of rail services in Northwest Ohio will occur. Given this fact we need to take advantage of the opportunity the merger offers to make sure that improvements to rail services and facilities are made that are needed to increase our area's strategic resources and economic competitiveness.

In working with regional leaders to formulate this position, several important themes emerged. As a leading rail hub, we need truly competitive rail access to the area. We must maintain essential rail services and rail-related jobs. And we must be assured that pending rail projects will be completed.

To reflect these priorities, we have outlined the following five major points and specific actions that need to be included in merger provisions for TMACOG support to be forthcoming:

- I. Provisions of the merger must **ensure or create open and truly competitive freight rail access for all remaining railroads** to area intermodal facilities and shippers. This must be obtained with true direct service not reciprocal switching or unrealistic use agreements.

### Specific actions:

- Establish direct service agreements to allow all railroads serving the Toledo area access to all facilities at the Port of Toledo (General cargo, Coal and Ore Docks)
- Establish direct service agreements to allow all railroads serving the Toledo area access to the Airline Yard Intermodal Terminal and same charges for services at the facility.
- Provide direct service and required investments to serve the new Chrysler/Jeep facility to be located in the Toledo area.
- Cooperate in creating a neutral switching railroad with direct service agreements to all Port Facilities, the Airline Yard Intermodal Terminal, yards, and nearby shippers to gather local origin-destination traffic relieving major railroads of high cost local movements.



I. **Ensure or create open and truly competitive freight rail access for all remaining railroads (Continued)**

- Provide full access for the Wheeling and Lake Erie Railroad to the Port of Toledo, Airline Yard Intermodal Terminal, all Toledo area railroads, and the Toledo market through ownership or operating agreements that are economically feasible.
- Provide full access for the operator (currently Omni-Trax) of the Sandusky-Seneca-Tiffin Port Authority line to the Port of Toledo, Airline Yard Intermodal Terminal, all Toledo area railroads, and the Toledo market through ownership or operating agreements that are economically feasible.

II. The merger presents a threat to downgrade or eliminate rail lines and services in our area. Provisions of the merger must **ensure that certain threatened rail lines and services are maintained** through sale to another railroad or public entity or by some other means.

Specific Actions:

- Maintain and expand service and operations at major Toledo intermodal facilities - especially retaining the Port of Toledo Coal Docks and pursuing changes to expand its traffic base.
- Maintain rail service, preferably by a Class I Railroad, on both the Conrail and CSXT lines between Toledo and Columbus serving shippers in Bowling Green and Fostoria. If one of the lines is to be sold to a regional carrier, it must include major shippers along the entire length of the line to allow for a viable rail operation.
- Establish multiple railroad access to the Oregon Industrial area through direct service agreements.

III. Rationalization of facilities as a result of the merger means certain property may be designated as excess to be sold. Provisions of the merger must **ensure that excess rail property is maintained in single ownership and prepared for future redevelopment**.

Specific Actions:

- Excess yards should be offered for sale first to the remaining rail carriers. If there is no interest the site must be maintained in single ownership and prepared for economic development. This means the site should be either: 1) cleaned up and prepared for development by the railroad and then offered for sale at net liquidation value to a public entity for development; or, 2) offered to a public entity for \$1.

III. **Ensure that excess rail property is maintained in single ownership and prepared for future redevelopment (Continued)**

- Offer abandoned or lines placed out of service to a state or regional entity for sale for \$1 to maintain their continuity for future use (or "rail bank" with rail company maintaining claim on line with a public entity managing the property for other uses)
- Convey the Lakefront Dock property to a public entity for economic development.

IV. Provisions of the merger must **ensure that the merged railroad fully cooperates in implementing and participates in funding specific facility improvements** as identified through previous planning studies.

Specific Actions involving present Conrail and CSXT facilities:

- Abandon ex-Toledo Terminal "Backside" route and reroute traffic to Conrail Maumee River Bridge route (with specific guaranteed operating windows).
- Construct Tiffin Avenue Overpass into Port of Toledo.
- Construct improvements at Vickers to reduce conflicts and sitting trains.
- Abandon the Miami Cut and Oakdale Connector lines from Wales Road north and the Rockwell line in East Toledo/Northwood, and replace with an alternate connector to the Conrail main line (at Vickers or LOF).
- Grade separate Wales and Drouillard Roads from Conrail and CSX (near Vickers)
- Construct a grade separation at Wales Road (just east of I-75) if not abandoned.
- Construct advance warning signals on Pickle Road.
- Construct a grade separation at McCord Road.
- Improve grades and alignment at Crissey Road crossing.
- Construct a joint grade separation for Conrail and CSX tracks at Oregon Road; to do so, participate in negotiations to relocate Conrail tracks.
- Construct a box culvert underpass for Wabash Trail under Conrail main line in Fulton County.



IV. **Ensure that the merged railroad fully cooperates in implementing and participates in funding specific facility improvements (Continued)**

Specific actions involving present Norfolk Southern facilities:

- Reconfigure the Cargill Maumee yard to reduce street conflicts.
- Construct a grade separation at Ford Road.
- Construct the Seaman/Lallendorf overpass.
- Tie Stadium Road into the State Route 2/Navarre Ave. overpass.

V. Provisions of the merger must ensure that **passenger rail related needs are addressed.**

Specific Actions:

- Maintain all existing passenger route agreements.
- Fully cooperate in extension of and additional east-west service including the Pennsylvanian from Pittsburgh and Cleveland.
- Enter into agreements to allow new rail passenger service north south on the Detroit-Toledo, Toledo-Columbus, and Toledo-Cincinnati lines.
- Enter into agreement to open ex B&O route south to Cincinnati and implement an "I-75 Autotrain" service from Toledo.

In conclusion, these are our urgent concerns. We request that rail representatives meet with local government officials in jurisdictions where there will be major impacts from any changes to the rail system or services provided. We ask each of the railroads involved with the proposed merger for a specific response as to how these issues are addressed in the operations plans being filed before the U.S. Department of Transportation's Surface Transportation Board.



Office of the Chairman

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

*File in  
Docket  
FD-33388*

May 19, 1997

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

**Dear Ms. Frank:**

Thank you for your letter and enclosures 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 over the impact of the proposal on New York City.

As you may know, CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Surface Transportation Board (Board) on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. Currently, the Board is analyzing comments from the public on a proposed procedural schedule for handling the case once it is filed.

Let me assure you that the Board remains sensitive to the needs of individual cities, as well as the needs of the rest of the transportation community in considering control applications that come before the agency. The Board, in deciding whether to approve the proposed transaction, will give full consideration to all concerns raised on the record of the case that are relevant under the law. Because this case is pending before the Board, it would be inappropriate for me to comment further on the specific merits of the matter.

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

**Port Morris Federal Empowerment Zone**  
**The Bronx - Home of**  
**New York Yankees - World Champions**  
**World famous Bronx Zoo and Wild Life Habitat**  
**World Famous Botanical Garden**  
**Home of Morris Patriots who drafted/ wrote/ signed**  
**The Constitution of the United States**  
**The Declaration of Independence**  
**The First Voice on Conservation**  
**Historic Riverscape site, debated for Capital of United States**  
**American Revolutionary War**  
**British Campsite on Morrisania Riversite**  
**Brounckland home of Jonas Brounck**  
**Indian Peace Treaty signed 1642**  
**Nuacin Village of the Reckgawawanc Tribe**  
**Chiefs Ramachqua and Taekamuck**

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

ZEE FRANK  
 V. 718-292-9697  
 F. 718-292-9698

Ms. Linda Morgan, Esq. , Chairwoman  
 United States Surface Transportation Board  
 1925 K Street  
 Washington, D. C. 20423

March 14, 1997

Dear Ms. Morgan:

We respectfully attach our submission to NYS DOT, of 7 pages and 3 page attachments (as described); (and add 2 pages of recent media coverage). We also made an oral presentation before N.Y.S. Dept. of Transportation, on March 13, 1997. The panel consisted of the new Commissioner, his Deputy, and the present Economic Committee head.....Messr. J. Boardman, J. Guinan and J. Utermark, respectively. The panel listened attentively to the concerned speakers which covered multiple Rail Freight providers North, South etc. of New York City, who are seeking inclusion in this richest market of the U.S. The speakers also covered affected Unions and the concerns of its membership. Associations of concern for the Region and the Bar Association of New York, along with transportation representatives of New York City and adjacent States, also stated their individual concerns for consideration. Individual industries also presented their concerns.

In general, they were concerned with the plans CSX and NORFOLK SOUTHERN will present to your Office and would like due notice; after which they would like a further hearing when they are better informed. The NYS Department of Transportation panel, withheld whether they would allow another hearing. So that hearing may well be the final one.

Therefore the matter rests with your due consideration and how the New York State Department of Transportation chooses to implement your recommendations.

New York City has been exploited heretofore, as industry would be required to go to New Jersey where Conrail had its monopoly. (Needless to say, much was said about that.) However, after 15 years of delay....the Oak Point Rail Link is complete. However, its integral component of 96 acres of Harlem River Intermodal Terminal is TO BE 70% destroyed. The Federal Report and the NYS Comptroller's Audit describes the sordid events. Therefore there is some urgency. New York City can no longer be exploited. Please request copies of "Report/Audit" and any additional information you wish.

Respectfully submitted, Zee Frank, Landmark Studios, Inc.

*Zee Frank*

*OR A VISIT TO WASHINGTON (I GET TO SEE MY SON!)*

RECEIVED  
 SURFACE TRANSPORTATION  
 BOARD  
 MAR 20 3 50 AM '97  
 OFFICE OF  
 CHAIRMAN MORGAN

## McCall rails over 'boondoggle'

By RAFAEL A. OLIVERA

Daily News Staff Writer

State Controller Carl McCall charged yesterday that public agencies and private developers have spent millions of taxpayer dollars at the Harlem River Rail Yard in the Bronx, but have nothing to show for it.

"This was supposed to be a boon for the Bronx," said McCall, who released a report on the project. "Instead of a boon, it's a boondoggle."

McCall said the intermodal project — in which freight-bearing tractor-trailers are hauled into and out of the city on flatbed rail cars — was supposed to create 5,000 jobs for local residents, but so far has only generated 11.

Between the state, city and Port Authority, \$213 million in public funds has been spent on developing a rail link there to cut down on the use of trucks for long-range transportation, as well as developing a de-inking plant and a waste transfer station.

McCall also said the public agencies involved are not properly mapping a strategy for handling rail freight in the region.

"The Port Authority, which

is a partner in this project, has also been involved in a competing project in Elizabeth, New Jersey," he said. "There's a \$20 million intermodal train facility built on the Brooklyn waterfront that has never been used. No one is planning a comprehensive rail freight strategy to maximize the economic development potential of these projects."

State Department of Transportation spokesman Michael Fleische said that public hearings for just that purpose are being planned, and that many of the delays on the Harlem River Yard project preceded Gov. Pataki's administration.

Fleischer said the state expects the critical Oak Point yards, which will link rail freight traffic into the Bronx, to be operational by this spring.

Anthony Riccio, a former city transportation commissioner now involved in the Harlem Yard project for private developer Francesco Galesi, said it has been hampered by five years of environmental reviews and a



lawsuit.

"That's five years of just going through the bureaucracy," Riccio said.

"The bottom line is that there is activity going on in the

yard, we have a freight system that is almost completed and ready to take off, and infrastructure development is scheduled to begin this spring."

economist with the Natural Resources Defense Council, a nonprofit group.

School officials are also optimistic. "We intend to seek replacement of every coal-furnace burner in the system," said Board of Ed spokesman David Golub.

It's rare to have coal-burning furnaces in nonindustrial buildings; 80% of the coal mined in the United States is sold to large utility plants, which use the coal to create steam that in turn generates electricity. Most of the remaining 20% is sold overseas.

Environmentalists say coal-burning — with its release of sulphur dioxide particulates — wreaks havoc on air quality.

"In local areas, where the pollution is, it has a huge impact on communities, especially with kids and the elderly," said Gupta.

"The soot particulates get in the lungs and aggravate asthma and respiratory illnesses."

"I happen to live across the street from a high school [with a coal furnace] in Brooklyn — Sarah J. Hale — and there is soot on the window sill, everywhere," said Marilyn Gelber, the former commissioner of the city Department of Environmental Protection.

Coal-burning furnaces also eat more money. Though 25% of schools have them, they gobble up 44% of the school system's heating costs.

Coal itself is cheaper than gas or oil, but the boilers are more expensive to maintain.



# ✓ 'Boondoggle'

## McCall: Rail projects wasted millions

By Margaret Ramirez

STAFF WRITER

An ambitious state effort to establish a world-class rail network for commercial freight has become a \$200-million boondoggle, state Comptroller H. Carl McCall said yesterday.

In a stinging report, McCall criticized the state's record since the 1970s on two flagship rail projects that were supposed to form the hub of a regional freight system based in the South Bronx. The study said the projects sit idle and unfinished after at least \$213 million in public investment since 1988.

Standing near an uncompleted section of freight rail track in the Bronx, McCall released his report on the state Department of Transportation's two closely related projects at Oak Point Link and the Harlem River Yard. In the study, which traced the state's stop-and-start efforts from April, 1988, through September, 1996, McCall said the failures have prevented the state from reducing its dependence on smog-belching, highway-clogging trucks. The vast majority of the region's goods are currently shipped by truck, at increased cost to industry and consumers.

The absence of a full freight access system also means that thousands of jobs that were supposed to be created have not been produced, McCall said.

"For the past twenty-five years, the state has been spending money — more than \$200 million — to develop a better rail freight system for the downstate region. But New York still does not have a comprehensive rail freight plan," McCall said. "Both the Oak Point Link and the Harlem River Yard projects have been bureaucratically bungled."

The Oak Point Link project, on which construction began in 1983, is a 1.9-mile direct rail link that would remove freight trains from a current zigzag route that crosses busy Bronx train lines. Although Oak Point was to be completed in 1987, design flaws and escalating costs resulted in termination of the original contract, when only one-third of the link had been constructed.

McCall also warned that the state's original vision of a freight rail access program, first proposed

in the 1970s, is now outdated due to changes in technology. Bridge clearances that had been planned are no longer high enough to accommodate today's double-stacked railcars. The estimated price tag for completing the Oak Link has thus increased from \$70 million to \$185 million.

The Harlem River Yard project, meanwhile, was expected to remedy the lack of intermodal services in the city and Long Island. Intermodal transport is the movement of truck trailers and shipping containers on railroad flatcars, now considered the most economically efficient method of freight transport. Northern New Jersey boasts 10 intermodal facilities, while no such facilities exist east of the Hudson River.

In 1991, a 99-year lease was signed by private business interests, the Galesi Group, with the state Transportation Department to develop a state-of-the-art transportation and industrial park on the 96-acre Harlem River Yard. However, as of September, 1996, the only activity at the yard was the operation of a small waste transfer station.

Together, the link and the yard were expected to slash shipping costs by more than \$100 million per year, reduce air pollution from truck traffic, save \$500 million on road improvements, and create 5,000 new jobs.

McCall found that only 11 jobs had been created at the partially completed Oak Point Link — four waste transfer employees and seven security positions. Development at the Harlem Yard has not begun.

"What was supposed to be a boon for the state has turned into a boondoggle," McCall said. "Six years and \$28 million in taxpayer dollars later and the Harlem River Yard has not produced any significant benefit for the people of New York."

John Guinan, assistant DOT commissioner for passenger and freight transportation, acknowledged that the projects have been "plagued by excessive delays and escalating costs." But he said the Transportation Department was committed to improving rail access.

McCall urged Gov. George Pataki to address the situation.

Pataki's decision came as Mayor Rudolph Giuliani earlier yesterday ordered city agencies to review the plan.

Whitman hailed the news as a victory for New Jersey in its showdown with New York City over a plan to dump 640 million gallons of untreated sewage over four days.

The dumping can only occur in cold-weather months, according to New York Department of Environmental Resources spokesman Gary Sheffer and New Jersey Department of Environmental Protection Commissioner Robert Shinn.

As a result of Pataki's call for delay, the dumping cannot occur until next winter — if it is permitted at all.

"Given the concerns raised by New Jersey and the concerns raised by [federal authorities], the governor felt it necessary to order further study," Sheffer said. Officials hope those tests can be done by fall.

Giuliani had expressed concern that he had not been told of the plan to release the untreated waste.

"I was concerned that I wasn't notified about it. That always worries me as to whether or not every single thing has been done that should be done," the mayor said, insisting that while the dumping was routine "it is also very frightening."

The announcement by the Pataki administration resulted in cancellation of a scheduled meeting in Manhattan today between representatives of city, state and federal agencies to discuss the matter, said Whitman chief of staff Harriet Derman.

Whitman had attacked the dumping plan at an afternoon news conference yesterday in the town of Highlands near Sandy Hook, offering an array of TV cameras a view of the New York skyline. Gesturing toward the city, Whitman said New Jersey would never accept New York's proposal to dump sewage and she promised legal action to stop it if needed. "It is utterly medieval when you talk about putting this kind of raw sewage into the waterways," Whitman said.

City officials have said sewage tanks at a Manhattan pumping station must be emptied into the East River while repair work is done on the pump system. The DEP issued an emergency order Friday to close clamming beds on the New Jersey coast because of the threat.

Liz Willen contributed to this story.



Rudolph Giuliani



Christine Whitman

**Port Morris Federal Empowerment Zone**  
**The Bronx - Home of**  
**New York Yankees - World Champions**  
**World famous Bronx Zoo and Wild Life Habitat**  
**World Famous Botanical Garden**  
**Home of Morris Patriots who drafted/ wrote/signed**  
**The Constitution of the United States**  
**The Declaration of Independence**  
**The First Voice on Conservation**  
**Historic Riverscape site, debated for Capital of United States**  
**American Revolutionary War**  
**British Campsite on Morrisania River site**  
**Broncksland home of Jonas Bronck**  
**Indian Peace Treaty signed 1642**  
**Nuacin Village of the Reckgawawanc Tribe**  
**Chiefs Ramachqua and Taekamuck**

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

ZEE FRANK  
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March 13, 1997 New York State Department of Transportation Hearing

TO: UNITED STATES SURFACE TRANSPORTATION BOARD  
 WASHINGTON, D.C.  
 AND

NEW YORK STATE DEPARTMENT OF TRANSPORTATION  
 PER HEARING MARCH 13, 1997

The enormity of the recent "finesse" over Conrail, culminates a history of major success for Conrail, at the same that the economy of New York City, the so called Capital of the World was shamefully severely damaged.

There is more than Conrail to be held responsible as Upstate New York was protected, having a relationship, where former Commissioner of Department Transportation, New York State joined Conrail upon leaving State DOT.

Whether through malice or ignorance, New York City was burdened to seek Rail Freight in New Jersey. Much has been written about this colossal exploitation of New York City by its lack of rail freight..that two writers have voiced their interest to write a book.

Therefore, the most urgent consideration by the United States Surface Transportation Board is to rationally require that the FEIS OF 1982, SIGNED BY THE NEW YORK STATE DEPARTMENT OF TRANSPORTATION AND BY THE UNITED STATES COAST GUARD, be implemented to include the project so signed, of the 96 acres of the Harlem River Intermodal Terminal with the Oak Point Rail Link as integral to each other. The placement of the Oak Point Rail Link relied upon the 96 acres of the Harlem River Intermodal Terminal. The "MYTH" perpetrated by those would continue to exploit New York City for personal profit.....has been exposed by past and present studies and the cold cash of \$10 BILLIONS by CSX AND NORFOLK SOUTHERN, FOR THE RICHEST RAIL FREIGHT IN THE NATION.

The lofty purpose for the 1982 FEIS (above noted) included the then active administration of Federal FRA, Department of Energy, Department of Defense who supported the project. As part of the National Highway System it was noted that New York City had no STRACNET, (Strategic Rail Corridor Network) for a variety of emergencies.



While New York City has individual attributes; it cannot preclude the very heart of Rail Freight infrastructure as the Cities in the Nation. Its population appears to be the largest and diverse. Therefore, New York City must be allowed to provide diverse opportunities for its masses. Not all fall into the category of entertainment, wall street/finance, real estate for corporations and beautiful people, computer technology, health, education and big box retailers.

The blue collar jobs that are lost to New York City, are the backbone of other cities. New York has sufficient population to serve the needs of the above classifications and yet to serve the "millions" of blue collar that are equally human and need the dignity of jobs. For near six years, the "Ventures" have held the 96 acres of the Harlem River Intermodal Terminal as hostage and have provided 11 jobs; but big bucks to the Venture entity which uses the public property as a major parking lot.....(it alone cost near \$30,000,000).

That is why the United States Surface Transportation Board needs to take a close look at the exploitation of New York City....Instead of jobs, we have welfare and frustration to lead to adverse actions.

Attached is the media report, New York Times, 3/8/97 which notes the "finesse" over Conrail. Note too, that the Conrail CEO doesn't do badly \$15 MILLIONS! But quote "A few thousand people will probably lose everything they own." Perhaps the 5000 jobs, by keeping the 96 acres of the Harlem River Intermodal Terminal, will allow jobs to be saved.

Also attached is Governor George Pataki's public statement in reaction to the media on the BOONDOGGLE OF HARLEM RIVER INTERMODAL TERMINAL AND THE 'VENTURES' per New York State Comptroller McCall's Audit of 2/5/97.

The below reference to the Federal Panel Review report, ( included the Harlem River Intermodal Terminal) and the resulting Federal Conditional Approval of six months. This affects the reauthorization of the ISTEA '91 ACT.

Your careful deliberation may require further information which will be gladly submitted, upon request.

In good faith CSX and NORFOLK SOUTHERN MUST SERVE NEW YORK CITY EFFICIENTLY BOTH AS TO COSTS AND TIME (as benefits New Jersey, etc.) Oak Point Rail Link, after 15 years and SMILLIONS, is complete. The past and present studies require the 96 acres of the Harlem River Intermodal Terminal, in addition to all other Rail availability in the City.

The Oak Point Rail Link and the 96 Acres of Harlem River Intermodal Terminal are required. The plan to "destroy rail", to "remove rail, to "relocate rail" and destroy 70% of the 96 Acres newly graded with new rail land, for personal profit....for which no consideration was paid, is wholly exploitive for the personal benefit of the "do nothing" Ventures....for near six years. Please refer to the NYS Comptroller's Audit.

Further, please refer to the Federal Panel Review under ISTEA, May, 1996.

RE: FEDERAL AND STATE REVIEW/AUDIT REPORTS WARRANT URGENT ATTENTION:

US DEPARTMENT OF TRANSPORTATION, ENHANCED PLANNING REVIEW REPORT, OF MAY, 1996, INCLUDED NEW YORK STATE PLANNING AND IMPLEMENTATION. IT INCLUDED COMMENTS ON THE HARLEM RIVER INTERMODAL TERMINAL. THE REPORT'S CONCLUSION RESULTED IN A CONDITIONAL APPROVAL OF SIXTH MONTHS.

NEW YORK STATE OFFICE OF THE COMPTROLLER; AUDIT; FEBRUARY 5, 1997 INCLUDED THE NEW YORK STATE DEPARTMENT OF TRANSPORTATION AND THE INTERMODAL RAIL PROJECT: "OAK POINT RAIL LINK AND HARLEM RIVER INTERMODAL TERMINAL, (as described in the INTERMODAL SURFACE TRANSPORTATION EFFICIENCY ACT OF '91 AND THE FEDERAL/STATE FEIS 1982.)

The reports are available, as well as media releases and transcript of comments by Governor Pataki. The State Comptroller's report also includes an official response by New York State Department of Transportation.

The urgency consists of the following: (Other issues are noted as the ISTEA ACT also provides for service to the underserved etc.)

1. After six years of deterioration of the \$30,000,000, brand new mile-long rail for the mainline and north tracks of the Harlem River Intermodal Terminal, under the blitz of media, etc., the "Ventures" are rushing to sign contracts. This is ominous as the Ventures, per maps, intend to destroy the brand new Rail on what was graded, unobstructed Rail Land. Such destruction will permanently damage not only the economy of New York City...but the mainline. The new mainline will be rerouted as side tracks, for massive building, in the floodplains for its personnel profit. This will impede the flow of on the mainline permanently. This publicly paid Oak Point Rail Link and Harlem River Intermodal Terminal including Federal, State, City funds should not be destroyed for the private profit of largely one person. We urge immediate action to prevent destruction of public property; and removed, redirected or impeded in any way; to build in the floodplains and replace the Rail Land with noxious, deadly pollutants in air emissions and into the waters.

Quote transcript of the Hon. Governor Pataki public announcement, February 20, 1997:  
".....and hold those who may have been responsible not just of gross negligence but perhaps criminal activity back there in the past accountable".

Fortunately, the "do nothing" Ventures can be held accountable, so that the Federal, State, City, administrations do not shower "free" grants, to the Ventures upwards to \$48,000,000, negligently, to be used to destroy 70% of the Harlem River Intermodal Terminal, a Public Infrastructure.

Clearly, the battle of Norfolk Southern and CSX to pour \$10 "billions" in this richest rail freight market, makes a joke of those in the administration, who either ignorantly or deceptively acted to allow this irretrievable, destruction of Public Infrastructure; for which the public paid hundreds of millions.

In addition, the State announced a Federal, State, City tax free \$75,000,000 bond for noxious and deadly perils to be built in the Floodplains; and hazardous to Landmark, ISTEA \$55,000,000, HELL GATE (AMTRAK) and TRIBOROUGH BRIDGES, critical to NEW YORK CITY and points NORTH TO WESTCHESTER, NEW ENGLAND, SOUTH EAST TO LONG ISLAND, ETC. Do any of the administrators have a Map? Do any of the upstate and city administrators understand the broad ramifications of such hazards to bridges and deadly pollutant emissions to its population.

2. Further, massive building will occur on this rail land in the Floodplains which was clearly not allowed in the Federal FEIS 1982.

3. Further, this destruction of 70% of the 96 acres of Rail Land, and removal of Rail, will be in direct violation of Federal Permit that was extended, which required the South Track; (as documented in the Federal FEIS, 1982).

4. This would be in further violation of Federal provisions, as the Council on Environmental Quality documented, required NEPA review of cumulative affects. This was never done. (THE AUDIT, CLEARLY STATES, THEY HAVE AVOIDED FEDERAL OVERSIGHT DELIBERATELY).

5. FURTHER THE AUDIT STATED THAT THE STATE DID NOT HAVE MONEY. YET \$48 MILLIONS OF GOVERNMENT FUNDS ARE AVAILABLE. MORE THEN ENOUGH TO PUT IN THE SOUTH TRACK AND MAKE READY TO SERVE THE ENTIRE REGION WITH EFFICIENT, COST EFFECTIVE, 96 ACRES AS REQUIRED BY ALL STUDIES, TO ALLOW THESE FUNDS TO BE USED BY THE VENTURES WHO HAVE ALREADY PLANNED TO DESTROY 70% OF THE 96 ACRES, TO BE INSTEAD USED FOR ITS OWN PRIVATE PROFIT, DOES WARRANT GOVERNOR PATAKI'S EXPRESSED PROMISE TO HOLD THOSE WHO MAY BE RESPONSIBLE....AND, VENTURES NEVER GETS TO PAY ANY NEW YORK CITY REAL ESTATE TAXES.

6. THE FACTS WERE KNOWN TO ALL ADMINISTRATORS. THE TEMPLE, BARKER, SLOAN REPORT FOR NEW YORK STATE DEPARTMENT OF TRANSPORTATION, SPECIFICALLY PROVIDED FOR SHORT TERM. THERE IS DOCUMENTED THAT THE 96 ACRES MUST BE HELD FOR EFFICIENT INTERMODAL RAIL. (IN FACT, ANY TEMPORARY USES, MUST BE REMOVED OUTSIDE THE 96 ACRES WHEN THE OAK POINT RAIL LINK IS COMPLETE. THE OAK POINT RAIL LINK IS COMPLETE NOW.....BUT THE HARLEM RIVER INTERMODAL TERMINAL IS NOT, THROUGH THE NEGLIGENCE AND DO NOTHING OF THE VENTURES, WHERE THEY STATED IN THE LEASE 'DRAWN UP BY THE VENTURES', THAT THEY WOULD WITHIN 12 MONTHS OF THE SIGNED LEASE, AS STATED IN THE AUDIT. THEY HAVE NOT DONE SO AND THE OAK POINT RAIL LINK OF HUNDREDS OF MILLIONS IN PUBLIC DOLLARS, IS COMPLETE BUT CANNOT BE USED. THIS CAN WELL BE CONSIDERED GROSS NEGLIGENCE AND IN DEFAULT OF THE TERMS OF THE LEASE, DRAWN UP BY THE VENTURES.....BECAUSE STATE DOT STATED THEY DID NOT KNOW HOW TO WRITE SUCH A LEASE, PER THE AUDIT REPORT.

In addition, the former Comptroller of New York City carefully itemized the extraordinary losses to the City, the Region, should the Ventures be allowed to downsize the Harlem River Intermodal Terminal, the Smillions that the government will gift to Ventures in subsidies.

Both Temple, Barker, Sloan, the State DOT's own consultants and the then Comptroller of New York City were ignored. The irony is that administrators arrogantly defied the reports, include the Transmode Report on Rail Freight, hired by State DOT was ignored....A sheer waste of public funds...when you consider the monumental damage of years delay, at \$100,000,000 yearly minimum, to the economy and air health of the citizens, it would be Billions in economic and health costs. Yes, Governor Pataki has just cause to investigate those responsible. (For example when contractor Morrison, Knudson failed to complete the link.....the State paid them \$58,000,000 which included some \$20,000,000 to just close the contract. The State took full responsibility for the failure.) This was expected to largely cover the full cost of a successful Rail Link. Instead there was very little completed and the project from planning to completion took 15 years. Now, the Ventures who claimed they did not need the Link to function, blocks the tracks keeping them in disuse for nearly six years and had done nothing to

prepare to receive the freight from the Oak Point Link which was their requirement under the lease....which they drew up!

7. Further, provided was a 4-acre public wharf whereby the removal of near 2 miles of Bronx waterfront from the public for the Oak Point Rail Link, would be mitigated. Federal documents provided for bicycle and pedestrian use, etc. The Ventures simply ignore this provision. This was also required per the City's first payment of \$20,000,000 to be named "marginal wharf, place or street." (The City was required to pay additionally over \$15,000,000). This was obscene with the City in such bad financial position.....AND BECAUSE, AS THE AUDIT STATED, THEY DID NOT WANT FEDERAL FUNDS BECAUSE THEY DID NOT WANT TO ADHERE TO FEDERAL REGULATIONS. SO, NOT ONLY DO WE HAVE THE DESTRUCTION OF A MAJOR, NEEDED PUBLIC INFRASTRUCTURE....BUT CITY DOES NOT GET ANY REAL ESTATE TAXES FROM THE VENTURES.....AND THE CITY PAYS OUT FUNDS THAT COULD HAVE BE COVERED WITH FEDERAL FUNDS.....A DIRECT ASSAULT UPON THE RESIDENTS OF THE CITY FOR SERVICES AND SOCIAL NEEDS.

6. Further, the Ventures clearly stated that the Randall's Island would be needed to provide open space for the community. Although there is a covenant that goes with the land for access through Brook Avenue, the Ventures ignored the law and their own provisions. THERE ARE FURTHER COVENANTS , THAT 'RUN WITH THE LAND' ,PREVENTING ANY OFFENSIVE USES WHATSOEVER IN THIS "HISTORIC SITE".

7. THE HELL GATE AND TRIBOROUGH BRIDGES ARE DIRECTLY THREATENED BY THE MASSIVE PRESSURE BOILER PLANT.....NEXT TO A MASSIVE CHEMICAL PLANT (CUTELY CALLED A CHEMICAL "KITCHEN"). EXPLOSIONS OF THIS KIND ARE REGULARLY REPORTED THROUGHOUT THE NATION...BUT WHAT FOOL WOULD PLACE SUCH A POTENTIAL AT OUR CRITICAL BRIDGES, AND THEN GIVE SMILLION TO REPLACE RAIL LAND WITH HAZARDOUS, NOXIOUS USES, AS ABOVE NOTED.

8. The Smillions of free grants to Ventures is in conflict with the letter to the then STATE Comptroller to request the Comptroller approve the lease. It presented that private sector funds would be used, (See Comptroller's audit). State Dot's press releases also stated private sector funds.

9. THE VENTURES, per NYC department of finance, Bronx, filed their mortgages of 1994 and 1996 to Fleet Bank and used as collateral, for the Smillions received.....the prime waterfront land with brand new rail about \$30,000,000, the 96 acres of Public Land. This brings into question, the hazardous uses to critical bridges, noxious uses to the health of the New York City population and beyond. Who will be responsible and who can cover the huge cost of any explosion to infrastructure, bridges and human deaths and injuries? And, the ensuing loss to the economy of the City and the regions North, South and East.

10. RECENTLY THERE WAS PUBLISHED A COMPARISON OF RAIL FREIGHT IN NEW YORK CITY WITH THE CITIES IN EUROPE. THE 3% FOR NEW YORK PLACES THEM AS A THIRD WORLD (PERHAPS FOURTH) WORLD COUNTY AGAINST THE EUROPEANS WHO HAVE HIGH DOUBLE DIGIT RAIL FREIGHT, TO PRESERVE THE AIR POLLUTION AND THE EFFICIENCY IN TIME AND COST. IRONICALLY, THIS ADMINISTRATION CALLS NEW YORK CITY, THE CAPITAL OF THE WORLD.

It has long been known that this 3% is also a joke compared to the major cities in the U.S. Yet City/State administrators is showering Public Funds upon the Ventures.....so it can destroy 70% of the Rail Land.....IN FACT, CONTRARY TO THE ISTEA ACT AND THE ZONING



REGULATIONS, ADMINISTRATORS FOR THE STATE AND CITY HAVE GIVEN OVERRIDES TO THESE REGULATIONS.....SO THAT VENTURES CAN DESTROY THE RAIL. (This certainly is self-destruction in face of the reauthorization coming up of ISTEA. This surely deserves Governor Pataki's intent to hold those responsible for gross negligence and/or criminal activity, and at the very least ignorance.)

11. NEW YORK CITY IS IDENTIFIED BY THE FEDERAL EPA AS IN NON-COMPLIANCE WITH FEDERAL AIR QUALITY STANDARDS. WHAT A VIOLATION WILL BE PERPETRATED BY REDUCING THE 96 ACRES TO 28 ACRES.....AND THEN REPLACING THE RAIL LAND WITH VOLATILE, HAZARDOUS EMISSIONS AND POTENTIAL EXPLOSIONS. AGAIN, ADMINISTRATORS FOR THE STATE AND CITY HAVE GIVEN OVERRIDES OF CITY ZONING REGULATIONS (WHICH ALSO IMPACT FEDERAL REGULATIONS AND ISTEA ACT WHICH MUST CONSIDER IMPACTS TO THE CITIZENRY).

IMAGINE, NOW INSTEAD OF BEING DEADLY TO THE BRONX FOLKS, THE ENTIRE CITY WOULD BE PERMITTED TO SUFFER THE EMISSIONS! And, this is the Capital of the World with a tourist population at all times, that pay to come to New York City. The Hotels are overbooked yet who is watching out for the City economy and health. Fortunately Governor Whitman (NJ) recently challenged NYC. With the power of her free legal department and charge, it breaks Federal Law, our proud New York City backed down in 24 hours. (But the deinking plant will be using 3.3 million gallons of sewage each day which will be dumped directly into the waters during overflows. Its these emissions that will carry over the entire city in the air and water. In addition to the 3.3 million gallons having been chlorinated, producing chloroforms, these millions will be processed with 1800 tons of recycled paper that already absorbed the chlorine/dioxins. Subjected to the heat, this will be more hazardous than original paper production. (But the proponents state they will not add chlorine. Why should they, the massive substances they use, already have been.

This violates the very purpose of ISTEA AND THE ENVIRONMENT BOND JUST PASSED. To replace Rail Freight makes a mockery of the above. The idea is to convert trucks to rail to clean the Air. Instead 70% of the 96 Acres will provide for noxious use. A former official of USEPA, DOCUMENTED THAT THE 36 ACRES OF DEINKING WILL CREATE THE DEADLY SMALL PARTICULATES OF CARBON MONOXIDE. Add to this the Dioxins, VOCs, hazardous metals to air/water, etc. will continue to make New York City, in default of the Air Quality per the Clean Air Act.

Instead as the Audit indicated there is a "monopoly" of the Rail Freight. Downsizing and placing trailers over New public rail land, so the rail cannot be used by industry, is arrogant and destructive to the economy of the City and in violation of the ISTEA ACT, BY INCREASING NOXIOUS EMISSIONS AND DESTROYING RAIL.

For a major City, to override the regulations for emissions and destroy Rail.....has got to be the most arrogant violation of the Clean Air/ISTEA ACTS.

Governor Pataki announced publicly, this Boondoggle must be looked into immediately as to criminal implications. With the promise made by the Governor's administration as to the Environmental Bond, the Ventures cannot be permitted to destroy Rail and to emit pollutions from the 1800 tons per day of recycled paper and 3.3 million gallons of sewage as described above and per the carbon monoxide report, and endanger the bridge infrastructure of the City, and violate the Floodplains.

The 96 acres of Intermodal Terminal must be preserved for New York City. The report claims 5000 jobs will be created. In six years, the Ventures have created only 11 jobs. They violated their own terms in the lease and irresponsibly withheld remedial environmental clean-up, for near six years. In fact collected rents for their personal profit reaping \$ benefit to have it continued to be polluted. They had no intention to provide the South Track rail as provided in the extended Federal permit. They had no intention to comply with the CEQ ruling for NEPA for cumulative impacts. The New York State Comptrollers Audit revealed that they deliberately sought to keep the Federal Government off this land, and secured overrides in direct impact upon Federal policy and human protection. Not only were they arrogant in restraint of trade, as described in the report "monopoly", (as they placed trailers across the new public tracks so none can use same), but they thwarted regulations by the Federal Government, per the CEQ documented requirements and the Federal Permit extension, and ignored Federal statement, not to build in the floodplains. Their consultants were in close working arrangements with New York State Department of Transportation i.e.: the lease was written by Ventures themselves and they certainly knew that the publicity of using only public sector funds was not their plan. In fact language in the lease that no State funds can be used (Section 8A) was contrived to be misleading as they sought \$millions in free Cash (grants) from Federal and State. The City had applied to the Federal Government (EDA) for funds on behalf of the Ventures. (Moneys supplied by the Federal Government and channeled through a City Agency is understood to be Federal grants.) For example, the Federal New York Prosecutor required Port Authority to appear in Court on a Federal matter as Port Authority receives Federal Funds. And, by the Audit advising they did not want Federal funds, they gave cause that required the City to pay, a mean act to the welfare of the citizens in New York City.

The welfare of New York City must be protected by Upstate as a large percentage of revenue to the State is contributed by the City to the State....yet the City has a huge responsibility for social welfare. In six years, only 11 jobs were created. The 96-acres would generate 5000 jobs per the audit. Although the Ventures believe in Corporate Welfare, it is clear that the line was crossed; and can any administrator now stand up and continue this welfare to the Ventures?

Report fully submitted  
by Joe Frank  
Landmark Studios Inc.

encs:  
2 - James Mytunes 3/8/97  
1 Tape Data Re Statement 2/20/97



# Conrail Deal: Focus Is Now On Job Impact

By CHARLES V. BAGLI

As Conrail formally announced yesterday an agreement to sell the railroad to the CSX Corporation for \$10.3 billion, the chairman of Conrail, David M. LeVan, was negotiating severance packages, bonuses and contract dates.

CSX will now buy Conrail for \$11.5 a share by June 2 and negotiate with the Norfolk Southern Corporation, which had tried a hostile takeover effort, to split Conrail's freight network.

Mr. LeVan, meanwhile, has been negotiating the details of severance packages for 2,600 managers and nonunion employees and bonuses for those who stay with the company during the transition period before the deal gains regulatory approval.

In a speech telecast to Conrail employees on Wednesday Mr. LeVan blamed CSX and its chairman, John Snow, for choosing "not to fight" Norfolk Southern and leaving Conrail no other choice but to agree to be split in two.

But many people in the CSX camp contend that Mr. LeVan failed to realize that his goal of keeping Conrail intact was impossible in the face of opposition from shippers, Federal regulators and port and state officials who were determined to block any merger that left one railroad with a near-monopoly over rail freight in the Northeast.

The exact value of Mr. LeVan's severance package has yet to be determined, although his five-year employment contract is worth an estimated \$15 million, according to people familiar with the talks.

Despite the prospect of severance packages and bonuses, the mood among Conrail employees was grim at Conrail's Philadelphia headquarters and at the company's locomotive and rail car shops.

"While everybody's dancing in the streets at the south end of Manhattan, all of the employees are concerned about their future," said J. M. Brunkenfoer, national legislative director of the United Transportation Union, which represents 10,000 Conrail employees. "A few thousand people will probably lose everything they own."

## THE SAGA OF NEW YORK CITY RAIL FREIGHT CONTINUES:

THE CONRAIL / NORFOLK SOUTHERN BATTLE STARTED IN THE 80'S....THEN CONRAIL WON, MAKING NORFOLK-SOUTHERN AND NEW YORK CITY THE LOSERS. AT THAT TIME NORFOLK SOUTHERN BEGGED TO GIVE NEW YORK CITY THE HARLEM RIVER INTERMODAL TERMINAL ITS OWN CORPORATE DOLLARS OF \$20,000,000. IN ADDITION 'N-S' WOULD RENOVATE N.Y.C. WEST SIDE RAIL LAND, FENCES ETC., AGAIN, WITH THEIR OWN MONEY. (Those benefits would now be worth, upwards to doubling.) BUT THE 2/5/97 STATE COMPTROLLER'S AUDIT, CONFIRMS THAT 'THE VENTURES' ENTITY GAVE SZERO FOR PRIME WATERFRONT, OF 96 ACRES WITH BRAND NEW RAIL THROUGHOUT, PER THE FEDERAL/STATE SIGNED FEIS OF 1982. YET, THE DO NOTHING VENTURES ARE BEING SHOWERED WITH FREE GRANTS THAT COULD AMOUNT TO \$49,500,000. DOES ANYONE KNOW OF A BETTER DEAL? "SEE GOVERNOR GEORGE PATAKI PUBLIC STATEMENT OF 2/20/97".

CONRAIL, THE '80's WINNER, INSTEAD, SOLD OFF HALF ITS RAIL LAND IN THE BRONX. THAT HALF BECAME A MASSIVE GARBAGE DUMP.\* CONRAIL CLAIMED ITS YARD COULD NOT EFFICIENTLY SERVE INTERMODAL. CONRAIL STRONGLY RECOMMENDED THE HARLEM RIVER RAIL YARD, AS THE ONLY VIABLE INTERMODAL TERMINAL IN SIZE AND CONFIGURATION. (\*However, even at that time, the studies provided that all freight rail will be needed, in addition to the 96 acres of Harlem River Intermodal Terminal. Present studies confirm those studies.)

CONRAIL CONSOLIDATED IN NEW JERSEY. NEW YORK CITY INDUSTRY SINCE, HAS LOST SOME \$100,000,000 YEARLY, ADDING COSTS TO NEW JERSEY VIA TRUCKS; AND OTHER COSTS AS IMPACTING AIR QUALITY, HIGHWAY REPAIRS, COSTS TO CONSUMERS, AND GRIDLOCK. (This is contrary to the essence of the Federal Acts...ISTEA'91 AND CAAA'90).

(Continued, next page).

YTD	5Y
18 + 97 + 169	
12 + 09 + 68	
15 - 189 + 127	
4 - 01 + NA	
5 + 07 + 85	
4 + 08 + NA	
1 + 13 + NA	
6 + 51 + 153	
9 + 77 + 187	
8 + 29 + NA	
11 + 14 + 161	
12 + 07 + 67	
10 + 46 + NA	
61 + 09 + 68	
06 + 85 + 148	
01 + 79 +	
01 + 101 + NA	
02 + 05 + 63	
08 + 87 + 137	
12 + 95 + 169	
03 + 12 + NA	
05 + 26 + 150	
03 + 08 + 68	
01 - 08 + 106	
04 + 55 + 118	
03 - 02 + 63	
04 - 01 + 50	
01 + 07 + 50	
03 + 67 + NA	
09 + 73 + NA	
02 + 13 + 110	
03 + 11 + 107	
32 + 55 +	
04 + 43 + NA	
04 + 42 + NA	
04 + 15 + 123	
04 + 15 + NA	
04 + 15 + 114	

WITH THE OAK POINT RAIL LINK COMPLETED, THE HARLEM RIVER INTERMODAL TERMINAL, IS NOT! IT MUST BE PROTECTED AS VENTURES WOULD DESTROY 70% OF THE 96 ACRES FOR ITS PRIVATE PROFIT. (FEIS '82 and ISTE A'91 documented Oak Point Rail Link and Harlem River Intermodal Terminal as one project!)

CSX AND NORFOLK SOUTHERN MUST PROVIDE NEW YORK CITY WITH COMPARABLE FREIGHT RATES AND FIVE DAY SERVICE, AS PROVIDED IN NEW JERSEY. SINCE 2/3rds OF THE AREA POPULATION IS ON THIS SIDE OF THE HUDSON, IT CONFIRMS THE MEDIA REPORTS, THAT THIS IS THE RICHEST MARKET .

IF CONRAIL RAIL CAN BE DIVIDED FOR THE GOOD OF THE NATION, CONTRARY TO THE WISHES OF ITS CEO ETC., THEN THE VENTURES MUST SUBMIT. STATE AUDIT NOTES THAT THEY ARE IN DEFAULT OF THE LEASE, PER THE PRIORITY OF THE INTERMODAL TERMINAL, WITHIN 12 MONTHS OF THE LEASE. (SIGNED NEAR SIX YEARS AGO). INSTEAD THE STATE AUDIT DESCRIBED THEIR "MONOPOLY"; AND FURTHER NOTED THAT THE LEASE WITH LETTER WAS SUBMITTED TO THEN STATE COMPTROLLER, WITH MISREPRESENTATION. (A SECTION 8A IN THE LEASE, (drawn up by the Ventures) ALSO APPEARS MISLEADING. SINCE THEN, THE DO NOTHING VENTURES RECEIVED SMILLIONS FROM FLEET BANK; USING "public land" OF 96 ACRES, WITH NEW RAIL,(about \$30,000,000) AS COLLATERAL FOR THEIR 1994 AND 1996 MORTGAGES WITH FLEET BANK IN ALBANY, NEW YORK, FILED IN THE NYC DEPT. OF FINANCE, BX/ARTHUR AVE.

THE 96 ACRES MUST BE KEPT INTACT FOR THE HARLEM RIVER INTERMODAL TERMINAL FOR THE GOOD OF THE NATION, AS REQUIRED UNDER THE ISTE A ACT OF 1991, "TO PRESERVE PRESENT AND FUTURE USE OF ALL RAIL FREIGHT FOR PROTECTION OF THE PREEMINENCE OF THE UNITED STATES IN THE GLOBAL ECONOMY."..... WORLD TRADE DEMANDS "A TRANSCONTINENTAL RAILROAD... BEING ABLE TO PROVIDE SHIPPERS WITH SEAMLESS, COAST-TO-COAST SERVICE THAT IS MORE PREDICTABLE AND...CHEAPER". "NEW YORK IS CRITICAL HOWEVER, BECAUSE IT IS THE LARGEST MARKET IN THE COUNTRY AND A KEY ENTRY POINT FOR OVERSEAS GOODS ON THEIR WAY TO THE MIDWEST". \$10 BILLIONS FOR EMPHASIS!



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## Transcript

DATE  
TIME  
STATION  
LOCATION  
PROGRAM

February 20, 1997  
7:00-8:00 PM  
WCBS-AM  
New York City  
Ask The Governor

Rich Lamb, host:

Okay. Let's go out to Zee in the Bronx, Governor. Zee, your question for the Governor.

Zee (Caller): Governor Pataki, I'd like to call your very close attention to the destruction of the Harlem River Railyard by a developer who would destroy the rail, which we require for industry in New York City, and also put such pollution, as Chris Whitman has just objected to. It's a very serious report that was put out by the Comptroller. I'd like you to read it. I think you will find that the details are quite sordid and that, really, action should be taken by you.

Governor George Pataki (R-NYS): Zee, I haven't seen the Comptroller's report, but I saw press reports of the Comptroller's report and was very upset by it because what it indicated is tens of millions of dollars spent on nothing.

There was supposed to be I think it's a one point nine rail interconnective spur that never got built after spending tens of millions of dollars, and this was to be New York City's east of Hudson anamodal (Sp.) transportation facility where you could have trucking, rail, and port facilities all in the same connected area and it hasn't worked. And I've requested that we get a copy of that Comptroller's report. We are going to look into it and see what went wrong.

As you know, this was long before I became Governor that all these problems arose, but we still want to get to the bottom of it and move forward in a way that will enhance transportation, enhance the economy in the Bronx and in the entire metropolitan region and hold those who may have been responsible not just of gross negligence but perhaps criminal activity back there in the past accountable. So I'm aware of it, Zee. I have requested that report and we're going to look into it as quickly as we possibly can.

For a videocassette(TV) or audio cassette(radio) of this news segment contact your nearest VMS office.

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Office of the Chairman

4-28-97  
**Surface Transportation Board**  
Washington, D.C. 20423-0001

May 22, 1997

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

Mr. James A. Graham  
Commissioner  
Department of Agriculture  
State of North Carolina  
Raleigh, NC 27611

Dear Commissioner Graham:

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 support for the transaction and request expeditious approval by the Surface Transportation Board (Board).

As you may know, CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. At the applicants' request, the Board has decided to waive its rule in major transactions such as this one requiring applicants to wait at least 3 months following the filing of their notice of intent before filing their actual control application.

Applicants also have requested an expedited procedural schedule. Consistent with established precedent, the Board has sought comments from the public on applicants' proposed schedule. The comment period ended on May 1, 1997, and the Board is in the process of analyzing the comments received before adopting a procedural schedule for the proposed transaction. While I cannot discuss the specific merits of the case itself, I can assure you that the Board will adopt a schedule to provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case.

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

Sincerely,

*Linda J. Morgan*

Linda J. Morgan





State of North Carolina  
Department of Agriculture  
Raleigh

JAMES A. GRAHAM  
COMMISSIONER

April 24, 1997

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
APR 28 6 11 PM '97  
OFFICE OF  
CHAIRMAN MORGAN

Ms. Linda Morgan, Chairperson  
Surface Transportation Board  
1925 K Street, NW, Suite 820  
Washington, DC 20423

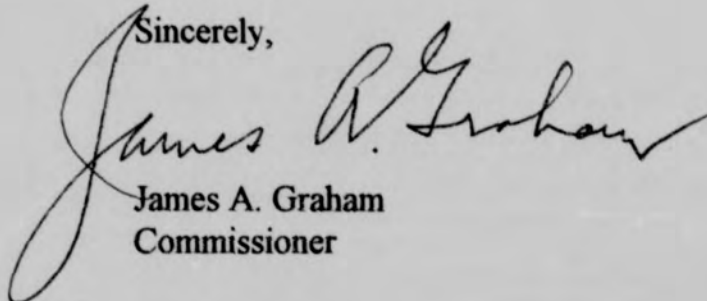
Dear Ms. Morgan:

It is my understanding that Norfolk Southern Corporation and CSX Transportation have filed a petition requesting that the Surface Transportation Board expedite the process to consider their proposed purchase of Conrail. The new rail network developed by both companies should provide improved customer service and an increase in competition with other carriers which is needed as soon as possible. In addition we expect the acquisition to expand the market reach for all agriculturally related products flowing to and from North Carolina.

For these reasons, I would appreciate the Board's prompt consideration and approval of the acquisition application if it is deemed to be in the best interest of the entire public as well as Norfolk Southern and CSXT. If I or any member of my staff can be of assistance to the Board in its deliberations, please do not hesitate to contact me.

Thank you for your consideration.

Sincerely,

  
James A. Graham  
Commissioner



Office of the Chairman

4-28-97  
Surface Transportation Board  
Washington, D.C. 20423-0001

*File in  
Docket  
JD-33388*

May 22, 1997

The Honorable John R. Gregg  
Speaker  
Indiana House of Representatives  
Room 3-2  
200 West Washington Street  
Indianapolis, IN 46204

Dear Speaker Gregg:

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 support for the transaction and request expeditious approval by the Surface Transportation Board (Board).

As you may know, CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. At the applicants' request, the Board has decided to waive its rule in major transactions such as this one requiring applicants to wait at least 3 months following the filing of their notice of intent before filing their actual control application.

Applicants also have requested an expedited procedural schedule. Consistent with established precedent, the Board has sought comments from the public on applicants' proposed schedule. The comment period ended on May 1, 1997, and the Board is in the process of analyzing the comments received before adopting a procedural schedule for the proposed transaction. While I cannot discuss the specific merits of the case itself, I can assure you that the Board will adopt a schedule to provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this 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



**JOHN R. GREGG**

*SPEAKER*

*STATE OF INDIANA*

*HOUSE OF REPRESENTATIVES*

*110TH GENERAL ASSEMBLY*



Room 3-2

200 West Washington Street

Indianapolis, IN 46204

317-232-9628

R.R. 1, Box 51

Sandborn, IN 47578

April 25, 1997

The Honorable Linda Morgan  
Chairwoman  
The Surface Transportation Board  
1201 Constitution Avenue, N.W.  
Washington, D.C. 20423

RE: Finance Docket No. 33388  
Application by CSX and Norfolk Southern to acquire Conrail

Dear Chairwoman Morgan:

It is my understanding that CSX and Norfolk Southern have filed a petition to establish a procedural schedule in the above proceeding that provides for expedited handling of a joint application that will be filed on or before July 10, 1997.

CSX and Norfolk Southern should be able to realize the benefits of this acquisition as soon as possible.

Also, Conrail employee morale will only deteriorate further the longer it takes to render a decision in this case.

I urge you to approve the application for expedited handling of this case.

Sincerely,

A handwritten signature in cursive script, appearing to read "John R. Gregg".

John R. Gregg  
Speaker of the House

JRG:d

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CHAIRMAN MORGAN

## PROKO INDUSTRIES INC.

501 South Foote Street • Cambridge City, Indiana 47327 • (765) 478-3601 ext. 59 • FAX: (765) 478-5740

April 25, 1997

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



Dear Mr. Williams:

FD 33388

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 many 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 the NS and CSX to acquire Conrail. I, Robert C. Waite, declare under penalty of perjury that they forgoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on April 25, 1997.

Sincerely,

A handwritten signature of Robert C. Waite, written in dark ink.

Robert C. Waite  
Chairman & CEO

STB

FD

33388

4-25-97

J

STATES

# State of West Virginia



## CERTIFICATE

I, *Darrell E. Holmes*, Clerk of the Senate of West Virginia do hereby certify that the following and hereto attached instrument is a true and perfect copy of *Senate Resolution No. 33*

*Urging the West Virginia congressional delegation to ascertain all pertinent facts relating to the 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.*

RECEIVED  
SENATE TRANSPORTATION  
APR 25 11 54 AM '97  
OFFICE OF  
CHAIRMAN HORGAN



Given under my hand and  
the Seal of the Senate  
this fourth day of

April

19 97

*Darrell E. Holmes*

Clerk of the Senate

SENATE RESOLUTION NO. 33

(By Senator Tomblin, Mr. President)

Urging the West Virginia congressional delegation to ascertain all pertinent facts relating to the 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.

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

Whereas, 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

Whereas, 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

Whereas, The coal shippers in north central West Virginia that ship on the old B&O rail line, directly employing over two thousand people, directly creating a total of twelve thousand jobs, have annual sales of three hundred million dollars, and pay twelve million dollars in coal severance taxes; and

Whereas, 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

Whereas, 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

Whereas, 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; therefore, be it

Resolved by the Senate:

That the Senate urges Senator Robert C. Byrd, Senator John D. Rockefeller, IV, Representative Nick Rahall, Representative Alan Mollohan and Representative Bob Wise to contact the United States 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 ensure that a level playing field is available to all coal producers; and, be it

Further Resolved, That the Clerk is hereby directed to forward a copy of this resolution to Senator Robert C. Byrd, Senator John D. Rockefeller, IV, Representative Nick Rahall, Representative Alan Mc Representative Bob Wise, the Secretary of the U.S. Department of Transportation and the members of the Surface Transportation Board.





Office of the Chairman

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

*File in  
Docket  
JD-33388*

May 22, 1997

Mr. Darrell E. Holmes  
Clerk  
The Senate of West Virginia  
Building 1, Room M215  
1900 Kanawha Blvd., E.  
Charleston, WV 25305-0800

Dear Mr. Holmes:

Thank you for your letter forwarding the West Virginia Senate Certificate regarding the restructuring of rail freight service in the eastern United States. As you may know, CSX and Norfolk Southern (NS) now have proposed to acquire joint control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. The Certificate expresses concern over potential competitive impacts of the transaction, and urge that the Surface Transportation Board (Board) consider these impacts in its review of the proposal.

CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. Currently, the Board is analyzing comments from the public on a proposed procedural schedule for handling the case once it is filed.

In deciding whether a control transaction such as the one being proposed here is in the public interest, the Board by statute must consider the competitive impacts of the proposed transaction on both a regional and national basis. Let me assure you that the Board will give full consideration to all relevant competitive impacts, as well as the other factors required by statute, in deciding whether to approve the proposed transaction. Because this case is pending before the Board, it would be inappropriate for me to comment further on the specific merits of the matter.

I am having the Certificate 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

LAW OFFICES

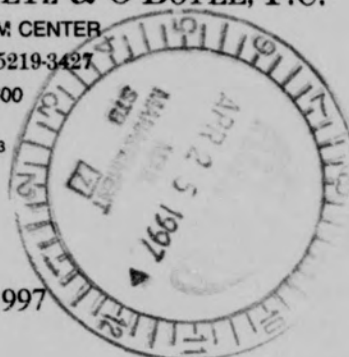
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CHARLES J. STREIFF  
CARL F. MEYER  
LEROY L. METZ, II  
DAVID M. O'BOYLE  
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(412) 261-3783



3001 JACKS RUN ROAD  
WHITE OAK, PA 15131-2507  
(412) 684-4433

April 22, 1997

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  
Docket No. 33388  
Our File: 2452.052

Secretary, Surface Transportation Board  
1201 Constitution Avenue, N.W.  
Washington, D.C. 20423-0001

490

Dear Sir/Madam:

Please place the name of the undersigned representing U.S. Clay Producers Traffic Association, Inc. on the list of parties of record in this proceeding.

Sincerely yours,

WICK, STREIFF, MEYER,  
METZ & O'BOYLE, P.C.

Henry M. Wick, Jr.

HMW\rm

cc: U.S. Clay Producers Traffic Association, Inc.  
24522152.WP

APR 28 1997

ADD TO SERVICE LIST ONLY

LAW OFFICES

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SUSAN L. CHENAU  
JOHN B. OLOU  
DAWN M. RANES  
DEVON W. HILL  
MICHAEL A. PETRUZZI

\*NOT ADMITTED IN D.C.  
\*RESIDENT BRUSSELS

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MICHAEL T. FLOOD, Ph.D.  
ANDREW P. JOVANOVIH, Ph.D.  
ANNA GERGELY

TELECOMMUNICATIONS  
ENGINEER  
RANDALL D. YOUNG

WRITER'S DIRECT ACCESS

April 24, 1997

(202) 434-4144  
Bercovici@khlaw.com

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Zuckert, Scoutt & Rasenberger, L.L.P.  
888 Seventeenth Street, NW  
Washington, DC 20006-3939

Dennis G. Lyons, Esquire  
Arnold & Porter  
555 12<sup>th</sup> Street, NW  
Washington, DC 20004-1202

Paul A. Cunningham, Esquire  
Harkins Cunningham  
1300 Nineteenth Street, NW  
Suite 600  
Washington, DC 20036

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,  
Finance Docket No. 33388

Gentlemen:

With reference to the letter of transmittal dated April 21, 1997, from Mr. Allen to the Surface Transportation Board regarding CSX/NS-5/6/7, and the statement that "beginning April 28, 1997, Applicants will serve only parties who have made an appearance in Finance Docket No. 33388," the purpose of this letter is to request that the undersigned be maintained on the service list for all pleadings, as well as for copies of the control application. Notice(s) of appearance on behalf of authorizing client or clients of the firm will be timely filed. In the meantime, we respectfully request that we continue to receive all submitted pleadings regarding the Conrail transaction, now bearing Finance Docket No. 33388.

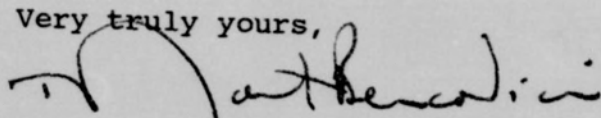


Richard A. Allen, Esquire . . .  
Dennis G. Lyons, Esquire  
Paul A. Cunningham, Esquire  
April 24, 1997  
Page 2

KELLER AND HECKMAN LLP

Your attention to the foregoing is very much appreciated.

Very truly yours,

A handwritten signature in cursive script, appearing to read "M. Bercovici".

Martin W. Bercovici

cc: Vernon A. Williams

STB

FD

33388

4-25-97

J

179476

LEBOEUF, LAMB, GREENE & MACRAE  
L.L.P.

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E-Mail Address: mfmcbride@lglm.com

LOS ANGELES

NEWARK

PITTSBURGH

PORTLAND, OR

SALT LAKE CITY

SAN FRANCISCO

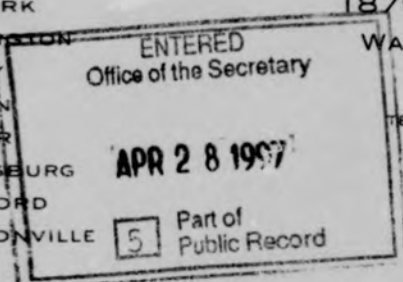
BRUSSELS

MOSCOW

ALMATY

LONDON

(A LONDON-BASED  
MULTINATIONAL PARTNERSHIP)



April 25, 1997

VIA HAND DELIVERY

Mr. Vernon A. Williams, Secretary  
Surface Transportation Board  
1925 K Street, N.W., 7th Floor  
Washington, DC 20423-0001



Re: CSX Corp./Norfolk Southern Corp. -- Control and Operating  
Leases/Agreements -- Conrail: Finance Docket No. 33388

Dear Secretary Williams:

With respect to the April 24, 1997 "Request for Informal Opinion Regarding Voting Trust Agreement" in the above-referenced proceeding, please consider, or we hereby request that the Chairman and Vice Chairman consider, the comments filed on April 16, 1997 by the undersigned on behalf of Atlantic City Electric Company, et al. ("ACE, et al."), and those of "Consumers United for Rail Equity" filed April 18, 1997, in connection with any consideration of the establishment of a voting trust agreement. It is imperative that the Board consider the issues raised in our April 16, 1997 pleading and CURE's pleading before Applicants complete their acquisition of the remaining stock of Conrail.

Respectfully submitted,

*Michael F. McBride*

Michael F. McBride

cc: Paul A. Cunningham, Esq. (via facsimile)  
Dennis G. Lyons, Esq. (via facsimile)  
Richard A. Allen, Esq. (via facsimile)  
All Other Persons on Service List (via mail)

Attorney for American Electric Power  
Service Corporation, Atlantic City Electric  
Company, Delmarva Power & Light  
Company, Indianapolis Power & Light Company,  
and The Ohio Valley Coal Company



STB

FD

33388

4-24-97

J

4-24-97

# State of Indiana



## Indiana General Assembly

HOUSE RESOLUTION No. 33

Introduced by  
Representatives Gary L. Cook, Dean R. Mock, Philip T. Warner, and Richard W. McClain

Adopted by voice vote on April 24, 1997, during the First Regular Session of the 110th General Assembly

A HOUSE RESOLUTION to recommend the approval by the Surface Transportation Board of the joint application of CSX Corporation and Norfolk Southern to acquire and divide the routes and assets of Conrail, Inc.

WHEREAS, CSX and Norfolk Southern propose to acquire all the outstanding shares of Conrail;

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

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

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

THEREFORE, Be it resolved by the House of Representatives of the General Assembly of the State of Indiana:

SECTION 1. That the Indiana House of Representatives urges that the Surface Transportation Board approve the joint application of CSX Corporation and Norfolk Southern to acquire and divide routes and assets.

SECTION 2. That the Principal Clerk of the House of Representatives is directed to transmit copies of this resolution to Mr. Vernon A. Williams, Secretary of the Surface Transportation Board.



*Gary L. Cook*  
Gary L. Cook  
State Representative

*Philip T. Warner*  
Philip T. Warner  
State Representative

*Dean R. Mock*  
Dean R. Mock  
State Representative

*Richard W. McClain*  
Richard W. McClain  
State Representative

*John R. Gregg*  
John R. Gregg  
Speaker of the House

*Matt Pierce*  
Matt Pierce  
Principal Clerk

# THE CALUMITE COMPANY

*Suppliers of Industrial Materials*

BOCA RATON, FLORIDA



April 21, 1997

Vernon A. Williams, Secretary  
Surface Transportation Board  
STB Finance Docket No. 33220  
1201 Constitution Avenue, N.W.  
Washington, D.C. 20423

FD 33388

Re: Support for the joint acquisition of Conrail by CSX Transportation and Norfolk Southern

Dear Secretary Williams:

My name is R. W. Hopkins II. I am president of The Calumite Company, Boca Raton, Florida. My office address is P. O. Box 810006, Boca Raton, FL 33481-0006. I am writing to offer my company's strong support for the proposed joint acquisition of Conrail by CSX transportation and Norfolk Southern and to urge the Board to promptly approve it.

The Calumite Company is a manufacturer and distributor of products used in the glass making industries. We ship bulk products which rely heavily on rail transportation. Calumite has three production facilities in the USA located in Burns Harbor, IN; Middletown, OH and Weirton, WV. We ship our products nationally, consigning approximately 2,000 rail cars per year.

The Calumite Company believes the proposed acquisition of Conrail by CSX and Norfolk Southern would be in our best interest as well as our customers' interests. We strongly urge the Board to approve their acquisition and for the following reasons:

1. The proposed systems will provide more single line routes. This should reduce transit times and offer lower costs. We hope this will translate into better equipment availability and lower freight rates. This would allow Calumite to become more competitive in our markets and extend our reach into new markets.
2. We believe the proposed systems after the acquisition will enable the railroads to better compete with trucks for market share. Living in Boca Raton, which has such dense truck traffic along Interstate 95 and high road construction and maintenance costs, it is easy to see that it would be in the public interest for the railroads to gain more of the truck freight market.

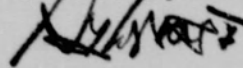


Vernon A. Williams, Secretary  
April 21, 1997  
Page Two of Two

In conclusion, The Calumite Company supports the application of CSX and Norfolk Southern to jointly acquire Conrail and request that the Board approve their plan.

I, R. W. Hopkins 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 21st day of April, 1997.

Very truly yours,



R. W. Hopkins II

RWH/any



179497  
A.J. MAZZARELLA  
GENERAL CHAIRMAN/PRESIDENT  
80 FEBRUARY DR.  
MT. MARGARET EST.  
DUNMORE, PA 18505  
(717) 346-2072

179498  
R.E. WEAVER  
FINANCIAL SECRETARY  
P.O. BOX 6132  
HARRISBURG, PA 17112  
(717) 541-1003



179499  
BRADFORD E. HEDGES  
GENERAL CHAIRMAN  
R.R. #2, BOX 1133  
ALBANY, NY 12015  
(518) 945-2445

CONRAIL/LODGE NO. 201

FD-33388



April 24, 1997

Ms. Nancy Beitter  
Surface Transportation Board  
1925 K Street, NW  
Suite 714  
Washington, DC 20423

Dear Ms. Beitter;

Please add the above officers of this Association to your Service List Mailings (V.I.S.)  
at Docket No. 33220, CXS Filings. This Association has great concern in this matter.

Respectfully;

A.J. Mazzarella  
General Chairman/ President  
United Railway Supervisors Assoc.  
80 February Dr.  
Mt. Margaret Est.  
Dungaree, PA 18505

APR 28 1997

**ADD TO SERVICE LIST ONLY**

cc: file





April 18, 1997

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

179500

Subject: CSX /Norfolk Southern Contract & Operating Agreements re: Conrail  
Finance Docket No. 33388

Dear Secretary Williams:

Please add my name to the service list as a Party of Record for the receipt of all submissions of the parties and all decisions in this proceeding:

R. E. Herrmann  
Manager - Fuels  
Atlantic City Electric Company  
6801 Black Horse Pike  
Egg Harbor Township, NJ 08234

Thank you for your assistance in this matter.

Sincerely,

R. E. Herrmann  
Manager - Fuels

xc: Paul A. Cunningham, Esq.  
Dennis G. Lyons, Esq.  
Richard A. Allen, Esq.

APR 28 1997

**ADD TO SERVICE LIST ONLY**



# DAISHOWA

Daishowa Sales Limited  
Bay Wellington Tower - BCE Place  
181 Bay Street, Suite 1540, P.O. Box 822  
Toronto, Ontario, Canada M5J 2T3

Tel.: (416) 862-5000 Fax.: (416) 862-7051



April 15, 1997

The Honorable Linda J. Morgan  
Chairperson  
Surface Transportation Board  
12th Street & Constitution Ave., N.W.  
Washington, D.C. 20423

FD-33388

Dear Chairperson Morgan:

**Subject: Impact of Conrail Merger on Quebec Newsprint Industry:**  
**Finance Docket Nos. 33220 and 33286**

I am writing on behalf of Daishowa Inc. which is part of the Province of Quebec's \$2.6 billion newsprint industry. Our company and our entire industry face a serious threat from the pending proposals to merge Consolidated Rail Corporation (Conrail) with the other large rail systems in the eastern United States, CSX Transportation (CSX) and Norfolk Southern Corporation (NS). Our concern is that, after such a merger, the successor or successors to Conrail will *unfairly* prefer origins in the U.S. Southeast in order to gain a longer rail haul to destinations in the Northeast, to the detriment of Quebec producers.

We ask that any approval of a Conrail merger be made subject to conditions assuring that efficient routes from Quebec origins will not be foreclosed. In particular, since it now seems likely that U.S. producers will gain "competitive balance" between CSX and NS in reaching the Northeast, we urge that the same type of competitive balance be provided for producers in eastern Canada.

**The U.S. Northeast Is the Primary Market For Quebec's Newsprint Industry**

Daishowa produces newsprint at its mill in Quebec City. Our annual revenues from the production of newsprint are approximately \$400,000,000, and we employ over 1,300 persons in this business.

Overall, the Quebec newsprint industry generates annual revenues of \$2.6 billion. The industry directly employs about 13,000 persons, and indirectly employs another 39,000 persons throughout Canada. Newsprint production is one of Quebec's most vital and successful industries.

The primary market for newsprint produced in Quebec is the U.S. Northeast, principally New York, New Jersey and Pennsylvania. Although we face aggressive competition from other sources of newsprint, Quebec producers currently supply about 30% of the total newsprint consumed in the Northeast. This also represents about 30% of the total Quebec newsprint production, which underscores how important the Northeast market is to Quebec.

Our participation in the Northeast market directly benefits U.S. publishers and consumers, as long as our product can be delivered at a price that reflects the efficiencies of our operations and our proximity to the Northeast market.

#### **Efficient, Fairly-Priced Rail Transportation Is Essential In Supplying the Northeast Market**

The success of Quebec newsprint producers in the U.S. Northeast market today is due primarily to:

- the quality of our product, and our capacity to meet demand; and
- the natural proximity of our plants to the Northeast, which is reflected in lower rail transportation costs from Quebec than from the U.S. Southeast.

A substantial portion of this product moves to the Northeast by rail. Conrail is the delivering carrier on most of this traffic, which moves over CN and/or CP from Quebec mills to the U.S.-Canadian border. The rail mileage to the Northeast from Quebec newsprint producers averages about 800 miles, compared with about 1,100 miles from Southeast producers. This gives Quebec a natural geographic advantage in reaching the Northeast market.

Today, this natural advantage coincides with Conrail's own natural incentive to prefer its long haul on newsprint destined to the Northeast. From its interchange at the U.S.-Canadian border, Conrail's haul is about 540 miles; in contrast, from its interchange with CSX or NS on newsprint originating in the Southeast, Conrail gets a haul of only about 320 miles.

Largely as a result of these geographical differences, rail rates on newsprint to the Northeast market today are somewhat lower from Quebec than from the Southeast.

#### **A Merger Will Change Conrail's Incentive, and Unfairly Threaten Quebec Producers**

Once Conrail merges with either CSX or NS, its incentives will change. The merged carrier, with expanded access to the Southeast, will have a strong incentive to prefer newsprint origins in that region. From the Southeast, the merged railroad will have a long haul of over 1,000 miles to Northeast markets. As a result, there is a substantial risk that the merged railroad will increase rates for Quebec producers and reduce rates for producers in the Southeast.

Recent announcements, suggesting that CSX and NS each will acquire a portion of Conrail, do not eliminate this threat to Quebec newsprint producers and our customers in the Northeast.

First, rather than eliminating the risk that a merged carrier will unfairly prefer a new long-haul opportunity from the Southeast, a CSX-NS settlement apparently will give *both* CSX and NS a new long-haul opportunity from the Southeast.

Second, even though the current settlement discussions suggest that CSX and NS may gain equal access to the Northeast from both the Southeast and the Midwest, *no provision is being made for equal CSX and NS access to the Northeast from eastern Canada*. Under the settlement scenario now being discussed, CSX would acquire Conrail's Buffalo-Syracuse-Albany route (together with the Montreal-Syracuse line), while NS would acquire Conrail's Buffalo-Binghamton route. This means that CN would have a direct connection to CSX at the Montreal gateway, just as it does with Conrail today, but CN's closest direct connection to NS for traffic moving between Quebec and the Northeast would be at Buffalo. The Buffalo gateway would not provide a competitive routing for Quebec newsprint moving to the Northeast. As a result, competitive balance to the Northeast would be achieved from all directions other than the north.

The effects of the proposed merger on the Quebec newsprint industry could be devastating. Instead of enjoying our natural advantage in reaching the important Northeast market, we would be subjected to an artificial disadvantage.

#### Needed Action: Fair Treatment of Quebec Newsprint Industry

Quebec newsprint producers ask only for equitable treatment. We believe in vigorous competition, and we ask only that the competition be fair. Our natural advantage in reaching the Northeast market -- which results from shorter, more efficient routes -- should not be artificially negated by the long-haul incentives of large U.S. rail carriers. Moreover, if a Conrail merger is to provide competitive balance for Southeast producers in the form of direct CSX and NS access to the Northeast, the same type of competitive balance should be provided for Quebec producers, in the form of direct CSX and NS access to CN/CP via an efficient route to the Northeast.

I urge that a Conrail merger transaction be approved only if Quebec shippers are protected by the following simple solution:

- Keep existing rate structure
  - Preserve fair competition, under which existing rail rates paid by Quebec shippers reflect the natural Quebec advantage of proximity to the U.S. Northeast, and do not reflect a post-merger Conrail preference for Southeast origins.
  - Preserve existing CN/CP-Conrail divisions, which are equitable and effectively move Quebec traffic today.

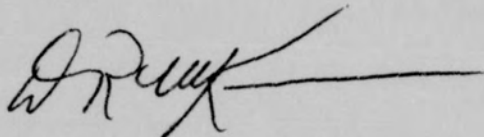
The Honorable Linda J. Morgan  
April 15, 1997

Page 4

- Provide balanced rail competition to NY/NJ markets from both the north and south
  - Today Conrail exclusively serves most newspaper publishers in the Northeast. If, as a result of the merger, both CSX and NS gain access to such points from the south, fairness to Quebec producers requires that both CSX and NS gain competitive access from the north.
  - This can be accomplished very simply by giving CN/CP post-merger access to both Northeast carriers for efficient routings between Quebec and the Northeast.

Thank you for your consideration in this matter.

Sincerely,



D.R. McKinnon  
Vice-President  
Marketing and Distribution

DRM/sai

cc: The Honorable Gus. A. Owen, Vice-Chairman  
Surface Transportation Board

The Honorable Vernon A. Williams, Secretary  
Surface Transportation Board

STB

FD

33388

4-23-97

J

BUSINESS



# WOODHARBOR ASSOCIATES

*Consultants to Management*

April 16, 1997

The Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
1201 Constitution Avenue, N.W.  
Room 2215  
Washington, DC 20423

**APR 23 1997**

**ADD TO SERVICE LIST ONLY**

179315



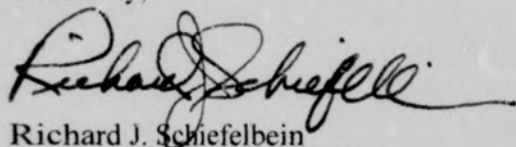
Re: Finance Docket No. 33388  
CSX Corporation and CSX Transportation, Inc.  
Norfolk Southern Corporation and  
Norfolk Southern Railway Company  
-- Control and Operating Leases/Agreements --  
Conrail Inc. and Consolidated Rail Corporation --  
Transfer of Railroad Line by Norfolk Southern  
Railway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

Dear Secretary Williams:

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-captioned Finance Docket No. 33388. My address is as follows:

Richard J. Schiefelbein  
Woodharbor Associates  
7801 Woodharbor Drive  
Fort Worth, TX 76179

Sincerely,

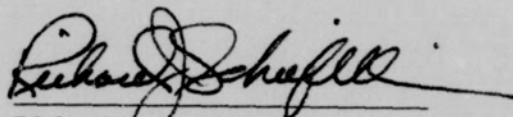
  
Richard J. Schiefelbein



CERTIFICATE OF SERVICE

I hereby certify that a copy of this request has been served by first class mail upon counsel for the Applicants, the Director of the Office of Proceedings, and the Honorable Jacob Leventhal.

Dated at Fort Worth, Texas this 16th day of April, 1997.

A handwritten signature in dark ink, appearing to read "Richard J. Schiefelbein", written over a horizontal line.

Richard J. Schiefelbein  
817-236-6841

STB

FD

33388

4-22-97

J

# State of West Virginia



## CERTIFICATE



I, *Darrell E. Holmes*, Clerk of the Senate of West Virginia do hereby certify that the following and hereto attached instrument is a true and perfect copy of *Senate Resolution No. 33*

*Urging the West Virginia congressional delegation to ascertain all pertinent facts relating to the 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.*



*Given under my hand and the Seal of the Senate this fourth day of*

*April 19 97*

*Darrell E. Holmes*

*Clerk of the Senate*

SENATE RESOLUTION NO. 33

(By Senator Tomblin, Mr. President)

Urging the West Virginia congressional delegation to ascertain all pertinent facts relating to the 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.

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

Whereas, 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

Whereas, 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

Whereas, The coal shippers in north central West Virginia that ship on the old B&O rail line, directly employing over two thousand people, directly creating a total of twelve thousand jobs, have annual sales of three hundred million dollars, and pay twelve million dollars in coal severance taxes; and

Whereas, 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

Whereas, 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

Whereas, 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; therefore, be it

Resolved by the Senate:

That the Senate urges Senator Robert C. Byrd, Senator John D. Rockefeller, IV, Representative Nick Rahall, Representative Alan Mollohan and Representative Bob Wise to contact the United States 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 ensure that a level playing field is available to all coal producers; and, be it

Further Resolved, That the Clerk is hereby directed to forward a copy of this resolution to Senator Robert C. Byrd, Senator John D. Rockefeller, IV, Representative Nick Rahall, Representative Alan Mollohan, Representative Bob Wise, the Secretary of the U.S. Department of Transportation and the members of the Surface Transportation Board.



Office of the Chairman

4-22-97

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

*File in Docket*  
*FD-33388*

May 22, 1997

The Honorable Edward C. Athey  
Mayor  
City of Cumberland  
P.O. Box 1702  
Cumberland, MD 21501-1702

Dear Mayor Athey:

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 support for the transaction and request expeditious approval by the Surface Transportation Board (Board).

As you may know, CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. At the applicants' request, the Board has decided to waive its rule in major transactions such as this one requiring applicants to wait at least 3 months following the filing of their notice of intent before filing their actual control application.

Applicants also have requested an expedited procedural schedule. Consistent with established precedent, the Board has sought comments from the public on applicants' proposed schedule. The comment period ended on May 1, 1997, and the Board is in the process of analyzing the comments received before adopting a procedural schedule for the proposed transaction. While I cannot discuss the specific merits of the case itself, I can assure you that the Board will adopt a schedule to provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this 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 Cumberland

OFFICE OF THE MAYOR  
*Edward C. Athey*

P.O. BOX 1702  
MARYLAND  
21501-1702  
(301) 722-2000  
T.D.D. 1-800-735-2258

April 14, 1997

OFFICE OF  
CHAIRMAN MORGAN

APR 22 11 47 AM '97

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

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

Dear Ms. Morgan:

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 Mayor of Cumberland, I represent the heart of railroad facilities in Western Maryland, where CSX employs 800 people. By increasing the market reach of both Norfolk Southern and CSX, and enhancing their ability to compete with motor carriers for more business, this restructuring promises to benefit shippers and communities throughout the eastern half of the United States. Additional freight moving on CSX will mean railroad freight cars and locomotives coming into CSX's Cumberland 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, balanced proposal expedited consideration and approval.

Sincerely,

*Edward C. Athey*

Edward C. Athey  
Mayor of Cumberland, Maryland

4-22-97  
**DAISHOWA**

Daishowa Sales Limited  
Bay Wellington Tower - BCE Place  
181 Bay Street, Suite 1540, P.O. Box 822  
Toronto, Ontario, Canada M5J 2T3

Tel.: (416) 862-5000 Fax.: (416) 862-7051

April 15, 1997

The Honorable Linda J. Morgan  
Chairperson  
Surface Transportation Board  
12th Street & Constitution Ave., N.W.  
Washington, D.C. 20423

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
APR 22 12:15 PM '97  
OFFICE OF  
CHAIRMAN MORGAN

Dear Chairperson Morgan:

**Subject: Impact of Conrail Merger on Quebec Newsprint Industry:**  
**Finance Docket Nos. 33220 and 33286**

I am writing on behalf of Daishowa Inc. which is part of the Province of Quebec's \$2.6 billion newsprint industry. Our company and our entire industry face a serious threat from the pending proposals to merge Consolidated Rail Corporation (Conrail) with the other large rail systems in the eastern United States, CSX Transportation (CSX) and Norfolk Southern Corporation (NS). Our concern is that, after such a merger, the successor or successors to Conrail will *unfairly* prefer origins in the U.S. Southeast in order to gain a longer rail haul to destinations in the Northeast, to the detriment of Quebec producers.

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#### **Efficient, Fairly-Priced Rail Transportation Is Essential In Supplying the Northeast Market**

The success of Quebec newsprint producers in the U.S. Northeast market today is due primarily to:

- the quality of our product, and our capacity to meet demand; and
- the natural proximity of our plants to the Northeast, which is reflected in lower rail transportation costs from Quebec than from the U.S. Southeast.

A substantial portion of this product moves to the Northeast by rail. Conrail is the delivering carrier on most of this traffic, which moves over CN and/or CP from Quebec mills to the U.S.-Canadian border. The rail mileage to the Northeast from Quebec newsprint producers averages about 800 miles, compared with about 1,100 miles from Southeast producers. This gives Quebec a natural geographic advantage in reaching the Northeast market.

Today, this natural advantage coincides with Conrail's own natural incentive to prefer its long haul on newsprint destined to the Northeast. From its interchange at the U.S.-Canadian border, Conrail's haul is about 540 miles; in contrast, from its interchange with CSX or NS on newsprint originating in the Southeast, Conrail gets a haul of only about 320 miles.

Largely as a result of these geographical differences, rail rates on newsprint to the Northeast market today are somewhat lower from Quebec than from the Southeast.

#### **A Merger Will Change Conrail's Incentive, and Unfairly Threaten Quebec Producers**

Once Conrail merges with either CSX or NS, its incentives will change. The merged carrier, with expanded access to the Southeast, will have a strong incentive to prefer newsprint origins in that region. From the Southeast, the merged railroad will have a long haul of over 1,000 miles to Northeast markets. As a result, there is a substantial risk that the merged railroad will increase rates for Quebec producers and reduce rates for producers in the Southeast.

Recent announcements, suggesting that CSX and NS each will acquire a portion of Conrail, do not eliminate this threat to Quebec newsprint producers and our customers in the Northeast.

First, rather than eliminating the risk that a merged carrier will unfairly prefer a new long-haul opportunity from the Southeast, a CSX-NS settlement apparently will give *both* CSX and NS a new long-haul opportunity from the Southeast.

Second, even though the current settlement discussions suggest that CSX and NS may gain equal access to the Northeast from both the Southeast and the Midwest, *no provision is being made for equal CSX and NS access to the Northeast from eastern Canada*. Under the settlement scenario now being discussed, CSX would acquire Conrail's Buffalo-Syracuse-Albany route (together with the Montreal-Syracuse line), while NS would acquire Conrail's Buffalo-Binghamton route. This means that CN would have a direct connection to CSX at the Montreal gateway, just as it does with Conrail today, but CN's closest direct connection to NS for traffic moving between Quebec and the Northeast would be at Buffalo. The Buffalo gateway would not provide a competitive routing for Quebec newsprint moving to the Northeast. As a result, competitive balance to the Northeast would be achieved from all directions other than the north.

The effects of the proposed merger on the Quebec newsprint industry could be devastating. Instead of enjoying our natural advantage in reaching the important Northeast market, we would be subjected to an artificial disadvantage.

#### Needed Action: Fair Treatment of Quebec Newsprint Industry

Quebec newsprint producers ask only for equitable treatment. We believe in vigorous competition, and we ask only that the competition be fair. Our natural advantage in reaching the Northeast market -- which results from shorter, more efficient routes -- should not be artificially negated by the long-haul incentives of large U.S. rail carriers. Moreover, if a Conrail merger is to provide competitive balance for Southeast producers in the form of direct CSX and NS access to the Northeast, the same type of competitive balance should be provided for Quebec producers, in the form of direct CSX and NS access to CN/CP via an efficient route to the Northeast.

I urge that a Conrail merger transaction be approved only if Quebec shippers are protected by the following simple solution:

- Keep existing rate structure
  - Preserve fair competition, under which existing rail rates paid by Quebec shippers reflect the natural Quebec advantage of proximity to the U.S. Northeast, and do not reflect a post-merger Conrail preference for Southeast origins.
  - Preserve existing CN/CP-Conrail divisions, which are equitable and effectively move Quebec traffic today.



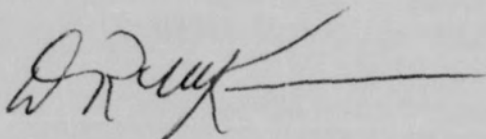
The Honorable Linda J. Morgan  
April 15, 1997

Page 4

- Provide balanced rail competition to NY/NJ markets from both the north and south
  - Today Conrail exclusively serves most newspaper publishers in the Northeast. If, as a result of the merger, both CSX and NS gain access to such points from the south, fairness to Quebec producers requires that both CSX and NS gain competitive access from the north.
  - This can be accomplished very simply by giving CN/CP post-merger access to both Northeast carriers for efficient routings between Quebec and the Northeast.

Thank you for your consideration in this matter.

Sincerely,



D.R. McKinnon  
Vice-President  
Marketing and Distribution

DRM/sai

cc: The Honorable Gus. A. Owen, Vice-Chairman  
Surface Transportation Board

The Honorable Vernon A. Williams, Secretary  
Surface Transportation Board

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4-22-97

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SONNENSCHN EINHATH & ROSENTHAL

1301 K STREET N.W.  
SUITE 600, EAST TOWER  
WASHINGTON, D.C. 20005

April 22, 1997

CHICAGO  
LOS ANGELES  
NEW YORK  
SAN FRANCISCO  
ST. LOUIS



(202) 408-6400  
FACSIMILE  
(202) 408-6399

DIRECT LINE  
(202) 408-6351

**By Hand**

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

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

Dear Secretary Williams:

On April 16, 1997, Canadian National Railway Company filed its Response in Opposition to Petition For Protective Order (CN-5) which responded to applicants' Petition For Protective Order, filed just six days earlier on April 10, 1997 (CSX/NS-3). Also on April 16, 1997, the Board decided and served Decision No. 1, which adopted the protective order proposed by applicants. Decision No. 1 did not reflect any consideration of the important issues raised in the CN Response, and apparently had been voted before the CN Response was received.

Yesterday, in pleadings styled Petition For Leave to File (CSX/NS-6) and Consolidated Reply (CSX/NS-7), applicants sought to defend the terms of the protective order as issued, and suggested that the Board might treat the earlier CN Response (CN-5) as a request for clarification or reconsideration.

Please be advised that CN reserves the right to file a formal petition seeking reconsideration and/or clarification of Decision No. 1 within the time allowed under the Board's rules.

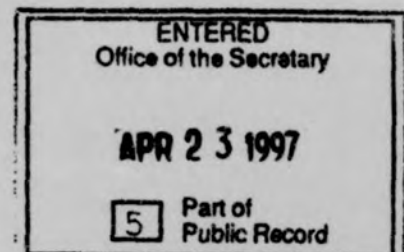
Kindly stamp the enclosed additional copy of this letter at the time of filing and return it to our messenger.

Sincerely yours,

L. John Osborn

**Enclosures**

cc: Director David M. Konschnik  
Administrative Law Judge Leventhal  
Counsel for applicants



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4-21-97

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1019406

LAW OFFICES

**ZUCKERT SCOUTT & RASENBERGER, L.L.P.**

888 SEVENTEENTH STREET, N.W.  
WASHINGTON, D.C. 20006-3939  
TELEPHONE : (202) 298-8660  
FACSIMILES: (202) 342-0683  
(202) 342-1316



RICHARD A. ALLEN

April 21, 1997

Via Hand Delivery

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, Finance Docket No. 33388

Dear Secretary Williams:

Enclosed for filing is an original and twenty five copies of three documents:

- 1) CSX/NS-5, Clarification of the Applicants' Notice of Intent to File Railroad Control Application;
- 2) CSX/NS-6, Petition for Leave to Reply to CN-5, Canadian National Railway Company's Response in Opposition to Petition for Waiver of Three-Month Notice Requirement, CN-5, Canadian National Railway Company's Response in Opposition to Petition for Protective Order, and Reply in Opposition to Petition for Waiver and to Petition for Protective Order of Atlantic City Electric Company, Delmarva Power & Light Company, Indianapolis Power & Light Company, and The Ohio Valley Coal Company; and
- 3) CSX/NS-7, Applicants' Consolidated Reply to CN-5, Canadian National Railway Company's Response in Opposition to Petition for Waiver of Three-Month Notice Requirement, CN-5, Canadian National Railway Company's Response in Opposition to Petition for Protective Order, and Reply in Opposition to Petition for Waiver and to Petition for Protective Order of Atlantic City Electric Company, Delmarva Power & Light Company,

ZUCKERT, SCOUTT & RASENBERGER, L.L.P.

The Honorable Vernon A. Williams  
April 21, 1997  
Page -2-

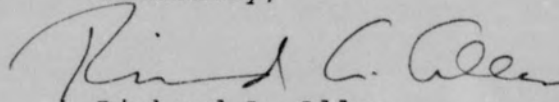
Indianapolis Power & Light Company, and The Ohio Valley  
Coal Company.

Also enclosed is a 3 1/2" computer disk containing the filing in  
Wordperfect 5.1 format, which is capable of being read by  
Wordperfect for Windows 7.0.

Applicants are serving this pleading, as they have served  
all other pleadings in Finance Docket No. 33388, on all parties  
that have made an appearance in any of Finance Docket No. 33220,  
Finance Docket No. 33286, or Finance Docket No. 33388, and  
Applicants will continue to do so until April 28, 1997. In light  
of the Board's decision of April 17, 1997 discontinuing Finance  
Docket Nos 33220 and 33286, beginning April 28, 1997, Applicants  
will serve only persons who have made an appearance in Finance  
Docket No. 33388.

Should you have any questions regarding this, please call.

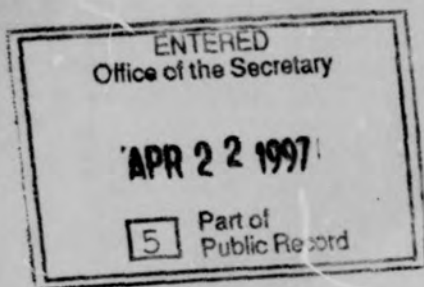
Sincerely,



Richard A. Allen

Enclosure

179406



BEFORE THE  
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 33388



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

CLARIFICATION OF NOTICE OF INTENT  
TO FILE RAILROAD CONTROL APPLICATION

On April 10, 1997, CSX Corporation ("CSXC"), CSX Transportation, Inc. ("CSXT"),<sup>1/</sup> Norfolk Southern Corporation ("NSC"), Norfolk Southern Railway Company ("NSRC")<sup>2/</sup> and Conrail, Inc. ("CRI") and Consolidated Rail Corporation ("CRC")<sup>3/</sup> filed a notice of intent to file a railroad merger application for Board authorization under 49 U.S.C. §§ 11323-25 for (a) the acquisition of control by CSX and NS, of Conrail Inc., which is to be jointly owned by CSXC and NSC, by and through a special purpose limited liability company ("LLC") and LLC's wholly-owned subsidiary, Green Acquisition Corporation ("Acquisition"), and (b) as soon as practicable after the authorization and exercise of such

<sup>1/</sup> CSXC and CSXT are referred to collectively as "CSX."

<sup>2/</sup> NSC and NSRC are referred to collectively as "NS."

<sup>3/</sup> CRI and CRC are referred to collectively as "Conrail." CSX, NS and Conrail are referred to collectively as the "Applicants."



control, the division of Conrail's assets into (i) assets which will be the subject of separate long-term operating agreements, operating leases or other operating arrangements with CSX and NS, (ii) other assets which will be separately owned by CSX and NS, and (iii) those which will continue to be held by CRI and CRC or their subsidiaries and operated for Conrail's account for the benefit of NS and CSX. See CSX/NS-1, Notice of Intent to File Railroad Control Application, Finance Docket No. 33388, filed April 10, 1997 ("Notice"). As explained in the Notice, CSX and NS intend to file a joint application relating to their joint acquisition of control and subsequent division and separate operation of Conrail, the long-term operating agreements, operating leases and other operating arrangements, and other matters related thereto.

Applicants wish to clarify that as part of the transaction contemplated by the Applicants, the NSRC line that runs between Fort Wayne, Indiana and Chicago, Illinois, will be transferred to CRC or a newly-created subsidiary of CRC in a like-kind exchange for CRC's Chicago South/Illinois Lines (the Streator Line). CRC or a newly-created subsidiary of CRC, as the case may be, will in turn make the former NSRC Fort Wayne to Chicago line available to CSX, together with the other lines identified in the schedule to the Notice as to be assigned to CSX, under a long-term operating agreement, operating lease or other operating arrangement.

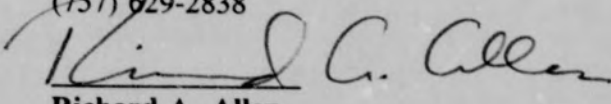
The described like-kind exchange is integral to, and an inseparable part of, the overall division of Conrail assets between those to be assigned to CSX, those assigned to NS, and those which will be shared. This like-kind exchange is not a "related application" as that



term is used in 49 C.F.R. § 1180.4(c)(2)(vi). This like-kind exchange should be reviewed in Finance Docket No. 33388, and not as part of a separate or even related docket.

Respectfully submitted,

**James C. Bishop, Jr.**  
**William C. Wooldridge**  
**J. Gary Lane**  
**James L. Howe III**  
**Robert J. Cooney**  
**George A. Aspatore**  
Norfolk Southern Corporation  
Three Commercial Place  
Norfolk, VA 23510-9241  
(757) 629-2838



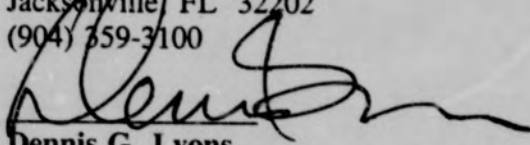
**Richard A. Allen**  
**James A. Calderwood**  
**Andrew R. Plump**  
**John V. Edwards**  
Zuckert, Scoutt & Rasenberger, LLP  
888 Seventeenth Street, N.W.  
Suite 600  
Washington, D.C. 20006-3939  
(202) 298-8660

**John M. Nannes**  
**Scot B. Hutchins**  
Skadden, Arps, Slate, Meagher  
& Flom LLP  
1440 New York Ave., N.W.  
Washington, D.C. 20005-2111  
(202) 371-7400

Counsel for Norfolk Southern  
Corporation and Norfolk Southern  
Railway Company

**Mark G. Aron**  
**Peter J. Shudtz**  
CSX Corporation  
One James Center  
902 East Cary Street  
Richmond, VA 23129  
(804) 782-1400

**P. Michael Giftos**  
**Paul R. Hitchcock**  
CSX Transportation, Inc.  
500 Water Street  
Speed Code J-120  
Jacksonville, FL 32202  
(904) 359-3100

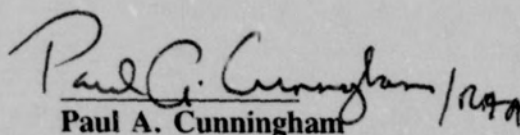


**Dennis G. Lyons**  
**Richard L. Rosen**  
**Paul T. Denis**  
Arnold & Porter  
555 12th Street, N.W.  
Washington, D.C. 20004-1202  
(202) 942-5000

**Samuel M. Sipe, Jr.**  
**Timothy M. Walsh**  
Steptoe & Johnson LLP  
1330 Connecticut Avenue  
Washington, D.C. 20036-1795  
(202) 429-3000

Counsel for CSX Corporation  
and CSX Transportation, Inc.

Timothy T. O'Toole  
Constance L. Abrams  
Consolidated Rail Corporation  
Two Commerce Square  
2001 Market Street  
Philadelphia, PA 19103  
(215) 209-4000

Handwritten signature of Paul A. Cunningham in cursive script, followed by a small mark that appears to be "1/29/97".

Paul A. Cunningham  
Harkins Cunningham  
1300 Nineteenth Street, N.W.  
Suite 600  
Washington, D.C. 20036  
(202) 973-7600

Counsel for Conrail Inc. and Consolidated  
Rail Corporation

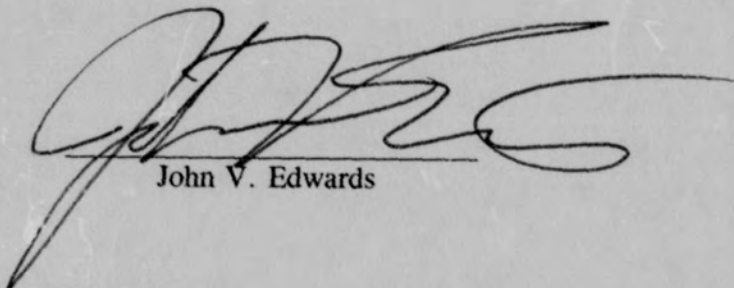
April 21, 1997

CERTIFICATE OF SERVICE

I, John V. Edwards, certify that on April 18, 1997 I have caused to be served a true and correct copy of the foregoing CSX/NS-5, Clarification of the Applicants' Notice of Intent to File Railroad Control Application, on all parties that have appeared in Docket No. 33286, Finance Docket No. 33220 and Finance Docket No. 33388, by first class mail, postage prepaid, or by more expeditious means, and by hand delivery on the following:

The Honorable Jacob Leventhal  
Administrative Law Judge  
Federal Energy Commission  
Office of Hearings  
825 North Capitol Street, N.E.  
Washington, D.C. 20426

Dated: April 21, 1997



John V. Edwards

STB

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4-21-97

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4-21

SURFACE TRANSPORTATION BOARD  
Office of Economics, Environmental Analysis, and Administration

MEMORANDUM

TO : Ellen Keys  
Office of the Secretary

FROM : Vicki Rutson  
Section of Environmental Analysis

SUBJECT : Service List Addition

Please add the following names to the service list in Finance  
Docket No. 33388:

William Dickerson -179485  
Director  
NEPA Compliance Division  
Office of Federal Activities  
United States Environmental Protection Agency  
401 M Street, S.W. (2252A)  
Washington, D.C. 20460

Ray Clark 179486  
Executive Office of the President  
Council on Environmental Quality  
Washington, D.C. 20503

cc: Files

APR 21 1997  
ADD TO SERVICE LIST ONLY

W. W. WHITEHURST & ASSOCIATES, INC.

ECONOMIC CONSULTANTS

12421 HAPPY HOLLOW ROAD  
COCKEYSVILLE, MARYLAND 21030

PHONE (410) 252-2422

April 11, 1997

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

APR 21 1997

60784  
**ADD TO SERVICE LIST ONLY**

Dear Sirs:

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 decisions in STB Finance Docket No. 33388: CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company - Control and Operating Lease/Agreements - Conrail, Inc. and Consolidated Rail Corporation - Transfer of Railroad Line by Norfolk Southern Railway Company to CSX Transportation, Inc.

The address to use is the one which appears on this letterhead. Please advise if you require any further information.

Very truly yours,

*William W. Whitehurst Jr.*

William W. Whitehurst, Jr.

WWW:rtp

OFFICE OF SECRETARY  
APR 16 3 27 PM '97  
RECEIVED  
SURFACE TRANSPORTATION  
BOARD



STB

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4-18-97

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GOV ✓



STATE OF NEW JERSEY  
DEPARTMENT OF TRANSPORTATION

1035 PARKWAY AVENUE

CN 601

TRENTON, N.J. 08625-0601

609-530-1588

APR 21 1997

**ADD TO SERVICE LIST ONLY**

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

Dear Secretary Williams:

179488



The New Jersey Department of Transportation, desires to be placed on the service list as a party of record in Finance Docket No. 33388,

CSX Corporation and CSX Transportation Inc.  
Norfolk Southern Corporation and Norfolk Southern Railway Co.  
Control and Operating Lease/Agreements  
Conrail, Inc. and Consolidated Rail Corporation  
Transfer of Railroad Line by  
Norfolk Southern Railway Company to  
CSX Transportation, Inc.

Correspondence and notifications in this matter should be addressed as follows:

Mr. Theodore H. Matthews, Manager  
Bureau of Ports, Terminals and Freight Services  
New Jersey Department of Transportation  
1035 Parkway Avenue  
CN-600  
Trenton, NJ 08625

Please stamp a duplicate original of this letter and return it to me in the enclosed stamped self-addressed envelope. Thank you.

Sincerely,

John J. Haley,  
Commissioner

Enclosure

STB

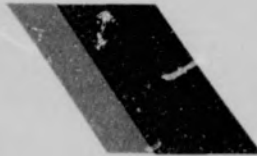
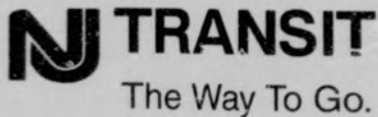
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4-17-97

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BUSINESS



April 11, 1997

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

Dear Secretary Williams:

New Jersey Transit Rail Operations, Inc., on behalf of itself and its parent New Jersey Transit Corporation (collectively NJTRO), desires to be placed on the service list as a party of record in Finance Docket No. 33388,

CSX Corporation and CSX Transportation, Inc.,  
Norfolk Southern Corporation and Norfolk Southern Railway Co. —  
Control and Operating Lease/Agreements —  
Conrail, Inc. and Consolidated Rail Corporation —  
Transfer of Railroad Line by  
Norfolk Southern Railway Company to  
CSX Transportation, Inc.

Correspondence and notifications in this matter should be addressed as follows:

Mr. G. W. Herkner, Jr. -179040  
Director, Rail Contract Administration  
NJ Transit Rail Operations  
One Penn Plaza East  
Newark, N. J. 07105-2246

Please stamp a duplicate original of this letter and return it to me in the enclosed stamped self-addressed envelope. Thank you.

Sincerely,

G. W. Herkner, Jr.  
Director  
Rail Contract Administration

Enclosure

APR 21 1997

**ADD TO SERVICE LIST ONLY**

One Penn Plaza East, Newark NJ 07105-2246 (201) 491-7000

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4-15-97

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C/T/ES



Office of the Chairman

4-15-97  
Surface Transportation Board  
Washington, D.C. 20423-0001

File in  
Docket  
FD-33388

May 22, 1997

Mr. Bernard L. Loar  
President  
County Commissioners of Allegany County  
701 Kelly Road  
Suite 405  
Cumberland, MD 21502-3401

Dear President Loar:

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 support for the transaction and request expeditious approval by the Surface Transportation Board (Board).

As you may know, CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. At the applicants' request, the Board has decided to waive its rule in major transactions such as this one requiring applicants to wait at least 3 months following the filing of their notice of intent before filing their actual control application.

Applicants also have requested an expedited procedural schedule. Consistent with established precedent, the Board has sought comments from the public on applicants' proposed schedule. The comment period ended on May 1, 1997, and the Board is in the process of analyzing the comments received before adopting a procedural schedule for the proposed transaction. While I cannot discuss the specific merits of the case itself, I can assure you that the Board will adopt a schedule to provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this 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





Office of the Chairman

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

May 22, 1997

Mr. Dale R. Lewis  
Commissioner  
County Commissioners of Allegany County  
701 Kelly Road  
Suite 405  
Cumberland, MD 21502-3401

Dear Commissioner Lewis:

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 support for the transaction and request expeditious approval by the Surface Transportation Board (Board).

As you may know, CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. At the applicants' request, the Board has decided to waive its rule in major transactions such as this one requiring applicants to wait at least 3 months following the filing of their notice of intent before filing their actual control application.

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

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan



Office of the Chairman

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

May 22, 1997

Mr. Arthur T. Bond  
Commissioner  
County Commissioners of Allegany County  
701 Kelly Road  
Suite 405  
Cumberland, MD 21502-3401

Dear Commissioner Bond:

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 support for the transaction and request expeditious approval by the Surface Transportation Board (Board).

As you may know, CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. At the applicants' request, the Board has decided to waive its rule in major transactions such as this one requiring applicants to wait at least 3 months following the filing of their notice of intent before filing their actual control application.

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

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan

# County Commissioners of ALLEGANY COUNTY



**Bernard L. Loar**, President  
**Dale R. Lewis**, Commissioner  
**Arthur T. Bond**, Commissioner

**Barry A. Burton**, County Administrator  
**Carol A. Gaffney**, Clerk  
**William M. Rudd**, County Attorney

April 8, 1997

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

Dear M's. Morgan:

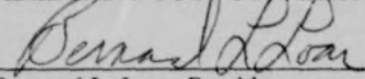
We are writing to express our strong support for the restructuring of the Northeast rail system based on the pending partition of Conrail's lines between CSX and Norfolk Southern.

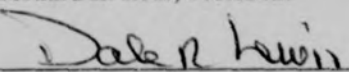
As County Commissioners of Allegany County, Maryland, we represent the heart of railroad facilities in Western Maryland where CSX employs 800 people. By increasing the market reach of both NS and CSX, and enhancing their ability to compete with motor carriers for more business, this restructuring promises to benefit shippers and communities throughout the eastern half of the United States. Additional freight moving on CSX will mean railroad freight cars and locomotives coming to CSX's Cumberland shops for repair and maintenance. This bodes well for local employment and our regional economy.

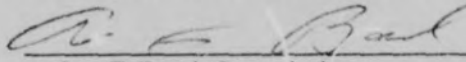
We urge the Surface Transportation Board to give this pro-competitive, balanced proposal expedited consideration and approval.

Sincerely,

COUNTY COMMISSIONERS OF  
ALLEGANY COUNTY, MARYLAND

  
Bernard L. Loar, President

  
Dale R. Lewis, Commissioner

  
Arthur T. Bond, Commissioner

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
APR 15 10 39 AM '97  
OFFICE OF  
CHAIRMAN MORGAN

STB

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33388

4-11-97

J

BUSINESS

March 25, 1997

Surface Transportation Board  
1925 K St. Rm 713  
Washington DC 20423



To Whom It May Concern:

The United Railway Supervisors Association represents the Agreement Supervisors in the Maintenance of Equipment, Maintenance of Way, Personal Injury Claims Agents and Communications and Signal Departments on Conrail. There are approximately 750 active members working on Conrail. I am a General Chairman of the Association. Due to the fact that this Organization does not belong to the AFL-CIO, I fear that we may be lost in the CSX/Conrail merger. I am requesting to be placed on the service list for the CSX/Conrail merger.

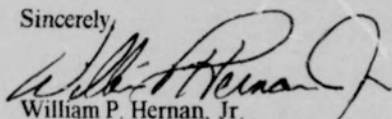
My Name and Address are listed below:

William P. Hernan, Jr.  
General Chairman U.R.S.A.  
P.O.Box 180  
Hilliard, Ohio 43026-0180

179415

Thank you for your assistance in this matter.

Sincerely,

  
William P. Hernan, Jr.  
General Chairman U.R.S.A.

STB

FD

33388

4-9-97

J

MOCMI



JAMES A. BARCIA  
5TH DISTRICT, MICHIGAN

2419 RAYBURN HOB  
WASHINGTON, DC 20515-2205  
TELEPHONE (202) 225-8171  
E-MAIL ADDRESS:  
JBARCIA@HR.HOUSE.GOV

COMMITTEE ON SCIENCE  
COMMITTEE ON TRANSPORTATION  
AND INFRASTRUCTURE

# Congress of the United States

House of Representatives

Washington, DC 20515-2205

March 24, 1997

The Honorable Linda J. Morgan  
Chairman  
Surface Transportation Board  
Room 4126  
12th & Constitution Avenue, NW  
Washington, D.C. 20423

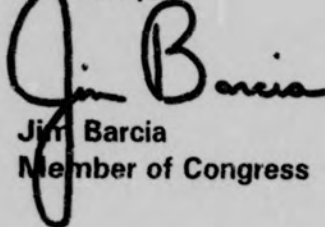
Dear Chairman Morgan:

I forwarded the enclosed constituent inquiry to your office for a reply on February 3, 1997.

While I understand the volume of correspondence that you must be getting on the matter of Conrail's merger with CSX and/or Norfolk Southern, I would appreciate your forwarding the earliest possible reply so that I might be able to provide the information that Mr. Miller seeks. Mergers in the rail industry are a matter of tremendous concern to the employees and customers of these and other railroads in my district. They must plan their actions subsequent to any action by the STB in order to protect their interests.

Thank you in advance for your consideration of the urgency of this matter. I will, of course, provide any information that you may need in meeting this request.

Sincerely,

  
Jim Barcia  
Member of Congress

JB:jdf

DISTRICT OFFICE:  
503 N. EUCLID  
SUITE 11  
BAY CITY, MI 48706  
TELEPHONE: (517) 667-0003

DISTRICT OFFICE:  
5408 PIERSON ROAD  
FLUSHING, MI 48433  
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DISTRICT OFFICE:  
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SUITE 502  
SAGINAW, MI 48607  
TELEPHONE: (517) 754-6075

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
APR 9 2 09 PM '97  
OFFICE OF  
CHAIRMAN MORGAN

Congressman James Barcia  
250 Rayburn House Office Building  
Washington, DC 20510

3288 Arbutus Drive  
Saginaw, MI 48603-1986  
January 26, 1997

Dear Congressman Barcia.

I am writing to express my views on the proposed merger of the CSX Corporation and Conrail, two of the principal railroad companies operating in the eastern U.S. As you no doubt are aware CSX has made an offer to purchase Conrail. Norfolk Southern Corporation, another major railway company, has made what appears to be a higher offer, but has had difficulty dealing with Conrail on that offer because of clauses in the original agreement with CSX. I am concerned about the manner in which this matter is being carried out by the managements of CSX and Conrail, in apparent disregard of the fact that it is the shareholders, not management, who own Conrail. Frankly, I am also concerned about the desirability of permitting Conrail to merge with either CSX or Norfolk Southern because of the prospect of further limiting competition among rail service providers in the eastern U.S.

My concerns with the handling of the proposed merger concern certain agreements concluded between Conrail management and CSX which require so-called break up payments if Conrail merges with any other company prior to 1999. Unfortunately, such agreements have become commonplace in today's mergers and acquisitions. In this case they were upheld by a federal judge in Philadelphia and by the Surface Transportation Board. This, in my view, constitutes an illegal and unfair constraint upon the true owners of the company, the shareholders. Certainly, in today's financial markets there is, I feel, an undue emphasis on "enhancing shareholder value" to the neglect of other constituencies with similarly valid claims on every company - namely its employees and most importantly its customers. Without the customers there is no need for the employees and no value for the shareholders. However, in this case the management of Conrail and CSX have grossly flouted the rights of the owners of the property. Actions, such as these so-called break up payments should be illegal. They are an abuse of management prerogatives and shareholder's funds.

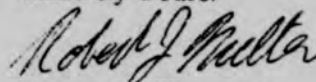
I am also concerned about the terms of the CSX offer. It is what is known as a two-tiered offer in which those holders who tender for the first 40 percent of Conrail's outstanding shares will receive \$ 110 in cash. The remaining shares would be purchase for CSX stock, which may have a higher or lower value ( currently lower) depending on market conditions. This stratagem is frequently employed to persuade shareholders to tender to the first part of an offer to get cash, and often a slightly higher price. This arm twisting type of tactic has no place in a free market. If one wishes to make an offer for a firm let them offer all holders the same terms. Norfolk Southern's offer is \$ 115 in cash for all Conrail shares. Although I would prefer that neither company were permitted to acquire Conrail at least Norfolk Southern's offer is fair to all holders. Fortunately, shareholders in a recent vote sent Conrail's management a very clear message that they were not pleased with the terms of the offer, and would not amend Conrail's bylaws to permit CSX to proceed with the purchase of a second 20% interest.

This brings me to what I believe is a much more important point than the terms of the proposed acquisition. That is the issue of the impact on competition among rail service providers in the eastern U.S. Conrail is already the dominant carrier in the northeastern U.S. CSX, Norfolk Southern and Conrail compete in much of the north central U.S., east of the Mississippi, while CSX and Norfolk Southern compete with one another across the southeast. In the western U.S. only two principal rail lines remain - Union Pacific and Burlington Northern Santa Fe, both the result of recent mergers authorized by the Surface Transportation Board despite obvious negative impact on rail competition. Today, there are only 5 large railroads in the U.S., with several large so-called regional lines operating in various parts of the country. However, none of these regional lines can provide the distant connections required by many cross-country and long distance shippers. If Conrail merges with one of its two current suitors, or is split among them as has been suggested by the chair of the STB, we will be left with four. Speculation is already rampant that once a deal is done in this case the survivors will wed themselves, one to UP and the other to BNSF creating coast to coast systems. However desirable that might be from a marketing perspective, from a competitive perspective two or four is too small a number.

Congress began the deregulation of the railroads with the Staggers Act in the early 1980's. That was a particularly appropriate action as the railroads at that time represented very weak competition for truckers, and our transportation system likely could not have supported the huge boom in imports and exports we have witnessed in the last decade and a half. However, in my opinion the Surface Transportation Board, which recently replaced the Interstate Commerce Commission has been an unmitigated disaster in promoting competition in the rail industry. It has permitted the anti-competitive merger of Burlington Northern with Santa Fe and the purchase of Southern Pacific by Union Pacific leaving only 2 large rail systems in the west. I am loathe to suggest that Congress reregulate the railroads for that would be an even worse disaster, however the current system is patently not preserving competition.

Large users of rail service - e.g. power plants, grain elevators, etc. cannot easily relocate to take advantage of another carrier's service. So-called trackage rights provide some, limited alternative, but pale in comparison to the ability to locate the next generator, flour mill, etc. on another road's line instead of the current provider. This second possibility is extremely limited, if not altogether eliminated when we have so few railroads. The Surface Transportation Board should act immediately to put an end to the proposed merger of Conrail into CSX, and to undo the anti-competitive mergers it has permitted in the west. Then it should begin to look at assuring at least minimum levels of competition to assure that businesses have rail service alternatives.

Sincerely Yours.

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

Robert J. Miller CFA



Office of the Chairman

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

*JD-33388*

May 22, 1997

The Honorable James A. Barcia  
U.S. House of Representatives  
Washington, D.C. 20515-2205

Dear Congressman Barcia:

Thank you for your letter forwarding correspondence from your constituent, Robert J. Miller, regarding the restructuring of rail freight service in the eastern United States. We have no record of receiving the earlier correspondence which you reference. I hope that the following is responsive to your concerns.

As you may know, CSX and Norfolk Southern (NS) now have proposed to acquire joint control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. Your constituent expresses concern over potential competitive impacts of the transaction, and urge that the Surface Transportation Board (Board) consider these impacts in its review of the proposal.

CSX, NS, and Conrail have filed a notice of intent to file their control transaction with the Board on or before July 10, 1997. The proceeding is docketed at the Board as STB Finance Docket No. 33388. Currently, the Board is analyzing comments from the public on a proposed procedural schedule for handling the case once it is filed.

In deciding whether a control transaction such as the one being proposed here is in the public interest, the Board by statute must consider the competitive impacts of the proposed transaction on both a regional and national basis. Let me assure you that the Board will give full consideration to all relevant competitive impacts, as well as the other factors required by statute, in deciding whether to approve the proposed transaction. Because this case is pending before the Board, it would be inappropriate for me to comment further on the specific merits of the matter.

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

Sincerely,

*Linda J. Morgan*  
Linda J. Morgan