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JACK QUINN
30TH DISTRICT, NEW YORK

COMMITTEES:

TRANSPORTATION AND INFRASTRUCTURE
CHAIRMAN, SUBCOMMITTEE ON RAILROADS
SUBCOMMITTEE ON AVIATION
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

VETERANS' AFFAIRS
SUBCOMMITTEE ON BENEFITS

CHAIRMAN, NORTHEAST MIDWEST COALITION
CHAIRMAN, STEEL CALICUS EXECUTIVE COMMITTEE



Congress of the United States

House of Representatives
Washington, D.C. 20515-3230

PLEASE RESPOND TO:

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August 17, 2001

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

**Re: Finance Docket No. 33388; CSX Corp. and CSX Transp., Inc.;
Norfolk Southern Corp. and Norfolk Southern Ry. Co. – Control and
Operating Leases/Agreements – Conrail Inc. and Consol. Rail Corp.**

Dear Chairman Morgan:

The Railroad Subcommittee of the House of Representatives Committee on Transportation and Infrastructure has worked diligently to compile comprehensive information requested during our hearing on July 16, 2001, regarding Norfolk Southern's proposed closure of the Hollidaysburg, PA car shops.

At the hearing, several Members of the Committee requested that Mr. David Goode, Chairman, President and CEO of Norfolk Southern, provide some additional information in writing. Those requests were transmitted to Mr. Goode on July 26, 2001 (copy of request letter attached). I am forwarding a copy of Mr. Goode's responses to the Board for its consideration.

Thank you for your attention to this matter, and if you need any additional information, please do not hesitate to contact me.

Sincerely,

Jack Quinn, M.C.
Chairman
Subcommittee on Railroads

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R.S

JACK QUINN

30TH DISTRICT, NEW YORK

COMMITTEES:

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CHAIRMAN, NORTHEAST MIDWEST COALITION
CHAIRMAN, STEEL CAUCUS EXECUTIVE COMMITTEE



Congress of the United States

House of Representatives

Washington, D.C. 20515-3230

July 26, 2001

PLEASE RESPOND TO:

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

Dear Mr. Goode:

I appreciate your testifying before the Subcommittee on Railroads on July 16, 2001.

As you will recall, several Members requested that you provide additional information. In particular, they requested the following:

- A copy of any costing study performed by NS or at NS's request, including the underlying data, that shows that the Hollidaysburg Car Shops are not profitable; and
- Any operating comparisons of the shops at Hollidaysburg, Pennsylvania, Macedonia, Ohio, Decatur, Illinois, and Williamson, West Virginia.

In addition, the Members asked that you respond to a few questions. First, NS has stated that it must close the shop because of changed economic conditions. The general downturn in the economy, however, seems to have occurred after NS first announced its intentions to close the shops. Please explain what economic factors NS relies on to support its economic conditions justification for the proposed closing of the Hollidaysburg Car Shops.

Second, you stated that NS has invested more than \$3 million in the Hollidaysburg shops, but footnote 7 of Decision 186 states that "NS acknowledges that it has not made the anticipated \$4 million expenditure for 'material handling improvements' at the Hollidaysburg Car Shops." Which is correct?

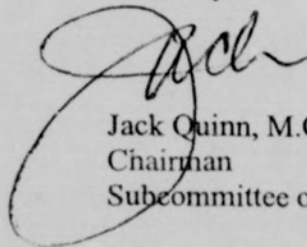
Third, Mr. Lutton and Mr. Maslanka claim that NS had ten signed deals for car repair work on 4000-5000 cars and another eight deals pending at the time that NS announced the proposed closing of the Hollidaysburg Car Shops. They further assert that NS directed these cars away from Hollidaysburg or even redirected cars already at the Hollidaysburg Car Shops. Please explain whether these statements are true and whether NS has redirected work away from Hollidaysburg.

Fourth, NS has posted openings for 156 positions, but there are more than 380 employees at the Hollidaysburg Car Shops. When will NS post openings for the at least 236 other positions required for "each and every Hollidaysburg agreement employee [to] have the opportunity for continued NS employment?"

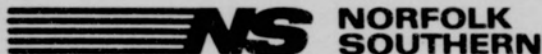
Finally, NS stated in its June 25, 2001 filing with the STB that transferring employees will be "automatically certified for *New York Dock* income protection for up to six years." Does this mean that NS will guarantee that if it later lays off a Hollidaysburg employee who accepted a transfer, for reasons unrelated to the Conrail proceeding, the employee will still get New York Dock benefits?

I look forward to your responses to these questions. To include your responses in the printed hearing record, please transmit them to the Subcommittee by August 14, 2001.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Quinn", is written over a large, loopy circular flourish.

Jack Quinn, M.C.
Chairman
Subcommittee on Railroads



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

August 13, 2001

**The Honorable Jack Quinn
Chairman, Subcommittee on Railroads
Committee on Transportation and Infrastructure
United States House of Representatives
Washington, D.C. 20515-3230**

Jack
Dear Congressman Quinn:

Thank you for the opportunity to provide you the additional information requested in your letter of July 26, 2001 concerning the closure of the Hollidaysburg Car Shops.

I value the opportunity to provide additional data and hope that the attached Response fully addresses the inquiries in your letter.

Sincerely,

A handwritten signature in dark ink, appearing to be "D. Goode", written in a cursive style.

Attachment

Response of Norfolk Southern to Inquiries Concerning the Closure of the Hollidaysburg Car Shops

This responds to inquiries contained in Congressman Jack Quinn's July 26, 2001 letter concerning the closure of the Hollidaysburg Car Shops ("Hollidaysburg"). References to documents submitted to the U.S. Surface Transportation Board ("STB") are to documents submitted in Finance Docket No. 33388 by either Norfolk Southern ("NS"), on the one hand, or jointly by certain Unions and the Commonwealth of Pennsylvania (collectively to be referred to as the "Joint Petitioners"), on the other hand. Where relevant or helpful, copies of the referenced documents are attached. A reference to the "Operating Plan" is a reference to a part of the Conrail Control application submitted to the STB in June 1997.

Requested Studies

Members of the Subcommittee requested a copy of any costing study performed by NS or at NS' request that shows that Hollidaysburg is not profitable. In documents submitted to the STB, the Joint Petitioners claimed that Hollidaysburg was profitable. In response, NS performed a special, modified profit/loss study solely for the purpose of responding to that allegation (modified to assign a value to the work performed on the NS fleet and to reflect this value as a credit just as revenues from insourcing work performed for others is reflected as a credit). This study was submitted to the STB on April 17, 2001 (attached as Exhibit A). The Joint Petitioners raised certain questions with regard to this profit/loss study, so NS clarified the study in a submission to the STB on July 27, 2001 (attached as Exhibit B).

NS does not typically have the ability to perform this type of study on its car repair facilities. NS has prepared no other such studies. NS is not able to perform this type of study for any of the other car repair shops because its accounting system does not separately allocate costs to other car repair facilities. Only Hollidaysburg, in part because of its size and Hollidaysburg's role as NS' primary insourcing car repair facility, is a separate cost center within the NS accounting system.

Operating Comparisons

Members of the Subcommittee also request any operating comparisons of the shops at Hollidaysburg, Macedonia (OH), Decatur (IL), and Williamson (WV). There are no existing operating comparison studies. I do note, however, that both separately and considered together the shops at Macedonia, Ohio, Decatur, Illinois and Williamson, West Virginia are substantially smaller than Hollidaysburg.

Basis of the Closure Decision

Congressman Quinn's letter inquires as to the economic factors that justify the proposed closing of the Hollidaysburg Car Shops. A wide range of business, operational and economic factors influenced the decision to close Hollidaysburg. For example, many

of the assumptions that formed an underpinning for the NS Operating Plan in the Conrail Proceeding have not been borne out. Rather than expand the NS fleet as anticipated in the Operating Plan, we have contracted it, in part in the face of lower-than-expected traffic levels. There has been a significant reduction in export coal volumes, and a dramatic increase in the price of diesel fuel. The experience NS has gained in operating the expanded system and the marketing and economic realities faced since June 1, 1999 have forced NS to take a very detailed look at all aspects of the operations and economics. Further, although NS has aggressively sought and been successful in bringing in insourcing work, not enough has developed – or is likely to develop – to justify maintaining Hollidaysburg, particularly in light of excess capacity NS now has at other, smaller, car repair facilities on the system. In general, however, NS has had to right-size the entire physical plant (not only the car repair facilities) to accommodate the business, operational and economic conditions in which it now finds itself. The closure of Hollidaysburg is only one of the many initiatives NS has taken to do so.

Investment in Hollidaysburg

Congressman Quinn's letter asks how the \$3 million investment discussed at the July 16 hearing relates to the \$4 million investment in material handling improvements discussed in the NS Operating Plan. There is no direct relationship. As stated in filings with the STB, NS has not made the particular investment discussed in the NS Operating Plan. That investment, which was scheduled for 2002, would not have made a material difference in the ability of NS to procure new insourcing work or the decision to close the facility. NS, on the one hand, and Conrail on the other hand, have spent substantial other amounts at and around the Hollidaysburg Shop for machinery, material handling and environmental remediation that total substantially in excess of the \$3 million cited by Mr. Goode.

Claims as to Redirection of Work

Congressman Quinn's letter notes that Mr. Lutton and Mr. Maslanka claim that NS had ten signed deals for car repair work on 4000-5000 cars and another eight deals pending at the time that NS announced the proposed closing of Hollidaysburg, but that we redirected these cars away from Hollidaysburg. Mr. Lutton and Mr. Maslanka apparently relied on the testimony of Mr. Joseph Letcher that was submitted to the STB on July 16, the same day as the Railroad Subcommittee's hearing in Altoona. Mr. Letcher's testimony contains nearly identical claims, but those claims are simply wrong. Much of the work detailed by Mr. Letcher actually was performed at Hollidaysburg. NS demonstrated that in the July 27 submission to the STB, and particularly in the joint verified statement of Mr. Veron, NS' Director Insourcing, and Mr. Ricciardi, the General Manager for Hollidaysburg (the "Veron/Ricciardi JVS," attached as Exhibit C).

Congressman Quinn's letter also asked whether NS has redirected work away from Hollidaysburg. As noted in NS' July 27 submission to the STB (Veron/Ricciardi JVS at 10), NS agreed to permit a valued customer (GATX) to move twenty-four (24) cars (of 73 in the project) from our production schedule to that of a Pennsylvania

competitor. This was done in order to accelerate the conversion project beyond the project schedule. Nonetheless, NS created a majority of the material for these conversions. In addition, in line with the pending closure of the facility, CSX and NS agreed that CSX will no longer need to send car repair traffic to Hollidaysburg under an agreement whereby CSX was to send cars to Hollidaysburg for repair during the three years following the Conrail transaction.

Job Postings

Congressman Quinn's letter asks "when will NS post openings" so that "each and every Hollidaysburg employee [will] have the opportunity for continued NS employment." As stated in NS' submissions to the STB, every agreement employee desiring to transfer will be provided an opportunity for continued employment with NS. It is NS' intention, through the Implementing Agreement(s) (which will detail the process of notifying employees of job abolishments and opportunities to bid on transferred jobs), to advertise all positions through a bulletin posted at least 15 days prior to Hollidaysburg job abolishments.

New York Dock Benefits

The final question in Congressman Quinn's letter concerns certification for *New York Dock* benefits. In its June 25, 2001 STB filing NS stated:

"Previously negotiated agreements provide for relocation benefits in excess of those called for in *New York Dock*. Those agreements also provide for transferring employees represented by three of the labor organizations (IBB, NCFO and IBEW) to be automatically certified for *New York Dock* income protection for up to six years. If negotiated settlements are reached, NS would be willing to certify employees represented by the other shopcraft unions who transfer as a result of the Hollidaysburg transaction." (NS 84 at 15)

The NS position in labor negotiations has been that, if negotiated agreements are reached, NS would certify employees represented by the other shopcraft unions who transfer as a result of the Hollidaysburg transaction. That is, employees who transfer would be entitled to *New York Dock* protection, and would get that protection (for up to six years) if they are subsequently laid off (or have their earnings reduced). By being "certified", the employees are relieved of the burden of demonstrating causation and are entitled to dismissal or displacement allowances if furloughed or if they suffer a diminution of earnings during the protective period. Of course, those employees would still be required to exercise seniority (or, in the case of furlough, accept certain comparable employment) as required by *New York Dock*. Almost all of the Hollidaysburg employees have more than six years service (only a handful do not) and thus almost all transferring employees would be eligible for protection for the maximum six year period provided by *New York Dock*.

VERIFIED STATEMENT OF

ROBERT H. BELVIN

My name is Robert H. Belvin. I am submitting this verified statement in support of Norfolk Southern's response to the Petition several unions and the Commonwealth of Pennsylvania filed on March 28, 2001, in Finance Docket No. 33388. Specifically, I will address the claim found in the Declaration of TWU Local 2017 President T. D. Lutton, designated as "Union's Exhibit No. 16" to that Petition, that implies that the Hollidaysburg Shops are profitable. In my statement, I will demonstrate that this simply is not correct, and that the Shops, in fact, cost Norfolk Southern a significant amount to keep open.

I received my B.S. in Business Administration in 1974 from University of North Carolina - Chapel Hill, and my Masters of Business Administration from The College of William and Mary in Williamsburg, Virginia in 1976. I became a Certified Public Accountant in 1990. I began my career with Norfolk Southern nearly 25 years ago in the Engineering - Maintenance of Way - Budgeting and Planning section of the Financial Planning Department. I spent 12 years in the Cost Department. When I left that department, my title was Manager - Profit Analysis. I have held my current position of Manager - Budget Planning and Operations since March 1, 2000.

In his verified statement, Mr. Lutton discusses several contracts for work that Norfolk Southern performs for others at the Hollidaysburg Shops. (This work is commonly referred to as "insourcing" work.) He then makes the unsupported claim that this work "produced a net profit for NSR in an amount as high as \$1 million." If by this claim Mr. Lutton is implying that the Hollidaysburg Shops made a profit in calendar year

2000 as a result of the insourcing work Norfolk Southern was able to bring to the shops, then this is incorrect and completely ignores many of the costs reasonably allocable to the facility.

If the Hollidaysburg shops were considered a stand-alone facility, by any reasonable definition of profit and loss, they have not operated at a profit. In fact the shops have operated at a substantial loss since Day One. For year 2000, the only year for which I have complete numbers, they operated at a loss of at least \$6,824,211. (As I explain below, this is a very conservative figure.)

Mr. Lutton may have looked at whether the insourcing work netted for Norfolk Southern more than the marginal cost of producing that work. As can be seen in the attached statement, Exhibit 1, that clearly is the case. But from that fact no one can reasonably state or imply that the Hollidaysburg Shops are "profitable". One also must look at the cost of producing the work performed for Norfolk Southern at the Shops, at the general direct costs required to maintain the shops but not allocable to a particular project, and, on the revenue side, the value of the work done on the Norfolk Southern fleet.

I put together a profit/loss statement, which I attach hereto as Exhibit 1. I was very conservative in my calculations. For example, Pennsylvania Lines LLC ("PRR") actually owns the Hollidaysburg Shops, and Norfolk Southern only operates them. Norfolk Southern pays to PRR a fair market rental for the PRR lines and facilities it uses, including shops. The portion of this rental payment reasonably allocable to the Hollidaysburg Shops is over \$500,000. I did not include that expense in Exhibit 1. The bottom line in Exhibit 1 is \$6,824,211 in losses for calendar year 2000.

With only a few exceptions, Exhibit 1 is fairly self-explanatory. The first section sets forth revenues from insourcing sales together with the cost (labor, material and other expenses) required to produce these revenues.

The second section sets forth the labor costs for employees at the shops. (I note that this does not include all the wages for work associated with the shops – such as the wages and fringes for the Director Insourcing, David Veron, and those working for him.) In this section are two line items that should be noted: 1) “Capital programs” and 2) “Insourcing projects”. These two items are costs that produce a directly associated “revenue.”¹ As a result, they are also counted as revenues under “Billable, Insourcing and Capital Program Work in Process Credits.”

The next section sets forth the costs for materials used at the shops. Some of the material reflected in this section was used during year 2000 to produce components and other items that are in turn returned to inventory. Therefore, the value of that produced inventory (in labor, material and other expenses required to produce this inventory) is also included as revenue under “Inventory Credit.”

The next section sets forth the costs for other expenses directly associated with the Shops. The “other expenses” directly associated with insourcing projects is added back in under “Insourcing Work in Process Credits,” because eventually that will be recouped from others.

¹ The costs set forth in “Capital programs” will result in a corresponding increase in the value of the capital items produced. The costs set forth in “Insourcing projects” are costs for insourcing projects in process that will eventually be recouped from others.

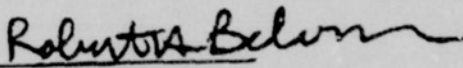
In the line entitled "Work performed on NS fleet", I add back in the value of the work done at the Hollidaysburg Shops on the Norfolk Southern fleet. I understand that Hollidaysburg Shops employees spent 130,860.87 hours working on the Norfolk Southern fleet during year 2000. This produced a "value" of \$9,106,617, using the AAR billing rate (I am told that for 2000 the rate was \$69.59 per hour). I used the AAR billing rate in order to be conservative. This is higher than the per-hour rates that Norfolk Southern negotiated for all of the year 2000 insourcing contracts reflected in the Exhibit.

This means that the work performed on the Norfolk Southern fleet cost \$9,477,980 more to produce than the value received, when one assigns to that Norfolk Southern fleet work all of the costs of the shops not allocated to the insourcing effort. The insourcing work contributed \$2,653,769 to the bottom line. In sum, netting out all of the costs and all of the revenues, Norfolk Southern lost \$6,824,211 during year 2000 by operating the Hollidaysburg shops, despite the substantial insourcing efforts.

VERIFICATION

I, Robert H. Belvin, verify under penalty of perjury that I am Manager - Budget Planning and Operations, that I have read the foregoing document and know its contents, and that the same is true and correct to the best of my knowledge and belief

Executed on April 17, 2001.


Robert H. Belvin

Hollidaysburg

Year 2000

Insourcing Sales	\$ 10,267,266
Insourcing Cost of Goods Sold	(7,613,497)
Insourcing Contribution	<u>2,653,769</u>
Labor:	
Car expense programs	(230,779)
Billable (including fringe allocation)	(3,595)
Shop expense	(3,431,020)
Shop machinery repair	(1,182,905)
Freight car repairs	(2,474,963)
Inventory production	(661,818)
Capital programs (including fringe allocation)	(1,890,163)
Insourcing projects (including fringe allocation)	(4,144,472)
All other labor	(3,321,660)
Fringe allocation (excl. Capital, Insourcing & Billable)	(6,785,339)
Subtotal	<u>(24,132,714)</u>
Billable, Insourcing and Capital Program Work in Process Credits	6,038,230
Total Expense Labor	<u>(18,094,484)</u>
Material:	
Car expense programs	(479,326)
Billable	-
Shop expense	(198,055)
Shop machinery repair	(408,094)
Freight car repairs	(1,786,802)
Inventory production	(3,747,816)
Capital programs (1)	-
Insourcing projects	(6,463,595)
All other material	(726,310)
Subtotal	<u>(13,809,998)</u>
Insourcing Work in Process Credits	6,463,595
Inventory credit	6,400,104
Total Expense Material	<u>(946,299)</u>
Other Expenses:	
Insourcing projects	(95,514)
Freight car repair	(21)
Shop expense	(80,242)
Shop machinery repair	(12,278)
All other expenses	(1,334,753)
Subtotal	<u>(1,522,808)</u>
Insourcing Work in Process Credits	95,514
Total Expense Other	<u>(1,427,294)</u>
Overhead expenses allocated to Insourcing Cost of Goods Sold	1,883,480
Work performed on NS fleet (2)	<u>9,106,617</u>
Total Pre-tax Income (Expense)	<u>\$ (6,824,211)</u>

(1) Capital material is not captured by shop location

(2) Valued at AAR billing rates for the year 2000

SUPPLEMENTAL VERIFIED STATEMENT OF

ROBERT H. BELVIN

My name is Robert H. Belvin. I am Manager – Budget Planning and Operations of Norfolk Southern Corporation. I am submitting this supplemental verified statement in support of Norfolk Southern's reply to the "Reply of Various Unions and the Commonwealth of Pennsylvania to Norfolk Southern Corporation's Response to Decision No. 186" filed on July 16, 2001.

I previously submitted a verified statement dated April 17, 2001 in support of Norfolk Southern's response (NS-79) to the initial petition of the unions and Pennsylvania concerning the Hollidaysburg car repair shops (the "Shops"). In that statement I showed that the unions' witness, Thomas Lutton, was incorrect in stating that the Shops have been operating at a profit. In fact, if the Shops were considered as a stand-alone facility, my very conservative estimate was that "the shops have operated at a substantial loss since Day One. For the year 2000, the only year for which I have complete numbers, they operated at a loss of at least \$6,824,211." I attached a summary of my calculations as Exhibit 1 to my statement.

I am submitting this supplemental statement to respond to statements in the petitioners' July 16, 2001 reply that dispute or question the calculations in my previous statement.

Specifically, the reply states Reply at 27-28):

Indeed the calculation supplied by NS contains numerous classifications that are unexplained and earnings that are discounted. 9/

9/ For example, NS has deducted \$7,613,497 from its earnings on insourcing for labor and other costs, but NS has also cited \$4,144,472 as labor costs attributable to insourcing, NS appears to have counted labor costs for insourcing twice. And NS has identified a cost of \$2,474,963 for labor for "freight car repairs," but then it also identified a labor cost of \$1,890,163 for capital programs, \$3,431,020 for shop labor expenses, and another \$3,321,660 for "all other labor". Since NS already accounted for insourcing labor costs and shop

labor expenses, it is not clear what the separate labor costs are for freight car repairs, capital programs and all other labor; nor is it clear what is included in all other labor at \$3,321,660.

Although I believe my previous statement did explain the various classifications, I will explain them further in this statement and will show that there was no double counting of labor or any other costs.¹

My previous Exhibit 1 was intended to explain my calculation of the Shops' losses in 2000 in a reasonably understandable format by identifying the various categories of the Shops' revenues, credits and expenses. It does not double count any expense.

Exhibit 1 begins by looking at the total contribution to the Shops from Insourcing. This contribution, \$2,653,769, consists of total revenues from Insourcing Sales - \$10,267,266 minus the \$7,613,497 variable costs to produce that insourcing work, Insourcing Costs of Goods Sold. The \$7,613,497 includes the labor component of the insourcing work - \$4,144,472.

Exhibit 1 then lists all of the categories of labor expenses. One of those is "Insourcing projects (including fringe allocation)." The amount for this category (\$4,144,472) is the *same* amount included as the labor component in the Insourcing Costs of Goods Sold, but as I explain below, I "reverse out" or credit this same amount to avoid double counting of this expense.

The listing of labor expenses also includes "Billable (including fringe allocation)" (\$3,595) and "Capital programs (including fringe allocation)" (\$1,890,163). Each of these expenses, as well as the insourcing labor, insourcing materials and insourcing other expenses, produces a directly associated benefit. Therefore, I added these expenses back in as a credit under the category "Billable, Insourcing and Capital Program Work in Process Credits" to ensure

¹ I note that petitioners' reply to NS-79, filed on May 9, 2001, raised none of these issues. If it had, I would have submitted this statement with NS-84, NS' response to Decision No. 186.

that the benefit was reflected, and to ensure that no expense was double counted. The total labor credit listed, \$6,038,230, is the sum of \$4,144,472 ("Insourcing Projects (including fringe allocation)") and \$3,595 ("Billable (including fringe allocation)") and \$1,890,163 ("Capital programs (including fringe allocation)").

Petitioners also state in footnote 9 that it is not clear what are the various labor costs identified in my Exhibit 1 other than insourcing labor costs. These are all distinct categories of labor costs incurred by the Shops in the year 2000 that cannot be attributed directly to the insourcing work. "Freight car repairs" (\$2,474,963) are labor costs incurred in repairing NS cars. "Capital programs (including fringe allocation)" (\$1,890,163) are expenditures for work on freight cars that are capitalized as a result of extending the useful lives of the cars. "Shop expense" (\$3,431,020) are the costs of employees in the shops not assigned to specific car repair positions, for example, material handling personnel and personnel involved in cleaning the Shops. "All other labor" includes a variety of other labor costs that cannot be assigned to specific car repair work, such as vacation costs, costs of attending meetings, general supervision costs and costs of repairing the shops themselves.

VERIFICATION

I, Robert H. Belvin, verify under penalty of perjury, that I am Manager – Budget Planning and Operations, that I have read the foregoing Supplemental Verified Statement of Robert H. Belvin and know its contents, and that the same is true and correct to the best of my knowledge and belief.

Executed on July 25 2001

Robert H. Belvin

Robert H. Belvin

**Joint Verified Statement of
David L. Veron and Michael A. Ricciardi**

We are David L. Veron, Director Insourcing of Norfolk Southern Corporation ("NS") and Michael A. Ricciardi, Hollidaysburg Car Shops General Superintendent since April 1994, first with Conrail and then with NS.

As discussed in the verified statement submitted with NS-79, I, Dave Veron, am in charge of all efforts to obtain business from other railroads and other companies (known as "insourcing") for all NS mechanical facilities. I have held that position since July 1999. My educational and employment background has been set forth in my earlier verified statement.

I, Michael Ricciardi, graduated from the Penn State Management Program in 1989 and Darden School of Business Administration in 1994 (Manufacturing Management). I began my railroad career in 1976 as a Carman with Conrail, and I have held various management positions for the past 23 years including Division Superintendent (two different divisions).

We are submitting this Joint Verified Statement in response to several matters discussed by Joseph Letcher in his Declaration, submitted with the Reply of Various Unions and the Commonwealth of Pennsylvania to Norfolk Southern Corporation's Response to Decision No. 186. Although we do not address every matter discussed by Mr. Letcher, we do address many of the most glaring errors that pervade that declaration. When appropriate, we will indicate in this Joint Verified Statement where a particular statement is made by one, but not both, of us.

Mr. Letcher's Declaration suggests that NS management has turned work away from the Shops and that numerous potential insourcing projects were pending that would

have kept the Shops operational at current employment levels beyond 2002. With respect to work that Mr. Letcher claims was scheduled in the Shops that NS subsequently "turned away" (Mr. Letcher's Table 1), we submit documentary evidence (much of which Mr. Letcher helped prepare) that demonstrates that many of Mr. Letcher's claims are completely wrong. We cannot submit the same kind of documentary evidence with respect to work only discussed or proposed, but which did not result in a contract or business deal (the proposals Mr. Lutton originally claimed were commitments and further those set forth in Mr. Letcher's Table 2), because these unconcluded proposals rarely result in formal documentation when the proposal is dropped. With regard to these proposals, we (the two individuals most directly responsible for insourcing at the Shops) do submit, however, what documentary evidence is available and relate in detail what the proposals were and when they were under consideration (one dates back to 1999). The fact is that, contrary to Mr. Letcher's assertions, these proposals did not comprise a mass of work that NS would have secured.

Programs That Were Completed At The Shops

Mr. Letcher presents in his "Table 1 - Scheduled Insourcing Work for 4th Quarter of Year 2000 into Year 2001" a list of eight programs concerning which he asserts:

Outlined below is a schedule of insourcing projects which were scheduled in the shops beginning the 4th quarter of 2000, any number of which could have begun in year 2000 had there been sufficient manpower in the shops. The programs outlined in Table 1 above were all scheduled in for the shops with preparations being made to order materials. Many of these programs could have been performed, at a substantial profit in the shops during year 2000, but were held back due to insufficient staffing in the shops, then ultimately turned away by Norfolk Southern.

Declaration ¶ 8. That is false. In fact, *six of these eight programs were not turned away, but were scheduled, performed and completed* in the last quarter of 2000 and first two quarters of 2001. These six programs and the documentation evidencing their completion are discussed below.

The second item on Mr. Letcher's Table 1 of work available to NS, "CSX Box Car - Heavy Repair Program - 333 cars," was completed in the 4th quarter of 2000. We attach as Exhibit 1 various production summaries prepared by the Shops. On the second page of the December 1, 2000 Hollidaysburg Car Shop Daily Production Summary, under the "Insourcing" Subheading, is a listing for "CSXT Box Cars." The document demonstrates that 350 cars were completed by December 1 for the CSX Box Car - Heavy Repair Program.

The fourth item on Mr. Letcher's Table 1 refers to "CCX (4300) Wood Chip Gondola Program - 150 cars." This appears in the "GPSX - Wood Sided - Blue" row of the Insourcing Table of the Daily Production Sheets in Exhibit 1. The cars covered by this project have been sited at Hollidaysburg since well before Split Date. GATX rejected the original proposal for repair of these cars, and instead asked us to store the cars for them until GATX found a need for the cars that would justify the repair cost. That need arose and in February work began, based upon a revised repair proposal. GATX asked us not to perform the work on the final 10 cars because it could not find a customer for those particular cars.

The fifth item on Mr. Letcher's Table 1 refers to a "Rail Trust Covered Hopper Car Program" for 25 cars. The program covered only 20 - not 25 - cars. The October 2,

2000 Hollidaysburg Car Shop Daily Production Summary (contained in Exhibit 1) demonstrates that by the end of September 2000 all of these cars were completed.

The sixth item on Mr. Letcher's Table 1 is "Greenbrier Quad Hopper Modification Program - 100 cars." This program consisted of converting 100 Greenbrier quad hopper (4 pocket) cars to 3 pocket hopper cars. As is evident from the March 1, 2001 Hollidaysburg Car Shop Daily Production Summary set forth in Exhibit 1, the program was completed in February, 2001 (the relevant entry is listed under "Greenbrier OT Hopper - FEC").

The seventh item on Mr. Letcher's Table 1 is "Greenbrier Quad Hopper Heavy Repair Program - 75 cars." There was no such program. If Mr. Letcher intended to refer to the Greenbrier Light Hopper Car Program, the fact is that 73 cars were repaired in that program, as reflected in the November 1, 2000 Hollidaysburg Car Shop Daily Production Summary, found in Exhibit 1.

The eighth item listed is "GCCX Hood Program - 160 Hoods." As is evident from the April 2, 2001 Hollidaysburg Car Shop Daily Production Summary, the bulk of the 166 hoods produced under this program (158) were produced by the beginning of April 2001, and, as reflected in the June 1, 2001 Hollidaysburg Car Shop Daily Production Summary, the job was completed in May (the relevant entry is listed under "GATX Covers Built").

Of the eight programs listed by Mr. Letcher in Table 1, only two have not been completed; in neither case was the program held back because of insufficient staffing, as Mr. Letcher incorrectly asserts. One of these, the "Open Top Hopper Fastener Replacement Program," is a long-term (at least 4 years), ongoing program to replace

fasteners on cars owned by Conrail (operated by NS) and constructed by Johnstown America. NS is performing the replacement work for Johnstown America. To date, work has been completed on 2,140 of the 2,400 cars involved. The remaining 260 cars (of the 2,400 total to have been done), have been used to fill in the gaps of scheduled, larger programs that we have performed for other insourcing customers. The eighth program listed – the “CSX Aggregate Rebody Program” – was not performed not because of insufficient staffing but because of the announced closure of the Shops.

Mr. Letcher also claims that each of the programs listed in his Table 1 “would generate a substantial profit for the shops.” Declaration ¶ 9. All insourcing programs were billed in a way as to contribute to the bottom line financially, but because the Shops run at such a low capacity, the contribution of these programs did not provide nearly enough of a contribution to offset the enormous cost of the excess shop capacity.

Agreement for New Hires

Mr. Letcher claims that TWU Local 2017 had negotiated a reduced rate agreement for new hires. Declaration ¶ 9. In his verified statement, Tony Licate addresses the specifics of this agreement, and demonstrates that Mr. Letcher simply is wrong when he states that “Norfolk Southern management, not the organization, backed out of the agreement.” But Mr. Letcher also states that this agreement “would have resulted in even substantially higher profits on these insourcing programs.” He further claims that we asked for additional employees and that we were turned down. On both of these points, I, Mike Ricciardi, attest that Mr. Letcher is wrong.

We did not seek new employees, despite Mr. Letcher’s claim to the contrary. Instead, an inquiry was made to senior management in October, 2000 as to whether

existing employees furloughed at Roanoke were to be transferred to Hollidaysburg. We did have a sufficient number of employees at the Shops at that time, and were merely making the inquiry to determine whether we would have to absorb more. The Roanoke employees were not to be transferred. With regard to the proposed agreement for reduced pay for new hires, because we were not seeking new employees, the new hire agreement would not have made any difference in the profitability of the Shops.

Additional Work Available to NS

Petitioners have listed several million dollars of programs that, according to the March 28, 2001 Declaration of Thomas Lutton, represented "commitments" from customers that Norfolk Southern simply turned away and that allegedly "would have kept the shops fully operational well into 2002." In Norfolk Southern's initial response to the Joint Petition (NS-79), I, David Veron, submitted a verified statement that refuted those claims and showed that the listed programs either did not exist or were merely proposals. In discussing these programs in his verified statement, Mr. Letcher appears to repudiate Mr. Lutton's claim that they represented "commitments" – saying instead that the parties were merely "in negotiations" or "in discussions" about them – but also takes issue with my discussion of these matters in my previous verified statement. Many of Mr. Letcher's assertions about these matters, however, are incorrect, as I discuss below.

Bombardier Proposal

Mr. Lutton claimed that Norfolk Southern had a commitment to convert 250 gondola cars for Bombardier at \$4.5 million. Lutton Declaration ¶ 12. I explained in my initial verified statement that we did have some initial discussions with Bombardier to

build and apply a drop-in trough to 225 gondolas, but that the price was not acceptable to Bombardier. Veron V.S. at 6. Now, Mr. Letcher claims that the proposal consisted of other work on the cars and construction of a hood – apparently not the drop-in trough identified by Mr. Lutton – amounting to a total of \$3,875,000, consisting of \$2,075,000 (\$8,300 per car for modification of 250 cars) plus \$1,800,000 (\$7,200 per hood for 250 hoods), with additional work being discussed. Letcher Declaration ¶ 10(b).

Mr. Letcher's claims are incorrect. We attach as Exhibit 2 the preliminary estimate sent on December 1, 2000 to Bombardier covering this proposal. Indeed, Mr. Letcher helped prepare this estimate. As can be seen, the preliminary price quoted was \$8,306.00 for each of the drop in coil steel troughs to be constructed for the 225 gondola cars that were located at the facility. If the proposal had been accepted, it would have amounted to \$1,868,850.00. The project, however, was not accepted by Bombardier.

Johnstown America

Mr. Lutton also claimed that Norfolk Southern had a "commitment" for "a 200 car covered hopper car order for Johnstown America (\$5 million)...." Lutton Declaration ¶ 12. Mr. Letcher appears now to acknowledge that there was no such commitment, and does not dispute my statement that Johnstown America advised us in February that it would have the work done elsewhere. Mr. Letcher now attributes Johnstown's decision to the announcement that NS intends to close the Hollidaysburg facility, and claims that Johnstown America subsequently contracted with Millennium to do the work.

A very preliminary quote was developed for this project in January, 2001. Often companies ask for preliminary quotes to determine the feasibility of a proposal, which in

this case would have been the conversion of a three-pocket hopper car to a two-pocket hopper car. We do know that Millennium did a prototype for Johnstown America, just as we did, but we do not know that Millennium actually received a contract to do the work covered by the quote. NS serves the Millennium yard, and we have not seen these cars in that yard.

Greenbrier

Mr. Lutton also claims that NS had a "commitment" to fabricate "1000 container car covers for Greenbrier (\$1 million)." Lutton Declaration ¶ 12. In his declaration, Mr. Letcher asserts that "we were in negotiation with Greenbrier for an order to build covers for CRLE cars." Letcher Declaration ¶ 10(d). Both Mr. Lutton and Mr. Letcher are incorrect: we had no such order or proposal. In fact, an intermodal flat car does not have a cover, and neither does a double-stack car of the type in the 1,000 car fleet owned by COE Rail, Inc. (a company with the CRLE reporting marks, and which is owned by Greenbrier).

As a result of our insourcing efforts, we are often in contact with Greenbrier. With particular regard to the CRLE fleet, we quoted a price to perform modifications, preventive maintenance, and some truck maintenance on this fleet on an ongoing basis whenever the cars could be captured from the system. Although a few cars were captured and repaired, the cars worked under this program are sent through the shops on Greenbrier's request, according to their preventive maintenance schedule.

First Union

Mr. Lutton claimed that Norfolk Southern had a commitment to do "warranty work on 400 gondola cars for First Union (\$800,000)." Lutton Declaration ¶ 12. Mr. Letcher states that he "do[es] not recall all the particulars of this particular insourcing proposal," but that he is "quite certain that we were in discussions with First Union to perform warranty work on cars as stated in Mr. Lutton's declaration." Letcher Declaration ¶ 10(e). That is simply incorrect. The only warranty work we have done for First Union has been done on covered hoppers, and not only did we not have a commitment to do warranty work on gondolas, we have received no requests for such work.

Department of Defense

Mr. Letcher states that he was "confident that we were going to get" the job to perform work on the Department of Defense ("DOD") fleet. Letcher Declaration ¶ 10(f). As I, Dave Veron, explained in my initial verified statement, I seriously doubt that the work would have been worth even close to \$8 million per year. DOD initially wanted to have the work done over a period of years, cycling its fleet at various times through other NS car repair facilities that would be closer to the office of the DOD inspector assigned to review the work as it progressed. We convinced DOD to have the work done at Hollidaysburg nonetheless, and were hopeful that we were going to obtain the program. Unfortunately, DOD did not contact us again until just before the announced closing.

Finger Lakes

Finger Lakes approached NS back in April, 2000 concerning the acquisition and refurbishment of an assortment of cars. The discussions ended a long time ago on this proposal, primarily because we did not have all of the cars the Finger Lakes sought.

GATX

Mr. Letcher also discusses an insourcing order for GATX for SP Flat cars, and states that "Norfolk Southern ... farmed the work out" after fabricating the material for the cars and beginning the work. Letcher Declaration ¶ 10, at p. 8. This description of events, however, is incomplete and misleading. The SP Flat car project is reflected on the Hollidaysburg Car Shop Daily Production Summary sheets found in Exhibit 1 beginning with the September 1, 2000 summary sheet. At the same time that Norfolk Southern was working on the 73 SP Flat cars, we were also converting a much larger number of cement cars (over 300) for GATX (listed as well on the summary sheets as "Covered Hop - Cement Car" or, in sheets beginning with that of March 1, 2001, as "Covered Hop - Cement Car - CNW").

We were well on our way with both jobs, when the customer wanted an acceleration of the SP Flat car work in order to get the cars to market faster than GATX had originally anticipated. Despite the fact that this work was committed to NS, we agreed to the GATX request to let GATX take the last few SP Flat cars to let Millennium finish the conversions. GATX is a valued NS customer and NS has completed work on 49 of the 73 cars originally scheduled. The remaining SP Flat car work to be released to GATX for their transfer to Millennium consisted of only 24 cars, and the work would be performed with a majority of the material for the conversion created by NS

Letcher Table 2

Mr. Letcher presents in his "Table 2 – Insourcing Projects Being Actively Negotiated" nine other projects¹ "being considered" and "actively pursued" by the Hollidaysburg insourcing team. Mr. Letcher claims that "much, if not all of the work outlined in Table 2 would have been secured." The facts, however, do not support that assertion. Generally, the inquiries, some dating back to 1999, reflect the normal operations of a facility that performs work for others – preliminary inquiries are made for several purposes including determining whether the customer wants to proceed with the work, the development of budgets and priorities, and competitive bidding. In the case of the inquiries listed on Table 2, generally the work was not subsequently pursued by the customer with Norfolk Southern.

The first item on Table 2 is the "Greenbrier CRLE Container Well Car PM [Preventive Maintenance] Program" discussed above on page 7. This was a program that was already in place; it was not potential new work, as Mr. Letcher claims.

The second item on Table 2 is listed as "GATX-FURX High Side Gondola Mod Program," consisting of the modification of 200 cars. We attach as Exhibit 3 the June 28, 2000 proposal for this project. We have received no response to this proposal, and we were not in active negotiation on this item when NS announced in February of this year its intentions to close the Shops.

The third item on Table 2 is listed as "GATX-Flat Car Container Repair Project," consisting of modification to 200 to 300 containers. A preliminary proposal was

developed and sent to GATX in August, 2000. We have received no response to this initial estimate, and we were not in active negotiation on this item in February of this year.

There is no fourth item on the list.

The fifth item on Table 2 is listed as "Andersons - Covered Hopper Mod Program (Cut Down)," which consisted of modifying several covered hopper cars. A preliminary proposal was developed in September of 2000. We have not heard anything on this proposal since it was made.

The sixth item on Table 2 is listed as "Andersons - Box Car Conversion 70T-To 100T," which refers to a November 17, 1999 proposal to convert 91 70 ton box cars to 100 ton box cars, as reflected in Exhibit 4. This proposal was requested at a time when the market looked strong for this type of car. Since late 1999, the market has dropped for the cars, and Anderson did not pursue the proposal. This proposal has not been in active negotiation for well over a year.

The seventh item on Table 2 is listed as "Andersons - Twin Aggregate Re-Body Program," and purports to cover 200 cars. As can be seen in the October 2, 2000 proposal set forth in Exhibit 5, we developed a proposal that would cover either 50 or 100 triple hopper aggregate cars. We have not received a response from this proposal, and the program was not in active negotiation in February.

The eighth item on Table 2 is listed as "1st Union Rail - Rapid Discharge Car Modification Program." The preliminary estimate for this proposal, set forth in Exhibit 6,

¹ Although the Table purports to list "10 Additional Insourcing Projects involving 2832 Cars and 3000 Containers", only nine proposals are listed.

was sent out on November 30, 2000. We received no response to this preliminary estimate.

The ninth item on Table 2 is listed as "Gilford Rail - Sell & Refurbish Open Top Hoppers (Tubs). Initial inquiries were made in early September, 2000 on this matter, but Guilford's interest did not rise to the level to require a formal proposal.

The tenth item on Table 2 is listed as "Altoona P/S - Sell & Refurbish Open Top Hoppers (Tubs)." This July 2000 proposal was not pursued by Altoona Pipe and Steel.

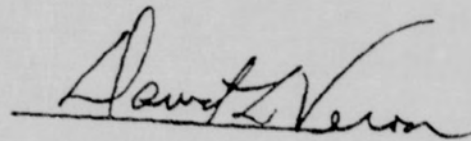
Conclusion

Mr. Letcher's declaration contains several assertions that demonstrate that he does not know all of the facts concerning NS' insourcing efforts and the status of the individual proposals discussed. Many of the programs he claims were turned away by NS were not -- they were completed by NS. Many of the proposals he claims were in active negotiation and would have kept the Shops busy long into the future in fact were not in active negotiation and failed to materialize in the normal course of business, as many potential proposals routinely do.

VERIFICATION

I, David L. Veron, verify under penalty of perjury that I am Director Insourcing of Norfolk Southern Corporation, that I have read the foregoing Joint Verified Statement of David L. Veron and Michael A. Ricciardi and know its contents, and that the portions of it attributable to me are true and correct to the best of my knowledge and belief.

Executed on July 26, 2001

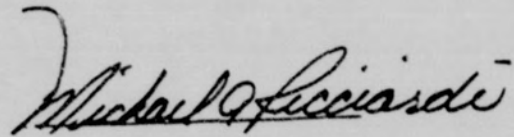
A handwritten signature in dark ink, appearing to read "David L. Veron", written over a horizontal line.

David L. Veron

VERIFICATION

I, Michael A. Ricciardi, verify under penalty of perjury that I am the General Superintendent of the Hollidaysburg Car Shops, that I have read the foregoing Joint Verified Statement of David L. Veron and Michael A. Ricciardi and know its contents, and that the portions of it attributable to me are true and correct to the best of my knowledge and belief.

Executed on July 27, 2001

A handwritten signature in cursive script, reading "Michael A. Ricciardi". The signature is written in dark ink and is positioned above the printed name.

Michael A. Ricciardi

2000 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

9/1/00

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKL Y PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	117	0					87	87
50 FT MEDIUM BOX CARS - AUTO	S20297	14	2	0						1
60 FT MEDIUM BOX CARS - AUTO	S20297	14	90	0				25	78	80
86 FT MEDIUM BOX CARS - AUTO	S20297	14	15	0					12	12
86 FT EQUIPPED BOX (AAR REBL)	991738	5153	21	0					6	6
86 FT EQUIPPED BOX (CAPTL)	991739	5153	1	0					1	1
GONDOLAS										
LIGHT GONDOLAS	S20233	235	30	0					63	63
GONDOLA - TURN BACK LEASE	S50134	915	0	0					1	1
GONDOLA - TBL - G00039	S50716	915	1	2					2	2
GONDOLA - TBL - NS TO TR	S20362	235	14	10		10		75	375	358
GONDOLA - 70 TO 100 TON +TROUGH	1112	5153	115	23	3	15	3	83	250	152
GONDOLA - 190500 SERIES + "			42	1		4			150	27
COIL STEEL										
OPEN COIL STEEL - AK STEEL MOD1	990813	5153	1	1				1	19	19
OPEN COIL STEEL - AK STEEL MOD2	990560	5153	24	7	2	11	2	40	184	129
MEDIUM COIL STEEL	S20298	15	21	0						
LIGHT COIL STEEL	S20320	235	54	0					8	8
COIL STEEL CARS - CAPITAL	991733	5253							6	6
NS COIL STEEL CARS - HOOD PROJ	S20366	235	17	14	9	23	9	100	200	156
COVERED HOPPERS										
ALUMINUM COVERED HOPPERS			41	1					50	
LIGHT COVERED HOPPERS	S20225	235	19	4					231	231
SMALL/MED. COV. HOP. - HEAVY	S20299	27	32	0						
OPEN TOP HOPPERS										
LIGHT HOPPER	S20311	235	2	0					25	25
NS 153000 SERIES HOPPERS - LTB	S20350	235	3	0				0	100	100
FLAT										
LIGHT FLAT	S20312	235	0	0	1	1	1		1	2
MW										
MW RADIO CONTROL BALLAST	S20294	407	1	1					63	108
MEDIUM BALLAST CARS	S20304	16	37	0					4	4
MW SIDE DUMP	S20308	407	0	0						
MW SCALE TEST	S20309	407	0	1					4	4
MW GONDOLAS - MEDIUM	S20327	407	31	0						
MW WHEEL FLATS - LIGHT	S20341	235		0					8	8
NON REVENUE GONDOLAS	S20327	407	28	0						
RAIL TRAIN 'N'	S20344	235	35	0					35	35

Form. HCSDP1(NS9025)

Exhibit 1

7-1-00 Page 2

LIGHTS										
ROSE LIGHTS	S20326	235		0					65	65
W/D										
MISC. W/D CARS	S20197	235		0					24	24
INSOURCING										
GONDOLA REBODY - FIRST UNION	S50196	915	0	0					159	159
GCCX - 83000 SERIES - MHFX MOD.	S50549	915	0	0					20	20
GCCX - 83000 SERIES	S50566	915	1	0				1	48	115
GPSX - WOOD SIDED - BLUE	S50608	915	153	5					2	2
100 TON OT HOPPER - TOP CHORD	S50012	915	34	0				32	4	4
SIDE DUMP - CR FIRST UNION	S50214	915	0	0					1	1
GONDOLA 52 FT 100 TON - NSHR	S50133	915	3	0	3	3	3		16	20
RAIL TRUST COVERED HOPPER	S50664	915	1	1				0	20	19
GATX - KCS 60 FT BOX CARS	S50132	915	1	1				1	2	2
CSXT BOX CARS	S50674	915	137	29	2	12	2	46	300	208
WW COVERED HOPPERS	S50750	915	0	0					13	13
READING & NORTHERN HOP - RDG	S50696	915	3	1		2		38	200	189
READING & NORTHERN HOP - CSXT	S50885	915	1	1				31	92	45
COVERED HOP RAIL TRUST - C13A	S50852	915	10	11				10		
COVERED HOP - CEMENT CAR	S50760	915	1	0		1		1	1	1
SP FLAT CARS	S50851	915	73	5						
FEC - OPEN TOP HOPPER FEC 15650	S50993	915	0						1	1
GCCX 601000 - OPEN TOP HOPPER	S50462	915	1						1	1
COV HOP WTS - WARRANTY WORK	S51135	915	2	2					2	
LIGHTS										
MISC. CSX CARS - LIGHT REPAIR	S50675	915		0				20	77	77
FLOOD CARS										
FLOOD CARS - EPSILON HOPPERS	S50744	915		0					81	81
FLOOD CARS - NS RESPONSIBILITY	S20348	235		0					65	65
FLOOD CARS - SUN OIL	S50749	915		0					40	40
TOTALS										
			1215	121	20	82	20	504	3197	2777
NEW HOODS	S50807				0	8	0	99	200	170
NEW TROUGHS	983				3	17	3	88	400	194

2000 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

10/2/00

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHD	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	113	0					87	87
50 FT MEDIUM BOX CARS - AUTO	S20297	14	2	0						1
60 FT MEDIUM BOX CARS - AUTO	S20297	14	91	5	2	2	2	25	78	94
86 FT MEDIUM BOX CARS - AUTO	S20297	14	15	0					12	12
86 FT EQUIPPED BOX (AAR REBL)	991738	5153	21	0					6	6
86 FT EQUIPPED BOX (CAPTL)	991739	5153	1	0					1	1
GONDOLAS										
LIGHT GONDOLAS	S20233	235	30	0					63	63
GONDOLA - TURN BACK LEASE	S50134	915	0	0					1	1
GONDOLA - TBL - G00039	S50716	915	1	2					2	2
GONDOLA - TBL - NS TO TR	S20362	235	2	4				75	375	365
GONDOLA - 70 TO 100 TON + TROUGH	1112	5153	55	29	3	3	3	83	250	212
GONDOLA - 190500 SERIES + "			48	9					150	35
COIL STEEL										
OPEN COIL STEEL - AK STEEL MOD1	S20813	5153	0	0				1	19	20
OPEN COIL STEEL - AK STEEL MOD2	990560	5153	20	10	2	2	2	40	184	149
MEDIUM COIL STEEL	S20298	15	21	0						
LIGHT COIL STEEL	S20320	235	54	0					8	8
COIL STEEL CARS - CAPITAL	991733	5253							6	6
NS COIL STEEL CARS - HOOD PROJ	S20366	235	16	13				100	200	183
COVERED HOPPERS										
ALUMINUM COVERED HOPPERS			41	1					50	
LIGHT COVERED HOPPERS	S20225	235	19	4					231	231
SMALL/MED. COV. HOP. - HEAVY	S20299	27	32	0						
OPEN TOP HOPPERS										
LIGHT HOPPER	S20311	235	2	0					25	25
NS 153000 SERIES HOPPERS - LTB	S20350	235	3	0				0	100	100
FLAT										
LIGHT FLAT	S20312	235	0	0					1	2
MW										
MW RADIO CONTROL BALLAST	S20294	407	1	1					63	108
MEDIUM BALLAST CARS	S20304	16	37	0					4	4
MW SIDE DUMP	S20308	407	0	0						
MW SCALE TEST	S20309	407	0	1					4	4
MW GONDOLAS - MEDIUM	S20327	407	31	0						
MW WHEEL FLATS - LIGHT	S20341	235		0					8	8
NON REVENUE GONDOLAS	S20327	407	28	0						
RAIL TRAIN 'N'	S20344	235	35	0					35	35

12/21/00 Page 2

LIGHTS										
ROSE LIGHTS	S20326	235		0					65	65
W/D										
MISC. W/D CARS	S20197	235		0					24	26
INSOURCING										
GONDOLA REBODY- FIRST UNION	S50196	915	0	0					159	159
GCCX - 83000 SERIES - MHFX MOD.	S50549	915	0	0					20	20
GCCX - 83000 SERIES	S50566	915	1	0				1	48	115
GPSX - WOOD SIDED - BLUE ✓	S50608	915	153	10					2	2
100 TON O T HOPPER - TOP CHORD ✓	S50042	915	34	0				32	4	4
SIDE DUMP - CR FIRST UNION	S50214	915	0	0					1	1
GONDOLA 52 FT 100 TON - NSHR	S50133	915	0	0					16	20
RAIL TRUST COVERED HOPPER ✕	S50664	915	1	0				0	20	20
GATX - KCS 60 FT BOX CARS	S50132	915	1	1				1	2	2
CSXT BOX CARS ✕	S50674	915	94	23	3	3	3	46	333	270
VW COVERED HOPPERS	S50750	915	0	0					13	13
READING & NORTHERN HOP - RDG	S50696	915	0	0				38	200	192
READING & NORTHERN HOP - CSXT	S50885	915	24	0				31	92	46
COVERED HOP RAIL TRUST - C13A	S50852	915	17	15				10		
COVERED HOP - CEMENT CAR	S50760	915	1	0				1	1	1
SP FLAT CARS	S50851	915	72	5						1
FEC - OPEN TOP HOPPER FEC 15650 ✕	S50993	915	0						1	1
GCCX 601000 - OPEN TOP HOPPER	S50462	915	1						1	1
COV HOP WTS - WARRANTY WORK	S51135	915	2	0					2	2
LIGHTS										
MISC. CSX CARS - LIGHT REPAIR	S50675	915		0				20	77	77
FLOOD CARS										
FLOOD CARS - EPSILON HOPPERS	S50744	915		0					81	81
FLOOD CARS - NS RESPONSIBILITY	S20348	235		0					65	65
FLOOD CARS - SUN OIL	S50749	915		0					40	40
TOTALS			1120	133	10	10	10	504	3230	2986
NEW HOODS	S50807				0	0	0	99	200	200
NEW TROUGHS	983				4	4	4	88	400	267

2000 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

11/1/00

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	111	0					87	87
50 FT MEDIUM BOX CARS - AUTO	S20297	14	3	0						1
60 FT MEDIUM BOX CARS - AUTO	S20297	14	108	13	2	4	2	28	78	104
86 FT MEDIUM BOX CARS - AUTO	S20297	14	16	0					12	12
86 FT EQUIPPED BOX (AAR REBL)	991738	5153	21	0					6	6
86 FT EQUIPPED BOX (CAPTL)	991739	5153	1	0					1	1
GONDOLAS										
LIGHT GONDOLAS	S20233	235	30	0					63	64
GONDOLA - TURN BACK LEASE	S50134	915	0	0					1	1
GONDOLA - TBL - G00039	S50716	915	1	2					2	2
GONDOLA - TBL - NS TO TR	S20362	235	1	5				10	375	372
GONDOLA - 70 TO 100 TON +TROUGH	1112	5153	0	0				41	250	250
GONDOLA - 190500 SERIES + "			44	17	1	4	1	47	150	64
COIL STEEL										
OPEN COIL STEEL - AK STEEL MOD1	990813	5153	0	0				1	19	20
OPEN COIL STEEL - AK STEEL MOD2	990560	5153	11	3		3		20	184	172
MEDIUM COIL STEEL	S20298	15	21	0						
LIGHT COIL STEEL	S20320	235	54	0	1	1	1		8	9
COIL STEEL CARS - CAPITAL	991733	5253							6	6
NS COIL STEEL CARS - HOOD PROJ	S20366	235	0	10				17	200	199
COVERED HOPPERS										
ALUMINUM COVERED HOPPERS			41	1					50	
LIGHT COVERED HOPPERS	S20225	235	19	8					231	235
SMALL/MED. COV. HOP - HEAVY	S20299	27	32	0						
OPEN TOP HOPPERS										
LIGHT HOPPER	S20311	235	2	0					25	25
NS 153000 SERIES HOPPERS - LTB	S20350	235	3	0				0	100	100
FLAT										
LIGHT FLAT	S20312	235	0	0					1	2
MW										
MW RADIO CONTROL BALLAST	S20294	407	1	1					63	108
MEDIUM BALLAST CARS	S20304	16	38	0					4	4
MW SIDE DUMP	S20308	407	0	0				1	1	
MW SCALE TEST	S20309	407	0	1					4	4
MW GONDOLAS - MEDIUM	S20327	407	31	0						
MW WHEEL FLATS - LIGHT	S20341	235		0					8	8
NON REVENUE GONDOLAS	S20327	407	31	0						
RAIL TRAIN 'N'	S20344	235	35	0					35	35

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
LIGHTS										
ROSE LIGHTS	S20326	235		0					65	65
W/D										
MISC. W/D CARS	S20197	235		0					24	26
INSOURCING										
GONDOLA REBODY - FIRST UNION	S50196	915	0	0					159	159
GCCX - 83000 SERIES - MHFX MOD.	S50549	915	0	0					20	20
GCCX - 83000 SERIES	S50566	915	1	0				0	48	115
GPSX - WOOD SIDED - BLUE ✓	S50608	915	153	10				4	2	2
100 TON O T HOPPER - TOP CHORD X	S50042	915	34	0				74	4	4
SIDE DUMP - CR FIRST UNION	S50214	915	0	0					1	1
GONDOLA 52 FT 100 TON - NSHR	S50133	915	0	0				0	16	20
RAIL TRUST COVERED HOPPER X	S50664	915	1	0					20	20
GATX - KCS 60 FT BOX CARS	S50132	915	0	0				1	2	3
CSXT BOX CARS X	S50674	915	19	13	3	11	3	66	350	337
WW COVERED HOPPERS	S50750	915	0	0					13	13
READING & NORTHERN HOP - RDG	S50696	915	4	0				0	200	192
READING & NORTHERN HOP - CSXT	S50885	915	42	0				0	92	46
COVERED HOP RAIL TRUST - C13A	S50852	915	17	15				15		
COVERED HOP - CEMENT CAR	S50760	915	1	0				1	1	1
SP FLAT CARS	S50851	915	66	9						6
FEC - OPEN TOP HOPPER FEC 15650	S50993	915	0						1	1
GCCX 601000 - OPEN TOP HOPPER	S50462	915	1						1	1
COV HOP WTS - WARRANTY WORK	S51135	915	2	0					2	2
GREENBRIER LIGHT HOPPER CARS X	S51192	915	90	0					73	73
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	110	33	2	9	2		135	13
GREENBRIER OT HOPPER - FEC X	S51113	915	90	1					100	
LIGHTS										
MISC. CSX CARS - LIGHT REPAIR	S50675	915		0				20	77	77
FLOOD CARS										
FLOOD CARS - EPSILON HOPPERS	S50744	915		0					81	81
FLOOD CARS - NS RESPONSIBILITY	S20348	235		0					65	65
FLOOD CARS - SUN OIL	S50749	915		0					40	40
TOTALS			1286	142	9	32	9	346	3556	3274
NEW HOODS	S50807				0	0	0		200	200
NEW TROUGHS	983				4	12	4	88	400	352

2000 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

12/1/00

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	111	0					87	87
50 FT MEDIUM BOX CARS - AUTO	S20297	14	2	7						1
60 FT MEDIUM BOX CARS - AUTO	S20297	14	93	7					82	82
86 FT MEDIUM BOX CARS - AUTO	S20297	14	16	0					12	12
86 FT EQUIPPED BOX (AAR REBL)	991738	5153	21	0					6	6
86 FT EQUIPPED BOX (CAPTL)	991739	5153	1	0					1	1
50 FT ALCOA BOX CARS	S20297	14	8							9
60 FT ALCOA BOX CARS	S20297	14	2			1		23		28
GONDOLAS										
LIGHT GONDOLAS	S20233	235	30	0					63	64
GONDOLA - TURN BACK LEASE	S50134	915	0	0					1	1
GONDOLA - TBL - G00039	S50716	915	1	2					2	2
GONDOLA - TBL - NS TO TR	S20362	235	2	6				135	600	373
GONDOLA - 70 TO 100 TON +TROUGH	1112	5153	0	0					250	250
GONDOLA - 190500 SERIES + "			31	18	5	23	5	67	150	134
COIL STEEL										
OPEN COIL STEEL - AK STEEL MOD1	990813	5153	0	0					20	0
OPEN COIL STEEL - AK STEEL MOD2	990560	5153	0	0				12	184	181
MEDIUM COIL STEEL	S20298	15	21	0						
LIGHT COIL STEEL	S20320	235	54	0					8	9
COIL STEEL CARS - CAPITAL	991733	5253							6	6
NS COIL STEEL CARS - HOOD PROJ	S20366	235	1	11				1	200	200
COVERED HOPPERS										
ALUMINUM COVERED HOPPERS			41	1					50	
LIGHT COVERED HOPPERS	S20225	235	19	7				19	231	236
SMALL/MED. COV. HOP. - HEAVY	S20299	27	32	0						
OPEN TOP HOPPERS										
LIGHT HOPPER	S20311	235	2	0					25	25
NS 153000 SERIES HOPPERS - LTB	S20350	235	3	0				0	100	100
FLAT										
LIGHT FLAT	S20312	235	0	0					1	2
MW										
MW RADIO CONTROL BALLAST	S20294	407	1	1					63	108
MEDIUM BALLAST CARS	S20304	16	38	0					4	4
MW SIDE DUMP	S20308	407	0	0				1	1	
MW SCALE TEST	S20309	407	0	1					4	4
MW GONDOLAS - MEDIUM	S20327	407	31	0						
MW WHEEL FLATS - LIGHT	S20341	235		0					8	8

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
NON REVENUE GONDOLAS	S20327	407	31	0						
RAIL TRAIN 'N'	S20344	235	35	0					35	35
LIGHTS										
ROSE LIGHTS	S20326	235		0					65	65
W/D										
MISC. W/D CARS	S20197	235		0					24	27
INSOURCING										
GONDOLA REBODY- FIRST UNION	S50196	915	0	0					159	159
GCCX - 83000 SERIES - MHFX MOD.	S50549	915	0	0					20	20
GCCX - 83000 SERIES	S50566	915	1	0				0	48	115
GPSX - WOOD SIDED - BLUE X	S50608	915	153	10				0	2	2
100 TON O T HOPPER - TOP CHORD X	S50042	915	34	0				0	4	4
SIDE DUMP - CR FIRST UNION	S50214	915	0	0					1	1
GONDOLA 52 FT 100 TON - NSHR	S50133	915	0	0				0	16	20
RAIL TRUST COVERED HOPPER X	S50664	915	1	0					20	20
GATX - KCS 60 FT BOX CARS	S50132	915	0	0				0	2	3
CSXT BOX CARS X	S50674	915	0	0				16	350	350
VW COVERED HOPPERS	S50750	915	0	0					13	13
READING & NORTHERN HOP - RDG	S50696	915	7	0				0	200	192
READING & NORTHERN HOP - CSXT	S50885	915	42	0				24	92	46
COVERED HOP RAIL TRUST - C13A	S50852	915	2	0				15		15
COVERED HOP - CEMENT CAR	S50760	915	1	0				1	1	1
SP FLAT CARS	S50851	915	61	15		10		14	30	16
FEC - OPEN TOP HOPPER FEC 15650	S50993	915	0						1	1
GCCX 601000 - OPEN TOP HOPPER	S50462	915	1						1	1
COV HOP WTS - WARRANTY WORK	S51135	915	2	0					2	2
GREENBRIER LIGHT HOPPER CARS X	S51192	915	90	0					73	73
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	84	37	3	11	3	76	135	70
GREENBRIER OT HOPPER - FEC X	S51113	915	101	18				12	100	
LIGHTS										
MISC. CSX CARS - LIGHT REPAIR	S50675	915		0				6	77	77
FLOOD CARS										
FLOOD CARS - EPSILON HOPPERS	S50744	915		0					81	81
FLOOD CARS - NS RESPONSIBILITY	S20348	235		0					65	65
FLOOD CARS - SUN OIL	S50749	915		0					40	40
TOTALS			1207	141	8	45	8	422	3816	3467
NEW HOODS	S50807				0	0	0	0	200	200
NEW TROUGHS	983				0	0	52	46	400	400

2001 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

1/4/01

Page 1 of 1

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283		48	0		0	0	0	0	0
50 FT MEDIUM BOX CARS - AUTO	S20433	14	0			1	1		20	1
60 FT MEDIUM BOX CARS - AUTO	S20433	14	94						40	
86 FT MEDIUM BOX CARS - AUTO	S20433	14	21						40	
50 FT ALCOA BOX CARS	S20434	21	7						25	
60 FT ALCOA BOX CARS	S20434	21	0						25	
60 FT - LTB - PAPER BOX	S20435	41	30						131	
GONDOLAS										
LIGHT GONDOLAS	S20233	235	30			6	6			6
GONDOLA - TBL - NS TO TR 585000	S20437	45	79		11	17	17		490	17
COIL STEEL										
LIGHT COIL STEEL	S20320		54							
COVERED COIL STEEL - LTB	S20436	43							24	
COVERED HOPPERS										
COVERED HOPPERS - LTB		44	43						100	
OPEN TOP HOPPERS										
MW										
MW SCALE TEST	S20309	48							5	
W/D										
MISC. W/D CARS	S20197									
INSOURCING										
GCCX - 83000 SERIES	S50566	915	1						1	
GPSX - WOOD SIDED - BLUE X	S50682	915	153						150	
100 TON O T HOPPER - TOP CHORD X	S50042	915	34						260	
CSXT BOX CARS		915							125	
READING & NORTHERN HOP - RDG	S50696	915	7						7	
READING & NORTHERN HOP - CSXT	S50885	915	40						40	
COVERED HOP - CEMENT CAR	S50760	915							1	
SP FLAT CARS	S50851	915	49	9					73	
GREENBRIER PM FLATS - CRLE 5100	S51311	915	1						30	
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	15		2	2	2		15	2
GREENBRIER OT HOPPER - FEC X	S51113	915	98		3	7	7		100	7
GATX - O.T. HOPPER HOOD										
TOTALS			804	9	16	33	33	0	1702	33

2001 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

2/1/01

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	48	1				0	0	0
50 FT MEDIUM BOX CARS - AUTO	S20433	14	0						20	1
60 FT MEDIUM BOX CARS - AUTO	S20433	14	94	5	1	2	1	6	40	3
86 FT MEDIUM BOX CARS - AUTO	S20433	14	27						40	
50 FT ALCOA BOX CARS	S20434	21	9						25	2
60 FT ALCOA BOX CARS	S20434	21	0						25	
60 FT - LTB - PAPER BOX	S20435	41	65					36	131	
GONDOLAS										
LIGHT GONDOLAS	S20233	235	15							6
GONDOLA - TBL - CR TO TR 585000	S20437	45	61	0	10	32	10	130	490	161
COIL STEEL										
LIGHT COIL STEEL	S20320		54							
COVERED COIL STEEL - LTB (NOKL)	S20436	43	17	2				24	24	3
COVERED HOPPERS										
COVERED HOPPERS - LTB		44	48						100	
OPEN TOP HOPPERS										
MW										
MW SCALE TEST	S20309	48							5	
W/D										
MISC. W/D CARS	S20197	235								1
INSOURCING										
GCCX - 83000 SERIES	S50566	915	1						1	
GPSX - WOOD SIDED - BLUE X	S50682	915	156	11					150	
100 TON O T HOPPER - TOP CHORD X	S50042	915	34						260	
CSXT BOX CARS		915							125	
READING & NORTHERN HOP - RDG	S50696	915	8						7	
READING & NORTHERN HOP - CSXT	S50885	915	40	21				10	40	
COVERED HOP - CEMENT CAR	S50760	915						1	1	
SP FLAT CARS	S50851	915	49	6		3		8	73	3
GREENBRIER PM FLATS - CRLE 5100	S51311	915	5	4		1			30	2
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	0	0				15	15	15
GREENBRIER OT HOPPER - FEC X	S51113	915	25	5	5	25	5	100	100	95
GATX O.T.COVER - CAR REPAIRS X	S51363	915	68	10				40	160	2
RAIL CAR LTD. COV HOPPER PIPES	S51320	915	15	0	1	4	1	10	15	4
60 FT LTB HELMS TINPLATE 223 series	S51372	915							24	
TOTALS			839	65	17	67	17	380	1901	298

α 1 01 Page 6

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKL Y PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
GATX COVERS BUILT	S51289	915				2	2		160	2

2001 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

3/1/01

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	52	1				0	0	0
50 FT MEDIUM BOX CARS - AUTO	S20433	14	0						20	1
60 FT MEDIUM BOX CARS - AUTO	S20433	14	47	4		3	22	28	40	24
86 FT MEDIUM BOX CARS - AUTO	S20433	14	27						40	
50 FT ALCOA BOX CARS	S20434	21	8						25	2
60 FT ALCOA BOX CARS	S20434	21	0						25	
60 FT - LTB - PAPER BOX - 470 series	S20435	41	69	12	8	23	69	68	131	69
GONDOLAS										
LIGHT GONDOLAS	S20233	235	15		1	1	1	7		7
GONDOLA - TBL - CR TO TR 585000	S20437	45	0	0			54	140	490	205
GONDOLA - TBL - NS TO TR 195000	S20437	45	50						300	
COIL STEEL										
LIGHT COIL STEEL	S20320		54					0		
COVERED COIL STEEL - LTB (NOKL)	S20436	43	3	0		3	18	21	24	21
COVERED HOPPERS										
COVERED HOPPERS - LTB		44	50					0	100	
OPEN TOP HOPPERS										
MW										
MW SCALE TEST	S20309	48							5	
W/D										
MISC. W/D CARS	S20197	235								1
INSOURCING										
GCCX - 83000 SERIES	S50566	915	0						1	
GPSX - WOOD SIDED - BLUE X	S50682	915	137	25	2	8	25	52	150	25
100 TON O T HOPPER - TOP CHORD X	S50042	915	34					0	260	
CSXT BOX CARS		915						0	125	
READING & NORTHERN HOP - RDG	S50696	915	8	4	2	4	4		7	4
READING & NORTHERN HOP - CSXT	S50885	915	2	9		3	39	48	40	39
COVERED HOP - CEMENT CAR-CNW	S50760	915	183					0	1	
SP FLAT CARS	S50851	915	45	6			1	5	73	4
GREENBRIER PM FLATS - CRLE 5100	S51311	915	0	0			4	20	30	6
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	0	0				0	15	15
GREENBRIER OT HOPPER - FEC X	S51113	915	1	0			10	10	100	100
GATX O.T.COVER - CAR REPAIRS X	S51363	915	95	43	6	21	98	48	160	100
RAIL CAR LTD. COV HOPPER PIPES	S51320	915	0	0			12	12	15	15
60 FT LTB HELMS TINPLATE 223 series	S51372	915	13	3		2	11	24	24	11

2-1-01 Page 1

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKL Y PROD	MONTH PROD	MONTH SCHED	YR SCHD	YTD PROD
TOTALS			893	107	19	68	368	483	2201	649
GATX COVERS BUILT	x S51289	915			6	21	98		160	100

2001 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

4/2/01

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	52	1				0	0	0
50 FT MEDIUM BOX CARS - AUTO	S20433	14	0						20	1
60 FT MEDIUM BOX CARS - AUTO	S20433	14	41	4				22	100	38
86 FT MEDIUM BOX CARS - AUTO	S20433	14	27					0	40	
50 FT ALCOA BOX CARS	S20434	21	8					0	25	2
60 FT ALCOA BOX CARS	S20434	21	0					0	25	
60 FT - LTB - PAPER BOX - 470 series	S20435	41	7	2				70	131	124
GONDOLAS										
LIGHT GONDOLAS	S20233	235	16					6	20	9
GONDOLA - TBL - CR TO TR 585000	S20437	45	1	1				140	490	210
GONDOLA - TBL - NS TO TR 195000	S20437	45	103	10	5	5	5	225	300	57
COIL STEEL										
LIGHT COIL STEEL	S20320	235	54					0		
COVERED COIL STEEL - LTB (NOKL)	S20436	43	4	0				3	24	24
COVERED HOPPERS										
COVERED HOPPERS - LTB	S51438	41	48	9				0	100	10
OPEN TOP HOPPERS										
MW										
MW SCALE TEST	S20309	407		2				1	5	1
W/D										
MISC. W/D CARS	S20197	235								19
INSOURCING										
GCCX - 82000 SERIES	S50566	915	0						1	
GPSX - WOOD SIDED - BLUE ✓	S50682	915	87	22	3	3	3	62	156	87
100 TON O T HOPPER - TOP CHORD ✓	S50042	915	34					0	260	
CSXT BOX CARS		915							125	
READING & NORTHERN HOP - RDG	S50696	915	0	0				7	7	8
READING & NORTHERN HOP - CSXT	S50885	915	0	0				8	40	40
COVERED HOP - CEMENT CAR - CNW	S50760	915	264	16				3	300	
SP FLAT CARS	S50851	915	44	5				6	49	6
GREENBRIER PM FLATS - CRLE 5100	S51311	915	0	0				12	32	6
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	0	0				0	15	15
GREENBRIER OT HOPPER - FEC X	S51113	915	1	0				0	100	100
GATX O.T COVER - CAR REPAIRS X	S51363	915	1	1				66	160	158
GATX O.T. CONSOL W/O COVER	S51363	915	0	0				19	19	19
RAIL CAR LTD. COV HOPPER PIPES	S51320	915	0	0					15	15
60 FT LTB HELMS TINPLATE 223 series	S51372	915	9	9				13	24	13

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKL Y PROD	MONTH PROD	MONTH SCHED	YR SCHD	YTD PROD
RESIDE 2 GCCX CARS 579 & 596	S51287	915	0	0					2	2
TOTALS			801	82	8	8	8	663	2585	964
GATX COVERS BUILT	S51289	915			0	0	64		160	158

2001 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

5/1/01

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKL Y PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	52	1					0	0
50 FT MEDIUM BOX CARS - AUTO	S20433	14	0						20	1
60 FT MEDIUM BOX CARS - AUTO	S20433	14	50	5	1	1	1		100	50
86 FT MEDIUM BOX CARS - AUTO	S20433	14	27						40	
50 FT ALCOA BOX CARS	S20434	21	8						25	2
60 FT ALCOA BOX CARS	S20434	21	0						25	
60 FT - LTB - PAPER BOX - 470 series	S20435	41	3	3					131	127
GONDOLAS										
LIGHT GONDOLAS	S20233	235	16		1	1	1		20	10
GONDOLA - TBL - CR TO TR 585000	S20437	45	1	1					490	210
GONDOLA - TBL - NS TO TR 195000	S20437	45	116	46	7	7	7		300	158
COIL STEEL										
LIGHT COIL STEEL	S20320	235	33							
COVERED COIL STEEL - LTB (NOKL)	S20436	43	0	0					24	24
COVERED HOPPERS										
COVERED HOPPERS - LTB (GE C.H.)	S51438	44	34	5					100	18
OPEN TOP HOPPERS										
MW										
MW SCALE TEST	S20309	407		0					5	3
W/D										
MISC. W/D CARS	S20197	235		1						20
INSOURCING										
CSX LIGHT REPAIRS	S50675	915	38	8					100	22
GCCX - 83000 SERIES	S50566	915	0						1	
GPSX - WOOD SIDED - BLUE X	S50682	915	33	5	2	2	2		156	143
100 TON O T HOPPER - TOP CHORD X	S50042	915	35						260	
CSXT BOX CARS		915							125	
READING & NORTHERN HOP - RDG	S50696	915	0	0					7	8
READING & NORTHERN HOP - CSXT	S50885	915	0	0					40	40
COVERED HOP - CEMENT CAR-CNW	S51348	915	271	45	2	2	2		300	9
SP FLAT CARS	S50851	915	40	3					49	12
GREENBRIER PM FLATS - CRLE 5100	S51311	915	0	0					32	6
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	0	0					15	15
GREENBRIER OT HOPPER - FEC X	S51113	915	1	0					100	100
GATX O.T COVER - CAR REPAIRS X	S51363	915	1	0					160	159
GATX O.T. CONSOL W/O COVER	S51363	915	0	0					19	19
RAIL CAR LTD. COV HOPPER PIPES	S51320	915	0	0					15	15

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKL Y PROD	MONTH PROD	MONTH SCHED	YR SCHD	YTD PROD
60 FT LTB HELMS TINPLATE 223 series	S51372	915	6	6					24	18
RESIDE 2 GCCX CARS 579 & 596	S51287	915	0	0					2	2
TOTALS			765	129	13	13	13	0	2685	1191
GATX COVERS BUILT	S51289	915			0	0	1		160	159

2001 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

G/1/01

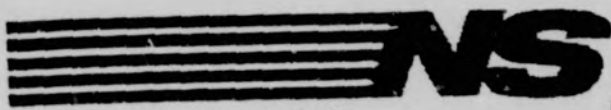
PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	DNTH	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	18						0	0
50 FT MEDIUM BOX CARS - AUTO	S20433	14	0						20	1
60 FT MEDIUM BOX CARS - AUTO	S20433	14	51						100	52
86 FT MEDIUM BOX CARS - AUTO	S20433	14	17						40	2
50 FT ALCOA BOX CARS	S20434	21	8						25	
60 FT ALCOA BOX CARS	S20434	21	0						25	
60 FT - LTB - PAPER BOX - 470 series	S20435	41	0					4	131	131
60 FT - LTB - BOMBARDIER - XXX series	S20459	23	44					50	100	
GONDOLAS										
LIGHT GONDOLAS	S20233	235	16					7	20	13
GONDOLA - TBL - CR TO TR 585000	S20437	45	0						490	211
GONDOLA - TBL - NS TO TR 195000	S20437	45	75	39	4	15	4	300	672	255
COIL STEEL										
LIGHT COIL STEEL	S20320	235	33							
COVERED COIL STEEL - LTB (NOKL)	S20436	43	0						24	24
COVERED HOPPERS										
COVERED HOPPERS - LTB (GE C.H.)	S51438	44	32	2		1		34	52	21
OPEN TOP HOPPERS										
WOOD CHIP CARS - RULE 88 REBUILD			9					2	9	
MW										
MW SCALE TEST	S20309	407	0						5	3
W/D										
MISC. W/D CARS	S20197	235	0							21
INSOURCING										
CSX LIGHT REPAIRS	S50675	915	34	2				27	109	22
GCCX - 83000 SERIES	S50566	915	0						1	
GPSX - WOOD SIDED - BLUE	S50682	915	10					5	156	146
100 TON O T HOPPER - TOP CHORD	S50042	915	35						260	
CSXT BOX CARS		915							125	
READING & NORTHERN HOP - RDG	S50696	915	0	0					7	8
READING & NORTHERN HOP - CSXT	S50885	915	0	0					40	40
COVERED HOP - CEMENT CAR-CNW	S51348	915	256	39	4	13	4	79	300	62
SP FLAT CARS	S50851	915	37	5		1		12	49	17
GREENBRIER PM FLATS - CRLE 5100	S51311	915	0	0					32	6
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	0	0					15	15
GREENBRIER OT HOPPER - FEC	S51113	915	1	0					100	100
GATX O.T.COVER - CAR REPAIRS	S51363	915	1	0				1	160	160

[illegible]

2001 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

7/2/01

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	18						0	0
50 FT MEDIUM BOX CARS - AUTO	S20433	14	0						20	1
60 FT MEDIUM BOX CARS - AUTO	S20433	14	51						100	52
86 FT MEDIUM BOX CARS - AUTO	S20433	14	17							
50 FT ALCOA BOX CARS	S20434	21	8						25	2
60 FT ALCOA BOX CARS	S20434	21	0						25	
60 FT - LTB - PAPER BOX - 470 series	S20435	41	0						131	131
60 FT - LTB - BOMBARDIER - XXX series	S20459	23	44					44	100	
86 FT - LTB - HELM		22						17	76	
GONDOLAS										
LIGHT GONDOLAS	S20233	235	16						20	17
GONDOLA - TBL - CR TO TR 585000	S20437	45	0					161	372	211
GONDOLA - TBL - NS TO TR 195000	S20437	45	75	0				49	300	293
COIL STEEL										
LIGHT COIL STEEL	S20320	235	33							
COVERED COIL STEEL - LTB (NOKL)	S20435	43	0						24	24
COVERED HOPPERS										
COVERED HOPPERS - LTB (GE C.H.)	S51438	44	32	25	1	1	1	10	52	27
OPEN TOP HOPPERS										
WOOD CHIP CARS - RULE 88 REBUILD			9							
MW										
MW SCALE TEST	S20309	407	0						5	3
W/D										
MISC. W/D CARS	S20197	235	0							21
INSOURCING										
CSX LIGHT REPAIRS	S50675	915	34	2				20	109	22
GCCX - 83000 SERIES	S50566	915	0							
GPSX - WOOD SIDED - BLUE	S50682	915	10						156	146
100 TON O T HOPPER - TOP CHORD	S50042	915	35							
CSXT BOX CARS		915								
READING & NORTHERN HOP - RDG	S50696	915	0	0					7	8
READING & NORTHERN HOP - CSXT	S50885	915	0	0					40	40
COVERED HOP - CEMENT CAR-CNW	S51348	915	256	44	4	4	4	84	299	144
SP FLAT CARS	S50951	915	27	6				10	49	19
GREENBRIER PM FLATS - CRLE 5100	S51311	915	0	0					48	6
RAPID DISCHARGE (Rail Trusts) - 135 CARS	S51049	915	0	0					15	15
GREENBRIER OT HOPPER - FEC	S51113	915	1	0					100	100



**NORFOLK
SOUTHERN**

Exhibit 2

December 1, 2000

Preliminary Estimate



Doug Johnson
Manager, Field Services
Bombardier Capital Rail Inc.
4849 West 167th Street, Suite 103
Oak Forest, IL 60452

Dear Mr. Johnson,

On behalf of Norfolk Southern, we would like to thank you for giving us the opportunity to furnish a preliminary estimate on the fabrication, building and application of drop in coil steel troughs for your two hundred and twenty-five (225) gondola cars that are presently located at our facility.

The following preliminary price is based on a coil/slab design that is presently being built at our repair facility. This trough meets the requirements of the AAR Open Top Loading Rules Manual. Our customers, allowing better utilization of their equipment have preferred this versatility in hauling steel coils and/or slab steel.

This trough is made up of two (2) pipes running the length of the car and is supported by a wide flange beam (split in half). The ends are made from tube steel, doubled up and reinforced at the top with a wide flange beam. The troughs are positioned in the center of the car and stabilized at nine (9) locations by using tube steel running from the support pipes to the sides of the car.

The preliminary price for each steel coil/slab trough and application to car is \$ 8,306.00.

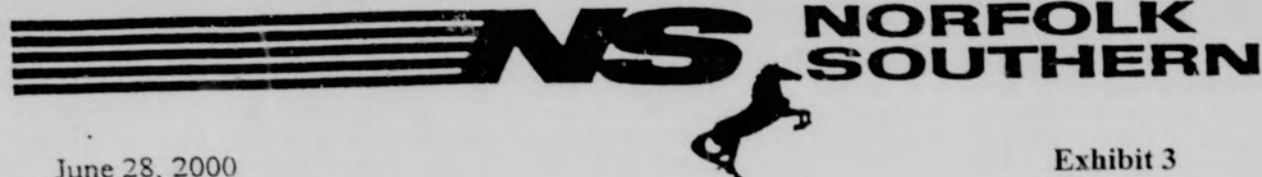
Production of troughs will commence with your acceptance of our offer, shop space availability and material delivery.

If you should accept our offer, a contractual letterform and three page "Agreement" with considerations of mutual promises and conditions will be forwarded for signatures.

If you should need any further information, please do not hesitate to call.

Sincerely,

M. A. Ricciardi
Shop Manager
Hollidaysburg Car Shop
Hollidaysburg, PA 16648



June 28, 2000

Exhibit 3

Paul Dyson, Vice President
General American Transportation Corporation
Four Embarcadero Center - Suite 2200
San Francisco, CA 94111

Dear Mr. Dyson,

The following is our proposal to repair, modify and increase the gross rail load to 286,000 on the 100-ton high side Rotary gondolas that are stenciled FURX and are of the 45000 series. This estimate is based on a recent sampling of ten (10) cars in Kalamazoo, MI on May 16, 2000.

The following work content will meet or exceed the requirements of Rule 88 for Modified and Increased Gross Rail Load and will be completed for a base price of \$ 19,282.00.

1. Complete Stress Analysis and Documentation
2. Car Body:
 - a. Shorten length to 44' 2 1/2" (Over Strikers) and lower the inside height to 6' 4" to achieve an estimated Cubic Feet of 2454. (Presently 4000)
 - b. Apply New 6" x 6" Top Chords.
 - c. Splice Center Sill, Side Sill, Floor Sheets and Side Sheets according to verbal specifications (Per D. L. Beecher).
 - d. Remove Diagonal/Crossridge Bracing.
 - e. Apply 3/8" floor overlay & secure by skip welding 6" on 12" off.
 - f. Apply 2 1/2" drain pipes.
3. Underframe:
 - a. Raise car and inspect according to Rule 88.B.2.b.
 - b. Application of sixteen (16) floor supports to the A & B ends.
 - c. Repair or Renew all worn out or defective center plates.
4. Air Brake:
 - a. Perform Repair Track Air Test/Single Car Test.
 - b. Repair or replace all defective components.
 - c. Application of Empty Load Device and Piping.
 - d. Application of Brake Cylinder Pressure Tap.
 - e. Reconditioning of two (2) WABCO Cylinders.
5. Safety Appliance: Repair or Replace as required.
6. Draft System:
 - a. Inspect according to Rule 88 and repair or replace all defective components.
 - b. Eliminate the A-End from Rotating by a Blocking Device or Component replacement.

7. Trucks:
 - a. Inspect according to Rule 88.B.2.b.8.a.
 - b. M-214 Bolsters & Truck Sides as required.
 - c. Application of WABCO II Brake System.
 - d. Repair or Replace all defective components.
 - e. 25% Wheel Replacement.
8. Blast, Paint & Stencil:
 - a. Commercial (SP6) Blast Car.
 - b. Paint car 4 mils DFT.
 - c. Stencil (Paint) car to meet minimal requirements of AAR Rule 88.B.1.d.

As per information supplied by WABCO representatives, the existing Bolsters should accept the WABCO II Slack Adjuster. Any required modifications will be billed separate from the base price.

The base price includes the sixteen (16) floor supports for the A & B ends. All other required car body betterment's resulting from the Stress Analysis will be billed separate from the base price.

All Rule 95/Wreck Damage will be billed separate from the base price.

For this additional work, the labor rate will be negotiated.

The base price does not include transportation.

This price is valid for thirty (30) days.

Production of cars will commence with your acceptance of our offer, material delivery and shop space availability.

Sincerely,

M. A. Ricciardi

M.A.R.

M. A. Ricciardi
Shop Manager
Hollidaysburg Car Shop
Hollidaysburg, PA 16648

Accepted for Customer By: _____

Date: _____

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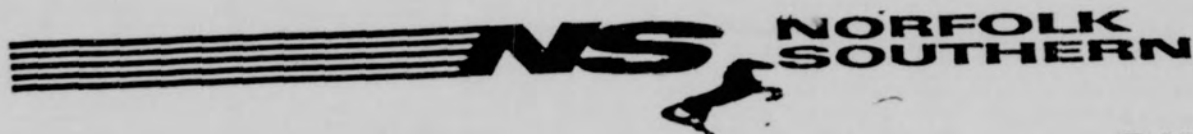


Exhibit 4

Date: November 17, 1999

To: Bob Ward
The Anderson
480 W. Dussel Dr.
Maumee, OH 43537

Phone 419-891-6687

Fax 419-891-2749

Mr. Ward:

The following is a revised proposal to convert 91 each 70 ton box cars to 100 ton box car and to do only the base price listed below. The cost would be \$21,698 per car for a base price. As discussed three options are also being provided which are not included in the above work content and price.

The first option would be to blast, paint and stencil the exterior only of the car. This cost would be an additional \$1,701 per car.

The second option would be to replace the existing wood floor with new laminated wood. This would cost an additional \$6,127 per car.

The third option would be to use the existing wood floor with a 3/16 steel floor overlay. This cost would be an additional \$3,001 per car.

The base price includes:

1. Upgrade of underframe from 70 ton to 100 ton complete with stress analysis and documentation.
2. Conversion of trucks from 70 ton to 100 ton.
3. Remove Hydro-Cushion units (20-14), apply and replace with new Keystone single action unit and all required modifications.
4. Reweigh car and stencil new weight and load limit.

No interior work is in price and will be billed at additional cost per Bob Ward.

This price does not include transportation.

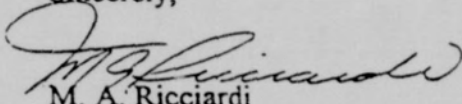
Page 2

This price does not include any Rule 95 damage.

This price is valid for thirty (30) days.

This voids any previous offer.

Sincerely,



M. A. Ricciardi
Shop Manager
Hollidaysburg Car Shop
Hollidaysburg, PA 16648

Proposal #2

Accepted By: _____

Date: _____

Date: October 2, 2000

To: Mr. Rich Vath
AllTranstek, LLC.
120 E. Ogden Ave., Suite 128
Hinsdale, Illinois 60521

From: M. A. Ricciardi
Shop Manager
Hollidaysburg Car Shop
Hollidaysburg, PA 16648

Dear Mr. Vath,

On behalf of Norfolk Southern, we would like to thank you for giving us the opportunity to quote on fifty (50) and one hundred (100) triple hopper aggregate cars.

If you should elect to use the Trinity Industries Inc. supplied car body kit; our base price for fifty (50) triples would be \$36,469 per unit. The base price for one hundred (100) triples would be \$33,488 per unit.

As of this date Johnstown America Corporation has not provided us with a kit price. Therefore, we cannot quote a price using a Johnstown America kit.

The base prices listed above include the following:

1. Triple hopper Car Body Kit with 45-degree slope sheets designed and built for 286,000 Gross Rail Load and approximately 2500 cubic foot capacity.
2. Shorten total length of the center sill approximately 7'3" and apply the required splice plates according to AAR Rule 57.
3. Blast, Paint & Stencil
 - a. Commercial SP7 Blast exterior of car.
 - b. Paint exterior of car to achieve 4 mils DFT.
 - c. Apply Decals according to AAR Rule 80 minimal requirements.
4. Rule 88.B.2.b inspection.
5. Single car air test.

Car owner is responsible for the ~~Stress~~ Stress Analysis, Engineering and all related costs. This cost is not included in the above quoted price.

The above mentioned Car Body Kits from Trinity Industries Inc. include standard Wine door operating mechanisms.

Underframe betterment and modifications that may be required as a result of the Stress Analysis for 286,000 Gross Rail Load will be billed separate from the base price.

All Rule 95/Wreck Damage will be billed separately.

The base price does not include transportation.

This price is valid for thirty (30) days.

Production of cars will commence with your acceptance of our offer, material delivery and shop space availability.

This proposal replaces all previous offers concerning triple hopper aggregate cars.

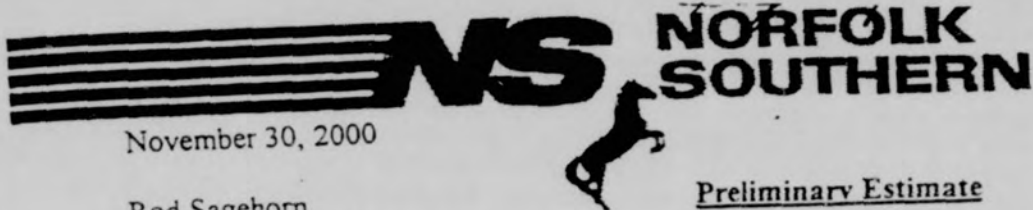
Please indicate your acceptance of our offer by signature in the area provided below and return signed copy with your purchase order.

Sincerely,

M. A. Ricciardi
Shop Manager
Hollidaysburg Car Shop
Hollidaysburg, PA 16648

Accepted For Customer by: _____

Date: _____



November 30, 2000

Rod Sagehorn
A.V.P. Mechanical
First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018-4214

Preliminary Estimate

The following is the preliminary price to modify forty (40) Ortner built rapid discharge open top hoppers from 4 pocket to 3 pocket and applying 60 degree slope sheets to the A & B ends (Existing 45 degree slopes would remain intact). Reporting marks unknown at this time.

This preliminary price is based on the like kind program presently being worked in our facility and following directly behind this program that is in process as of December 1, 2000. A final price to do the work stated below will be given, once the cars are inspected and verification is made that all forty (40) candidates are of the same builders lot, etc as the program that is presently running at the Hollidaysburg Car Shop.

The preliminary price will be \$ 23,900 per unit.

This price includes the following:

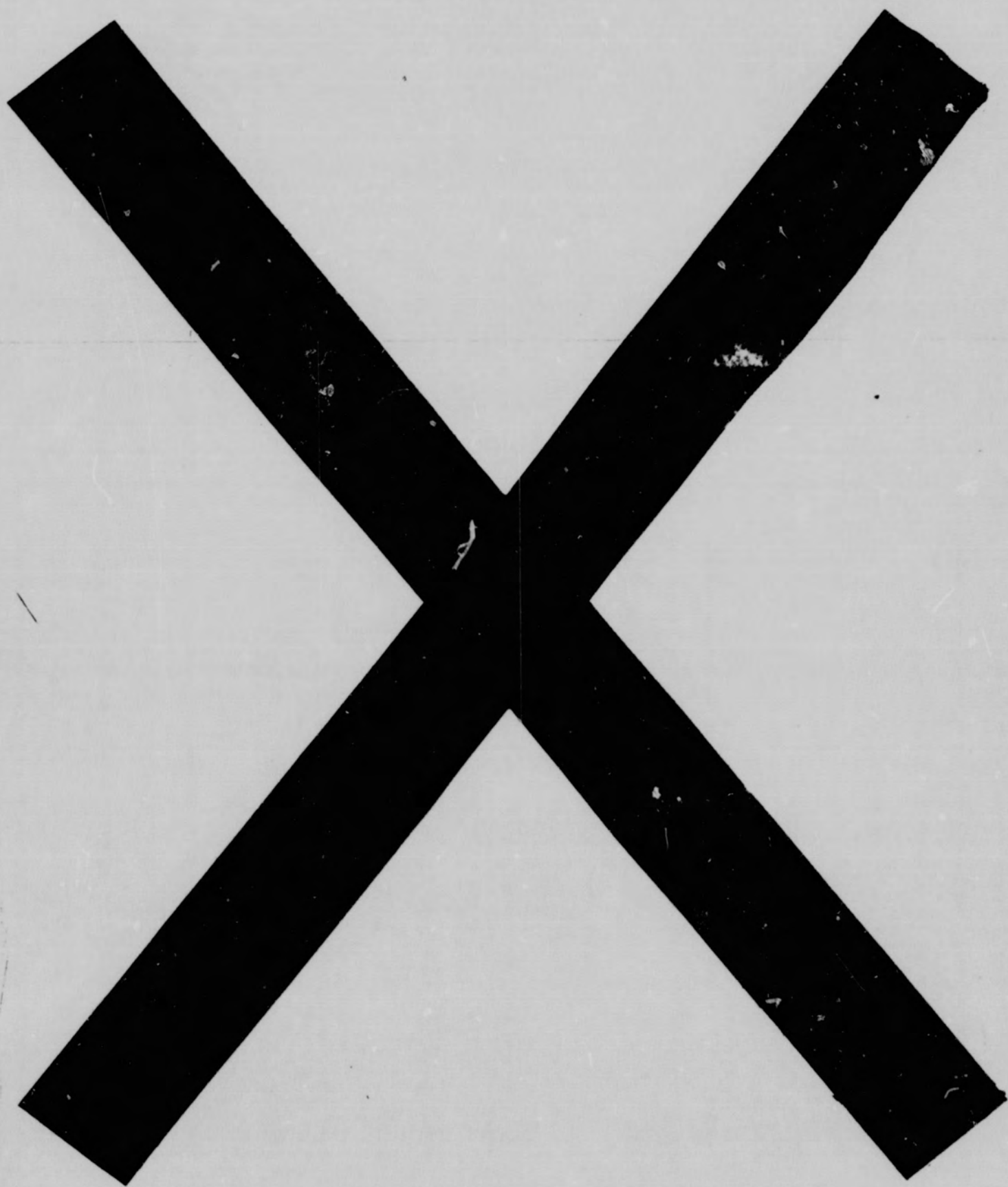
1. Remove approximately 9' - 7 1/2" from the total length of the car.
2. Butt welding the center sill, side sill, top chord and applying splice plates.
3. Repair by patching (Overlay) intermediate slope sheets, hopper chutes, and longitudinal hoods, as required.
4. Apply new door (Formed Overlay) sheets and secure by Huck.
5. Perform all necessary mechanical repairs to the air brake system, draft system and trucks. (Including Wheels).
6. Apply new 60-degree slope sheets to the interior A & B ends.
7. Complete Stress Analysis and submit documentation.
8. Increase gross rail load to 286,000.
9. Single Car Air Test
10. Reprogram AEI Tags

11. Commercial (SP 7) blast exterior of car. Paint exterior of car to achieve 4 mils DFT, Stencil (Paint) car according to AAR Rule 80.

This price does not include transportation.

All Rule 95/Wreck damage will be billed separate from the base price.

Cc: William Karol



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JACK QUINN

30TH DISTRICT, NEW YORK

COMMITTEES:

TRANSPORTATION AND INFRASTRUCTURE
CHAIRMAN, SUBCOMMITTEE ON RAILROADS
SUBCOMMITTEE ON AVIATION
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

VETERANS' AFFAIRS
SUBCOMMITTEE ON BENEFITS

CHAIRMAN, NORTHEAST MIDWEST COALITION
CHAIRMAN, STEEL CAUCUS EXECUTIVE COMMITTEE



Congress of the United States

House of Representatives
Washington, D.C. 20515-3230

203040

PLEASE RESPOND TO:

WASHINGTON OFFICE:

2448 RAYBURN BUILDING
WASHINGTON, DC 20515
(202) 225-3306
FAX: (202) 226-0347

MAIN OFFICE:

403 MAIN STREET
SUITE 240
BUFFALO, NY 14203-2199
(716) 845-5257
FAX: (716) 847-0323

SATELLITE OFFICE:

1490 JEFFERSON AVENUE
BUFFALO, NY 14208
(716) 886-4076

July 19, 2001

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

Dear Chairman Morgan:

Pursuant to the rules of the Committee on Transportation and Infrastructure, I have allowed the official record from the July 16th Subcommittee on Railroads field hearing regarding the proposed closure of the Norfolk Southern Hollidaysburg, PA car shops to remain open for thirty days.

However, a complete transcript of the hearing will be prepared for submission to the Board within the next five business days. I believe the Board will find value in this transcript and respectfully request that the Board withhold its decision on the Hollidaysburg situation until this information is received.

Thank you for your consideration of my request.

Sincerely,

Jack Quinn, M.C.
Chairman
Subcommittee on Railroads

ENTERED
Office of the Secretary

JUL 19 2001

PART OF
Public Record



Office of the Chairman

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

July 30, 2001

The Honorable Jack Quinn
Chairman
Subcommittee on Railroads
U.S. House of Representatives
Washington, D.C. 20515-3230

Dear Chairman Quinn:

Thank you for your recent letters regarding Norfolk Southern's decision to close the Hollidaysburg Car Shops (HCS). Your July 19 letter references the July 16 Railroad Subcommittee field hearing and the post-hearing process for further record-building. Your July 24 letter transmits a video tape of the hearing and other information for submission into the Surface Transportation Board's (Board) record for the proceeding on this matter.

As you know, the Board always strives to provide a process both that is fair to the parties and that allows the development of a full and complete record in a timely and efficient manner. Accordingly, I appreciate your providing me with information from the hearing.

I have had your letters and my response made a part of the public docket for this proceeding. I appreciate your interest in this important matter.

Sincerely,

Linda J. Morgan
Linda J. Morgan



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COVINGTON & BURLING

1201 PENNSYLVANIA AVENUE, N. W.

P.O. BOX 7566

WASHINGTON, D.C. 20044-7566

(202) 662-6000

FACSIMILE: (202) 662-6291

J. MICHAEL HEMMER

DIRECT DIAL NUMBER

(202) 662-5578

DIRECT FACSIMILE NUMBER

(202) 778-5578

mhemmer@cov.com

LECONFIELD HOUSE

CURZON STREET

LONDON W1Y 8AS

ENGLAND

TELEPHONE: 44-171-495-5655

FACSIMILE: 44-171-495-3101

KUNSTLAAN 44 AVENUE DES ARTS

BRUSSELS 1040 BELGIUM

TELEPHONE: 32-2-549-5230

FACSIMILE: 32-2-502-1598

April 9, 1998

HAND DELIVERY

The Honorable Vernon A. Williams

Secretary

Surface Transportation Board APR 10 1998

1925 K Street, N.W.

Mercury Building, Room 711

Washington, D.C. 20423-0001

Part of
Public Record



Re: Ex Parte No. 573, Rail Service in the Western United States

Dear Mr. Williams:

Union Pacific announced today that it is relaxing its embargo on rail traffic to and through Laredo, Texas. Effective Tuesday, April 14, UP will issue permits for previously embargoed traffic. The purpose of the permit system is to prevent a sudden surge of rail cars that might again cause congestion. Since the embargo was imposed, UP has reduced the number of cars in the backlog for Laredo from over 5,800 to approximately 3,350 today. UP's other Mexico gateways remain unaffected by the embargo.

Sincerely,

Arvid E. Roach II

J. Michael Hemmer

cc: The Honorable Linda J. Morgan (courtesy copy)
The Honorable Gus A. Owen (courtesy copy)
Melvin F. Clemens, Jr., Director
Office of Compliance and Enforcement (courtesy copy)
All Parties of Record

STB

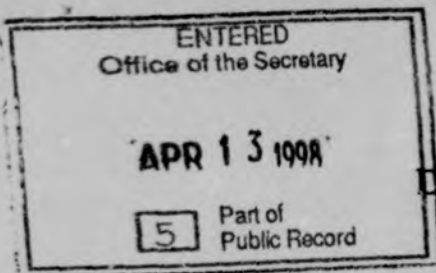
FD

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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

April 9, 1998

VIA HAND DELIVERY

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

EXPEDITED CONSIDERATION REQUESTED

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

Dear Secretary Williams:

On behalf of the various parties in the above proceeding who are listed below, this is to suggest a procedure for allocating the time allowed for oral argument by parties opposing the transaction as proposed. The suggested approach would be equitable and could well assist the Board in the difficult task of allocating scarce oral argument time among the many parties that wish to participate in the oral argument.

In Finance Docket No. 32760, *Union Pacific Corp. et al. — Control and Merger — Southern Pacific Rail Corp.*, many of the undersigned counsel and others met for the purpose of allocating the allotted oral argument time of the non-primary Applicants. The process was almost totally successful, as well as agreeable, and resulted in the Board structuring the oral argument largely along the lines that group proposed. *See* Decision No. 41, served June 19, 1996.

Accordingly, we propose that the Board withhold temporarily issuing a decision establishing the structure and allocation of the oral argument time. After all interested parties have indicated by April 10, 1998 their intentions with respect to participation in the oral argument, the undersigned counsel will conduct a meeting with other parties opposing or seeking conditions on the transaction to attempt to develop an agreed structure and allocation for oral



Mr. Vernon A. Williams

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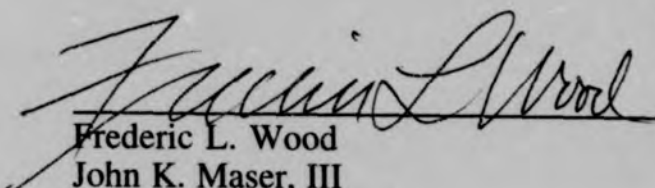
April 9, 1998

argument.¹ To that end, a meeting has been scheduled for the week of April 20, 1998. All parties opposed to the transaction as proposed or seeking conditions to approval of the transaction are being invited to attend by a separate letter. We would endeavor to develop an agreed structure and allocation of oral argument time among those parties and report it to the Board by Friday, May 1, 1998.

At that point, the Board could rely on the agreement of the parties (assuming agreement is reached) or requests for specific amounts of time from each party or group of parties which filed a notice of intent by April 10, 1998 to participate in oral argument (if the parties are unable to agree). We are optimistic that substantial progress in allocating time can be made by counsel if the approach we have proposed is accepted by the Board.

Copies of this letter are being served upon all parties of record, so that all those parties (other than Applicants and supporting parties) that desire to participate in oral argument are aware of and can participate, if they wish, in this process. Based on our experience in the UP/SP proceeding, it is our hope and expectation that an agreed structure and allocation can be achieved.

Respectfully submitted,



Frederic L. Wood
John K. Maser, III
Nicholas J. DiMichael
Jeffrey O. Moreno
Donelan, Cleary, Wood & Maser, PC
1100 New York Avenue, NW
Washington, DC 20005-3934
Tel. (202) 371-9500

Attorneys for AK Steel Corp., Erie-
Niagara Rail Steering Committee, The
National Industrial Transportation
League, Niagara Mohawk Power
Corporation and Joseph Smith & Sons,
Inc.

Michael F. McBride
LeBoeuf, Lamb, Greene & MacRae,
L.L.P.
1875 Connecticut Avenue, NW
Suite 1200
Washington, DC 20009

Attorney for The Fertilizer Institute
and Indianapolis Power & Light
Company

¹ This is consistent with the structure of the oral argument in *UP/SP*, where parties supporting (or not opposing) the transaction who requested to participate in the oral argument were not included in the time allotted to those parties either opposed to the transaction or seeking conditions on the transaction. *UP/SP* Decision 41, App. A.

Mr. Vernon A. Williams

3

April 9, 1998

Martin W. Bercovici
Keller and Heckman, LLP
1001 G Street, NW, Suite 500 West
Washington, DC 20001

Steven J. Kalish
McCarthy, Sweeney & Harkaway, P.C.
1750 Pennsylvania Ave., N.W.
Washington, DC 20006

Attorney for ARCO Chemical
Company, Eighty Four Mining
Company and The Society of the
Plastics Industry, Inc.

Attorney for City of Bay Village, City
of Rocky River, and City of
Lakewood, Ohio

C. Michael Loftus
Christopher A. Mills
Frank J. Pergolizzi
Slover & Loftus
1224 Seventeenth Street, NW
Washington, DC 20036

William J. Slover
Kelvin J. Dowd
Jean M. Cunningham
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1224 Seventeenth Street, NW
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Attorneys for the Four Cities
Consortium, Potomac Electric Power
Company and First Energy Corporation

Attorneys for the State of New York
and Consumers Energy Company

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1707 L Street, NW
Washington, DC 20036

Attorneys for Virginia Railway Express
and Livonia, Avon & Lakeville
Railroad Corporation

Attorneys for the Ohio Attorney
General, Ohio Rail Development
Commission and Public Utilities
Commission of Ohio; Wheeling &
Lake Erie Railway; Stark Development
Board; Wyandot Dolomite

Mr. Vernon A. Williams

4

April 9, 1998

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L. Pat Wynns
Highsaw Mahoney & Clarke, P.C.
1050 17th Street, NW, Suite 210
Washington, DC 20036

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Mitchell M. Kraus
General Counsel
Christopher Tully
Assistant General Counsel
Transportation•Communications
International Union
3 Research Place
Rockville, MD 20850

Fritz R. Kahn
Fritz R. Kahn, P.C.
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Washington, DC 20005

Attorney for Consol Inc. and Martin
Marietta Materials, Inc.

Randolph L. Seger
Michael P. Maxwell, Jr.
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Chamber of Commerce Building
Suite 1100
320 North Meridian Street
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Attorneys for The City of Indianapolis

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Debra L. Willen
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Counsel for International Ass'n of
Machinists and United Railway
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Ulmer & Berne LLP
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Cleveland, OH 44114-1583

Attorneys for ASHTA Chemicals, Inc.

Thomas A. Leonard
John J. Ehlinger, Jr.
Catherine Pyune McEldowney
Thomas E. Hanson, Jr.
Obermayer Rebmann Maxwell &
Hippel LLP
One Penn Center, 19th Floor
1617 John F. Kennedy Boulevard
Philadelphia, PA 19103

Counsel for Southeastern Pennsylvania
Transportation Authority

Mr. Vernon A. Williams

5

April 9, 1998

cc: All Parties of Record (By Mail)

cc: Director, Office of Proceedings (By Telecopy)

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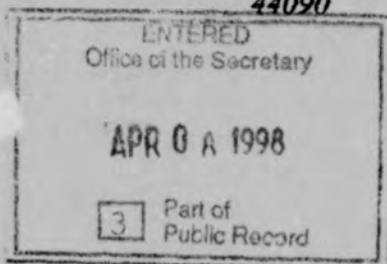
WELLINGTON, OHIO

VILLAGE COUNCIL

115 Willard Memorial Square

44090

Barb O'Keefe, Mayor



April 7, 1998

Harold Sumpter, President
Joe McQuaid
Al Kimmich
Dan Haldeman
Guy Wells
Fred Alspach

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



RE: Proposed CSX Acquisition of Conrail Line C-061, Lorain County, Ohio.

Dear Mr. Williams:

The Mayor and Council of the Village of Wellington, Ohio hereby request the opportunity to be heard at the oral argument on Thursday, June 4, 1998 per the STB's Decision No. 70 dated March 10, 1998.

Fred Alspach will represent Wellington Council. Bob Walker and Barb Leiby will represent Wellington's Safety Forces and will be present to argue in opposition of the proposed acquisition of the Conrail C-061 line by CSX Corporation for the following reasons.

- 1) If the acquisition is approved by the Surface Transportation Board, it is imperative to construct a grade separation, where feasible, in order to accommodate the proposed increase in rail traffic.
 - A. Vehicle traffic count by the STB revealed 8,120 vehicles per day crossing on State Route 58 and 7,870 vehicles per day crossing at a perpendicular on State Route 18 just 1,500 feet away. No other crossing, of the thirty-five crossings in Lorain County, on the C-061 line, handles this amount of traffic in such a small area.

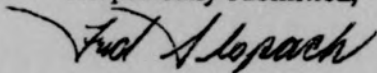
STB 4/7/98 Page 2

- 2) If the acquisition is approved by the Surface Transportation Board, the number of additional trains should be limited.
- 3) If the acquisition is approved by the Surface Transportation Board, the switching of rail cars for local industry, located on North Main Street, should be limited to night hours to reduce congestion.
- 4) If the acquisition is approved by the Surface Transportation Board, the CSX Corporation should institute and fund an annual joint training program for rail personnel and local providers for emergency response.

It is for these reasons that Wellington officials are requesting to be heard in conjunction with the 5th Congressional District Representative, Congressman Paul E. Gillmor. We firmly believe that the acquisition of the Conrail C-061 line by the CSX Corporation and the ensuing increase in traffic and transportation of hazardous materials will greatly impact the environmental and safety concerns of the Village of Wellington, Ohio.

It is hereby requested that we be allotted thirty minutes in which to present our arguments to the Surface Transportation Board on June 4, 1998.

Respectfully submitted,



Fred Alspach, Councilman

Enclosure: Wellington Resolution

cc: Congressman, Paul E. Gillmor
Robert Walker, Fire Chief
Barb O'Keefe, Mayor
Village Council
Frank Ashbaugh, Solicitor

VILLAGE OF WELLINGTON, OHIO

RESOLUTION NO. 1998-8

WHEREAS, the Section of Environmental Analysis of the Surface Transportation Board has invited comments in regards to the proposed CONRAIL ACQUISITION as those concerns relate to cities, townships and villages located within the CONRAIL CORRIDOR, and;

WHEREAS, the Mayor and Council of the Village of Wellington recognizes that the Surface Transportation Board is presented with a very challenging and complex decision, made difficult by the many issues involved, all of which must be given careful consideration prior to the final decision being made, and;

WHEREAS, the Rail Segment C-061 is 27 miles in Lorain County with a projected increase in the number of trains per day from 14 to 54 and a projected increase in the number of annual Hazardous Material carloads from 16,000 to 51,000, and;

WHEREAS, Two (2) of the crossings that meet or exceed the STB's criteria of 5,000 plus ADT and were analyzed for vehicle delay and queues, namely North Main Street in Wellington Village (Rt. 58) at 8120 vehicles and Herrick Avenue West in Wellington Village (Rt. 18) at 7870 vehicles, said crossings located within 1,500 feet of each other, and;

WHEREAS, The Village of Wellington has experienced four (4) accidents resulting in death in the last 8 years. It is not logical that an increase in the number of trains per day from 14 to 54; an increase in train length from 5,260 feet to 6,200 feet; an increase in the number of vehicles delayed per day from 145 to 583; an increase in the number of vehicles in line per lane (2) from 14 to 16; and increases in average delay per vehicle could take place and the result be a Level of Service (LOS) determination of B.

NOW THEREFORE BE IT RESOLVED THAT:

- 1) The following are recommendations by the Mayor and Council of the Village of Wellington, Ohio;
 - A. PROVIDE FOR RAIL AND STREET GRADE SEPARATION AT THE MOST FEASIBLE LOCATION WITHIN THE VILLAGE LIMITS
 - B. REDUCE THE NUMBER OF ADDITIONAL TRAINS PERMITTED
 - C. LIMIT/RESTRICT RAIL CAR SWITCHING ACTIVITIES TO NIGHT HOURS TO REDUCE CONGESTION
 - D. CREATE A WRITTEN EMERGENCY RESPONSE PLAN FOR RAIL PERSONNEL AND LOCAL SERVICE PROVIDERS

E. INSTITUTE AND FUND AN ANNUAL JOINT TRAINING PROGRAM
FOR RAIL PERSONNEL AND LOCAL PROVIDERS

F. PROVIDE PRIOR NOTIFICATION OF NUCLEAR SHIPMENTS

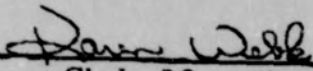
- 2) That it is found and determined that all formal actions of this Board of Trustees concerning and relating to the adoption of this Resolution were adopted in an open meeting of this Village Council, and that all deliberations of the Village Council and of any of its committees resulting in such formal action were in meetings open to the public, in compliance with the law, including Section 121.22 of the Revised Code of Ohio.

The vote was taken as follows:

Sumpter	<u>YES</u>
Alspach	<u>YES</u>
Haldeman	<u>YES</u>
Kimmich	<u>YES</u>
McQuaid	<u>YES</u>
Wells	<u>YES</u>

Adopted this 6th day of April, 1998

ATTEST:


Clerk of Council

VILLAGE of WELLINGTON, OHIO

FAX TRANSMISSION

From: Fred Alspach, Councilman
To: Vernon A. Williams, Secretary
Company: Surface Transportation Board

Date: 4/8/98
Time: 3:30 p.m.
FAX #: 202-565-9004

Mr. Williams,

Enclosed is a request to participate at the oral argument proceeding on Thursday, June 4, 1998, at 10:00 a.m., in the Surface Transportation Board Hearing Room per Decision No. 70. Hard copy of this request is being mailed today. Thank you for your consideration.

Fred Alspach, Councilman



FAX: 440-647-4870 TEL: 440-647-4882

PO Box 153 Wellington, OH 44090

STB

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4-7-98

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CITIES

VILLAGE of WELLINGTON, OHIO**FAX TRANSMISSION**

From: Fred Alspach, Councilman
To: Vernon A. Williams, Secretary
Company: Surface Transportation Board

Date: 4/7/98
Time: 3:30 p.m.
FAX #: 202-565-9003

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Fred Alspach, Councilman



FAX: 440-647-4870 TEL: 440-647-4882

PO Box 158 Wellington, OH 44090

WELLINGTON, OHIO

VILLAGE COUNCIL

115 Willard Memorial Square
44090



Barb O'Keefe, Mayor

Harold Sumpter, President
Joe McQuaid
Al Kimmich
Dan Haldeman
Guy Wells
Fred Alspach

April 7, 1998

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

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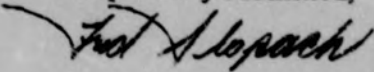
STB 4/7/98 Page 2

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Fred Alspach, Councilman

Enclosure: Wellington Resolution

cc: Congressman, Paul E. Gillmor
Robert Walker, Fire Chief
Barb O'Keefe, Mayor
Village Council
Frank Ashbaugh, Solicitor

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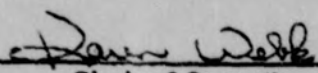
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Haldeman	<u>YES</u>
Kimmich	<u>YES</u>
McQuaid	<u>YES</u>
Wells	<u>YES</u>

Adopted this 6th day of April, 1998

ATTEST:


Clerk of Council

STB

FD-33388

3-26-98

J

ID-BUSINESS

Stolthaven Chicago Inc.



A subsidiary of
Stolt-Nielsen S.A.

12200 S. Stony Island Avenue Tel: (773) 646-4440
Chicago, IL 60633
U.S.A.

Fax: (773) 646-4561

**** Sent via Registered Mail ****

Surface Transportation Board
Finance Docket 33388
CSX Corp. & CSX Transportation Inc.,
Norfolk Southern Corp., and Norfolk and Southern Railway Company
Conrail Railroad Contract and Operating leases and Agreements
Illinois International Port Districts
Request for Conditions to the Approval of Application



Dear Board Members:

This letter is being submitted to express concerns held by my company with regards to the pending application before the STB to acquire and divide the assets of Conrail Inc. between CSX Corporation and the Norfolk Southern Railroad.

Stolthaven is a bulk liquid distribution Terminal in the Lake Calumet area of Chicago that is vitally dependant on rail service exclusively provided by the Norfolk Southern Railroad through its local Calumet Switching Yard. Past problems experienced with the Norfolk Southern and its Calumet Yard have negatively impacted the ability of our company to compete in the service driven distribution industry. Letters describing these service issues and their immediate and long-term impact on our Terminal will be included for your review and reference.

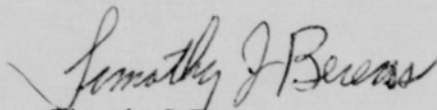
The Norfolk Southern Operating Plan includes reducing yard crews and maintenance personnel at the Calumet Yard as well as future intentions to convert this Yard to an intermodal operation. It is the firm belief of Stolthaven that each of these steps would dilute Norfolk Southern resources allocated to the rail needs of local industry and would further deteriorate the already marginal service received from this rail carrier who continues to enjoy exclusive rights to rail activity on the East side of Lake Calumet.

Recent meetings attended by management of the Norfolk Southern Railroad and representatives of many local Chicago industries to discuss specific issues related to the merger Application and related Operating Plan failed to satisfy the growing concerns of many of the Calumet Area business representatives in attendance. It is for this reason that I felt it necessary to express written support for the Request for Conditions to the Approval of Application as filed by the Illinois International Port District. Specifically, Stolthaven supports the need for open rail access to Lake Calumet Industry by extending operating rights on existing trackage to other rail providers such as the Chicago South Shore, South Bend Railroad, Chicago Rail Link and the CSX. It is the belief of

Stolthaven that expanded rail access to Lake Calumet Industries is the strongest guarantee of future rail service for this area.

In summary, consistent, dependable service from the Norfolk Southern Calumet Yard is critical to the survival of Stolthaven Chicago Inc. We ask your strongest consideration to these application conditions with respect to the merger of the CSX and Norfolk Southern Railroads.

Sincerely

A handwritten signature in cursive script, reading "Timothy J. Berens". The signature is written in dark ink and is positioned above the printed name and title.

Timothy J. Berens
General Manager
Stolthaven Chicago Inc.



Stolthaven (Chicago) Inc.
A subsidiary of Stolt-Nielsen S.A.

12200 S. Stony Island Avenue, Chicago, Illinois 60633 U.S.A.

November 30, 1994

Mr. Robert Hansen
NORFOLK SOUTHERN CORPORATION
Three Westbrook Corporate Ctr.
Suite 440
Westchester, IL 60154-5730

Dear Bob:

With regard to the ongoing problems we continue to experience on rail traffic passing through your Calumet yard, I thought I would forward a copy of a recent communique from Dow Chemical in which they indicated they are exploring alternative distribution to a primary rail customer in Michigan. Delays directly attributable to service from the Calumet Terminal continue to impact our ability to serve our customers, and force our existing revenue base to seek logistic alternatives.

In October, we received similar notice that a ten tankcar fleet servicing another Michigan account from our Terminal would no longer be retained as the producer was able to supply product much quicker by rail from Louisiana.

Union Carbide, our largest account, routinely complains about rail service and is considering moving a significant part of their business to East and West Coast Terminals. They also continue to experience service problems with solid train movements from Canada.

The cumulative effect of poor rail service and resulting loss of business is having a catastrophic impact on our company and its ability to compete in the distribution service industry.

By copy of this letter I ask that you explore additional means of improving the service we receive from your company. Though I feel the local rail staff continues to work toward correcting these problems, I feel external resources and support for their efforts continue to be lacking.

Sincerely,

Timothy J. Berens
STOLTHAVEN (CHICAGO) INC.
Mgr of Customer Services and Sales



October 17, 1995

Mr. James H. Huddleston
Manager, Pricing Services
NORFOLK SOUTHERN CORPORATION
110 Franklin Road, S.E.
Roanoke, VA 24042-0041

Dear Mr. Huddleston:

During the recent meeting held at the Illinois International Port District offices on October 11, 1995, we discussed the poor and erratic service given to the industries on the east side of Lake Calumet. You requested I supply you with some particulars which I have done as evidenced by the attached Summary of Service to our Facility.

The summary is self-explanatory but should you need further clarification let me know. In addition to the problems noted in the Summary we also encounter the following problems:

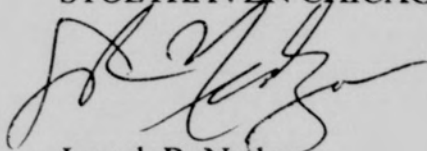
1. Switches are periodically made during our own heavy switching hours without any notice. We have requested switches between the hours of 8 p.m. through 7 a.m. which your Calumet Yards personnel have agreed this time frame is acceptable.
2. Unit trains are not switched in accordance to the time schedule your personnel had pre-advised us. We must schedule crews in advance of these train arrivals in order to properly handle as required by our customers, BP Chemicals and Union Carbide. We incur heavy costs when these schedules are not met.
3. The NS frequently does not pick up the unit train MTs as requested adding additional expenses to BP Chemicals and Union Carbide due to loss of car utilization and changes to their plant schedules.
4. Our customers also experience heavy delays in our receiving inbound cars due to the congestion in your Calumet Yards. Delays of 1 to 5 days is not uncommon.
5. The same holds true for outbounds. Our customers have had to ship tank trucks of material because of these delays which heavily adds to their distribution costs.

We at Stolthaven have worked diligently to assist the Norfolk Southern in their performance. We have done more than what should be required. However, our purpose in performing beyond the norm, is to satisfy all the distribution needs of our customers. A satisfied customer will invariably increase business if at all possible when dealing with efficiently operated facilities. However, a dissatisfied customer, that finds alternative distribution facilities, will leave and once gone very seldom returns.

I have personally worked with the NS and their predecessors for over 32 years and I can honestly say the above problems have existed the entire time. We have received a great deal of assurances from various Railroad personnel to correct the existing problems but we see only temporary improvements. Perhaps with your involvement the many problems can be resolved.

Sincerely,

STOLTHAVEN CHICAGO INC.



Joseph R. Nedza
General Manager
(312) 646-8140

JRN/tma

cc: Mr. Robert J. Cooney, Esquire - Norfolk Southern Corporation
Mr. Robert C. Churchill, III - Norfolk Southern Corporation
Mr. Mel L. Crawley - Norfolk southern Corporation
Mr. Anthony G. Ianello - Illinois International Port District
Mr. Alan B. Winsor, Attorney - Stolt Parcel Tankers Inc.

bcc: TIM, MDC, DLH, GRY, WFF, TPS, BSN

STB

FD-33388

3-25-98

J

ID-PUBLIC

FD 83385
To whom it may concern:

February 27, 1997

I'm not sure how much of an impact if any this letter will have on the merger but PLEASE hear me out.

Some people believe in dreams, others believe in idols. But for me, it's Conrail.

My life since its beginning on June 7, 1979, has been lived for this railroad.

Everyday I woke up taking it for granted, always thinking Conrail, my railroad, will be here well after I'm gone. Then on August 17, 1996 when the Consolidated Rail Corporation sold the 38 mile section from Muncy, Pa to Avis, Pa, which included the Newberry Yard, I thought my life was over. All my life the Newberry Yard was my home- I knew everyone there and they knew me. Then, I lost it to the Lycoming Valley Railroad. I also lost the Harrisburg North Dispatch, my one source for train watching. Now, it's Harrisburg East and on channel 3, instead of channel 1, 160.800MHz.

After time, I accepted it and began to do more in way of rail fanning! Now, I must deal with losing my whole railroad, all my dreams, all my love and my entire life, and it's all because of money.

As Larry De Young stated, "Speculation continues about a possible union involving Conrail, although "Big Blue" is doing all it is capable of doing to protect itself from any hostile attempts on its corporate independence." Bill Stephens stated in an article in Trains magazine involving the recent Union Pacific / Southern Pacific merger, "Conrail, the source said, believes it can stand alone based on its virtual monopoly on the Chicago- New York business." I feel the same way.

If Conrail wants to make a good decision, then let's stand on our own and use more of our assets and resources to our advantage. Conrail went from a business that lost a million dollars a day to a railroad that made a million dollars a day. We are making money and we are a very noted railroad. Instead of going down in history as the only railroad formed by congress and the only railroad ever fought so greatly over, let's make history by being the only railroad to be independently owned and operated for another twenty years and still continue as a first class railroad.

Just because everyone else is jumping onto the merger train doesn't mean we must! When other railroads are empires, we Conrail with our top of the line 26,000 mile route will be number one with the customer in turn gaining more and more business. Twenty years from now WE may be the only railroad around because we stood on our own focusing on the customer, safety and management. If we do merge, soon there will be only one railroad- a monopoly! The shipper will find a cheaper

mean of transporting goods.

Look at the long range area- (not just ten years from now) let's take a chance, let's stand on our own, forever stay independent someone has to.

I would very much like to attend a meeting where my voice along with thousands of others could be heard. Like it's been said- why put the fate of Conrail into the hands of Wall Street and the people who've owned Conrail stock for a week or so? Why not listen to the men and women who have been with the railroad since the beginning. Those who put their lives on the line everyday, put up with the grueling hours, stand the harsh weather. Those who in the beginning took money out of their own pocket to buy parts so engines could run. I think you should look at the broader spectrum, and not just the well being of the railroad executives.

Don't let someone take us over, we don't need to merge with anyone, and I would never wish that on anyone! I know how it feels when someone tries to take your railroad!

There is history and a wonderful story to be told of this railroad. This is just the beginning and you're trying to end it. We as a railroad made it through the years without any ones help. Now we surely do not need CSX to "carry us" into the future

I had my life set. When I got out of high school, I was going to college, take up heavy machinery operations and diesel mechanics, apply for a job with Conrail by 23, full-time engineer by 45, retire from that position around 65 and then "own" the railroad. (CEO perhaps)

Railroading is in my heart, but Conrail is in my blood. Now, I have to apply for a job with the "CSX Rail Corporation."

All my life I've wanted to run a Big Blue diesel, sit in the engineer seat, blow the horn, throttle up to notch 8, and, fill out my own Form D. But now, all I have are shattered dreams.

Don't think I'm just any old railroader who likes Conrail, I know every date, every statistic, every engine, every rule, every piece of Conrail out there because all my life I've studied it and lived for it.

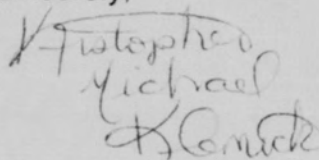
Someday very soon, as it's on my "to do" list I will visit Conrails' Corporate Headquarters in Philadelphia for the first and perhaps last time. You'll know it's me because on dooms day if and when Conrail does merge, that is where I will be sitting, right outside as the famous blue-and-white color scheme with the big "C" fades into

railroad history.

Please, do not merge. If I have to work 24 hours a day, 7 days a week pulling dead blades of grass from lawns to make enough money to pay for any break-up fees, I would. We are an independently owned railroad that has a future, if it only has a clear track ahead of itself. So once again as it was stated in the past...

"Let Conrail...Be Conrail"

Sincerely,

A handwritten signature in cursive script that reads "Kristopher Michael Klemick". The signature is written in dark ink and is positioned above the printed name.

Kristopher Michael Klemick

RR#3 Box 101-15

Jersey Shore , PA

17740-9309

FD 33388

To whom it may concern:

February 27, 1997

I'm not sure how much of an impact if any this letter will heed on the merger but PLEASE hear me out.

Some people believe in dreams, others believe in idols, but for me, it's Conrail.

My life since its beginning on June 7, 1979, has been lived for this railroad.

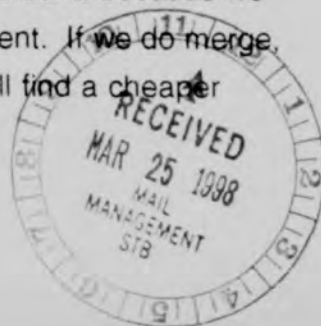
Everyday I woke up taking it for granted, always thinking Conrail, my railroad, will be here well after I'm gone. Then on August 17, 1996 when the Consolidated Rail Corporation sold the 38 mile section from Muncy, Pa to Avis, Pa, which included the Newberry Yard, I thought my life was over. All my life the Newberry Yard was my home- I knew everyone there and they knew me. Then, I lost it to the Lycoming Valley Railroad. I also lost the Harrisburg North Dispatch, my one source for train watching. Now, it's Harrisburg East and on channel 3, instead of channel 1, 160.800MHz.

After time, I accepted it and began to do more in way of rail fanning! Now, I must deal with losing my whole railroad, all my dreams, all my love and my entire life, and it's all because of money.

As Larry De Young stated, "Speculation continues about a possible union involving Conrail, although "Big Blue" is doing all it is capable of doing to protect itself from any hostile attempts on its corporate independence." Bill Stephens stated in an article in Trains magazine involving the recent Union Pacific / Southern Pacific merger, "Conrail, the source said, believes it can stand alone based on its virtual monopoly on the Chicago- New York business." I feel the same way.

If Conrail wants to make a good decision, then let's stand on our own and use more of our assets and resources to our advantage. Conrail went from a business that lost a million dollars a day to a railroad that made a million dollars a day. We are making money and we are a very noted railroad. Instead of going down in history as the only railroad formed by congress and the only railroad ever fought so greatly over, let's make history by being the only railroad to be independently owned and operated for another twenty years and still continue as a first class railroad.

Just because everyone else is jumping onto the merger train doesn't mean we must! When other railroads are empires, we Conrail with our top of the line 26,000 mile route will be number one with the customer in turn gaining more and more business. Twenty years from now **WE** may be the only railroad around because we stood on our own focusing on the customer, safety and management. If we do merge, soon there will be only one railroad- a monopoly! The shipper will find a cheaper



mean of transporting goods.

Look at the long range area- (not just ten years from now) let's take a chance, let's stand on our own, forever stay independent someone has to.

I would very much like to attend a meeting where my voice along with thousands of others could be heard. Like it's been said- why put the fate of Conrail into the hands of Wall Street and the people who've owned Conrail stock for a week or so? Why not listen to the men and women who have been with the railroad since the beginning. Those who put their lives on the line everyday, put up with the grueling hours, stand the harsh weather. Those who in the beginning took money out of their own pocket to buy parts so engines could run. I think you should look at the broader spectrum, and not just the well being of the railroad executives.

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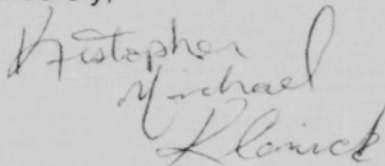
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"Let Conrail...Be Conrail"

Sincerely,

A handwritten signature in cursive script that reads "Kristopher Michael Klemick". The signature is written in dark ink and is positioned above the printed name.

Kristopher Michael Klemick

RR#3 Box 101-15

Jersey Shore , PA

17740-9309

STB

FD

33388

3-25-98

J

PUBLIC



Office of the Chairman

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

File in Docket

JD - 33388

March 10, 1998

Mr. Robert J. Lombardi
2460 West Hemlock Way
Chandler, AZ 85248

Dear Mr. Lombardi:

This is in reply to your letter regarding the proposed acquisition of Conrail by Norfolk Southern and CSX. As you are aware, the proposal has not yet been approved by the Surface Transportation Board (Board).

I am enclosing, for your information, a brochure on the proposal that will give you both the Board's schedule for review of the proposal and the factors the statute requires the Board to consider in deciding whether or not to grant an application for consolidation. As you will see, the effect of the proposal on the employees is one of the factors the Board must consider.

If the proposal is approved, employees will, as required by statute, have available the benefits of the labor protective conditions set forth in New York Dock Ry. - Control - Brooklyn Eastern Dist., 360 ICC 60 (1979) (New York Dock). Those conditions require that management negotiate with the union representatives as to the terms under which labor forces will be put together to implement the consolidation. If management and labor cannot agree, the issues under negotiation are submitted to arbitration. An arbitral decision can be appealed to the Board.

You are concerned that actions are being taken before the transaction is approved that adversely affect employees who thus will not have New York Dock protection available to them. In this regard, sometimes an arbitrator will find that an action affecting a particular job was taken by a carrier prior to a consolidation but was done "in anticipation" of the consolidation and then will determine that an employee is entitled to New York Dock benefits. However, in no case can an employee receive such benefits before an acquisition is approved and the New York Dock conditions are imposed.

In your letter, you also mention that you believe you are now entitled to benefits under the collective bargaining agreement that the Sheet Metal Workers International Association has with Conrail and which is now in effect. You must pursue those benefits using the procedures set out in that agreement, and your union representative should be able to assist you in that endeavor. The Board has no jurisdiction over the implementation of collective bargaining agreements except as they may relate to the implementation of transactions approved by the Board.

I am having a copy of your correspondence and my response placed in the public docket of this proceeding. I appreciate the opportunity to be of assistance to you in this matter.

Sincerely,

Linda J. Morgan

Linda J. Morgan

Enclosure

RECEIVED
SURFACE TRANSPORTATION
BOARD

JS-33388

FEB 20 2 23 PM '98

OFFICE OF
CHAIRMAN MORGAN

2460 West Hemlock Way
Chandler, AZ 85248
February 1, 1998

Linda Morgan, Chairperson
Surface Transportation Board
427 Hart Senate Office Building
Washington, D.C. 20510

Dear Ms. Morgan,

I have been a member of Local 139, of the Sheet Metal Workers International Association, in Boston, MA since July 1, 1976 and was furloughed from Conrail on July 7, 1997. As you can see, I have been in this Union, in good standings for 21 years. When my position was abolished, I was told that this was a permanent lay off. My wife and I decided that since I was no longer going to be working for the railroad, that it was time to move on and join my family in Arizona. Knowing this, I applied for severance benefits that were agreed to in my latest contract between Conrail and the Sheet Metal Workers International Association. I sent a claim to my General Chairman, Mr. Andrew Pirro, jr. on July 12, 1997 and a second letter on August 16, 1997 with more information for him to take to the Labor Board. On September 3, 1997, Mr. Pirro forwarded my claim to Mr. A.J. Licate with Conrail requesting benefits that I would be entitled to. I received a letter from Mr. Licate, sent to me by Mr. Pirro, denying my claim for benefits. He stated that I did not provide any dates showing the transfer of my work after September 12, 1996. Since then, I have written two more letters to Conrail requesting benefits that I should be entitled to. Conrail will not acknowledge my claim or pay any benefits. Let me explain:

On June 2, 1997 CSX and Norfolk Southern railroads purchased all stock not owned by Conrail giving them the controlling share of the company. On June 3, 1997 CSX and Norfolk Southern merged a jointly controlled company called Green Acquisition Corporation into Conrail. Under the Railway Labor Act, if any other company is directly or indirectly owned or controlled, that company is considered a carrier. This is a hostile takeover of Conrail and you could also call it a change in the operation of the carrier. Conrail is now being controlled by this new company called Green Acquisition Corporation. This entitles me to the benefits as described in the Employee Protection Agreement of September 25, 1964. Under Section 2 of the Employee Protection Agreement, if your work is transferred to another seniority district and you cannot exercise your rights according to the agreement, you are entitled to receive these benefits as described in Section 7. My position was abolished and at the same time a new position was posted on June 25, 1997 in Selkirk, N.Y. That is over 100 miles from my headquarters. I do not have rights to this territory and a Sheet Metal Worker from that area received the position on July 24, 1997. He now covers my territory from Selkirk. But because of this, I do have rights to file a claim for severance benefits. What they have done is called, Transfer of Work. By Conrail denying me these benefits, this allows them to start abolishing positions before the merger is approved by the Surface Transportation Board.

(2)

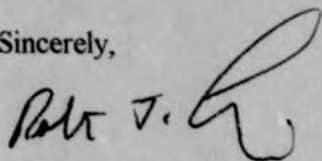
My argument is this. CSX and Norfolk Southern now own Conrail. I realize that this merger is subject to approval by the Surface Transportation Board, but this is not really a merger. They bought Conrail, they own it and it is a change in the operation of the carrier. My job was abolished after this happened. It was also transferred to an area outside of my seniority zone. After 21 years of service, I should be entitled to more than just an unemployment check. The non-agreement management already received a six month salary stay bonus and can receive two years severance pay if their jobs are abolished.

With the merger in the hands of the Surface Transportation Board, it is important for them to see that Conrail employees are losing their jobs without benefits that are agreed to before the merger goes into effect. The CSX Railroad will be taking over the territory that I would have worked in. This railroad does not utilize their own people for maintenance. They contract their building maintenance work out. By eliminating employees now, they are trying to save money on claims later. Why should Mr. Levan, CEO of Conrail receive 22 million dollars for losing his job and I can't even receive benefits that I am entitled to? I should not need to go to this extreme to collect on something that is part of a union contract.

I have included copies of all my correspondences about this claim for benefits. I have also included a copy of the protection agreement that is currently in effect. Please take the time to read my letters. I feel as a U.S. Taxpayer and Railroader of 21 years, I should at least be able to have my case brought before the board before they make such an important decision that will effect a lot of people.

Thank you for any assistance that you can give me. I will await your reply at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. Lombardi", with a stylized flourish at the end.

Robert J. Lombardi

POSITION AWARD -- BULLETIN NUMBER 002

PAGE - 3

NO POSITIONS TO AWARD

THE FOLLOWING POSITION TO BE ABOLISHED END OF TOUR OF DUTY 07/07/97

25-063-6687-3007-9 SHEET METAL WORKER W SPRINGFIELD MA RJ LOMBARDI 719755

POSITION ADVERTISEMENT -- BULLETIN NUMBER 004

PAGE -2

POSITION: B&B SHEETMETAL WORKER
POSITION NUMBER 25-063-3450-0330-4
HEADQUARTERS: SELKIRK, NY
RATE OF PAY: \$17.29 per hour
TOUR OF DUTY 7:00 AM to 3:30PM
LUNCH: 30 minutes
RELIEF DAYS: SATURDAY and SUNDAY
INCUMBENT: READV ERTISED NO BIDDERS

SHEET METAL WORKER: Applicants must be able to read and write the English language and possess a valid NYS Drivers license. Applicants must be of high grade skill, qualified to all work necessary in trouble shooting, repairing, laying out, constructing, erecting sheet metals or its substitutes, pipe fitting and plumbing in connections with structures, shop, buildings, powerhouses and yards. Applicants must possess and carry daily, a personal tool box with required appropriate small hand tools to perform above mentioned duties and operate and maintain power tools and machinery safely. As a prerequisite to assignment, applicant who has not previously been qualified on such work shall be given a non-written examination and/or test to show workable knowledge of the craft. Applicant must be able to read and have knowledge of the S7C Safety Rule Book and exhibit a serious attitude toward safety.

FIXED HEADQUARTERS. MUST BE QUALIFIED FOR AND ABLE TO OBTAIN TRACK TIME. MUST BE QUALIFIED ON ASSIGNED TERRITORY. EXPENSES WHILE AWAY FROM HEADQUARTERS. MUST HAVE A VALID DRIVER'S LICENSE.

PAGE 3

POSITION AWARD -- BULLETIN NUMBER 006

SHEETMETAL WORKERS
INTERNATIONAL

POS# TITLE	HEADQUARTERS	AWARDEE	SENIORITY
25-063-3450-0330-4 SHEET MET WRK SELKIRK	NY	AJ LEONARDO	768433 07/24/97
0330-4 B&B SHEETMETAL WKR SELKIRK,	NY	READVERTISED NO BIDDERS	



Sheet Metal Workers' International Association

UNITED STATES DISTRICT COUNCIL OF RAILROADS

408 So. 24th St.
Altoona, Pennsylvania 16602
(814) 941-4972

ANDREW M. PIRRO, JR.
General Chairman

Mr. A. J. Licate
Director Labor Relations
Consolidated Rail Corporation
2001 Market Street
P.O. Box 41415
Philadelphia, PA 19101-1415

September 3, 1997

Re: R. J. Lombardi
Request benefits under September '64 protection agreement.

Dear Mr. Licate,

This letter is a formal request of all benefits for Mr. R. J. Lombardi. That he would be entitled to under the September 1964 protection package please see his inclosed letter for it is self explanatory and demonstration how Conrail has transferred his work to a another seniority district. Without providing him the appropriate opportunity to follow his work.

Thank you in advice for your handling of this grievances.

cc R. J. Lombardi

Sincerely,

Andrew M. Pirro, Jr.
General Chairman

CONRAIL®



October 29, 1997

Mr. Andrew M. Pirro, Jr.
General Chairman
Sheet Metal Workers' International Association
408 South 24th Street
Altoona, PA 16602

Re: System Docket SM - 214; R. J. Lombardi (719755)
September 24, 1964 Agreement

Dear Mr. Pirro,

This refers to your letter dated September 3, 1997 requesting protective benefits on behalf of R. J. Lombardi under the September 25, 1964 National Agreement. Your correspondence forwarded a letter from Mr. Lombardi dated July 12, 1997 which allegedly demonstrates that Conrail transferred his work to another seniority district without providing him the appropriate opportunity to follow his work. Mr. Lombardi specifically requested a separation allowance under Section 7 of Article I., as further stated in pertinent part in his letter as follows:

"As I have suspected for quite some time my position with Conrail has been abolished. The reason has nothing to do with my job performance or force reduction. Frankly, they just don't need a Sheetmetal Worker in West Springfield anymore.

Since I started working for Conrail over 21 years ago, they have eliminated buildings, sold and leased territories in my seniority zone and changed and updated how they operate the railroad with regard to my work, according to the current agreement between our union and Conrail. By doing this they have put me in a worse position as far as my duties are concerned. Four out of five work days per week I am doing the duties of a B&B mechanic or Electrician, because there isn't sufficient work in my craft to keep a Sheetmetal Worker busy. Or, if the job is too big they will just contract out the work.

When my partner, Charles Paquette retired at the end of 1990, they did not replace his job because there was not enough work for two Sheetmetal Workers. I believe they have kept me on because of my willingness to assist other crafts as needed."

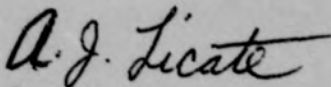
Mr. Andrew M. Pirro, Jr.
System Docket SM-214
October 29, 1997

Effective September 12, 1996, Article I of the September 25, 1964 Agreement was applied to Conrail SMW employees. You contend the claimant's entitlement to benefits is based on a transfer of work to another seniority district. However, you have not identified any specific date or transaction which allegedly transferred any work on or after September 12, 1996. In fact, Mr. Lombardi clearly admits that since the end of 1990, there was not sufficient SMW work to justify his employment and that he primarily assisted other crafts in the performance of their duties.

Mr. Lombardi listed 16 events which allegedly occurred since his employment with Conrail, none of which involve a transfer of work to another seniority district. Further, Mr. Lombardi did not provide any specific dates or any showing that any of these events occurred after September 12, 1996, when the 1964 Agreement became effective on Conrail, or that his furlough had any causal nexus to any specific event that could qualify as a transaction under Article I of the September 25, 1964 Agreement. If there is a specific transaction on which this claim is based, please advise.

Based on the foregoing, I have no alternative other than to deny your request for benefits. If you would like to discuss this issue in conference, please advise and I will place it on the docket for the next monthly meeting.

Sincerely,



A. J. Licata
Senior Director-Labor Relations

Z 222 979 086
2460 West Hemlock Way
Chandler, AZ 85248
December 8, 1997

Mr. A.J. Licate
Senior Director-Labor Relations
Conrail
2001 Market Street
Philadelphia, PA 19101-1415

RE: System Docket SM-214; R.J. Lombardi (719755)

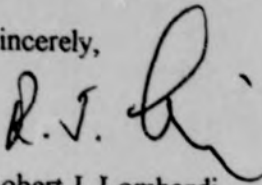
Dear Mr. Licate,

This refers to your letter dated October 29, 1997 denying benefits under the September 25, 1964 National Agreement. At this time I am appealing your decision and sending you the proof that my position was transferred after September 12, 1996. Enclosed you will find copies of my job being abolished effective July 7, 1997, a new position being posted outside my seniority zone on July 1, 1997 and the award going to another Sheet Metal Worker in Selkirk on July 24, 1997. My work has been divided between this new position and Paul Sullivan, another Sheet Metal Worker in Beacon Park. That is the transfer of work.

This entitles me to the benefits as described in the Employee Protection Agreement of September 25, 1964. Under Section 2 of the Employee Protection Agreement, if your work is transferred to another seniority district and you cannot exercise your rights according to the agreement, you are entitled to receive these benefits as described in Section 7. My position was abolished and at the same time a new position was posted in Selkirk, N.Y. That is over 100 miles from my headquarters. I do not have rights to this territory and a Sheet Metal Worker from that area now covers part of my territory from Selkirk. This is not illegal. Conrail has the right to cover my area from Selkirk if there is not sufficient work to keep a Sheet Metal Worker busy. But because of this, I do have rights to file a claim for severance benefits. Therefore, I wish to be paid according to Section 7 of the Employee Protection National Agreement of September 25, 1964 in a lump sum amount equal to 360 days at my rate of pay in effect at the time of my abolishment.

I will await your reply at your earliest convenience.

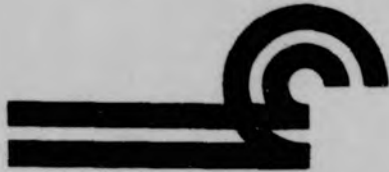
Sincerely,



Robert J. Lombardi

c.c. Mr. D.C. Buchanan, Director of Railroad Workers, S.M.W.I.A.

CONRAIL[®]



January 22, 1998

Mr. R. J. Lombardi
2460 West Hemlock Way
Chandler, AZ 85248

RE: System Docket SM-214, R. J. Lombardi (719755)

Dear Mr. Lombardi,

This refers to your letter dated December 8, 1997 which advises that you are appealing my decision outlined in letter dated October 29, 1997, relative to your request for severance allowance under Section 7 of the September 25, 1964 National Agreement.

Your initial request, as outlined in your letter to General Chairman Pirro dated July 12, 1997, was based on 16 events which occurred since your employment began and which you contended involved a transfer of work under the September 25, 1964 National Agreement. Your request was denied on the basis these events were not qualifying transactions under the subject agreement, and that there was no showing that any of these events took place after the 1964 Agreement became effective on Conrail. In your letter of December 8, 1997, you have abandoned your original claim, as initially submitted, and now contend that effective July 7, 1997, your work was transferred to a new position posted in another seniority district and another existing position held by P. Sullivan. You also contend that the Carrier has the right to cover work with positions from other seniority districts, but that action contemplates a transfer of work and entitles you to severance allowance under the September 25, 1964 Agreement.

The abolishment or establishment of positions is not evidence of a transfer of work transaction under the September 25, 1964 Agreement. Again, you have not identified any specific work which allegedly has been transferred, as contemplated under the subject agreement. The fact is that your position was abolished because there simply was not sufficient work available, and you acknowledged that this situation existed before the September 25, 1964 Agreement became effective on Conrail. Your position was responsible for facility maintenance work in Seniority District 2B. Mr. Sullivan's position is responsible for maintenance in Seniority District 1B, and a position currently held by B. Wood is responsible for maintenance work in Seniority District 3C.

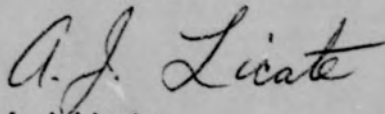
Mr. R. J. Lombardi
System Docket SM-214
January 22, 1998

Therefore, there was no transfer of work involved. Even if facilities located in district 2B are occasionally maintained by employees headquartered in other seniority districts, and no evidence has been presented to show that is happening, it would not support your contention that work was transferred. The fact is that facilities are fixed structures and as long as they are in use, they are maintained at fixed locations. Therefore, there can be no transfer of work.

You also contended that you had no rights to the position established in Seniority District 3C. However, you certainly had the right to apply for positions in Seniority District 3C under Rule 3-C-6 of the Agreement. The subject position was initially awarded to A. J. Leonardo, who established seniority effective July 24, 1997, because there were no applications from current Sheet Metal Workers. In fact, more recently, you advised the Carrier that you do not wish to be considered for vacancies in your craft or in other crafts, and that you have relocated to Arizona.

There is no contractual support for your claim for a severance allowance under the September 25, 1964 Agreement. Therefore, your request remains denied in its entirety.

Sincerely,



A. J. Licate
Senior Director-Labor Relations

cc: Mr. Andrew M. Pirro, Jr., General Chairman
Sheet Metal Workers' International Association
408 South 24th Street
Aitona, PA 16602

Z 235 897 745
2460 West Hemlock Way
Chandler, AZ 85248
February 1, 1998

Mr. A.J. Licate
Senior Director-Labor Relations
Conrail
2001 Market Street
Philadelphia, PA 19101-1415

RE: System Docket SM-214; R.J. Lombardi (719755)

Dear Mr. Licate,

This refers to your letter dated January 22, 1998. Once again I do not accept your decision on my claim for severance benefits of the September 25, 1964 agreement.

In my 21 years of working for Conrail, there have always been two different ways to interpret the rules as they are written. This is just another example of how the company avoids paying claims. You can bring up any statement you wish as to when the occurrences happened. The facts are simple. Conrail was taken over by the Norfolk Southern and the CSX Railroads on June 2, 1997. My position was abolished on July 7, 1997 and my work transferred to two other seniority zones effective July 24, 1997. I say that this is transfer of work. You tell me that the facilities that I maintained are at fixed locations. This is true, but the employees that now maintain them are from another zone. I will now demonstrate to you the transfer of work. If you look up the words, transfer and work in the dictionary you will find that the word transfer means; move or convey from one place to another, and the word work means; be employed; perform labor. Conrail moved my position outside of my seniority zone along with the labor that I would have performed.

I also can state that Paul Sullivan and A. J. Leonardo have been and still are performing work in my zone. Since my abolishment, building maintenance was performed in Pittsfield, MA, and camp car site work in Chatham, NY by Mr. Leonardo. Air line and building maintenance work in W. Springfield & Westfield, MA as well as heating maintenance in New Haven, CT by Paul Sullivan. These are just examples of work being performed by other Sheet Metal Workers from another zone.

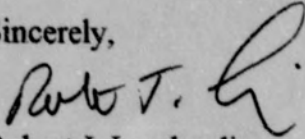
I am sending to the U. S. Department of Labor, the Surface Transportation Board and U. S. Senator Arlen Specter, (PA) copies of everything I have, including a copy of the protection agreement of September 25, 1964.

(2)

Let them decide if Conrail is eliminating positions without paying any benefits while a hostile take over is in effect. Let's see how they feel about railroaders losing their jobs without being able to collect benefits that have been agreed upon by collective bargaining contracts.

All I am asking for is my fair share of the 22 million dollars that Mr. Levan is going to receive for losing his job.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robt J. Lombardi", with a stylized flourish at the end.

Robert J. Lombardi

cy: Mr. Andrew Pirro, S.M.W.I.A.
U.S. Senator Arlen Specter, Pennsylvania
Linda Morgan, Chairman, Surface Transportation Board
Debra Hall, U.S. Department of Labor, OLMS

, 1996

#4

Mr. D. C. Buchanan
Director of Railroad Workers
Sheet Metal Workers' Int'l Association
1750 New York Avenue
Washington, D.C. 20006

Dear Mr. Buchanan:

This will confirm our understanding reached in connection with the Agreement of this date to implement the recommendations of Presidential Emergency Board No. 230.

The parties agree that Article I of the September 25, 1964 Agreement (as attached hereto) applies to shopcraft employees on Conrail. Naturally, Conrail has the right to exclude shopcraft employees from the protective program it introduced. Shopcraft employees may not pyramid protective benefits provided by Conrail on the protection afforded by the aforementioned Article I.

Disputes arising under such Article I need not be progressed in the "usual manner" but can be handled directly with the highest designated carrier officer. If such a dispute is not settled in direct negotiations, it shall be handled in accordance with the provisions of Section 3 of the Railway Labor Act, as amended.

Please indicate your agreement by signing your name in the space provided below.

Very truly yours,

Robert F. Allen

I agree:

D. C. Buchanan

ARTICLE I - EMPLOYEE PROTECTION
of the September 25, 1964 National Agreement
(reprinted in its entirety)

- - - - -

ARTICLE I - EMPLOYEE PROTECTION

Section 1 -

The purpose of this rule is to afford protective benefits for employees who are displaced or deprived of employment as a result of changes in the operations of the carrier due to the causes listed in Section 2 hereof, and, subject to the provisions of this Agreement, the carrier has and may exercise the right to introduce technological and operational changes except where such changes are clearly barred by existing rules or agreements.

Any job protection agreement which is now in effect on a particular railroad which is deemed by the authorized employee representatives to be more favorable than this Article with respect to a transaction such as those referred to in Section 2 hereof, may be preserved as to such transaction by the representatives so notifying the carrier within thirty days from the date of receipt of notice of such transaction, and the provisions of this Article will not apply with respect to such transaction.

None of the provisions of this Article shall apply to any transactions subject to approval by the Interstate Commerce Commission, if the approval order of the Commission contains equal or more favorable employee protection provisions, or to any transactions covered by the Washington Job Protection Agreement.

Section 2 -

The protective benefits of the Washington Job Protection Agreement of May, 1936, shall be applicable, as more specifically outlined below, with respect to employees who are deprived of employment or placed in a worse position with respect to compensation and rules governing working conditions as a result of any of the following changes in the operations of this individual carrier:

- a. **Transfer of work;**
- b. **Abandonment, discontinuance for 6 months or more, or consolidation of facilities or services or portions thereof;**
- c. **Contracting out of work;**

- d. Lease or purchase of equipment or component parts thereof, the installation, operation, servicing or repairing of which is to be performed by the lessor or seller;
- e. Voluntary or involuntary discontinuance of contracts;
- f. Technological changes; and,
- g. Trade-in or repurchase of equipment or unit exchange.

Section 3 -

An employee shall not be regarded as deprived of employment or placed in a worse position with respect to his compensation and rules governing working conditions in case of his resignation, death, retirement, dismissal for cause in accordance with existing agreements, or failure to work due to disability or discipline, or failure to obtain a position available to him in the exercise of his seniority rights in accordance with existing rules or agreements, or reductions in forces due to seasonal requirements, the layoff of temporary employees or a decline in a carrier's business, or for any other reason not covered by Section 2 hereof. In any dispute over whether an employee is deprived of employment or placed in a worse position with respect to his compensation and rules governing working conditions due to causes listed in Section 2 hereof or whether it is due to the causes listed in Section 3 hereof, the burden of proof shall be on the carrier.

Section 4 -

The carrier shall give at least sixty (60) days (ninety (90) days in cases that will require a change of employee's residence) written notice of the abolition of jobs as a result of changes in operations for any of the reasons set forth in Section 2 hereof, by posting a notice on bulletin boards convenient to the interested employees and by sending certified mail notice to the General Chairmen of such interested employees. Such notice shall contain a full and adequate statement of the proposed changes in operations, including an estimate of the number of employees of each class affected by the intended changes, and a full disclosure of all facts and circumstances bearing on the proposed discontinuance of positions. The date and place of a conference between representatives of the carrier and the General Chairman or his representative, at his option, to discuss the manner in which and the extent to which employees may be affected by the changes involved, shall be agreed upon within ten (10) days after the receipt of said notice, and conference shall commence within thirty (30) days from the date of such notice.

Section 5 -

Any employee who is continued in service, but who is placed, as a result of a change in operations for any of the reasons set forth in Section 2 hereof, in a worse position with respect to compensation and rules governing working conditions, shall be accorded the benefits set forth in Section 6(a), (b) and (c) of the Washington Job Protection Agreement of May, 1936, reading as follows:

Section 6(a). No employee of any of the carriers involved in a particular coordination who is continued in service shall, for a period not exceeding five years following the effective date of such coordination, be placed, as a result of such coordination, in a worse position with respect to compensation and rules governing working conditions than he occupied at the time of such coordination so long as he is unable in the normal exercise of his seniority rights under existing agreements, rules and practices to obtain a position producing compensation equal to or exceeding the compensation of the position held by him at the time of the particular coordination, except, however, that if he fails to exercise his seniority rights to secure another available position, which does not require a change in residence, to which he is entitled under the working agreement and which carries a rate of pay and compensation exceeding those of the position which he elects to retain, he shall thereafter be treated for the purposed of this section as occupying the position which he elects to decline.

(b) The protection afforded by the foregoing paragraph shall be made effective whenever appropriate through what is hereby designated as a "displacement allowance" which shall be determined in each instance in the manner hereinafter described. Any employee entitled to such an allowance is hereinafter referred to as a "displaced" employee.

(c) Each displacement allowance shall be a monthly allowance determined by computing the total compensation received by the employee and his total time paid for during the last twelve (12) months in which he performed service immediately preceding the date of his displacement (such twelve (12) months being hereinafter referred to as the "test period") and by dividing separately the total compensation and the total time paid for by twelve, thereby producing the average monthly compensation and average monthly time paid for, which shall be the minimum amounts used to guarantee the displaced employee, and if his compensation in his current position is less in any month in which he performs work than the aforesaid average compensation he shall be paid the difference, less compensation for any time lost on account of voluntary absences to the extent that he is not available for service equivalent to his average monthly time during the test period, but he shall be compensated in addition thereto at the rate of the position filled for any time worked in excess of the average monthly time paid for during the test period.

Section 6 -

Any employee who is deprived of employment as a result of a change in operations for any of the reasons set forth in Section 2 hereof shall be accorded a monthly dismissal allowance in accordance with the terms and conditions set forth in Section 7(a) through (j) of the Washington Job Protection Agreement of May, 1936, reading as follows:

Section 7(a). Any employee of any of the carriers participating in a particular coordination who is deprived of employment as a result of said coordination shall be accorded an allowance (hereinafter termed a coordination allowance), based on length of service, which (except in the case of an employee with less than one year of service) shall be a monthly allowance equivalent in each instance to sixty per cent (60%) of the average monthly compensation of the employee in question during the last twelve months of his employment in which he earned compensation prior to the date he is first deprived of employment as a result of the coordination. This coordination allowance will be made to each eligible employee while unemployed by his home road or in the coordinated operation during a period beginning at the date he is first deprived of employment as a result of the coordination and extending in each instance for a length of time determined and limited by the following schedule:

<u>Length of Service</u>	<u>Period of Payment</u>
1 yr. and less than 2 yrs.	6 months
2 yrs. " " " 3 "	12 "
3 yrs. " " " 5 "	18 "
5 yrs. " " " 10 "	36 "
10 yrs. " " " 15 "	48 "
15 yrs. and over	60 "

In the case of an employee with less than one year of service, the total coordination allowance shall be a lump sum payment in an amount, equivalent to sixty (60) days pay at the straight time daily rate of the last position held by him at the time he is deprived of employment as a result of the coordination.

(b) For the purposes of this agreement the length of service of the employee shall be determined from the date he last acquired an employment status with the employing carrier and he shall be given credit for one month's service for each month in which he performed any service (in any capacity whatsoever) and twelve such months shall be credited as one year's service. The employment status of an employee shall not be interrupted by furlough in instances where the employee has a right to and does return to service when called. In determining length of service of an employee acting as an officer or other official representative of an employee organization he will be given credit for performing service while so engaged on leave of absence from the service of a carrier.

(c) An employee shall be regarded as deprived of his employment and entitled to a coordination allowance in the following cases:

1. When the position which he holds on his home road is abolished as result of coordination and he is unable to obtain by the exercise of his seniority rights another position on his home road or a position in the coordinated operation, or
2. When the position he holds on his home road is not abolished but he loses that position as a result of the exercise of seniority rights by an employee whose position is abolished as a result of said coordination, or by other employees, brought about as a proximate consequence of the coordination, and if he is unable by the exercise of his seniority rights to secure another position on his home road or a position in the coordinated operation.

(d) An employee shall not be regarded as deprived of employment in case of his resignation, death, retirement on pension or on account of age or disability in accordance with the current rules and practices applicable to employees generally, dismissal for justifiable cause in accordance with the rules, or furloughed because of reduction in forces due to seasonal requirements of the service; nor shall any employee be regarded as deprived of employment as the result of a particular coordination who is not deprived of his employment within three years from the effective date of said coordination.

(e) Each employee receiving a coordination allowance shall keep the employer informed of his address and the name and address of any other person by whom he may be regularly employed.

(f) The coordination allowance shall be paid to the regularly assigned incumbent of the position abolished. If the position of an employee is abolished while he is absent from service, he will be entitled to the coordination allowance when he is available for service. The employee temporarily filling said position at the time it was abolished will be given a coordination allowance on the basis of said position until the regular employee is available for service and thereafter shall revert to his previous status and will be given a coordination allowance accordingly if any is due.

(g) An employee receiving a coordination allowance shall be subject to call to return to service after being notified in accordance with the working agreement, and such employee may be required to return to the service of the employing carrier for other reasonably comparable employment for which he is physically and mentally qualified and which does not require a change in his place of residence, if his return does not infringe upon the employment rights of other employees under the working agreement.

(h) If an employee who is receiving a coordination allowance returns to service the coordination allowance shall cease while he is so reemployed and the period of time during which he is so reemployed shall be deducted from the total period for which he is entitled to receive a coordination allowance. During the time of such reemployment however he shall be entitled to protection in accordance with the provisions of Section 6.

(i) If an employee who is receiving a coordination allowance obtains railroad employment (other than with his home road or in the coordinated operation) his coordination allowance shall be reduced to the extent that the sum total of his earnings in such employment and his allowance exceeds the amount upon which his coordination allowance is based; provided that this shall not apply to employees with less than one year's service.

(j) A coordination allowance shall cease prior to the expiration of its prescribed period in the event of:

1. Failure without good cause to return to service in accordance with working agreement after being notified of position for which he is eligible and as provided in paragraphs (g) and (h).
2. Resignation.
3. Death.
4. Retirement on pension or on account of age or disability in accordance with the current rules and practices applicable to employees generally.
5. Dismissal for justifiable cause.

Section 7 -

Any employee eligible to receive a monthly dismissal allowance under Section 6 hereof may, at his option at the time he becomes eligible, resign and (in lieu of all other benefits and protections provided in this agreement) accept in a lump sum a separation allowance determined in accordance with the provisions of Section 9 of the Washington Job Protection Agreement of May, 1936, reading as follows:

Section 9. Any employee eligible to receive a coordination allowance under section 7 hereof may, at his option at the time of coordination, resign and (in lieu of all other benefits and protections provided in this agreement) accept in a lump sum a separation allowance determined in accordance with the following schedule:

<u>Length of Service</u>	<u>Separation Allowance</u>
1 year and less than 2 years	3 months' pay
2 years " " " 3 "	6 " "
3 " " " " 5 "	9 " "
5 " " " " 10 "	12 " "
10 " " " " 15 "	12 " "
15 years and over	12 " "

In the case of employees with less than one year's service, five days' pay, at the rate of the position last occupied, for each month in which they performed service will be paid as the lump sum.

- (a) Length of service shall be computed as provided in Section 7.
- (b) One month's pay shall be computed by multiplying by 30 the daily rate of pay received by the employee in the position last occupied prior to time of coordination.

Section 8 -

Any employee affected by a change in operations for any of the reasons set forth in Section 2 hereof shall not be deprived of benefits attaching to his previous employment, such as free transportation, pensions, hospitalization, relief, etc., under the same conditions and so long as such benefits continue to be accorded to other employees of the carrier, in active service or on furlough as the case may be, to the extent that such benefits can be so maintained under present authority of law or corporate action or through future authorization which may be obtained.

Section 9 -

Any employee who is retained in the service of the carrier, or who is later restored to service after being eligible to receive a monthly dismissal allowance, who is required to change the point of his employment as a result of a change in the carrier's operations for any of the reasons set forth in Section 2 hereof, and is, therefore, required to move his place of residence, shall be accorded the protective benefits set forth in Section 10 of the Washington Job Protection Agreement of May, 1936, reading as follows:

Section 10(a). Any employee who is retained in the service of any carrier involved in a particular coordination (or who is later restored to service from the group of employees entitled to receive a coordination allowance) who is required to change the point of his employment as result of such coordination and is therefore required to move his place of residence, shall be reimbursed for all expenses of moving his household and other personal effects and for the traveling expenses of himself and members of his family, including living expenses for himself and his family and his own actual wage loss during the time necessary for such transfer, and for a reasonable time thereafter, (not to exceed two working days), used in securing a place of residence in his new location. The exact extent of the responsibility of the carrier under this provision and the ways and means of transportation shall be agreed upon in advance between the carrier responsible and the organization of the employee affected. No claim for expenses under this Section shall be allowed unless they are incurred within three years from the date of coordination and the claim must be submitted within ninety (90) days after the expenses are incurred.

(b) If any such employee is furloughed within three years after changing his point of employment as a result of coordination and elects to move his place of residence back to his original point of employment, the carrier shall assume the expense of moving his household and other personal effects under the conditions imposed in paragraph (a) of this section.

(c) Except to the extent provided in paragraph (b) changes in place of residence subsequent to the initial changes caused by coordination and which grow out of the normal exercise of seniority in accordance with working agreements are not comprehended within the provisions of this section.

Section 10 -

Any employee who is retained in the service of the carrier, or who is later restored to service after being eligible to receive a monthly dismissal allowance, who is required to change the point of his employment as a result of a change in the carrier's operations for any of the reasons set forth in Section 2 hereof, and is, therefore, required to move his place of residence, shall be accorded the protective benefits set forth in Section 11 of the Washington Job Protection Agreement of May, 1936, reading as follows:

Section 11(a). The following provisions shall apply, to the extent they are applicable in each instance, to any employee who is retained in the service of any of the carriers involved in a particular coordination (or who is later restored to such service from the group of employees entitled to receive a coordination allowance) who is required to change the point of his employment as a result of such coordination and is therefore required to move his place of residence:

1. If the employee owns his own home in the locality from which he is required to move, he shall at his option be reimbursed by his employing carrier for any loss suffered in the sale of his home for less than its fair value. In each case the fair value of the home in question shall be determined as of a date sufficiently prior to the coordination to be unaffected thereby. The employing carrier shall in each instance be afforded an opportunity to purchase the home at such fair value before it is sold by the employee to any other party.
2. If the employee is under a contract to purchase his home, the employing carrier shall protect him against loss to the extent of the fair value of any equity he may have in the home and in addition shall relieve him from any further obligations under his contract.
3. If the employee holds an unexpired lease of a dwelling occupied by him as his home, the employing carrier shall protect him from all loss and cost in securing the cancellation of his said lease.

(b) Changes in place of residence subsequent to the initial change caused by coordination and which grow out of the normal exercise of seniority in accordance with working agreements are not comprehended within the provisions of this Section.

(c) No claim for loss shall be paid under the provisions of this section which is not presented within three years after the effective date of the coordination.

(d) Should a controversy arise in respect to the value of the home, the loss sustained in its sale, the loss under a contract for purchase, loss and cost in securing termination of lease, or any other question in connection with these matters, it shall be decided through joint conference between the representatives of the employees and the carrier on whose line the controversy arises and in the event they are unable to agree, the dispute may be referred by either party to a board of three competent real estate appraisers, selected in the following manner: One to be selected by the representatives of the employees and the carrier, respectively; these two shall endeavor by agreement within ten days after their appointment to select the third appraiser, or to select some person authorized to name the third appraiser, and in the event of failure to agree then the Chairman

of the Interstate Commerce Commission shall be requested to appoint the third appraiser. A decision of a majority of the appraisers shall be required and said decision shall be final and conclusive. The salary and expenses of the third or neutral appraiser, including the expenses of the appraisal board, shall be borne equally by the parties to the proceedings. All other expenses shall be paid by the party incurring them, including the salary of the appraiser selected by such party.

Section 11 -

When positions are abolished as a result of changes in the carrier's operations for any of the reasons set forth in Section 2 hereof, and all or part of the work of the abolished positions is transferred to another location or locations, the selection and assignment of forces to perform the work in question shall be provided for by agreement of the General Chairman of the craft or crafts involved and the carrier establishing provisions appropriate for application in the particular case; provided however, that under the terms of the agreement sufficient employees will be required to accept employment within their classification so as to insure a force adequate to meet the carrier's requirements. In the event of failure to reach such agreement, the dispute may be submitted by either party for settlement as hereinafter provided.

Section 12 -

Any dispute with respect to the interpretation or application of the foregoing provisions of Sections 1 through 11 of this Article (except as defined in Section 10) with respect to job protection, including disputes as to whether a change in the carrier's operations is caused by one of the reasons set forth in Section 2 hereof, or is due to causes set forth in Section 3 hereof, and disputes as to the protective benefits to which an employee or employees may be entitled, shall be handled as hereinafter provided.

STB

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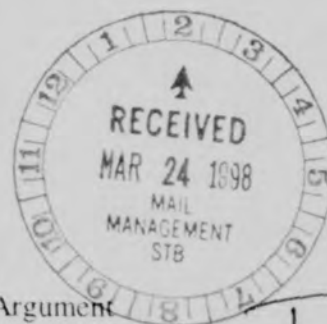
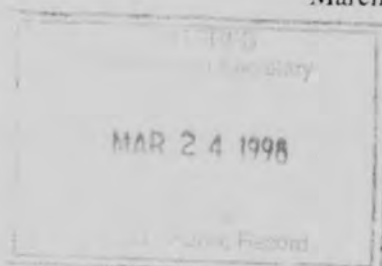
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GENESEE TRANSPORTATION COUNCIL

March 17, 1998

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



Re: STB Finance Docket No. 33388 Oral Argument

Dear Secretary Williams:

I am a Party of Record in the above captioned proceeding, in behalf of the Genesee Transportation Council, the metropolitan planning organization for nine counties in Upstate New York. As such, I have submitted comments and request for conditions and a brief and closing argument, pointing out that, while we support the primary application, *in principle*, because the break-up of Conrail provides an opportunity to secure rail competition in the Northeast, conditions must be established before that goal is achieved in Genesee-Finger Lakes Region of New York State.

I desire a minimum of five (5) minutes to support and summarize, but not restate, the position we have taken on the need for the Board to broaden its view of the controlling statutes that govern consideration of the establishment of conditions in the acquisition and/or mergers of Class 1 railroads; and, in a simple and concise statement, call attention to the importance of establishing the conditions we have requested, viz.:

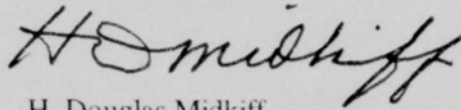
- Establishment of a rail intermodal facility on the CSX in Rochester to allow economical movement of export containers by rail from the Rochester region, which in 1996, exported \$14 billion worth of goods, making it rank, on a per capita basis, as the No. 1 exporting region in the United States. Currently, virtually all of this traffic moves over the highway.
- Elimination of Conrail-imposed interchange restrictions on area short-line railroads, in order to minimize the effects of "fragmentation" of rail service in Upstate New York.
- Reduction of the current reciprocal switching charge between the Rochester & Southern (RSR) and CSX, *nee* Conrail, which is currently at a level that prohibits, or discourages, access by RSR to deliver utility coal, and, at the same time, establish STB oversight of the proposed Monongahela Usage Agreement between CSX and NS. The switching charge would not be covered by the NITL agreement.
- Establishment of RSR/NS intermodal facilities and truck competitive north-south routes between the Rochester area and points in the Southeast via a Southern Tier junction and the Harrisburg/Hagerstown gateways.



- Restoration by CSX of the Conrail Water Level Route to FRA Class 5 condition.

A written summary of my remarks will be available as a hand-out in the Hearing Room.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "H. Douglas Midkiff".

H. Douglas Midkiff
Transportation Specialist
GENESEE TRANSPORTATION COUNCIL

HDM/wp

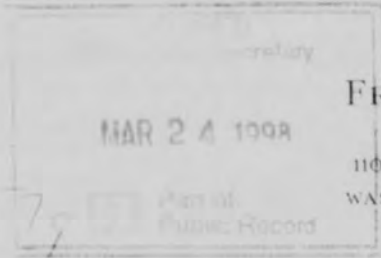
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ID-186579



LAW OFFICES

FRITZ R. KAHN, P.C.

SUITE 750 WEST

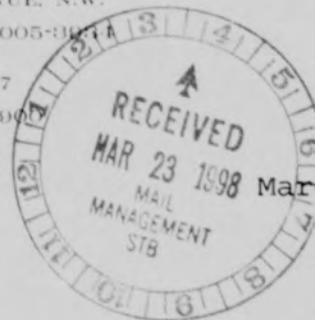
1100 NEW YORK AVENUE, N.W.

WASHINGTON, D.C. 20005-3001

(202) 371-8037

FAX (202) 371-0900

ORIGINAL



March 20, 1998

Surface Transportation Board
Office of the Secretary
Case Control Unit
1925 K Street, NW (7th fl.)
Washington, DC 20423-0001

Re: STB Finance Docket No. 33388 Oral Argument

Dear Secretary Williams:

In response to the Board's decision, Decision No. 70, served March 12, 1998, I respectfully request that I be permitted to present oral argument on behalf of my client, Martin Marietta Materials, Inc.

Martin Marietta will want to assert that, as a 1-to-2 shipper of aggregates and lime from its Woodville, OH, plant, it will experience poorer service and higher rates, as the applicants acknowledge, and that the modest ameliorating conditions it seeks - run-through unit trains for volume shipments, blocked cars for smaller shipments and a five-year rate freeze -- are consistent with, and not offensive to, the proposed transaction, again, as the applicants acknowledge.

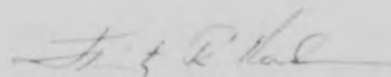
Martin Marietta, accordingly, opposes the Board's approval of the primary application in the absence of the requested conditions.

I appreciate that there are other 1-to-2 shippers contesting the application, as there are other shippers of aggregates and lime; however, since the relief Martin Marietta seeks is unique, consolidation and coordination of presentations are impractical.

I anticipate requiring no more than ten minutes' time to make my client's case and ask for that much argument time.

Enclosed are 26 copies of this letter, one of which is to be returned in the enclosed stamped and self-addressed envelope.

Sincerely yours,


Fritz R. Kahn

enc.

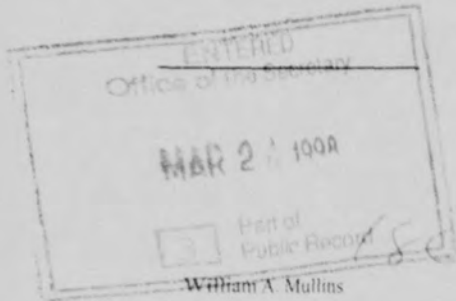
STB

FD-33388

3-23-98

J

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TROUTMAN SANDERS LLP

ATTORNEYS AT LAW
A LIMITED LIABILITY PARTNERSHIP

1300 I STREET, N.W.
SUITE 500 EAST
WASHINGTON, D.C. 20005-3314
TELEPHONE 202-274-2950
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202-274-2953

March 23, 1998

HAND DELIVERY

Honorable Vernon A. Williams
Office of the Secretary
Case Control Unit
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001

RE: Finance Docket 33388, *Oral Argument*

Dear Secretary Williams:

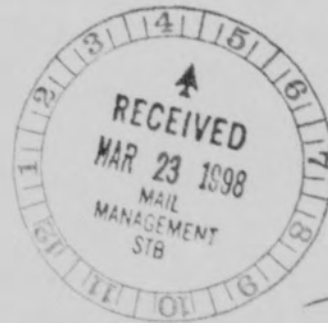
The Gateway Western Railway hereby requests permission to participate in oral argument on Thursday, June 4, 1998. Pursuant to the Board's Decision No. 70, Gateway Western shows:

- (a) Gateway Western desires to discuss the issue of the Applicants' request to assign Conrail's trackage rights over Gateway's tracks to CSX.
- (b) Gateway Western opposes this request. The Board should deny Applicants' request because: Gateway does not consent to the assignment of the trackage rights to CSX; Applicants have failed to file a terminal trackage rights application as required by Section 11102 of the Interstate Commerce Termination Act; Applicants have failed to provide any evidence to demonstrate that CSX's operations over the segments are necessary to carry out the proposed transaction as required by Section 11321 of the Act; and public policy dictates that the Board allow the parties to negotiate privately all of the terms of the proposed trackage rights for CSX.
- (c) Gateway Western requests 3 minutes for argument.

Sincerely,

William A. Mullins
Attorney for The Gateway Western
Railway Company

cc: Robert K. Dreiling
Parties of Record



STB FD-33388 3-23-98 J ID-BUSINESS

Ryerson Coil Processing Company
720 East 111th Street
Chicago, Illinois 60628

773 468-2121



Ryerson Coil Processing



March 5, 1998

Surface Transportation Board
Finance Docket 33388
CSX Corp. & CSX Transportation Inc., Norfolk Southern Corp., and
Norfolk and Southern Railway Company
Control and Operating Leases and Agreements
Illinois International Port Districts
Request for Conditions to the Approval of Application

Gentlemen:

I'm writing this letter to bring attention to an issue that is of critical importance to my company and other companies located on the southeast side of Chicago. Businesses located in this area of the city are faced with a severe transportation disadvantage with regard to rail service.

Ryerson Coil Processing is a carbon flatroll steel processor and service center. We are a division of Ryerson Tull, which operates in over 50 locations nationwide and is one of the premier companies in the metals distribution industry.

My company is currently considering a major expansion of our facilities in this area. A significant portion of the incremental business generated by the proposed facility is critically dependent on fast, efficient, reliable rail service both inbound and outbound. Our facilities are serviced out of the Calumet Yard at 103rd St. Our rail shipment activity fluctuates over the business cycle and our activity has declined slightly in recent years. The new facility would expect to handle 10 incremental carloads of inbound rail on a per day basis shortly after start-up. Having been informed of the Norfolk and Southern Operating Plan for the Calumet Yard we are concerned that switching and classification of rail cars resulting from the implementation of this plan will be inadequate to service our customers and cause us to be non-competitive in the market. The Operating Plan highlights the elimination of most classification and train functions at Calumet Yard and transferring them to Elkhart, Indiana. This change will facilitate the reduction of 20 yard crews and the transfer of another to a different location as well as other staff and equipment reductions.

If the above changes occur, it is our concern that service will be severely curtailed. Without reliable rail service we face the inability to grow our business and will be faced with finding a more suitable location.

Norfolk and Southern maintains exclusive trackage rights to most customers in the Lake Calumet region. To our knowledge they have refused to allow switching service to be provided by other local railroads causing shipment delays handicapping rail shippers in the area.

The Port of Chicago proposes that the Surface Transportation Board remedy the lack of competitive rail service to the Lake Calumet region by requiring Norfolk and Southern to grant operating right to alternative freight carriers. Ryerson Coil Processing's concern is for reliable service. My company therefore supports the proposal to grant alternative rail service to affected area companies. However, our caveat is that if trackage rights are granted to alternative carriers they must have the wherewithal to provide the required service.

Sincerely,

Mark Yambrovich
(ao)

Mark Yambrovich
General Manager
Ryerson Coil Pickling
Ryerson Coil Processing

/ao

cc: Mr. Dale Zylstra (Calumet Area Industrial Commission)
Mr. William Ristau (Ryerson Coil Processing)

STB FD-33388 3-17-98 J ID-BUSINESS



RISS LOGISTICS RISS INTERMODAL RICHMOND TRANSPORTATION
INTERNATIONAL

Thomas R. Brown
President

4 Orinda Way, Suite 100-A
Orinda, California 94563

510.253.3801
510.253.3880 Fax

March 9, 1998

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW - Room 711
Washington, D C 20423



Dear Secretary Williams:

I am President and Chief Operating Officer of the Riss Companies, a privately held group that provides domestic and international intermodal transportation, as well as a full range of contract logistic services. The Riss Companies is composed of three interdependent business units: Riss Intermodal, Riss Logistics, and Richmond Transportation International. Our combined revenues now annualize to approximately \$161 million. Riss Intermodal is a leading US Intermodal marketing company that – through long-term, strategic partnerships with key truck and rail providers – has developed an intermodal network of extensive scope and service. Since our inception in 1983, our focus as an IMC has been on "Fortune 500" accounts with a special emphasis on companies in food processing and related lines of business. Furthermore, through our high service offerings, we have had particular effect in offering to our customers intermodal service which has been competitive with the so-called High Service Truckload (HSTL) carriers. Prior to the start-up of Riss Intermodal, I held a number of positions in Operations and Marketing at the Western Pacific Railroad including Senior Vice President - Intermodal.

There are two compelling reasons from an Intermodal Marketing Company ("IMC") perspective why Norfolk Southern and CSX should be allowed to go forward with the division of Conrail's main routes and terminals as proposed in Volume IV of their respective operating plans. First, the operating plan as stated will have the impact of bringing new efficiencies to existing intermodal markets which will bring national, and regional, economic benefits. Since these benefits ultimately mean truck to rail conversion, important environmental benefits are associated with this modal conversion. Secondly, additional economic and environmental benefits will derive from the access to inter regional markets intermodal carriers will achieve once CSX and NS extend their network reach into the northeast through the Conrail acquisition.

Today, when the Riss Companies handle intermodal traffic into or out of Eastern Indiana, Ohio and Western Pennsylvania, that intermodal traffic almost invariably moves over the road from a distant intermodal hub. Transcontinental traffic typically is "ramped" (transferred from rail flat cars to highway movement by intermodal truckers known as "draymen") at Chicago, 330 miles from Cleveland. If the traffic is destined or

March 9, 1998

originating in the Southeast, it moves over the road to Cincinnati. In fact, even intermodal traffic between the Pittsburgh area and the west is often drayed across Ohio and Indiana and back to the Chicago ramps. With the operation envisioned by Norfolk Southern and CSX in (Finance Docket No. 33388), this traffic will convert to from road haul to rail line haul. Not only does this reduce the cost per mile of transportation for the ultimate shipper but it also brings environmental benefits from reduced air and noise pollution.

Secondly, creation of efficient new Norfolk Southern and new CSX networks will make intermodal competitive for the first time in new mid-distance inter-regional markets in the Midwest, northeast and southeast. The effect of single carrier routings created by this merger will allow us too much more effectively compete for traffic that moves over the highway between Ohio and the Northeast, Southeast and Midwest. To be competitive in these new shorter haul lanes it is critical that we operate over the most efficient network possible – that is, the network designed by NS and CSX and defined in their submission to the STB.

A final question we should address is why aren't the benefits which we foresee for the post acquisition CSX and NS networks achievable with the revisions that the City of Cleveland and the Ohio Rail Development Commission (ORDC) request. The essential reason is that the rerouting of main lines and the constraints on terminal construction are in fact very expensive and operationally complex. In the end, these changes consume an additional \$150 million of scarce capital resources and ultimately result in suboptimal operations in Northern Ohio – a critical area to the operations of both companies.

Further, future intermodal growth is dependent on low cost, high volume rail based economics. While in the past, intermodal growth occurred in a "sunk cost" environment as new business consumed then under utilized capacity. Today, there is no such under utilized capacity waiting to be consumed by new volumes and new customers. As we bring new traffic to the railroads, terminal and route capacity has to be added at significant expense. Intermodal traffic, with its lower margins to the carriers, must be handled in the most efficient means possible. From our perspective, then, deriving the maximum utilization from the carriers route and terminal capacity as well as from the available pool of capital, is critical to our future growth. Adopting the rerouting alternatives proposed by Cleveland and the ORDC would jeopardize the goal of converting traffic from road to rail

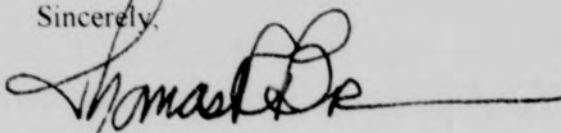
Page 3
March 9, 1998

In the US today we have the world's most efficient distribution system. While the nation's freight bill has quadrupled from \$116 billion in 1975 to over \$450 billion in 1996, transportation costs have declined from 8 percent to 6 percent of GDP over the same period. To continue on that track, it is critical that Norfolk Southern and CSX be allowed to add the acquired line segments to their respective networks in the most cost effective method possible. And, because lower rail costs and more efficient routes will result in truck to rail conversion, we believe this will have important economic and environmental benefits for both the national and local economies.

Finally, we believe that there is larger and more important public policy issue in this case as the nations' transportation infrastructure faces a growing crisis in terms of capacity and reinvestment. With NS and CSX, we have two major private companies willing to heavily invest in infrastructure which generates a public good in terms of taking trucks off of the highways. We should seriously question whether such companies should, in essence, be penalized in order to satisfy other public objectives. Urban areas which have grown over a period of decades without taking adequate account of the impacts of their own growth on railroads, with a full awareness that the railroads were there, are now asking the railroad industry to pay for the impact of those public decisions. To us, this seems fundamentally unwise as a matter of public policy. We believe that in order to encourage private investment in transportation infrastructure, and therefore to reduce the requirement for public investment in transportation infrastructure, the public should be willing to take into account the cost of its own actions.

We strongly urge you to approve the applicants' acquisition of Conrail as presented in Finance Docket 33388.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas R. Brown", with a long horizontal line extending to the right.

Thomas R. Brown
President
The Riss Companies
TRB/caw

Cc: Mr. William Taylor
Hanson, Bridgett, Marcus, Vlahos & Rudy

Page 4

March 9, 1998

cc: The Honorable Linda Morgan
Chairman
Surface Transportation Board
1925 K Street, NW - Suite 820
Washington, D.C. 20423

The Honorable Gus Owen
Vice Chairman
Surface Transportation Board
1925 K Street, NW - Suite 820
Washington, D.C. 20423

The Honorable Rodney Slater
Secretary
Department of Transportation
400 7th Street, SW - Room 10200
Washington, D.C. 20590

The Honorable Jolene Molitoris
Administrator
Federal Railroad Administration
1120 Vermont Avenue, NW - 7th Floor
Washington, D.C. 20005

The Honorable George Voinovich
Governor
State of Ohio
77 S. High Street - 30th Floor
Columbus, OH 43266

Mr. John Q. Anderson
Chief Commercial Officer
CSX Transportation - J120
500 Water Street
Jacksonville, FL 32202

Thomas Finkbiner
Vice President - Intermodal
Norfolk Southern
Three Commercial Place
Norfolk, VA 23510-2191

STB

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3-17-98

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BUSINESS

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DAVID C. WENGER
President and Chief Executive Officer

March 13, 1998



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

Dear Secretary Williams:

It strains the imagination of this writer to conceive a more unrealistic and self serving plan than the one proposed by the city of Cleveland in the CSX/NS acquisition of Conrail.

Our nation continues to suffer from the debacle resulting from the UP acquisition of the SP, particularly in the Houston area. What the government of Cleveland has submitted to STB is the framework for a "Houston 2." Their plan will deliver only two things—service failures and devastating inefficiencies.

I pray, that the STB will look beyond the 'flips' and 'bridges' and find a reasonable resolve to Cleveland's concerns. The shipping community is relying on the Board to deliver viable CSX/NS rail systems in the next several months.

Respectfully,

STB

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CITIES



City of Saratoga Springs

J. Michael O'Connell, Mayor

March 12, 1998



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

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

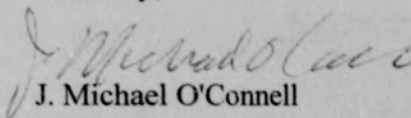
Dear Secretary Williams:

The CSX Corporation and Norfolk Southern Corporation proposal as cited above has my strong support.

Economic development and job growth in New York State in general and our region in particular is greatly assisted through faster, reliable and less costly rail service. This proposal will greatly aid in accomplishing this goal.

I urge approval of the control application by the Surface Transportation Board.

Sincerely,


J. Michael O'Connell
Mayor

JMOC/mai



City Hall, Saratoga Springs, New York 12866-2296
518/587-3550 • 518/587-1688 fax



STB

FD

33388

3-16-98

J

CITIES

VILLAGE OF CORINTH

260 MAIN STREET
CORINTH, NEW YORK 12822
PHONE (518) 654-2012
FAX (518) 654-6202



MAYOR

NICHOLAS C. MATINO

TRUSTEES

WILLIAM K. DENNO

LEWIS A. MONTELLO, JR.

TERRENCE T. TOWERS

EDWARD G. VON SEG RN

ATTORNEY

DAVID B. AVIGDOR

TREASURER

WILLIAM H. FULLER

518-654-2691

CLERK

WALLACE H. ESTILL

518-654-2012

DPW SUPERINTENDENT

SHANE N. FRASIER

518-654-2373

WATER SUPERINTENDENT

PETER J. WALSH

518-654-6450

WASTE TREATMENT PLANT OPERATOR

THOMAS C. NORMILE

518-654-6223

POLICE CHIEF

RICHARD J. CRANNELL

518-654-6832

BUILDING INSPECTOR

DOUGLAS A. SMEAD

518-654-7334

FIRE CHIEF

MICHAEL T. WOODCOCK

518-654-6789

March 10, 1998

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

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

Dear Secretary Williams:

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

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

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

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

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

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

Very truly yours,

Nicholas C. Matino

Nicholas C. Matino
Mayor

STB

FD

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3-16-98

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186408

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THOMAS M. AUCHINCLOSS, JR.

LEO C. FRANEY

JOHN D. HEFFNER

KEITH G. O'BRIEN

BRUCE REA, JR.

BRIAN L. TROLAND

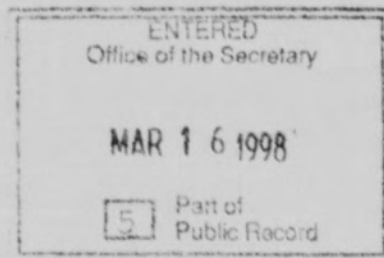
ROBERT A. WIMBUSH



March 13, 1998

Surface Transportation Board
Office of the Secretary
Case Control Unit
1925 K Street, NW
Washington, DC 20423-0001

J



Re: STB Finance Docket No. 33388
Oral Argument

Dear Secretary Williams:

As an active participant in this proceeding, the Wheeling & Lake Erie Railway Company (W&LE) wishes to participate in the oral argument on June 4, 1998. W&LE requests assignment of ten minutes for purposes of presentation of its oral argument.

W&LE will be arguing in support of its responsive application in FD 33388 (Sub-No. 80) and urging the Board to retain oversight jurisdiction over the Primary Transaction for five years with reservation of specific jurisdiction to entertain an inclusion petition on an expedited basis should W&LE become insolvent during the oversight period.

Respectfully submitted,

Keith G. O'Brien
Keith G. O'Brien

cc: William A. Callison, Esq.

STB

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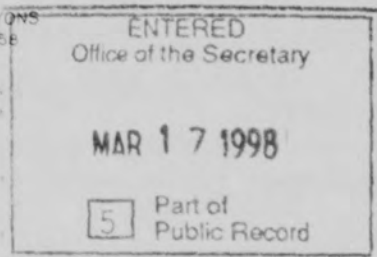
ARNOLD & PORTER

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LONDON

DENNIS G. LYONS
(202) 942-5858



March 16, 1998

BY HAND DELIVERY - 25 copies

Surface Transportation Board
Office of the Secretary
Case Control Unit
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: STB Finance Docket No. 33388 Oral Argument

Ladies & Gentlemen:

This letter is written on behalf of Applicants CSX Corporation and CSX Transportation, Inc. (collectively, "CSX"), Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively, "NS") and Conrail Inc. and Consolidated Rail Corporation (collectively, "Conrail") in response to the Board's Decision No. 70, served March 12, 1998.

It is not clear whether a response as to participation from the Applicants is contemplated by Decision No. 70. However, on behalf of the Applicants, we do wish to confirm that CSX and NS will, in separate presentations, participate in the oral argument and present the case of the Applicants.

The allocation of two hours to the Applicants and three hours to those opposing the Transaction or seeking the grant of responsive applications or the attachment of conditions, is noted. While CSX and NS do not object to the "two to three" allocation, they do respectfully request that if as a result of the response to the Board's order more time than three hours is allocated to the nonapplicant parties, a proportionate increase in the time allocated to CSX and NS be granted.

We assume that CSX and NS, as Applicants, will have the right to open and close the oral argument. We assume that we may reserve whatever time is not used in the opening argument as time for our rebuttal, which, given

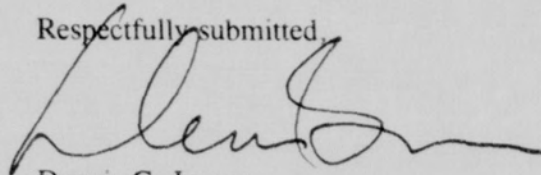


ARNOLD & PORTER

Surface Transportation Board
March 16, 1998
Page 2

the anticipated number of responsive applicant filers and proponents of conditions who will speak, may amount to a substantial portion of our allotted time.

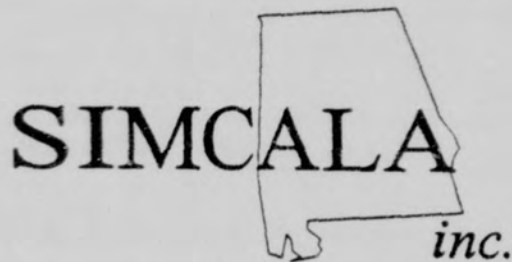
Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Dennis G. Lyons", written over the closing phrase "Respectfully submitted,".

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

cc: Richard A. Allen, Esq.
Paul A. Cunningham, Esq.
Constance L. Abrams, Esq.
Service List

STB FD-33388 3-12-98 J ID-BUSINESS



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March 3, 1998

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
12th & Constitution Avenue, NW
Washington, DC 20432

FD 333 88



RE: CSX-CONRAIL MERGER

Mr. Williams:

On October 26, 1997, we wrote a letter to the Board of Directors of Conrail supporting the proposed merger. We did this after several meetings with CSX in which lower rates and improved service was promised by CSX. The merger would cut overhead and bureaucracy and improve delivery based on single-line route structure.

Our latest freight negotiations with CSX show this to be a false front. CSX service has steadily gotten worse and they intend to raise all freight rates if we have no alternative. It is obvious we need more competition for CSX, not less.

We urge you not to support the proposed CSX-Conrail merger.

C. E. Boardwine
President/CEO

P.O. Box 68
Ohio Ferro-Alloys Road
Mt. Meigs, Alabama 36057

Phone: (334) 215-7560
Fax: (334) 215-8969

STB

FD

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2-23-98

J

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LEO C. FRANEY

JOHN D. HEFFNER

KEITH G. O'BRIEN

BRYCE REA, JR.

BRIAN L. TROIANO

ROBERT A. WIMBISH

February 23, 1998



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

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

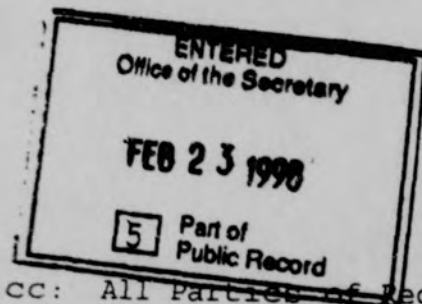
Change of Address

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

Dear Mr. Williams:

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

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



Sincerely,

[Handwritten Signature]
Keith G. O'Brien
John D. Heffner
Robert A. Wimbish

cc: All Parties of Record

STB

FD

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January 12, 1998

Office of Secretary, Case Control Unit
Surface Transportation Board
1925 K Street, N. W.
Washington, DC 20423

RE: Finance Docket No. 33388

Dear Mr. Secretary:

I am Douglas W. Allen, the Vice President, Purchasing for J. W. Allen & Co. J. W. Allen & Co., located in Wheeling, IL, is a manufacturer of Bakery mixes, icings and fillings. Our plant is served by the Wisconsin Central Ltd. J. W. Allen & Co. currently utilizes the Wisconsin Central to handle rail shipments of various bakery flours and sugar. They are all delivered in bulk airslide railcars.

We understand that WCL has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and would invest in improving these routes. We also understand the BOCT would retain rights to continue serving the existing eleven Altenheim Subdivision customers.

The Illinois territory served by the Wisconsin Central and in which we are located, has scheduled local rail service that is coordinated with WCL through trains operating between Fond du Lac, WI and Chicago connections. Wisconsin Central provides the rail services for our plant in an appropriate manner that minimizes our total cost to conduct business and satisfies our customer's needs. We are pleased with both the level of local service and the cooperation received from the Wisconsin Central. In fact of the three rail services we have had in the 18 years we have used rail; WCL has been the finest.

Based on our relationship with WCL and knowledge of WCL's practices and philosophy, we believe WCL will provide service that meets the needs of customers located on the Altenheim Subdivision. The Wisconsin Central has historically operated to a high standard of local customer service and there is no cause to believe the Altenheim Subdivision operation would be handled differently.

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

Sincerely,

Douglas W. Allen
Vice President, Purchasing



STB

FD-33388

1-2-98

J

ID-PUBLIC



Office of the Chairman

File in Docket
Surface Transportation Board
Washington, D.C. 20423-0001

JS - 33388

January 2, 1998

E.C. Kadar
5131 Thoreau Dr.
Parma, OH 44129

Dear E C. Kadar:

I have received your letter expressing concerns about the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. You raise concerns regarding the transaction's effect on Conrail employees and on the trucking industry; you mention concerns about two bills currently before Congress that affect rail employee protection and railroad retirement; and you request that TCU members be allowed to testify regarding the Conrail transaction.

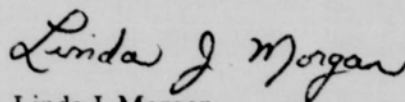
This proceeding has been docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388. As you may know, the Board adopted a procedural schedule for deciding the merits of the control application filed in this proceeding, which it recently extended by 45 days to accommodate the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

In deciding whether a control transaction such as the one being proposed here is in the public interest and should be approved, the Board must consider various factors required by law, including the interest of all rail carrier employees affected by the proposed transaction, and whether the proposed transaction would have an adverse effect on competition among rail carriers in the affected region or in the national rail system. In this regard, let me assure you that the Board will give full consideration to these issues in its decision-making process. Regarding your request to appear before the Board in this matter, the Board has scheduled oral argument in this case for June 4, 1998. Closer to that date, the Board will issue a decision outlining the procedures for participation in the oral argument. Because this proceeding is pending before the Board, however, it would be inappropriate for me to comment further on the case.

I understand your concerns regarding the two bills before Congress that you referenced in your letter. However, the Board has no jurisdiction over railroad retirement matters. Any comments you may have regarding that legislation should be directed to your Congressional representatives.

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

JD-33388

October 16, 1997

Linda Morgan
Chairwoman-Surface Transportation Board
1925 K Street, NW
Washington, DC 20423

Subject: Norfolk Southern/CSXT Acquisition of ConRail

Dear Madam Chairwoman:

Along with our undersigned co-railworkers with decades of committed service to the building and maturation of ConRail into an entity that has commanded a sale price of ten billion dollars, we bring before your consideration our concerns for our ability to plan for and secure the future economic stability of our families.

First and foremost, the attached signatures to this letter represents United States citizens who have fulfilled the requirements of their citizenship. They have earned their wages and have paid their federal, state, city, school and Railroad Retirement taxes for many, many decades. They all have built a common equity in the communities they live in and in the ConRail Corporation they raised out of the ashes. What will be the final economic result of their doing the right things?

The acquisition impact study presented to your board forecasts the loss of thousands of jobs in our Tri-State area of Pennsylvania, New Jersey and Delaware. The most severely impacted will be the TCU represented office workers in the Tri-State area, particularly, at the National Customer Service Center in Pittsburgh and Two Commerce Square in Philadelphia. Their jobs will either be abolished or moved to a location thousands of miles from their homes and families. Why is it necessary to move these jobs to a new location? The factual reality is that the majority of our office workers use telephones, fax machines, copy machines and computers to perform their duties. These machines and equipment can be operated from any location in the world transmitting information in micro-seconds. The only conclusion we are left with is that the corporate culture is willing to destroy local communities in order to foster the global economy.

Part and parcel to this acquisition will be the destruction of hundreds of thousands of truck drivers jobs. A recent letter published in the Philadelphia Inquirer from Teamster President John Morris conveyed the fact that for every unmanned truck that was transported on a rail car, nine and one-half truck driver jobs would be lost. For every newly created 100 car train the trucking industry would profit approximately 32 million dollars a year. This does not include the enormous savings

reaped from eliminating the expense of fuel, wear and tear and the payment of benefits to the truck drivers. The railroads profit on the new business will be astronomical.

Presently, the latest figures concerning the solvency of the Railroad Retirement system reflects funding of 15 billion dollars and solvency into the future. Nevertheless, also reflected in the latest evaluation is the ominous warning that drastic job cuts would threaten the solvency. Compounding the threat to Railroad Retirement pension solvency are two bills that if passed would be harmful to railworkers, railroad retirees and the future solvency of the Railroad Retirement funding. They are H.R. 2247, just reported out of Bud Shuster's Transportation Committee for a vote by the full House of Representatives and S-738, introduced in the Senate by Kay Bailey Hutchinson (R-Tex). Both bills deal with the funding of Amtrak. These bills permit wholesale contracting out of work, reduce the job protection from six years to zero on Amtrak. They also reduce job protection on freight railroads from six to two years. Estimates of job reductions on Amtrak if these bills pass are from eight to ten thousand employees. None of these employees would receive any payment at all. These two bills also reduce job protection on the freight railroads from six years to two. The projected ConRail cuts across the system due to the NS/CSXT acquisition would amount to about four thousand jobs lost. This four year reduction would save ConRail (or NS/CSXT) close to 740 million dollars(\$740,000,000.00) and cause the Railroad Retirement funding to suffer a loss of over two hundred forty million dollars(\$240,000,000.00).

It is extremely ironic, that the above two proposed bills are trying to revoke laws that in their essence are full of loop holes which historically have forced adversely affected workers into years of arbitrating their economic protection. Concurrent to this arbitration process the mortgage and food bills still have to be paid in a timely manner in order for the railworkers family to survive.

Unfortunately, another harsh reality of the mega-merger monster has reared it's ugly head. Over the past few months our E-mail Bulletin board has been deluged with horror stories of tragic deaths and the utter failure of the Union Pacific Railroad to accomplish their mega-merger. The communal uprising against mile long freight trains sprawled across their communities has reached a fever pitch.

In conclusion, we the undersigned ConRail TCU Railworkers oppose strongly the acquisition of the railroad we built and made profitable. We urge you to take an objective look at this acquisition and let ConRail be ConRail. If, the decision of the Board authorizes this acquisition, then we implore the Board to take the moral high-ground by strengthening our employee protection laws in a manner that shields our life long railworkers from financial disaster and protects the solvency of the Railroad Retirement system. We also strongly implore your Board to address the crucial pension solvency issues that will arise in the trucking industries due to an

approved acquisition and take strong action to ensure their job stability and pension solvency.

We also request that the members of our TCU District 1218 Tri-State Legislative Committee be given an opportunity to appear at an appropriate time before your committee to convey a rank and file viewpoint concerning the impending NS/CSXT acquisition.

We look forward to your help and advise.

Respectfully,
The Transportation Communications Union
Tri-State Legislative Committee

*E. C. Kadar DR. 44129
5131 THOREAU DR
PARMA, OH*

cc.

R.A. Scardelletti, T.C.I.U. International President
H.W. Randolph, Jr. T.C.I.U., International Legislative Director
A.P. Santoro, Jr., TCU General Chairman-ConRail/Amtrak System Board No.86
Robert C. Torricelli, U.S. Senator-New Jersey
Frank R. Lautenberg, U.S. Senator-New Jersey
Arlen Specter, U.S. Senator-Pennsylvania
Richard Santorum, U.S. Senator-Pennsylvania
William V. Roth, U.S. Senator-Delaware
Joseph R. Biden, Jr.-U.S. Senator-Delaware
Thomas M. Foglietta, U.S. House of Representatives-1st District
Chaka Fattah, U.S. House of Representatives-2nd District
Robert A. Borski, U.S. House of Representatives-3rd-District
Pat Newcomb, President/FST-PA. Legislative Rep.
Jerry McDermott, N.J. Legislative Rep.
Butch Van Hekle, Del. Legislative Rep.
Cass Stepnowska, District Chairwoman TCU District 590
John Kroll, Division Chairman TCU System Board 86
Mike Cogliano, District Chairman TCU District 587
Joe Driscoll, Rank and File member
Jim Capaldi, Member District 1218 Board of Trustees
Edwina Newcomb, Rank and File member
Rich Dinsmore, Rank and File member
Ted Medrana, CBT District 1218

STB

FD

33388

12-19-97

J

THE ACKERSON GROUP

CHARTERED

ATTORNEYS & COUNSELLORS

1275 PENNSYLVANIA AVENUE, N.W. ■ SUITE 1100 ■ WASHINGTON, D.C. 20004-2417

TELEPHONE: (202) 628-1100 ■ FACSIMILE: (202) 628-0242

November 18, 1997

Surface Transportation Board
Secretary's Office, Rm. 700
1925 K Street, N.W.
Washington, DC 20423-0001



Dear Secretary:

I respectfully request that our names be withdrawn from the service list in STB Finance Docket No. 33388, CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/Agreements -- Conrail Inc. and Consolidated Rail Corporation.

In August 1997, Nels J. Ackerson, James R. Baarda, and Susan E. Chamberlin of The Ackerson Group, Chartered filed a Notice of Intent to Participate as Parties of Record on behalf of the National Association of Reversionary Property Owners and Landowners who are Members of Plaintiffs Class in Indiana. At this time, we would like to be removed as parties of record.

Please let us know if you require further information, and please confirm by fax, letter or phone call that we have been so removed. Thank you for your attention this matter.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Nels Ackerson".
Nels Ackerson

STB

FD

33388

11-13-97

J

CITIES



Office of the Chairman

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

File in Docket
FD-33388

November 13, 1997

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

Dear Mayor Wuerstle:

I have received your letter dated October 21, 1997, inquiring about your correspondence with the Surface Transportation Board (Board) regarding Finance Docket No. 33388, the proposal by CSX and Norfolk Southern to acquire control of Conrail and to divide the assets of Conrail between the two acquiring carriers. In your letter, you indicate that you have not received any response from the Board's Office of Compliance and Enforcement (OCE), and that your issue has not been made a part of the public record.

In regard to your first concern, I am enclosing copies of two letters that were sent to you by OCE on June 20, and June 25, respectively. I regret that you did not receive these responses when they first were mailed.

In answer to your second concern, the material you sent to the Board was copied and included in the public docket section of the official records for this proceeding. It will be fully considered, along with the other materials received, as the Board deliberates on the merger proposal. Because this case is still pending, however, it would be inappropriate for me to comment on your specific concerns.

As with your earlier material, your letter and attachment will be placed in the public docket for this proceeding. If you have questions regarding the Board's procedures in this area, you may wish to contact our Office of Public Services at (202) 565-1592. If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

Linda J. Morgan

Linda J. Morgan

Enclosures



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

Office of Compliance and Enforcement

June 25, 1997

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

Re: CSX/NS Acquisition of Conrail
Finance Docket No. 33388

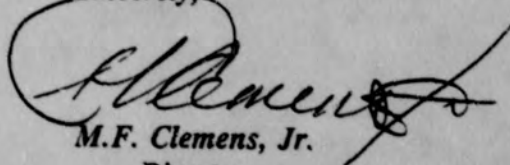
Dear Mayor Wuerstle:

This follows my letter to you of June 20, 1995, regarding certain issues that you believe may be a subject to be considered in the above-cited acquisition proceeding.

As indicated in my letter and in Chairman Morgan's earlier correspondence with you, if you believe that there are potential effects of the proposed transaction that may adversely affect the City of Dunkirk, you may participate in the proceeding as a party. With that in mind, I am enclosing the Board's June 23, 1997 press release which gives notice of the filing of the control application, and provides other schedule and procedural information that may be useful.

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

Sincerely,


M.F. Clemens, Jr.
Director

Enclosure

cc: Chairman Morgan

STB

FD

33388

10-17-97

J

CITIES

**BOARD OF COUNTY
COMMISSIONERS**

Terry Boose
Larry Silcox
Karen Wilhelm



180 Milan Avenue
Norwalk, Ohio 44857-1195
Telephone (419) 668-3092
FAX (419) 663-3370

October 9, 1997

Mr. R.K. Beckham
Chief, Engineer System Reliability
Engineering Department
500 Water St.
Jacksonville, FL 32202



Dear Mr. Beckham:

This letter is our response to your letter dated September 29, 1997, regarding our concerns for public safety.

Our major concerns have expanded with the availability of additional information provided to us by the Surface Transportation Safety Board. Increased rail traffic, (80 to 100 trains per day) through Greenwich, Ohio, will virtually close all emergency response access to 2,067 residents of Greenwich Village, Ripley Township, part of Greenwich Township, and 923 students in the South Central school system (1/4 mile north of Greenwich)... **THIS IS TOTALLY UNACCEPTABLE.**

Therefore, as the result of promises breached we have instructed the County Prosecutor's Office to: pursue every legal avenue available to oppose CSX's proposed acquisition of Conrail before the Surface Transportation Board, and to halt any and all current or ongoing construction efforts undertaken by CSX contrary to law.

In addition, we have instructed the County Engineer to survey each and every CSX grade crossing, drainage tile, culvert and ditch as to their adequacy, compliance to code, local regulations and law; to review each grade crossing and farm crossing for any obstruction of vision by tree, weed or other vegetation which may present a safety hazard to our citizens utilizing said crossing; to inspect each CSX overpass and underpass for defects entire CSX right-of-way in Huron County for the existence of any noxious weed in need of eradication as provided for by law, and that the results of such survey, review or inspection be forwarded to the appropriate Federal, State or local agency for enforcement of necessary remedial of necessary remedial action.

We have requested that the fire chief of jurisdiction within each rail yard or rail segment conduct such inspections as is their charge under provisions of the Ohio Revised Code and report back to this Commission any deficiency, hazard or violation noted.

We have instructed our Emergency Management Director to survey the entire CSX right-of-way throughout Huron County, including the Willard rail yard, for any accumulation of toxic substances, hazardous materials, unwarranted disposal of violates, distillates or fuels, off-loading of chemicals, storage of or cartage of materials contrary to Federal, State or local regulation, and to report back to this commission his findings for the filing of appropriate actions.

page -2-
Beckham letter
October 9, 1997

Finally, we engaged the cooperation of the Huron County Sheriff for the surveillance of select grade crossing where it has been the customary past practice of the CSX to obstruct the grade crossing for extended periods of time contrary to law, and to have his deputies serve upon the designated railroad official such citations for each and every violation observed.

We are requesting the foregoing measures only because of our deep and abiding concern for the health, safety and welfare for all the citizens of Huron County.

We therefore, must again request the following of CSX, plus any future concerns that may not be evident at this time, but may surface during the course of construction.

- 1) Install an underpass over all three rail crossings on Townsend Street in Greenwich, Ohio. We cannot deny public safety to our residents and schools!
- 2) An overpass on Section Line 30, which is the main emergency response access route to Richmond and Norwich Townships. Section Line 30 is currently blocked by stopped trains 30% of the time. Adding two more tracks will not lessen the blockage but only enhance it.
- 3) Emergency response access drive along new main tracks. We cannot get to the area. It's your liability!
- 4) Isolation and containment rail spur. This will only save you from shutting down the entire rail yard.

Sincerely,

HURON COUNTY COMMISSIONERS

absent
Karen Wilhelm

Terry Boose
Terry Boose

Larry Silcox
Larry Silcox

pc: The Honorable Governor George Voinovich
The Honorable Congressman Paul Gillmore
Senator Richard Schafrath
Senator Alan Zaleski
State Representative Bill Harris
State Representative Bill Taylor
Huron County Engineer
Huron County EMA
S.H. Shook, CSX
E.A. Hill, CSX
R.R. Stobart, CSX
Huron County Health Commission
Senator Mike DeWine

Federal Railroad Association
Surface Transportation Safety Board
Tom O'Leary, Ohio Rail Division
Rob Marvin, PUCO
Mr. Snow CEO CSX
Jerry Ray ODOT
Huron County Sheriff
Huron County Prosecutor
W.E. Martin, CSX
K.L. Johnson, Jr., CSX
Wayne Martin, CSX
Senator John D. Glenn
Rob Gould, CSX

STB

FD

33388

10-6-97

J

STATE



Office of the Chairman

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

*File in
Docket
FD-33388*

October 6, 1997

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

Dear Mr. Kleismit:

Thank you for sending copies of the post-filing testimony from the Ohio Senate proceedings regarding the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads, which the Surface Transportation Board (Board) has docketed this proceeding as STB Finance Docket No. 33388.

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

Sincerely,

Linda J. Morgan
Linda J. Morgan

RECEIVED
SURFACE TRANSPORTATION
BOARD

SEP 29 1 51 PM '97

OFFICE OF
CHAIRMAN MORGAN

MEMORANDUM

TO: Ohio Congressional delegation
FROM: Todd Kleismit (614-466-4953)
DATE: Tuesday, September 16, 1997, 10 a.m.
RE: House and Senate Transportation Committees informal hearings on the Norfolk Southern/CSX acquisition of Conrail

AGENDA

Post-filing testimony from affected Ohio businesses and railroads.

MEMORANDUM

TO: Ohio Congressional delegation
FROM: Todd Kleismit (614-466-4953)
DATE: Tuesday, September 16, 1997, 10 a.m.
RE: House and Senate Transportation Committees informal hearings on the Norfolk Southern/CSX acquisition of Conrail
PRESENT: Senators Oelslager, Carnes, Latta, DiDonato; Representatives Clancy, Carey, Bender, Mallory

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

Informal testimony

Larry Parsons, Wheeling & Lake Erie Railway Company

The Wheeling & Lake Erie Railway operates over 800 miles of railroad in Ohio, West Virginia and Pennsylvania. Norfolk Southern has been a partner and "friendly connection" for purposes of traffic flows and market partnerships. CSXT has been both a partner and a competitor. Norfolk Southern's acquisition of virtually all of the Conrail lines in eastern Ohio and western Pennsylvania turns W&LE's primary partner into its principal competitor. This will cause substantial revenue to be diverted from W&LE to the new merged systems. The projected loss of revenues to the newly merged railroads will result in W&LE's financial failure and the removal of an effective low cost competitor (W&LE) within a year of the merger. It could result in the failure of the publicly funded Neomodal terminal and result in numerous shippers becoming captive and subject to monopoly rates and service. However, through competitive access to new markets W&LE should be able to remain viable by recouping revenues that would be otherwise lost in the merger. The W&LE Railway has been "redefining" the railroad by trying to negotiate access to new markets to compete for new traffic. In Ohio, the W&LE Railway has requested unrestricted access to Lake Erie and access to Toledo as well as new focus and commitment from CSXT and NS to utilize the Neomodal intermodal terminal in Navarre, Ohio.

Karl Gelfer, Columbus, Ohio

Mr. Gelfer is a private citizen testifying as a taxpayer. He said he is concerned with safety around grade crossings in the Columbus area. The increased traffic will increase the threat of

accidents. He said he would like the PUCO to authorize improvements to the light and gate protection at grade crossings to include longer gate arms to extend across the entire street and the installation of video cameras to record license plate numbers of cars that cross against operating lights and down gates. He added that he hopes the transfer of jobs will not sacrifice safety operations.

David Hemphill, CSX Transportation

Mr. Hemphill discussed the successes of CSXT in Ohio with regard to industrial and economic development. He complimented Ohio on its excellent workforce, utility industry and transportation system. He also said Ohio has excellent market reach to other states. Over the past three years, 19 new customers have located in Ohio -- in large and small communities. He listed recent successes at Precision Strip in Middletown, Lowes lumber in Washington Court House, Alpha Tube steel in Walbridge and others. CSXT foresees a bright future and a rewarding partnership between their industrial development staff and the state's economic development interests. He said CSXT is in Ohio for the long term and expect significant growth through the location of new industry.

Discussion

Senator Oelslager asked how close to an industrial base an intermodal site should be located.

Mr. Hemphill said most of his customers want to be within 50-75 miles of an intermodal site.

Senator Oelslager asked what his response is to communities and short lines that complain about being left out.

Mr. Hemphill said CSX works closely with shortlines and have as much incentive to find business for short lines as for larger customers. He explained that the customer base is looking to disburse their operations and more industries are looking to locate in smaller communities.

Informal testimony

Roland Docter, Cincinnati Planning Department

Mr. Docter emphasized the concerns of the City of Cincinnati, most pressing being the need to remove freight rail traffic from the city's central riverfront area. For 20 years, the city has sought to eliminate through-freight movements from the linear park system it has created along the north bank of the Ohio River. This would complete the process of eliminating a City/Norfolk &

Western railroad agreement, which began with NW's recently completed, state-supported, Third Main track in the Millcreek Valley.

Richard Novak, Lorain Port Authority

There are several major projects in progress that may be impacted by the proposed merger. The first is the Grove Site Project/Intermodal Transportation Center and the East-West Commuter Rail Extension Cleveland to Lorain. One of this community's primary goals is to develop the Port of Lorain as the Intermodal Transportation Center for Lorain County and the surrounding area. The transportation hub would be located on the "Grove Site" within the heart of Lorain's central business district area. This project depends upon the extension of commuter rail service from Cleveland to Lorain. It is essential that the NS-CSX merger ensure the preservation of east-west access for commuter rail not only to Lorain, but throughout northeastern Ohio. The second concern of the Port Authority pertains to the North-South Rail Corridor -- Wellington to Lorain. The development of a north-south corridor between the City of Wellington to the Port of Lorain via USS/Kobe Steel is also an essential issue that needs to be considered as part of the merger. Of additional importance is a request that state and/or local agencies be provided the first right of refusal for acquisition of abandoned rail lines.

Discussion

Representative Bender asked if Lorain was included in the area expecting significantly more train traffic.

Mr. Novak said that it is and that it is a major concern for Lorain.

Representative Bender asked if Lorain had passed a resolution regarding the acquisition.

Mr. Novak said that is currently being worked on.

Informal testimony

Mick Burkhardt, Indiana and Ohio Rail System

Mr. Burkhardt serves as the general manager for the Indiana and Ohio Rail System, which is headquartered in Cincinnati. The Indiana and Ohio Rail System is a 465-mile railroad serving customers in Indiana, Ohio and Michigan. This merger will increase the amount of traffic on the Indiana and Ohio Rail System line that operates between Diann, Michigan and Cincinnati. This is cause for concern to the railroad because this line is already congested enough to cause significant delays. It is imperative that they be allowed to compete for traffic in the Detroit-

Cincinnati corridor without experiencing additional delays. It is well known that the railroad industry in the Cincinnati Gateway area operates in a bottleneck. Additional traffic delays equate to increased costs due to lower productivity and lessens the ability of the railroad to compete with the Class I Railroads for time-sensitive traffic. Studies show there may be significant traffic diversions away from the Indiana and Ohio line if the merger is approved. The Indiana and Ohio Railway System questions whether this merger is in the best interests of the citizens of Ohio and the customers in its service area. While the Indiana and Ohio Railway System has not taken a position either for or against the Conrail acquisition, it is concerned that the results will affect the railroad's competitiveness. The playing field must remain even.

Robert Murray, Ohio Valley Coal Company

Mr. Murray reiterated some of the points he made when he testified before the committee in April. The Conrail acquisition will devastate the Ohio coal industry, forcing Ohio Valley Coal to switch from its current single-line haul to its customers in northeastern Ohio to a double-line haul. Splitting up the coal markets like this will effectively put Ohio Valley Coal out of business. The railroads have accommodated Ohio's competitors in Pennsylvania by allowing themselves joint trackage rights for 150 miles, but will not agree to joint trackage for 11 miles in Ohio. If the railroads would agree to granting each other joint trackage rights for those 11 miles, Ohio Valley Coal could continue its service uninterrupted. Despite several high-level meetings with members of Congress and senior railroad officials, no progress has been made on this subject. This acquisition will result in higher costs that the shippers will have to absorb. Norfolk Southern and CSX are paying much more for Conrail than its valued worth. Mr. Murray asked the committee to pass a resolution opposing the acquisition unless the concerns he discussed are resolved. He also asked that the committee pass a resolution calling on Congress to conduct oversight of the Surface Transportation Board, which will either accept or reject the acquisition.

Pat McCune, Norfolk Southern

Mr. McCune said Norfolk Southern expects significant growth to occur in Ohio if the acquisition is approved. He discussed the railroad's plan for future growth and said there are two abandonments that are likely to occur. NS plans to invest millions in Ohio and is looking for an intermodal site in the Cleveland area. Ohio shippers will experience reduced shipping costs and will be able to expand into new markets if the acquisition is approved. The consolidation of the rail lines in the northeastern United States is being driven by the customers.

Discussion

Senator Oelslager asked how he responds to what Mr. Murray testified about.

Mr. McCune said NS has made concessions to Ohio Valley Coal, but Mr. Murray has not been satisfied with their offer of freezing his shipping rates for five years. He said Ohio Valley Coal is an important customer and it is not to NS's benefit to hurt Ohio Valley Coal.

Senator Oelslager asked Mr. McCune why NS will not consider utilizing the Neomodal site in Navarre.

Mr. McCune said the site is not in the best interests of the shippers. If the customers showed a desire to utilize the site, they would do so.

Senator Carnes asked why NS is so reluctant to give Mr. Murray what he wants.

Mr. McCune said that the shared assets of the railroads dictate what is best for them to do. He said it is not in their best interests to shut him out. They are trying to compensate him as best they can.

Senator Carnes said he totally disagrees. This acquisition has opened markets to the Pennsylvania coal industry at the expense of Ohio.

Mr. McCune said that Mr. Murray is a large customer and they do not want to lose him.

Representative Bender asked about commuter trains and if their usefulness and desirability have gone down because of too much train traffic.

Mr. McCune said Norfolk Southern is to blame for raising expectations for expanding commuter trains to parts of northeastern Ohio. They have met with area mayors and are looking to other alternatives.

Senator DiDonato asked about future reductions in staff, particularly at the Beach City site.

Mr. McCune said they expected to see a net loss of 150 jobs. Approximately 300 jobs would be transferred elsewhere.

Informal testimony

Ronald Eckner, Northeast Ohio Areawide Coordinating Agency

Mr. Eckner's agency represents a five county region. They are concerned about three main issues: intermodal freight, environmental issues and increased train traffic.

William O'Brien, Brotherhood of Locomotive Engineers

Mr. O'Brien has been in the railroad business for decades and is knowledgeable about railroad mergers. He said he agrees with Mr. Murray that Congress should provide oversight of the Surface Transportation Board activities. He said Congress has granted the STB too much power. He is also concerned that the shippers' concerns are not being heard. An industry is being dismantled.

Meeting adjourned, 11:40 a.m.

Memo distributed 9/17/97

STB

FD

33388

10-6-97

J



Office of the Chairman

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

*File in
Docket
JD - 33388*

October 6, 1997

Ms. Barbara C. O'Patry
634 Walmar Drive
Bay Village, OH 44110

Dear Ms. O'Patry:

I received your letter expressing your concerns about railroads and their effect on your community, and particularly about the pending merger involving Conrail. Your letter discusses several issues, including safety concerns and the transportation of hazardous materials.

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 is currently pending before the Surface Transportation Board (Board), docketed as STB Finance Docket No. 33388. The Board has adopted a 350-day procedural schedule for deciding the merits of the control application 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.

In deciding whether a control transaction such as the one being proposed here is in the public interest, the Board will give full consideration to the impact of the merger on affected communities, as well as the other factors required by law. As part of its analysis, the Board will conduct a review of potential environmental impacts associated with the merger proposal, including safety and hazardous materials transportation. Because this proceeding is pending before the Board, however, it would be inappropriate for me to comment further on the case.

Your letter also makes reference to Jolene Molitoris, Administrator of the Federal Railroad Administration (FRA), and the hearing on safety over which she presided. That agency has overall responsibility for railroad safety enforcement in connection with some of the issues that you raise.

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

Sincerely,

Linda J. Morgan
Linda J. Morgan

634 Walmar Drive
Bay Village, OH 44140

September 22, 1997

Federal Surface Transportation Board
Section of Environmental Analysis
1925 K Street, N.W.
Washington, D.C. 20423

RE: FD 33388

RECEIVED
SURFACE TRANSPORTATION
BOARD
SEP 29 10 40 AM '97
OFFICE OF
CHAIRMAN MORGAN

Dear Chairperson Morgan and Commissioner Owens:

Yesterday I spent my Sunday afternoon, about 5.5 hours, including the time I spent writing a letter to my Congressman, listening to serious concerns regarding the rails in our community. The more I listened, the more I became frustrated. At the same time, I became less angry towards N&S and more outraged at the Surface Transportation Board.

Your efforts remind me of the incompetent parent who refuses to parent and bemoans that the child is out of hand. Well, I believe the rails are out of hand, doing pretty much what meets with their bottom line, and you folks are responsible. The lack of influence that the Board has had, or chosen not to have is reflected in B.P. America who has already drawn up contracts to transport, whatever it is that they transport on the soon-to-be merged company.

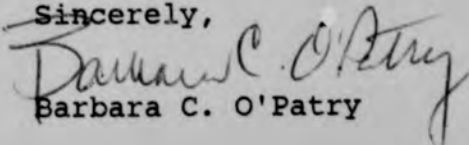
How accountable can the rail industry be when they transport chemicals, sometimes as little as 14 feet from people's homes, and do not have to disclose exactly what it is that they are carrying not to be confused with nuclear waste.

I have enclosed a copy of an editorial, that only after yesterday's marathon meeting, did I begin to totally understand what Mr. Prendergast was writing about. If what he has written, is in fact true, well I guess I just became a whore for N&S, playing up how badly we will be effected. I wonder what the conversation among the N&S executives sounded like over a few drinks? I bet we were the laughing stock.

I am also curious about what Administrator Molitoris was doing there. She must know that regardless of what she brings back, including her recommendations; it is all a big joke. What is not particularly funny is that not only do community people not matter, but; we are also paying your salaries. Not much of a problem with conflict of interest here.

Congressman Kucinich
Enclosure

Sincerely,


Barbara C. O'Patry

STB

FD

33388

10-2-97

J

BUSINESS



Office of the Chairman

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

File in
Docket
FD-33388

October 2, 1997

Mr. Ted A. Garrison, Jr.
Assistant Local Chairman Local 741
International Brotherhood of Firemen
and Oilers
620 Nell Circle Ne.
Roanoke, VA 24019-5412

Dear Mr. Garrison:

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

The Board has adopted a 350-day procedural schedule for deciding the merits of the control application filed in this proceeding. A 350-day schedule, the Board concluded, will provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case. Applicants filed their control application with the Board on June 23, 1997, and the Board published notice of its acceptance of the application in the Federal Register on July 23, 1997. The notice accepting the application provided that public comments on the application will be due on October 21, 1997.

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

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

Sincerely,

Linda J. Morgan

Linda J. Morgan

Ted A. Garrison Jr.
Assistant Local Chairman Local 741
International Brotherhood of Firemen and Oilers
6204 Nell Circle Ne.
Roanoke, Virginia 24019-5412
Tel. 540-265-2615

September 19, 1997

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

RECEIVED
SURFACE TRANSPORTATION
BOARD
SEP 25 4 36 PM '97
OFFICE OF
CHAIRMAN MORGAN

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

Dear Madam Chairman

I am very worried about the Corral came up by NS and CSX. My town of Roanoke Va. could be harmed by the corral. A large part of this community depend on low cost rail transportation for jobs.

These two railroads are going into heavy debt to buy Corral. They will probably increase rates. A increase in rates will be bad for our community.

I feel the NS and CSX operating plan could and will change after it is approved by the STB.

I think the citizens and citizens safety will be at risk with more and longer trains.

There could also be job losses in the community. I myself was out of work for over two years when N&W and Southern merged.

It is not in the best interest of Roanoke and its citizens to allow this merger.

Thank you
Alex Harris

STB

FD

33388

9-26-97

J

PUBLIC



Office of the Chairman

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

*File in
Docket
FD-33388*

September 26, 1997

Terry O'Neill
209 Greenlawn Blvd.
Weirton, WV 26062

Dear Terry O'Neill:

Earlier this year you wrote to President Clinton regarding the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. The proceeding is docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388. The President has recently forwarded your letter to me for a response. As you may know, the Board, of which I am Chairman, is an independent decision-making body that has jurisdiction over railroad mergers, including conditions imposed to protect the interests of affected rail employees.

The Board has adopted a 350-day procedural schedule for deciding the merits of the control application filed in this proceeding. A 350-day schedule, the Board concluded, will provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case. Applicants filed their control application with the Board on June 23, 1997, and the Board published notice of its acceptance of the application in the Federal Register on July 23, 1997. The notice accepting the application provided that public comments on the application will be due on October 21, 1997.

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

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

Sincerely,

Linda J. Morgan
Linda J. Morgan

DOT/TRA
Terry O'Neill
209 Greenlawn Blvd.,
Weirton, WV 26062

The President Of The United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

May 20, 1997

RE: CR-CSXT-NS Merger

OFFICE OF
CHAIRMAN MORGAN

SEP 19 4 20 PM '97

RECEIVED
SURFACE TRANSPORTATION
BOARD

Dear Mr. President:

Rail mergers increase profits and dividends, help boost Americas economy, even play a part in the preservation of our environment. But rail mergers DEVASTATE LABOR.

Please don't let the Surface Transportation Board rape Conrail's dedicated and hard working union employees.

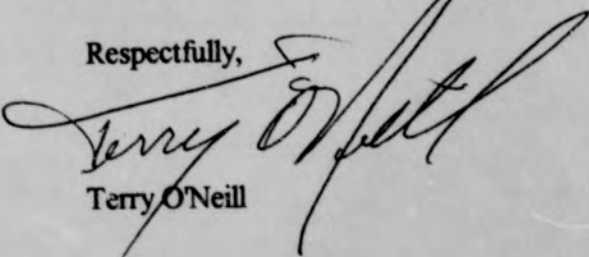
We don't care to become a part of Americas unemployment statistics. WE WANT TO WORK! WE MADE CONRAIL what it is today... strong, profitable, an example for American industry to behold. The rise and success of Conrail is a testimony to the American worker's dedication and drive.

The future of thousands lie in the hands of just two men and one woman; the Chief Operating Officers of the NS and CSXT Railroads, and Linda Morgan, Chairman of the Surface Transportation Board.

Labor membership is depending on the Democratic Leadership of your office, along with Secretary of Labor, Alexis Herman, to champion our cause. We need to be given fair consideration at the bargaining table for employment opportunities and options. Our new employers, as well as Linda Morgan, have a history of trying to abrogate legal, binding labor agreements, as well as trying to deny displaced workers fair compensation.

LABOR NEEDS YOUR SUPPORT!

Respectfully,


Terry O'Neill



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

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

September 15, 1997

The Honorable Linda Morgan
Chairman
Surface Transportation Board
1925 K St., N.W.
Suite 820
Washington, D.C. 20420

Dear Madam Chairman:

The Vice President's office has referred the enclosed letter
to this Department for response.

We believe this falls within your jurisdiction and have taken the
liberty of forwarding it to your office for action.

Thank you for your assistance.

Sincerely,

A handwritten signature in cursive script that reads "Peggy Burford".

Peggy Burford
Information Management
Specialist

Enclosure

THE WHITE HOUSE
WASHINGTON

ACTION	
is assigned to	
<i>FRASIOB</i>	
CONTROL NO	
970724-089	
SIMS	S-10

6-13-97
DATE

MEMORANDUM FOR:

DOT (60)

FROM:

SUE J. SMITH
DIRECTOR, OFFICE OF AGENCY LIAISON

SUBJECT:

REFERRAL OF CASEWORK IN BULK

An unprecedented number of individuals still write the President and the First Lady for help. I know that this has meant a far greater volume of mail for your agency than ever before. I appreciate your continuing cooperation in our efforts to be as responsive as possible.

The attached letters have not received a White House Staff response. I am forwarding this correspondence to your agency for any appropriate action.

Please return the original incoming letter, along with a copy of any written or telephone response, to me at the address below. I also would appreciate your sending a copy of your agency's log of the names and addresses of these individuals. Any misreferrals should be returned to my office. If you have questions you can reach me at 456-7486.

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

Again, thank you for your continuing help.



Office of the Chairman

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

*File in
Docket
FD-33388*

September 26, 1997

Ms. Lily D. Bosak
217 Briar Lane
New Kensington, PA 15068

Dear Ms. Bosak:

Earlier this year you wrote to President Clinton regarding the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. The proceeding is docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388. The President has recently forwarded your letter to me for a response. As you may know, the Board, of which I am Chairman, is an independent decision-making body that has jurisdiction over railroad mergers, including conditions imposed to protect the interests of affected rail employees.

The Board has adopted a 350-day procedural schedule for deciding the merits of the control application filed in this proceeding. A 350-day schedule, the Board concluded, will provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case. Applicants filed their control application with the Board on June 23, 1997, and the Board published notice of its acceptance of the application in the Federal Register on July 23, 1997. The notice accepting the application provided that public comments on the application will be due on October 21, 1997.

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

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

Sincerely,

Linda J. Morgan
Linda J. Morgan

106-1-97
DOT
HSV
Lily D. Bosak
217 Briar Lane,
New Kensington, PA 15068

The President Of The United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

May 20, 1997

RE: CR-CSXT-NS Merger

Dear Mr. President:

Rail mergers increase profits and dividends, help boost Americas economy, even play a part in the preservation of our environment. But rail mergers DEVASTATE LABOR.

Please don't let the Surface Transportation Board rape Conrail's dedicated and hard working union employees.

We don't care to become a part of Americas unemployment statistics. WE WANT TO WORK! WE MADE CONRAIL what it is today... strong, profitable, an example for American industry to behold. The rise and success of Conrail is a testimony to the American worker's dedication and drive.

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LABOR NEEDS YOUR SUPPORT!

Respectfully,

Lily D. Bosak

Lily D. Bosak

OFFICE
CHAIRMAN L. MORGAN

SEP 19 4 20 PM '97

RECEIVED
SURFACE TRANSPORTATION
BOARD



U.S. Department of
Transportation
Office of the Secretary
of Transportation

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

September 15, 1997

The Honorable Linda Morgan
Chairman
Surface Transportation Board
1925 K St., N.W.
Suite 820
Washington, D.C. 20423

Dear Madam Chairman:

The Vice President's office has referred the enclosed letter
to this Department for response.

We believe this falls within your jurisdiction and have taken the
liberty of forwarding it to your office for action.

Thank you for your assistance.

Sincerely,

A handwritten signature in cursive script, reading "Peggy Burford".

Peggy Burford
Information Management
Specialist

Enclosure

THE WHITE HOUSE
WASHINGTON

ACTION	
is assigned to	
<i>FRASIO PB</i>	
CONTROL NO	
970724-086	
SIMS	S-10

6-13-97

DATE

MEMORANDUM FOR:

DOT (60)

FROM:

SUE J. SMITH
DIRECTOR, OFFICE OF AGENCY LIAISON

SUBJECT:

REFERRAL OF CASEWORK IN BULK

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

Again, thank you for your continuing help.

STB

FD

33388

8-7-97

J

CITIES



ENTERED
Office of the Secretary

AUG 11 1997

3 Part of
Public Record

City of Chicago
Richard M. Daley, Mayor

Department of
Streets and Sanitation

Eileen Carey
Commissioner

City Hall, Room 700
121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-4611
(312) 744-5317 (FAX)
(312) 744-2971 (TTY)

<http://www.ci.chi.il.us>

SURFACE TRANSPORTATION BOARD of
THE UNITED STATES OF AMERICA
Office of the Secretary
Case Control Unit
1925 K Street N.W.
Washington D.C. 20423-0001

Re: STB Finance Docket # 33388
CSX Transportation Corp.
Norfolk Southern Railway Corp.
proposal for control of:
Consolidated Railway (Conrail)

Members of the Board:

The Department of Streets & Sanitation of the City of Chicago, wishes to know from the applicants what effect the captioned docketed action should have on the public railroad crossings of the involved lines, within the City of Chicago, Illinois.

We specifically wish to know:

- 1) Can any at grade crossings be abandoned and if so who will pay the cost of their removal?
- 2) Which at grade crossings will have an increase in the number of daily train movements or an increased time of train occupancy?
- 3) Should improvements to the crossing protection be needed as a result of the foregoing, who will assume the cost?
- 4) Can any subways (viaducts) be daylighted as a result of this action?
- 5) Will the connection track called for in "Sub-No.9" (Page 15) necessitate any new or expanded crossings or cause any landlocked parcels which may become a site for flydumping or other undesirable activities?
- 6) Please provide more information regarding the location of the the site of the connecting track in "Sub-No. 11" (Page 16) as this site may not be within the City Limits of Chicago.

NEIGHBORHOODS

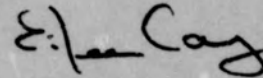


Not a NOT - Should she be added to the list?
181098 change to better
03 August 1997 added
asa
for?



Please forward the responses and supportive data to Mr. Samuel D. Polonetzky, P.Eng., Coordinating Engineer of this Department (1-312-744-5974) who will evaluate our final responses.

Sincerely



Eileen Carey

SDP:sdp
CC:

Administrative Law Judge Jacob Leventhal,
Federal Energy Regulatory Commission
888 First St. NE — Suit 11F
Washington DC 20426

Dennis G Lyons Esq.,
Arnold & Porter
555 12th St. NW
Washington DC 2004-1202

Richard A. Allen Esq.,
Zuckert, Scott, & Rasenberger LLP.
888 17th St. NW — Suit 600
Washington DC 2006-3939

Paul A. Cunningham Esq.
Cunningham
1300 19th St. NW — Suit 600
Washington DC 20036

Bernard Morris, Chief Railroad Engineer,
Illinois Commerce Commission
527 Capitol Ave
Springfield Illinois 62706

James Heffernan, Deputy Commissioner
Bureau of Electricity

John Donovan, General Supt. — E.W. & C

David Ochal, First Deputy Commissioner
Department of Streets & Sanitation

STB

FD

33388

8-7-97

J



Office of the Chairman

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

*File in
Docket*

August 7, 1997

FD-33388

Mr. Pat Newcomb
President/PA Legislative Representative
Transportation Communications Union Dist. 1218
923 Winton Street
Philadelphia, PA 19148

Dear Mr. Newcomb:

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

The Board has adopted a 350-day procedural schedule for deciding the merits of the control application filed in this proceeding. A 350-day schedule, the Board concluded, will provide for both a full and fair opportunity for all interested parties to participate in the proceeding and a timely resolution of this case. Applicants filed their control application with the Board on June 23, 1997, and the Board published notice of its acceptance of the application in the Federal Register on July 23, 1997. The notice accepting the application provided that public comments on the application will be due on October 21, 1997.

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

I am having your letter and those of your fellow union members made a part of the public docket in this proceeding. In addition, I have responded directly to all of the letters you enclosed. 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

July 9, 1997

Linda Morgan
Surface Transportation Board
1925 K. Street
Washington D.C. 20423

Subject: ConRail Job Protection and Railroad Retirement Solvency

Honorable Board Member Morgan:

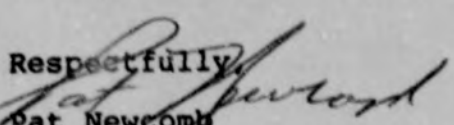
Enclosed are several letters from the T.C.U. members I represent on ConRail. The letters are basic form letters that address the general serious concerns of the members I represent. Also enclosed is a fact sheet concerning how the loss of our jobs without a fair contractual employee protection agreement will impact severely on the Railroad Retirement Pension funding.

Another fear of many of our members, particularly our furloughed members with over 25 years of service, is that they will never reach the 30 year eligibility requirement needed to secure a timely pension. These are not only dedicated railworkers, but also, they are dedicated citizens, who have done the right things to make ConRail a viable corporation.

On behalf of the thousands of dedicated ConRail employees and families I urge you and your fellow board members to make the proper decisions to ensure that along with the corporate interests being served that our career railworkers and their families receive the equitable contractual treatment that will serve to protect their job security and protect the future funding and solvency of the Railroad Retirement System.

We look forward to your response and help.

Respectfully,


Pat Newcomb
President/PA. Legislative Representative
Transportation Communications Union District 1218
923 Winton Street
Philadelphia, Pa. 19148
Tele. 215-271-7654

CHAIRMAN MORGAN
OFFICE OF

JUL 14 1 12 PM '97

RECEIVED
SURFACE TRANSPORTATION
BOARD

— FACT SHEET —

FOR EVERY RAILWORKER THAT LOSES THEIR JOB AND NEW YORK DOCK OR SIMILAR CONTRACTUAL JOB PROTECTION IS NOT PROVIDED OUR R. R. RETIREMENT SYSTEM CAN BE IMPACTED IN THE FOLLOWING MANNER:

EVERY ACTIVE WORKING RAILWORKER ALONG WITH THEIR EMPLOYER CONTRIBUTES ABOUT \$11,000.00 ON A YEARLY BASIS INTO THE R. R. RETIREMENT FUND. THIS IS A VERY CONSERVATIVE ESTIMATE.

FOR EVERY 1000 JOBS LOST THE FUNDING WOULD LOSE ABOUT \$11,000,000.00 ANNUALLY.

FOR EVERY 10,000 JOBS LOST THE FUNDING WOULD LOSE ABOUT \$110,000,000.00 ANNUALLY.

THE CONTINUING MERGER MANIA PAINTS A VERY BLEAK PICTURE OF CONTINUING JOB REDUCTIONS ACROSS THE ENTIRE UNITED STATES RAILROAD INDUSTRY. IT IS NO SECRET THAT THE GRAND DESIGN IS FOR TWO RAILROADS TO CONTROL THE ENTIRE UNITED STATES RAIL INDUSTRY.

FOR EVERY 10,000 JOBS LOST ANNUALLY OVER A FIVE (5) YEAR PERIOD THE R. R. RETIREMENT SYSTEM WILL LOSE ABOUT \$550,000,000.00 IN FUNDING. WILL OUR RETIREMENT PENSIONS BE SAFE IN THE FUTURE!!!!

MAKE THE CALL!!! - TELL YOUR REPRESENTATIVE THAT YOU HAVE BEEN A GOOD CITIZEN. THAT YOU HAVE PAID YOUR FEDERAL, STATE, CITY, SCHOOL AND R.R. RETIREMENT TAXES FOR DECADES. ASK YOUR REPRESENTATIVE HOW THE CORPORATE ELITE CAN WALK AWAY WITH MILLIONS AND HUNDREDS OF THOUSANDS OF DOLLARS IN BUYOUTS.

TELL THEM WE BUILT THE RAILROAD TOO!!

DO IT NOW!!!! CALL!!!! 1-800-97-AFLCIO