

STB

FD-33388

10-29-97

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ID-BUSINESS



# Northwest Indiana Forum, Inc.

6100 Southport Road  
Portage, Indiana 46368

(219) 763-6303  
Fax-(219) 763-2653

October 24, 1997

Mr. Vernon A. Williams  
Secretary  
SURFACE TRANSPORTATION BOARD  
STB Finance Docket No. 33388  
1925 K Street, N.W.  
Washington, D.C. 20423-0001



RE. STB Finance Docket No. 33388, CSX Corporation, et al. - Control and  
Operating Leases/Agreements - Conrail Inc., et al.

Dear Mr. Secretary:

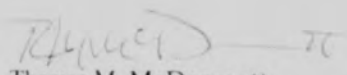
With this letter, Northwest Indiana Forum, Inc. expresses support for the relief being requested in the above-referenced proceeding by the cities of East Chicago, Hammond, Gary and Whiting, Indiana (hereafter referred to as the Four-Cities Consortium, or FCC).

Northwest Indiana Forum is a regional business association focused on capital-formation and economic development in the Indiana counties of Lake (in which the Four-Cities reside), Porter and LaPorte. In this capacity, we have reviewed several feasibility studies on the costs and benefits of implementing various traffic flow alignments which purport to mitigate the rail congestion problem in our area. For the record, rail congestion is one of the primary obstacles to residential and commercial economic development in the FCC.

We have discussed with the FCC their Alternative Routing Plan and support it. We're confident the FCC's plan will accommodate the full volume of traffic anticipated by the Applicants. Furthermore, we believe the FCC's plan will reduce incremental congestion problems associated with the Applicants' plan and preclude the addition of many highway/rail grade crossings.

On behalf of Northwest Indiana Forum, Inc., we appreciate your consideration of this letter and encourage the Surface Transportation Board, as a condition to the approval of the proposed Conrail acquisition by CSX and NS, to accept and implement the FCC's Alternative Routing Proposal.

Sincerely,

  
Thomas M. McDermott  
President

cc: Senators Lugar and Coats; Congressmen Visclosky, Buyer, Roemer; and, Mayors King, Dedelow, Pastrick, Maletta and Bercik

STB

FD-33388

10-28-97

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ID-CITIES



# City of Akron, Ohio

DONALD L. PLUSQUELLIC, MAYOR

October 20, 1997



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

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

Dear Secretary Williams:

I believe the implementation of a passenger rail system in the Canton-Akron-Cleveland corridor is vital to the continued economic development of the region. This passenger rail system will improve the mobility of people in the region and provide a viable alternative to automobile usage; this rail corridor parallels areas of Interstate 77 that, according to the Ohio Department of Transportation, has reached unacceptable congestion levels. By using an alternative mode of transportation, the need for additional highway infrastructure could be reduced.

I understand that METRO purchased, or is attempting to purchase, nearly forty miles of trackage with federal transportation funds. This purchase has preserved this vital transportation infrastructure for future development and transit use.

In order to protect the public investment in these rail rights-of-way, I support METRO's efforts to secure operating rights in the Conrail mainline between Hudson and Cleveland. If this condition is not granted in the merger on Conrail with Northfolk-Southern and CSX, passenger rail service in Northeast Ohio may never become a reality.

Sincerely,

Donald L. Plusquellic  
MAYOR

DLP/jr

cc: Robert Pfaff

STB

FD-3388

10-28-97

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ID-PUBLIC

October 19, 1997

Surface Transportation Board  
Section on Environmental Analysis  
1925 K Street, N.W.

Washington, D.C. 20423      DOCKET: FD 33388



Subject: Proposed Traffic Increase via Norfolk Southern RR

Dear Sirs:

The subject increase in rail activity from the 13 plus daily to over 30 daily is a most flagrant disregard for health and safety of the citizens along the right of way in the contiguous communities in this Northeast Ohio area.

I've been a neighbor of the Norfolk Southern for several decades, and have tolerated the noise and inconveniences of both the proximity as well as the dangers from trains blocking the crossing of safety vehicles during this time.

My house is north of the NS tracks and several years ago, we had two (2) successful visits from the Rocky River EMS teams who saved my daughter's life by their swift response when she lapsed into a diabetic coma. In each case, we were fortunate to have clear rail crossings for them to access her, attempt to administer insulin and rush her to Lakewood Hospital, a five minute siren ride back over those same tracks. A life saving feat only possible by open road access.

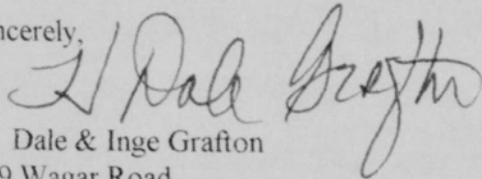
We consider ourselves very lucky in these past incidents; but there is no way we could accept an increase in rail traffic, considering the loss of health and safety services we could face by trains, blocking access by the otherwise competent departments serving our citizens.

The frequency of safety vehicles, fire trucks, ambulances passing my house from both sides of the tracks during any given 24 hour period is astounding! I would estimate the number to exceed 30 on a bad day! We are north of Fairview Hospital and Rocky River Fire Department and the flow is incredible!

Though certainly not life threatening as above, I would like to briefly address the almost totally ignored subject of NOISE POLLUTION! The legal dba noise level by OSHA is 85 dba. Special allowances are made for trains to exceed that level as a "warning" necessity. The indiscriminate use and excess created by the majority of trains we observe and hear every 24 hours, far exceeds the 85 dba level and any crossing distance parameters required for airhorn blasts. These federal limits are exceeded daily and most of us are soon to call for strict enforcement of these as our environmental rights are being translated into sleepless nights and ear splitting blasts during the day. This will have to be enforced, regardless of rail train frequency.

Thank you for this opportunity to express my observations on this most important matter. I hope you will heed the requests of concerned citizens and deny the Norfolk their request as it has astounding negative repercussions on the lives and safety of its neighbors.

Sincerely,

A handwritten signature in cursive script, appearing to read "H. Dale & Inge Grafton". The signature is written in dark ink and is positioned above the printed name.

H. Dale & Inge Grafton

869 Wagar Road

Rocky River, OH 44116 PH:440 333-0292

STB

FD-33388

10-28-97

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ID-BUSINESS



ERN, Inc.

20728 Erie Road - Suite B  
Rocky River, Ohio 44116-1419  
(216) 333-9624

October 20, 1997



Secretary, Surface Transportation Board  
Federal Department of Transportation  
1925 K Street, N.W.  
Washington, D.C. 20423

Re: FD #33388

Dear sir,

We write to you to express our concern for the plans of Norfolk Southern Railroad's plans to increase train traffic from 12 to 40+ trains per day through the residential communities which are west of metropolitan Cleveland, Ohio. These communities are within a very close proximity of the shoreline of Lake Erie which forms a natural barrier to movement north of the tracks, and the present tracks travel in immediate contact with the homes and yards of the families who live here. The proposed increase of train traffic is three times the present usage of the railroad, and this poses a number of problems for the local communities:

1. The health and safety issue involves the uniqueness of our community with a natural barrier to the north which would affect evacuation of residents in the event of a derailment of hazardous materials on the rail line. Since these materials are being transported at present through our community, it is important to be aware of a threat to our being able to deal with an emergency or disastrous event.
2. There are close to 50 crossings which are presently unguarded between the city line of Cleveland and the western edge of Cuyahoga County, (i.e. without so much as crossing gates)--all of which are daily traversed by cars, trucks, and **children** on their way to and from school. There are frequent sad encounters with these unguarded crossings, and, as parents, we are concerned that our children are being placed in increased danger with the proposed increase in train traffic. We well remember the loss of life of a young teenager who was crossing an unguarded crossing during the first year we lived in Rocky River--the sound of the train whistles as they approached slowly during the cleanup operation was devastating to us all!
3. The location of fire, medical and police forces in the cities of Lakewood, Rocky River, and Bay Village are isolated from areas on one side or the other of the trackage which traverses these communities. Since train traffic is often slow, or stopped, access to areas served by these facilities

Ernest Green, AEC

are often out of touch with these necessary services of our cities. Potential delays to accommodate the blocked crossings for train traffic could mean delays of minutes in response time and the difference between life and death

4. Train traffic is **not known** for its quiet behavior or its cleanliness, and the exposure to coal dust and loud noise is also a concern. There are numerous "whistle" crossings near our home, and we are able to hear **all** trains as they approach and depart the crossing nearest us--these effects greatly increase in the summer when we choose to open our windows to enjoy the summer air and the television or radio!

We hope you will take the opportunity to visit our residential communities and note the unique features of it (i.e. the "north coast" barrier edge of Lake Erie for residents north of the railroad; the numerous unguarded crossings; the isolated locations of fire, police, and medical services; the need for children to cross the tracks twice daily on their way to and from school; and the proximity of our homes and population density to this railroad property. We are aware that your responsibility is to research public concern, and not the concerns of the railroad industry and we ask your support in this matter. In addition to the above noted concerns, we are acutely aware that our property values are seriously affected by the decisions which will be made by you and the Norfolk Southern Railroad.

Very truly yours,

*Ernest Green Rachel E. Green*

Ernest Green and Rachel E. Green  
20728 Erie Road  
Rocky River 44116-1419  
(440) 333-9624

# **SR** Sadoff Iron & Metal Co.

Recycling Today For A Better Tomorrow



October 17, 1997

240 W. Arndt Street  
P.O. Box 1138  
Fond du Lac, WI  
54936-1138

Phone  
920-921-2070  
FAX  
920-921-1283

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:

My name is Aral Eaton, and I am the Marketing Manager for Sadoff and Rudoy Industries. We are a scrap processor/broker based in Fond du Lac, Wisconsin. We currently operate six scrap facilities and move scrap through the Chicago switching district on a monthly basis.

The numerous consolidations and mergers in the rail industry and how they impact our business are a concern to us. We are asking you to consider the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. As we understand it, CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

You are aware, better than I the heavy traffic already moving through the Chicago gateway. Efficient switching services accessible to everyone on an equal basis is a great concern for the movement of my company's traffic. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity by placing their own needs ahead of other line haul carriers. This also raises the question as to the impact on charges other line haul carriers will incur,

## Divisions of Sadoff & Rudoy Industries

Manitowoc  
Allied Machine Co.

Shoboygan  
Gull-Norman Co.

Green Bay  
Sadoff Iron & Metal Co.

Fond du Lac  
Sadoff Iron & Metal Co.

Oshkosh  
Sadoff Iron & Metal Co.

Berlin  
Sadoff Iron & Metal Co.

Madison  
Sadoff Iron & Metal Co.

Milwaukee  
Sadoff Iron & Metal Co.

Racine  
Sadoff Iron & Metal Co.

Waukegan  
Sadoff Iron & Metal Co.

Winnetka  
Sadoff Iron & Metal Co.

Wauwatosa  
Sadoff Iron & Metal Co.

West Allis  
Sadoff Iron & Metal Co.

Whitefish  
Sadoff Iron & Metal Co.

Wausau  
Sadoff Iron & Metal Co.

Wisconsin  
Sadoff Iron & Metal Co.

Exceeding  
The Needs  
Of The  
Customer



Recycled Paper

which would no doubt be passed on to us. Our prior experience with movement through the Chicago Switching District is that it is costly and often requires far too much time. We recently transferred scrap from one Chicago location to another through the IHB which took approximately three weeks. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

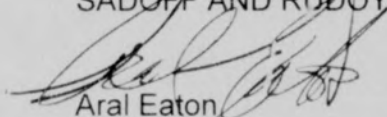
We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition on Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

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

Sincerely,

SADOFF AND RUDDY INDUSTRIES



Aral Eaton  
Marketing Manager

AGE/js

October 24, 1997



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

Dear Mr. Williams:

My name is Roger L. Desrosier, President and Chief Executive Officer of Connecticut Logistics, Inc. I have held my present position for the last year. My duties include visioning anticipated traffic flow, logistics management and direct oversight of our transportation requirements which involves inbound and outbound finished goods for our customers.

In May of 1995, Connecticut Logistics, Inc. submitted a statement of support approving the transaction which would allow CSX and Norfolk Southern to acquire Conrail and subsequently divide its assets. We are writing now to amend our original statement to address running rights considerations which were not addressed in the original statement filed last May.

Connecticut Logistics, Inc. is a transload business with sales of \$500,000 annually. Transportation is a vital factor to the success of our business. We utilize rail and truck, divided 50% rail and 50% truck. We have facilities located at 18 Eastern Avenue and 2 Thomas Griffin Road, New London, CT. These facilities are presently served by NECR and interchange with Norfolk Southern through Conrail. Primarily, we ship to the eastern United States and receive from the pacific northwest in the U.S. and Canada who are on the lines of Norfolk Southern, Canadian National and Canadian Pacific.

Generally, we continue to find rail shipments to be more cost effective than trucks, especially over long distances. The decision to allow CSX an exclusive in the New England area when viewed by the single carrier concept and the most circuitous routing does not provide an adequate, but more importantly competitive north-south access for



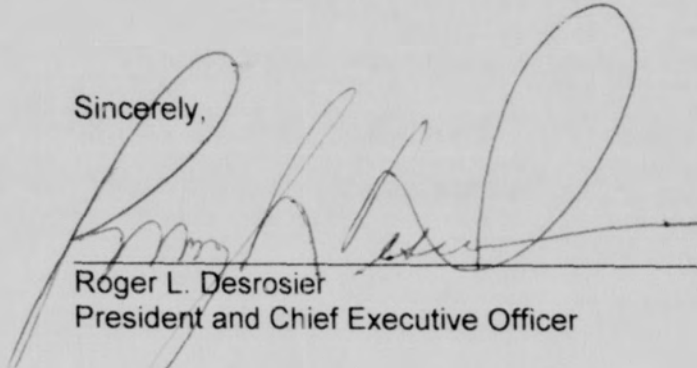
our shipments. We've gone from the "frying pan into the fire". Replacing one Class I rail carrier with another Class I carrier does not benefit our region in the least.

We urge the Surface Transportation Board to grant running rights to the New England Central Railroad to, from and between Palmer, Massachusetts and Selkirk, New York. We believe that New England Central Railroad running rights will allow competitive access to a market segment which, under the present proposal, is not going to be available to us.

I, Roger L. Desrosier, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on October 24, 1997.

Sincerely,



Roger L. Desrosier  
President and Chief Executive Officer

October 24, 1997



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

Dear Mr. Williams:

My name is Bruce C. Balchunas, Vice President of Operations at Northeast Warehousing and Distribution, Ltd. I have held my present position for nine (9) years. My duties include all aspects relating to the distribution services provided by Northeast Warehousing & Distribution Ltd.

Northeast Warehousing and Distribution, Ltd. is a transload business with sales of \$1.4 million annually. Transportation is a vital factor to the success of our business. We utilize rail and truck, divided 60% rail and 40% truck. We have facilities located at 140 Bethany Road, Monson, MA. These facilities are presently served by New England Central Railroad and during 1996 we serviced 2800 cars at this location.

In May of 1995, Connecticut Logistics, Inc. submitted a statement of support approving the transaction which would allow CSX and Norfolk Southern to acquire Conrail and subsequently divide its assets. We are writing now to amend our original statement to address running rights considerations which were not addressed in the original statement filed last May.

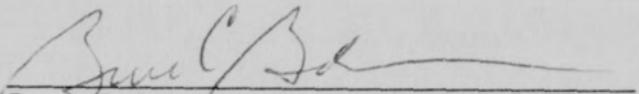
Generally, we continue to find rail shipments to be more cost effective than trucks, especially over long distances. The decision to allow CSX an exclusive in the New England area when viewed by the single carrier concept and the most circuitous routing does not provide an adequate, but more importantly competitive north-south access for our shipments. We've gone from the "frying pan into the fire". Replacing one Class I rail carrier with another Class I carrier does not benefit our region in the least.

We urge the Surface Transportation Board to grant running rights to the New England Central Railroad to, from and between Palmer, Massachusetts and Selkirk, New York. We believe that New England Central Railroad running rights will allow competitive access to a market segment which, under the present proposal, is not going to be available to us.

I, Bruce C. Balchunas, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement.

Executed on October 24, 1997.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bruce C. Balchunas", written over a horizontal line.

Bruce C. Balchunas  
Vice President of Operations



STB

FD-33388

10-28-97

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ID-PUBLIC

William L. Swartzman, Jr.  
126 Pullman Avenue  
Kenmore, NY 14217-1516

17 October 1997



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

Honorable Members of The Board:

I am writing this letter today to voice my concern in the matter of the application of CSX Corporation and Norfolk Southern Corporation to purchase and divide the assets of Conrail, Inc.

As proposed, the assets of Conrail, Inc., will be divided, roughly along the lines of a letter "X", each of the petitioners operating one leg of the "X", with portions of other lines to be operated by one or the other petitioner. This proposal, while it looks really nice on paper, will not, over the long term, provide or improve the efficient, safe, high quality rail transportation service currently enjoyed by customers of Conrail at this time.

This determination is based on several factors:

The route to be operated by Norfolk Southern (the former Pennsylvania Railroad, from Philadelphia through Pittsburgh and Cleveland, and the former New York Central across northern Ohio and Indiana to Chicago) provides a far superior route, service wise, than the route to be operated by CSX Transportation. The ability of Norfolk Southern to out perform CSX over this route will allow, over a relatively short time period, Norfolk Southern to dominate the high paying intermodal traffic moving between either end of the Conrail system. This will erode the revenues generated by CSX over their portion of the Conrail system, and eventually create a non profit making operation. How long will that be allowed to continue???

The economies of the northeastern States are, collectively, not in the greatest shape. Growth, while hoped for, just isn't on the horizon anywhere in the near future. Large volume shippers no longer are located along rail lines in the State of New York or in the Commonwealths of Massachusetts or Pennsylvania. Most of these customers have either taken advantage of the extremely lenient tax policies of States below the Mason-Dixon line, or the lucrative Industrial Development grants and Right to Work policies these same States offer, or have moved out of the Country altogether. (I am not placing blame for economic problems here.....there is plenty to go around everywhere. The fact remains and these are factors that will affect the success of this proposal.)

It costs a lot of money to maintain and operate a railroad in a safe, efficient manner. Introducing destructive economic competition into the mix is dangerous, and could be downright deadly. For an example of this, look at the deregulation of the trucking industry. Since 1980, all sorts of carriers, large or small, have been forced into bankruptcy by their inability to generate an adequate return from continuing operations. The first place to suffer when finances get tight is, in case you haven't guessed, maintenance and safety. Forcing employees to work extremely long hours is another. Evidence of this exists in the recent rash of accidents that have occurred on the Union Pacific since the first of this year.

CSX Corporation is the owner of Sea-Land services, the undisputed pioneer in Ocean Container transportation. While profits from this operation have been on the increase over the last few years, they are not operating an arena where all players care to play on a level playing field. Government support of almost all foreign flagged ocean shipping operations, either through direct ownership or by "protection" places this part of their operation at the whim of just about every other nation in the world. The commercial domination of international ocean shipping by the United States ended with the widespread adoption of the internationally standardized ocean shipping container, as well as by the intransigence of our federal government to recognize the deteriorating business climate in which the United States merchant fleet operated in.

During the early part of the 1970's, when the Northeast railroad financial situation finally came to a head, the Erie-Lackawanna Railway and the Delaware and Hudson Railway were both wholly owned subsidiaries of the Norfolk and Western Railway, now the "Norfolk" in Norfolk Southern. After a period of diminishing returns due to lack of sufficient investment both were spun off into a holding company, known as Dereco Corporation. As there was insufficient revenues to maintain a profitable operation, this Corporation eventually failed, and

the assets of these two Companies were conveyed into the bankruptcy courts. The Norfolk and Western Railway, one of the most financially sound railroad operations at the time, invested nothing in saving Dereco and instead left it to the People of the United States to pick up the pieces. Further, as the time for the Federal Governments' ownership of Conrail to end approached, Norfolk Southern began to divert as much traffic as possible to the New York, Susquehanna and Western Railway, the designated "competitor" to Conrail over the route from Little Ferry, NJ to Buffalo, NY, to inflate the apparent ability of the NYS&W to survive on it's own. Traffic increased so much, that the NYS&W was forced to obtain additional motive power, financed by (I can only guess at the terms - and as to why other financing outlets wouldn't touch the deal) surprise!!! CSX Corporation, at the same time, track maintenance performed by the Norfolk Southern on it's own route from Buffalo, NY to Cleveland, OH was deferred, as this line has very little, if any, originating traffic on it. It simply would be sold off to a short line, or abandoned as surplus. After Congress decided that Conrail should be offered to the public, rather than sold to Norfolk Southern, Norfolk Southern was forced to invest copious funds in infrastructure improvements. Freight traffic was again interchanged with Conrail at Buffalo, as there was no service benefit obtained from the NYS&W. In short order, the lease payments became too much for the NYS&W, and their additional motive power's ownership reverted to CSX Corporation, leaving the NYS&W as a non-competitor. Since that time, the designated competitor to Conrail on this route has been CP Rail, a financially troubled foreign owned Corporation, which has yet to invest any appreciable money in it's subsidiary, the former Delaware and Hudson Railway.

The predecessors of the Norfolk Southern Corporation are not the only ones to walk away from adversity here. At the time of the creation of Conrail, the Chessie System, now a major component of CSX Transportation, was offered the opportunity to gain access to the New York metropolitan area. Instead, they chose to walk away from this opportunity. So much for competition. Furthermore, CSX Transportation sold off it's route serving Western New York, rather than invest the funds required to maintain the infrastructure in safe operating condition, thereby permitting reasonable track speeds to be maintained, and thus chasing away much of the business carried by this route.

As can be plainly seen by even a casual observer, neither Norfolk Southern Corporation or CSX Corporation have an interest in sticking with a somewhat marginal operation. Only large profits will do, from routes with very large volumes of traffic. Both these Corporations are talking a good story, but have not been particularly forthcoming with concrete plans. Both are, to their credit, excellent businessmen. The question remains, though, what will happen to rail service in the

Northeast (and the Northeast is more than New York City and Philadelphia) when CSX Transportation, considered "Not Revenue Adequate" by the Department of Transportation, cannot support itself from continuing operations? Who will be willing (or able) to pick up these pieces? Confidence in CSX's ability to sustain itself can be gauged from it's stock price, which has only increased slightly after the CSX/Conrail merger was first proposed. (The idea of "Competition" aside, the CSX/Conrail merger as initially proposed, was not really all that bad idea - it was building something better and stronger, rather than tearing it down.) The available traffic, and therefore revenue, just isn't there to support CSX for the long term.

The intent of Congress in establishing Conrail as a monopoly in the first place, was to keep it financially strong, and thereby maintaining viable rail transportation throughout the Northeast and upper Midwest. This decision was reaffirmed in early 1986 when Congress, the elected representatives of the People of the United States, voted not to sell Conrail to a single operator, but rather to the public.

As an independant Company, Conrail has prospered, providing not only consistent high quality, rail freight service, but job security for it's most valuable assets, it's employees, as well. Conrail has also shown a willingness to continue to improve itself, as well as invest in, and develop, new technology to provide still better, safer and more efficient service.

Bigger, as can be seen in the current Union Pacific, is not always better. How much property will be destroyed and lives ended before we realize this? Giant Corporations become too removed from their Customer base, and ultimately loose sight of what they are in business for. Making money becomes a holy grail, at the expense of everything else.

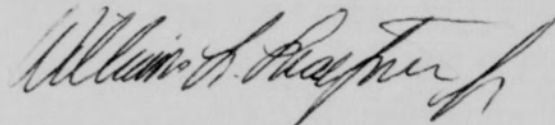
For these reasons I have outlined, I firmly believe that the application of CSX Corporation and Norfolk Southern Corporation to divide the assets of Conrail, Inc. should be flatly denied, as it only serves the interests of the stockholders of these Corporations, and clearly is not in the best interests of the People of The United States. The future competitiveness of the Northeast United States depends on it.

Who am I, you ask, to make such a pronouncement? I am a taxpaying citizen of the United States. I have been employed for the past 24 years in the

transportation industry, and have been a student of it for 30 years. I have no financial interest whatsoever in, and am not employed by, any of these Corporations. I don't want to see my tax dollars used, again, to clean up a financial disaster that could have been avoided by proper governmental action. (vs. inaction or rubber-stamping of big business operations) I am solely interested in maintaining a viable rail transportation option (and it is an option only to highway transportation) and the world market competitiveness of the United States.

In short, it is your responsibility to vote, not in the best interest of Wall Street, but in the best interest of ALL the people of the United States, to deny the application of CSX Corporation and Norfolk Southern Corporation to divide the assets of Conrail, and to direct these Corporations to immediately divest themselves of all title and interest in the Consolidated Rail Corporation.

Respectfully,

A handwritten signature in cursive script, appearing to read "William L. Swartzman, Jr.", written in dark ink.

William L. Swartzman, Jr.



# BRIEN W. McMAHON

500 West 43rd Street • New York, NY 10036 • 212-239-7311

October 17, 1997



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

RE: Finance Docket No. 33388  
Norfolk Southern Corp.,  
CSX Transportation/Conrail

Dear Mr. Williams:

My name is Brien W. McMahon and reside at 500 West 43rd Street, New York, New York. I am writing this letter in order to seek your comments for consideration as an affected party.

I am presently a Norfolk Southern employee and have been employed by them since October, 1970, wherein virtually all has been in the New York and New Jersey area in their Marketing/Sales Division. My request for consideration falls back a bit historically to the period Jim McClellan of Norfolk, refers in his statement filed on behalf of Norfolk, on June 23, 1997.

During the period 1974-1978, I was a Norfolk Southern Sales Representative in New Jersey with accountability for tonnage originating in New York State and New Jersey on Conrail predecessor roads and, later, Conrail itself, while in a regulated environment prior to the Staggers Rail Act, which Jim McClellan cites reduced regulation, allowed railroads to adjust to the marketplace, encouraged further rail consolidations in effect caused Conrail to flourish.

At this time, Norfolk Western, the NS predecessor I worked for, terminated my position, account performance, supported by drastically reduced tonnage in and out of my sales territory syphoned by a federally backed Conrail gaining strength.

During this same period, Congress extended Delaware & Hudson's Railway's rights to the New York and New Jersey area as an element of competition in the Northeast with whom I frequently worked in joint sales efforts. DH also failed to adequately compete and their successor - CPRS - CP Rail System - has approached STB as an affected carrier and have sought more favorable treatment under Docket No. 33388. CPRS has received from Norfolk Southern conditions to help ensure their financial viability under a revamped CSX/NS system.

Mr. Vernon A. Williams, Secretary  
Surface Transportation Board  
RE: Finance Docket No. 33388  
October 17, 1997  
Page Two

In similar fashion, I seek consideration from the loss of a Norfolk Southern Management position caused by the creation of a pre-Staggers Conrail and Norfolk's bid to "re-competition" the New York/New Jersey area and northeast.

Specifically, I seek protection similar to that granted to affected Conrail Managers so that I too might compete again for business in the Northeast if granted.

My present capacity at Norfolk Southern in an agreement position, in my opinion, does not pre-empt me from seeking status as an affected party during the pre-staggers Conrail era in which I was economically hurt just as DH CPRS was by trying to compete in an environment slanted by Congress toward a government backed Northeast Conrail. It is this near exclusivity that Norfolk and CSX Transportation is trying to equalize as a level field for all affected parties now.

I appreciate your time in considering my position.

By my execution hereof, I declare, under the penalty of perjury, that facts in the above statement, to my knowledge, are accurate and I certify the above statement as being true.

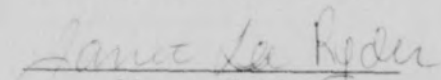
Very truly yours,



Brien W. McMahon

BWM/jlr

Sworn to before me this  
17th day of October, 1997.

  
Notary Public

JANET LEE RYDER  
NOTARY PUBLIC, State of New York  
No. 4814981  
Qualified in Westchester County  
Commission Expires: 10-30-98



STB

FD-33388

10-28-97

J

ID-BUSINESS



October 17, 1997

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 Richard D. Huhn, the Director of Finishing, Logistics and Distribution Systems for Wausau Papers Technical Specialty Division - Rhinelander Mill in Rhinelander, Wisconsin.

We are in the Paper Producing industry which moves traffic through the Chicago Switching District. The movement of product includes raw materials which are used to keep the paper mill operational and finished product to our customers.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore & Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of the Belt Railway Company with about 1/3 ownership.

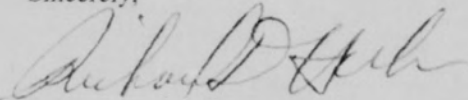
The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of my company's traffic - not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's domination of terminal switching capacity will seriously diminish available rail capacity serving this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service on our traffic. Our prior experience with movements through the Chicago Switching District is that it is costly and often requires far too much time. We are concerned about the future for fair, equitable and prompt dispatching of trains and switching of customers.

We understand that Wisconsin Central Ltd. has proposed acquiring and operating a portion of BOCT trackage known as the Altenheim Subdivision and a portion of Conrail trackage known as the Panhandle Line. We also understand that WCL would invest in improving these routes. We strongly support these sales as a condition to approval of CSX and NS acquisition of Conrail. Each will mitigate the impact of CSX domination of switching and serve to preserve and increase critical rail capacity in the Switching District.

We also believe the Board should seriously consider a condition which would assure that the IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard D. Huhn".

Richard D. Huhn  
Director of Finishing, Logistics  
and Distribution Systems

RDH/dmt

Recycled Paper Products...  
The Nature of Our Business



November 5, 1996



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

RE: **Finance Docket No. 33388**

Dear Mr. Secretary:

I am James Faust, the Logistics and Transportation Mgr. for Wisconsin Tissue. Approximately 1,000 trailcars and 2,000 intermodal shipments of our paper products moves in and through the Chicago Switching District.

We are very much concerned about the potential ramifications to us and other industries should CSX Transportation, Inc. (CSXT) obtain ownership and control of Conrail rights and assets as proposed. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. The IHB switches our Alsip, Illinois location. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application provides, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago. We understand that CSX already owns Baltimore and Ohio Terminal Railway Company ("BOCT") and will be the largest shareholder of The Belt Railway Company with about 1/3 ownership.

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We also believe the Board should seriously consider a condition which would assure that IHB operations and facilities are dispatched on a fair and neutral basis, preventing the IHB from being operated primarily for the benefit of CSX.

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

Sincerely,

A handwritten signature in dark ink, appearing to read 'Jim Faust', written over a horizontal line.  
Jim Faust  
Logistics and Transportation Manager

JF/prc

For: Numbers  
• Harbour Place (1st Floor) 414-727-8803 • Harbour Place (2nd Floor) 414-727-3743 • Engineering (Plant 1) 414-727-2940 • Engineering (Plant 2) 414-727-8502  
• Customer Service 414-720-4573 • Traffic 414-720-4776 • Manufacturing 414-727-2925 • Purchasing (Plant 2) 414-727-8799  
• Shipping 414-727-8795 • Credit 414-720-4777

a Chesapeake company



Kraft Foods

James R. Hurckes  
Director of Transportation  
Operations/Pricing  
(608) 285-6730



October 17, 1997

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

Dear Secretary Williams:

As the Director of Transportation Operations/Pricing for Kraft Foods, Inc. I am writing this letter because I am concerned that the proposed division of Conrail's assets between CSX and NS will have an adverse impact on Kraft Foods, Inc. by placing hardships on our Avon, NY plant. I would also like to express my support for the conditions sought by the Livonia, Avon & Lakeville Railroad because I believe these conditions will alleviate the adverse impact of the Conrail transaction with regard to rail service at our Avon, NY plant.

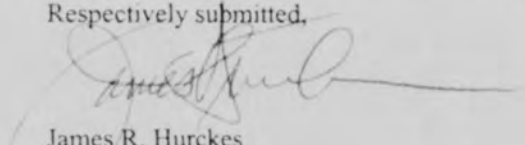
Kraft Foods, Inc. is in the business of producing and marketing food products throughout the United States. In particular to this letter, our Avon, NY plant (served by the LAL since 1995) produces *Oscar Mayer* branded *Lunchables* product and *Cool Whip* branded dessert topping products. The facility is the only production point for *Cool Whip* in the United States, and raw material service to the plant is a primary concern of Kraft. Furthermore there are potential outbound movements being investigated.

In the first 9 months of 1996, Kraft terminated 96 carloads at Avon. All of this traffic was interchanged to LAL by Conrail. The most important origins for this traffic were Dayton, OH and additional points in Iowa. With the success of our business we expect this traffic to increase significantly in 1998.

As we have experienced with past rail mergers, I expect that NS and CSX will become intensely competitive with each other and do everything possible to preserve revenues on long-haul movements. NS and CSX have admitted as much. However, what might be best in the interests of NS or CSX might not be best for our operations or the economy in whole. In particular, I am concerned that after the merger our movements from the Chicago gateway or potential Indiana and Ohio points (not on CSX) will experience unacceptable transit times or unreliable service, or not move at all due to non-competitive NS/CSX joint line service or rates. The idea that NS/CSX service will be equivalent to single line service to other regions is not credible. Thus Kraft Foods, Inc. will no longer have direct rail service to our plant, and will have to rely on less economical modes of transportation.

Our concerns could be alleviated if the Board removed the restriction that currently blocks LAL from interchanging traffic with the Rochester & Southern Railroad at Genesee Junction Yard. Rochester & Southern's connection with NS at Silver Springs will give Kraft Foods, Inc. the benefit of an indirect short line connection to NS, which together with LAL/CSX routings, would allow Kraft Foods, Inc. to continue its business without fear of losing rail service options.

Respectfully submitted,

  
James R. Hurckes  
JRH21/jp

STB

FD-33388

10-27-97

J

ID-CITIES



# NCDC

*Northampton County  
Development Corporation*

*A Partner With the Industrial Development Authority and Commission*

October 21, 1997



The Honorable Vernon A. Williams, Secretary  
Surface Transportation Board  
Washington, DC 20423

Dear Mr. Williams:

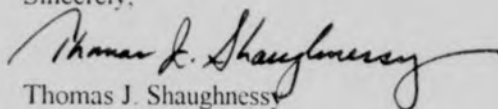
The Northampton County Development, the primary economic development agency serving Northampton County, wishes to go on record with the Surface Transportation Board on the matter of the proposed division of Conrail between CSXT Transportation and Norfolk Southern Railway.

The Lehigh Valley is served by Conrail by a system of main lines and branch lines. CP Rail is the only other class 1 carrier serving our region. However, their service is limited to the Bethlehem Steel Corporation in Bethlehem and its associated Philadelphia, Bethlehem and New England Railroad. Under the terms of the 1976 creation of Conrail, CP Rail and its predecessor Delaware & Hudson Railway are precluded from providing service to other shippers within the region although its trains operate along both the Lehigh main line and Reading main line.

We believe that the presence of competitive rail access in the Lehigh Valley would enhance our economic viability. The competitiveness would benefit our agency's efforts to attract new business to the area as well as our efforts to retain existing businesses. We feel that the need for good, competitive rail service is particularly crucial to the Lehigh Valley in view of the recent phenomenal growth of the industrial and distribution facilities, as numerous companies have chosen to locate and expand. Competitive rail access is an important location advantage.

The draft operations information which has been made available to us indicate that all of the proposed Conrail service in the Lehigh Valley would accrue to Norfolk Southern. As such, the plans, as presently proposed, do not improve competitive rail access in the Lehigh Valley. Therefore, we respectfully request that the Surface Transportation Board impose conditions on the application which would increase the competitive rail access within the Lehigh Valley. One means of providing this improved service may include granting CP Rail rights to serve additional shippers.

Sincerely,

  
Thomas J. Shaughnessy  
Executive Director

Cc: J. Michael Dowd  
NCDC Executive Committee

*Promoting opportunities for business and industry in Northampton County, Pennsylvania*



STB

FD-33388

10-27-97

J

ID-BUSINESS





October 27, 1997

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

RE: STB Finance Docket No. 33388, CSX Corp. and CSX  
Transportation, Inc., Norfolk Southern Corp. and Norfolk Southern  
Railway Co. - Control and Operating Leases/ Agreements - Comments of  
American Soybean Association.

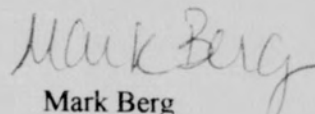
Dear Secretary Williams:

The American Soybean Association joins in the comments of the American Farm  
Bureau Federation and the other important agricultural trade associations which joined  
with it in supporting the CSX/NS/Conrail transaction as proposed by applicants.

The American Soybean Association believes that this transaction is in the public  
interest and will improve rail transportation service for its members.

I certify that I have arranged for service of copies of these comments upon all  
parties of record through counsel for applicants.

Yours truly,

  
Mark Berg  
President

Washington Office

1000 CONNECTICUT AVENUE, N.W., SUITE 1100 WASHINGTON, DC 20036

PHONE: 202/371-5511, FAX: 202/331-7036

<http://www.oilseeds.org>



**BP CHEMICALS**

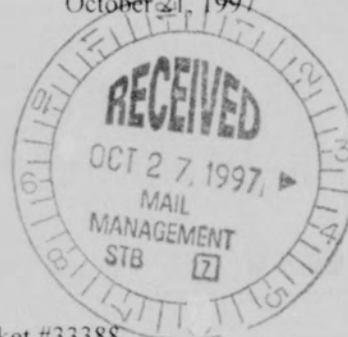
Michael J. Garrigan  
Director, Distribution

BP Chemicals Inc.  
4440 Warrensville Center Road  
Cleveland, OH 44128

Phone: (216) 586-3682  
Fax: (216) 586-8525

October 21, 1997

Office of the Secretary  
Case Control Branch  
Attn: STB Finance Docket No. 33388  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, DC 20423-0001



Re: SURFACE TRANSPORTATION BOARD Finance Docket #33388

This is to provide notice that British Petroleum America hereby withdraws their participation as a party of record in the above noted Finance Docket. Please delete BP America's name from the list of parties of record to receive copies of all correspondence pertaining to this Finance Docket.

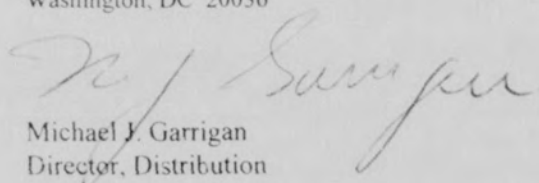
I hereby certify that I have served by First Class Mail, postage prepaid, to

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

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

Richard A. Allen, Esq.  
Zuckert Scoutt & Rasenberger, L.L.P.  
Suite 600  
888 Seventeenth Street, N.W.  
Washington, DC 20006-3939

Paul A. Cunningham, Esq.  
Harkins Cunningham  
Suite 600  
1300 Nineteenth Street, N.W.  
Washington, DC 20036

  
Michael J. Garrigan  
Director, Distribution

STB

FD-33388

10-23-97

J

ID-BUSINESS

**COPY**

ENTERED  
Office of the Secretary

OCT 24 1997

FARMERS ELEVATOR ASSN. OF MINN.  
852 GRAND EXCHANGE  
MINNEAPOLIS, MINN. 55402

## ADOPTED RULES

cost per admission for hospitals whose medical assistance and general assistance medical care admissions during the base year, including admissions of recipients who are also eligible for medicare and excluding admissions of participants in a prepaid health plan, exceed 15 percent of total hospital admissions according to the schedule below.

## Transportation Regulation Board

### Adopted Permanent Rules Relating to Railroad Property Right of First Refusal

#### Rules as Adopted (all new material)

#### 8910.0100 DEFINITIONS.

Subpart 1. **Scope.** The terms used in this chapter have the meanings given them in this part.

Subp. 2. **Abandonment or abandoned.** "Abandonment" or "abandoned" refers to any process by which the railroad interest seeks the approval of the Interstate Commerce Commission for approval to discontinue service on a portion of railroad track, and includes abandonment and petition for exemption from the abandonment procedures before the Interstate Commerce Commission.

Subp. 3. **Appraisal.** "Appraisal" means an estimate of the fair market value of the parcel of property offered for sale but not including those physical improvements owned by the leaseholder. An appraisal may be made by an appraiser or may be in the form of a bona fide offer from an independent third party.

Subp. 4. **Appraiser.** "Appraiser" means a person who is a qualified real estate appraiser available for state contracts as established by the state of Minnesota and may be an employee of the railroad interest if that person has met the qualifications established by the state.

Subp. 5. **Board.** "Board" means the Minnesota Transportation Regulation Board.

Subp. 6. **Bona fide offer.** "Bona fide offer" means an offer to buy underlying property without leasehold improvements from an independent third party established in a legally enforceable agreement.

Subp. 7. **Erected.** "Erected" means constructed or owned, or both.

Subp. 8. **Leasehold.** "Leasehold" means property for which there is a lease agreement between the railroad interest and the leaseholder, or as defined by mutual agreement of the leaseholder and the railroad interest.

Subp. 9. **Leaseholder.** "Leaseholder" means a person who holds a lease, license, or permit with respect to property within a right-of-way, and who has erected eligible leasehold improvements on the property with a total fair market value of \$7,500 or more.

Subp. 10. **Leasehold improvement.** "Leasehold improvement" means any structure built specifically for the pursuit of business and that has or had direct access to railroad service.

Subp. 11. **Parcel.** "Parcel" means the portion of land that is offered for sale by the railroad interest, which may be the same as, smaller than, or larger than any individual leasehold property.

Subp. 12. **Railroad interest.** "Railroad interest" includes a railroad corporation, its trustee or successor in interest, a railroad corporation that is in proceedings for bankruptcy under federal law, and a nonrailroad holding corporation that owns a controlling interest in a railroad.

Subp. 13. **Right of first refusal.** "Right of first refusal" means the right of a leaseholder to buy the parcel at a fair market price before sale of that property to any other entity.

#### 8910.0200 PURPOSE.

The purpose of this chapter is to implement Minnesota Statutes, sections 222.631 to 222.633 by establishing a procedure whereby a railroad interest must offer to leaseholders a first opportunity to purchase real property within a right-of-way that is either being abandoned or offered for sale.

#### 8910.0300 ELIGIBILITY.

Subpart 1. **Leaseholders with surface rights.** Only leaseholders with surface rights are eligible for relief under this chapter. Leaseholders with surface rights are those:

- A. with property and facilities served by or formerly served by an industry side track that is owned by a railroad interest and that has lost rail service through abandonment; or
- B. who have a leasehold from a railroad interest that is in bankruptcy proceedings.

Subp. 2. **Leaseholders of record.** Right of first refusal accrues to leaseholders of record with the railroad interest at the time the parcel is offered for sale by the railroad interest.

Subp. 3. **Fair market value.** The fair market value of a leasehold improvement, for purposes of eligibility under parts 9010.0100 to 9010.0400, is determined according to the latest available property tax assessment.

Subp. 4. **Limitation.** Eligibility under this part is limited to leaseholds located on rail lines that have been abandoned on or after March 22, 1986, and leaseholds that are offered for sale by a railroad interest in bankruptcy, if the offer to sell was made on or after the effective date of parts 8910.0100 to 8910.0400.

#### 8910.0400 PROCEDURE.

Subpart 1. **Notice of intent to sell.** The railroad interest shall notify the leaseholder when it intends to sell a parcel that includes the leasehold. Notice must include the railroad interest's offering price for the parcel, a description of the parcel being offered, and the following statement: "You have a right of first refusal to purchase the subject property under Minnesota Statutes, sections 222.631 to 222.633. For more information, you may write or call the Transportation Regulation Board." The statement must also contain the address and telephone number of the board. The railroad interest is prohibited from accepting offers to purchase the parcel unless the offer is contingent on the leaseholders' rights of first refusal. The leaseholder has 15 days from receipt of notification to challenge the reasonableness of the packaging of the parcel for sale. The challenge must be served in writing on the board within 15 days. A copy of the challenge must be served on the railroad interest.

Subp. 2. **Bona fide offer.** If the railroad interest receives a bona fide offer for a parcel, it shall notify all leaseholders affected of the amount of the bona fide offer and of the parcel for which a bona fide offer exists. In addition, the notice must contain the following statement: "You have a right of first refusal to purchase the subject property under Minnesota Statutes, sections 222.631 to 222.633. For more information, you may write or call the Transportation Regulation Board." The statement must also contain the address and telephone number of the board. The leaseholder has 15 days from receipt of notification to challenge the bona fide nature of the offer or to challenge the reasonableness of the packaging of the parcel for which the offer exists, or both. The challenge must be served in writing on the board within 15 days. A copy must be served on the railroad interest. The railroad interest shall then immediately serve upon the board a copy of the bona fide offer. The contents of a bona fide offer must be treated as trade secret information under Minnesota Statutes, section 13.37, upon the filing by the data suppliers of the request accompanied by supporting affidavits.

Subp. 3. **Challenge; appraiser recommendation; board order.** If there is a challenge, the board will, within 60 days of the original notice by the board or railroad interest, issue an order approving or rejecting the railroad interest's packaging of the parcel or bona fide offer, or both. The board shall establish whether the bona fide offer is legitimate based on the following criteria: (1) offer is made by an independent third party, and (2) offerer has entered into a binding agreement with the railroad interest. The board may engage, at the expense of the leaseholder, an appraiser to evaluate the reasonableness of the packaging of the parcel. The board or its designated appraiser may interview the railroad interest officials and examine their supporting documents in preparing its review. The board may require the railroad interest to certify that the offer is an independent third party having no affiliation with the railroad interest. The appraiser shall make a recommendation to the board who will issue an order upon review of the recommendation. The criteria for establishing the reasonableness of the parcel shall include:

A. whether the leasehold can be separated out of the parcel without reducing or inhibiting the railroad interest's ability to receive fair market value for its holdings; and

B. whether a bona fide offer can still be achieved even with the removal of the leasehold from the parcel.

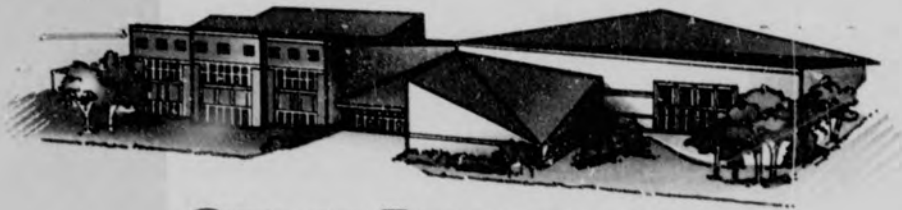
Subp. 4. **Leaseholder offer.** When a parcel offered for sale by the railroad interest affects more than one leaseholder, the affected leaseholders may make a joint offer or may choose to bid independently for acquisition of the entire parcel offered for sale. The railroad interest may choose which is the most acceptable offer or withdraw the parcel from sale.

Subp. 5. **Negotiation; establishing purchase price.** A leaseholder has 90 days to negotiate with the railroad and complete the acquisition of the parcel after the ruling by the board on any challenges.

In the case of an offer to sell when a bona fide offer has not been received, the leaseholder may elect within the first 30 days to secure and submit an independent appraisal to the board and the railroad interest. The railroad interest shall then have 30 days to accept the counter offer of the leaseholder, negotiate an agreement with the leaseholder, or to secure its own independent appraisal which it shall then submit to the leaseholder and the board.

**KEY: PROPOSED RULES SECTION —** Underlining indicates additions to existing rule language. **Strike outs** indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." **ADOPTED RULES SECTION —** Underlining indicates additions to proposed rule language. **Strike outs** indicate deletions from proposed rule language.





## CITY OF ESCANABA

P.O. Box 948 • Escanaba, MI 49829-0948  
906-786-0240 • fax 906-786-4755

October 20, 1997



Office of Secretary  
Case Control Unit  
Surface Transportation Board  
1925 K Street, NW  
Washington DC 20243

RE: Finance Docket No. 33388

Dear Mr. Secretary:

Rail service to our community is a vital link to the outside world. Wisconsin Central Railroad is located in the Chicago Switching District and served by the Indiana Harbor Belt Railroad Company (IHB). IHB provides both terminal and intermediate switching service throughout the District.

We are very much concerned about the potential ramifications to our City and other UP communities should CSX Transportation, Inc. (CSXT) and Norfolk Southern Railway Company (NS) be permitted to acquire Conrail's 51% interest in the IHB, as proposed in the pending application in the Conrail acquisition case. We are particularly concerned about the effect of CSXT's proposed control and administration of the IHB on the vital neutral switching services that IHB now provides. CSXT will dispatch and manage IHB and, as we understand the CSXT/NS application makes clear, will utilize IHB largely to accommodate and service CSXT's own line-haul traffic to and from Chicago.

The Chicago Switching District is both an extremely important and an extremely congested terminal area. Efficient switching services accessible to everyone on an equal basis are vital for the movement of traffic — not to mention for the handling of the vast amount of other freight that moves through this vital gateway. We believe that CSXT's control of IHB will seriously diminish IHB's capability and availability to serve this role. With CSXT seeking to utilize IHB for its own self-serving purposes, we are concerned about the impact on charges assessed other line-haul carriers for intermediate switching service and for terminal service to access our facilities. In addition, CSXT's prior performance and its record for fair and equitable dispatching of trains and switching of customers has been less than commendable.

The proposed Conrail transaction also would diminish any possible alternatives we might have to a CSXT-dominated IHB. As the Board is aware, there are three major terminal and transfer carriers serving Chicagoland and the Northeast Indiana industrial area — IHB, the

Office of Secretary  
October 20, 1997  
Page 2

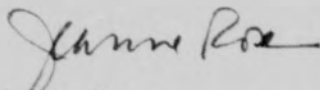
Belt Railway Company of Chicago (BRC) and the Baltimore & Ohio Chicago Terminal Railroad Company (BOCT). CSXT already owns BOCT outright. It is also a sizable (in fact, the largest) owner of the BRC. If its application in the proceeding is approved as submitted, CSXT would not only own and operate BOCT, but would increase its dominate holdings in the BRC (and together with NS would control half of BRC's stock) and manage the day-to-day operations of IHB. The ownership and control of IHB will give CSXT a stranglehold on the vital Chicago switching district.

We feel that, in the best interests of the shipping public, the Surface Transportation Board should order than an independent owner or owners acquire Conrail's share of the IHB, and continue the neutral control and operation of the IHB in conjunction with IHB's existing minority interest owner, Soo Line Railroad Company (Canadian Pacific).

A consortium consisting of the Elgin, Joliet and Eastern Railway Company and its parent, Transtar, Inc., Wisconsin Central LTD and I & M Link, LLC has indicated its desire to acquire Conrail's interest in the IHB and continue to operate the carrier as an independent and neutral provider of switching services. We feel this is a desirable and viable alternative to the CSXT proposal.

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

Sincerely,



Jeanne Rose  
Mayor, City of Escanaba

STB

FD-33388

10-22-97

J

ID-CITIES





# City of Niagara Falls, New York

P.O. Box 69, Niagara Falls, NY 14302-0069

## DEPARTMENT OF COMMUNITY DEVELOPMENT Division of Planning & Economic Development



October 14, 1997

The Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925K Street, N.W.  
Washington, DC 10423-0001

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

Dear Secretary Williams:

I am the Senior Planner for the City of Niagara Falls, New York. Niagara Falls is the largest city in Niagara County with a population of over 61,000 people. It is an international city with two international road bridges and two international railroad bridges crossing into Canada including Amtrak passenger service. Niagara Falls is also a city with a considerable number of major U.S. corporations, such as Occidental Petroleum, Nabisco, DuPont and Olin and most rely on rail service. The city's economic base is primarily industrial/manufacturing with nearly one third of total employment is in manufacturing.

However, while manufacturing is extremely important it has also exhibited contraction over the last 30 years. Total employment has shrunk by about 50% over that period from almost 16,000 to slightly more than 9,000. Niagara Falls cannot afford to see its remaining manufacturing employment threatened in any way. Rail service is, as you know, an important component necessary for the on-going profitability of operation here.

As you can guess, the purpose for this letter is to urge the Surface Transportation Board to support the position advanced by the Erie - Niagara Rail Steering Committee in the above proceeding and to do all it can to increase rail competition and improve rail transportation service in Western New York and, in particular, Niagara County.

The City has tried in the past to make better use of its rail importance and associated acreage, but has had very little success due to the monopolistic control of the area's rail by a single service provider that had no interest in expanding operations. Only in an environment where rail service becomes more competitive and market driven will this area's potential have a real chance to grow and create jobs.

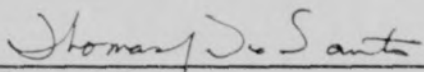
As it stands now, the proposed acquisition of Conrail by CSX and Norfolk Southern is in the short term unacceptable and in the long term, probably harmful to this area's established economic base.

Companies located in Erie, Niagara and Northern Chautauqua will be severely disadvantaged by the proposal to divide Conrail. Unless this is changed, as requested by the Erie-Niagara Rail Steering Committee, the STB should not approve the proposal. Companies in Western New York that will obtain access only to CSX or Norfolk Southern as a result of the transaction will not be able to compete effectively with companies that are reviewing access to more than one carrier in the locations of Detroit, Philadelphia, and Northern New Jersey.

Therefore, in order to ensure that local companies will not suffer competitive harm, the City supports the Erie-Niagara Rail Steering Committee in its request for a modification to the merger as proposed and requests that the Board grant this area the ability to obtain rail service from more than one rail carrier and as more fully described in the Steering Committee's statement.

Should additional information be required, contact me at (716) 286-4477.

Very truly yours,



Thomas J. DeSantis  
Senior Planner  
Planning and Development

TJD

cc: Anthony Restaino, City Administrator  
Larry Krizan, Director of Community Development  
Robert Merino, Corporation Counsel

STB

FD-33388

10-20-97

J

ID-BUSINESS



AGWAY INC., AGRICULTURE GROUP, PO BOX 4741, SYRACUSE, NEW YORK 13221-4741

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

October 10, 1997



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

Dear Secretary Williams,

My name is Peter DeGobbo, Transportation Manager of Agway, Inc. of Syracuse, New York. Agway, Inc is the largest agricultural cooperative in the Northeast, with 80,000 farmer members in 13 states. Sales in 1996 exceeded 1.6 billion dollars. Agway, as with most agricultural companies, is very dependent on rail transportation. Agway receives and ships approximately 8,000 carloads per year to and from 30 facilities in the Northeast. Among these are two grain elevators in Western NY at Knowlesville and Gasport. Approximately 2.2 million bushels of corn, wheat, and soybeans are purchased from local farmers in the surrounding counties of Erie, Niagara, Orleans, Genesee and Monroe. Agway Knowlesville & Gasport are served by the newly formed "Falls Railroad" (FRR) which is a Conrail Express shortline operator connecting with Conrail at Lockport, NY. Approximately 500 carloads of grain are shipped per year, with the majority of sales to the large poultry accounts in the Delmarva Peninsula and in Southeastern PA, routed Conrail direct. Knowlesville & Gasport, through the FRR, will be served by the CSXT Railroad after the sale of Conrail, and Southeastern PA and the Delmarva Peninsula will be served by Norfolk Southern.

Mr. Williams as you are aware it is unrealistic to think we could compete in this market with two class one railroads in the route, which then gives the farmers of Western NY a limited market of New England, upstate NY and a few accounts in the Gettysburg area.

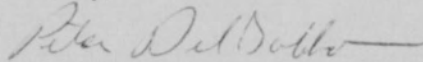
The purpose of this letter is to urge the Surface Transportation Board to grant the relief requested by the Erie-Niagara Rail Steering Committee, which will increase rail competition and improve rail transportation service in the counties of Erie, Niagara and Northern Chautauga, New York.

The proposal of CSX and Norfolk Southern to acquire Conrail will harm shippers dependent on rail service in the greater Buffalo region and should not be approved as currently proposed. Shippers in this area will only have access to a single rail carrier, while their competitors in Detroit, Philadelphia and Northern New Jersey are proposed to obtain access to more than one carrier. Shippers in the greater Buffalo area will not obtain reasonable rates, while their competitors will.

In order to alleviate the harm that would result to the Erie-Niagara region, the Erie-Niagara rail Steering Committee is proposing that the STB condition the merger proposal to allow companies located in Western New York to obtain rail service from more than one carrier. We affirmatively support this effort.

I Peter DelGobbo, declare under penalty of perjury that the foregoing is true and correct and that I am qualified and authorized to file this letter on behalf of Agway, Inc.  
Executed on this 10th day of October, 1997.

Sincerely,

A handwritten signature in cursive script, appearing to read "Peter DelGobbo", followed by a horizontal line.

Peter DelGobbo  
Manager Transportation

cc: R. Briggs  
S. Hoeffler

STB

FD-33388

10-16-97

J

ID-BUSINESS

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.

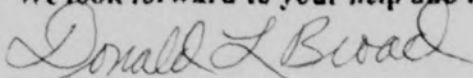
In conclusion, we the undersigned ConRail TCU Railworkers oppose strongly the acquisition of the railroad we built and made profitable. We urge you to take an objective look at this acquisition and let ConRail be ConRail. If, the decision of the Board authorizes this acquisition, then we implore the 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

cc.

R.A. Scardelletti, T.C.L.U. International President  
H.W. Randolph, Jr. T.C.L.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

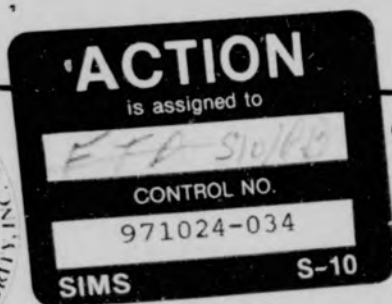
STB

FD-33388

10-15-97

J

ID-GOV



One Newark Center, 17th floor, Newark, NJ 07102  
(201) 639-8400; fax (201) 639-1953

J. William Van Dyke, Chairman  
Joel S. Weiner, Executive Director

**OFFICIAL NORTH JERSEY TRANSPORTATION  
PLANNING AUTHORITY RESOLUTION TRANSMITTAL**

**TO:** Rodney Slater, U.S. Secretary of Transportation  
William Daley, U.S. Secretary of Commerce  
Hon. Christine Todd-Whitman, Governor, State of New Jersey  
Hon. John J. Haley, Commissioner, NJDOT  
Gualberto Medina, Commission of the NJ Department of Commerce  
Shirley DeLibero, Executive Director, NJ Transit  
Hon. Andrew Ciecila, Chairman of the NJ Senate Transportation Committee  
Hon. Alex DeCroce, Chairman of the Assembly Transportation and Communications Committee  
John Coscia, Executive Director, DVRPC  
Tim Chelius, Director, SJTPO  
New Jersey Congressional Delegation  
North Jersey Transportation Planning Authority Board of Trustees

**FROM:** Joel S. Weiner, Executive Director, NJTPA

**DATE:** October 15, 1997

Enclosed for your information is a copy of a resolution adopted by the North Jersey Transportation Planning Authority (NJTPA) on October 14, 1997. This Resolution Endorses The State Of New Jersey's Negotiations With CSX And Norfolk Southern Railroads Regarding The List Of NJTPA Regional Issues Related To The Conrail Merger/Acquisition And The State's Filings Related To These Matters With The U.S. Department Of Transportation Surface Transportation Board On Finance Docket 33388

**RESOLUTION # A-170: APPROVAL TO ENDORSE THE STATE OF NEW JERSEY'S NEGOTIATIONS WITH CSX AND NORFOLK SOUTHERN RAILROADS REGARDING THE LIST OF NJTPA REGIONAL ISSUES RELATED TO THE CONRAIL MERGER/ACQUISITION AND THE STATE'S FILINGS RELATED TO THESE MATTERS WITH THE U.S. DEPARTMENT OF TRANSPORTATION SURFACE TRANSPORTATION BOARD ON FINANCE DOCKET 33388**

**WHEREAS**, the North Jersey Transportation Planning Authority, Inc. (NJTPA) is the Metropolitan Planning Organization (MPO) for coordinating all regional planning in Northern New Jersey; and

**WHEREAS**, the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) calls for greater emphasis by MPOs in economic development and intermodal and freight transportation as a part of the metropolitan planning process; and

**WHEREAS**, CSX Corp. and Norfolk Southern Corp. filed with United States Surface Transportation Board on June 23, 1997 in order to acquire and split up the Conrail system; and

**WHEREAS**, on July 8, 1997 the NJTPA Board of Trustees directed its Chairman to forward the necessary correspondence to the United States Surface Transportation Board in order to activate its status as a Party-of-Record regarding the proposed Conrail merger/acquisition; and

**WHEREAS**, the NJTPA, working in partnership with the New Jersey Department of Transportation, has produced a comprehensive report (*Conrail-CSX-Norfolk Southern Merger Report*) on the impacts of the proposed Conrail merger/acquisition on the State of New Jersey highlighting the importance of freight railroads to the economic development of the State and its various counties; and

**WHEREAS**, a meeting was held on July 28, 1997 between the leadership of the state's three MPOs, NJDOT and New Jersey Transit at which time Commissioner Haley asked the MPOs to identify and forward to him those regional issues raised by the Conrail merger/acquisition; and

**WHEREAS**, the NJTPA conducted a thorough survey of its member agencies to identify regional issues related to the restructuring of the state's rail systems following the Conrail merger/acquisition; and

**WHEREAS**, the list of regional issues was endorsed by the NJTPA Board of Trustees at its September 22, 1997 meeting and was forwarded to NJDOT Commissioner Haley for purposes of negotiations with NS Corp. and CSX Corp; and

**WHEREAS**, the Commissioner of NJDOT has written to the Chairman of the NJTPA outlining a list of issues that have been included and are being addressed in the State's negotiations which includes all of the key issues raised by the NJTPA that fall under the jurisdiction of the STB, and also satisfactorily addresses those issues not within the jurisdiction; and

**WHEREAS**, STB jurisdictional issues that are not resolved through negotiation are being included in a petition by the State to the STB for review,

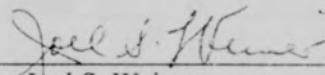
**NOW, THEREFORE, BE IT RESOLVED** that the NJTPA Board of Trustees hereby endorses the State of New Jersey's negotiations with CSX and Norfolk Southern and further endorses issues that are forwarded in its filing to the United States Department of Transportation's Surface Transportation Board Finance Docket No. 33388.

**BE IT FURTHER RESOLVED** that copies of this resolution and the accompanying document be forwarded to Rodney Slater, U.S. Secretary of Transportation; William Daley, U.S. Secretary of Commerce; Governor Christine Todd Whitman; John Haley, Commissioner of the NJ Department of Transportation; Gualberto Medina, Commissioner of the NJ Department of Commerce; NJ Transit Executive Director Shirley DeLibero; the respective Chairmen of the Delaware Valley Regional Planning Commission (DVRPC) and the South Jersey Transportation Planning Organization (SJTPO); Andrew Ciesla, Chairman of the NJ Senate Transportation Committee; Alex DeCroce, Chairman of the Assembly Transportation and Communications Committee; all members of the NJ Congressional Delegation; and all members of the North Jersey Transportation Planning Authority Board of Trustees.

This resolution shall take effect this 14th day of October 1997.

**Certification**

I hereby certify the above is a true copy of a resolution  
Adopted by the North Jersey Transportation Planning  
Authority at its regularly scheduled meeting held on  
October 14, 1997.

  
\_\_\_\_\_  
Joel S. Weiner  
Executive Director, NJTPA



**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation

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

DEC 19 1997

The Honorable Linda Morgan  
Chairman  
Surface Transportation Board  
1925 K Street, NW  
Suite 820  
Washington, DC 20423

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SURFACE TRANSPORTATION  
BOARD  
CHAIRMAN MORGAN  
DEC 22 3 51 PM '97

Dear Madam Chairman:

The Department of Transportation received the enclosed letter from Joel S. Weiner transmitting a copy of a resolution adopted by the North Jersey Transportation Planning Authority on October 14, 1997.

We believe this issue falls within your jurisdiction and we have taken the liberty of forwarding the letter to your office for review.

Thank you for your assistance.

Sincerely,

Peggy J. Burford  
Information Management Specialist

STB

FD-33388

10-15-97

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Office of the Chairman

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

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

October 15, 1997

The Honorable Craig A. Dally  
Member  
House of Representatives  
Commonwealth of Pennsylvania  
House Box 202020  
Mail Capitol Building  
Harrisburg, PA 7120-2020

Dear Representative Dally:

Thank you for your correspondence expressing support for 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 also express concerns regarding the operation of shortline railroads as a result of the merger.

This proceeding has been docketed at the Surface Transportation Board (Board) as Finance Docket No. 33388. As you may know, 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. That notice provides for public comments to be filed with the Board by October 21, 1997. If any of your constituents would like to participate in this comment process, they may contact the Board's Office of Public Services at (202) 565-1592 for more information. Because this case is still pending, it would be inappropriate for me to comment further on your specific concerns.

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

CRAIG A. DALLY, MEMBER  
HOUSE BOX 202020  
MAIN CAPITOL BUILDING  
HARRISBURG, PA 17120-2020  
PHONE (717) 783-8573  
EMAIL CDALLY@PALEGIS.CMIG.STATE.PA.US

NORTHAMPTON COUNTY OFFICE  
354 W. MOORESTOWN ROAD  
NAZARETH, PA 18064  
PHONE (610) 746-2100

MONROE COUNTY OFFICE  
P.O. BOX 665  
GILBERT, PA 18331  
PHONE (610) 681-3873  
OR  
1-800-842-6551



*House of Representatives*  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG

October 1, 1997

COMMITTEES

GAME AND FISHERIES  
JUDICIARY  
LOCAL GOVERNMENT  
PROFESSIONAL LICENSURE

The Honorable Linda J. Morgan, Chairman  
Surface Transportation Board  
1201 Constitution Avenue, NW  
Washington DC 20434

Dear Chairman Morgan:

The pending acquisition of Conrail and the entry into the northeast by CSX and Norfolk Southern is a favorable event to major shippers and ports in this area of the country. It will introduce real rail competition in many northeast markets for the first time in 20 years and should allow the rail industry to compete effectively with the trucking industry.

However, one serious drawback of the service plan is that it does not contain policy regarding shortline railroads. As you may be aware, the Delaware and Hudson Railway has been providing quality service to northeastern Pennsylvania for many years and must be guaranteed open access in order to continue serving this region. In northeastern Pennsylvania alone, there are over 100 industries which are served by a shortline rail system which can only provide competitive and reliable service through open access to the ports of Philadelphia, Baltimore and New York. The survival of D&H and other shortlines is inextricably tied to unrestricted access to markets in northeast Pennsylvania. D&H is not asking for financial support. They are simply asking for the removal of artificial barriers that were erected at the time Conrail was formed. To be a viable carrier after the Conrail breakup, the D&H needs unrestricted single line access to the ports of New York/New Jersey, Philadelphia and Baltimore. These barriers must be removed in order to connect to all shortline railroads in industries along its route. In addition, high reciprocal switching charges must either be eliminated or neutral terminal carrier serving areas such as Buffalo and Philadelphia/Camden must be established. Enhancing the ability of shortlines to function and compete in the marketplace should be very beneficial in reducing truck volumes that presently enter the ports mentioned, thereby preserving the infrastructure present in our bridges, highways and port systems.

As stated, the pending acquisition of Conrail by CSX and Norfolk Southern will impact rail competitiveness in northeastern Pennsylvania unless restrictions that currently prevent shortlines like D&H from connecting with shortlines along existing trackage rights are eliminated. These artificial barriers restricting shortlines that connect to or are in reasonable distance of the

CHAIRMAN MORGAN

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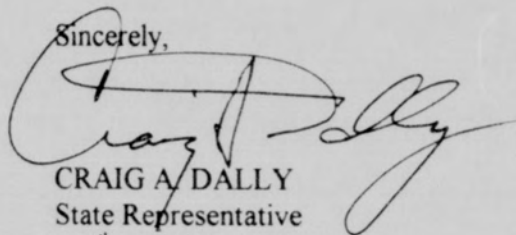
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line over which D&H operates and preventing interchanging traffic with the D&H must be removed if customers in northeastern Pennsylvania are to be provided quality service in the future.

On behalf of my constituents who will be well served by competitive rail situation and the importance of competitive rail access to economic development initiatives in my district, I strongly urge you to consider abolishing the artificial barriers restricting the shortlines thereby improving rail competitiveness and service in northeastern Pennsylvania.

Thank you for your attention to this matter.

Sincerely,



CRAIG A. DALLY  
State Representative  
138<sup>th</sup> Legislative District

CAD/gkp

cc: Congressman Joseph McDade  
Congressman Paul Kanjorski  
Jayne Phillips, Canadian Pacific Railway



Office of the Chairman

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

*File in  
Docket  
JD-33388*

October 15, 1997

The Honorable John R. Pippy  
Member  
Pennsylvania House of Representatives  
House Box 202020  
Room 402 South Office  
Harrisburg, PA 7120-2020

Dear Representative Pippy:

You recently wrote to Rodney Slater, Secretary of Transportation, raising a number of issues and concerns related to 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. Secretary Slater has referred your letter to me, as Chairman of the Surface Transportation Board (Board), for a response.

You also wrote to Congressman Bud Shuster regarding the same concerns. I have responded directly to the Congressman, who I am sure will be in touch with you regarding my response, if he has not already done so. However, to be of assistance, I am enclosing a copy of my letter to Congressman Shuster for your information.

As I have done with the other material we have received, I am having your letter to Secretary Slater 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

Enclosure



**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation

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

OCT -3 1997

The Honorable John R. Pippy  
Pennsylvania House of Representatives  
Harrisburg, PA 17120-2020

Dear Mr. Pippy:

The Department of Transportation received your letter regarding the CSX Corporation and the Norfolk Southern Corporation filing a joint application with the Surface Transportation Board to acquire control of and divide the assets of the Conrail Corporation.

I regret that this issue does not fall under the jurisdiction of this Department. I am, therefore, forwarding your letter to the Surface Transportation Board for response.

Thank you for your interest in the Department of Transportation.

Sincerely,

Peggy J. Burford  
Information Management Specialist

cc: Surface Transportation Board

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
OCT 6 4 56 PM '97  
OFFICE OF  
CHAIRMAN MORGAN



☐ JOHN R. PIPPY, MEMBER

HOUSE BOX 100020  
ROOM 402 SOUTH OFFICE  
HARRISBURG, PA 17120-2020  
PHONE: (717) 787-6651

☐ DISTRICT OFFICE:  
925 BROADHEAD ROAD  
MOON TOWNSHIP, PA 15108  
PHONE: (412) 262-2260☐ 530 WASHINGTON AVENUE  
BRIDGEVILLE, PA 15017  
PHONE: (412) 220-4515

*House of Representatives*  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG

August 15, 1997

The Honorable Rodney E. Slater  
Secretary  
Department of Transportation  
400 7<sup>th</sup> Street, S.W.  
Washington, D.C. 20590

Dear Secretary Slater:

Recently, CSX Corporation and Norfolk Southern Corporation filed a joint application with the Surface Transportation Board to acquire control of and divide the assets of Conrail Corp. As a result of this action, several hundred jobs will be lost within the 44<sup>th</sup> Legislative District at Conrail's Customer Service Center, located in North Fayette Township.

I am greatly disappointed in the loss of these jobs since they are so critical to the vitality of western Pennsylvania. However, what concerns me most is the effect this will have on the employees of Conrail and their families.

Many of the employees at the Customer Service Center have already relocated here from various other places in the country. It is onerous to make them move again, uprooting their lives and families. Many of those employees will choose to stay in this area. I ask that in the negotiations of the split-up of Conrail, the government, CSX, and Norfolk Southern keep the interests and welfare of the employees and their families as their first priority.

Thank you for your time and attention to this matter. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

*John Pippy*  
John R. Pippy

cc: Charles Lococo, President, Transport Workers

COMMITTEES

ENVIRONMENTAL RESOURCES AND ENERGY  
FINANCE  
URBAN AFFAIRS, SECRETARY  
VETERANS AFFAIRS AND  
EMERGENCY PREPAREDNESS

FIREFIGHTER CAUCUS  
LOCAL TAX REFORM CAUCUS

**ACTION**

is assigned to

SIOPB

CONTROL NO.

970819-022

SIMS

S-10

970817-022

**JOHN R. PIPPY, MEMBER**

HOUSE BOX 202020  
ROOM 402 SOUTH OFFICE  
HARRISBURG, PA 17120-2020  
PHONE (717) 787-6651

DISTRICT OFFICE  
925 BROADHEAD ROAD  
MOON TOWNSHIP, PA 15108  
PHONE (412) 262-2260

530 WASHINGTON AVENUE  
BRIDGEVILLE, PA 15017  
PHONE (412) 220-4515



*House of Representatives*

COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG

COMMITTEES

ENVIRONMENTAL RESOURCES AND ENERGY  
FINANCE  
URBAN AFFAIRS, SECRETARY  
VETERANS AFFAIRS AND  
EMERGENCY PREPAREDNESS

FIREFIGHTER CAUCUS  
LOCAL TAX REFORM CAUCUS

August 15, 1997

The Honorable Rodney E. Slater  
Secretary  
Department of Transportation  
400 7<sup>th</sup> Street, S.W.  
Washington, D.C. 20590

Dear Secretary Slater:

Recently, CSX Corporation and Norfolk Southern Corporation filed a joint application with the Surface Transportation Board to acquire control of and divide the assets of Conrail Corp. As a result of this action, several hundred jobs will be lost within the 44<sup>th</sup> Legislative District at Conrail's Customer Service Center, located in North Fayette Township.

I am greatly disappointed in the loss of these jobs since they are so critical to the vitality of western Pennsylvania. However, what concerns me most is the effect this will have on the employees of Conrail and their families.

Many of the employees at the Customer Service Center have already relocated here from various other places in the country. It is onerous to make them move again, uprooting their lives and families. Many of those employees will choose to stay in this area. I ask that in the negotiations of the split-up of Conrail, the government, CSX, and Norfolk Southern keep the interests and welfare of the employees and their families as their first priority.

Thank you for your time and attention to this matter. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

*John Pippy*  
John R. Pippy

cc: Charles Lococo, President, Transport Workers



STB

FD-33388

9-19-97

J

ID-STATES



THE SENATE  
STATE OF NEW YORK  
ALBANY

NORMAN J. LEVY  
8TH DISTRICT

COMMITTEE ASSIGNMENTS

CHAIRMAN, TRANSPORTATION  
CHAIRMAN, SENATE MAJORITY CONFERENCE  
CHAIRMAN, SENATE TASK FORCE  
ON DRUNK DRIVING  
CHAIRMAN, LEGISLATIVE COMMISSION  
ON CRITICAL TRANSPORTATION CHOICES

MEMBER

ALCOHOLISM & DRUG ABUSE  
FINANCE  
EDUCATION  
JUDICIARY  
LABOR  
RULES

PLEASE RESPOND

ALBANY OFFICE:  
( ) ROOM 811  
LEGISLATIVE OFFICE BUILDING  
ALBANY, NEW YORK 12247  
(518) 455-3341

DISTRICT OFFICE:  
✓ 30 SOUTH OCEAN AVENUE  
ROOM 305  
FREEPORT NEW YORK 11520  
(516) 546-4100

CHAIRMAN MORGAN

SEP 19 4 18 PM '97

RECEIVED  
SURFACE TRANSPORTATION

September 15, 1997

Ms. Linda Morgan, Chairwoman  
Surface Transportation Board  
12th Street and Constitution Avenue, N.W.  
Washington, D.C. 20423

Dear Ms. Morgan:

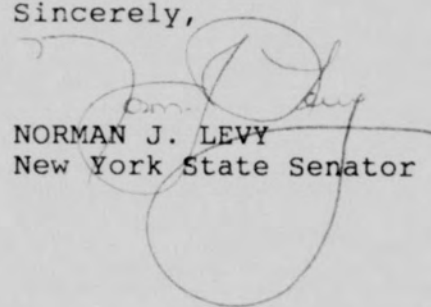
I have taken the liberty of enclosing correspondence I recently received from Mr. Bill O'Brien, 79-43 268th Street, Floral Park, New York, regarding the pending merger of Conrail with CSX and Norfolk Southern.

I would greatly appreciate having Mr. O'Brien's comments included as part of the Surface Transportation Board's review of the merger and the benefit of your comments, as they will be helpful in responding.

I shall look forward to hearing from you.

Best wishes.

Sincerely,

  
NORMAN J. LEVY  
New York State Senator

NJL:11  
Encl.

Aug. 20, 1997

SIR:

The Surface Transportation Board has requested public comment on the Conrail acquisition by Norfolk Southern & CSX Railroads. As a supporter of rail transportation and an elected official, I would suggest several conditions to be imposed by the STB which would benefit New York. This window of opportunity could be used to correct transportation difficulties that the Federally created Conrail imposed on the Long Island & Lower Hudson Valley region.

#### FIRST CONDITION

The New York & Atlantic RR be granted trackage rights between Bush Junction, Brooklyn and Greenville, N.J. over the Cross Harbor RR. This should put the Belkirk Bungle into its deserved final rest.

#### SECOND CONDITION

AUG 26 REC'D

The New York & Atlantic RR be granted trackage rights over CSX between Fresh Pond Junction & Oak Point, Bronx and freight rights over the entire Metro-North System with the exception of the Port Jervis Line. This would restore a missing part of the old New Haven Line between Fresh Pond Junction and New Haven, Conn. A rail short-cut between N.J. & the Port of N.Y. would be created into Boston and New England, which would coincide with the dredging of N.Y. Harbor, rebuilding of the N.Y. Port Facilities and the rebuilding of the Amtrak line to Boston. Today there are about 3400 rail carloads originating in N.J. destined for New England. The potential is 129,750. N.J. receives 13,400 carloads from New England but 302,500 carloads could be sent via this routing (source N.J. D.O.T.). That's 867,300 less trucks crossing N.Y. State. The current Conrail bias & presumably CSX's, against Metro-North Freight shippers, who want to ship traffic south, could then be addressed. Some examples; Jack Frost Sugar, located in Tonkers, ships refined sugar by truck, because Conrail will only ship south after first going North to Belkirk; Metro-North buys sand in Central N.J. for use in their Diesel Engines. The sand is trucked to Croton because this routing is cheaper. In an odd twist,

King's Lumber on the Brewster Line in upper Westchester, used to receive two to three cars a week from Conrail. Since the Housatonic RR took service, the lumber is trucked from Danbury, because the Housatonic will not equip their engines for use on a commuter RR.

These conditions should go a long way towards removing truck traffic from the Hudson River corridor and roads, reducing congestion and pollution, cutting infrastructure damage and increasing economic opportunities in the region.

I would hope that you would make these and other views known to the Surface Transportation Board.

Sincerely

Bill O'Brien

79-43 268 St

Floral Park, NY 11004

STB

FD-33388

9-15-97

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ID-PUBLIC

FD 33388

# TAKE NOTE

Dear Sir:

Sept 19, 1997

This letter is in reference to the proposed increase in the number of trains on the west side of Ocracoke Island, OH. This would especially affect Bay Village, Rocky River & Lakewood and could be of major concern for residents of these communities during times of medical emergencies. Currently in Bay Village, there is only one way to get through to hospitals if a train comes by. In other communities nearby Rocky River and Lakewood that is not the case. By allowing additional trains you are endangering the lives of many people who have no alternative but to

cross the tracks if they are  
in need of a hospital.

Please consider the  
well being of people —  
not corporations — when  
rendering your decision  
about increased train  
traffic.

Sincerely

Margaret Neeson  
28610 Knickerbocker  
Bay Village OH  
44140



STB

FD-33388

8-25-97

J

ID-BUSINESS



**THE CENTRAL NEW YORK REGIONAL TRANSPORTATION AUTHORITY**  
200 Cortland Avenue • P.O. Box 820 • Syracuse, New York 13205-0820 • (315) 442-3300

August 18, 1997

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

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

Dear Secretary Williams:

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

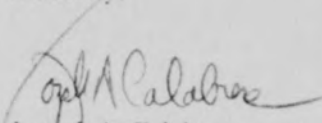
Although not directly involved in rail freight transportation, we are nevertheless vitally concerned about the overall health of our local economy and the well being of our region's manufacturing, business and agricultural interests.

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.

Our area needs the best possible rail transportation. Based upon my experience in and knowledge of the transportation industry, I believe this transaction will provide the Central New York region with vital new transportation options and increased market reach with faster service and potentially lower costs.

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

Sincerely,

  
Joseph A. Calabrese  
Executive Director

JAC/ff

*Authority Members*  
Vincent A. Cook, Chairman  
John C. Hession, Vice Chairman  
James G. Russell Jr., Secretary  
Robert C. Sprague Jr., Treasurer  
G. Joseph Chalifoux  
Warren H. Frank  
Hyman M. Miller  
Vincent A. O'Neil  
Mitchell Shulman

Executive Director  
Joseph A. Calabrese



August 21, 1997

Mr. David R. Goode  
Chairman, President & CEO  
Norfolk Southern Corporation  
3 Commercial Place  
Norfolk, VA 23510-2191

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

Dear Messrs. Goode and Snow:

Kimberly-Clark has supported, by letter, the split up of Conrail and acquisition by CSX Corporation and Norfolk Southern Corporation. We supported the acquisition because we believe it will enhance competition in the Northeast, particularly on traffic to/from the proposed NS/CSX joint access territories in New York, New Jersey, Philadelphia, Baltimore, Buffalo and affected port facilities.

Because of our interest in freight moving from Canada to many of these points, we believe the Delaware and Hudson railroad can and should play a major role in these traffic lanes.

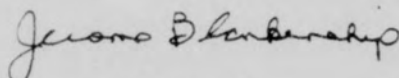
We, therefore, urge each of you to work with the Delaware and Hudson to establish viable routes from and to Canada in a manner that supports and encourages competition.

We strongly feel that Delaware and Hudson should be able to interchange traffic to the switching carrier serving the joint access territories and ports listed above.

By copy of this letter, we are making our views known to the Surface Transportation Board.

Thank you for your consideration of this issue.

Regards,



Jerome L. Blankenship

jlr

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

**Kimberly-Clark Corporation**

520 West Summit Hill Drive Knoxville, Tennessee 37902 (423) 541-7385



STB

FD-33388

8-22-97

J

ID-PUBLIC

DOCKET-No. FD-333 88

Mrs. Margaret C. Conway

21500 Erie Road

Rocky River, Ohio 44116 - PHONE (216) 331-3405

Aug. 16, 1997



Surface Trans. Bd.  
To Whom It May Concern,

We have lived in this home 30 years +  
have endured the many trains + one de-  
railment (thankfully - WHEAT) — plus the  
steadily increased whistle-blowing that  
makes one stop all conversation until the  
train(s) pass!

We can't quite imagine the problems that  
present themselves with now more trains  
about to pass through the rear of our home!  
Property value is sure to tumble. I myself  
have ASTHMA + shrink at the thought of COAL  
DUST + other harmful vapors + possible  
spills.

Our son lives North of the track + is  
seriously thinking already of selling his home.  
He has a number of children + knows the  
FIRE + POLICE protection will be

affected greatly... in case of fire, the  
truck will simply have to wait for the  
train to pass. Likewise Police help.

I represent many neighbors + friends -  
(We have been ~~for~~<sup>here</sup> 25 yrs. in this area home)  
& we greatly RESENT the money-seekers  
offering up the needs of so-o many  
people.

Until this is resolved, I would BEG  
you to try to limit the noisy whistles  
they blow approaching the crossings -  
Not that many toots on the whistle are needed.

Along that line - WHY - DON'T ANY  
OF YOU IN CHARGE - eliminate the noisy  
motorists drive THRU the gates. I say  
GET GOOD STRONG GATES NO ONE  
can get thru - SAVE people from themselves!  
PLEASE HELP US! -  
Mrs. Margaret Conway -  
PHONE - (216) 331-3405

Aug. 16, 1997

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



Dear Sir or Madame :

I am writing to add my voice to those of the residents who would be affected by the increased rail traffic through our communities. I wish to express my most vehement protest to Norfolk-Southern's proposal — for all the reasons which you probably have heard over and over again by now! I pray good sense will triumph over big business in this instance.

Very truly yours,

Barbara Regan  
19000 Lake Rd. #123  
Rocky River OH 44116



August 14, 1997

Surface Transportation Board  
1925 K St. NW  
Washington, DC 20423

RE: Federal Docket FD33388



Dear Sir or Madam:

We would like to protest Norfolk Southern Corporation's proposal to increase train traffic through the suburbs west of Cleveland (Avon Lake, Bay Village, Rocky River, and Lakewood).

Such an increase in train traffic would be both dangerous and disruptive. There are few underpasses in these villages, so an increase in train traffic would delay emergency vehicles and increase the chance of collisions. It would also shatter the relative peace of some very desirable neighborhoods and put many children at risk.

When we moved into our house, we of course realized that moving here meant that we would be neighbors with Norfolk Southern. Like good neighbors, we both made some concessions—our family was willing to live with the noise of trains rumbling by now and then, and Norfolk Southern has so far kept the number of trains to a tolerable level. Norfolk Southern's recent announcement has shown the company to be a boorish neighbor.

In our opinion, it is time you asked Norfolk Southern to leave this neighborhood.

Sincerely,

*Robert Olander*

*Adelaide R Olander*

**ADDIE AND BOB OLANDER**  
**21332 BEACHWOOD DRIVE ROCKY RIVER, OH 44116**