

STB

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9-1-98

J

BUSINESS

INDIANA HARBOR BELT RAILROAD COMPANY

175 West Jackson Boulevard, Suite 1460
Chicago, Illinois 60604-2704

ROGER A. SERPE
GENERAL COUNSEL

TELEPHONE (312) 715-3868
FAX (312) 715-3869

September 1, 1998

**VIA FACSIMILE**

Honorable Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Unit
ATTN: STB Finance Docket No. 33388
1925 K Street, N.W.
Washington, DC 20423-0001

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

Dear Secretary Williams:

On August 31, 1998, our office filed with the STB via Federal Express mail the Response of Indiana Harbor Belt Railroad Company to the Petition of Wisconsin Central Ltd. for Partial Reconsideration of Monitoring and Reporting Conditions. We are now amending our Certificate of Service to incorporate all parties on the Full Service List in Finance Docket No. 33388 rather than the Restrictive Service List.

Very truly yours,

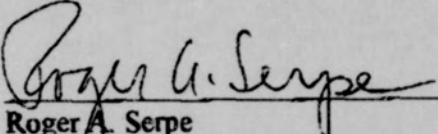
ROGER A. SERPE
General Counsel

RAS/ddl
Enclosure

cc: Service List Addressees

AMENDED CERTIFICATE OF SERVICE

I hereby certify that on the 1st day of September, 1998, I caused a copy of the foregoing **RESPONSE OF INDIANA HARBOR BELT RAILROAD COMPANY TO THE PETITION OF WISCONSIN CENTRAL LTD. FOR PARTIAL RECONSIDERATION OF MONITORING AND REPORTING CONDITIONS** to be served to all parties on the Service List in Finance Docket No. 33388, by first-class mail, postage prepaid, or by more expeditious means.


Roger A. Serpe

STB

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33388

8-31-98

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MOCH



Office of the Chairman

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

FILE IN DOCKET

FD-33388

August 31, 1998

The Honorable Chaka Fattah
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Fattah:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

At the Board's June 8, 1998 voting conference on the proposed Conrail control transaction, and in the written decision served on July 23, 1998, we reaffirmed that the negotiation and arbitration process is the proper way to resolve important issues relating to employee rights that may be affected by the transaction. To ensure this result, we made clear, as requested by rail labor, that the Board's approval of the transaction did not indicate approval of any of the involved CBA overrides that the applicants had argued were necessary and that arbitrators would be free to make whatever findings and conclusions they deem appropriate with respect to CBAs under the law. We also voted to provide the protections of New York Dock Ry.--Control--Brooklyn Eastern Dist., 360 I.C.C.60 (1979), and, as suggested by representatives of rail labor, to direct that the applicant carriers meet with labor representatives and to form task forces for the purpose of promoting labor-management dialogue concerning implementation and safety issues. To the maximum extent possible, the Board has urged labor and management to reach voluntary implementing agreements.

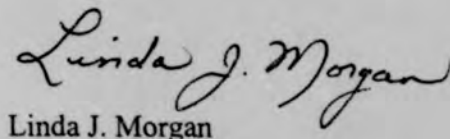
The Board avoided any prejudgment of issues that may come before it or before an arbitrator in the future, relying instead on established, court-approved legal principles. The courts have affirmed that, under what is now 49 U.S.C. 11321(a), agency approval of a consolidation transaction confers self-executing immunity on all material terms of the transaction from all other laws to the extent necessary to permit implementation of the transaction. And, in

Norfolk & Western R. Co. v. Train Dispatchers, 499 U.S. 117 (1991) (N&W), the United States Supreme Court specifically held that the immunity provided by statute includes the carrier's obligations under a CBA. Moreover, since at least 1936 when the Washington Job Protection Agreement was executed by representatives of virtually all of the railroads and national rail unions, agency approved rail consolidations have been implemented without resort to bargaining under the Railway Labor Act. Implementing agreements that require changes in CBAs have been negotiated, and, failing negotiation, arbitrators have made modifications to CBA provisions as necessary to permit implementation. Thus, it is well established that the self-executing immunity statute provides for the overriding of CBA provisions as necessary to implement the approved transaction, and such overrides are not due to specific agency actions other than approval of the proposed transaction. As necessary, arbitrators will make decisions regarding CBAs, and under the language included in the Board's final decision on the Conrail Acquisition they are free to make whatever determination they deem appropriate.

CBAs are not the only agreements subject to overrides. The Supreme Court in N&W made clear that all categories of contracts are subject to abrogation to the extent necessary to permit an approved railroad consolidation to be implemented. One such category of contract rights that is frequently abrogated in rail consolidations is the contract rights of stock and bond holders of consolidating railroads, which the Supreme Court had previously held did not survive agency approval of a consolidation that modified their terms. The recent Board decision on the Conrail control transaction also provided for the override of the anti-assignment provisions of certain shipper transportation contracts to ensure a smooth implementation of the approved transaction, and it required modification of provisions of agreements among railroads and between shippers and railroads involving such matters as switching rights and charges to address competitive concerns. It is clear, therefore, both in theory and in practice, that rail employee CBAs are not the only contractual provisions that have been overridden as a result of agency approval of a rail consolidation proposal.

I hope you find this information useful. I emphasize that the Board remains committed to giving full and fair consideration to the interest of rail carrier employees in consolidation proceedings in accordance with the law, as we have done in this proceeding. I am having your letter and my response made a part of the public docket for this proceeding. If I may be of further assistance, please do not hesitate to contact me.

Sincerely


Linda J. Morgan

CHAKA FATTAH
2ND DISTRICT, PENNSYLVANIA

WASHINGTON OFFICE:
1205 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4001

DISTRICT OFFICES:
4104 WALNUT STREET
PHILADELPHIA, PA 19104
(215) 387-6404
6632 GERMANTOWN AVENUE
PHILADELPHIA, PA 19119
(215) 848-9386



Congress of the United States
House of Representatives

COMMITTEES:
COMMITTEE ON EDUCATION
AND THE WORKFORCE
POSTSECONDARY EDUCATION, TRAINING AND
LIFE-LONG LEARNING SUBCOMMITTEE
EMPLOYER/EMPLOYEE RELATIONS SUBCOMMITTEE

GOVERNMENT REFORM
AND OVERSIGHT
POSTAL SERVICE SUBCOMMITTEE
RANKING MEMBER
NATIONAL ECONOMIC GROWTH,
NATURAL RESOURCES, AND
REGULATORY AFFAIRS
SUBCOMMITTEE

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

FILE IN DOCKET

July 23, 1998

Ms. Linda Morgan
Chairman
Surface Transportation Board
1925 K Street, NW #700
Washington, DC 20423

Dear Ms. Morgan

I am writing to join many of my colleagues to suggest that it is inappropriate for the Surface Transportation Board (STB) to break collective bargaining agreements in approving the CSX/Norfolk Southern breakup of Conrail. I believe there is no reason that the STB should break a collective bargaining agreement when approving a merger or any other transaction. These are privately negotiated contracts.

The denying of the CSX/NS request is clearly within the power of the STB. However, the STB referred the matter to an arbitrator, which in the past was the same method used in breaking other collective bargaining agreements.

I hope you will reconsider the current position of the STB on this matter, and correct this policy before a final vote is taken in the coming weeks. In addition, I will continue to monitor the deliberations of the STB on this subject.

Very truly yours,

Chaka Fattah
Member of Congress

CF:rsp

RECEIVED
SURFACE TRANSPORTATION
BOARD
JUL 27 2 55 PM '98
OFFICE OF
CHAIRMAN MORGAN



Office of the Chairman

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

FILE IN DOCKET
FD-33388

August 31, 1998

The Honorable Steven LaTourette
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman LaTourette:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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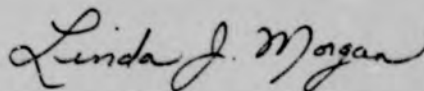
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I hope you find this information useful. I emphasize that the Board remains committed to giving full and fair consideration to the interest of rail carrier employees in consolidation proceedings in accordance with the law, as we have done in this proceeding. I am having your letter and my response made a part of the public docket for this proceeding. If I may be of further assistance, please do not hesitate to contact me.

Sincerely

A handwritten signature in cursive script that reads "Linda J. Morgan".

Linda J. Morgan



Office of the Chairman

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

August 31, 1998

The Honorable Jack Quinn
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Quinn:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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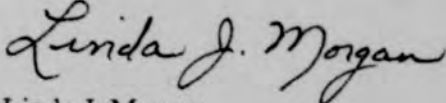
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Sincerely


Linda J. Morgan



Office of the Chairman

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

August 31, 1998

The Honorable Bob Ney
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Ney:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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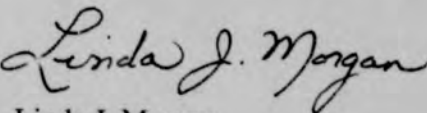
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Sincerely


Linda J. Morgan

Congress of the United States
House of Representatives
Washington, DC 20515

July 20, 1998

FILE IN DOCKET

RECEIVED
SURFACE TRANSPORTATION
BOARD
JUL 23 12 44 PM '98
OFFICE OF
CHAIRMAN MORGAN

THE HONORABLE LINDA MORGAN
CHAIRWOMAN
SURFACE TRANSPORTATION BOARD
1925 K STREET NW
WASHINGTON, D.C. 20423

Dear Chairwoman Morgan:

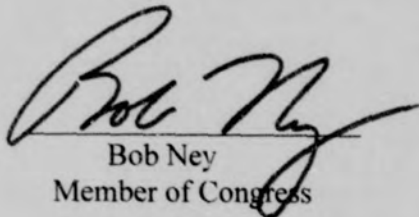
Please include this letter as part of the public record.

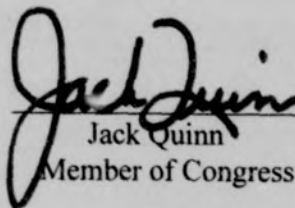
In a letter sent to you on June 2, 1998, we wrote to express our deep concerns about the importance of maintaining existing collective bargaining agreements as the Surface Transportation Board (STB) considered the proposed acquisition of Conrail. We write again to reaffirm our concerns regarding this issue.

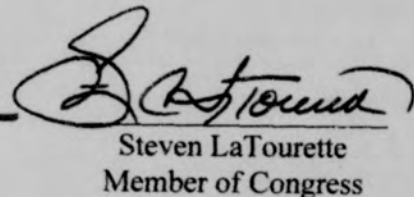
While we understand the limitations placed on the STB under current law and because of precedents in case law regarding labor agreements during a merger or acquisition, we believe that honoring those private agreements is vital to preserving the integrity of the collective bargaining process and in protecting the interests of rail carrier employees.

As the STB prepares to issue its decision on this matter in the near future, we ask you to do whatever possible to honor the privately negotiated agreements reached between labor and the rail carriers in order to protect those workers who rely on them.

Sincerely,


Bob Ney
Member of Congress


Jack Quinn
Member of Congress


Steven LaTourette
Member of Congress



Office of the Chairman

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

FILE IN DOCKET

FD-33388

August 31, 1998

The Honorable Carrie P. Meek
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Meek:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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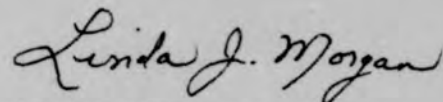
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Sincerely



Linda J. Morgan

CARRIE P. MEEK
17TH DISTRICT, FLORIDA

COMMITTEE ON
APPROPRIATIONS

SUBCOMMITTEES
TREASURY, POSTAL
SERVICE, AND GENERAL
GOVERNMENT

VA, HUD, AND
INDEPENDENT AGENCIES



Congress of the United States
House of Representatives

Washington, DC 20515-0917

July 23, 1998

FILE IN DOCKET

Please Respond To:

401 CANNON HOUSE
OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4506
(202) 226-0777 FAX

25 WEST FLAGLER STREET
SUITE 1015
MIAMI, FL 33130
(305) 381-9541
(305) 381-8376 FAX

Ms. Linda Morgan
Chairman, Surface Transportation Board
1925 K. Street, NW #700
Washington, D.C 20423

Dear Ms. Morgan:

Prior to your June 8 voting conference, many Members of Congress contacted you to suggest that it was inappropriate for the Surface Transportation Board to break collective bargaining agreements in approving the CSX/Norfolk Southern breakup of Conrail. I want to reiterate those concerns, and strongly believe there is no reason that the STB should break a collective bargaining agreement in approving a merger or any other transaction. These are privately negotiated contracts.

It is my understanding that in the voting conference on June 8, the STB did precisely what Members of Congress urged not be done. The STB did not reject the request by CSX and NS that they be given the authority to break collective bargaining agreements. The STB acted as it has in the past, referring the matter to an arbitrator, exactly the method the STB has used in the past to break agreements.

The STB refused to determine that the breaking of collective bargaining agreements was inadvisable, not necessary to the transaction, and not permissible. I did not read that the STB allowed the railroads to break contracts for electricity, fuel, or locomotives. These actions indicate that if you are a man or woman working on the railroad, the STB gives the railroad the authority to break your privately negotiated agreement.

We hope you will reconsider the ill-advised position of the STB on this matter, and correct this policy before a final vote is taken in July.

Sincerely,

CARRIE P. MEEK
Member of Congress

CPM/tt

RECEIVED
SURFACE TRANSPORTATION
BOARD
JUL 27 2 56 PM '98
OFFICE OF
CHAIRMAN MORGAN

STB

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33388

8-31-98

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MOCH



Office of the Chairman

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

August 31, 1998

The Honorable Carolyn C. Kilpatrick
U.S. House of Representatives
Washington, D.C. 20515

Dear Congresswoman Kilpatrick:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

At the Board's June 8, 1998 voting conference on the proposed Conrail control transaction, and in the written decision served on July 23, 1998, we reaffirmed that the negotiation and arbitration process is the proper way to resolve important issues relating to employee rights that may be affected by the transaction. To ensure this result, we made clear, as requested by rail labor, that the Board's approval of the transaction did not indicate approval of any of the involved CBA overrides that the applicants had argued were necessary and that arbitrators would be free to make whatever findings and conclusions they deem appropriate with respect to CBAs under the law. We also voted to provide the protections of New York Dock Ry.--Control--Brooklyn Eastern Dist., 360 I.C.C.60 (1979), and, as suggested by representatives of rail labor, to direct that the applicant carriers meet with labor representatives and to form task forces for the purpose of promoting labor-management dialogue concerning implementation and safety issues. To the maximum extent possible, the Board has urged labor and management to reach voluntary implementing agreements.

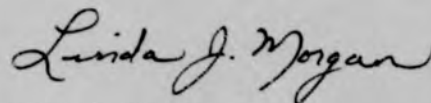
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CBAs are not the only agreements subject to overrides. The Supreme Court in N&W made clear that all categories of contracts are subject to abrogation to the extent necessary to permit an approved railroad consolidation to be implemented. One such category of contract rights that is frequently abrogated in rail consolidations is the contract rights of stock and bond holders of consolidating railroads, which the Supreme Court had previously held did not survive agency approval of a consolidation that modified their terms. The recent Board decision on the Conrail control transaction also provided for the override of the anti-assignment provisions of certain shipper transportation contracts to ensure a smooth implementation of the approved transaction, and it required modification of provisions of agreements among railroads and between shippers and railroads involving such matters as switching rights and charges to address competitive concerns. It is clear, therefore, both in theory and in practice, that rail employee CBAs are not the only contractual provisions that have been overridden as a result of agency approval of a rail consolidation proposal.

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Sincerely

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Linda J. Morgan



Office of the Chairman

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

August 31, 1998

The Honorable Maurice D. Hinchey
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Hinchey:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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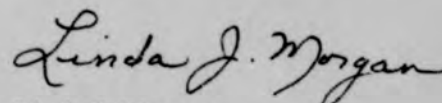
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Linda J. Morgan



Office of the Chairman

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

August 31, 1998

The Honorable Neil Abercrombie
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Abercrombie:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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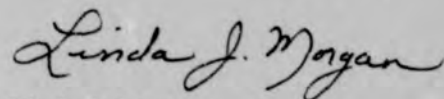
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Office of the Chairman

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

August 31, 1998

The Honorable Thomas J. Manton
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Manton:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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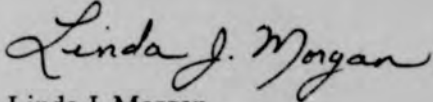
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Linda J. Morgan



Office of the Chairman

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

August 31, 1998

The Honorable Brad Sherman
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Sherman:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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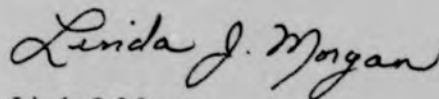
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Office of the Chairman

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

August 31, 1998

The Honorable Rod R. Blagojevich
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Blagojevich:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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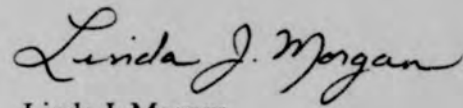
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Linda J. Morgan



Office of the Chairman

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

August 31, 1998

The Honorable Gregory W. Meeks
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Meeks:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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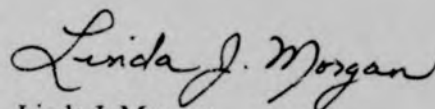
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Office of the Chairman

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

August 31, 1998

The Honorable Julia Carson
U.S. House of Representatives
Washington, D.C. 20515

Dear Congresswoman Carson:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

At the Board's June 8, 1998 voting conference on the proposed Conrail control transaction, and in the written decision served on July 23, 1998, we reaffirmed that the negotiation and arbitration process is the proper way to resolve important issues relating to employee rights that may be affected by the transaction. To ensure this result, we made clear, as requested by rail labor, that the Board's approval of the transaction did not indicate approval of any of the involved CBA overrides that the applicants had argued were necessary and that arbitrators would be free to make whatever findings and conclusions they deem appropriate with respect to CBAs under the law. We also voted to provide the protections of New York Dock Ry.--Control--Brooklyn Eastern Dist., 360 I.C.C.60 (1979), and, as suggested by representatives of rail labor, to direct that the applicant carriers meet with labor representatives and to form task forces for the purpose of promoting labor-management dialogue concerning implementation and safety issues. To the maximum extent possible, the Board has urged labor and management to reach voluntary implementing agreements.

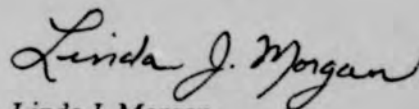
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CBAs are not the only agreements subject to overrides. The Supreme Court in N&W made clear that all categories of contracts are subject to abrogation to the extent necessary to permit an approved railroad consolidation to be implemented. One such category of contract rights that is frequently abrogated in rail consolidations is the contract rights of stock and bond holders of consolidating railroads, which the Supreme Court had previously held did not survive agency approval of a consolidation that modified their terms. The recent Board decision on the Conrail control transaction also provided for the override of the anti-assignment provisions of certain shipper transportation contracts to ensure a smooth implementation of the approved transaction, and it required modification of provisions of agreements among railroads and between shippers and railroads involving such matters as switching rights and charges to address competitive concerns. It is clear, therefore, both in theory and in practice, that rail employee CBAs are not the only contractual provisions that have been overridden as a result of agency approval of a rail consolidation proposal.

I hope you find this information useful. I emphasize that the Board remains committed to giving full and fair consideration to the interest of rail carrier employees in consolidation proceedings in accordance with the law, as we have done in this proceeding. I am having your letter and my response made a part of the public docket for this proceeding. If I may be of further assistance, please do not hesitate to contact me.

Sincerely


Linda J. Morgan



Office of the Chairman

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

August 31, 1998

The Honorable Robert E. Andrews
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Andrews:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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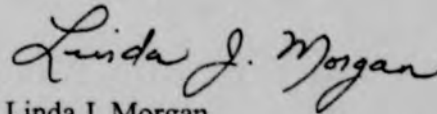
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Sincerely


Linda J. Morgan



Office of the Chairman

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

August 31, 1998

The Honorable Sam Gejdenson
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Gejdenson:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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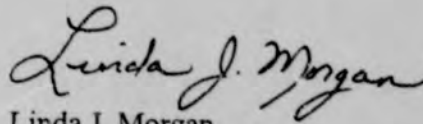
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Sincerely


Linda J. Morgan



Office of the Chairman

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

August 31, 1998

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

Dear Congressman Brown:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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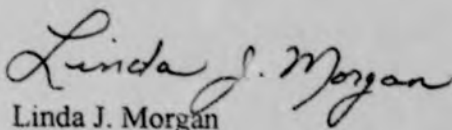
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Sincerely


Linda J. Morgan



Office of the Chairman

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

August 31, 1998

The Honorable Tim Holden
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Holden:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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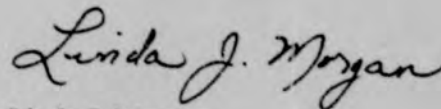
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Sincerely

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Linda J. Morgan



Office of the Chairman

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

August 31, 1998

The Honorable Ellen O. Tauscher
U.S. House of Representatives
Washington, D.C. 20515

Dear Congresswoman Tauscher:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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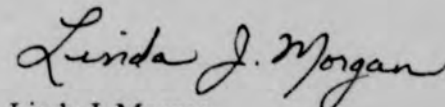
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Linda J. Morgan



Office of the Chairman

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

August 31, 1998

The Honorable Danny K. Davis
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Davis:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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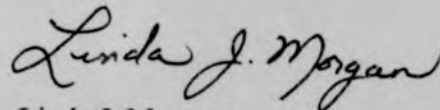
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Sincerely

A handwritten signature in cursive script that reads "Linda J. Morgan". The signature is written in dark ink and is positioned above the printed name.

Linda J. Morgan



Office of the Chairman

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

August 31, 1998

The Honorable Gary L. Ackerman
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Ackerman:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

At the Board's June 8, 1998 voting conference on the proposed Conrail control transaction, and in the written decision served on July 23, 1998, we reaffirmed that the negotiation and arbitration process is the proper way to resolve important issues relating to employee rights that may be affected by the transaction. To ensure this result, we made clear, as requested by rail labor, that the Board's approval of the transaction did not indicate approval of any of the involved CBA overrides that the applicants had argued were necessary and that arbitrators would be free to make whatever findings and conclusions they deem appropriate with respect to CBAs under the law. We also voted to provide the protections of New York Dock Ry.--Control--Brooklyn Eastern Dist., 360 I.C.C.60 (1979), and, as suggested by representatives of rail labor, to direct that the applicant carriers meet with labor representatives and to form task forces for the purpose of promoting labor-management dialogue concerning implementation and safety issues. To the maximum extent possible, the Board has urged labor and management to reach voluntary implementing agreements.

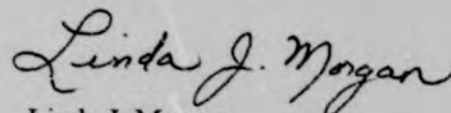
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I hope you find this information useful. I emphasize that the Board remains committed to giving full and fair consideration to the interest of rail carrier employees in consolidation proceedings in accordance with the law, as we have done in this proceeding. I am having your letter and my response made a part of the public docket for this proceeding. If I may be of further assistance, please do not hesitate to contact me.

Sincerely


Linda J. Morgan



Office of the Chairman

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

August 31, 1998

The Honorable Nick Lampson
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Lampson:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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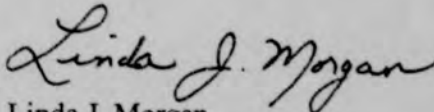
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Sincerely


Linda J. Morgan



Office of the Chairman

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

August 31, 1998

The Honorable Gene Green
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Green:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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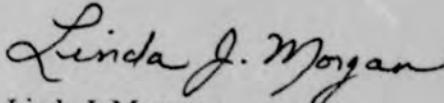
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Sincerely


Linda J. Morgan



Office of the Chairman

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

August 31, 1998

The Honorable Steven R. Rothman
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Rothman:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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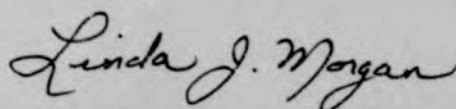
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Sincerely

A handwritten signature in cursive script that reads "Linda J. Morgan".

Linda J. Morgan



Office of the Chairman

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

August 31, 1998

The Honorable Michael F. Doyle
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Doyle:

Thank you for your letter regarding the railroad consolidation application of CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide the assets of Conrail among the two acquiring railroads. You express concern that actions taken by the Surface Transportation Board (Board) in approving consolidation transactions may result in the breaking of existing collective bargaining agreements (CBAs) between the involved railroads and their employees, while other contracts are left intact, and you specifically express disappointment that the Board failed to rule in its June 8, 1998 voting conference on the proposed Conrail control transaction that the breaking of CBAs in that case was not necessary and not permissible.

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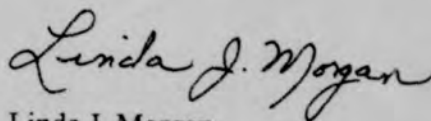
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Sincerely

A handwritten signature in cursive script that reads "Linda J. Morgan".

Linda J. Morgan

STB

FD

33388

8-21-98

J

PUBLIC

FILE IN DOCKET

July 17, 1998

To Whom It may concern,

I am also a resident of. Brooklyn, Oh. and
am concerned about the railroad behind Idewood,

I have grand children that I am worried about
their safety. because their backyard butts the
railroad tracks, they live at 9525 Idewood

I would like to see a sound barrier wall
between their yard and the railroad tracks

OFFICE OF
CHAIRMAN MORGAN

JUL 22 3 15 PM '98

RECEIVED
SURFACE TRANSPORTATION
BOARD

Thank you

Lawrence M. Hoff

4711 Benntwood Dr.

Brooklyn, Ohio 44144



Office of the Chairman

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

FILE IN DOCKET

FN-33388

August 21, 1998

Mr. Lawrence M. Hopp
4711 Bentwood Dr.
Brooklyn, OH 44144

Dear Mr. Hopp:

Thank you for your letter regarding the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. You specifically express concerns about the effect of the merger on the community of Brooklyn, Ohio. The proceeding is docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388.

The Board recently conducted an extensive oral argument on the proposed transaction, hearing from more than 70 witnesses over the course of the 2-day argument held on June 3 and 4, 1998. Following oral argument, the Board held an open voting conference on June 8, 1998, at which we voted to approve the proposed transaction, subject to a number of conditions. The Board's final written decision implementing the vote at the voting conference was issued on July 23, 1998.

In voting for approval, the Board found that the transaction, as augmented by numerous settlement agreements among the parties and as further conditioned, would inject competition into the eastern United States in an unprecedented manner. The conditions adopted by the Board, while significant, recognize the operational and competitive integrity of the overall proposal and the importance of promoting and preserving privately-negotiated agreements. In particular, the Board's conditions include 5 years of oversight, along with substantial operational monitoring and reporting to ensure that the transaction is successfully implemented; mitigation of potential adverse impacts on the environment and on safety; recognition of employee interests, including a reaffirmation of the negotiation and arbitration process as the proper way to resolve important issues relating to employee rights; and several conditions that address the vital role of smaller railroads and regional concerns about competition.

In regard to your specific concerns, I understand that an agreement has been reached between Mayor John Coyne of Brooklyn and CSX, that addresses the concerns raised in your letter. I appreciate your interest in this matter, and will have your letter and my response made a part of the public docket in this proceeding. If I may be of further assistance, please do not hesitate to contact me.

Sincerely,

Linda J. Morgan
Linda J. Morgan

7310 Ira
Brooklyn, Ohio
44144

FILE IN DOCKET

July 5, 1998

Dear Ms Morgan,

I live in the city of Brooklyn, Ohio and was distressed to hear from our Mayor about the environmental impacts that the acquisition of ex Conrail by CSX would have on Brooklyn

I am also distressed by CSX refusal to negotiate with Brooklyn to take steps to protect our residents by providing track improvements, defect detection devices, emergency vehicle access, noise barriers and hazardous materials information what can be done to insure the CSX railroad makes good on its promises ???

Sincerely,
Carol Yanco



Office of the Chairman

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

FILE IN DOCKET

FD-33388

August 21, 1998

Ms. Carol Yanico
7310 Ira Avenue
Brooklyn, OH 44144

Dear Ms. Yanico:

Thank you for your letter regarding the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. You specifically express concerns about the effect of the merger on the community of Brooklyn, Ohio. The proceeding is docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388.

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Sincerely,

Linda J. Morgan
Linda J. Morgan

Dear Ms. Morgan.

This letter is in response to the town meeting held in Brookton, Ohio, on July 11, 1958, on the problems the homeowners would have to continue to put up with on Idlewood and Summer Lane, due to the trains passing their homes day and night, and the future increase of more noise and all other problems that come along with train traffic.

Congressman Kucinich handled the meeting very well and the homeowners

do appreciate his very much
needed help.

Please continue to do your
best to help to have CSX
continue to negotiate with
Brooklyn.

My home is not in the
vicinity of the train problems,
I do live on Ridge Rd., three
houses from R.P.S. and a
little way away from I-480..
so I do understand of how
the homeowners on Idlewood,
and Summer Lane do feel
about this train business.
R.P.S. stands for Ridge Park
Square, a shopping center, of
course.

Thank You,
Dorothy Fitko



Office of the Chairman

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

FILE IN DOCKET

FD-33388

August 21, 1998

Ms. Dorothy Fitko
4722 Ridge Rd.
Brooklyn, OH 44144

Dear Ms. Fitko:

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Sincerely,

Linda J. Morgan
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STB

FD

33388

8-21-98

J

PUBLIC



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

FILE IN DOCKET

FD-33388

Office of the Chairman

August 21, 1998

Ms. A. Penny Cronin
9 Ash Street
Garden City, NY 11530

Dear Ms. Cronin:

This responds to your letter expressing concern over the potential hazards of using rail transportation to haul freight through densely populated areas on Long Island, NY. Please be assured that the Surface Transportation Board (Board) shares your concerns over rail safety and, as a matter of policy, works with the railroads and the Federal Railroad Administration (FRA), the agency primarily responsible for enforcement of rail safety regulations, to ensure that railroad transportation of both freight and passengers is as safe as possible.

Regarding freight transportation hauled by rail on Long Island, the Board recently considered a proposal for the creation of a joint facilities arrangement east of the Hudson River which would connect to Long Island, in the Conrail acquisition case in STB Finance Docket No. 33388, CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company--Control and Operating Leases/Agreements--Conrail, Inc. and Consolidated Rail Corporation. As proposed, this arrangement would have included expanded freight operations over the Bay Ridge Line owned by the Long Island Rail Road and operated under concession by the New York and Atlantic Railway.

While the Board approved the merger application, with conditions, the Board did not adopt the proposal for a joint facilities arrangement in its July 23, 1998 decision on the merits of the Conrail acquisition case. The Board found that increased rail freight traffic would be very difficult to implement in the Long Island area, given the high population density, heavy rail passenger traffic, and physical limitations of the existing rail facilities. In rejecting the joint facilities arrangement east of the Hudson River that would connect to Long Island, the Board did require CSX to cooperate with New York interests in studying the feasibility of upgrading cross harbor float and tunnel facilities that may alleviate motor traffic congestion and air pollution in New York City. In addition, to evaluate our assessment that the transaction should not substantially increase truck traffic over the George Washington Bridge, we required the applicant carriers to begin monitoring origins, destinations, and routings for their truck traffic originating at intermodal terminals in Northern New Jersey and in Massachusetts.

Ms. A. Penny Cronin

Although the Board does not anticipate that the current rail freight operations on Long Island will increase as a result of the Conrail acquisition, I can assure you that the safety of train operations throughout the area will be carefully monitored by the Board and by the FRA.

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

Sincerely,

Linda J. Morgan
Linda J. Morgan

FILE IN DOCKET

9 Ash Street
Garden City, New York, 11530
July 17, 1998

Hon. Linda J. Morgan
Chair
Surface Transportation Board
Twelfth Street and Constitution Ave., N.W.
Washington, D.C. 20423
Dear Hon. Morgan,

Enclosed are articles/photos of recent eastcoast freight train accidents. The April and June accidents involved residents' evacuations.

Looking at the photographs of the April (Virginia) and July (Stoney Point, N.Y.) accidents, one realizes the absolute devastation that would result if such an incident were to occur on either L.I.R.R.'s Hempstead or Mineola rail line. In these photos do you see any houses, backyards, signs of population abutting these freight rail tracks?

The proposal to haul freight over Long Island's rail tracks is simply murderous. Our Hempstead and Mineola rail lines travel through densely populated residential areas. It is inconceivable how anyone could give this freight hauling proposal even the slightest consideration.

Keeping in mind the proposed freight hauling over our Long Island rail tracks, I'd appreciate your reaction to the enclosed freight rail accidents.

Yours truly,

A. Penny Cronin

A. Penny Cronin

OFFICE OF
CHAIRMAN MORGAN

JUL 29 12 26 PM '98

RECEIVED
SURFACE TRANSPORTATION
BOARD

Daily News
JUNE 21, 1998

GUYANDOTTE, W.Va.—A chemical train jumped its tracks yesterday, spilling chlorine that forced 100 families to evacuate, and sent seven people to the hospital with breathing problems.

It was not immediately known how much chlorine leaked out when 30 cars of the 148-car train derailed near the Ohio River. People within a mile of the site were evacuated, and others nearby were told to remain indoors and seal off ventilation systems.



Runaway Train's Fiery Crash

Hundreds of residents and a school in downtown Lynchburg, Va., were evacuated yesterday after 65 rail cars rolled loose and into the side of a stopped train. Ten cars derailed, and a tanker full of acetone, a flammable liquid used as a solvent, caught fire. Diesel fuel that spilled spread the flames to a building used by the city to store salt and snow-removal equipment, and it was destroyed by flames.

April 6, 1998

AP Photo



OFF THE TRACK: Aerial view of train derailment on the Rockland County side of the Hudson River yesterday.

ROBERT ROSAMILLO DAILY NEWS

Rail cars go into Hudson

By DON SINGLETON

Daily News Staff Writer

A 142-car Conrail freight train derailed in Rockland County yesterday morning, starting a chain-reaction accident that plunged about a half-dozen rail cars into the Hudson River.

The spectacular 7:20 a.m. accident at Stony Point, about 35 miles north of the city, sent 27 of the freight train's cars careening off the tracks and into 12 empty coal cars parked nearby, sending two of the coal cars and one tank car from the freight train rolling and skidding several yards down the bank completely into the river. Several other cars wound up partially in the water.

No one was injured in the loud, grinding accident that was heard and seen by many on both sides of the Hudson.

"It was a tremendous noise, and it went on for close to five minutes," said John Vargo of Verplanck, in Westchester County, a feature writer for Boating on the Hudson magazine.

"Somebody yelled, 'Train wreck across the river,' so I went down to the boatyard," he said.

"I got on a boat, went across the river and took some pictures. By the time I got there, a fireboat had arrived, and police were climbing on the cars."

Peter Gorman, who lives near tracks on the eastern side of the river, was watching television and dozing when he heard "a big bang, then crumbling noise."

"I looked out across the river, and this freight train across the river seemed to be toppling right into the river," he said.

Conrail spokesman Bob Libkind said the two members of

the train's crew were in the engineer's compartment of the three linked engines. They were the only people aboard.

The tanker that landed in the river had been emptied of its cargo of sodium hydroxide, or caustic lye, which is categorized as a hazardous material, he said.

"Two of the other derailed cars were tankers, and the others were boxcars and flatcars that were loaded with stone and pulpwood," he said.

Libkind said the track is used only for freight. "We have our contractors walking the track now, assessing the damage," Libkind said. "As we clean it up, we'll be looking for evidence of what caused it to happen."

He said an "event recorder" aboard the engine will provide evidence of the train's speed and braking activity.

July 12, 1988

STB

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33388

8-21-98

J



Office of the Chairman

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

FILE IN DOCKET

FD-33388

August 21, 1998

Ms. Doris Casbean
4895 Summer Lane
Brooklyn, OH 44144

Dear Ms. Casbean:

Thank you for your letter regarding the proposal by CSX and Norfolk Southern (NS) to acquire control of Conrail and to divide certain assets of Conrail between the two acquiring railroads. You specifically express concerns about the effect of the merger on the community of Brooklyn, Ohio. The proceeding is docketed at the Surface Transportation Board (Board) as STB Finance Docket No. 33388.

The Board recently conducted an extensive oral argument on the proposed transaction, hearing from more than 70 witnesses over the course of the 2-day argument held on June 3 and 4, 1998. Following oral argument, the Board held an open voting conference on June 8, 1998, at which we voted to approve the proposed transaction, subject to a number of conditions. The Board's final written decision implementing the vote at the voting conference was issued on July 23, 1998.

In voting for approval, the Board found that the transaction, as augmented by numerous settlement agreements among the parties and as further conditioned, would inject competition into the eastern United States in an unprecedented manner. The conditions adopted by the Board, while significant, recognize the operational and competitive integrity of the overall proposal and the importance of promoting and preserving privately-negotiated agreements. In particular, the Board's conditions include 5 years of oversight, along with substantial operational monitoring and reporting to ensure that the transaction is successfully implemented; mitigation of potential adverse impacts on the environment and on safety; recognition of employee interests, including a reaffirmation of the negotiation and arbitration process as the proper way to resolve important issues relating to employee rights; and several conditions that address the vital role of smaller railroads and regional concerns about competition.

In regard to your specific concerns, I understand that an agreement has been reached between Mayor John Coyne of Brooklyn and CSX, that addresses the concerns raised in your letter. I appreciate your interest in this matter, and will have your letter and my response made a part of the public docket in this proceeding. If I may be of further assistance, please do not hesitate to contact me.

Sincerely,

Linda J. Morgan
Linda J. Morgan

... July 12, 1998

From: Doris Cashean
4895 Summer Ln
Brooklyn oh. 44144
216-749-4271

FILE IN DOCKET

To: Ms. Linda J. Morgan
Chairman
Surface Transportation Board
1925 K. St. N.W. #820
Washington DC. 20423

OFFICE OF
CHAIRMAN MORGAN

JUL 20 1 57 PM '98

RECEIVED
SURFACE TRANSPORTATION
BOARD

Dear Ms. Morgan.

I am a Senior Citizen 64 years old living alone on a fixed income. \$800⁰⁰ per month, paying \$150.00 a month for medicare Supplement insurance because I am disabled. now I will be expected to pay much higher Electric bills because I can't handle the noise from the trains and have to use air conditioning so I can keep the windows & doors closed. I would much rather have fresh air in my home & be able to use my back & front yard as I have for 40 years.

Just a few years ago my grandchild would wait for hours to see a Train in grandmas back yard.

already they are more frequent, much longer trains, one was 5 minutes long just

a few days ago. The windows in my home rattled and I have a plate collection in my living room and expected them to fall any minute. This has never happened before.

When I moved in 40 years ago there were a few coal cars and my children enjoyed a few trains.

I do not think it fair that a few businessmen will make lots of money at the expense of us individual home owners, of course our property values will go down.

Let alone property value going down, I am disabled & alone and now must worry if there will be a hazard spill in my back yard. I'm sure you know about the one CSX had just a few weeks ago.

Please do what you can to get CSX talking to Brooklyn Ohio again.

Mayor John Coyne and Congressman Dennis J. Kucinich have something important to say.

Thank You Sincerely
Doris Cashean

STB

FD

• 33388

8-21-98

J

PUBLIC •



Office of the Chairman

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

FILE IN DOCKET

FD-33388

August 21, 1998

Mr. James Todd
175 Dilworth St.
Elyria, OH 44035-3907

Dear Mr. Todd:

Thank you for your postcard concerning the acquisition of Conrail by Norfolk Southern (NS) and CSX, and concerns about the potential adverse effect on your community resulting from the proposed transaction.

As you may know, as part of the Surface Transportation Board's (Board) review of the proposal by CSX and NS to acquire Conrail, the Board's Section of Environmental Analysis (SEA) conducted an environmental review of the potential environmental impacts associated with the proposed Conrail acquisition. SEA was fully aware that these issues were of major concern to the residents and businesses of Cleveland and northeast Ohio. SEA attended several public meetings in the area in order to hear those concerns first hand and discussed the issues with numerous local officials. SEA also formed special Ohio and Cleveland study teams to focus its review and analysis of the unique environmental impacts and concerns in this area, including the advantages and disadvantages of various routing alternatives through the Cleveland area.

After conducting an independent environmental analysis, reviewing all environmental information available to date, consulting with appropriate agencies, and fully considering all public comments, SEA issued a Final Environmental Impact Statement (EIS) on May 22, 1998, for consideration by the Board, which included a discussion of various routing alternatives and recommended mitigation to address environmental impacts. In its final decision, the Board would have taken into consideration the entire environmental record, including all public comments and the Final EIS. However, on June 4, 1998, at the second day of the Board's oral argument in the Conrail acquisition proceeding, Mayor of Cleveland Michael White and Mr. John Snow, Chairman, President and Chief Executive Officer of CSX, announced that they had reached agreement regarding mitigation of adverse effects that are specific to the City of Cleveland from the Conrail acquisition. At its June 8 open voting conference on the Conrail acquisition proposal, the Board approved the application with certain conditions. In accordance with the request of the parties, the Board incorporated the agreement between Mayor White and Mr. Snow into its final written decision issued on July 23, 1998.

I will have your postcard and my response made a part of the public record for this proceeding. I appreciate your interest in this matter.

Sincerely,

Linda J. Morgan
Linda J. Morgan

AS ONE REGION, WITH ONE VOICE . . .

WE URGE YOU TO REQUIRE A PLAN THAT IS JUST FOR ALL.

SAY NO . . . to lowered standards for safety and quality of life in our communities due to increased train traffic!

SAY NO . . . to dramatic increases in hazardous material transported through our communities!

SAY NO . . . to a decrease in safety inspector and maintenance personnel jobs!

SAY NO . . . to providing public subsidies to multi-billion dollar rail companies!

SAY YES . . . to commuter rail access!

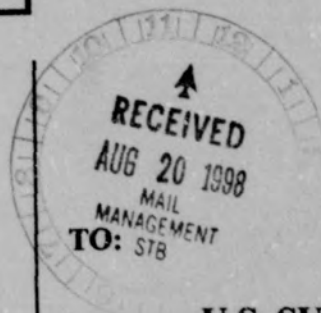
SAY YES . . . to a regional rail summit to articulate one voice for this region!

We urge the Surface Transportation Board to oppose the GSX/NS plan and to support a Cuyahoga/Lorain Co. solution.

Name: JAMES TODD

Address: 175 DILWORTH ST.
ELYRIA, OH 44023-4408 85-3907

FILE IN DOCKET



**U.S. SURFACE
TRANSPORTATION BOARD**

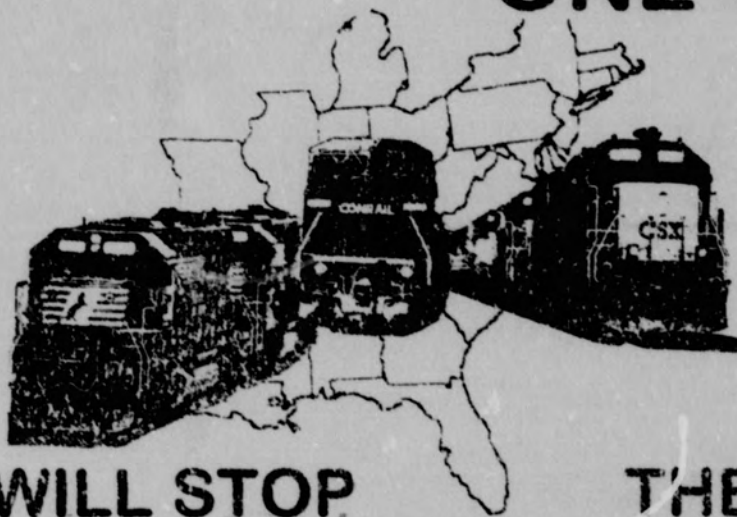
Washington, DC 20423-0001

Attn: Chairwoman Linda Morgan

RESPONSE WOULD BE
APPROPRIATE

ONE REGION...

ONE VOICE!



WE WILL STOP

THE TRAINS

United WE-CANI, United Pastors in Mission, and BOLD of Lorain County
join to oppose the CSX/Norfolk Southern Rail Plans and call for a
Regional Solution ensuring justice and equity.

STB

FD

33388

8-21-98

J

PUBLIC



Office of the Chairman

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

FILE IN DOCKET

70-33388

August 21, 1998

Mr. Michael E. Donant
5320 Dunfred Cir. S.E.
Canton, OH 44707-1075

Dear Mr. Donant:

Thank you for your letter regarding the acquisition and division of Conrail by CSX and Norfolk Southern (NS), and the effect that the planned closing of the Conrail's system maintenance-of-way shop at Canton, OH, may have on you and on other employees who work there.

The Board carefully examined this proposed transaction, found it to be in the public interest, and imposed the New York Dock labor protective conditions to protect employees from any adverse effects resulting from the transaction. The New York Dock labor protective conditions, which were discussed in my July 21, 1998 letter to you, are among the strongest labor protective conditions that the Federal government imposes on private transactions, such as the Conrail acquisition, and they provide compensatory protection to employees who are adversely affected by the Board's approval of the Conrail acquisition. Nonetheless, as you indicate, application of the conditions can produce different results in different situations and the results might often depend on the choices available to employees and on choices made by employees.

The Board expects that the carriers will give careful consideration to the interests of their employees to avoid the imposition of undue hardships upon them in connection with the relocation and consolidation of shops and offices, but, as you note in your letter, the New York Dock conditions do not protect employees who decline to follow their jobs to another location. It may be possible for union officials to negotiate with the carriers to minimize hardships for employees through implementing agreements, which are required by the New York Dock conditions.

I appreciate your situation and recognize that you and other Conrail employees face decisions for yourselves and your families that are likely to be difficult. I am having your letter made a part of the public docket in STB Finance Docket No. 33388.

Sincerely,

Linda J. Morgan
Linda J. Morgan

FILE IN DOCKET

Michael E. Donant
5320 Dunfred Cir. S.E.
Canton, Ohio 44707-1075

7/30/98

OFFICE OF
CHAIRMAN MORGAN

AUG 6 11 36 AM '98

RECEIVED
SURFACE TRANSPORTATION
BOARD

Chairman Surface Transportation Board
Case Control Unit STB Finance Docket No. 33388
1925 K Street N.W.
Washington, D.C. 204323-0001

Members of The Surface Transportation Board,

Thank you for the response to my letter regarding the merger of CSX, NS and Conrail. With the many responsibilities and demands of the Surface Transportation Board, (STB), your response is deeply appreciated.

Today's date is July 30, 1998. The written decision by the STB was made public last week. After reading much of the document, I can understand what an involved and painful process this must have been. A countless number of details had to be very carefully worked out if the merger of the mentioned railroads is to be successful. Time will tell. With the Board's oversight of 5 years, monitoring and reports given by the companies may not tell the true story.

I am only one of many people who will lose my job because of the merger. Yes, I have read the New York Dock conditions over and over. There is still little hope for many of us. Once a job has been offered to us, meaning relocation, if that job is turned down, the New York Dock agreement offers us nothing. The only thing we will be eligible for will be unemployment. After 24 years of service, it doesn't seem like much. Conrail had 76 Vice Presidents who will receive severance packages of 1.6 million dollars each. Some of the V.P.'s only have 6 years service. Conrail is not giving one thing to the Union employees.

The other day at the Conrail Shop, we attended a Town Hall Meeting. A guest speaker from labor relations was there. He referred to the New York Dock agreement as "our parachute". It would appear that "our parachute" has a large hole in it. How can a document written in 1936 be fair in today's times? If employees elect not to relocate with one of the railroads involved, and take a local job that pays Social Security, their Railroad Retirement Funds revert into Social Security at a substantial loss. This also means that they may have to work an additional five years longer until they can retire. If a spouse works, they also have to quit their job in order to relocate. At our income level, this may be very difficult to do.

All the planning and reporting done by the STB and the 3 railroads involved have failed to take care of the working people. With all the monies spent on this merger, it is a shame that no considerations were given to the working class. We only have an agreement that doesn't give us what everybody says it does.

Thank You,
Michael E. Donant

STB

FD

33388

8-20-98

J

BUSINESS



Office of the Chairman

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

FILE IN DOCKET

JB-33388

August 20, 1998

Mr. James W. McClellan
Senior Vice President
Planning
Norfolk Southern Corporation
Strategic Planning
Three Commercial Place
Norfolk, VA 23510-2191

Dear Mr. McClellan:

Thank you for sending me a copy of your letter to Mr. David Dysard, Director of Transportation Planning for the Toledo Metropolitan Area Council of Governments. Your letter is in response to the August 4 letter sent to you by Mr. Dysard regarding negotiations about the Toledo Terminal properties, which I also received.

I will have your letter to Mr. Dysard, his original letter, and my response placed in the public docket for the Conrail Acquisition proceeding. I appreciate your informing me as to the status of this matter.

Sincerely,

Linda J. Morgan



**NORFOLK
SOUTHERN**

Norfolk Southern Corporation
Strategic Planning
Three Commercial Place
Norfolk, Virginia 23510-2191
757 629-2887

FILE IN DOCKET

James W. McClellan
Senior Vice President
Planning
(757) 629-2665
(757) 533-4884 FAX

August 14, 1998

Mr. David R. Dysard
Director of Transportation Planning
TMACOG
300 Central Union Plaza
Toledo, OH 43602

Dear Mr. Dysard:

I am writing in response to your August 4, 1998, letter to David Goode regarding the former Toledo Terminal properties for which Norfolk Southern will soon have abandonment authority as part of the Conrail transaction.

As you are aware, the February 18 Agreement we reached with TMACOG in March had several facets. First, NS agreed to modify the notice filed in Sub Docket No. 197X to provide for discontinuance rather than abandonment of the Toledo Pivot Bridge and to leave the Pivot Bridge in place for four years in order to preserve that route as a possible backup route to address TMACOG's concerns. Second, to work aggressively to market the Lakefront Dock and the Presque Isle Dock. And third, to donate and quitclaim to TMACOG or its designee NS' interest in the former Toledo Terminal right of way once STB abandonment authority is exercised.

In turn, TMACOG agreed to withdraw its request that the Wheeling & Lake Erie Railway Company (W&LE) be granted access to Toledo Docks and rescind and withdraw its October 21, 1997 request for protective conditions and opposition to abandonment.

On March 10, 1998, NS wrote the STB and changed the Toledo Pivot Bridge abandonment request to a discontinuance of operations. On February 23, counsel for TMACOG and Toledo-Lucas County Port Authority (TLCPA) rescinded and withdrew their various requests for relief. So far so good; both sides had followed their commitment with action.

RECEIVED
SURFACE TRANSPORTATION
BOARD
AUG 17 5 26 PM '98
OFFICE OF
CHAIRMAN HORGAN

Since then, two events have occurred that directly relate to your letter. First, an archive title search has revealed, unexpectedly, that NS has no real estate interest in the former Toledo Terminal property. We only have an easement; the corridor is owned by CSXT. NS thus has nothing to donate. Contrary to what you state in your August 4 letter, no promise or guarantee was ever made by NS negotiators regarding CSXT because they saw no need to at the time—they believed NS owned the right of way.

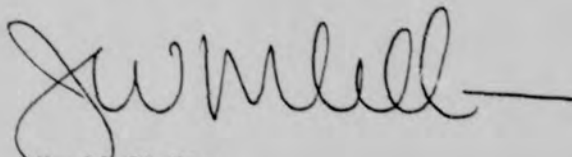
Second, we were surprised and dismayed when we received a copy of a joint TMACOG/TLCPA July 8, 1998 letter to the STB on behalf of the W&LE. In that letter, TMACOG requested that not only should the STB grant W&LE direct access to the Port of Toledo, but also to all industries in the Toledo Switching District open to NS and CSXT—a request that goes well beyond the W&LE's relief petition. This request by TMACOG is a direct violation of the terms and spirit of our February 18 Agreement.

I will admit that we are not totally blameless, but the worst that can be said is that we made a mistake of fact. We have acted in a manner consistent with the spirit of our Agreement and can still fulfill all its legal requirements. On the other hand, TMACOG agreed to withdraw its opposition and support our application. While you did that initially, TMACOG's July 8 letter is a deliberate and calculated action designed to inflict harm on the very party that is trying to establish a stronger bond with the Toledo community.

We remain committed to providing Toledo with a high level of service and competition, to aggressively promoting the Port's development, and to working with the community to positively impact the public as we have with TMACOG on our previous right of way donation. However, we can't donate what we don't own, and my resolve to try correcting our error has evaporated with the 8 letter.

Be that as it may, I will advise CSXT of your concern.

Sincerely,



Jim McClellan

Cc: Ms. Linda J. Morgan, Chair Surface Transportation Board
Mr. David R. Goode
Mr. Michael J. Ruehling, CSXT

STB

FD

33388

8-20-98

J

CITY



Office of the Chairman

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

FILE IN DOCKET

FD-33388

August 20, 1998

Mr. David R. Dysard
Director of Transportation Planning
Toledo Metropolitan Area Council
Of Governments
300 Central Union Plaza
P.O. Box 9508
Toledo, OH 43697-9508

Dear Mr. Dysard:

Thank you for sending me a copy of your letter to Mr. David Goode, President, Chairman, and Chief Executive Officer of Norfolk Southern (NS). Your letter relates to negotiations about the Toledo Terminal properties. I also have received the August 14 response to your letter from Mr. James McClellan of NS.

I will have your letter to Mr. Goode, the NS response, and my response placed in the public docket for the Conrail Acquisition proceeding. I appreciate your informing me as to the status of this matter.

Sincerely,

Linda J. Morgan

Linda J. Morgan



FILE IN DOCKET

300 Central Union Plaza
Toledo, OH 43602

August 4, 1998

RECEIVED
SURFACE TRANSPORTATION
BOARD
Aug 7 1 53 PM '98
OFFICE OF
CHAIRMAN MORGAN

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

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

Dear Mr. Goode:

Chair:
Stephen J. Pauken
Mayor
City of Maumee

Vice-Chair:
James F. Carter
Commissioner
Wood County

2nd Vice-Chair:

Kathleen M. Steingraber
Trustee
Lake Township

Executive Director:
William L. Knight



I am writing in regards to the Toledo Terminal Railroad in Toledo, Ohio (Lucas County) between Tremainsville and Gould Roads (Mileposts TM-5.0 and TM-12.5). This line is the subject of a petition for exemption to abandon in Docket No. AB-290 (Sub-No. 196X) before the Surface Transportation Board as part of Finance Docket No. 33388 - the joint application by CSX and NS to acquire Conrail. The Toledo Metropolitan Area Council of Governments (TMACOG) is a not-for-profit association of local governments in northwest Ohio representing the interests of local governments in the Greater Toledo area. As such, TMACOG filed requests for conditions and protest of abandonment in Docket No. 33388. We were approached in late January 1998 by railroad officials to negotiate an agreement to resolve our issues in this case (as per STB's overall suggestion to reach local settlements to issues as much as possible). We negotiated a settlement and submitted to the STB our withdrawal of conditions. That settlement included a donation, to TMACOG, of the above mentioned surplus Toledo Terminal line in west Toledo.

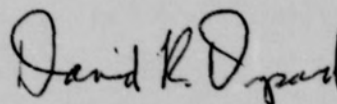
Mr. Steve Eisenach, Director of Strategic Planning and Mr. Robert Cooney, General Solicitor directed negotiations representing the applicants (CSX and NS). They represented that CSX and NS had agreed that NS would lead negotiations regarding issues with the transaction in the Toledo area for both applicants. Further, they represented that CSX was not interested in the Toledo Terminal property for rail operations, and they would present this settlement to the appropriate officials at CSX and NS for approval and to work out arrangements to consummate the full intent of the agreement. The agreement was approved by Jim McClellan on February 18, 1998. Our interest in acquiring the property is to maintain its linear integrity for future public uses. With approval by the STB of the overall transaction, this abandonment will soon be authorized and it is our desire to follow up on this agreement

Mr. David Goode
August 4, 1998
Page 2

and begin our planning for use of the line. To date we have not received clear statements from both railroads regarding schedule or other arrangements needed to consummate the donation of the property to TMACOG.

We need to clear up this issue in order to continue pursuing planning for public uses of this property. Your immediate attention to this matter would be very much appreciated.

Sincerely,



David R. Dysard
Director of Transportation Planning

DRD:dfs

cc Linda J. Morgan, Chair Surface Transportation Board
Jim McClellan, Norfolk Southern
Steve Eisenach, Norfolk Southern
Robert Cooney, Norfolk Southern

STB

FD

33388

8-19-98

J

MOCH



Office of the Chairman

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

FILE IN DOCKET

JA-33388

August 19, 1998

The Honorable James L. Oberstar
Ranking Democratic Member
Committee on Transportation and
Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Oberstar:

Thank you for your letter of August 11, 1998, following the issuance by the Surface Transportation Board (Board) on July 23, 1998, of its written decision approving the acquisition of control of Conrail by CSX and Norfolk Southern (NS) and the division of certain of the assets of Conrail by the two acquiring railroads. You continue to express concern over the potential impact of that transaction on APL Limited, especially as to APL's rights under its rail transportation contract with Conrail, which contains an antiassignment clause and an equities clause.

As explained in our written decision, the Board has provided for the override of antiassignment and other similar provisions in Conrail transportation contracts for a period of 180 days following the date of the division of Conrail's assets between the two acquiring railroads. The Board believes that this relief is necessary to permit the applicants to carry out their transaction in an orderly manner. Once the 180-day period expires, a shipper may elect to exercise any termination or renegotiation rights contained in the contract, provided that the shipper has given 30 days' written notice to the carrier currently serving it under the contract.

As you may know, both APL and CSX have filed petitions for clarification regarding the process for assigning the current Conrail-APL transportation contract for continued performance upon the division of Conrail's assets. Because the matter remains pending before the Board, it would be inappropriate for me to comment further.

I appreciate your interest in this matter, and I will have your letter and my response made a part of the public docket in this proceeding.

Sincerely,

Linda J. Morgan
Linda J. Morgan



Office of the Chairman

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

August 19, 1998

The Honorable Charles W. Pickering
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Pickering:

Thank you for your letter of August 11, 1998, following the issuance by the Surface Transportation Board (Board) on July 23, 1998, of its written decision approving the acquisition of control of Conrail by CSX and Norfolk Southern (NS) and the division of certain of the assets of Conrail by the two acquiring railroads. You continue to express concern over the potential impact of that transaction on APL Limited, especially as to APL's rights under its rail transportation contract with Conrail, which contains an antiassignment clause and an equities clause.

As explained in our written decision, the Board has provided for the override of antiassignment and other similar provisions in Conrail transportation contracts for a period of 180 days following the date of the division of Conrail's assets between the two acquiring railroads. The Board believes that this relief is necessary to permit the applicants to carry out their transaction in an orderly manner. Once the 180-day period expires, a shipper may elect to exercise any termination or renegotiation rights contained in the contract, provided that the shipper has given 30 days' written notice to the carrier currently serving it under the contract.

As you may know, both APL and CSX have filed petitions for clarification regarding the process for assigning the current Conrail-APL transportation contract for continued performance upon the division of Conrail's assets. Because the matter remains pending before the Board, it would be inappropriate for me to comment further.

I appreciate your interest in this matter, and I will have your letter and my response made a part of the public docket in this proceeding.

Sincerely,

Linda J. Morgan
Linda J. Morgan



Office of the Chairman

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

August 19, 1998

The Honorable Vic Fazio
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Fazio:

Thank you for your letter of August 11, 1998, following the issuance by the Surface Transportation Board (Board) on July 23, 1998, of its written decision approving the acquisition of control of Conrail by CSX and Norfolk Southern (NS) and the division of certain of the assets of Conrail by the two acquiring railroads. You continue to express concern over the potential impact of that transaction on APL Limited, especially as to APL's rights under its rail transportation contract with Conrail, which contains an antiassignment clause and an equities clause.

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Sincerely,

Linda J. Morgan
Linda J. Morgan



Office of the Chairman

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

August 19, 1998

The Honorable Frank Riggs
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Riggs:

Thank you for your letter of August 11, 1998, following the issuance by the Surface Transportation Board (Board) on July 23, 1998, of its written decision approving the acquisition of control of Conrail by CSX and Norfolk Southern (NS) and the division of certain of the assets of Conrail by the two acquiring railroads. You continue to express concern over the potential impact of that transaction on APL Limited, especially as to APL's rights under its rail transportation contract with Conrail, which contains an antiassignment clause and an equities clause.

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Sincerely,

Linda J. Morgan
Linda J. Morgan



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

Office of the Chairman

August 19, 1998

The Honorable Thomas M. Davis
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Davis:

Thank you for your letter of August 11, 1998, following the issuance by the Surface Transportation Board (Board) on July 23, 1998, of its written decision approving the acquisition of control of Conrail by CSX and Norfolk Southern (NS) and the division of certain of the assets of Conrail by the two acquiring railroads. You continue to express concern over the potential impact of that transaction on APL Limited, especially as to APL's rights under its rail transportation contract with Conrail, which contains an antiassignment clause and an equities clause.

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Sincerely,

Linda J. Morgan
Linda J. Morgan



Office of the Chairman

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

August 19, 1998

The Honorable Bob Clement
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Clement:

Thank you for your letter of August 11, 1998, following the issuance by the Surface Transportation Board (Board) on July 23, 1998, of its written decision approving the acquisition of control of Conrail by CSX and Norfolk Southern (NS) and the division of certain of the assets of Conrail by the two acquiring railroads. You continue to express concern over the potential impact of that transaction on APL Limited, especially as to APL's rights under its rail transportation contract with Conrail, which contains an antiassignment clause and an equities clause.

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Sincerely,

Linda J. Morgan
Linda J. Morgan



Office of the Chairman

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

August 19, 1998

The Honorable Barbara Lee
U.S. House of Representatives
Washington, D.C. 20515

Dear Congresswoman Lee:

Thank you for your letter of August 11, 1998, following the issuance by the Surface Transportation Board (Board) on July 23, 1998, of its written decision approving the acquisition of control of Conrail by CSX and Norfolk Southern (NS) and the division of certain of the assets of Conrail by the two acquiring railroads. You express concern over the potential impact of that transaction on APL Limited, especially as to APL's rights under its rail transportation contract with Conrail, which contains an antiassignment clause and an equities clause.

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Sincerely,

Linda J. Morgan
Linda J. Morgan



Office of the Chairman

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

August 19, 1998

The Honorable Harold E. Ford
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Ford:

Thank you for your letter of August 11, 1998, following the issuance by the Surface Transportation Board (Board) on July 23, 1998, of its written decision approving the acquisition of control of Conrail by CSX and Norfolk Southern (NS) and the division of certain of the assets of Conrail by the two acquiring railroads. You express concern over the potential impact of that transaction on APL Limited, especially as to APL's rights under its rail transportation contract with Conrail, which contains an antiassignment clause and an equities clause.

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I appreciate your interest in this matter, and I will have your letter and my response made a part of the public docket in this proceeding.

Sincerely,

Linda J. Morgan
Linda J. Morgan

STB

FD

33388

8-19-98

J

MOCH



Office of the Chairman

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

FILE IN DOCKET

JA-33388

August 19, 1998

The Honorable John J. Duncan, Jr.
U.S. House of Representatives
Washington, D.C. 20515-1202

Dear Congressman Duncan:

Thank you for your letter of August 11, 1998, following the issuance by the Surface Transportation Board (Board) on July 23, 1998, of its written decision approving the acquisition of control of Conrail by CSX and Norfolk Southern (NS) and the division of certain of the assets of Conrail by the two acquiring railroads. You continue to express concern over the potential impact of that transaction on APL Limited, especially as to APL's rights under its rail transportation contract with Conrail, which contains an antiassignment clause and an equities clause.

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I appreciate your interest in this matter, and I will have your letter and my response made a part of the public docket in this proceeding.

Sincerely,

Linda J. Morgan
Linda J. Morgan

JOHN J. DUNCAN, JR.
2D DISTRICT, TENNESSEE

2400 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-4202
PHONE: (202) 225-5435

800 MARKET STREET
SUITE 110
KNOXVILLE, TN 37902
PHONE: (423) 523-3772

262 E. BROADWAY
MARYVILLE, TN 37804-5782
PHONE: (423) 984-5464

COURTHOUSE
ATHENS, TN 37303-4297
PHONE: (423) 745-4671

Congress of the United States
House of Representatives
Washington, DC 20515-4202
August 11, 1998

COMMITTEES:
TRANSPORTATION AND INFRASTRUCTURE

SUBCOMMITTEES:
AVIATION—CHAIRMAN
PUBLIC BUILDINGS AND
ECONOMIC DEVELOPMENT

RESOURCES
SUBCOMMITTEES:
NATIONAL PARKS, FORESTS AND LANDS
ENERGY AND MINERAL
RESOURCES

RECEIVED
SURFACE TRANSPORTATION
BOARD

5 16 PM '98

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

Dear Chairman Morgan:

Through its recent decision, the Board appears to have attempted to equitably resolve the issue of the allocation of Conrail's existing rail transportation contracts with shippers. The Board seems to be allowing CSXT and NS initially to allocate that traffic pursuant to section 2.2(c) of their Transaction Agreement, regardless of the terms of the contract between the shipper and Conrail. Then after 180 days of this service, the Board seems to say that a shipper will be returned to the position it was in before the 180-day period began.

While this appears to make sense at first blush, it has created a problem for shippers such as APL Limited. Without the Board's 180-day transition period, these shippers would clearly have been able to negotiate with CSXT and NS and would have been able to select the railroad serving them at dual points before the railroads divided Conrail. Under the Board's ruling, it is now unclear whether APL, for example, will have the same rights after CSXT and NS have divided APL's traffic and served APL for 180 days.

APL has two agreements with Conrail: a contract under which Conrail provides transportation services to APL -- e.g., hauling containers from Chicago to New Jersey -- and a lease to APL for its exclusive use of the South Kearny Container Terminal, where those containers are unloaded from trains for delivery to the northern New Jersey and metropolitan New York City areas. These agreements are linked, so that the termination of the transportation contract also terminates the lease.

CSX and Norfolk Southern have crafted a transaction agreement that assigns ownership of the South Kearny Terminal to CSX. It is my understanding that APL is very concerned about this decision because CSX competes with APL not only in the intermodal business, through its subsidiary CSX Intermodal, but also in the ocean steamship business, through its subsidiary Sea-Land.

APL has invested \$25 million in the South Kearny Terminal based on the terms of the contract with Conrail. While it is true the lease contains terms that are preferential to APL - the financial terms

are \$1 per year - APL has offered to renegotiate the lease with CSX to give CSX a fair market payment (taking into account APL's \$25 million investment).

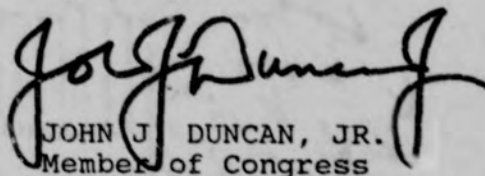
There certainly seems to be a compelling argument made by APL that CSX should not be allowed to terminate the lease on this property regardless of whether CSX or Norfolk Southern serve APL at South Kearny. APL's contract with Conrail gives APL the right to consent to the assignment of the performance of the contract from Conrail to some other party.

Your decision--perhaps unintentionally--will change APL's contract rights by allowing CSXT and NS to unilaterally allocate APL's business and serve APL at points such as South Kearny. By adopting the 180-day transition period, the Board appears to have changed the facts that will underlie APL's contract rights after day-130. Since the 180-day condition was crafted by the Board without the benefit of analysis or argument by the parties concerning its potential impact, many people are concerned that it may have unintended consequences for APL and other shippers.

I hope that the Board can give careful consideration to APL's petition being filed on August 12th because as I stated earlier, I believe these arguments are in fact very compelling and need to be given every consideration possible.

With kindest regards, I am

Sincerely,


JOHN J. DUNCAN, JR.
Member of Congress

JJD:jw

STB

FD

• 33388

8-18-98

J

• CITY

Richard L. Kobza
Clerk Treasurer

Telephone
(219) 942-1940

"The Friendly City"

The City of Hobart

414 Main Street

Hobart, Indiana 46342



FILE IN DOCKET

August 14, 1998

Surface Transportation Board
Attn.: Elaine K. Kaiser or Chairperson Linda Morgan
1925 K Street NW
Washington, DC 20423

Re: City of Hobart, Lake County, Indiana - Resolution 98-30, Expressing Concern
Regarding Rail Traffic in the City of Hobart

Dear Ms. Kaiser:

Enclosed is a copy of City of Hobart, Lake County, Indiana, Resolution 98-30, which was adopted by the Common Council of the City of Hobart on August 5, 1998, expresses concern regarding rail traffic in the City of Hobart.

As you can see in Section 1, the City of Hobart is requesting that the U.S. Surface Transportation Board grant authority to Hobart to regulate blocked grade crossings and regulate the number of trains which pass through the City of Hobart each day, so that grade crossings within the City are not blocked, street commerce within the City is not adversely affected and emergency response vehicles within the City are not impeded.

Please forward any communication and response to Mayor Linda M. Buzinec, at the address above. Mayor Buzinec may be reached at telephone number 219-942-6112.

Sincerely,

Richard L. Kobza,
Clerk-Treasurer

RLK/wh

encl.

Warsaw - Tolleston (C-026)

Hobart - Tolleston section

1.0 - 5.0 trn/day = 4.0 incr.

RECEIVED
SURFACE TRANSPORTATION
BOARD
AUG 19 1 51 PM '98
CHICAGO, ILLINOIS

RESOLUTION 98-30

A RESOLUTION OF THE COMMON COUNCIL
OF THE CITY OF HOBART, INDIANA EXPRESSING CONCERN
REGARDING RAIL TRAFFIC IN THE CITY OF HOBART

WHEREAS, the CSX Railroad and the Norfolk Southern Railroad were granted approval by the U.S. Surface Transportation Board to increase rail traffic through the City of Hobart;

WHEREAS, the Common Council of the City of Hobart is concerned that increased rail traffic through the City of Hobart will result in more blocked grade crossings, adversely disrupt street commerce within the City, and impede emergency response vehicles within the City;

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Hobart, Indiana that the sense of the Common Council of the City of Hobart is as follows:

Section 1. That the U.S. Surface Transportation Board grant authority to the City of Hobart to regulate blocked grade crossings and regulate the number of trains which pass through the City of Hobart each day so that grade crossings within the City are not blocked, street commerce within the City is not adversely affected and emergency response vehicles within the City are not impeded.

PASSED, ADOPTED and RESOLVED by the Common Council of the City of Hobart, Indiana on the 5th day of August, 1998.

Linda M. Buzinec
Linda M. Buzinec, Mayor

Ron Blake
Ron Blake, 1st District Councilman

Carl Lindsey, 2nd District Councilman

Robert Paulson
Robert Paulson, 3rd District Councilman

Thomas Campbell
Thomas Campbell, 4th District

Margaret Kuchta, 5th District Councilwoman

Donald Potrebic
Donald Potrebic, Councilman At Large

Matthew Claussen
Matthew Claussen, Councilman At Large

ATTEST:

Richard L. Kobza
Richard L. Kobza, Clerk-Treasurer

STB

FD

• 33388

8-12-98

J

MOCH



FILE IN DOCKET

Committee on Transportation and Infrastructure

Congress of the United States

House of Representatives

Washington, DC 20515

Bud Shuster
Chairman

James L. Oberstar
Ranking Democratic Member

Jack Schenendorf, Chief of Staff
Michael Strachn, Deputy Chief of Staff

David Deysfeld, Democratic Chief of Staff

August 5, 1998

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

Re: STB Finance Docket No. 33388

Dear Chairman Morgan:

Your recent decision in the transaction involving Conrail, CSX, and Norfolk Southern (NS) attempts to deal fairly with the issue of reassigning shippers' contracts with Conrail. Unfortunately, your resolution of the matter does not adequately take into account the complexities of the individual cases, and you should revisit this matter and issue a revised decision that takes account of these complexities in a fairer fashion.

One case that is particularly egregious is that of APL Limited. APL has two agreements with Conrail: a contract under which Conrail provides transportation services to APL -- e.g., hauling containers from Chicago to New Jersey -- and a lease to APL for its exclusive use of the South Kearny Container Terminal, where those containers are unloaded from trains for delivery to the northern New Jersey and metropolitan New York City areas. These agreements are linked, so that the termination of the transportation contract also terminates the lease. CSX and Norfolk Southern have crafted a transaction agreement that arbitrarily assigns ownership of the South Kearny Terminal to APL's competitor, CSX. (CSX competes with APL not only in the intermodal business, through its subsidiary CSX Intermodal, but also in the ocean steamship business, through its subsidiary Sea-Land.) While this assignment of property that APL is using to its competitor seems inappropriate, it would not necessarily be a problem as long as CSX is not allowed to terminate the lease, regardless of whether CSX or Norfolk Southern serve APL at South Kearny. Since APL has invested \$25 million in the South Kearny Terminal, requiring CSX to continue the lease as originally envisioned by APL and Conrail becomes particularly important.

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SURFACE TRANSPORTATION
BOARD
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LINDA J. MORGAN
CHAIRMAN

The Honorable Linda J. Morgan

August 5, 1998

Page 2

APL's contract with Conrail gives APL the right to consent to the assignment of the performance of the contract from Conrail to some other party. The contract is binding not only upon Conrail and APL but also on Conrail's "successors and assigns" -- i.e., CSX and NS. The contract for transportation services and the terminal lease have a close economic connection. The transportation service is worthless to APL if APL cannot use the facilities at South Kearny, or similar facilities, under terms and conditions comparable to what it has today. APL believes, because either CSX or NS could fulfill the terms of the transportation contract, and because both are bound by it, that APL should be able to exercise its right to consent to the assignment of the contract by selecting either CSX or NS to serve it at the South Kearny Terminal, either when the Conrail transaction becomes effective, or 180 days afterwards, if the Board believes that to be necessary. APL also believes it should be able to exercise this right of consent without losing its lease on the South Kearny Terminal, without which the transportation services become worthless. We agree that APL should have the right to assign performance of the transportation contract to one carrier while independently retaining its leasehold rights to the South Kearny terminal after the terminal passes into the ownership of the other carrier.

It is true that the lease contains terms that are preferential to APL -- the financial terms are \$1 per year -- and that Conrail was only willing to agree to these terms because it also had the transportation contract with APL. However, APL has offered to renegotiate the lease with CSX to give CSX a fair market payment (taking into account APL's \$25 million investment) if CSX does not get the transportation contract. That appears to be an eminently fair arrangement.

But the Board's decision appears not to give APL the right to consent to the assignment of its contract. The Board not only postponed this right by 180 days, it appears to have permanently abolished it. The only right that APL has under the Board's decision is the right to continue the contract with CSX or to negotiate a new contract with a party of its choice -- a very different thing from being able to demand the performance of an existing contract with a party to which it has consented. Negotiating a new contract would require APL either to give up its lease on the South Kearny Terminal, in which it has invested \$25 million, or to pay an exorbitant price for continuing the lease. The Board appears to have taken away forever -- not merely postponed -- APL's right to have performance of the contract assigned to a party to which it has consented.

As a practical matter, the Board's decision forces APL to have its contract assigned to CSX. If APL terminated the contract after 180 days and tried to negotiate a

The Honorable Linda J. Morgan
August 5, 1998
Page 3

new transportation contract with NS, such a contract would be worthless without access to the South Kearney Terminal, which is controlled by CSX. APL can really only negotiate with NS if CSX "approves" by offering a reasonable access agreement to South Kearney, which CSX is unlikely to do. APL was able to negotiate its current lease terms with Conrail because Conrail was tempted by the prospect of APL's \$25 million investment in the Terminal. Now that that investment has been made, CSX is unlikely to negotiate a new lease providing access to South Kearney on reasonable terms. In effect, then, by giving CSX control of the South Kearney facility and abrogating APL's non-assignment clause, the Board is forcing APL to accept assignment of its contract to its most direct competitor in both the intermodal shipping and steamship business.

The right to negotiate a new contract is thus a hollow opportunity for APL, because as a practical matter CSX controls the essential facility APL needs, and in which APL has invested \$25 million, to conduct its business. This is unfair and not in the public interest.

APL's \$25 million investment in the South Kearney terminal raises another issue. APL committed itself to that investment in reliance on its contract with Conrail. The Board has frequently asserted that capacity expansion, not competition, is the key to improving railroad service. What kind of incentive will any party have to invest in increased capacity if it knows that the value of its investment can be taken away by the arbitrary decision of the Board? Nothing will cause shippers to flee from reliance on the railroad industry more than knowing that any contract they sign with a railroad can be abrogated at will. We all have a common interest in promoting investment in transportation capacity. Your decision sends a message to shippers and railroads alike that such investments are highly risky.

It seems to us that the action needed by the Board in this case is to revise its decision by returning to APL the right to consent to the assignment of performance under its contract after the initial 180-day period expires by letting APL choose which railroad will serve it at the South Kearney Terminal. The Board should make clear that, unless and until APL agrees to the assignment of responsibilities under the contract, both CSX and NS remain jointly and severally bound by its terms. APL should have the right to maintain its lease agreement with CSX while assigning performance of its transportation contract with Conrail to either CSX or NS. If CSX is not selected to perform the transportation contract, it should have the right to renegotiate a market-based lease

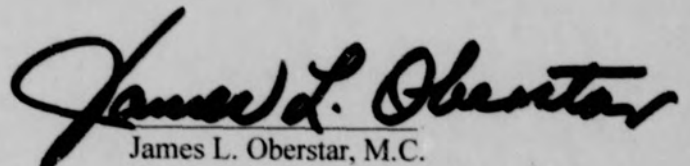
The Honorable Linda J. Morgan
August 5, 1998
Page 4, 1998

payment for the South Kearny facility which takes into account APL's \$25 million investment in the facility.

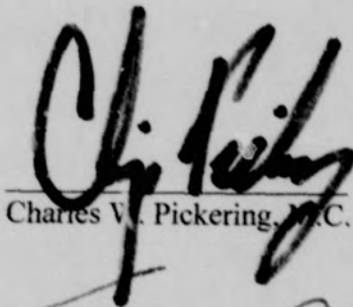
We would remind you that your authority to disregard other law, such as the law of contracts, only applies in cases that are "necessary" to carry out the transaction. Abrogating APL's right to consent to the assignment of its contract is clearly not "necessary" to carry out this transaction. The Board endangers the authority which has been granted to it by the Congress by casually and promiscuously exercising it in cases that do not meet the statutory standard of "necessity."

With all best wishes.

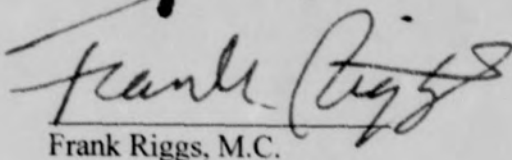
Sincerely,



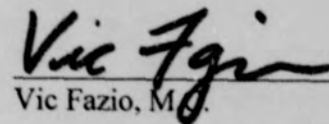
James L. Oberstar, M.C.
Ranking Democratic Member



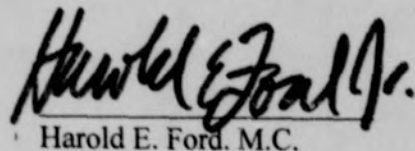
Charles V. Pickering, M.C.



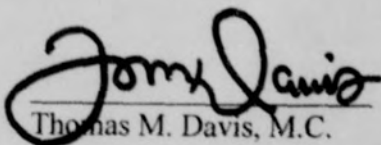
Frank Riggs, M.C.



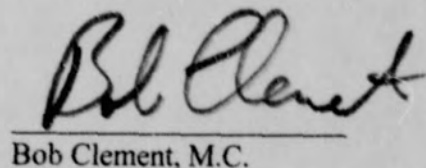
Vic Fazio, M.C.



Harold E. Ford, M.C.

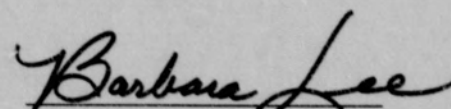


Thomas M. Davis, M.C.



Bob Clement, M.C.

The Honorable Linda J. Morgan
August 5, 1998
Page 5


Barbara Lee, M.C.

STB

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33388

7-29-98

J

MOCs

REPLY TO:

- ☐ 135 HART SENATE OFFICE BUILDING
WASHINGTON, DC 20510-1501
(202) 224-3744
TTY: (202) 224-4479
e-mail: chuck_grassley@grassley.senate.gov
- ☐ 721 FEDERAL BUILDING
210 WALNUT STREET
DES MOINES, IA 50309-2140
(515) 284-4890
- ☐ 206 FEDERAL BUILDING
101 1ST STREET SE.
CEDAR RAPIDS, IA 52401-1227
(319) 363-6832

FILE IN DOCKET

REPLY TO:

- ☐ 103 FEDERAL COURTHOUSE BUILDING
320 6TH STREET
SIOUX CITY, IA 51101-1244
(712) 233-1860
- ☐ 210 WATERLOO BUILDING
521 COMMERCIAL STREET
WATERLOO, IA 50701-5497
(319) 232-6657
- ☐ 116 FEDERAL BUILDING
131 E. 4TH STREET
DAVENPORT, IA 52801-1513
(319) 322-4331
- ☐ 307 FEDERAL BUILDING
8 SOUTH 6TH STREET
COUNCIL BLUFFS, IA 51501-4204
(712) 322-7103

United States Senate

CHARLES E. GRASSLEY

WASHINGTON, DC 20510-1501

July 22, 1998

Mr. Richard Fitzsimmons
Director, Congressional & External Affairs
Surface Transportation Board
Room 842
1925 K Street, N.W.
Washington, DC 20423-0001

Dear Mr. Fitzsimmons:

Enclosed please find a communication from Frank C. Rydzewski regarding his concerns about the effects that the Norfolk Southern-CSX-Conrail merger will have on delays and congestion and his request for a premerger modeling to determine the impact upon shippers.

I would appreciate any assistance you could provide pertaining to this matter. Please mark your return correspondence to the attention of Renee Yonke when responding to my office.

Thank you for your attention to my request.

Sincerely,

Chuck

Charles E. Grassley
United States Senator

CEG/rmy
Enclosure

Committee Assignments:

AGRICULTURE
BUDGET

FINANCE
JUDICIARY

CHAIRMAN,
SPECIAL COMMITTEE ON AGING

RECEIVED
SURFACE TRANSPORTATION
BOARD
JUL 23 5 48 PM '98
OFFICE OF
IRMAN MORGAN



PENFORD
PRODUCTS CO.

1001 First Street SW
Cedar Rapids, IA 52404-2175

P.O. Box 428
Cedar Rapids, IA 52406-0428

319-398-3700
319-398-3771 (fax)

3028506

08 APR 13 AM 9:02

April 7, 1998

The Honorable Charles E. Grassley
United States Senate
Washington, DC 20510

Dear Senator Grassley:

I wanted to bring to your attention what our people have noticed as an alarmingly frequent number of delays and terminal congestion on both the Norfolk Southern and CSX Transportation railroads. As you are aware, these two railroads are on the verge of restructuring the rail system east of the Mississippi River.

It is not necessarily an isolated situation. Terminal locations in Illinois, Ohio, Tennessee, Georgia, and Alabama are recognized trouble spots within the US rail system.

Both Norfolk Southern and CSX Transportation have conveyed their confidence and the benefit to the greater good of the economy, the division of Conrail. Two years ago the shipping community heard the same words of confidence from the Union Pacific.

I encourage your office to insist on premerger modeling of traffic volumes, flows, terminal consolidations and impact to shipper and the economy.

Thank you for your attention into this matter.

Regards,

Frank Rydzewski
Frank C. Rydzewski
President and General Manager

sa

STB

FD

33388

7-27-98

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MC

CS

July 23, 1998

United States Senate

FILE IN DOCKET

MEMORANDUM

Mr. Richard Fitzsimmons
Director, Office of
Congressional and External
Affairs
Washington, DC 20423-0001

Respectfully referred to:

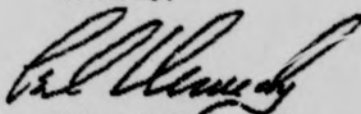
My assistance has been requested
concerning the attached correspondence.

I am forwarding this to you for
your attention and consideration,
and would appreciate your prompt
reply directly to the constituent,
with a copy sent to me at:

2400A John F. Kennedy Federal Bldg.
Government Center
Boston, Massachusetts 02203

Thank you for your attention and consideration.

Sincerely,



Edward M. Kennedy
United States Senator

For additional information,
please contact _____ at (617) 565-3170

OFFICE OF
CHAIRMAN MORGAN

JUL 27 2 56 PM '98

RECEIVED
SURFACE TRANSPORTATION
BOARD

Post-It™ brand fax transmittal memo 7671		# of pages • 4
To	HON. E. KENNEDY	
Co.	C. NIXON KENNEL	
Dept.		
Fax #	617-565-3183	
From		
Co.		
Phone #		
Fax #		

689 West Shore Trail
Sparta, NJ 07871
Phone: 973-729-1662
May 26, 1998

FILE IN DOCKET

Honorable Edward Kennedy
United States Senate
SR 315
Washington, DC 20510

Dear Senator Kennedy:

Enclosed please find copy of letter and petition sent to the International Office of the Transportation Communications Union in Rockville, Maryland, pertaining to the acquisition of Conrail by the Norfolk Southern and CSX. I am writing to encourage your support and intercession in attaining information on the Conrail acquisition and your support in ensuring TCU Members are afforded equitable consideration in the acquisition process.

As you will note, 387 TCU Members from New Jersey, New York, Pennsylvania, Michigan, Ohio and Delaware signed a petition which represents 11,648 dues paying years to this union as well as 11,648 years of dedicated service to Conrail and the various former railroads. This petition was sent Robert Scardelletti, International President of TCU on May 6, 1998 and received by his office on May 7, 1998 and to date no response has been received.

As you can imagine, we, as members in good standing of this union, are extremely apprehensive concerning our futures in this critical stage of our careers and we need information to make educated decisions for ourselves and our families.

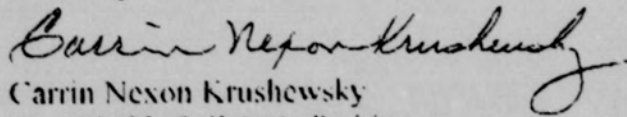
We need your help! We have not received any information in this eleventh hour! We need to know the progress of TCU negotiations to date, the prospect of our future survival, what type of adequate protection is being offered, what will happen to the thousands upon thousands of years of seniority of ALL TCU Members on the Conrail System and we need clarification on many Railroad Retirement issues.

We, as agreement employees, who are Conrail's number one asset and played a major role in making Conrail the success it is today, are asking only for fairness.

Conrail has been very generous to its non agreement employees in the wake of this acquisition and we would like to be considered in the same vein and afforded equitable protection.

Thank you for your consideration.

Sincerely,

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

Carrin Nexon Krushewsky
On Behalf of all TCU Petitioners

689 West Shore Trail
Sparta, NJ 07871

May 6, 1998

PERSONAL & CONFIDENTIAL

Mr. Robert A. Scardelletti
International President
Transportation Communications Union
3 Reasearch Place
Rockville, MD 20850

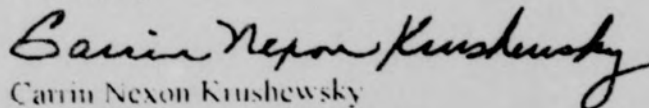
Dear Brother Scardelletti,

Attached please find petition signed by members - in good standing - of the Transportation Communications Union regarding Conrail's acquisition by the CSX and Norfolk Southern. As you will note, members are requesting a meeting on the International level at a mutually agreed upon time and location to answer questions and provide timely, up-to-date information on the progress of TCU negotiations and all other information available to assist us in making informed decisions at this critical stage of our careers.

The 387 signatures represented here account for 11,648 dues paying years to TCU and the former BRAC as well as 11,648 years of dedicated service to Conrail and the various former railroads, with more to follow. Time constraints have not permitted us to reach out to the farther limits of Conrail to procure signatures of the remaining employees of Conrail's TCU membership, but you can be certain each and every TCU member is anxiously awaiting ANY information pertaining to the acquisition, the prospects of future employment, seniority, adequate protection and clarification on Railroad Retirement issues pertaining to CSX subsidiaries and other variables.

As time is critical in this eleventh hour, please respond promptly to the undersigned on how our dues money can be put to best use to accelerate this communication process.

Fraternally,



Carrin Nexon Krushewsky
On Behalf of All Undersigned

Page 1 of 41

April 16, 1998

In that the Surface Transportation Board's approval of the acquisition of Conrail by the Norfolk Southern and CSX is less than four months from this time, we the undersigned members in good standing of the Transportation Communications Union deem it imperative that timely information regarding our individual futures, no matter how little, good or bad - be reported to us on a timely basis to assist us as individuals in making the proper educated decisions about our futures and the futures of our families.

Accordingly, we - the undersigned - are requesting representation from the International Office of the Transportation Communications Union to schedule a meeting at a mutually convenient time and location to offer any and all information available to date and answer questions offered by members - in good standing - of the Transportation Communications Union.

NAME	LOCAL	MEMBERSHIP #	YEARS OF SERVICE
FRANK FORLINA	0747	163369234	22
JA ROSCIA	0747	192-46-0353	22
ML ROYER	1097	161341812	21
P.L. HEDRICK	1097	235684071	33
CH. FLOPER	747	290544441	24
R. J. KOWNICK	747	262940	22
DAVID A. NICHOLS	747	111428206	21
JAMES A. BARTON	747		21
EF S. WISNIER	1097	059362422	28
S.G. PRICE	747	098400475	24
J.E. RHODES	086	382507269	22
AL. BROWN	086		24



Office of the Chairman

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

FILE IN DOCKET
FD-33388

September 10, 1998

Ms. Carrin Nexon Krushewsky
689 West Shore Trail
Sparta, NJ 07871

Dear Ms. Krushewsky:

This responds to your letter to Senator Edward M. Kennedy, concerning the Conrail acquisition proceeding, which has been docketed as STB Finance Docket No. 33388. Senator Kennedy has requested that I respond directly to you.

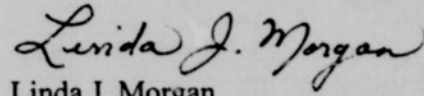
On July 23, 1998, the Surface Transportation Board (Board) approved, with certain conditions, the acquisition of control of Conrail by CSX and Norfolk Southern (NS), and the division of the assets of Conrail by and between CSX and NS. CSX and NS took control of Conrail on August 22, 1998. CSX and NS will divide Conrail's assets at a later date that has not yet been determined (the so-called Split Date). The conditions that the Board imposed include the New York Dock labor protective conditions. These conditions provide both substantive benefits for affected employees (up to 6 years of full wages for employees dismissed as a direct result of the merger, moving allowances, preferential hiring, and other benefits). The New York Dock conditions also provide procedures for resolving disputes regarding implementation of particular transactions connected with the acquisition of control and the division of assets.

Your union, the Transportation • Communications International Union (TCU), is presently negotiating with both CSX and NS to reach an implementing agreement. Until an implementing agreement is reached, no one will know exactly how the merger will affect these carriers' employees. The TCU has informed the Board that its System Board 86 has made and is continuing to make presentations to its membership about the progress of the negotiations and the breakup of Conrail's assets. If the parties are unable to come to terms on an implementing agreement voluntarily, an arbitrator's services would normally be employed to arrive at an agreement.

Ms. Carrin Nexon Krushewsky

I hope that you find this information helpful. A copy of your letter has been placed in the public docket in the STB Finance Docket No. 33388 proceeding. I appreciate your interest in this matter.

Sincerely,


Linda J. Morgan

cc: The Honorable Edward M. Kennedy
United States Senate
2400A John F. Kennedy Federal Bldg.
Government Center
Boston, MA 02203

STB

FD

33388

7-23-98

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MOCH

FILE IN DOCKET

Congress of the United States
House of Representatives
Washington, DC 20515

July 20, 1998

OFFICE OF
CHAIRMAN MORGAN

JUL 23 12 44 PM '98

RECEIVED
SURFACE TRANSPORTATION
BOARD

Ms. Linda Morgan
Chairman
Surface Transportation Board
1925 K Street, NW #700
Washington, D.C. 20423

Dear Ms. Morgan:

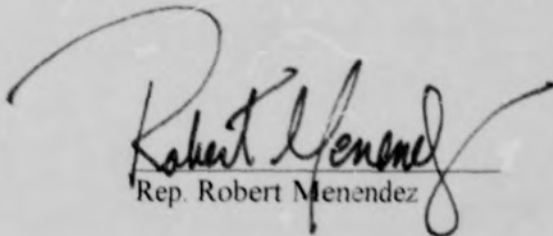
Prior to your June 8 voting conference, many Members of Congress contacted you to suggest that it was inappropriate for the Surface Transportation Board to break collective bargaining agreements in approving the CSX/Norfolk Southern breakup of Conrail. We want to reiterate those concerns, and strongly believe there is no reason that the STB should break a collective bargaining agreement in approving a merger or any other transaction. These are privately negotiated contracts.

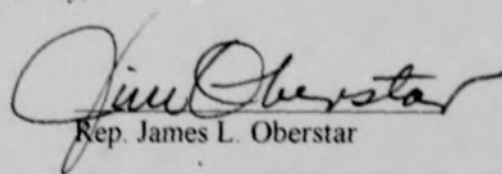
It is our understanding that in the voting conference on June 8, the STB did precisely what Members of Congress urged not be done. The STB did not reject the request by CSX and NS that they be given the authority to break collective bargaining agreements. The STB acted as it has in the past, referring the matter to an arbitrator, exactly the method the STB has used in the past to break agreements.

The STB refused to determine that the breaking of collective bargaining agreements was inadvisable, not necessary to the transaction, and not permissible. We did not read that the STB allowed the railroads to break contracts for electricity, fuel, or locomotives. These actions indicate that if you are a man or woman working on the railroad, the STB gives the railroad the authority to break your privately negotiated agreement.

We hope you will reconsider the ill-advised position of the STB on this matter, and correct this policy before a final vote is taken in July.

Sincerely,

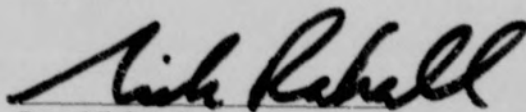

Rep. Robert Menendez


Rep. James L. Oberstar

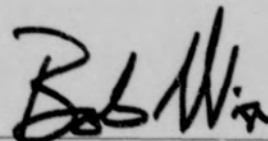
Chairman Linda Morgan

July 20, 1998

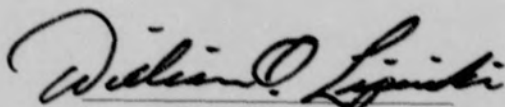
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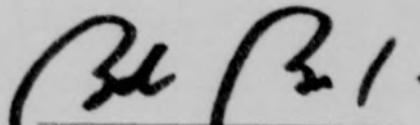
Rep. Nick J. Rahall II



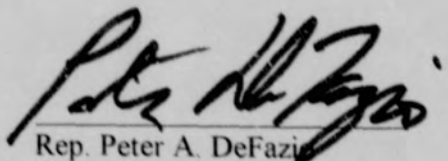
Rep. Robert E. Wise, Jr.



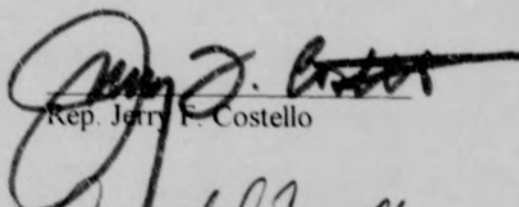
Rep. William O. Lipinski



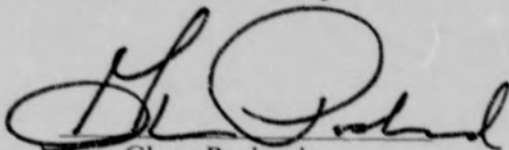
Rep. Robert A. Borski



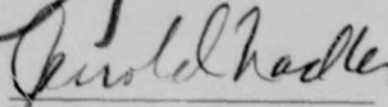
Rep. Peter A. DeFazio



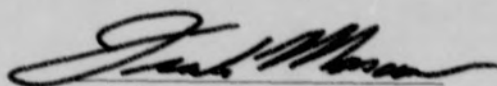
Rep. Jerry F. Costello



Rep. Glenn Poshard



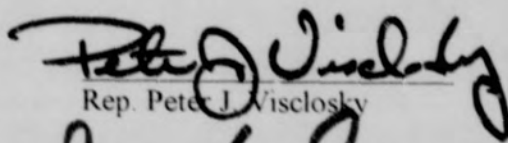
Rep. Jerrold Nadler



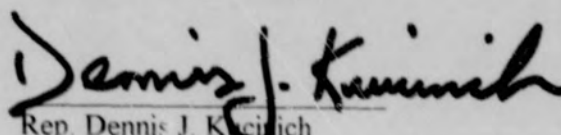
Rep. Frank Mascara



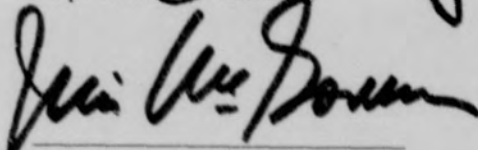
Rep. Pat Danner



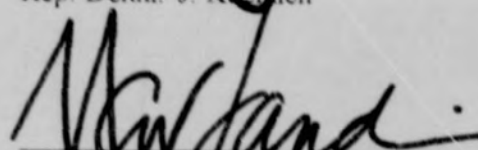
Rep. Peter J. Visclosky



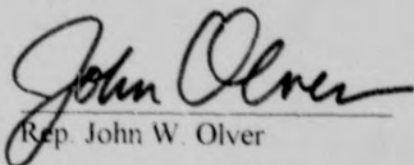
Rep. Dennis J. Kucinich



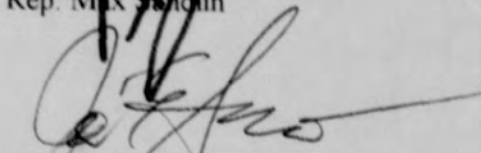
Rep. James P. McGovern



Rep. Max Sandin



Rep. John W. Olver

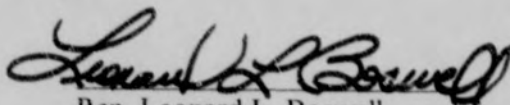


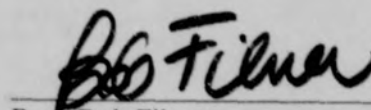
Rep. José Serrano

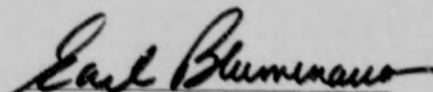
Chairman Linda Morgan

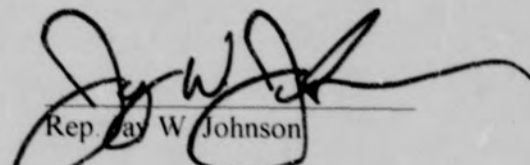
July 20, 1998

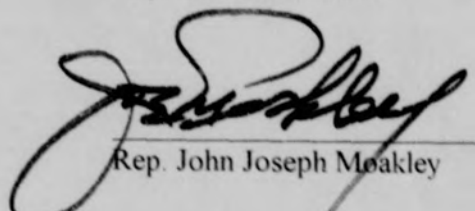
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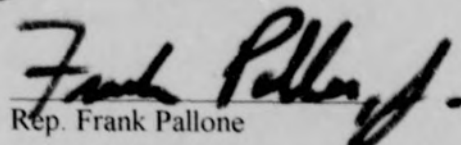

Rep. Leonard L. Boswell

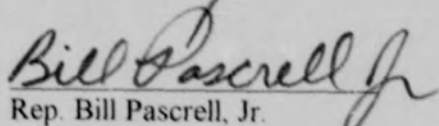

Rep. Bob Filner

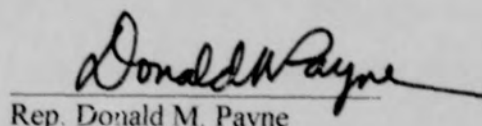

Rep. Earl Blumenauer

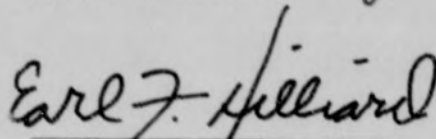

Rep. Jay W. Johnson

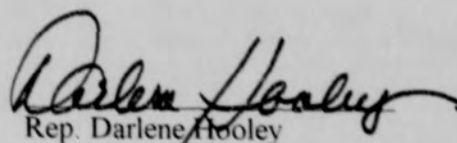

Rep. John Joseph Moakley

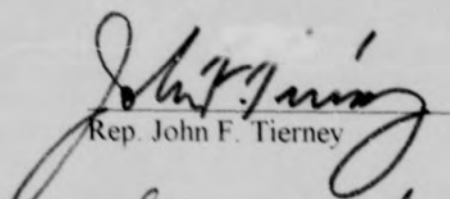

Rep. Frank Pallone

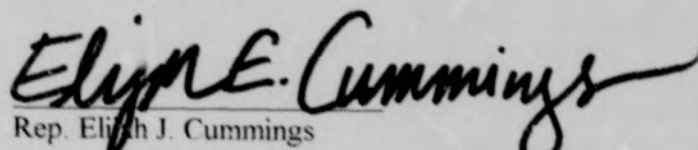

Rep. Bill Pascrell, Jr.

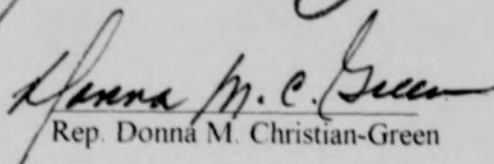

Rep. Donald M. Payne

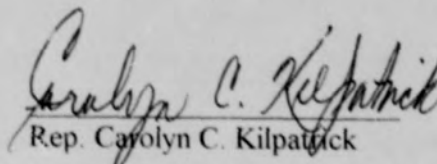

Rep. Earl F. Hilliard

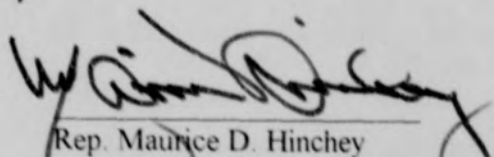

Rep. Darlene Hooley

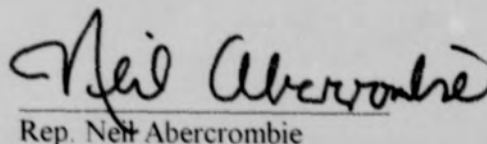

Rep. John F. Tierney

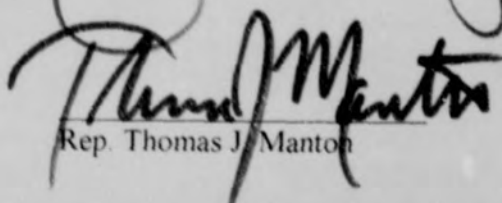

Rep. Elijah J. Cummings

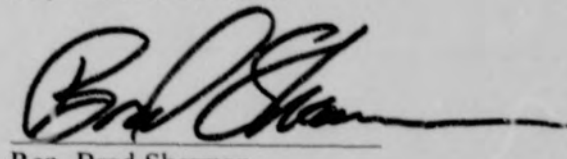

Rep. Donna M. Christian-Green


Rep. Carolyn C. Kilpatrick


Rep. Maurice D. Hinchey


Rep. Neil Abercrombie

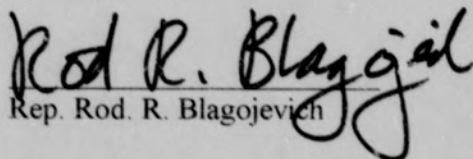

Rep. Thomas J. Manton

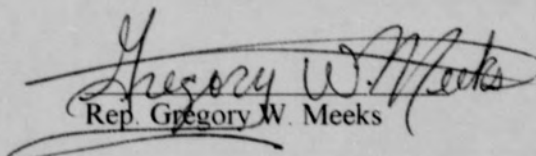

Rep. Brad Sherman

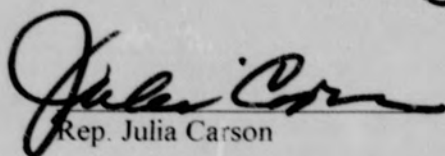
Chairman Linda Morgan

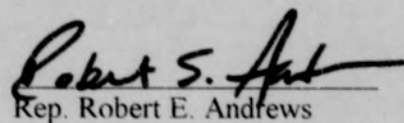
July 20, 1998

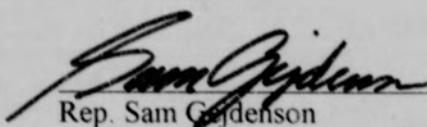
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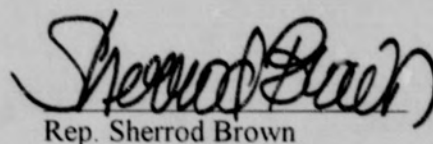

Rep. Rod. R. Blagojevich

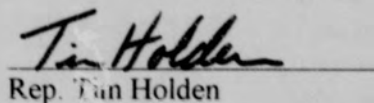

Rep. Gregory W. Meeks

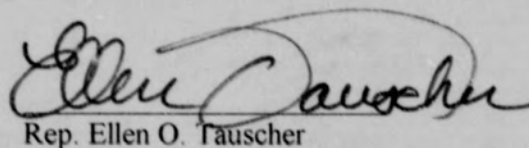

Rep. Julia Carson

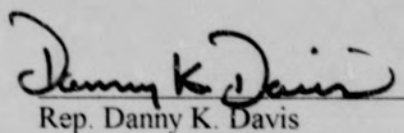

Rep. Robert E. Andrews

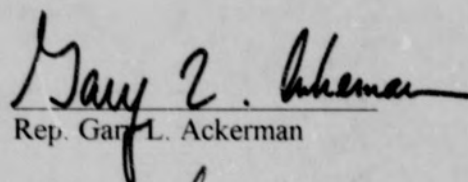

Rep. Sam Giddens

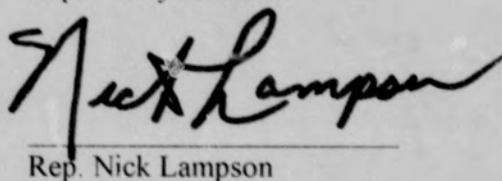

Rep. Sherrod Brown

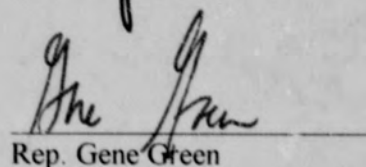

Rep. Tim Holden


Rep. Ellen O. Tauscher

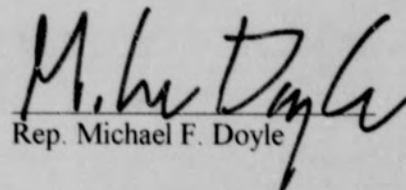

Rep. Danny K. Davis


Rep. Gary L. Ackerman


Rep. Nick Lampson


Rep. Gene Green


Rep. Steven R. Rothman


Rep. Michael F. Doyle

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CITY



FILE IN DOCKET

SURFACE TRANSPORTATION BOARD
Washington, DC 20423

Section of Environmental Analysis

July 22, 1998

Mr. Thomas F. O'Malley
Director of Law
City of Brooklyn
7619 Memphis Avenue
Brooklyn, OH 44144-2197

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

Dear Mr. O'Malley:

Thank you for your letter dated July 10, 1998, expressing your concerns that the Section of Environmental Analysis (SEA) may have overlooked the Conrail Acquisition-related noise impacts on the City of Brooklyn, Ohio.

On June 8, 1998, the Surface Transportation Board (Board) voted to approve the Conrail Acquisition. As a condition of that approval, the Board voted to impose a number of environmental conditions to address adverse environmental impacts resulting from acquisition-related train traffic increases. These conditions require CSX to implement certain measures to address increased movement of hazardous materials along the Short Line which goes through Brooklyn. While these conditions would require NS to implement certain hazardous material and noise mitigation measures along its rail line between Cloggsville and CP-190 (which also includes Brooklyn), they do not include noise abatement requirements for CSX along the Short Line segment between Marcy and Short. Based on SEA's analysis, this segment did not meet SEA's mitigation threshold for a noise increase of 5 or more decibels. The Brooklyn area would also receive benefit from additional safety-related mitigation measures included in environmental conditions imposed for the Greater Cleveland Area.

SEA addressed this issue in the Final Environmental Impact Statement (EIS). In Volume 3, Chapter 5, on page 5-304, SEA responded to Congressman Kucinich's comment about the noise impacts in Brooklyn explaining that:

SEA considered mitigation for noise sensitive receptors meeting the mitigation criteria of 70 dBA Ldn and 5 dBA increase after the proposed Conrail Acquisition. Sites that do not meet these criteria are not eligible for noise mitigation. The rail line segment (C-069) that runs parallel to

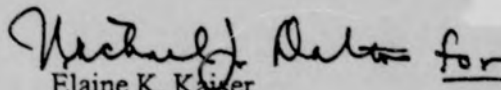
Brookpark Road between Brooklyn and Brook Park and near Idlewood Drive does not meet SEA's criteria for noise mitigation."

The analytical data supporting this conclusion are shown in Appendix J, Noise, on Attachment J-2. Conrail's Short Line is actually divided into four segments. While CSX will operate over the Short Line, post-acquisition, as a complete route with 43.8 trains per day on three of the four segments (Quaker-Mayfield (C-073), Mayfield-Marcy (C-072), Marcy-Short (C-069)) and 47.3 trains on the Short to Berea segment (C-074), Conrail currently carries varying levels of traffic on each segment. Conrail's current activity varies from 3.4 and 6.8 trains per day on the east portion of the line (C-073 and C-072), while operating 13.4 on C-074 and 16.4 on C-069. This results in differing increases in traffic post-acquisition with corresponding differing levels of noise increase. The noise levels must meet both the 70 dBA and 5 dBA increase thresholds to warrant mitigation. While all these segments exceed the 70 dBA threshold, only three of the segments exceed the 5 dBA increase mitigation threshold. Because the Marcy to Short segment will not experience an increase of 5 dBA or more (SEA determined the change would be 4.3 dBA), SEA did not recommend mitigation.

We believe that SEA's noise analysis, which is thoroughly explained in the Final EIS, used accepted industry standards and techniques and is appropriate. The Board stated in the June 8th vote that requests for modifications to the conditions adopted would be considered only on administrative appeal. Petitions for reconsideration would have to be filed within 20 days of the service date of the Board's final decision, which is scheduled for July 23, 1998. These petitions must include a certification that they have been served on all parties of record.

If you have additional questions concerning the environmental review process, please call Mike Dalton, SEA's Project Manager for the Conrail Acquisition, at (202) 565-1530.

Sincerely yours,



Elaine K. Kaiser
Chief,
Section of Environmental Analysis

John M. Coyne
Mayor

CITY OF

BROOKLYN OHIO

COUNCIL:

John E. Frey
Thomas E. Coyne
Gregory L. Frey
Rita M. Brown
Kathleen M. Pucci
Colleen Coyne-Gallagher
Richard H. Balbier

7619 Memphis Avenue, Brooklyn, Ohio 44144-2197 • (216) 351-2133

"Home of the Seatbelt Law"

FILE IN DOCKET

July 10, 1998

Honorable Vernon A. Williams, Secretary
Office of the Secretary
Case Control Branch
ATTN: STB Finance Docket No. 33388
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423-0001

OFFICE OF
CHAIRMAN MORGAN

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BOARD

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

Dear Sir:

The City of Brooklyn, Ohio is aware that the STB is nearing the issuance of its written decision with regard to the Conrail acquisition, and that this decision will include certain conditions. The purpose of this letter is to identify a discrepancy in certain conditions described in the Final Environmental Impact Statement that pertain to the City. It is requested that this issue be clarified in the final written decision. *The City of Brooklyn wishes to emphasize that this is not a request for new or modified conditions.*

The issue in question involves conditions that appear to apply to Brooklyn, Ohio which lies along line segment C-069 from Marcy to Short on the existing Conrail Short Line in the Greater Cleveland area. In specific, the area in question is Idlewood Drive and Summer Lane cul-de-sac, residential streets located parallel to the Short Line near Milepost 15. Condition 11, which deals with noise mitigation, requires noise mitigation on line segments that meet the SEA's noise mitigation criteria and are listed in the table on page 7-33 of the SEA's Recommended Environmental Conditions found in Volume 5, Chapter 7. We have engaged the services of a professional engineering firm, *Parsons Brinckerhoff*, with familiarity with the SEA's criteria for analysis, and believe that, using this methodology for analysis, the criteria for mitigation are clearly met. Additionally, actual field noise measurements and projections were taken which support this.

Letter to Honorable Vernon A. Williams
July 10, 1998

Page 2

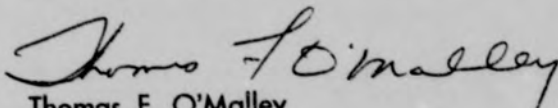
However, the Marcy to Short line segment C-069 is not listed in the referenced table. Interestingly, the segments adjacent to this segment on each side (C-072 Mayfield to Marcy, and C-074 Short to Berea) are listed in the table. These segments all have the same operational characteristics. It appears that the reference to segment C-069 could have either been overlooked or inadvertently omitted.

As previously noted, it is not the City's intent to obtain new conditions or benefits. Throughout the environmental review process for this transaction, the City has relied on the STB and SEA to provide protections for its citizens based on the same criteria used for other areas within Greater Cleveland, which the SEA itself identified as a region with *special characteristics and impacts*. To avoid confusion and uncertainty during the important period during which NS and CSX begin to implement their new operating plans, and to protect the citizens of Brooklyn, it is the City's request that this clarification be specifically provided for in the language of your upcoming decision.

Feel free to call Philip Pasterak of Parsons Brinckerhoff at 216/781-7891 or me at 216/241-7255 with any questions or issues regarding this request.

Very truly yours,

CITY OF BROOKLYN, OHIO



Thomas F. O'Malley
DIRECTOR OF LAW

cc: Elaine K. Kaiser, Esq. Chief Section of Environmental Analysis, Environmental Filing
The Honorable Linda Morgan, Chairman, Surface Transportation Board ✓
The Honorable Dennis J. Kucinich, Member of Congress (District 10-OH)
Mayor John M. Coyne, City of Brooklyn, Ohio
Philip G. Pasterak, P. E., Parsons Brinckhoff

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OFFICE
CHAIRMAN MORGAN

April 20, 1998

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

Dear Mr. Goode:

As you know, NS, CSX, the City of Lafayette, the State of Indiana, and the federal government have been working most cooperatively for over two decades to accomplish the Lafayette, Indiana, Railroad Relocation Project, which will eliminate 41 grade crossings, 27 of which belong to Norfolk Southern.

The Lafayette Railroad Relocation Project will mitigate the major impact of the Conrail acquisition identified by the Draft Environmental Impact Statement. However, there are two unresolved issues. First, \$29.4 million must be included in the reauthorization bill this year in order to make NS relocation, and the corresponding mitigation, a reality. And secondly, even with federal funding, we must find a way to accelerate the construction schedule.

We appreciated Steve Anthony's participation at an informal session on March 25th which was called on short notice. Based on discussion at that meeting, Congressman Pease met with Chairman Shuster. The possibility of accelerating the funding for Lafayette Railroad Relocation within the bill does not look promising. We, therefore, write to request a meeting with you to explore other alternatives for getting construction started early in 1999.

Let us recap the situation we face. The House bill contains full federal funding for the terminating contract which would eliminate the final 23 NS at-grade crossings, including some of the most dangerous in the country. We are cautiously optimistic that full funding can be maintained in conference.

However, even with full funding, NS relocation would not occur until December, 2004, due to the structure of the bill. With an increase of 17.4 trains per day through Lafayette by the end of

year, we need to find a way to accelerate construction and achieve relocation by December, 2000 -- still a very difficult two years for the citizens of Greater Lafayette.

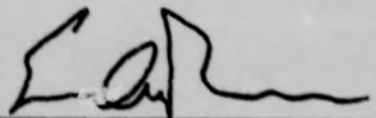
We request that you consider the proposal summarized in the enclosed memo. While only NS can do an accurate analysis, we think that NS may more than break even in providing a \$17.4 million cash flow loan for accelerated financing of the Lafayette Railroad Relocation Project. Pay back of this loan would occur over four years and be completed by 2003. The costs to NS of extending the loan would be offset by savings associated with four additional years of:

- < no fatalities or accidents
- < no maintenance of 23 grade crossings
- < no crossing improvement costs that would be required without Railroad Relocation
- < increased operating speeds for through trains

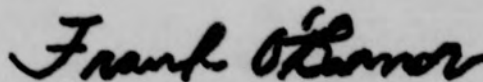
We suggest a meeting in Washington among our offices as soon as possible to continue the dialogue about accelerating construction in Lafayette. Contacts can be with Congressman Pease or his Chief-of-Staff, Dr. Bill Maxam, (226 Cannon House Office Building, Washington, DC 20515, 202-225-5805).

Thank you for your consideration of this important issue.

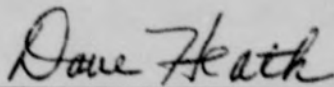
Sincerely yours,



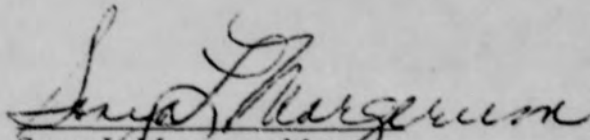
Edward A. Pease
Member of Congress, Indiana, 7th District



Frank L. O'Bannon
Governor, State of Indiana



Dave Heath, Mayor
City of Lafayette, Indiana



Sonya L. Margerum, Mayor
City of West Lafayette, Indiana

Enclosure

copy with enclosures:

Ms. Linda Morgan, Chairman
Surface Transportation Board
1925 K Street, NW - Suite #800
Washington, DC 20423-0001

Ms. Elaine K. Kaiser, Chief
Section of Environmental Analysis
Surface Transportation Board
1925 K Street, NW - Suite #500
Washington, DC 20423-0001

Senator Richard G. Lugar
306 Hart Senate Office Building
Washington, DC 20510

Senator Dan Coats
404 Russell Senate Office Building
Washington, DC 20510

Mr. Steve J. Anthony
Assistant Vice President - Public Affairs
Norfolk Southern Corporation
1500 K Street, NW - Suite 375
Washington, DC 20005

Mr. Arnold I. Havens
Vice President - Federal Affairs
CSX Corporation
Suite 560, National Place
1331 Pennsylvania Avenue, NW
Washington, DC 20004

Mr. Curtis A. Wiley, Commissioner
Indiana Department of Transportation
100 North Senate Avenue, Room #N755
Indianapolis, IN 46204-2217

Mr. Dennis E. Faulkenberg, Chief Financial Officer
Indiana Department of Transportation
100 North Senate Avenue, Room #N755
Indianapolis, IN 46204-2217

State Representative Sue Scholer
807 Essex
West Lafayette, IN 47906

State Representative Sheila Klinker
633 Kossuth Street
Lafayette, IN 47905

State Senator Michael Gery
530 Robinson Street
West Lafayette, IN 47906

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4-16-98

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COUNTY



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70-33388

ROBERT J. SMITH, II
FREEHOLDER

COUNTY OF GLOUCESTER
STATE OF NEW JERSEY
OFFICE OF EMERGENCY MANAGEMENT
P.O. BOX 337
WOODBURY, NEW JERSEY 08096
(609) 853-3215
FAX (609) 853-3218

GARRY E. MOORE, SR.
EMERGENCY MANAGEMENT
COORDINATOR

April 3, 1998

Mr. Timothy O'Toole, President
Conrail (Shared Asset Organization)
2001 Market Street
Philadelphia, PA 19101

Dear Mr. O'Toole:

It has come to the attention of the Gloucester County Office of Emergency Management that CSX Transportation, Inc. and Norfolk/Southern Railroad, who have recently acquired Conrail, do not share the same philosophy as Conrail regarding response to their hazardous materials spills. It is because of this difference in philosophy we write to you to express our concern. Conrail has always taken a proactive approach to their HazMat incidents with professionals from the Hazardous Materials Department responding. It is our understanding CSX and Norfolk/Southern have their environmental personnel and outside contractors respond to their incidents. The time required to call in contractors as opposed to having professionals from Conrail's Hazardous Materials Department on-scene at an incident can affect the timeliness of the cleanup and conclusion of the incident. Less time, less people affected.

In the past, Conrail has also provided technician training and 40-hour tank car derailment training through the New Jersey Office of Emergency Management. This training keeps the first responders and HazMat team members up to date on their skills in managing HazMat incidents. Obviously this would be a great loss should the training be discontinued.

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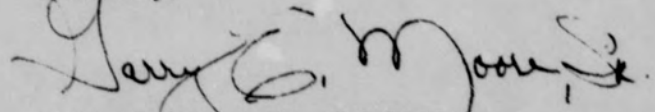


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It is our expectation that the Surface Transportation Board will keep these issues in mind during any upcoming hearings. The bottom line and our main concern, of course, is the continued safety and well being of the residents of this County.

Thank you for your attention to this matter.

Sincerely,



Garry E. Moore, Sr., GC EMC

cc: Linda Morgan, Chairperson, Surface Transportation Board
A. R. Carpenter, President and CEO, CSX Transportation, Inc.
Stephen C. Tobias, Exec. Vice President of Operations, Norfolk/Southern
Jolene M. Molitoris, Administrator, US Dept. of Transportation
Howard R. Elliott, Jr., Supervisor - Hazardous Materials Department -
Conrail (Shared Asset Organization)
GC Freeholder Director Stephen M. Sweeney
GC Freeholder Robert J. Smith II
Assemblyman Gerald J. Luongo
Assemblyman Gary Stuhltrager
Senator John Matheussen
Senator Raymond J. Zane
Len E. Clark/Donna DeForrest, GC Office of Emergency Management

STB FD 33388 3-31-98 J CITY



LAFAYETTE RAILROAD RELOCATION

Reifers Center, Suite No. 2
839 Main Street
Lafayette, Indiana
47901-1461
765-476-8438
Fax: 765-742-8798

ACCELERATED FINANCING LAFAYETTE, INDIANA, RAILROAD RELOCATION PROJECT

3/31/98

ASSUMPTION: Full Congressional funding of \$29.4m over six years.

PROBLEM: If federal funds become available at the rate shown on the attached summary, NS cannot be relocated until late 2004 unless accelerated financing is used.

REQUEST: \$17,472,390 short term cash flow advance, after federal and local funds have been committed, to be fully paid back (see attached summary for timing).

ADVANTAGES TO NORFOLK SOUTHERN:

- Mitigates impacts of 17.4 more trains per day from Conrail acquisition (see Draft EIS, Volume 3A, Chapter 5, pp. IN 1-91, especially pp. 10, 20, 27, 50, 79, 80)
 - > Safety
 - > Congestion
 - > Noise
 - > Environmental Justice
 - > Hazardous Materials Transport
- Provides a reasonable basis for not doing crossing protection upgrades (\$1m).
- Realizes overall project benefits four years sooner.
 - > 23 accidents in 1995 and 1996 (latest INDOT/FHWA statistics); most recent fatalities - one each in 1996 and 1997. These liabilities would be gone.
 - > Maintenance on 23 grade crossings eliminated.
 - > Through-train operating speeds increase from 25 to 50 mph.

CITY PERSPECTIVE (see attached summary):

- Lafayette is a city of 44,622 people.
- Lafayette Railroad Relocation became a federal demonstration project in 1974 with work reimbursed 95% by the federal government.
- Ratio changed to 80% reimbursement in 1987, so the city faced a crisis of how to raise this greatly increased non-federal share.
- The two cities (Lafayette and West Lafayette) led a state-wide effort to have the state legislature enact a County Option Income Tax (COIT); cities led the successful effort to enact locally.
- Cities led a state-wide effort to have the state legislature enact the Economic Development Income Tax (EDIT) which allowed a portion of COIT to be reserved for capital projects; cities led the successful effort to enact locally.
- Lafayette will spend over \$25m to eliminate 27 Norfolk Southern grade crossings.
- Even with accelerated financing, Lafayette must endure the impacts of increased train traffic for two years before Northern Southern relocation occurs.
- Without accelerated financing, the impact of the Conrail acquisition is significant.

STATE PERSPECTIVE:

- \$28.95m of state's allocation of federal funds already in project.
- \$5.68m state funds in project.

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SHORT TERM ADVANCE NEEDED TO ACCELERATE SCHEDULE FOR
LAFAYETTE, INDIANA, RAILROAD RELOCATION PROJECT

> **Accelerated Contract Schedule:**

Norfolk Southern Partial Rail 1998 (Aug.)	Norfolk Southern Relocation 1999* (Jan.)	Norfolk Southern Restoration 2000 (Jan.)	2001	2002	2003
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> **Funding Requirements:**

100%	5,625,000	28,578,103	5,354,512		
Federal	4,500,000	22,862,482	4,283,610		
Non-federal	1,125,000	5,715,621	1,070,902		

> **Short Term Advance Needed Until
Federal Funds Become Available**

Assumes Full Funding of \$29.4m over 6 years

Shortfall or Carryover from Previous Year	2,246,092	980,092	-17,472,390	-16,464,000	-11,172,000	-5,586,000
Assumes House Bill Payout Rate-Sec.127(j)(3) ('98-11%; '99-15%; '00&'01-18%; 02&'03-19%)	3,234,000	4,410,000	5,292,000	5,292,000	5,586,000	5,586,000

Shortfall or Excess	980,092	-17,472,390	-16,464,000	-11,172,000	-5,586,000	0
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Payback as federal funds become available:			1,008,390	5,292,000	5,586,000	5,586,000
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* Actual relocation of Norfolk Southern trains would come at the end of the two year contract, i.e. Nov/Dec of the year 2000.
Without accelerated financing, NS relocation would be Nov/Dec of the year 2004.

3/31/98

FINANCIAL SUMMARY
LAFAYETTE (INDIANA) RAILROAD RELOCATION PROJECT

SPENT OR OBLIGATED	100%	Federal	State	Local
Segment #1	6,482,276	6,158,162 95%	324,114 5%	0 0%
Segment #2	21,464,864	17,171,318 80%	1,975,161 9%	2,318,384 11%
Segment #3	18,432,667	17,453,145 95%	482,298 2%	497,223 3%
Segment #4	41,106,682	34,064,328 83%	1,109,440 3%	5,932,914 14%
Segment #5	39,410,142	31,956,092 81%	1,386,345 4%	6,027,704 15%
Design & Admin.	<u>18,077,546</u>	<u>15,301,777</u> 85%	<u>403,566</u> 2%	<u>2,372,204</u> 13%
Total Spent or Obligated	144,974,176	122,144,823 84% *	5,680,924 4%	17,148,429 12% ***
NEEDED TO FINISH				
Confirmed Funds	4,520,801	3,616,641 80%		904,160 20% ***
Requested Funds	<u>36,750,000</u>	<u>29,400,000</u> 80%		<u>7,350,000</u> 20% ***
TOTAL ESTIMATED PROJECT COSTS				
	136,244,978	155,161,464 83%	5,680,924 3% **	25,402,539 14% ***

* The State made \$28,955,781 in federal funds available by direct decision or by competitive grant process beyond what was specifically provided by Congress for the project (\$13.53m-direct state decision; \$11.68m-minimum allocation; \$2.07m-enhancements; \$1.68m-rail safety)

** 13 state grants of state money have been awarded since 1985 by different administrations of different political parties. The most recent was for FY '97. Decisions are made on a yearly basis.

*** The City of Lafayette has made these commitments.

3/20/98