MR. GITOMER: Mr. O'Brien will begin. Mr. Shudtz will follow up and then we'll fill in with anything that we think we missed. How much time do we have?

CHAIRMAN NOBER: Ten minutes.

MR. GITOMER: Ten minutes. Thank you very much.

MR. O'BRIEN: Mr. Chairman, Commissioners, BMWE, gave short shift to the shippers on this line. You have attached to Mr. Bryant's statement some very strong indications of interest in, and anxious shippers who want to avail themselves of the service that the BB wants to provide. Included in that support incidentally, is also public support from local communities and, at a broader scope, support
from the public indicating that the transaction should become a reality, which again puts to question the assertions made by BMWE. There is public support for this transaction.

BB is going to provide five day a week service, four trains a day, on this line, which is not available now. The shippers on this line are going to benefit tremendously from what BB wants to provide here.

BMWE also talks about the capabilities of BB's management. In Mr. Bryant's statement and in the management structure of BB itself, there is an indication, a clear indication, that there is broad experience with Class I operations. Mr. Bryant himself was with C&O for a great number of years and knows about operations of a Class I railroad and he has been responsible for the last 15 years for a very effective operation of a short line railroad, the 17 mile line that they currently operate.

They know. They have been there. They've been with the Class Is, know what's required of a Class I. They know what's required for operating a
short line operation that's responsive to local shippers and their needs and they have tremendous support here from the local community and the shippers for this.

Now BMWE wants to dictate the terms of an agreement between the parties. This Board has often said the parties should work out arrangements between themselves. Mr. Bryant and CSX have had vigorous negotiations. I can attest, to that and there's been give and take through this and they have worked out between themselves what they believe to be a workable arrangement that's going to benefit all concerned. It's not for someone else as an outsider to dictate what that arrangement should be.

BB feels that it's in the position to provide a very responsive service to these shippers on the line. They are thoroughly committed to maintaining the line as they committed to do. They have the plan that you have before you as far as their maintenance is concerned.

They are ready, willing and able to get on this I talked with Mr. Bryant this morning, he said he
would have preferred to be down talking to his
potential customers, but he thought this was a first
priority so he is here. So we submit that this Board
should approve this transaction and allow Buckingham
Branch to get on with providing the service it's
committed to do and let those shippers benefit from
what is provided.

CHAIRMAN NOBER: Mr. Shudtz.

MR. SHUDTZ: I would like to address two
points, the issue about the sham and the issue about
the maintenance. I would like to put this again all
in context. CSX and Buckingham Branch have hid
nothing. We have a full application here. It's a
minor transaction. All of our information is public
and we've given the full agreement pertaining to this
transaction.

We have a light density line here and we
have a lease with the reservation of trackage rights.
These are not novel concepts. These are not novel
transactions. It's a minor transaction. We should
focus on the future and the competitive impact of that
transaction.
The Buckingham Branch and the CSX have demonstrated at least that it will improve service to the customer and it will provide for the future maintenance of the line and effective and economic transportation service and will address the competitive impact of the line. We have a positive competitive impact with this transaction.

CSXT, like all Class I, has limited capital, management and employees and resources. We need to concentrate those on our main lines. This is a light density line and it's a light density line that's most appropriate for operation by Buckingham Branch.

The short lines and regionals, have demonstrated over the years in the industry at large that they have great success in running operations of a former Class I and also in logging the traffic base and in maintaining the property as well. Mr. Bryant here has demonstrated that very clearly at Buckingham Branch.

In analyzing this line, CSXT determined that we needed to rationalize and we considered
abandoning this line, as the State of Virginia knows.
But rather than pursue an abandonment that would
disrupt service to the customers and to Amtrak, we
decided to lease the line and retain our limited
trackage rights. As with most leases of lines, CSXT
conducted a bid process, but we selected Buckingham
Branch after that bid process due to its proven track
record, its strong customer and community support, and
the reasonable terms that we were able to negotiate
with them.

We have no direct or indirect control of
Mr. Bryant and Buckingham Branch, and the lease is
negotiated upon reasonable commercial terms for the
customary short line transactions. I've been doing
short line transactions for a long time. CSXT is very
aware of the ICC and STB precedents concerning
transactions and sham transactions and we don't engage
in sham transactions.

In addressing Mr. Edelman's couple of
little points, there's a great concern about CSX
taking back. CSXT has no intention to take back this
line. That's why we're leasing it. That's why we had
this limited reservation of trackage rights. We have
a transaction that we think will be successful. The
 provision for rate negotiation, this is a long-term
 arrangement.

 We look forward to continuing our
 arrangements with Buckingham Branch, and it's very
customary in a long-term arrangement to have a relook
at principal terms such as rentals. The STB has
jurisdiction over any discontinuance by the Buckingham
Branch and so I don't know what the concern is that
somehow in the middle of the night CSXT is going to
show up and take the property back.

 Then lastly, I would like to address very
briefly Vice Chairman Mulvey's comment. I think if
you take a look at the additional rental provisions of
the agreement you will see that there is no paper
barrier. We have negotiated with Mr. Bryant who well
represents the customers short line interest of the
property a very reasonable additional rental. I think
when you compare that others you'll see it's quite
low.

 As to maintenance, I think, contrary to
the BMWE's charges, I would just like to make a few points. We have maintained this property over the years. We have spent approximately $9 million over the last five years or so in capital investments. The line has had reductions and I might add that those were agreed to with Amtrak. We have, under Section 44 of our Amtrak agreement, it's quite clear, that this light density line was contemplated to be reduced and those have been discussed and negotiated with Amtrak over the years.

Obviously the FRA regularly inspects the line. Mr. Edelman made that quite clear and FRA will continue to inspect it when the Buckingham Branch owns it. We regret our violations and we resolve our penalties with the FRA. That's the way we do business. As a full process of resolution, we deal with FRA every day.

I would just to conclude that the Buckingham Branch has a clear maintenance plan to deal with this line and I think we should let them go forward in a way that will benefit the customers and all the parties involved. Thank you.
CHAIRMAN NOBER: Any questions?

VICE CHAIRMAN MULVEY: Yes. One, we got Mr. O'Brien's statement about agreements between private parties. I tend to agree, but I respectfully suggest that the Board does have the obligation to make sure that these transactions between private parties are in the public interest.

MR. O'BRIEN: We agree with that, Mr. Vice Chair.

VICE CHAIRMAN MULVEY: I knew you would. The other thing Mr. Shudtz said, that there was nothing secret in the presentation, but it is in the agreement, the additional rent for interchange with other carriers, was redacted. While all the other parts of that agreement and those other rents and payments to each party were available, this part of it was redacted. I was wondering why that was redacted if it's such a trivial and unimportant cost. I have looked at it and I can't discuss it obviously. I have it in front of me right now. But a quick and dirty calculation suggests that it may not be all that trivial with regard to being a barrier for Buckingham
to interchange with Norfolk Southern. I guess if it was so unimportant and such a minor part of the final lease agreement, it might be left out of potentially it is not in the public interest.

The question that I have though, is if you have no intention to take this track back in ten years, then why not simply sell the track to Buckingham so Buckingham would have this long-term interest in making the investments in the track. Or for that matter, if the agreement that you have is the one you want, then given the way it's structured, why not as the railroad to just enter into a trackage rights agreement with Buckingham as opposed to the way this is structured as a lease?