

**SURFACE TRANSPORTATION BOARD TO HOLD PUBLIC HEARING ON MAJOR RAIL CONSOLIDATIONS & PRESENT, FUTURE STRUCTURE OF NORTH AMERICAN RAIL INDUSTRY**

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that the Board has issued a notice that it will hold a public hearing beginning on **Wednesday, March 8, 2000**, at its offices in Washington, D.C., to provide a forum for the expression of views by interested persons--including railroads, rail shippers and other users, rail employees, and other elements of the rail sector--on the subject of major railroad consolidations and the present and future structure of the North American railroad industry.

The Board's notice indicated that the hearing it will hold has been prompted in part by the initiation of--but will be conducted separate and apart from--the "BNSF/CN" control proceeding in STB Finance Docket No. 33842, which was initiated on December 20, 1999.[FOOTNOTE 1: On that date, Burlington Northern Santa Fe Corporation and The Burlington Northern and Santa Fe Railway Company (referred to collectively as BNSF) and Canadian National Railway Company, Grand Trunk Western Railroad Incorporated, and Illinois Central Railroad Company (referred to collectively as CN) filed a notice indicating their intent to file an application seeking Board authorization for a BNSF/CN transaction under which BNSF and CN would be brought under common control.] In this regard, the Board noted that it did not intend any prejudgment of the as yet unfiled BNSF/CN application in scheduling the hearing now, but rather it was providing a forum for the discussion of broader matters that have been raised since the announcement of the proposed BNSF/CN transaction. The Board also pointed out that the application, if and when it is filed, will be judged on its merits, on the basis of the record compiled in STB Finance Docket No. 33842, in accordance with the evidentiary directives already issued by the Board in its decision notifying the public of the future BNSF/CN filing, and subject to any other future rulings of the Board regarding that filing.

**Issues.** In its notice, the Board stated that it is aware that, in the wake of the filing of the BNSF/CN notice of intent, there has been a great deal of speculation that the strategic responses of the remaining North American rail carriers to the proposed BNSF/CN transaction will lead to a new round of major railroad consolidations, ultimately resulting in the formation of two North American transcontinental railroad systems. The Board noted in this regard that, by joint letter to Board Chairman Morgan dated January 14, 2000, Chairman Bud Shuster and Ranking Democratic Member James L. Oberstar of the House Committee on Transportation and Infrastructure, recognizing the restructuring that has occurred to date in the industry and the speculation about future restructuring, have urged that the Board "promptly explore all options to ensure an early and vigorous debate" on whether the "downstream" effects of the proposed BNSF/CN transaction are in the public interest.

The Board also noted, among other things, that a majority of the large railroads have recently stated that now is the time to concentrate not on further consolidation but, rather, on existing opportunities to improve service. And, the Board added, other persons have expressed concern about more restructuring while the industry is still recovering from service difficulties and other disruptions associated with implementation of the last round of major rail consolidations. [FOOTNOTE 2: While noting that it would expect commenters to reference implementation and other issues that have arisen in the wake of mergers that have already been approved, the Board reminded those participating in the hearing that the Board has other proceedings more specifically focused in oversight of individual mergers and thus would not expect the use of this proceeding to litigate or relitigate issues specifically related to those transactions.] The Board stated that, against this background, it wished to explore public and, in particular, rail shipper and other user views on the timing of any proposed large-railroad consolidation.

The Board also said that it would like to hear from all interested persons about, among other things, the publicly expressed concern that the strategic responses engendered by another large railroad consolidation would lead to significant additional consolidation, and possibly other changes in the structure of the rail industry and the way in which the industry is regulated. The Board also invited interested parties to address whether these developments would be good for large and

small railroads and their customers and employees and, more broadly, whether such developments would be in the public interest.

The Board also is seeking views on the effects of railroad consolidations on the financial condition of the railroad industry and the industry's ability to provide responsive service at reasonable prices. In addition, the Board is seeking views of interested persons on whether the railroad industry currently has, and whether it will have, the necessary infrastructure, capacity and configuration to meet expected demand for freight service now and in the future.

**Hearing Date(s).** The hearing will begin on **Wednesday, March 8, 2000, at 10:00 a.m., in the 7th Floor Hearing Room at the Board's headquarters in Washington, D.C.**; can be expected to continue into the evening hours; and, if necessary, will resume on **Thursday, March 9, 2000**, and continue until every person scheduled to speak has been heard. The hearing is being scheduled to begin on March 8 both because the letter from Chairman Shuster and Ranking Democratic Member Oberstar has urged prompt action on the Board's part and because the application in the BNSF/CN control proceeding could conceivably be filed as early as March 20, 2000.

**Notice Of Intent To Participate.** Any person wishing to speak at the hearing must file with the Board a written notice of intent to participate, and must request therein the time needed to speak, by **February 8, 2000**.

**Coordination Encouraged.** The Board encourages interested persons to coordinate the presentation of their views by selecting a single individual to appear at the hearing on behalf of their common interests. Because of the importance of shipper views on the subject matter, however, the Board encourages individual shippers to appear and express their positions.

**Schedule.** A hearing schedule, which will include a list of speakers and their Board-allotted times, will be issued by **February 18, 2000**.

**Statement And/Or Summary.** Each speaker or commenter must file with the Board the text of his/her anticipated written statement, and/or a summary, by **February 29, 2000**.

**Paper Copies; Electronic Copies.** Each person intending to speak at the hearing should submit an original and 10 paper copies of his/her notice of intent to participate (due **February 8, 2000**). Each person intending to speak or to submit written comments must submit his/her written comments and/or a written summary thereof (due **February 29, 2000**). Each such person should also submit, in addition to an original and 10 copies of all paper documents filed with the Board, an electronic copy of each such paper document. The electronic copy should be on a 3.5-inch IBM-compatible floppy diskette, and should be in, or convertible by and into, WordPerfect 7.0. Any person may seek a Board waiver from the electronic submission requirement.

**Post-Hearing Action.** In the notice issued today, the Board stated that it intends to take such action, if any, as necessary to respond in an appropriate fashion to the views expressed at the hearing.

The Board's notice was issued today, January 24, 2000, in *Public Views on Major Rail Consolidations*, STB Ex Parte No. 582, and will be published in the *Federal Register* on January 28, 2000.

A printed copy of today's notice is available for a fee by contacting: **Da-To-Da Office Solutions, Room 210, 1925 K Street, N.W., Washington, DC 20006, telephone (202) 289-4357**. Today's notice is also available for viewing and downloading via the Board's website at **[www.stb.dot.gov](http://www.stb.dot.gov)**.

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